

**To:** Market Participants  
**From:** FTSE/JSE  
**Date:** 17 July 2024  
**Subject:** Notes from the FTSE/JSE Advisory Committee Meeting held on Thursday, 6 June 2024

## 1. Background

The FTSE/JSE Advisory Committee (AC) met on Thursday, 6 June 2024 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 2024 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			47	107	FSR (0.11%)	NPN (0.17%)	NPN (11.61%)	0.87%
Large Cap			12	21	FSR (0.20%)	GLN (0.22%)	NPN (17.88%)	1.01%
Large and Mid Cap			26	60	NPN (0.17%)	FSR (0.12%)	NPN (12.43%)	0.87%
Mid Cap			14	39	MTM (0.07%)	HAR (0.12%)	NED (6.29%)	0.52%
Top 40			18	34	FSR (0.14%)	GLN (0.17%)	NPN (13.75%)	0.86%
SWIX 40			18	34	FSR (0.14%)	GLN (0.17%)	NPN (13.75%)	0.86%
Capped SWIX 40			18	34	FSR (0.36%)	NPN (2.14%)	NPN & PRX (12.00%)	3.10%
Eq Wgt 40			18	34	AMS (0.61%)	NPN (0.66%)	ALL (2.5%)	4.59%
Resi 10			7	9	AGL (0.31%)	GLN (0.77%)	GFI (22.14%)	1.08%
Fini 15			5	13	FSR (0.18%)	RNI (0.08%)	FSR (20.74%)	0.35%
Indi 25			10	22	MTN (0.11%)	MNP (0.23%)	NPN (27.76%)	0.79%
All Property			7	17	NRP (0.57%)	GRT (2.42%)	GRT, NRP (15.00%)	1.75%
Tradable Property			3	8	RDF (0.81%)	LTE (0.90%)	GRT, NRP (15.00%)	2.52%
SAPY			7	15	VKE (0.35%)	LTE (0.90%)	NRP (28.03%)	0.81%
Shariah 40			10	14	AGL (0.22%)	GLN (0.48%)	GFI (13.99%)	1.04%
Capped Shariah 40			10	14	GFI (0.86%)	AGL (1.55%)	GFI & AGL (12.00%)	2.39%
Shariah All Share	TGA, WBC		24	48	TGA (0.66%)	GLN (0.43%)	GFI (11.35%)	1.23%

## 2.2 Largest Changes in Ranking

All Share constituents compared at June 2024 and March 2024 Quarterly Reviews.

Noteworthy Top 40 Instruments					
Alpha	Instrument	Mar Rank	Jun Rank	Move	Comment
IMP	Impala Platinum Hlgs Ltd	34	19	15	Largest Top 40 up
HAR	Harmony GM Co Ltd	31	18	13	2nd Largest Top 40 up
DSY	Discovery Ltd	24	32	-8	Largest Top 40 down
REM	Remgro Ltd	23	30	-7	2nd Largest Top 40 down
Largest Decrease in Ranking in Main Board					
Alpha	Instrument	Mar Rank	Jun Rank	Move	Comment
TCP	Transaction Capital Ltd	104	155	-51	Remains in All Share
BAT	Brait plc	150	165	-15	Remains in Fledgling
EPE	EPE Capital Partners Ltd	165	180	-15	Remains in Fledgling
BWN	Balwin Properties Ltd	172	185	-13	Remains in Fledgling
CHP	Choppies Enterprises Ltd	173	184	-11	Remains in Fledgling
AEG	Aveng Group Limited	182	193	-11	Remains in Fledgling
Largest Increase in Ranking in Main Board					
Alpha	Instrument	Mar Rank	Jun Rank	Move	Comment
KP2	Kore Potash plc	197	149	48	Remains in Fledgling
QFH	Quantum Foods Hldgs Ltd	183	143	40	Remains in Fledgling
CPP	Collins Property Grp Ltd	158	139	19	Remains in Fledgling
PAN	Pan African Resource plc	95	78	17	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 2024 review:

Amendment Type	Top 40 Index	All Share Index	Top 40 Notes
CA - Constituent Addition	-	1	
CD - Constituent Deletion	-	-	
CI – Capitalisation Issue	-	-	
CP - Special Dividend	2	4	GLN capital repayment and EXX special dividend
CX - Consolidation	-	-	
DV - Dividend	21	48	
RI – Rights Issue	-	-	
IC - Weight Change	-	-	
IS - Shares Update	-	-	
NC - Name Change	-	-	
SC – Scrip Dividend	-	-	
SS – Classification Change	-	1	

Table 2: Inter-Review changes since the last review

### **3.2 Transaction Capital unbundling**

In [March 2024](#), Transaction Capital made an announcement in relation to the unbundling and listing of We Buy Car Holdings Ltd (WBC) on the Main board. This transaction saw TCP distribute and list shares in WBC. The terms as set out in the [Circular](#) were 0.32678 WBC Shares for every 1 TCP Share held.

An [ICA](#) was published on the 08<sup>th</sup> of April 2024, indicating the affected indices and effective dates.

### **3.3 MiX Telematics and PowerFleet scheme of arrangement**

In [October 2023](#), Mix Telematics Limited (MIX) and Powerfleet Inc (PWR) released a joint announcement detailing Powerfleet's intention to acquire the issued shares of MiX by way of a scheme of arrangement. PWR acquired MIX in exchange for 0.12762 newly issued shares. The implementation of the scheme resulted in the suspension and termination of MiX and PWR being listed on the Main Board by way of a secondary inward listing. The inward foreign listing free float was reflected at the June 2024 review.

The scheme was applied on [20 March 2024](#), and became effective from the opening of the 26<sup>th</sup> March. PWR shares were admitted to trading and as a result, added to the FTSE/JSE Fledgling index (J204).

## **4. Matters Arising from Previous Meetings**

### **4.1 Impact of Index Harmonisation**

On the 18<sup>th</sup> of March 2024, phase 1 of the Index harmonisation project was finalised. This included the free float change of any constituent that used a different free float in the vanilla and SWIX indices. The second and final phase, which is still upcoming, will consist of the termination of the SWIX indices suite.

### **4.2 All Africa Indices – Treatment of Egypt**

In 2023, FTSE Russell was notified of challenges faced by international institutional investors on their inability to repatriate capital from Egypt. A [notice](#) was published to the market, indicating that with immediate effect, certain corporate actions would not be implemented to Egyptian, and other affected countries' securities, within the FTSE Russell equity indices. With the support of the FTSE Equity Country Classification Advisory Committee, FTSE Russell conveyed its concerns to the Egyptian market authorities. However, index users advised that they still experienced the capital repatriation delays several months later. In September 2023, FTSE Russell announced the addition of Egypt to the Watch List for possible reclassification from Secondary Emerging to Frontier market status due to ongoing delays in the ability of international institutional investors to repatriate capital from Egypt since March 2023. FTSE Russell provided an [update](#) on the Watch List status of Egypt as part of the FTSE Equity Country Classification Interim Review in March 2024, when market participants provided confirmation that the previously reported foreign exchange queues, dating back to April 2023, that restricted the ability of international institutional investors to repatriate foreign exchange from Egypt had been cleared. Consequently, FTSE Russell recommenced implementing intra-review corporate actions for Egyptian index constituents of the FTSE Russell equity indices effective from the open on Monday, 1 April 2024 in accordance with the corporate actions guides for market capitalisation and non-market capitalisation weighted indices. For the avoidance of doubt, any pending quarterly shares in issue and investability weight changes that would have been implemented at previous index reviews will be re-evaluated and implemented in conjunction with the June 2024 index review. Additionally, any

pending index additions, deletions and size segment changes will be re-evaluated and implemented in conjunction with the September 2024 index review.

## **5. Other Index Related Matters**

### **5.1 Distribution related concerns in the index series**

FTSE/JSE has received some client comments and concerns relating to the treatment of distributions, particularly in the capital index series, which result in difficulty with tracking the indices. One of the concerns raised was the difference in treatment of ordinary dividends and special dividends/capital repayments for constituents which are subject to Foreign Dividend Withholding Tax. Prior to March 2024, where a constituent paid an ordinary dividend and a special dividend, the ordinary dividend was applied net of FDWT in the total return index series and the special dividend was applied gross of FDWT in the capital index. This concern was subsequently addressed and a [Ground Rule](#) change was made to align the treatment. The discussions around the other concerns received are ongoing and FTSE/JSE will provide feedback to the market in due course.

**The next AC meeting will be held on Thursday, 5 September 2024.**

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

Email: [indices@jse.co.za](mailto:indices@jse.co.za)

Tel: +27 (0) 11 520 7000