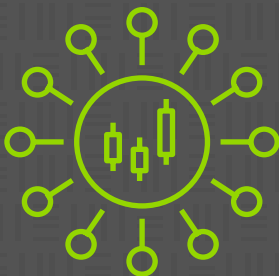


Overview



**FTSE
RUSSELL**
An LSEG Business

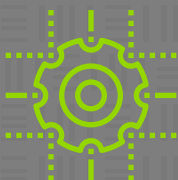
FTSE Russell is the benchmark administrator for key local indices including the FTSE/JSE All Share and FTSE/JSE Top 40 equity benchmarks. Having an independent, credible, regulated administrator is good for investors since they can trust that their own service providers take on an independent role.



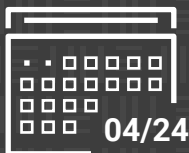
Indices are used by many funds for inter alia:

- A performance benchmark for actively managed funds, potentially even as the basis for performance fees
- Asset allocation for index tracking funds
- The basis for an investment product like a derivative or structured note

FTSE/JSE is simplifying its index offering to reduce the number of indices and reduce confusion between which indices to use for which purpose. Historically, there were two versions of each index – a SWIX version and a vanilla version. For example, the SWIX All Share and the All Share as well as the SWIX Top 40 and the Top 40.



The simplification began in March 2024 with the alignment of the methodology between the SWIX indices and the vanilla indices. This means that, currently, each SWIX index and its vanilla counterpart are identical in terms of risk and return metrics.



What is Index Harmonisation?

This is a project that was initiated by FTSE/JSE through client consultations, commencing in 2019. The project will ultimately collapse the vanilla and SWIX indices into one set of benchmark indices, significantly simplifying the current benchmark complexity and overlap, and centralising liquidity. The project was implemented in two phases, with the first phase effected in March 2024. The second phase will be effective on the 2nd of January 2026.

Phase 1

Involved the change of free floats such that the vanilla indices used the SWIX methodology.

Phase 2

Post March 2024, the SWIX and Vanilla indices became identical in weights. The resultant next step will be to decommission the SWIX indices.

What are “vanilla” indices and SWIX indices?

The vanilla indices include the FTSE/JSE All Share Index (J203) and FTSE/JSE Top 40 Index (J200), as well as all of their industry, sector, total return and capped variants. For each vanilla index, there is also currently a SWIX (Shareholder Weighted) variant, such as the FTSE/JSE SWIX All Share Index (J403) and FTSE/JSE SWIX 40 Index (J400).

Why harmonise the methodology of the indices?

The process of harmonisation has been naturally occurring over the last few years. FTSE/JSE has observed a decline in the number of constituents that use a different free float in the vanilla and SWIX indices.

The challenge faced now is that there are currently two benchmark indices (J203 and J403), whose constituent weights have converged over time. This has necessitated the need for the vanilla indices to adopt the SWIX methodology.

What happens next?



On 31 December 2025, FTSE/JSE will terminate all SWIX indices



A successor index has been identified for each terminated index. For example, investors using the FTSE/JSE SWIX All Share Index today should shift to the FTSE/JSE All Share Index



Fund managers that are using the legacy index names will need to update their funds to reference the correct index name before 31 December 2025. This is through no action or decision of the fund but is forced on them by this simplification project



Funds that shift to the officially designated successor index will have no impact whatsoever on fund investors and all funds that use the legacy indices in this way are equally affected



Investors can expect communication from their respective fund manager(s) to confirm their actions

Contact Us

The JSE is available for any questions or verifications. Please refer to the [FAQ document](#) as well as the [SWIX Termination Notice](#).

Should you wish to get in touch, please contact the Indices Team on indices@jse.co.za