

TOTAL RETURN INDICES



بورصة مسقط

MSX

Definition

Total Return indices depicts the changes in performance constituent companies by reflecting the stock prices along with the reinvestment of cash dividends declared by those companies.

▶ **Index Objective:**

Total Return indices aim to allow the investor to calculate the total return that could be gained by reinvesting the cash in the investment portfolio.

Idea of the total return indices

- The Idea of the index depends on adding the amount of cash dividends declared by the company to the index at the cut off date, so that the index value is determined upon the amount of cash dividends added.
- In addition, the effect of the dividends amount on the index value depends on the overall weight of the company in the sample, meaning that the increment in index points is higher for companies that carry higher weight in the sample and vice versa.

Index Calculation Methodology

- Total Return indices are value weighted indices that account for the free floated shares, and has a ceiling cap of 10% for each company.

- Total Return index Value =
$$\frac{\text{Previous Day index level} * \text{Market Cap}}{\text{Previous Day Market Cap} - \text{Mass Dividend}}$$

Index Sample Constituents

- **MSX Total Return Index:**

- Is similar to MSX30 sample which consists of 30 companies. Those companies are considered to be the top in the market in terms of liquidity, profitability & Market Capitalization. Index Reconstitution is done once a year, specifically in July.

- **Sectorial Total Return indices:**

- Muscat Stock Exchange has three sectorial total return indices; Financial TR Index, Industrial TR Index and Services TR Index. Those indices consist of the top 15 companies relative to their peers in terms of liquidity, profitability, and market cap. All of them are free float value-weighted indices and are capped at 10%. In addition, the method of calculating its points differs from other indices, as the equation includes the value of the distributed profits.

MSX TR Index Specification

Index Base Date	31 January 2019
Index Base Value	4166.47
Methodology	Free Float Market Capitalization Capped @ 10%
Pricing	Volume Weighted Average Price (VWAP)
Index Sample Size	30 Companies
Selection Criteria	Liquidity 45%, Market Capitalization 40%, Profitability 15%
Screened Markets	Regular Market and Parallel Market
Sample Alteration	Once in July

Sectorial Total Return indices:

Criteria	Financial TR Index	Industrial TR Index	Services TR Index
Index Base Date	03 March 2022	03 March 2022	03 March 2022
Index Base Value	6575.37	5843.16	1641.92
Index Sample Size	15 Companies	15 Companies	15 Companies
Screened Markets	BKINV	INDSI	SINSI