



# PAKISTAN STOCK BROKERS ASSOCIATION

(A company setup under section 42 of the Companies Act 2017)

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## NOTICE FOR MEMBERS

### LAUNCHING OF FIRST FUNDAMENTAL EQUITY INDEX

Dear members,

We are pleased to inform you that Pakistan Stock Exchange (PSX) has launched first fundamental equity index namely PSX Dividend 20 Index (PSXDIV20), increasing the number of PSX equity indices to fourteen (14).

PSXDIV20 aims to track the performance of top 20 dividend paying companies, calculated on a total return basis. The index may serve as an ideal benchmark for income-seeking equity investors and investment advisors. The constituents of the index are selected based on technical and dividend payout parameters e.g., listing history, liquidity, free float, cash dividend payouts etc. The constituents are ranked and weighted based on trailing 12-months dividend yield while ensuring that no underlying constituent has more than 12% weight assigned for the purpose of mitigating the concentration risk. Index is re-composed semi-annually. You may refer to the detailed index methodology at PSX corporate website, whereas the details of constituents can be accessed at PSX DPS.

Following are some of the expected advantages of this index:

- A good benchmark for equity investors invested in high dividend yield stocks
- It provides a useful gauge of the performance of dividend paying listed segment of PSX
- The dividend indices are generally considered less volatile
- A potential benchmark index for Asset Managers/Investment Advisors to develop a passive fund or SMA

In case of any further clarity, please feel free to Mr. Aamir Mushtaq Kanju, Assistant General Manager Product Management & Research Department, Pakistan Stock Exchange Limited. at +92 336 8826448 +92 300 9234305, aamir.mushtaq@psx.com.pk

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**Copy to:**

1. PSBA Website