

To: Market Participants
From: FTSE/JSE
Date: 18 December 2020
Subject: Notes from the FTSE/JSE Advisory Committee Meeting held on Thursday, 3 December 2020

1. Background

The FTSE/JSE Advisory Committee (AC) met on Thursday, 3 December 2020 to discuss matters relating to the FTSE/JSE Index Series. The items listed below were discussed during the meeting.

2. 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 2020 Quarterly Review.

2.1 Changes in Key Indices

Index	Additions	Deletions	SII Changes	FF Changes	Largest Up*	Largest Down*	Projected Max Weight	1 Way Churn
All Share			10	29	CPI (0.20%)	PRX (0.45%)	NPN (18.79%)	0.91%
Large Cap			3	8	CPI (0.25%)	PRX (0.57%)	NPN (23.59%)	0.97%
Large and Mid Cap			4	16	CPI (0.21%)	PRX (0.47%)	NPN (19.50%)	0.90%
Mid Cap			1	8	NRP (0.48%)	QLT (0.12%)	NHM (5.18%)	0.57%
Top 40			3	7	CPI (0.22%)	PRX (0.51%)	NPN (21.29%)	0.93%
SWIX 40			6	17	CPI (0.31%)	PRX (0.73%)	NPN (30.14%)	1.41%
Capped SWIX 40			16	33	FSR (1.76%)	NPN (20.32%)	NPN (10.00%)	2.64%
Eq Wgt 40			16	35	GFI (0.94%)	MCG (0.87%)	ALL (2.50%)	6.03%
Resi 10	HAR	MNP	3	1	BHP (0.32%)	MNP (0.27%)	BHP (35.77%)	7.53%
Fini 15	RMI	PSG	1	5	RMI (2.12%)	PSG (0.91%)	FSR (21.57%)	3.93%
Indi 25	MNP	BAW	0	4	NPN (0.37%)	PRX (0.94%)	NPN (41.97%)	1.04%
All Property			1	9	EQU (0.19%)	NRP (0.74%)	GRT NRP (15%)	1.21%
Tradable Property			1	5	EQU (0.50%)	NRP (1.26%)	GRT NRP (15%)	2.12%
SAPY			1	5	NRP (2.69%)	GRT (0.71%)	GRT (21.69%)	2.69%

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

2.2 Largest Changes in Ranking

All Share constituents compared at September 2020 and December 2020 Quarterly Reviews.

Noteworthy Top 40 Instruments					
Alpha	Instrument	December Rank	September Rank	Move	Comment
MCG	MultiChoice Group Ltd	23	31	8	Largest Top 40 up
CPI	Capitec Bank Hldgs Ltd	15	20	5	2 ND Largest Top 40 up
EXX	Exxaro Resources Ltd	44	35	-9	Largest Top 40 down
GFI	Gold Fields Ltd	14	6	-8	2 ND Largest Top 40 down
EXX	Exxaro Resources Ltd	44	35	-9	Lowest Ranking Top 40
TBS	Tiger Brands Ltd	38	41	3	Largest Reserve List

Largest Decrease in Ranking in Main Board					
Alpha	Instrument	December Rank	September Rank	Move	Comment
AYO	Ayo Tech Solutions Ltd	189	146	-43	Remains in Fledgling
PSG	PSG Group Ltd	76	45	-31	Remains in All Share
CND	Conduit Capital Ltd	244	215	-29	Remains in Fledgling
FGL	Finbond Group Ltd	184	163	-21	Remains in Fledgling
ORN	Orion Minerals Limited	183	164	-19	Remains in Fledgling
Largest Increase in Ranking in Main Board					
Alpha	Instrument	December Rank	September Rank	Move	Comment
MNK	Montauk Holdings Ltd	82	107	25	Remains in Small Cap
OMN	Omnia Holdings Ltd	95	117	22	Remains in Small Cap
AVV	Alviva Holdings Ltd	175	197	22	Remains in Fledgling
HMN	Hammerson plc	62	83	21	Remains in Small Cap
ADR	Adcorp Holdings Limited	213	234	21	Remains in Fledgling

3. Feedback on the FTSE/JSE Africa Index Series

3.1 Rebasing of Index Values

Due to various system limitations, the JSE cannot currently process an index level in excess of 99,999.99 where that index has a derivative contract listed on it. 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 two tradable indices (indices with derivative/s listed) with index values in excess of 70,000.00 namely:

Index	Class	Index Value	Derivative Listed	Open Interest (Contracts)
J554 - SWIX Media	Capital Index	95,928.51	-	-
J211 - Industrial 25	Capital Index	77,441.05	Yes	-
J213 - Financial and Industrial 30	Capital Index	72,870.62	Yes	265
J311 - Capped Industrial 25	Capital Index	71,930.67	-	-

3.2 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 2020 review:

Amendment Type	Top 40 Index	All Share Index	Top 40 Notes
CA - Constitution Addition	-	-	
CD - Constitution Deletion	-	1	
CI - Capitalisation Issue	-	-	
CP - Special Dividend	1	1	Prosus
DV - Dividend	4	18	
RI - Rights Issue	-	-	
IC - Weight Change	-	-	
IS - Shares Update	-	-	
NC - Name Change	-	-	
SS - Classification Change	-	-	

3.3 PSG Group Unbundling of Capitec Bank Holdings Ltd

On the 27th of May 2020, PSG Group (PSG) announced its intention to unbundle 32,502,856 of its Capitec (CPI) Shares to PSG shareholders. The terms were 14 CPI shares for every 100 PSG shares held and the ex-date was 26 August 2020.

An [Informative Notice](#) was published on the 5th of August 2020 and the [Index Change Advice \(ICA\)](#) notice was published on 19th of August 2020. On ex-date, a temporary line, representing the CPI shares distributed to PSG shareholders, was added to PSG's Indices. The closing price of the temporary line was updated daily to align with the closing price of CPI.

3.4 Compagnie Financiere Richemont: Tradable Warrants Issuance

On the 07th of August, Compagnie Financiere Richemont (CFR) made an announcement of a cash and warrants dividend. In the event, holders of CFR Depository Receipts would receive an ordinary dividend of approximately 0.10 CHF and two Class A Warrant Receipts for every DR held. An [Informative Notice](#) was published on 26th of August 2020 and an [Informative Notice Update](#) was published on 09th of September 2020 following a temporary postponement of the issue of the warrants. Once the new dates for the issue of the warrants was confirmed, an [Informative Notice](#) was published on 21st of October 2020 and [ICA](#) on the 19th of November 2020. The index treatment was as below:

On the 25th of November, ex-date, a temporary line, CFRO, representing the Warrants was be added to CFR's Indexes. CFRO was added at a nominal price of R0.0001. Two days after settlement, CFRO was deleted from the index series at its last traded price. CFR remained in all its indices with no further adjustments.

3.5 Hammerson: Highly Dilutive rights issue

On the 6th of August 2020, Hammerson (HMN) announced a capital reorganisation which consisted of a 1 for 5 consolidation followed by a 24 for 1 rights issue at ZAR 3.41 which traded ex-rights on 07th of September 2020. The consolidation effective date was the 2nd of September 2020 and post consolidation, the ISIN changed from GB0004065016 to GB00BK7YQK64. In accordance with the index rules governing the treatment on highly dilutive rights issues, the newly enlarged capitalisation of the company (on a fully paid basis) was reflected through the inclusion of a separate line for the new shares. This was referred to as the Hammerson Nil Paid Rights line. A separate line (Dummy Call line) was included, representing the value of the subscription price, until the new shares traded on an equivalent fully paid basis to the existing ordinary line. The treatment was effected, as set out in the [Informative Notice](#) published on the 2nd of September 2020.

Hammerson Ordinary line share in issue figure changed from 766,293,613 to 153,258,723 following the 1 for 5 consolidation with an unchanged investability weight.

At the end of the subscription period, on 18th of September 2020, the Nil Paid Rights line and the Dummy Call line were deleted and merged with the ordinary line effective 21st of September 2020.

4. Matters arising from Previous Meetings

4.1 ICB Enhancements

The Advisory committee was notified of the changes pertaining to the ICB Enhancements and the postponement thereof to March 2021.

A [Follow Up Market Note](#) was published on the 9th of October outlining the current ICB structure as well as the new indices that would be introduced as a result of these changes.

The next AC meeting will be held on Thursday, 4 March 2021.

For further information, please contact the FTSE/JSE Indices Department.

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