

**S&P Dow Jones  
Indices**

A Division of **S&P Global**

**S&P South Africa  
Preference Share Index  
*Methodology***

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# Introduction

## Index Objective and Highlights

The S&P South Africa Preference Share Index measures the performance of preference shares listed in South Africa that meet criteria relating to minimum size, security type, exchange listing, and currency. The index is weighted by float-adjusted market capitalization, with a maximum of 15% allocated to an individual issue.

## Supporting Documents

This methodology is meant to be read in conjunction with supporting documents providing greater detail with respect to the policies, procedures and calculations described herein. References throughout the methodology direct the reader to the relevant supporting document for further information on a specific topic. The list of the main supplemental documents for this methodology and the hyperlinks to those documents is as follows:

Supporting Document	URL
S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology	<a href="#">Equity Indices Policies &amp; Practices</a>
S&P Dow Jones Indices' Index Mathematics Methodology	<a href="#">Index Mathematics Methodology</a>

This methodology was created by S&P Dow Jones Indices to achieve the aforementioned objective of measuring the underlying interest of each index governed by this methodology document. Any changes to or deviations from this methodology are made in the sole judgment and discretion of S&P Dow Jones Indices so that the index continues to achieve its objective.

# Eligibility Criteria & Index Construction

## Eligibility Factors

Preference stocks must meet the following criteria in order to be eligible for index inclusion:

**Exchange Listing.** Preference shares must trade on the Johannesburg Stock Exchange.

**Type of Issuance.** Preference stocks issued by a company to meet its capital or financing requirements are eligible. These include floating rate preferences, cumulative and non-cumulative preferences, and preference stocks with a callable or conversion feature. However, the following are ineligible for index inclusion:

- Structured products and brand name products issued by financial institutions that are packaged securities linked to indices, baskets of stocks, or another company's stock.
- Preference-like securities from special ventures such as toll roads or dam operators, and issuer entities and/or preferred securities that are Special Purpose Vehicles.
- Trust preference issues.

**Currency.** Only South African rand (ZAR) denominated preference shares are eligible.

**Maturity or Conversion Schedule.** Preference stocks that do not have a mandatory conversion or scheduled maturity within the next 12 months are eligible. While the inclusion criteria explicitly exclude issues that have a mandatory conversion or scheduled maturity within 12 months of the rebalancing effective date, no such rule exists for continued membership.

**Market Capitalization.** Non-constituents must have a full market capitalization of at least ZAR 200 million (current constituents at least ZAR 175 million).

**Coupon Type.** Preference shares that pay a fixed rate coupon are excluded from the index. Zero-coupon securities are also excluded.

**Volume.** Preference shares must have a trailing six-month average daily trading volume of at least 0.025% of the shares outstanding as of the rebalancing reference date.

## Constituent Selection

At each rebalancing, eligible preference stocks are selected and form the index.

## Constituent Weightings

The index employs a float-adjusted market capitalization weighting scheme. There are no limits on the number of issues of a single company's preference stock. However, at each rebalancing, a maximum weight of 15% is set for individual issues.

## Index Calculations

The index is calculated by means of the divisor methodology used in all S&P Dow Jones Indices' equity indices.

*For more information on the index calculation methodology, please refer to the Capped Market Capitalization Weighted Indices section of S&P Dow Jones Indices' Index Mathematics Methodology.*

# Index Maintenance

## Rebalancing

The index is rebalanced quarterly, effective prior to the open of trading on the Monday following the third Friday of January, April, July, and October. The reference date for additions and deletions is the third Friday of December, March, June, and September, respectively. Index shares are set using closing prices as of the trading date seven business days prior to the rebalancing effective date. Share changes for existing index components are implemented as part of the January and July rebalancings.

**Additions.** Additions occur only at the quarterly rebalancing. There are no intra-quarter additions.

**Deletions.** A constituent is deleted intra-quarter if it is called or undergoes mandatory conversion or redemption.

## Corporate Actions

Corporate Action	Adjustment Made to the Index	Divisor Adjustment?
Delisting from primary exchange	The constituent is removed at the closing price of the delisting date (occasionally a constituent may be removed at zero price).	Yes
Special cash distribution	The price of the stock making the special payment is reduced by the per share special payment amount after the close of trading on the day before the ex-date.	Yes
Rights offering on preference share class	The price is adjusted to the Price of Parent shares minus (Price of Rights shares/Rights Ratio).	Yes
Preference stock split	Index Shares are multiplied by and the price is divided by the split factor.	No
Issuance of additional shares for the preference share class in the index	None. Share changes are implemented as part of the January and July index rebalancings.	No

*For more information on corporate actions, please refer to the Capped Market Capitalization Weighted Indices section of S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.*

## Currency of Calculation and Additional Index Return Series

The index calculates in U.S. dollars and South African rand.

Daily index closing values calculate using WMR foreign exchange rates.

WMR foreign exchange rates are taken daily at 4:00 PM London Time and used in the calculation of the indices. These mid-market fixings are calculated by WMR based on LSEG data and appear on LSEG pages.

In addition to the indices detailed in this methodology, additional return series versions of the indices may be available, including, but not limited to: currency, currency hedged, decrement, fair value, inverse, leveraged, and risk control versions. For a list of available indices, please refer to the [S&P DJI Methodology & Regulatory Status Database](#).

*For information on the calculation of different types of indices, please refer to S&P Dow Jones Indices' Index Mathematics Methodology.*

*For the inputs necessary to calculate certain types of indices, including decrement, dynamic hedged, fair value, and risk control indices, please refer to the Parameters documents available at [www.spglobal.com/spdji/](http://www.spglobal.com/spdji/).*

### Base Date and History Availability

Index history availability, base date, and base value are shown in the table below.

Index	Launch Date	First Value Date	Base Date	Base Value
S&P South Africa Preference Share Index	07/08/2013	10/19/2012	10/19/2012	1000

# Index Data

## Calculation Return Types

S&P Dow Jones Indices calculates multiple return types which vary based on the treatment of regular cash dividends. The classification of regular cash dividends is determined by S&P Dow Jones Indices.

- Price Return (PR) versions are calculated without adjustments for regular cash dividends.
- Gross Total Return (TR) versions reinvest regular cash dividends at the close on the ex-date without consideration for withholding taxes.
- Net Total Return (NTR) versions, if available, reinvest regular cash dividends at the close on the ex-date after the deduction of applicable withholding taxes.

In the event there are no regular cash dividends on the ex-date, the daily performance of all three indices will be identical.

For a complete list of indices available, please refer to the daily index levels file (“.SDL”).

*For more information on the classification of regular versus special cash dividends as well as the tax rates used in the calculation of net return, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.*

*For more information on the calculation of return types, please refer to S&P Dow Jones Indices' Index Mathematics Methodology.*



# Index Governance

## **Index Committee**

An Index Committee maintains the index. All Committee members are full-time professional members of S&P Dow Jones Indices' staff. The Index Committee meets regularly. At each meeting, the Index Committee may review pending corporate actions that may affect index constituents, statistics comparing the composition of the index to the market, companies that are being considered as candidates for addition to the index, and any significant market events. In addition, the Index Committee may revise index policy covering rules for selecting companies, treatment of dividends, share counts or other matters.

S&P Dow Jones Indices considers information about changes to its indices and related matters to be potentially market moving and material. Therefore, all Index Committee discussions are confidential.

S&P Dow Jones Indices' Index Committees reserve the right to make exceptions when applying the methodology if the need arises. In any scenario where the treatment differs from the general rules stated in this document or supplemental documents, clients will receive sufficient notice, whenever possible.

In addition to the daily governance of indices and maintenance of index methodologies, at least once within any 12-month period, the Index Committee reviews the methodology to ensure the indices continue to achieve the stated objectives, and that the data and methodology remain effective. In certain instances, S&P Dow Jones Indices may publish a consultation inviting comments from external parties.

*For information on Quality Assurance and Internal Reviews of Methodology, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.*

# Index Policy

## **Announcements**

All index constituents are evaluated daily for data needed to calculate index levels and returns. All events affecting the daily index calculation are typically announced in advance via the Index Corporate Events report (.SDE), delivered daily to all clients. Any unusual treatment of a corporate action or short notice of an event may be communicated via email to clients.

## **Pro-forma Files**

In addition to the corporate events file (.SDE), S&P Dow Jones Indices provides constituent pro-forma files each time the index rebalances. The pro-forma file is typically provided daily in advance of the rebalancing date and contains all constituents and their corresponding weights and index shares effective for the upcoming rebalancing.

*Please visit [www.spglobal.com/spdji/](http://www.spglobal.com/spdji/) for a complete schedule of rebalancing timelines and pro-forma delivery times.*

## **Holiday Schedule**

The index is calculated on all days that the Johannesburg Stock Exchange is open.

*A complete holiday schedule for the year is available on S&P Dow Jones Indices' Web site at [www.spglobal.com/spdji/](http://www.spglobal.com/spdji/).*

## **Rebalancing**

The index committee may change the date of a given rebalancing for reasons including market holidays occurring on or around the scheduled rebalancing date. Any such change will be announced with proper advance notice where possible.

## **Unexpected Exchange Closures**

For information on Unexpected Exchange Closures, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

## **Recalculation Policy**

For information on the recalculation policy, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.

*For information on Calculations and Pricing Disruptions, Expert Judgment and Data Hierarchy, please refer to S&P Dow Jones Indices' Equity Indices Policies & Practices Methodology.*

# Index Dissemination

Index levels are available through S&P Dow Jones Indices' Web site at [www.spglobal.com/spdji/](http://www.spglobal.com/spdji/), major quote vendors (see codes below), numerous investment-oriented Web sites, and various print and electronic media.

## Tickers

The table below lists headline indices covered by this document. All versions of the below indices that may exist are also covered by this document. Please refer to the [S&P DJI Methodology & Regulatory Status Database](#) for a complete list of indices covered by this document.

Index	Return Type	BBG	
		USD	ZAR
S&P South Africa Preference Share Index	Price Return	SPSAPSU	SPSAPSZ
	Total Return	SPSAPSUT	SPSAPSZT

## Index Data

Daily constituent and index level data are available via subscription.

For product information, please contact S&P Dow Jones Indices, [www.spglobal.com/spdji/en/contact-us](http://www.spglobal.com/spdji/en/contact-us).

## Web site

For further information, please refer to S&P Dow Jones Indices' Web site at [www.spglobal.com/spdji/](http://www.spglobal.com/spdji/).

# Appendix I

## Methodology Changes

Methodology changes since January 1, 2015 are as follows:

Change	Effective Date (After Close)	Previous	Methodology Updated
Volume	01/21/2022	--	Preference shares must have a trailing six-month average daily trading volume of at least 0.025% of the shares outstanding as of the rebalancing reference date.
Type of Issuance	10/16/2020	<p>Preference stocks issued by a company to meet its capital or financing requirements are eligible. These include floating rate preferences, cumulative and non-cumulative preferences, and preference stocks with a callable or conversion feature. However, the following are ineligible for index inclusion:</p> <ul style="list-style-type: none"> <li>• Structured products and brand name products issued by financial institutions that are packaged securities linked to indices, baskets of stocks, or another company's stock.</li> <li>• Preference-like securities from special ventures such as toll roads or dam operators.</li> <li>• Trust preference issues.</li> </ul>	<p>Preference stocks issued by a company to meet its capital or financing requirements are eligible. These include floating rate preferences, cumulative and non-cumulative preferences, and preference stocks with a callable or conversion feature. However, the following are ineligible for index inclusion:</p> <ul style="list-style-type: none"> <li>• Structured products and brand name products issued by financial institutions that are packaged securities linked to indices, baskets of stocks, or another company's stock.</li> <li>• Preference-like securities from special ventures such as toll roads or dam operators, and issuer entities and/or preferred securities that are Special Purpose Vehicles.</li> <li>• Trust preference issues.</li> </ul>
Rebalancing Reference Date	10/20/2017	The rebalancing reference date is the last business day of the month prior to rebalancing.	The rebalancing reference date is the third Friday of the month prior to rebalancing.

# Appendix II

## ESG Disclosures

<b>EXPLANATION OF HOW ENVIRONMENTAL, SOCIAL &amp; GOVERNANCE (ESG) FACTORS ARE REFLECTED IN THE KEY ELEMENTS OF THE BENCHMARK METHODOLOGY<sup>1</sup></b>		
1.	<b>Name of the benchmark administrator.</b>	S&P Dow Jones Indices LLC.
2.	<b>Underlying asset class of the ESG benchmark.<sup>2</sup></b>	N/A
3.	<b>Name of the S&amp;P Dow Jones Indices benchmark or family of benchmarks.</b>	<a href="#">S&amp;P DJI Fixed Income Indices Benchmark Statement</a>
4.	<b>Do any of the indices maintained by this methodology take into account ESG factors?</b>	No
<b>Appendix latest update:</b>		February 2021
<b>Appendix first publication:</b>		February 2021

<sup>1</sup> The information contained in this Appendix is intended to meet the requirements of the European Union Commission Delegated Regulation (EU) 2020/1817 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the minimum content of the explanation of how environmental, social and governance factors are reflected in the benchmark methodology and the retained EU law in the UK [The Benchmarks (amendment and Transitional Provision) (EU Exit) Regulations 2019].

<sup>2</sup> The 'underlying assets' are defined in European Union Commission Delegated Regulation (EU) 2020/1816 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council as regards the explanation in the benchmark statement of how environmental, social and governance factors are reflected in each benchmark provided and published.

# Disclaimer

## Performance Disclosure/Back-Tested Data

Where applicable, S&P Dow Jones Indices and its index-related affiliates (“S&P DJI”) defines various dates to assist our clients by providing transparency. The First Value Date is the first day for which there is a calculated value (either live or back-tested) for a given index. The Base Date is the date at which the index is set to a fixed value for calculation purposes. The Launch Date designates the date when the values of an index are first considered live: index values provided for any date or time period prior to the index’s Launch Date are considered back-tested. S&P DJI defines the Launch Date as the date by which the values of an index are known to have been released to the public, for example via the company’s public website or its data feed to external parties. For Dow Jones-branded indices introduced prior to May 31, 2013, the Launch Date (which prior to May 31, 2013, was termed “Date of introduction”) is set at a date upon which no further changes were permitted to be made to the index methodology, but that may have been prior to the Index’s public release date.

Please refer to the methodology for the Index for more details about the index, including the manner in which it is rebalanced, the timing of such rebalancing, criteria for additions and deletions, as well as all index calculations.

Information presented prior to an index’s launch date is hypothetical back-tested performance, not actual performance, and is based on the index methodology in effect on the launch date. However, when creating back-tested history for periods of market anomalies or other periods that do not reflect the general current market environment, index methodology rules may be relaxed to capture a large enough universe of securities to simulate the target market the index is designed to measure or strategy the index is designed to capture. For example, market capitalization and liquidity thresholds may be reduced. In addition, forks have not been factored into the back-test data with respect to the S&P Cryptocurrency Indices. For the S&P Cryptocurrency Top 5 & 10 Equal Weight Indices, the custody element of the methodology was not considered; the back-test history is based on the index constituents that meet the custody element as of the Launch Date. Also, the treatment of corporate actions in back-tested performance may differ from treatment for live indices due to limitations in replicating index management decisions. Back-tested performance reflects application of an index methodology and selection of index constituents with the benefit of hindsight and knowledge of factors that may have positively affected its performance, cannot account for all financial risk that may affect results and may be considered to reflect survivor/look ahead bias. Actual returns may differ significantly from, and be lower than, back-tested returns. Past performance is not an indication or guarantee of future results.

Typically, when S&P DJI creates back-tested index data, S&P DJI uses actual historical constituent-level data (e.g., historical price, market capitalization, and corporate action data) in its calculations. As ESG investing is still in early stages of development, certain datapoints used to calculate certain ESG indices may not be available for the entire desired period of back-tested history. The same data availability issue could be true for other indices as well. In cases when actual data is not available for all relevant historical periods, S&P DJI may employ a process of using “Backward Data Assumption” (or pulling back) of ESG data for the calculation of back-tested historical performance. “Backward Data Assumption” is a process that applies the earliest actual live data point available for an index constituent company to all prior historical instances in the index performance. For example, Backward Data Assumption inherently assumes that companies currently not involved in a specific business activity (also known as “product involvement”) were never involved historically and similarly also assumes that companies currently involved in a specific business activity were involved historically too. The Backward Data Assumption allows the hypothetical back-test to be extended over more historical years than would be feasible using only actual data. For more information on “Backward Data Assumption” please refer to the FAQ. The methodology and factsheets of any index that employs backward assumption in the back-tested history

will explicitly state so. The methodology will include an Appendix with a table setting forth the specific data points and relevant time period for which backward projected data was used. Index returns shown do not represent the results of actual trading of investable assets/securities. S&P DJI maintains the index and calculates the index levels and performance shown or discussed but does not manage any assets.

Index returns do not reflect payment of any sales charges or fees an investor may pay to purchase the securities underlying the Index or investment funds that are intended to track the performance of the Index. The imposition of these fees and charges would cause actual and back-tested performance of the securities/fund to be lower than the Index performance shown. As a simple example, if an index returned 10% on a US \$100,000 investment for a 12-month period (or US \$10,000) and an actual asset-based fee of 1.5% was imposed at the end of the period on the investment plus accrued interest (or US \$1,650), the net return would be 8.35% (or US \$8,350) for the year. Over a three-year period, an annual 1.5% fee taken at year end with an assumed 10% return per year would result in a cumulative gross return of 33.10%, a total fee of US \$5,375, and a cumulative net return of 27.2% (or US \$27,200).

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### **ESG Indices Disclaimer**

S&P DJI provides indices that seek to select, exclude, and/or weight index constituents based on, but not limited to, certain environmental, social or governance (ESG) indicators, or a combination of those indicators, including the following: environmental indicators (including the efficient use of natural resources, the production of waste, greenhouse gas emissions, or impact on biodiversity); social indicators (such as, inequality and investment in human capital); governance indicators (such as sound management structures, employee relations, remuneration of staff, tax compliance, respect for human rights, anti-corruption and anti-bribery matters), specific sustainability or values-related company involvement indicators (for example, production/distribution of controversial weapons, tobacco products, or thermal coal), or controversies monitoring (including research of media outlets to identify companies involved in ESG-related incidents).

S&P DJI ESG indices use ESG metrics and scores in the selection and/or weighting of index constituents. ESG scores or ratings seek to measure or evaluate a company's, or an asset's, performance with respect to environmental, social and corporate governance issues.

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objectives. Furthermore, the legal and/or market position on what constitutes an 'ESG', 'sustainable', 'good governance', 'no adverse environmental, social and/or other impacts', or other equivalently labelled objectives may change over time, especially as further regulatory or industry rules and guidance are issued and the ESG sustainable finance framework becomes more sophisticated.

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