

»»» South Africa – a world wired for success

The FTSE/JSE Africa Index Series is being enhanced with the launch of the FTSE/JSE RAFI 40 Index, the second non market cap-weighted FTSE index for the South African market. The index breaks with the traditional price-based market cap weighted design, and instead derives both constituents and their weights from company fundamentals.

Launched in association with FTSE Group and Research Affiliates, the FTSE/JSE RAFI 40 Index is designed to reflect the performance of the top 40 companies by fundamental values from the FTSE/JSE All Share Index. These four fundamental factors are sales, cash flow, book value and dividends.

Fundamental factors – linked for diversity

- » **Sales** = company sales averaged over the prior five years.
- » **Cash Flow** = company cash flow averaged over the prior five years, defined as operating income plus depreciation.
- » **Book Value** = company book value at the review date.
- » **Dividend** = total dividend distributions averaged over the last five years, including both special and regular dividends paid in cash.



Index design – a flexible environment

- » **The process starts with the selection of the index universe.**

For the FTSE/JSE RAFI 40 Index, the constituents of the FTSE/JSE All Share Index are used.

- » **The universe companies are ranked by each of the following four fundamental measures of company size: sales, cash flow, book value and dividends.**

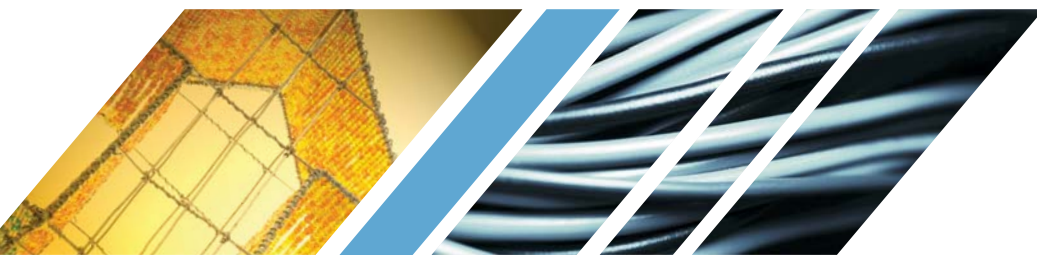
The percentage weight that each company represents of the total value of each fundamental measure is calculated. The financial statement data is sourced from Thomson Worldscope.

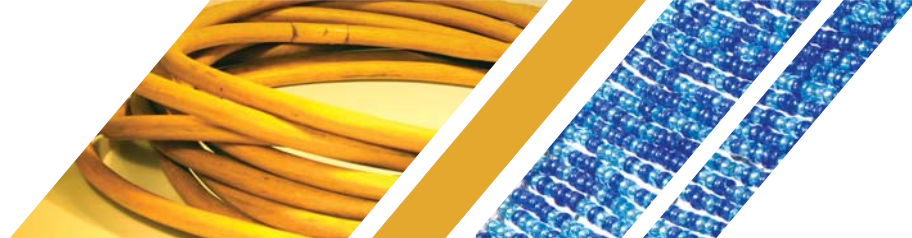
Trailing five-year averaged data is used to minimise the substantial volatility in the index factors that would result from using year-to-year data. The five-year averaging also reduces index rebalancing turnover.

If there are fewer than five years of data available, the average of the years of data that are available are taken. It can be shown that although the results are not materially different from those of their trailing five-year counterparts, portfolio turnover is higher.

- » **A composite fundamental value is given to each company by taking the average weighting of each fundamental measure.**

If a company has a zero dividend percentage, the average of the other three metrics is taken. The company's RAFI fundamental value (RFV) is defined as 10,000,000 times the composite weight.





» **The companies are then ranked in descending order of their RFV.**

The top 40 companies derived from the FTSE/JSE All Share Index then form the constituents of the FTSE/JSE RAFI 40 Index. The constituents may differ from the constituents in the FTSE/JSE Top 40 Index as only those 40 companies with the largest RFV will be selected as the index constituents.

» **The weights in the index are then set proportional to their RFV.**

The weighting factor used in the index calculation is derived by dividing the RFV of each company by its free-float adjusted market capitalisation.

» **The fundamental value is calculated at a company rather than an equity level.**

If a company has two or more lines of equities in the relevant index, the company's fundamental value is allocated between these lines of equities in proportion to the free-float adjusted market capitalisations at the date of the rebalancing.

Features – the core components

- » The FTSE/JSE RAFI 40 Index offers a quantitative active management strategy with the highlights of passive market cap-based indexing.
- » The indices are managed according to a transparent and public set of index rules, and overseen by an independent committee of leading market professionals. The committee ensures that the rules are correctly applied and adhered to. The annual review is conducted at the end of February to ensure that a continuous and accurate representation of the market is maintained.



- » Fundamentals weighting does not increase exposure to high P/E equities during episodes of unsustainable P/E expansion. It therefore avoids over exposure to the more overvalued equities.
- » Similar liquidity and capacity to market cap-weighted indices.
- » Superior mean-variance portfolio construction.
- » A diversified index in company and sector terms.
- » Capital and total return versions of the index are available.
- » The index is suitable for the creation of financial products, such as index funds, warrants, certificates and Exchange Traded Funds (ETFs).
- » The index is capped at 10% to allow for diversification and capping will be conducted quarterly in March, June, September and December.

Information – a transparent matrix

Index Launch	1 October 2007
Base Date	16 March 2007
Base Value	5000
Investability Screen	Liquidity screened
Currency	ZAR
Index Rules	http://ftse.jse.co.za/about.jsp
Historical Data	From 31 December 1999



Daily data services – useful links in the chain

The following data product files are included in the FTSE/JSE RAFI 40 Index package:

Live Index Data service – This service provides subscribers with the intra-day index values (Real-time index calculated every 15 seconds) 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 File Transfer Protocol (FTP).

» **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 ex dividend adjustment for the day (XD Adjustment) 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 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.

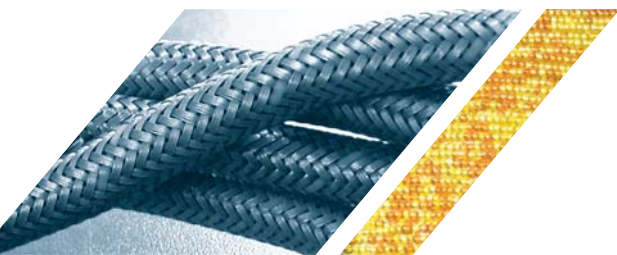
First section – Index Level Data, contains index changes to the number of constituents in the index, the market capitalisation of the index, index divisor, as well as the XD adjustment figure.

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 or 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 constituent changes. It includes constituent changes such as name changes, sedol changes, investability weight changes and corporate actions such as capital repayments, rights issues and share changes.

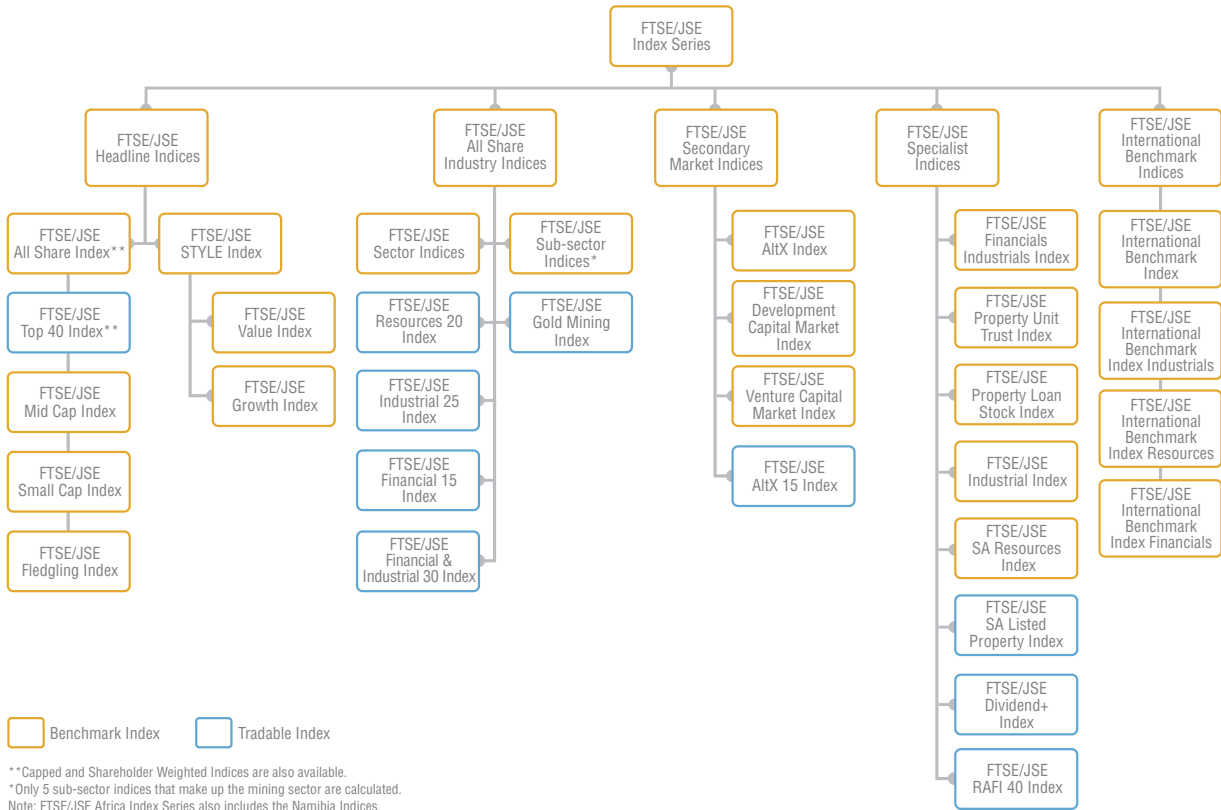
» Tel: +27 11 520 7000
Email: infoproductsales@jse.co.za
www.jse.co.za



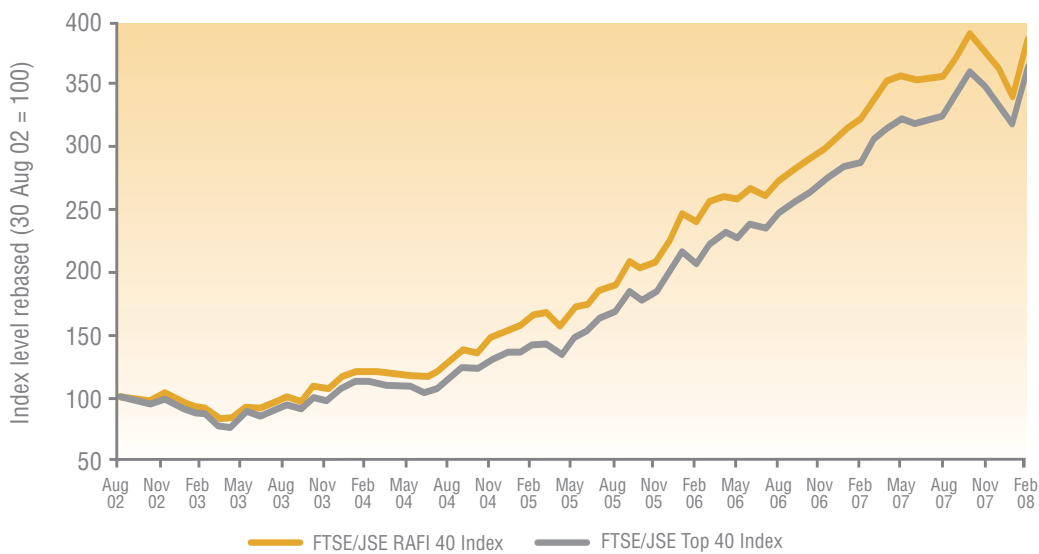


FTSE/JSE RAFI 40 Index – Fact Sheet

FTSE/JSE Africa Index Series – linked for diversity



FTSE/JSE RAFI 40 Index Performance (ZAR total return)





FTSE/JSE RAFI 40 Index – Fact Sheet

FTSE/JSE RAFI 40 INDEX: TOP 10 CONSTITUENTS

Rank	Security	Sector	FTSE/JSE RAFI 40 Index Weight (%)	FTSE/JSE Top 40 Index Weight (%)	Difference (%)
1	Anglo American	Mining	11.66%	17.87%	-6.21%
2	BHP Billiton	Mining	9.38%	15.17%	-5.79%
3	Anglo Platinum	Mining	4.76%	3.12%	1.65%
4	Sasol	Oil & Gas Producers	8.22%	6.71%	1.51%
5	SABMiller	Beverages	4.38%	4.88%	-0.50%
6	Compagnie Financiere Richemont AG	Personal Goods	3.73%	6.31%	-2.58%
7	MTN Group	Mobile Telecommunications	2.48%	6.12%	-3.64%
8	Impala Platinum Hlds	Mining	4.53%	5.52%	-1.00%
9	Standard Bank Group	Banks	4.06%	3.60%	0.46%
10	Old Mutual	Life Insurance	5.46%	2.85%	2.61%
	Total		58.67%	72.16%	-13.49%

FTSE/JSE RAFI 40 INDEX: SECTOR BREAKDOWN

ICB Code	Sector	FTSE/JSE RAFI 40 Index Weight (%)	FTSE/JSE Top 40 Index Weight (%)	Difference (%)
0530	Oil & Gas Producers	8.22%	6.71%	1.51%
1350	Chemicals	0.67%	0.00%	0.67%
1730	Forestry & Paper	1.74%	0.88%	0.86%
1750	Industrial Metals	5.19%	1.11%	4.08%
1770	Mining	36.84%	48.50%	-11.66%
2350	Construction & Materials	1.71%	2.14%	-0.43%
2720	General Industrials	3.90%	2.94%	0.95%
2770	Industrial Transportation	0.55%	0.45%	0.10%
2790	Support Services	1.08%	1.02%	0.06%
3530	Beverages	4.38%	4.88%	-0.50%
3570	Food Producers	0.74%	0.64%	0.11%
3720	Household Goods	0.44%	0.62%	-0.19%
3760	Personal Goods	3.73%	6.31%	-2.58%
4530	Health Care Equipment & Services	0.00%	0.36%	-0.36%
5330	Food & Drug Retailers	0.53%	0.00%	0.53%
5550	Media	0.00%	1.46%	-1.46%
6530	Fixed Line Telecommunications	2.47%	1.00%	1.47%
6570	Mobile Telecommunications	2.48%	6.12%	-3.64%
8350	Banks	11.07%	8.10%	2.97%
8530	Nonlife Insurance	0.41%	0.00%	0.41%
8570	Life Insurance	10.72%	4.30%	6.42%
8730	Real Estate	1.56%	1.43%	0.13%
8770	General Financial	1.59%	1.03%	0.57%
	Total	100.00	100.00	0.00

FTSE/JSE RAFI 40 INDEX: PORTFOLIO CHARACTERISTICS

Attribute	Value
Number of Constituents*	43
Net Market Cap (ZARmn)	712,517
Company Size (Adjusted ZARmn)	
Average	16,570
Largest	83,078
Smallest	706
Median	11,102
Weight Largest Company (%)	11.66%
Top 10 Holdings (% Net Market Cap Share)	58.67%

Source: FTSE Group, data as at Feb 29, 2008.*Constituents only capped to 40 companies at the annual review, though there may be additional constituents due to multiple lines of stock. Companies are ranked by fundamental values, therefore the constituents are not necessarily the biggest companies in terms of market cap but those with the highest RAFI fundamentals.

»» Tel: +27 11 520 7000
 Email: infoproductsales@jse.co.za
www.jse.co.za