

To: Market Participants
From: FTSE/JSE
Date: 13 October 2023
Subject: Notes from the FTSE/JSE Advisory Committee Meeting held on Thursday, 31 August 2023

1. Background

The FTSE/JSE Advisory Committee (AC) met on Thursday, 31 August 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 September 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		ACL, LBR	9	22	BTI (0.09%)	CFR (0.21%)	NPN (9.55%)	0.69%
Large Cap		IMP	1	7	NPN (0.37%)	IMP (1.97%)	CFR (14.14%)	2.33%
Large and Mid Cap		ITE, RES, TKG, TCP	7	18	AGL (0.12%)	CFR (0.21%)	NPN (10.15%)	1.07%
Mid Cap	IMP	ITE, RES, TKG, TCP	5	11	IMP (4.93%)	RES (0.73%)	NED (5.88%)	4.97%
Top 40	HAR	MCG	6	8	HAR (0.75%)	MCG (0.42%)	NPN (11.12%)	1.21%
SWIX 40	HAR	MCG	6	10	HAR (0.83%)	MCG (0.46%)	NPN (12.27%)	1.28%
Capped SWIX 40	HAR	MCG	6	10	HAR (0.87%)	MCG (0.48%)	NPN & PRX (12.00%)	1.63%
Eq Wgt 40	HAR	MCG	6	8	HAR (2.50%)	MCG (2.09%)	ALL (2.5%)	6.92%
Resi 10			1	2	AGL (0.27%)	GLN (0.25%)	AGL (39.23%)	0.58%
Fini 15			4	2	INP (0.31%)	FSR (0.18%)	FSR (23.12%)	0.58%
Indi 25			1	5	BTI (0.23%)	CFR (0.52%)	NPN 24.18%	0.86%
All Property			0	3	GRT (0.56%)	SHC (0.08%)	GRT, NRP (15.00%)	0.58%
Tradable Property	VKE		0	3	VKE (10.56%)	RES (2.49%)	GRT, NRP, RDF (15.00%)	10.90%
SAPY			0	1	NRP (0.002%)	SRE (0.01%)	NRP (23.22%)	0.01%
Div+	PPH	MCG	3	3	ARI (3.39%)	TGA (10.60%)	ARI (8.04%)	16.32%

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

2.2 Largest Changes in Ranking

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

Noteworthy Top 40 Instruments					
Alpha	Instrument	Jun Rank	Sep Rank	Move	Comment
SHP	Shoprite Holdings Ltd	21	16	5	Largest Top 40 up
SLM	Sanlam Ltd	22	17	5	Largest Top 40 up
WHL	Woolworths Holdings Ltd	33	28	5	Largest Top 40 up
OMU	Old Mutual Limited	37	32	5	Largest Top 40 up
ABG	Absa Group Limited	15	11	4	2nd Largest Top 40 up
CPI	Capitec Bank Hldngs Ltd	16	12	4	2nd Largest Top 40 up
BVT	Bidvest Ltd	25	21	4	2nd Largest Top 40 up
GRT	Growthpoint Prop Ltd	40	36	4	2nd Largest Top 40 up
IMP	Impala Platinum Hlgs Ltd	12	27	-15	Largest Top 40 down
AMS	Anglo American Plat Ltd	30	37	-7	2nd Largest Top 40 down
Largest Decrease in Ranking in Main Board					
Alpha	Instrument	Jun Rank	Sep Rank	Move	Comment
AYO	Ayo Tech Solutions Ltd	185	206	-21	Remains in Fledgling
ACL	ArcelorMittal SA Limited	125	144	-19	Deleted from All Share Index
ACT	AfroCentric Inv Corp Ltd	141	155	-14	Remains in Fledgling
SLG	Salungano Group Limited	211	223	-12	Remains in Fledgling
Largest Increase in Ranking in Main Board					
Alpha	Instrument	Jun Rank	Sep Rank	Move	Comment
OAO	Oando plc	167	139	28	Remains in Fledgling
L2D	Liberty Two Degrees Ltd	134	113	21	Remains in All Share
NPK	Nampak Ltd	214	194	20	Remains in Fledgling
EOH	EOH Holdings Ltd	198	179	19	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 2023 review:

Amendment Type	Top 40 Index	All Share Index	Top 40 Notes
CA - Constituent Addition	-	-	
CD - Constituent Deletion	-	1	
CI - Capitalisation Issue	-	-	
CP - Special Dividend	-	1	
DV - Dividend	4	25	
RI - Rights Issue	-	-	
IC - Weight Change	1	1	Impala FF update as a result of offer to RBP
IS - Shares Update	1	1	Impala SII update as a result of offer to RBP
NC - Name Change	-	-	
SS - Classification Change	-	-	

3.2 Industrials REIT Deletion

In March 2023, Industrials REIT (MLI) issued an [Announcement](#) in which they agreed to the terms of a cash acquisition of their entire issued shares by way of a Scheme of Arrangement. The ex-date of the event was 21 June 2023 which was 2 days after the 19 June review effective date. Additionally, MLI was scheduled as a review addition into the Tradable Property Index (J800) for the June review.

On 12 June 2023, FTSE/JSE published an [ICA](#) indicating that the deletion of MLI from the indices would occur concurrently with the June review, in accordance with section 4.10 of the [Corporate Actions and Events Guide](#). The ICA also confirmed that MLI would no longer be added to the J800.

3.3 Steinhoff International Holdings Deletion

On 21 June 2023, Steinhoff International Holdings (SNH) received [Court Approval](#) for its restructuring under Dutch law. Considering that the restructuring would leave shareholders with no immediate value and the company would delist, Section 4.17 of the [Corporate Actions and Events Guide](#) was applied to effect the deletion from the J204 index with T + 2 notice. FTSE/JSE published an [ICA](#) on the 26th of June 2023.

3.4 Impala Platinum offer for Royal Bafokeng Shares

In November 2021, Impala Platinum (IMP) released a [Firm Intention Announcement](#) indicating that they wished to make a general offer to acquire all the issued ordinary shares of Royal Bafokeng (RBP), other than shares that it did not already hold. The offer comprised a cash amount of R90 and 0.30 ordinary shares in IMP.

In December 2021, Northam Platinum (NPH) also released an [Announcement](#) regarding its interest to acquire all or a portion of the RBP shares it did not already own. In [April 2023](#), NPH withdrew its offer and tendered their 34.5% shareholding in RBP to IMP. This resulted in IMP's shareholding in RBP to rise above 90%. RBP was deleted from the index per Section 4.11 of the [Corporate Actions and Events Guide](#).

On 21 July 2023, FTSE/JSE published an [ICA](#) indicating the deletion of RBP from the Indices as well as an increase in the shares and free float for IMP based on the offer terms.

4. Matters Arising from Previous Meetings

4.1 Index Harmonisation Update

Following the ongoing discussions and engagements related to the Index Harmonisation project, FTSE/JSE published a [Market Notice](#) in June 2023 advising the market that a detailed document outlining the impact of the methodology change in each of the indices will be published in due course. The document is still in progress and will be published as soon as it has been finalised.

5. Other Index related matters

5.1 Special Dividend Treatment

Following the client queries received on the difference in Foreign Dividend Withholding Tax (FDWT) applied to cash dividends vs special dividends, an [Informative Notice](#) was published in July 2023 indicating that the special dividend declared by CFR, with a September 2023 ex-date, would be applied net of FDWT in the index series. FTSE/JSE is considering to apply special dividends and other capital payments in the index series net of FDWT and will provide further communication once this has been finalised.

5.2 FTSE/JSE All Africa Ground Rules Update

FTSE/JSE published a few market notices regarding there being no material improvement in the ability of international institutional investors to repatriate capital from Nigeria, or a public commitment to address the issues within a reasonable timeframe. Consequently, The FTSE Russell Index Governance Board, reclassified Nigeria from Frontier to Unclassified market status effective from the open on Monday 18 September 2023. This resulted in the deletion of Nigerian index constituents from the Index Series at zero value, and the addition of Ghana and Tanzania as eligible markets, effective with the September 2023 review effective date. FTSE/JSE published [an Informative Notice](#) indicating this update.

The next AC meeting will be held on Thursday, 30 November 2023.

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

Email: indices@jse.co.za

Tel: +27 (0)11 520 7000