

To: Market Participants
From: FTSE/JSE
Date: 18 December 2014
Subject: Notes from the FTSE/JSE Advisory Committee Meeting held on Wednesday, 3 December 2014

1. Background

The FTSE/JSE Advisory Committee (AC) met on Wednesday, 3 December 2014 to approve the quarterly review changes to the FTSE/JSE Africa Index Series which will be effective at the start of business on Monday, 22 December 2014, and to discuss matters relating to the Index Series. The items listed below were discussed during the meeting.

2. December Quarterly Review Summary

The two tables below provide a summary of the changes made to the key indices and the largest changes in ranking at the December 2014 Quarterly Review.

2.1 Changes to Key Indices

| Index | Additions | Deletions | SII Changes | FF Changes | Largest Up* | Largest Down* | Projected Max Weight | 1 Way Churn |
|-----------|----------------------|---------------------|-------------|------------|----------------|---------------|----------------------|-------------|
| All Share | 10 | 9 | 18 | 13 | CAT (0.05%) | FSR (0.17%) | SAB (9.04%) | 0.47% |
| Top 40 | NTC,RMI | ASR,EXX | 4 | 2 | NTC (0.97%) | EXX (0.26%) | SAB (10.79%) | 1.57% |
| SWIX 40 | NTC,RMI | ASR,EXX | 4 | 6 | NTC (1.37%) | SAB (0.79%) | NPN (13.21%) | 2.36% |
| Mid Cap | ACP,ASR,EXX, FFB SPG | AEG,AEL,AEN,NTC RMI | 7 | 4 | EXX (1.61%) | NTC (5.79%) | RDF (4.26%) | 10.65% |
| Resi 10 | | | | | | | BIL (43.78%) | 0.00% |
| Fini 15 | | | 1 | 2 | CCO (0.26%) | FSR (0.92%) | SBK (14.91%) | 0.92% |
| Indi 25 | TFG,TKG | MSM,PIK | 3 | | TFG (0.76%) | MSM (0.47%) | SAB (17.62%) | 1.45% |
| Eq Wgt 40 | NTC,RMI | ASR,EXX | 4 | 2 | NTC,RMI (2.5%) | EXX (1.93%) | ALL (2.5%) | 8.87% |
| SAPY | FFB | HPB | 9 | 6 | RDF (0.96%) | RES (1.25%) | GRT (23.45%) | 2.94% |

* Shows the projected increase/decrease in percentage weight within the index

2.2 Largest Changes in Ranking

All Share constituents compared at December 2014 and September 2014 Quarterly Reviews

| Newly Eligible at December Review | | | | | |
|-----------------------------------|-----------------------------|---------------|------------------------------|--------------------|--|
| Alpha | Instrument | December Rank | Previous Eligibility Failure | Comment | |
| FFB | Fortress Inc Fund Ltd B | 84 | Failed Dec 2013 liquidity | Added to Mid Cap | |
| CAT | Caxton CTP Publish Print | 120 | Failed Dec 2013 liquidity | Added to Small Cap | |
| APF | Accelerate Prop Fund Ltd | 135 | Failed pro rata liquidity | Added to Small Cap | |
| MIX | Mix Telematics Ltd | 147 | Failed Dec 2013 liquidity | Added to Small Cap | |
| RFG | Rhodes Food Grp Hldg Ltd | 150 | N/A - Listed 2014/10/02 | Added to Small Cap | |
| Noteworthy Top 40 Instruments | | | | | |
| Alpha | Instrument | December Rank | September Rank | Move | Comment |
| RMI | Rand Merchant Ins Hldgs Ltd | 31 | 38 | 7 | Largest Top 40 Up (Addition) |
| NTC | Netcare Limited | 34 | 39 | 5 | 2 nd Largest Top 40 Up (Addition) |
| ASR | Assore Ltd | 62 | 41 | -21 | Largest Top 40 Down (Deletion) |

| | | | | | |
|--|-----------------------|----------------------|-----------------------|-------------|-------------------------------------|
| ANG | Anglogold Ashanti Ltd | 41 | 28 | -13 | 2 nd Largest Top 40 Down |
| MMI | MMI Holdings Limited | 38 | 42 | 4 | Largest Mid Cap (Reserve List 1) |
| Largest Decrease in Ranking in Main Board | | | | | |
| Alpha | Instrument | December Rank | September Rank | Move | Comment |
| HAR | Harmony GM Co Ltd | 107 | 82 | -25 | Remains in Mid Cap |
| ELI | Ellies Holdings Ltd | 221 | 199 | -22 | Moved from Small Cap to Fledgling |
| Largest Increase in Ranking in Main Board | | | | | |
| Alpha | Instrument | December Rank | September Rank | Move | Comment |
| OCT | Octodec Invest Ltd | 125 | 151 | 26 | Remains in Small Cap |
| ZED | Zeder Inv Ltd | 97 | 122 | 25 | Remains in Small Cap |

3. Feedback on the FTSE/JSE Africa Index Series

3.1 Glencore Xstrata SA Register Size

In order to be considered eligible for the Index Series, Glencore Xstrata requires a minimum of 5% of their global share register to be accounted for on the South African share register. This is measured as a three month average. The three month average for the December review is taken over August, September and October:

| | | | | | |
|--------------------|------------|-------------------|------------|------------|------------|
| FileDate | 2014/11/30 | 3m Average | 2014/10/31 | 2014/09/26 | 2014/08/29 |
| SA Register | 2.18% | 2.15% | 2.20% | 2.21% | 2.05% |

Given Glencore's register proportion of 2.18% at the end of November, the company would need an average of 6.41% of their listed instruments to be accounted for on the Strate register at the end of December and January respectively, in order to be eligible at the March 2015 review.

3.2 Rebasing of Index Values

Due to various system limitations, the JSE cannot currently process an index level in excess of 99,999. As such, it has been the practice to rebase any index whose level is approaching this value. No indices are currently due to be rebased; however there are three indices with index values in excess of 70,000 namely:

| Index | Class | Highest Value |
|--------------------------------------|---------------|----------------------|
| J250 - SA Financials and Industrials | Capital Index | 70,656.81 |
| J537 - General Retailers | Capital Index | 72,632.80 |
| J835 - Banks | Capital Index | 70,385.84 |

3.3 Corporate Actions for the Quarter

The table below summarises all intra-quarter index adjustments made to the All Share and Top 40 indices since the September 2014 review:

| Amendment Type | Top 40 Index | All Share Index | Top 40 Notes |
|-----------------------------|---------------------|------------------------|--|
| CA - Constituent Addition | | 1 | |
| CD - Constituent Deletion | | | |
| CI - Capitalisation Issue | 1 | 1 | Bidvest Group - Bonus Issue: 1.55 for 100 |
| CP - Capital Repayment | 1 | 3 | Aspen Pharmacare Hldgs - Capital Repayment: ZAR 1.88 |
| DV - Dividend (TRI) | 7 | 29 | |
| IC - Free Float Change | | 1 | |
| IS - Shares In Issue Change | | 1 | |
| NC - Name Change | | | |
| RI - Rights Issue | | | |
| SC - Scrip Dividend | | 4 | |
| SS - Classification Change | | 1 | |

4. Upcoming Index Changes – Share Updates

The number of shares in issue for each constituent security is amended only when the total number of issued shares, compared to the shares in issue in the index, changes by more than 1% on a cumulative basis. Changes are made quarterly after the close of business on the third Friday of March, June, September and December, in line with the quarterly index review.

The data for these changes is currently taken from the close of business on the Monday four weeks prior to the review effective date. FTSE/JSE proposed that the cut date for these “1% shares in issue changes” be changed to correspond to the timeline used globally by FTSE, i.e. the third Wednesday of February, May, August and November. This will allow shares changes to be published a few days earlier and bring FTSE/JSE in line with other FTSE indices, but will have little material impact on the final review outcome.

The next AC meeting will be held on Wednesday, 4 March 2015

For further information please contact the FTSE/JSE Indices Department

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