

INDEX HARMONISATION

February 2026



DEAR CLIENT,

You may have seen recent commentary and will notice references over time to changes in benchmark indices used for reporting, performance comparison and, where applicable, index tracking in the case of passive investment products. We would like to provide context on these developments, which form part of a broader, industry-wide index harmonisation process led by the Johannesburg Stock Exchange (JSE) and FTSE/JSE.

WHAT IS INDEX HARMONISATION?

Index harmonisation is a multi-year initiative undertaken by FTSE/JSE following market and client consultations that commenced in 2019. The objective is to simplify the South African equity benchmark landscape, reduce duplication between similar indices, and improve consistency and comparability across the investment industry.

Historically, South African equity benchmarks were available in two parallel forms:

- **Vanilla indices:** weighted using total market capitalisation; and
- **Shareholder Weighted (SWIX) indices:** which adjusted constituent weights to reflect shares considered freely available to South African investors.

WHAT HAS CHANGED?

As part of the harmonisation process:

- The weighting methodologies of vanilla and SWIX indices were aligned, applying a consistent free-float approach based on shares available on the local register.
- Following this alignment, the standalone SWIX indices were formally discontinued with effect from 31 December 2025.
- The existing vanilla index names and codes have been retained, ensuring continuity in benchmark references.

The outcome is a single, standardised set of benchmarks applying a consistent methodology across the market.

WHAT DOES THIS MEAN IN PRACTICE?

The methodology alignment may result in changes to constituent weights within certain indices, including:

- Lower relative weights for some inward-listed or foreign-domiciled companies; and
- Higher relative weights for domestically listed companies.

These outcomes arise from index construction mechanics rather than active investment decisions and reflect the application of free-float and local investability considerations within the index framework.

WHY WAS THIS APPROACH ADOPTED?

According to FTSE/JSE, the harmonisation process is intended to:

- Improve consistency across benchmarks used by asset managers
- Enhance transparency and comparability of performance
- Reduce benchmark complexity and duplication; and
- Support more efficient liquidity concentration in the market.

WHAT YOU CAN EXPECT FROM US

As this industry-wide process is implemented:

- **Investment Policy Statements (IPS)** will be updated over time to reflect the appropriate mapping from discontinued SWIX indices to their harmonised equivalents.
- **Fund fact sheets and reporting** will reference the applicable harmonised benchmarks.
- **Composite benchmarks** for multi-asset portfolios will reflect the harmonised indices, with composite return calculations applying the updated benchmarks from 1 January 2026 onward.

We will continue to monitor developments and ensure that benchmark usage remains appropriate and consistent with each mandate's objectives and governance framework. There is no action needed to be taken by the client at this stage.

Should you wish to discuss these changes in more detail, please feel free to contact us.

This communication is for informational purposes only and does not constitute financial advice or a recommendation. Past performance is not indicative of future results. Clients should consult their advisor before making investment decisions.