



PAKISTAN
STOCK EXCHANGE

MAHAANA ISLAMIC INDEX

(MII30)

INDEX BROCHURE COVERING INDEX METHODOLOGY

(UPDATED: MARCH 2024)

Contents

1. MAHAANA ISLAMIC INDEX (MII30)	1
2. ELIGIBILITY AND SELECTION CRITERIA OF STOCKS	1
3. DETERMINATION OF CONSTITUENTS WEIGHT	1
4. RE-COMPOSITION / REBALANCING	1
5. BASE PERIOD	2
6. MAINTENANCE OF THE INDEX	2
7. ON-LINE COMPUTATION OF INDEX	2
8. ADJUSTMENT IN INDEX FOR CORPORATE ACTIONS	2
9. Free-Float Methodology	4
9.1 OBJECTIVE AND DESCRIPTION	4
9.2 FREE-FLOAT CALCULATION METHODOLOGY	4
Disclaimer	5

1. MAHAANA ISLAMIC INDEX (MII30)

The Mahaana Islamic Index (MII30) is designed to measure the performance of top 30 Shariah compliant companies based on the free float market capitalization, having at least average daily value traded of PKR 10 million in last 12 months.

Universe: Constituents of KMI ALL SHARES Index

(Please refer to the KMI ALL SHARE criteria available on the PSX website for further information).

2. ELIGIBILITY AND SELECTION CRITERIA OF STOCKS

Pre-requisites:

- 1) The company should be part of the KMI ALL SHARES Index of Pakistan Stock Exchange
- 2) The company should have at least PKR 10 million average daily traded value in last 12 months

Constituents Ranking:

The constituents that meet the pre-requisite criteria are sorted based on free float market capitalization (in descending order), and then the top 30 stocks are selected for the index.

3. DETERMINATION OF CONSTITUENTS WEIGHT

Once index constituents are selected, then index weights for these 30 stocks will be assigned based on free float market capitalization.

4. RE-COMPOSITION / REBALANCING

Index shall be re-composed/re-balanced on a quarterly basis. Further details related to it is provided in the table below.

DATA BASIS	NOTICE	IMPLEMENTATION	ACTION
15 th January	One working day before Index implementation	Last working day of January	Re-composition/Rebalancing
15 th April		Last working day of April	Rebalancing
15 th July		Last working day of July	Re-composition/Rebalancing
15 th October		Last working day of October	Rebalancing

Note: Rebalancing will be done based on the most recent recomposed weights. That is, in April & October, the rebalancing will revert the ETF constituents' weights to those notified at the time of re-composition in January and July, respectively.

5. BASE PERIOD

The base period of the index is March 11, 2024 and the base value is 10,000 index points. The calculation of MII30 index points involves dividing the total free-float market capitalization of all companies in the index by a number called the index divisor. The divisor is the only link to the original base period value of index. It will keep the index comparable over a period of time and will also be the adjustment point for all future corporate actions, replacement of scrips, etc.

6. MAINTENANCE OF THE INDEX

The day-to-day maintenance of the index involves:

- Adjustment of corporate action events in the underlying stocks
- Quarterly re-composition and re-balancing.

7. ON-LINE COMPUTATION OF INDEX

During market hours, prices of the index scrips at which trades are executed, are automatically used by the trading computer to calculate the Mahaana Islamic Index (MII30) and continuously make updates on all trading workstations connected to the PSX trading computers on a real-time basis.

8. ADJUSTMENT IN INDEX FOR CORPORATE ACTIONS

The index shall be calculated on total return basis and therefore will need to be adjusted for corporate actions (Dividend, Bonus, Right, or any combination, etc.) in order to maintain the index continuity and comparability.

As required in Rule 10.6 of PSX Rule Book, exchange determines the ex-price in case of corporate action announcement based on the mechanism prescribed by PSX. In order to maintain the continuity of the index performance, the index divisor shall be adjusted due to the corporate actions at the close of T-3 day of its Book Closure starting date. For example, starting day of Book Closure = Friday, new divisor shall be calculated at close of Tuesday.

The adjustment for corporate actions will be made as per the following methodology:

Stocks in Index				Index Calculation		
Base Example	Stock A	Stock B	Stock C	Free Float Market Capitalization of Index	Index Closing Points	Divisor
Closing Price	22.50	41.00	44.50	13,950,000,000	1,120	=13,950,000,000/1,120 = 12,455,357.14
Free Float Shares	50,000,000	150,000,000	150,000,000			
Free Float Market Capitalization	1,125,000,000	6,150,000,000	6,675,000,000			

Dividend-Corporate Adjustment in Index

10% Dividend of Stock A, all other factors remain constant	Stock A	Stock B	Stock C	Revised Free Float Market Capitalization of Index	Index Points	Divisor for the next day
Ex- Price	21.50	41	44.5	13,900,000,000	1,120	=13,900,000,000/1,120 = 12,410,714.29
Free Float Shares	50,000,000	150,000,000	150,000,000			
Free Float Market Capitalization	1,075,000,000	6,150,000,000	6,675,000,000			

Bonus-Corporate Adjustment in Index

10% Bonus on Stock A, all other factors remain constant	Stock A	Stock B	Stock C	Revised Free Float Market Capitalization of Index	Index Points	Divisor*
Ex- Price	20.45	41	44.5	13,949,750,000	1,120	=13,949,750,000/1,120 = 12,455,133.93
Free Float Shares	55,000,000	150,000,000	150,000,000			
Free Float Market Capitalization	1,124,750,000	6,150,000,000	6,675,000,000			

*Divisor changed as stock prices are reported in two decimal places

Corporate Action-Rights**

10% Right at Par on Stock A, all other factors remain constant	Stock A	Stock B	Stock C	Revised Free Float Market Capitalization of Index	Index Points	Divisor
Ex- Price	21.36	41	44.5	13,999,800,000	1,120	= 13,999,800,000/1,120 = 12,499,821.43
Free Float Shares	55,000,000	150,000,000	150,000,000			
Free Float Market Capitalization	1,174,800,000	6,150,000,000	6,675,000,000			

**Closing price of stock A is adjusted with Right issue (Face Value / Premium/ Discount) and free float of stock will be increased as per the Right Ratio

The policy of Ready stock price adjustment in case of Dividend, Bonus, and Right combination is available on the exchange website for your reference.

<https://www.psx.com.pk/psx/themes/psx/uploads/priceCalMethod.pdf>

The index divisor has also to be adjusted other than the above mentioned corporate actions, e.g. delisting/merger of the companies.

9. FREE-FLOAT METHODOLOGY

Free-Float means proportion of total shares issued by a company that are readily available for trading at the Stock Exchange. It generally excludes the shares held by controlling directors / sponsors / promoters, government and other locked-in shares not available for trading in the normal course.

9.1 OBJECTIVE AND DESCRIPTION

- Free-Float calculation can be used to construct stock indices for better market representation than those constructed on the basis of total market capitalization of companies.
- It gives weight for constituent companies as per their actual liquidity in the market and is not unduly influenced by tightly held large-cap companies.
- Free-Float can be used by the Exchange for regulatory purposes such as risk management and market surveillance.

9.2 FREE-FLOAT CALCULATION METHODOLOGY

Total Outstanding Shares		XXX
Less:		
Government Holdings	XXX	
Shares held by Directors / Sponsors/ Senior Management Officers and their Associates	XXX	
Shares in Physical Form	XXX	
Shares held by Associate Companies / Group Companies (Cross Holdings)	XXX	
Shares issued under Employees Stock Option Scheme that cannot be sold in the Open market in normal course	XXX	
Treasury Shares	XXX	
Any other category that are barred from Selling at the review date	XXX	(XXX)
Free Float		XXX

DISCLAIMER

The indices return provided may not represent the performance of the actual trading of underlying investable assets/securities. PSX makes no representation or warranty, express or implied, as to the ability of the index to accurately replicate the asset class or market sector that it represents. PSX maintains and computes the index with adequate due diligence and care. PSX shall not be liable for any error, omission, or interruption of index or the data included therein. The future performance of a financial instrument and/ or PSX indices cannot be deduced from their previous market value. Good performance in the past does not guarantee good performance in the future. Therefore, PSX cannot give any warranty that any capital invested based on PSX indices will remain at the same level or will increase.