

To: Market Participants
From: FTSE/JSE
Date: 8 February 2022
Subject: Notes from the FTSE/JSE Advisory Committee Meeting held on Thursday, 2 December 2021

1. Background

The FTSE/JSE Advisory Committee (AC) met on Thursday, 2 December 2021 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 2021 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 | | | 13 | 27 | CFR(0.11%) | PRX (0.65%) | CFR (14.28%) | 0.90% |
| Large Cap | | | 4 | 5 | CFR(0.18%) | PRX(0.82%) | CFR(18.38%) | 0.92% |
| Large and Mid Cap | | | 8 | 17 | CFR(0.12%) | PRX(0.68%) | CFR(14.89%) | 0.90% |
| Mid Cap | | | 4 | 12 | WHL(0.30%) | MCG(0.60%) | APN(5.98%) | 0.72% |
| Top 40 | | | 3 | 7 | CFR(0.16%) | PRX(0.74%) | CFR(16.45%) | 0.94% |
| SWIX 40 | INL, INP | SPP | 3 | 9 | INP(0.59%) | PRX(1.14%) | NPN(11.02%) | 2.16% |
| Capped SWIX 40 | INL, INP | SPP | 3 | 9 | INP(0.65%) | MTN(1.05%) | FSR,MTN,NPN, PRX(6%) | 2.72% |
| Eq Wgt 40 | | | 3 | 7 | SPP(0.64%) | ANG(1.24%) | ALL (2.5%) | 6.81% |
| Resi 10 | | | 3 | 2 | BHP(0.15%) | SSW(0.18%) | BHP(34.28%) | 0.41% |
| Fini 15 | | | 1 | 2 | NRP(0.16%) | FSR(0.04%) | FSR(21.49%) | 0.18% |
| Indi 25 | | | 2 | 5 | CFR(0.52%) | PRX(1.42%) | CFR(33.17%) | 1.66% |
| All Property | | | 4 | 6 | LTE(0.69%) | GRT(2.81%) | GRT,NRP(15%) | 4.54% |
| Tradable Property | | | 2 | 4 | GRT(0.93%) | RES(0.24%) | GRT,NRP,RDF (15%) | 1.16% |
| SAPY | | | 4 | 4 | LTE(0.54%) | GRT(0.39%) | GRT(18.38%) | 1.55% |

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

2.2 Largest Changes in Ranking

All Share constituents compared at December 2021 and September 2021 Quarterly Reviews.

| Noteworthy Top 40 Instruments | | | | | |
|---|----------------------------|----------|----------|------|-------------------------|
| Alpha | Instrument | Dec Rank | Sep Rank | Move | Comment |
| INP | Investec plc | 25 | 31 | 6 | Largest Top 40 up |
| INL | Investec Ltd | 25 | 31 | 6 | Largest Top 40 up |
| ANG | Anglogold Ashanti Ltd | 16 | 19 | 3 | 2nd Largest Top 40 up |
| GLN | Glencore plc | 26 | 29 | 3 | 2nd Largest Top 40 up |
| NRP | NEPI Rockcastle Plc | 35 | 38 | 3 | 2nd Largest Top 40 up |
| REM | Remgro Ltd | 28 | 30 | 2 | 3rd Largest Top 40 up |
| ABG | Absa Group Limited | 22 | 17 | -5 | Largest Top 40 down |
| BVT | Bidvest Ltd | 31 | 26 | -5 | Largest Top 40 down |
| CLS | Clicks Group Ltd | 27 | 23 | -4 | 2nd Largest Top 40 down |
| SPP | The Spar Group Ltd | 44 | 40 | -4 | 2nd Largest Top 40 down |
| OMU | Old Mutual Limited | 30 | 27 | -3 | 3rd Largest Top 40 down |
| ANH | Anheuser-Busch InBev SA NV | 38 | 44 | 6 | Largest Reserve List |
| Largest Decrease in Ranking in Main Board | | | | | |
| Alpha | Instrument | Dec Rank | Sep Rank | Move | Comment |
| TRU | Truworths Int Ltd | 73 | 55 | -18 | Remains in All Share |
| ORN | Orion Minerals Limited | 194 | 180 | -14 | Remains in Fledgling |
| CSB | Cashbuild Ltd | 123 | 110 | -13 | Remains in All Share |
| BLU | Blue Label Telecoms Ltd | 134 | 121 | -13 | Remains in All Share |
| NVS | Novus Holdings Limited | 209 | 196 | -13 | Remains in Fledgling |
| Largest Increase in Ranking in Main Board | | | | | |
| Alpha | Instrument | Dec Rank | Sep Rank | Move | Comment |
| WEZ | Wesizwe Platinum Ltd | 167 | 205 | 38 | Remains in Fledgling |
| BAT | Brait PLC | 122 | 139 | 17 | Remains in All Share |
| AYO | Ayo Tech Solutions Ltd | 172 | 187 | 15 | Remains in Fledgling |
| HLM | Hulamin Ltd | 189 | 204 | 15 | Remains in Fledgling |
| HYP | Hyprop Inv Ltd | 93 | 106 | 13 | Remains in All Share |
| MDI | Master Drilling Grp Ltd | 170 | 183 | 13 | Remains in Fledgling |
| CGR | Calgro M3 Hldgs Ltd | 217 | 230 | 13 | Remains in Fledgling |

3. Feedback on the FTSE/JSE Africa Index Series

3.1 Rebasng of Index Values

There is one tradable index (indices with derivative/s listed) with index values in excess of 70,000.00 namely:

| Index | Class | Index Value | Derivative Listed | Open Interest (Contracts) |
|--|---------------|-------------|-------------------|---------------------------|
| JS5511 - FTSE/JSE Industrial Materials | Capital Index | 72,692.37 | - | - |
| J213 - Financial and Industrial 30 | Capital Index | 83,355.20 | Yes | - |
| J311 - Capped Industrial 25 | Capital Index | 82,072.76 | - | - |
| J211 - Industrial 25 | Capital Index | 84,818.56 | Yes | - |
| J257 - SA Industrials | Capital Index | 92,021.33 | - | - |
| JX4024 - FTSE/JSE SWIX Personal Goods | Total Index | 96,680.05 | - | - |
| JS6011 - FTSE/JSE Oil, Gas and Coal | Capital Index | 125,470.85 | - | - |

Table 1: Indices with index values exceeding 70,000.00 on 2021/10/15

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 2021 review:

| Amendment Type | Top 40 Index | All Share Index | Top 40 Notes |
|----------------------------|--------------|-----------------|---|
| CA - Constitution Addition | - | - | |
| CD - Constitution Deletion | - | - | |
| CI – Capitalisation Issue | - | - | |
| CP - Special Dividend | 4 | 6 | Capital Repayment of ZAR 2.477811 by Prosus |
| DV - Dividend | 26 | 60 | |
| RI – Rights Issue | - | - | |
| IC - Weight Change | 2 | 2 | Prosus and Naspers weighting change as a result of Prosus Exchange offer for Naspers. |
| IS - Shares Update | 1 | - | Shares in issue update due to exchange offer with Naspers |
| NC - Name Change | 1 | 3 | Northam Platinum name change to Northam Platinum Hld |
| IC – Classification Change | - | - | |

3.3 Pepkor Holdings Ltd shares in issue increase

On 15 September 2021, Steinhoff International announced it successfully placed 370 million Pepkor ordinary shares by way of an accelerated book build. The rationale behind the book build was to assist Steinhoff in the funding of the settlement of the creditors embodied in the Proposal. On 14 September 2021, an [ICA](#) was published detailing an increase in Pepkor shares in issue and free float, and also highlighting that Pepkor will remain in all the Indices it was a constituent of.

4. Matters Arising from Previous Meetings

4.1 Capping factor adjustment for Capped SWIX Indices

On 6 July 2021, FTSE/ JSE published a [Market Consultation](#) with the intention of requesting comment from market participants, in particular the Index users, on whether the current capping methodology required an amendment. A follow-up [notice](#) was published informing market participants that as of the September 2021 index review, the capping level of FTSE/JSE Capped SWIX All Share as well as FTSE/JSE Capped SWIX Top 40 Index will change from 10% to 6%, as an interim measure, until a final measure has been put in place.

5. Other Index Related Matters

5.1 FTSE/JSE Ground Rules Update

FTSE/JSE published an [Informative Notice](#) regarding the changes in the Ground rules document to align with the implemented changes following an announcement pertaining to an adjustment of the capping factor from 10% to 6% in the FTSE/JSE Capped SWIX All Share and FTSE/JSE Capped SWIX Top 40 Index.

5.2 BHP Group Plc and Woodlands merger

On 17 August 2021, BHP announced their intention to unify its DLC structure. Unification would involve BHP Limited acquiring the shares of BHP Plc and would be implemented by way of a scheme of arrangement. If unification is implemented, BHP Plc shareholders would be entitled to receive one BHP Limited share for each Plc share they own. The current BHP Ltd, listed on ASX, will obtain a secondary listing on the JSE.

Should BHP Ltd be classified as an Inward Foreign Listing (IFL), the free float will be adjusted to reflect only those dematerialised shares listed on the SA register. BHP Ltd will not retain the current BHP grandfathered status and therefore the free float methodology in the All Share (J203) index will change to represent the SA Register and not the global register.

5.3 FTSE/JSE White Paper Index Capping methodology

Further to the follow-up [market consultation](#) published on 6 July, FTSE/JSE published a [White Paper](#) to provide feedback to market participants pertaining to the consultation processes, coupled with supporting market data as well as considerations from FTSE/JSE. An interim measure has been put in place to adjust the capping level from

10% to 6% in the FTSE/JSE Capped SWIX All Share Index as well as FTSE/JSE Capped SWIX Top 40 Index from September 2021 Index review until a more permanent solution is finalised.

FTSE/JSE notes the responses from some of the market participants post the publication of the white paper, most in favour of Group Entity Capping, whilst others echo the sentiment of increasing the current capping level of 10% to 15%. JSE and FTSE are still in discussion and a decision regarding the optimum capping level (at 10% or higher) is underway.

5.4 Dummy Line Treatment

The lack of intra-day pricing for dummy lines were again highlighted with the recent implementation of the Old Mutual Unbundling of Nedbank, specifically in the FTSE/JSE Top 40 (J200) index. The introduction of dummy lines came into effect from August 2019, and the aim was to temporarily reflect the terms of a complex corporate event while ensuring that the index reflects investor experience and remains replicable. Dummy lines are priced intra-day on the real time platform and updated at the same cadence as the underlying security, however, the trading price does not update during the day. A market announcement will be made as soon as a solution is found.

The next AC meeting will be held on Thursday, 3 March 2022.

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

Email: indices@jse.co.za

Tel: +27 (0)11 520 7000