

General Information

Indices Launch: 1 July 2010

Base Date: 21 June 2002

Base Value : 5 000

Investability Screen: Free Float and liquidity

Currency: ZAR

Ground Rules and Committee

As with all FTSE/JSE Indices the FTSE/JSE Equally Weighted Top 40 Index is governed by a strict set of transparent Ground Rules. Copies of FTSE/JSE Ground Rules are available on the FTSE/JSE website www.jse.co.za/Products/FTSE-JSE.aspx. An independent index advisory committee ensures that the indices are calculated according to the Ground Rules, so they remain impartial, transparent and accurate and evolve to meet market needs.

Index family

The structure of the FTSE/JSE Equally Weighted Top 40 Index is summarised below.

Index Code	Alpha Code	Index Name	Disseminated	Description
J2EQ	ETOP	FTSE/JSE Equally Weighted Top 40 Index	15 seconds	Equally Weighted Top 40 index follows the construction of the existing FTSE/JSE Top 40 index with regards to quarterly index reviews, constituents' eligibility and constituent price data. Therefore, the constituents of this index will always be similar to the constituents of the Top 40 index.

Contact information

For additional information contact:

JSE Limited – Information Products Sales

» Tel: +27 11 520 7000

» Email: infoproductsales@jse.co.za

» www.jse.co.za

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»»» FTSE/JSE Equally Weighted Top 40 Index

The FTSE/JSE Equally Weighted Top 40 index has been designed as a benchmark for measuring performance particularly for equity portfolios for funds achieving risk diversification. It is an independent and publicly available index that measures performance other than peer group performance for fund managers and it is compliant with current legislation, measuring price characteristics of constituents.

Why an Equally Weighted Top 40 Index?

The new index adds to the existing FTSE/JSE Index Series, providing an alternative to indices constructed according to the market values of the companies (or market capitalisation weightings). It is also the first equally weighted index to be launched in South Africa within the FTSE/JSE Index Series.

Aimed at fund managers globally, the introduction of the FTSE/JSE Equally Weighted Top 40 Index will extend the FTSE/JSE Africa index range and provides a variation from existing indices, allowing greater risk diversification and benchmarking for performance, particularly in equity portfolios. The majority of FTSE/JSE indices are market-cap based, with a few indices based on company fundamentals.

Index Construction Methodology

As with the FTSE/JSE Top 40 Index, the FTSE/JSE Equally Weighted Top 40 Index consists of the largest 40 companies on the JSE but unlike the FTSE/JSE Top 40 Index and other market capitalisation indices, all constituent companies have the same weighting and therefore the importance of each company in the index does not depend on its market capitalisation.

The Equally Weighted Top 40 index follows the construction of the existing FTSE/JSE Top 40 index with regards to quarterly index reviews, constituents' eligibility and constituent price data. Therefore, the constituents of the equally weighted index will always be similar to the constituents of the Top 40 index and they assume the same rules for construction in terms of shares in issue and corporate actions. The only difference between the two indices is the weightings of the constituents.

Index Calculation

The FTSE/JSE Equally Weighted Top 40 index uses the divisor adjustment methodology. Total returns will be calculated at the end of the day. Please refer to the Appendix in the ground rules (www.jse.co.za/Products/FTSE-JSE.aspx) for further information on the calculation methodology.

Periodic Review

The FTSE/JSE Equally Weighted Top 40 Index is reviewed quarterly in March, June, September and December as part of the normal FTSE/JSE Africa Index Series Quarterly Index Review.

The Equally Weighting Factor (EWF) will be reset each quarter after implementation of corporate actions.

Corporate Actions:

Additions and Deletions

When a constituent is removed from the index intra-quarter, the replacement stock, as determined by FTSE/JSE Top 40 index rules will assume the index weight of the constituent that is removed from the index. This rule also applies to fast entries that will be deemed eligible for immediate inclusion to the FTSE/JSE Top 40 index intra quarter.

Demergers and Takeovers

If a constituent is split to form two or more constituents, then the resulting constituents will be eligible for index inclusion for a period of two days, as per the FTSE/JSE Top 40 index. Consequently the Equally Weighted Top 40 Index may have extra constituents for 2 days. The resulting constituents will inherit the equally weighting factor of the parent company.

Other Corporate Events affecting the price

Corporate Actions	Divisor Adjustment?	EWF Adjustment?
Capital Reduction	No	Yes
Special Dividend	No	Yes
Rights Offering	No	Yes
Mandatory Offer	No	Yes
Additional Instruments/ Take-up RT	No	Yes
Capitalisation Award or Bonus Issue	No	No
Share Consolidation/ Share Split	No	No

Daily data services – useful links in the chain

The following data products are available for the FTSE/JSE Equally Weighted Top 40 Index.

Live Index Data Service – Service provides subscribers with the real-time intra-day index values via InfoWiz.

End of Day data products – This service provides subscribers with the following End-of-Day data files which are produced in a flat file format, and are available for download directly from the JSE via FTP (File Transfer Protocol). These files are subscribed to as a package product namely; Valuations, Constituents (including open constituents) and Tracker (including five-day tracker).

Valuation Data Service – This service provides subscribers with a file containing index level data. It provides the end-of-day capital and total return index values, the index code, index market capitalisation and number of constituents. The file also contains information on the XD Adjustment (the ex dividend adjustment for the day) as well as the XD adjustment for the year to date, along with the actual dividend yield of the index.

Constituent Data Service – This service provides subscribers with a file which contains information on all the index constituents, inter alia the constituent name, the ISIN and Exchange Code, the closing price, the total market capitalisation, the investable market capitalisation (the total market cap adjusted for free float), the number of shares in issue and the percentage weight of the constituent in the index.

Open Constituent Data Service – Similar to the Constituent Data Service, this service provides subscribers with a file which contains constituent level information, but is disseminated at close of business the previous day, therefore providing the information before the beginning of the trading day and incorporates the corporate action changes that were implemented at close of business during the previous trading day, as documented in the corresponding Tracker Service. This service is designed to give index tracker fund managers a clear picture of their portfolio at the beginning of the trading day.

Tracker Data Service – This service provides subscribers with a file highlighting corporate actions and constituent changes that will be implemented that evening, effective for open the following trading day. The service is designed to give users forward notice of corporate events and index changes, allowing them to plan for and implement any changes to their own investment products in a timely fashion. The file is split into three sections:

First section – Index Level Data, contains index changes to the number of constituents in the index, the market capitalisation of the index, index divisor, as well as the XD adjustment figure.

Second section – Company Level Data, contains changes to the industry classification of the company, the closing shares in issue and the new shares in issue, the closing investability weighting used in the index calculation and the new investability weighting and changes to the closing price). There is also an indication of whether a secondary line related to the company has been included in the calculation, and further amendment notes to give details of any housekeeping changes such as changes to the constituent name, a constituent addition or deletion, a change to the ISIN. Corporate actions such as capital repayments, capitalisation issues, rights issues, subdivision, complex corporate actions, consolidations and share changes will also be detailed in notes for the service user.

Third section – Dividend Information at Constituent Level, contains the ex-dividend date, the dividend amount, the ISO currency code for dividend payment, the XD adjusted values, and a FTSE dividend code to indicate the type of dividend issued (e.g. final dividend or interim dividend).

Five-Day Tracker Service – This service provides users with a rolling five-day preview of upcoming corporate actions and company changes. It includes constituent changes such as name change, investability weight changes and corporate actions such as capital repayment, rights issue and share changes.