

To: Market Participants
From: FTSE/JSE
Date: 30 September 2022
Subject: Notes from the FTSE/JSE Advisory Committee Meeting held on Thursday, 1 September 2022

1. Background

The FTSE/JSE Advisory Committee (AC) met on Thursday, 1 September 2022 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 September 2022 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	S32	CLH, ZED	13	23	S32 (0.11%)	BHG (0.20%)	CFR (13.85%)	0.39%
Large Cap	S32	NPH	0	5	CFR (0.21%)	NPH (1.06%)	CFR (18.76%)	1.31%
Large and Mid Cap	S32, TGA		8	15	TGA (0.07%)	BHG (0.13%)	CFR (14.48%)	0.81%
Mid Cap	NPH, TGA	CML	8	10	NPH (3.67%)	CML (0.55%)	NED (5.84%)	6.30%
Top 40			2	6	ANH (0.06%)	BHG (0.23%)	CFR (16.22%)	0.30%
SWIX 40			2	6	CFR (0.16%)	BHG (0.31%)	NPN (11.14%)	0.54%
Capped SWIX 40			2	6	FSR (0.33%)	NPN (2.55%)	NPN (8.31%)	4.05%
Eq Wgt 40			2	6	AGL (0.53%)	NPN (0.94%)	ALL (2.5%)	4.04%
Resi 10			0	2	AGL (0.27%)	BHG (0.82%)	AGL (40.55%)	0.82%
Fini 15	RDF	QLT	0	0	RDF (1.74%)	QLT (1.21)	FSR (22.19%)	1.74%
Indi 25			5	4	ANH (0.16%)	MCG (0.05%)	CFR (30.66%)	0.20%
All Property			3	6	EQU (0.41%)	GRT (0.53%)	GRT, NRP (15.00%)	1.48%
Tradable Property	MSP		3	4	MSP (7.98%)	RES (2.10%)	GRT, NRP, RDF, (15.00%)	7.98%
SAPY			2	3	EQU (0.29%)	RES (0.45%)	GRT (18.77%)	0.61%

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

2.2 Largest Changes in Ranking

All Share constituents compared at September 2022 and June 2022 Quarterly Reviews.

Noteworthy Top 40 Instruments					
Alpha	Instrument	Sep Rank	Jun Rank	Move	Comment
PRX	Prosus N.V.	6	11	5	Largest Top 40 up
SHP	Shoprite Holdings Ltd	15	20	5	Largest Top 40 up
BVT	Bidvest Ltd	25	29	4	2nd Largest Top 40 up
AMS	Anglo American Plat Ltd	29	22	-7	Largest Top 40 down
BHG	BHP Group Limited	19	15	-4	2nd Largest Top 40 down
TFG	The Foschini Group Limited	39	39	-	Largest Reserve List
Largest Decrease in Ranking in Main Board					
Alpha	Instrument	Sep Rank	Jun Rank	Move	Comment
HLM	Hulamin Ltd	203	176	-27	Remains in Fledgling
CND	Conduit Capital Ltd	244	220	-24	Remains in Fledgling
TTO	Trustco Group Hldgs Ltd	199	177	-22	Remains in Fledgling
Largest Increase in Ranking in Main Board					
Alpha	Instrument	Sep Rank	Jun Rank	Move	Comment
NVS	Novus Holdings Limited	186	207	21	Remains in Fledgling
BLU	Blue Label Telecoms Ltd	115	134	19	Remains in All Share
GND	Grindrod Ltd	108	125	17	Remains in All Share
MCZ	MC Mining Limited	213	230	17	Remains in Fledgling

3. Feedback on the FTSE/JSE Africa Index Series

3.1 Inter-Review Index Amendments

The table below summarises all intra-quarter index adjustments made to the All Share and Top 40 indices since the June 2022 review:

Amendment Type	Top 40 Index	All Share Index	Top 40 Notes
CA - Constitution Addition	-	-	
CD - Constitution Deletion	-	2	
CI - Capitalisation Issue	-	-	
CP - Special Dividend	4	8	
DV - Dividend	9	47	
RI - Rights Issue	-	-	
IC - Weight Change	0	2	
IS - Shares Update	-	-	
NC - Name Change	1	1	NEPI Rockcastle PLC name change to NEPI Rockcastle S.A.
IC - Classification Change	-	-	

3.2 Investec Plc and Ltd Unbundling of Ninety One Ltd

In March 2022, Investec made an announcement stating their intention to distribute Ninety One shares to their shareholders. Investec Plc ordinary shareholders on the SA register would receive 0.13751 Ninety One Limited shares for each Investec plc Ordinary share that they held and Investec Limited Ordinary shareholders would receive 0.13751 Ninety One Limited shares for each Investec Limited Ordinary share that they held.

On 26 May 2022, an [ICA](#) was published outlining the index treatment which included the index addition of Ninety One Ltd Distribution lines, representing the Investec Ltd and Plc distribution. These were deleted with T+2 notice after payment date.

3.3 Resilient REIT distribution of Lighthouse Properties

In March 2022, Resilient REIT announced their intention to distribute Lighthouse Properties Plc shares to Resilient shareholders at a ratio of 0,4800 Lighthouse shares for each Resilient share held. The rationale behind the distribution came from Resilient REIT shareholders expressing their interest to directly hold Lighthouse Properties instead of through their investment in Resilient REIT

On 11 May 2022, an [ICA](#) was published detailing the index treatment which included the index addition of Lighthouse Properties Distribution line. This was deleted with T+2 notice after payment date.

4. Matters Arising from Previous Meetings

4.1 FTSE/JSE Index Harmonisation Client Proposal

Over the past few years, FTSE/JSE has spent some time on the design of the benchmark indices. This included the [2018 Market Consultation](#), some client interactions, Advisory Committee meeting discussions and internal engagements with Governance structures. A client proposal, which includes detailed information on the Index Harmonisation project as well as a roadmap of the implementation timelines, was drafted with the aim to solicit feedback from the broader market. The [Proposal](#) was published on 23 September 2022 and market comments are due on 31 October 2022.

5. Other Index related matters

5.1 Ground Rule update: Inward Foreign Listings

FTSE/JSE sent out market communication regarding a Ground Rule update pertaining to Inward Foreign listings (IFLs). New and newly eligible IFLs may be eligible for index inclusion provided their global free floats is greater than 5%, and if the SWIX investable market capitalisation is less than 0.5% of the Small Cap Index on the review cut-off date, they will have their SWIX Free Float adjusted such that the SWIX investable market capitalisation equals 0.5% of the Small Cap Index. The adjustment will only be effected during the first year of being added into the Index, thereafter, the SWIX free float will reflect the actual Strate register number. The old rule can be accessed on the [Ground Rule](#) update announcement

5.2 Ground Rule update: Group Entity Capping

Further to the Group Entity Capping (GEC) [Informative notice](#), FTSE/JSE published a [Ground Rule](#) update indicating that GEC would come into effect from the September 2022 Review. In instances where an index constituent has an equity stake in another index constituent, and the market value of that stake is greater than 75% of the prevailing market capitalisation of the holding company, then the two companies shall be considered at a combined group valuation level for index capping purposes only. Should the value of Company A's holding in Company B fall below 65% of Company A's total gross market capitalisation at a subsequent quarterly review, then the two entities will no longer be capped as one entity.

5.3 Ground Rule update: Increase in Capping Level

The final Ground Rule update indicated an increase in the capping level, to 12%, in five of the FTSE/JSE Indices listed below:

- J141 - FTSE/JSE Capped Shariah Top 40
- J300 – FTSE/JSE Capped Top 40
- J303 – FTSE/JSE Capped All Share
- J430 - FTSE/JSE Capped Shareholder Weighted Top 40 Index
- J433 - FTSE/JSE Capped Shareholder Weighted All Share Index

The next AC meeting will be held on Thursday, 1 December 2022.

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

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