

To: Market Participants
From: FTSE/JSE
Date: 25 July 2023
Subject: Notes from the FTSE/JSE Advisory Committee Meeting held on Thursday, 1 June 2023

1. Background

The FTSE/JSE Advisory Committee (AC) met on Thursday, 1 June 2023 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 June 2023 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			41	113	AGL (2.01%)	CFR (17.98%)	AGL (10.74%)	17.98%
Large Cap			9	22	AGL (3.81%)	CFR (23.21%)	AGL (15.26%)	23.21%
Large and Mid Cap			25	65	AGL (2.22%)	CFR (18.73%)	AGL (11.33%)	18.73%
Mid Cap			16	43	NED (0.77%)	NPH (0.13%)	NED (6.41%)	0.99%
Top 40			14	36	AGL (2.64%)	CFR (20.12%)	AGL (12.46%)	20.12%
SWIX 40	RNI	TFG	14	36	RNI (1.11%)	TFG (0.54%)	NPN & PRX (16.45%)	1.83%
Capped SWIX 40	RNI	TFG	14	36	NED (0.29%)	PRX (0.38%)	NPN & PRX (12%)	1.13%
Eq Wgt 40			14	36	MCG (0.73%)	GFI (1.80%)	ALL (2.5%)	5.78%
Resi 10			6	10	SOL (0.27%)	BHG (0.22%)	AGL (37.71%)	0.51%
Fini 15			5	15	NED (0.82%)	ABG (0.18%)	FSR (21.73%)	1.03%
Indi 25			7	20	NPN (8.57%)	CFR (33.33%)	NPN (23.48%)	33.33%
All Property			9	20	GRT (1.14%)	NRP (1.75%)	GRT,NRP(15%)	2.24%
Tradable Property	MLI	VKE	5	9	RES (2.35%)	VKE (9.32%)	GRT,NRP,RDF (15%)	12.00%
SAPY			9	19	NRP (0.68%)	GRT (0.23%)	GRT (24.37%)	1.01%

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

2.2 Largest Changes in Ranking

All Share constituents compared at June 2023 and March 2023 Quarterly Reviews.

Noteworthy Top 40 Instruments					
Alpha	Instrument	Jun Rank	Mar Rank	Move	Comment
HAR	Harmony GM Co Ltd	36	45	9	Largest Top 40 up
LHC	Life Healthc Grp Hldgs Ltd	45	53	8	2nd Largest Top 40 up
WHL	Woolworths Holdings Ltd	33	27	-6	Largest Top 40 down
CFR	Compagnie Fin Richemont	6	1	-5	2nd Largest Top 40 down
Largest Decrease in Ranking in Main Board					
Alpha	Instrument	Jun Rank	Mar Rank	Move	Comment
TCP	Transaction Capital Ltd	110	67	-49	Remains in All Share
MUR	Murray & Roberts Hldgs	116	182	-31	Remains in Fledgling
MCZ	MC Mining Limited	144	179	-16	Remains in Fledgling
KAP	KAP Limited	167	96	-14	Remains in All Share
SNH	Steinhoff Int Hldgs N.V.	177	177	-14	Remains in Fledgling
Largest Increase in Ranking in Main Board					
Alpha	Instrument	Jun Rank	Mar Rank	Move	Comment
MLI	Industrials REIT Limited	82	103	21	Remains in All Share
DRD	DRD Gold Ltd	70	87	17	Remains in All Share
BYI	Bytes Technology Grp plc	58	73	15	Remains in All Share
HLM	Hulamin Ltd	187	201	14	Remains in Fledgling
SUI	Sun International Ltd	88	101	13	Remains in All Share

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 March 2023 review:

Amendment Type	Top 40 Index	All Share	Top 40 Notes
CA - Constitution Addition	-	-	
CD - Constitution Deletion	-	-	
CI – Capitalisation Issue	-	-	
CP - Special Dividend	1	1	NRP Capital Repayment of ZAR 5.40215
DV - Dividend	23	57	
RI – Rights Issue	-	-	
IC - Weight Change	-	2	
IS - Shares Update	1	1	Conversion of 1 CFR A share for every 10 CFR Depositary Receipts held.
NC - Name Change	-	2	
IC – Classification Change	-	2	

3.2 New Listings in Quarter 3

During the quarter under review, Premier Group Limited listed on the Main Board on 24 March 2023 as well as Copper 360 Limited listing on the ALTX board on 21 April 2023.

3.3 Compagne Financiere Richemont (CFR) conversion

On 17 March 2023, Richemont made an announcement to terminate its South African depository receipt (DR) programme and to list its 'A' shares on the Johannesburg Stock Exchange as a secondary listing, in addition to their

existing listing on the SIX Swiss Exchange. The rationale behind the termination of the DR programme was to reduce administrative complexity as well as provide greater flexibility for shareholders.

On 28 March 2023, an [Informative Notice](#) was published indicating that FTSE/JSE intended to treat the conversion as market cap neutral in the FTSE/JSE Africa Index Series, i.e. current membership would be retained, subject to updated identifiers, and with shares and price adjusted according to the conversion ratio, and therefore no weighting change.

Further to the publication of the informative notice, an ICA was published on 12 April 2023 outlining a decreased shares in issue total from 5,220,000,000 to 522,000,000 as well as an unchanged investability weighting of 97.81%

3.4 Distell Group Holdings Deletion

Heineken International BV announced its intention to acquire control of Distell Group Holdings. The proposed transaction translated into an internal restructuring of Distell Group to create Newco and CapeVin.

On 15 March 2023, an [ICA](#) was published indicating that Distell Group Holdings was to be deleted from the Indices it was a constituent of, effective from start of business on 20 March 2023.

3.5 Pepkor Holdings Ltd free float update

On 8 February 2023, Steinhoff International announced it successfully placed 240 million Pepkor ordinary shares by way of an accelerated book build. On 9 February 2023, an [ICA](#) was published detailing an unchanged shares in issue of 3,707,284,334 and an increased investability weighting from 48.47% to 55.612% and Pepkor Holdings would remain in the Indices it was a constituent of.

4. Matters Arising from Previous Meetings

4.1 Index Harmonisation Update

The internal and external stakeholder engagements with regards to the different aspects of the project are still ongoing. FTSE/JSE released a [market notice](#) after the June 2023 meeting which indicated the new implementation timelines for the first phase of the project, which consists of the methodology change of the vanilla indices.

5. Other Index related matters

5.1 Special Dividend Treatment

Per Section 16.1 of the [Ground Rules](#), ordinary dividends are calculated gross of South African Dividend Withholding Tax, but net of foreign dividend withholding taxes in the Total Return Indices. Special dividends are applied on a gross basis in the capital/price index. Following the implementation of the Compagnie Financiere Richemont (CFR) special dividend in the FTSE/JSE Index Series (price indices) on 21 September 2022, FTSE/JSE received client concerns about the index treatment of special dividends for companies that are subject to foreign dividend withholding tax. This is due to the fact that South Africans do not receive the gross dividend, but only the net dividend. This causes a tracking error and the index is no longer truly replicable for the South African market and no longer represents the investment opportunity set for local market players. FTSE/JSE is looking into the client concerns and will provide further communication in due course.

The next AC meeting will be held on Thursday, 31 August 2023.

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

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