

S&P South Africa Low Volatility Index Consultation

LONDON, JUNE 7, 2017: S&P Dow Jones Indices (“S&P DJI”) is conducting a consultation with members of the investment community on potential changes to the S&P South Africa Low Volatility Index.

The S&P South Africa Low Volatility Index currently requires that stocks have a three-month average daily value traded (3M ADVT) of at least ZAR 10 million for index eligibility purposes. In order to apply a more rigorous liquidity screen and diminish the effect of random spikes and outliers on the liquidity measure, S&P DJI is proposing to change the liquidity requirement so that stocks would be required to have a six-month median daily value traded (6M MDVT) of ZAR 10 million for index eligibility purposes.

In addition, S&P DJI is proposing to apply a 20% buffer to the constituent selection process in order to reduce overall index turnover. Under this proposal, current constituents ranked within the top 48 would remain in the index.

IMPACT ANALYSIS

If the proposed changes described above would have been applied to the March 2018 quarterly rebalancing, the index’s composition would have changed as follows:

Stock Deletions (Hypothetical)	6M MDVT (ZAR)	Stock Additions (Hypothetical)	6M MDVT (ZAR)
RDI REIT	5.6 Million	Netcare Ltd	124.0 Million
Octodec Investments Ltd	4.4 Million	Intu Properties PLC.	38.4 Million

QUESTIONS

Please answer the following questions and provide S&P DJI with the reasoning behind your answers:

- 1. Do you agree with the proposal to change the liquidity requirement for index eligibility purposes from 3M ADVT of ZAR 10 million to 6M MDVT of ZAR 10 million?**
- 2. Do you agree with the proposal to apply a 20% buffer to the constituent selection process so that current constituents ranked within the top 48 remain in the index?**
- 3. Do you have any other comments or feedback regarding the proposed change outlined above?**

Your participation in this consultation is important as we gather information from various market participants in order to properly evaluate your views and preferences. S&P DJI will make responses to consultations freely available upon request.¹ If you do not want your response to be made available, you must clearly state that in your response. Please respond to this survey by **July 9, 2018**. After this date, S&P DJI will no longer accept survey responses. Prior to the Index Committee’s final review, S&P

¹ Individual and company names as well as contact details will be redacted.

DJI will consider the issues and may request clarifications from respondents as part of that review. Alternative options to the proposed questions after the deadline require that the consultation be re-opened to the public.

To participate in this consultation, please visit the online survey available [here](#).

For further information about this consultation, please contact S&P Dow Jones Indices at index_services@spglobal.com.

Please be advised that all comments from this consultation will be reviewed and considered before a final decision is made; however, S&P DJI makes no guarantees or is under any obligation to comply with any of the responses. The survey may result in no changes or outcome of any kind. If S&P DJI decides to change the index methodology, an announcement will be posted on our website.

Thank you for taking the time to complete this survey.

For more information about S&P Dow Jones Indices, please visit www.spdji.com.

ABOUT S&P DOW JONES INDICES

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