

SFNG Equity Index Series Guide

Index Methodology & Management Guide for the
Scottfree Markets Nigeria Equity Index Series

July 2016

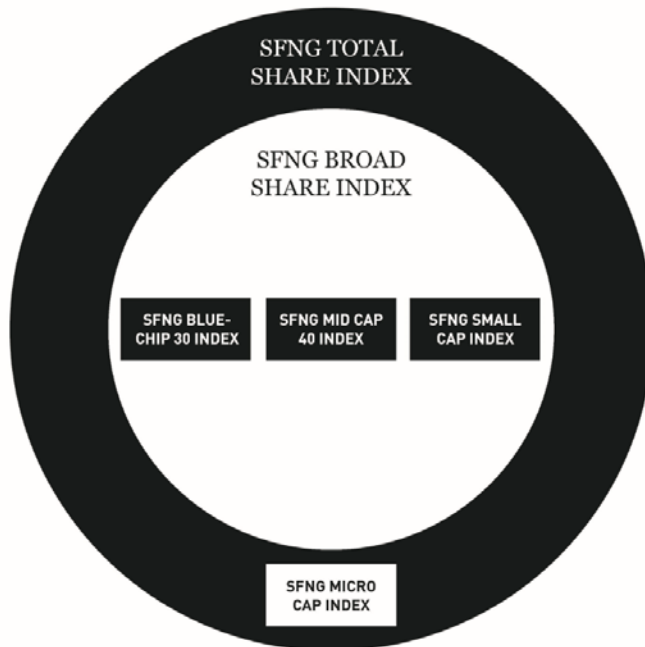
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1.0 INTRODUCTION

The Scottfree Nigeria (SFNG) Equity Index Series has been designed to provide an independent insight into the performance of the Nigerian equity markets. The indices will serve as a neutral reference for both local and foreign investors to assess the economic development of the Nigerian economy or certain segments of it. The core index family is made up of the SFNG Blue-Chip 30 Index, the SFNG Mid Cap 40 Index, the SFNG Small Cap Index, the SFNG Micro Cap Index, the SFNG Broad Share Index and the SFNG Total Share Index.



All 6 indices together represent approximately 99.50% of the full market capitalization of all ordinary securities listed on the NSE.

2.0 INDEX GUIDE OUTLINE & REVIEW PROCESS

This index guide will serve to provide transparency into the determination process of the SFNG Equity Index Series including its methodology and maintenance. Due to the constant review process undertaken by SF Markets on its indices, and to adapt to external factors such as market changes and possible input from relevant market participants, SF Market index guides could be updated and changed. Material changes such as an index termination or an index redesign will typically be announced with advance notification so that clients have enough time to react and avoid any unforeseen impacts on a financial product i.e. at least 3 months. Please note that under extenuating circumstances, SF Markets reserves the right to make immediate changes to the index methodology e.g. an index liquidity rule change due to extremely low liquidity levels in the market. SF Markets will endeavor to initiate an immediate market consultation if such a situation occurs. All material changes will also be discussed with the SF Markets Advisory Board and a notification sent out to clients as well as announced on the SF Markets website. Please note that as SF Markets releases further indices in the SFNG Equity Index Series, the index guide will be updated to reflect such additions and communicated to clients. A record of all material changes will be maintained and reflected under the Index Guide section on www.scottfreemarkets.com.

3.0 INDEX OVERVIEW

The SFNG Equity Index Series will be calculated in Naira (NGN), USD and EUR for price, gross and net return versions. Price and Total Return versions will be calculated in real-time for each index. Total Return Indices (Gross and Net) are adjusted for dividend payments.

The SFNG Equity Index Series is classified and disseminated into:

- Real-time Indices: Calculated and disseminated every 15 seconds.
- End of Day Indices: Calculated and disseminated once a day at the close of business.

Indices are calculated 5 days a week, from Monday to Friday between 10:15 and 15:00 West African Time (WAT) with the exception of exchange public holidays: New Year's Day; Mouloud Day; Good Friday; Easter Monday; Workers Day; Democracy Day; Eid al-Fitr; Independence Day; Eid al-Adha; Christmas Day and Boxing Day. The above list is not exhaustive and will be updated based on publicly announced exchange holidays.

The data used to construct the SFNG Equity Index Series i.e. prices, shares in issue, free float, foreign exchange rates etc. are sourced from freely available public information and credible data providers.

4.0 INDEX CALCULATION

The SFNG Equity Index Series adopts an actual free float market capitalization indexing system. By incorporating free float in the construction of the SFNG indices, most of the shares not readily available in the market are removed from the weighting of the stock in an index.

A key component of an equity index is the "Index Divisor" because the standard methodology is to apply corporate events at index level via a divisor. To ensure that index values do not fluctuate when certain corporate actions are applied to an index, the divisor is adjusted to offset any change in the market capitalization of the index. The "Index divisor" is a numerical value that is specific to each index and could be adjusted each business day depending on the type of event.

The SFNG equity indices are calculated using the fixed-weighted Laspeyres' concept i.e. the price increases are weighted by the quantities in the base period. For details of the formulas used in the calculation of the SFNG Equity Index Series, please refer to section 12.1 of the appendix.

5.0 INDEX CONSTRUCTION & ATTRIBUTES

5.1 Eligible Universe

The universe will consist of securities that have a listing on the Nigerian Stock Exchange (NSE) subject to conforming to SF Markets eligibility rules detailed under section 5.0 of this guide, including free float, shares, liquidity, untraded securities, multiple lines etc. If any share or security has more than one listing i.e. multiple lines, then all lines will be considered for selection and priced separately, provided that all lines pass SF Markets eligibility screening and the full market value of the secondary line before the application of any free float screening is greater than 30% of the full market value of the security's main line. If the market value of a secondary line that is an existing constituent of the index series falls below 25% at the next review, the secondary line will be deleted from the index.

Securities that have been declared bankrupt or continuously suspended for 30 days or more with no forthcoming news or indication of a trading resumption date, will typically be excluded from the universe.

In addition, depository receipts, index funds, investment vehicles (closed-end & open-end), Exchange Traded Products, Unit Trusts, warrants, preference shares and loan stocks are excluded from selection.

5.2 Country & Listing

The objective of the index series is to represent the local Nigerian economy and therefore securities must have the country of incorporation, the primary listing, and the listing with the highest traded volume in Nigeria.

5.3 Security Sector Classification

Each security is assigned a sector based on a custom classification methodology system that classifies sectors based on revenue & areas of business. Details can be found in section 12.2 of the appendix.

If a sector changes due to a corporate action, then that change will be announced and applied immediately. If a sector change is not as a result of a corporate action, then the changes will be effective on the Monday after the third Friday in the months of March, June, September and December.

5.4 Pricing

The stock prices used to calculate the SFNG Equity Indices are sourced by SF Markets' Index Calculation Agent (ICA), Solactive AG and classified into the below 4 categories:

Open price: This is the first price available on the exchange during official trading hours. If a price is not available then the previous closing price or the adjusted price due to a corporate action will be used for calculation until the first traded price is made available.

Intraday price: This is the current trading price available on the exchange during official trading hours. If a current price is not available then the last traded price is used for intraday calculation. If the stock has not traded on the day, then the previous closing price or the adjusted price due to a corporate action will be used for intraday calculation until a current price is made available.

Close price: This is the last traded price (official close) available on the exchange during official trading hours. If the official close price is not available, then the last traded price is used for end of day calculation. If the stock has not traded on the day, then the previous closing price or the adjusted price due to a corporate action will be used for end of day calculation.

Adjusted price: This is the close price available of a security that's adjusted due to the application of a corporate action i.e. rights issues and stock splits. This price will be used as the open price on the effective date of the corporate action.

5.5 Foreign Exchange Rates & Currency

Each security will be assigned a currency based on their listing.

All real time indices are calculated and published in Naira (NGN), USD and EUR.

All end of Day indices will be calculated and published in Naira (NGN) as well as in USD and EUR using the Thomson Reuters foreign exchange spot rate available at 14:00 GMT/15:00 WAT.

5.6 Shares

The total number of issued shares outstanding in a company is used for index calculation. Treasury shares are included if publicly available and will be restricted via free float screening.

5.6.1 Shares Review & Adjustment

Shares in issue research is collected and maintained by SF Markets on an ongoing basis. The share figures for the whole universe are also reviewed on a quarterly basis based on publicly available data. All changes are announced with the quarterly shares in issue file, implemented after the close of business on the third Friday and effective the next trading day i.e. the Monday open in March, June, September and December.

A security's shares in issue can also be reviewed and adjusted in the following situations/circumstances: SF Markets identifies information which is publicly available and constitutes a change in the shares figure; following a corporate event; upon notification by an external party. If the corporate event also incorporates a corporate action that affects the index, any change in the shares in issue will be applied simultaneously with the corporate action or soon thereafter i.e. T+5.

5.7 Free Float

Each security is assigned its own free float factor which reduces the number of shares to the actual amount that is freely available in the market. The free float factor is used for the calculation of the market capitalization of a security in an index. Please note that securities within SF Market indices exhibit an actual free float figure and are rounded to four decimal places. Typically, most shareholdings greater than 5%, deemed strategic and held for a long period of time are restricted and excluded from index calculation.

5.7.1 Free float restrictions/exclusions include:

Type	Restricted Yes Or No?
Shares held by company affiliated persons i.e. general employees, managers, directors, board members etc., and their associated families as well as other companies they are affiliated with. This also includes former employees and founders.	Yes
Government-held shares or any shares held by a government affiliate.	Yes
Sovereign Wealth Funds with a holding greater than 5%.	Yes
Cross-Ownership shares held by another company in the same or a similar line of business.	Yes
Employee Share Schemes.	Yes
Shares typically held by companies and individuals with a holding greater than 5%.	Yes
Locked up shares: shares that are subject to a lock-in agreement will be restricted for the duration of the agreement.	Yes
Shares that are deemed to be strategically held by two or more holders acting in concert.	Yes
Index Funds, pension funds, insurance funds, ETFs etc.	No
Custodian and Nominee holdings.	No
Holdings by investment companies.	No

Please note that the above list is a guide and is not exhaustive.

Any holding regardless of type that is greater than 25%, will be deemed as strategic and therefore excluded from the calculation of the free float factor.

Companies with a free float below 5% will not be considered for inclusion in an index unless in exceptional cases where the free float market cap even though below the 5% threshold is significantly bigger and more liquid than most companies in the index. If such a situation does occur, SF Markets will make an announcement and notify clients in advance.

5.7.2 Free Float Review & Adjustment

Research for the calculation of actual free float is collected and maintained by SF Markets on an ongoing basis. The free float factors for the whole universe are also reviewed periodically, based on publicly available data. All changes are announced with the quarterly free float file, implemented after the close of business on the third Friday and effective the next trading day i.e. the Monday open in March, June, September and December.

A security's free float can also be reviewed and adjusted in the following situations/circumstances: SF Markets identifies information which is publicly available and constitutes a change in the free float weighting; following a corporate event; upon notification by an external party. If the corporate event also incorporates a corporate action that affects the index, any change in free float will be applied simultaneously with the corporate action or soon thereafter i.e. T+5.

5.7.3 Foreign Ownership Limits & Restrictions

If SF Markets becomes aware of foreign ownership limits for securities of the SFNG Equity Index Series, then the limits will be applied after calculating the actual free float restrictions. If the foreign ownership limit is greater than the free float restriction, the exact foreign ownership limit is applied. If the free float restriction is greater than or equal to the foreign ownership limit, then the free float restriction will be applied.

5.8 Liquidity

To ensure that liquidity remains an important factor for index qualification, SF Markets constantly monitors the average daily trading value (ADTV) of securities and can adapt its liquidity screening to reflect any significant changes in the market.

5.8.1 Screening

Liquidity criteria for the SFNG Equity Index Series will be based on a 6-month ADTV of a stock. The average monthly trading will be calculated by taking the daily traded value (price x volume) of a security for the whole month and dividing that figure by the number of trading days in the month.

For index-specific liquidity criteria see the below table:

Index	Securities must have a minimum 6-Month ADTV of or greater than:	Liquidity Band
SFNG Blue-Chip 30 Index	15,000,000 Naira	1
SFNG Mid Cap 40 Index	1,000,000 Naira	2
SFNG Small Cap Index	100,000 Naira	3
SFNG Broad Share Index	100,000 Naira	3
SFNG Micro Cap Index	No liquidity screening	4
SFNG Total Share Index	No liquidity screening	4

In circumstances where the trading volumes of securities are significantly low due to extraordinary market conditions, SF Markets could use its discretion to change the 6-month ADTV thresholds stated above by increments of 5 percentage points (5%) (e.g. change from 15,000,000 Naira to 14,250,000 Naira for the SFNG Blue-Chip 30 Index) in order to avoid excessive turnover in the SFNG Equity Index Series.

For any liquidity rule change, SF Markets will make an announcement and notify clients at least 10 working days before the next semi-annual index review.

5.9 Capping

To avoid index concentration and meet risk-spreading requirements of some international regulations, certain securities will be capped at a maximum level. With regards to index specific capping, please refer to the index features section for the required index as detailed in this index guide.

5.10 Corporate Actions & Events

Index components are adjusted for corporate actions. For a general description on all corporate actions and events administered by SF Markets, please refer to the Corporate Actions & Events Guide on the SF Markets Website. With regards to index-specific treatments on certain corporate actions and events, please refer to the index maintenance section for the required index as detailed in this index guide.

5.11 Draft List

The draft list is a unique product that is generated for fixed component indices in order to preview the possible changes in the composition of an index at the next review. The list is also used to determine replacements for securities deleted from the index intra review i.e. due to a corporate action. The draft list will be based on prices, shares in issue, free float and 6-month ADTV as at close on the last trading day of the previous month and published on the first trading day of the month. Please note that the draft list for the month prior to March/September (full review) and June/December (fast entry/exit review) will be published the same time as the review results. During this period, if there is a replacement for a fixed component index due to a corporate event, SF Markets will communicate the replacement to clients via an index notice for the corporate event. The universe for the draft list will be the SFNG Broad Share Index.

Please note that the draft list will be ranked by total market capitalization.

5.12 Index Review

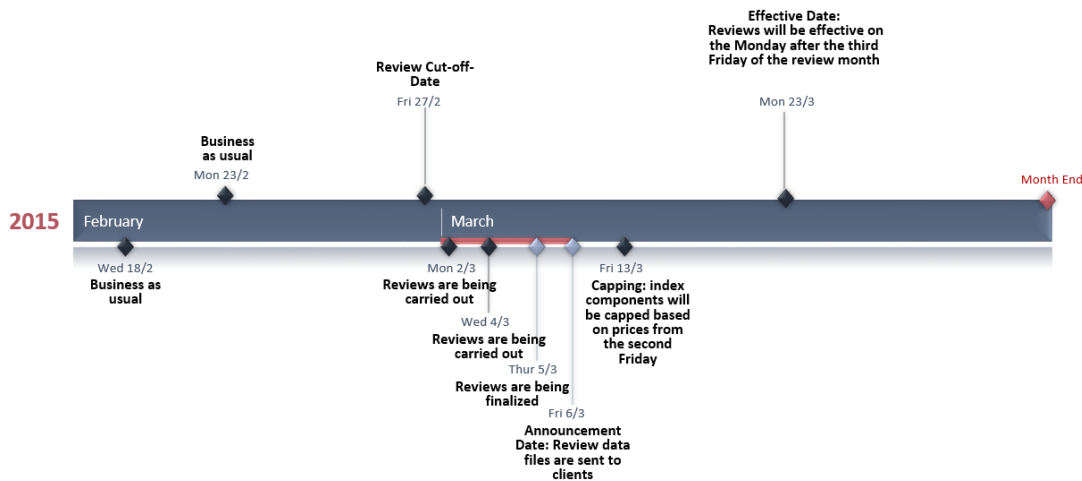
In order to ensure that companies maintain the criteria for inclusion and also to align with market movements, SF Markets will conduct index reviews on a periodic basis. Across the SFNG Equity Index Series, reviews and rebalancing will be conducted semi-annually in March and September and effective on the Monday after the third Friday of the review month.

Key Review Days:

- Cut-off Date - Last trading day of the month preceding the review i.e. February and August.
- Announcement Date - The date at which the review results will be announced will be published on www.scottfreemarkets.com in the first week of the month preceding the review.
- Effective Date - The Monday after the third Friday of the review month.

Please note that if the Monday after the third Friday of the review month is declared as a holiday, then the next available trading day will be used as the review effective date.

For what a typical review period will look like, please see the below indicative diagram:



6.0 SFNG EQUITY INDEX SERIES

6.1 SFNG Total Share Index (TSI)

6.1.1 Index Features

The SFNG Total Share Index (TSI) is a market capitalization weighted index adjusted for free float and designed to provide local and foreign investors with a representation of approximately 99.5% of the full market capitalization of all ordinary securities listed on the premium and main board of the NSE that qualify under Rules 5.1 to 5.7. Please note that this is not a fixed component index.

The SFNG TSI is made up of the following indices rolled up into one:

- SFNG Broad Share Index:
 - SFNG Blue-Chip 30 Index
 - SFNG Mid Cap 40 Index
 - SFNG Small Cap index
- SFNG Micro Cap Index

The index serves as a basis for the component selection of its aggregated indices.

Universe: The universe of the SFNG TSI are all ordinary securities listed on the premium and main board of the NSE.

Liquidity Criteria: There is no liquidity screening for this index.

Capping: Components of the index are not capped.

6.1.2 Index Types and Currencies

The index is calculated in Price, Gross Return and Net Return versions in NGN, USD and EUR.

6.1.3 Index Review Period

SFNG Total Share Index will be reviewed semi-annually in March and September.

6.1.4 Index Review

Universe:

All ordinary securities listed on the premium and main board of the NSE.

Composition list:

- A stock will be added to the index if it is an ordinary security listed on the premium and main board of the NSE and passes eligibility rules 5.1 to 5.7.
- The index does not have a fixed number of components.

Weighting & Capping:

- The components are weighted by free float market capitalization.
- Components of the SFNG TSI are not capped.

6.1.5 Index Maintenance

6.1.6 Spin-offs

Each spun-off stock qualifies for addition as long as it is an eligible security under Rules 5.1 to 5.7

6.1.7 Replacements (Draft List)

There will be no replacements in the index.

6.1.8 Fast Entry

There will be no fast entry review for this index.

6.1.9 Initial Public Offering (IPO)

An IPO stock will qualify for addition as long as it is eligible under Rules 5.1 to 5.7

6.1.10 Fast Exit

There will be no fast exit review for this index.

6.1.11 Standard Corporate Actions

For standard daily corporate action and further corporate event treatments, please refer to the SF Markets Corporate Actions & Events Guide.

6.2 SFNG Broad Share Index (BSI)

6.2.1 Index Features

The SFNG Broad Share Index (BSI) is a market capitalization weighted index adjusted for free float and designed to provide local and foreign investors with a reflection of the performance of a broad portion of the companies publicly quoted in the Nigerian equity market. The SFNG BSI will represent approximately 99% of the full market capitalization of all components of the SFNG TSI that pass eligibility Rules 5.1 to 5.8. The index serves as a representation of large, mid and small sized companies publicly quoted in the Nigerian equity market. Please note that this is not a fixed component index.

Any stock within the SFNG BSI will be part of the below size segments:

- SFNG Blue-Chip 30 (Large)
- SFNG Mid Cap 40 (Mid)
- SFNG Small Cap (Small)

Full Market Capitalization Rank	SFNG Blue-Chip 30	SFNG Mid Cap 40	SFNG Small Cap
1 to 30	X		
31 to 70		X	
71 and below			X

Universe: The universe of the SFNG Broad Share Index is the SFNG Total Share Index.

Liquidity Criteria: 6 Months ADTV of at least one hundred thousand Naira. (Liquidity Band 3)

Capping: Components of the index are not capped.

6.2.2 Index Types and Currencies

The index is calculated in Price, Gross Return and Net Return versions in NGN, USD and EUR.

6.2.3 Index Review Period

The SFNG Broad Share Index will be reviewed semi-annually in March and September.

6.2.4 Index Review

Universe:

All stocks from the SFNG TSI.

Composition list:

- A stock will be added to the index if it is a component of the SFNG TSI and passes liquidity criteria: 6 Months ADTV of at least one hundred thousand Naira.
- The index does not have a fixed number of components.

Weighting & Capping:

- The components are weighted by free float market capitalization.
- Components of the SFNG BSI are not capped.

6.2.5 Index Maintenance

6.2.6 Spin-offs

Regardless of size, each spun-off stock from a component of the SFNG BSI will qualify for addition to the index. Continuous index membership will be assessed at the next review.

6.2.7 Replacements (Draft List)

If a security is deleted from the SFNG BSI, the security will not be replaced, as the index is not a fixed component index. For a more detailed analysis on replacements, please refer to the Mergers & Acquisitions section of the SF Markets Corporate Actions & Events Guide.

6.2.8 Fast Entry

There will be no fast entry review for this index.

6.2.9 Initial Public Offering (IPO)

If an IPO stock ranks higher than the lowest ranked security in the SFNG BSI by full market capitalization, the new security will be added as a new constituent of the SFNG BSI after the close of business on the third day of official trading.

If the IPO stock does not qualify for inclusion into the SFNG BSI, then the new security will be automatically added to the SFNG Micro Cap Index and consequently the SFNG TSI after the close of business on the third day of official trading.

6.2.10 Fast Exit

There will be no fast exit review for this index.

6.2.11 Standard Corporate Actions

For standard daily corporate action and further corporate event treatments, please refer to the SF Markets Corporate Actions & Events Guide.

6.3 SFNG Blue-Chip 30 Index

6.3.1 Index Features

The SFNG Blue-Chip 30 Index is a market capitalization weighted index adjusted for free float and designed to provide local and foreign investors with a reflection of the performance of the top companies publicly quoted in the Nigerian equity market. The index will consist of the 30 largest companies ranked by full market capitalization in the SFNG BSI (which represents approximately 99% of the SFNG TSI). Please note that this is a fixed component index.

Universe: The universe of the SFNG Blue-Chip 30 Index is the SFNG BSI.

Liquidity Criteria: 6 Months ADTV of at least fifteen million Naira (Liquidity Band 1).

Capping: To avoid dominance by a single stock, components of the index will be capped quarterly at a maximum weight of 15% after the application of corporate actions. The SFNG Blue-Chip 30 Index will be capped intra-review if there is a corporate action that causes the weight of one or more companies to individually breach 15% of the index.

6.3.2 Index Types and Currencies

The index is calculated in Price, Gross Return and Net Return versions in NGN, USD and EUR.

6.3.3 Index Review Period

The SFNG Blue-Chip 30 Index will be reviewed semi-annually in March and September.

6.3.4 Index Review

Universe:

All stocks from the SFNG BSI will be ranked by full market capitalization in descending order and must fulfill the following criteria to be eligible:

- Liquidity Criteria: 6 Months ADTV of at least fifteen million Naira.

Composition list:

- A stock will be added to the index if it is ranked at position 25 or above.
- A stock will be removed from the index if it is ranked at position 36 or below.
- If the index still does not have 30 components, the highest ranked companies from the SFNG BSI are chosen until 30 stocks have been reached.

Weighting & Capping:

- The components are weighted by free float market capitalization.

- At each quarter of the year i.e. March, June, September and December, all index components will be capped at 15% maximum weights based on prices from the second Friday in March, June, September and December.

6.3.5 Index Maintenance

6.3.6 Spin-offs

Each spun-off stock qualifies for addition and will be retained if it ranks higher than the lowest stock in the index ranked by full market capitalization. If the spun-off stock qualifies for inclusion then the lowest ranked stock in the index will be deleted. It is important to note that regardless of size and to keep the effect of the spin-off event market cap neutral on the effective date of the event, all spun-off companies will qualify for inclusion at the outset. Whether it is retained in the index or not will depend on the ranking criteria as explained above.

The ranking for the spin-off qualification will be based on the full market capitalization values as of the close of the first day of trading of the spun-off company. Changes will be effective T+2 i.e. two days after the first day of trading of the spun-off company. As a consequence, the SFNG Blue-Chip 30 Index may have more than 30 stocks for at least two days.

If ever a choice has to be made as to which security remains in the index between the spin-off and spun-off i.e. both rank lower than the lowest ranked stock in the index, then the larger stock by full market capitalization is retained within the index.

If both the spin-off and spun-off company qualify for inclusion into the index i.e. both companies are retained post the spin-off event, then the lowest ranked security will be removed and related indices adjusted accordingly i.e. the lowest ranked security in the SFNG Blue-Chip 30 Index will be deleted and automatically added to the SFNG Mid Cap 40 Index and subsequently the lowest ranked security in the SFNG Mid Cap 40 Index will be deleted and automatically added to the SFNG Small Cap Index.

If either the spin-off or spun-off company does not qualify for inclusion into the index i.e. the smaller of the two companies by full market capitalization is not retained post the spin-off event, then that company will be removed from the index T+2 i.e. two days after the first day of trading of the spun-off company. The security will then be added automatically to the SFNG Small Cap Index where it will remain until its size is assessed again at the next quarter via the fast entry review or at the next index review.

6.3.7 Replacements (Draft List)

If a security is deleted from the SFNG Blue-Chip 30 index, the highest ranked Mid Cap 40 component from the draft list with a liquidity banding of “1” will be selected as a replacement to retain a fixed number of components. All related indices will be adjusted accordingly. For a more detailed analysis on replacements, please refer to the Mergers & Acquisitions section of the SF Markets Corporate Actions & Events Guide.

6.3.8 Fast Entry

All securities in the SFNG BSI are assessed for fast entry inclusion into the SFNG Blue-Chip 30 Index in June and December (the quarters when the index is not being reviewed). The security will be added based on:

- The SFNG BSI generated end of May and November.

- And if it ranks 20th or above.
- And if it passes the minimum liquidity criteria stated under 6.3.1.

Communication to clients of any changes will be made by the fifth trading day in June and December after close of markets and implemented on the Monday after the third Friday of the same month.

6.3.9 Initial Public Offering (IPO)

If an IPO stock ranks higher than the 10th ranked security in the SFNG Blue-Chip 30 Index by full market capitalization, the new security will be added as a new constituent of the SFNG Blue-Chip 30 Index and therefore the SFNG Broad Share Index after the close of business on the third day of official trading. If the IPO security is added to the index, then the lowest ranked security will be removed and related indices adjusted accordingly i.e. the lowest ranked security in the SFNG Blue-Chip 30 Index will be deleted and automatically added to the SFNG Mid Cap 40 Index and subsequently the lowest ranked security in the SFNG Mid Cap 40 Index will be deleted and automatically added to the SFNG Small Cap Index. Please note that a pre-assessment of the IPO securities inclusion into the index using the IPO offer price (where available) will occur 5 working days prior to the official listing date and will be communicated to clients. The final assessment of the inclusion of the IPO security in the index along with its impact on the associated indices, will occur after close on the first day of official trading.

If the IPO stock does not qualify for inclusion into the index based on the IPO fast entry rule above but ranks higher than the 10th ranked security in the SFNG Mid Cap 40 Index by full market capitalization, then the new security will be added as a new constituent of the SFNG Mid Cap 40 Index and therefore the SFNG BSI after the close of business on the third day of official trading.

Following the inclusion of the IPO stock into the SFNG Mid Cap 40 and SFNG BSI based on the rule above, the security will be further reassessed for the possible inclusion into the SFNG Blue Chip 30 Index in the quarters when the index is not being reviewed i.e. June and December based on rule 6.3.8.

If the IPO stock does not qualify for inclusion into the SFNG Mid Cap 40 Index, then the new security will be added into the SFNG Small Cap Index and consequently the SFNG BSI after the close of business on the third day of official trading, as long as it ranks higher than the lowest ranked stock in the SFNG Small Cap index.

If the IPO stock does not qualify for inclusion into the SFNG Small cap Index, then the new security will automatically be added into the SFNG Micro Cap Index and consequently the SFNG TSI after the close of business on the third day of official trading.

Please note that SF Markets in consultation with the SF Markets Advisory Board and post market consultation retains the right to include a new IPO security if its free float is less than 5% but it is still so large that its omission adversely impacts the effectiveness of the index as a market benchmark.

6.3.10 Fast Exit

All securities in the SFNG BSI are assessed for a fast exit deletion from the SFNG Blue-Chip 30 Index in June and December (the quarters when the index is not being reviewed). The security will be deleted based on:

- The latest SFNG BSI generated end of May and November
- And if it ranks 41st or below
- And if it's potential replacement passes the minimum liquidity criteria stated under 6.3.1 and has a greater total market capitalization.

Please note that if the lowest ranked security is removed from the SFNG Blue-Chip 30 Index then the security will be assessed for inclusion into the SFNG Mid Cap 40 Index and all related indices will be adjusted accordingly.

Communication to clients of any changes will be made by the fifth trading day in June and December after close of markets and implemented on the Monday after the third Friday of the same month.

6.3.11 Standard Corporate Actions

For standard daily corporate action and further corporate event treatments, please refer to the SF Markets Corporate Actions & Events Guide.

6.4 SFNG Mid Cap 40 Index

6.4.1 Index Features

The SFNG Mid Cap 40 Index is a market capitalization weighted index adjusted for free float and designed to provide local and foreign investors with a reflection of the performance of the mid-sized companies publicly quoted in the Nigerian equity market. The SFNG Mid Cap 40 Index will comprise of the next 40 companies (after the SFNG Blue-Chip 30 Index) ranked by full market capitalization in the SFNG BSI.

Please note that this is a fixed component index.

Universe: The universe of the SFNG Mid Cap 40 Index is the SFNG BSI.

Liquidity Criteria: 6 Months ADTV of at least one million Naira. (Liquidity Band 2).

Capping: Components of the index are not capped.

6.4.2 Index Types and Currencies

The index is calculated in Price, Gross Return and Net Return versions in NGN, USD and EUR.

6.4.3 Index Review Period

The SFNG Mid Cap 40 Index will be reviewed semi-annually in March and September.

6.4.4 Index Review

Universe:

All stocks from the SFNG BSI will be ranked by full market capitalization in descending order and must fulfill the following criteria to be eligible:

- Liquidity Criteria: 6 Months ADTV of at least one million Naira.

Composition list:

- A stock will be added to the index if it is ranked at position 60 or above and is not a component of the SFNG Blue-Chip 30 index.

- A stock will be removed from the index if it is ranked at position 81 or below.
- If the index still does not have 40 components, the highest ranked companies from the SFNG BSI (that are not SFNG Blue-Chip 30 index components) are chosen until 40 stocks have been reached.

Weighting & Capping:

- The components are weighted by free float market capitalization.
- Components of the Mid Cap 40 index are not capped.

6.4.5 Index Maintenance

6.4.6 Spin-offs

Each spin-off stock qualifies for addition and will be retained if it ranks higher than the lowest stock in the index ranked by full market capitalization. If the spun-off stock qualifies then the lowest ranked stock in the index will be deleted. It is important to note that regardless of size and to keep the effect of the spin-off event market cap neutral on the effective date of the event, all spun-off companies will qualify for inclusion at the outset. Whether it is retained in the index or not will depend on the ranking criteria as explained above.

The ranking for the spin-off qualification will be based on the full market capitalization values as of the close of the first day of trading of the spun-off company. Changes will be effective T+2 i.e. two days after the first day of trading of the spun-off company. As a consequence, the SFNG Mid Cap 40 Index may have more than 40 stocks for at least two days.

If ever a choice has to be made as to which security remains in the index between the spin-off and spun-off i.e. both rank lower than the lowest ranked stock in the index, then the larger stock by full market capitalization is retained within the index.

If both the spin-off and spun-off company qualify for inclusion in the index i.e. both companies are retained post the spin-off event then the lowest ranked security will be removed and related indices adjusted accordingly i.e. the lowest ranked security in the SFNG Mid Cap 40 index will be deleted and automatically added to the SFNG Small Cap index. As the SFNG Small Cap index is not a fixed component index then the lowest ranked security in the index will be retained.

If either the spin-off or spun-off company does not qualify for inclusion into the index i.e. the smaller of the two companies by full market capitalization is not retained post the spin-off event then that company will be removed from the index T+2 i.e. two days after the first day of trading of the spun-off company. The security will then be added automatically to the SFNG Small Cap Index where it will remain until its size is assessed again at the next quarter via fast entry or at the next index review.

6.4.7 Replacements (Draft List)

If a security is deleted from the SFNG Mid Cap 40 Index, the highest ranked Small Cap component from the draft list with a minimum liquidity banding of “2” will be selected as a replacement to retain a fixed number of components. For a more detailed analysis on replacements, please refer to the Mergers & Acquisitions section of the SF Markets Corporate Actions & Events Guide.

6.4.8 Fast Entry

All securities in the SFNG BSI are assessed for fast entry inclusion into the SFNG Mid Cap 40 Index in June and December (the quarters when the index is not being reviewed). The security will be added based on:

- The SFNG BSI generated end of May and November.
- And if it ranks 55th or above.
- And if it passes the minimum liquidity criteria stated under 6.4.1.

Communication to clients of any changes will be made by the fifth trading day in June and December after close of markets and implemented on the Monday after the third Friday of the same month.

6.4.9 Initial Public Offering (IPO)

If an IPO stock ranks between the 10th ranked security in the SFNG Blue-Chip 30 index and the 10th ranked security in the SFNG Mid Cap 40 index by full market capitalization, the new security will be added as a new constituent of the SFNG Mid Cap 40 Index and therefore the SFNG Broad Share Index after the close of business on the third day of official trading. If the IPO security is added into the index then the lowest ranked security will be removed and related indices adjusted accordingly i.e. the lowest ranked security in the SFNG Mid Cap 40 Index will be deleted and automatically added to the SFNG Small Cap Index. Please note that a pre-assessment of the IPO securities inclusion into the index using the IPO offer price (where available) will occur 5 working days prior to the official listing date and will be communicated to clients. The final assessment of the inclusion of the IPO security into the index along with its impact on the associated indices will occur after close on the first day of official trading.

If the IPO stock does not qualify for inclusion into the index based on the IPO fast entry rule above but ranks higher than the lowest ranked security in the SFNG Small Cap Index by full market capitalization, then the new security will be added as a new constituent of the SFNG Small Cap Index and therefore the SFNG Broad Share Index after the close of business on the third day of official trading.

Following the inclusion of the IPO stock into the SFNG Small Cap Index and SFNG Broad Share Index based on the rule above, the security will be further reassessed for the possible inclusion into the SFNG Mid Cap 40 Index in the quarters when the index is not being reviewed i.e. June and December, based on rule 6.4.8.

If the IPO stock does not qualify for inclusion into the SFNG Small Cap Index, then the new security will automatically be added into the SFNG Micro Cap Index and consequently the SFNG Total Share Index after the close of business on the third day of official trading.

6.4.10 Fast Exit

All securities in the SFNG BSI are assessed for a fast exit deletion from the SFNG Mid Cap 40 Index in June and December (the quarters when the index is not being reviewed). The security will be deleted based on:

- The latest SFNG BSI generated end of May and November
- And if it ranks 86th or below
- And if it's potential replacement passes the minimum liquidity criteria stated under 6.4.1 and has a greater total market capitalization.

Please note that if the lowest ranked security is removed from the SFNG Mid Cap 40 index then the security will be automatically added into the SFNG Small Cap Index.

Communication to clients of any changes will be made by the fifth trading day in June and December after close of markets and implemented on the Monday after the third Friday of the same month.

6.4.11 Standard Corporate Actions

For standard daily corporate action and further corporate event treatments, please refer to the SF Markets Corporate Actions & Events Guide.

6.5 SFNG Small Cap Index

6.5.1 Index Features

The SFNG Small Cap Index is a market capitalization weighted index adjusted for free float and designed to provide local and foreign investors with a reflection of the performance of the smaller capitalized companies publicly quoted in the Nigerian equity market. The SFNG Small Cap Index will comprise of stocks that are in the SFNG BSI, but are not large enough to qualify for the SFNG Blue-Chip 30 or the SFNG Mid Cap 40 indices. Please note that this is not a fixed component index.

Universe: The universe of the SFNG Small Cap Index is the SFNG BSI.

Liquidity Criteria: 6 Months ADTV of at least one hundred thousand Naira. (Liquidity Band 3).

Capping: Components of the index are not capped.

6.5.2 Index Types and Currencies

The index is calculated in Price, Gross Return and Net Return versions in NGN, USD and EUR.

6.5.3 Index Review Period

The SFNG Small Cap Index will be reviewed semi-annually in March and September.

6.5.4 Index Review

Universe:

All stocks from the SFNG BSI will be ranked by full market capitalization in descending order and must fulfill the following criteria to be eligible:

- Liquidity Criteria: 6 Months ADTV of at least one hundred thousand Naira.

Composition list:

- A stock will be added to the index if it is not a component of the SFNG Blue-Chip 30 or SFNG Mid Cap 40 Index.
- The index does not have a fixed number of components.

Weighting & Capping:

- The components are weighted by free float market capitalization.
- Components of the SFNG Small Cap index are not capped.

6.5.5 Index Maintenance

6.5.6 Spin-offs

Regardless of size, each spun-off stock from a component of the SFNG Small Cap Index will qualify for addition into the index. Continuous index membership will be assessed at the next review.

6.5.7 Replacements (Draft list)

There will be no replacements in the index.

6.5.8 Fast Entry

There will be no fast entry review for this index.

6.5.9 Initial Public Offering (IPO)

If the IPO stock does not qualify for inclusion into the SFNG Blue-Chip 30 and SFNG Mid Cap 40 indices based on Rule 6.3.9 and 6.4.9 but ranks higher than the lowest ranked security in the SFNG Small Cap index by full market capitalization, the new security will be added as a new constituent of the SFNG Small Cap index and therefore the SFNG Broad Share Index after the close of business on the third day of official trading.

If the IPO stock does not qualify for inclusion into the SFNG Small cap Index, then the new security will be automatically added into the SFNG Micro Cap Index and consequently the SFNG Total Share Index after the close of business on the third day of official trading.

6.5.10 Fast Exit

There will be no fast exit review for this index.

6.5.11 Standard Corporate Actions

For standard daily corporate action and further corporate event treatments, please refer to the SF Markets Corporate Actions & Events Guide.

6.6 SFNG Micro Cap Index

6.6.1 Index Features

The SFNG Micro Cap Index is a market capitalization weighted index adjusted for free float and designed to provide local and foreign investors with a reflection of the performance of fledgling-sized companies publicly quoted in the Nigerian equity market. Please note this is not a fixed component index.

Universe: The universe of the SFNG Micro Cap index is the SFNG TSI.

Liquidity Criteria: There is no liquidity screening for this index.

Capping: Components of the index are not capped.

6.6.2 Index Types and Currencies

The index is calculated in Price, Gross Return and Net Return versions in NGN, USD and EUR.

6.6.3 Index Review Period

SFNG Micro Cap Index will be reviewed semi-annually in March and September.

6.6.4 Index Review

Universe:

All stocks from the SFNG TSI.

Composition list:

- The index will comprise of the securities in the SFNG TSI that do not qualify for inclusion in the SFNG BSI.
- The index does not have a fixed number of components.

Weighting & Capping:

- The components are weighted by free float market capitalization.
- Components of the SFNG Micro Cap Index are not capped.

6.6.5 Index Maintenance

6.6.6 Spin-offs

Each spun-off stock from a component of the SFNG Micro Cap Index qualifies for addition into the index as long as it is an eligible security under Rules 5.1 to 5.7.

6.6.7 Replacements (Draft List)

There will be no replacements in the index.

6.6.8 Fast Entry

There will be no fast entry review for this index.

6.6.9 Initial Public Offering (IPO)

If an IPO stock does not qualify for inclusion into the SFNG BSI, the new security will be automatically added into the SFNG Micro Cap Index and SFNG TSI after the close of business on the third day of official trading.

6.6.10 Fast Exit

There will be no fast exit review for this index.

6.6.11 Standard Corporate Actions

For standard daily corporate action and further corporate event treatments, please refer to the SF Markets Corporate Actions & Events Guide.

7.0 INDEX DISSEMINATION & DISTRIBUTION

7.1 INDEX STATUS

The SFNG Equity Index Series is calculated in Real-time and could exhibit the following characteristics:

Streaming: The index is being calculated and there are no issues.

Unchanged: The index is static due to the underlying securities exhibiting no price movement or is static due to possible technical issues.

Closed: The index is no longer calculating for the day and the final index value has been disseminated.

7.2 INDEX DATA

SFNG Index real-time data and index levels are primarily available on SF Markets website – www.scottfreemarkets.com. This data is also available on www.solactive.com and through various data vendors.

SFNG Equity Index Series data files are delivered to clients daily and periodically via FTP and email. Please visit the data delivery section on www.scottfreemarkets.com. For a list and description of data files, see section 12.2 in the appendix.

7.3 INDEX NOTIFICATIONS

Index announcements and press releases are available on SF Markets website – www.scottfreemarkets.com.

8.0 INDEX CALCULATION AGENT (ICA)

SF Markets has selected Solactive AG as its Index Calculation Agent. Since its creation in 2007, Solactive has become one of the key players in the indexing space. The German multi-asset class provider is focusing on tailor-made indices; developing, calculating and distributing them worldwide. For further information on Solactive AG, please visit www.solactive.com.

9.0 INDEX CORRECTION POLICY

9.1 ERROR CORRECTION POLICY FOR SF MARKETS INDICES

Types of errors & their treatment in SF Markets Indices

1. Incorrect Closing price of a security:

- Incorrect closing prices due to an In-House error and identified on time i.e. T+1 are corrected and republished.

- Incorrect closing prices due to a vendor or exchange error are only corrected and republished if SF Markets receives the new information within a reasonable time period i.e. T+1.
- Best available prices at market close are used for index calculation.
- SF Markets reserves the right not to make a correction if post an impact analysis, the index error does not exceed 5 basis points.

2. Missed corporate event:

- Errors are typically corrected & republished, provided the error is identified within one trading day of the effective date i.e. T+1.
- If a decision is made to fix the error retroactively, all affected indices are recalculated, all files republished and clients are informed.
- However if the error is identified post T+1, then depending on the severity of the error (i.e. greater than 5 basis points) and the affected index (headline index i.e. the SFNG Blue-Chip 30 or an index used for benchmarking and performance related activities i.e. ETFs and Structured Products), errors could still be corrected and republished.

3. Late announcement:

- All late announcements identified with an effective date T+1 are applied immediately and a communication sent out to clients.
- All late announcements identified with an effective date T+2 or greater are applied at the earliest possibility and will be reflected in the CAC+5 and CEW 90 files. A communication will not be sent out to clients unless it's a SF Markets notice that usually follows certain types of events i.e. spin-offs, M&As and share/free-float changes.
- For all late announcements identified with an effective date of T or T-1 and depending on the affected index (headline index i.e. the SFNG Blue-Chip 30 or an index used for benchmarking and performance related activities i.e. ETFs and Structured Products), the event could be applied (subject to an index error exceeding 5 basis points) for the next available trading day or applied on the effective date with all affected indices and files corrected and republished. Both scenarios will be communicated to clients.

9.2 UNEXPECTED EXCHANGE CLOSURES

9.2.1 Whole Day Exchange Closure

If the exchange fails to open due to unforeseen circumstances such as outages, natural disasters or any other unexpected event, SF Markets will not disseminate/publish the index for that day. If this situation occurs, a communication will be sent out to clients.

9.2.2 Half/Partial Day Exchange Closure

In circumstances where the exchange has a half-day trading or is forced to close during regular trading hours due to unforeseen circumstances such as outages, natural disasters or any other unexpected event, SF Markets will use either the last regular trade price reported for each security before the exchanged closed or if the last regular trade price is not reported, the previous working day's closing prices. If this situation occurs, a communication will be sent out to clients.

9.2.3 Corporate Action Treatment during Exchange Closure

In situations where a corporate action (rights issues, splits, bonus issues, cash and special dividends, spin-offs etc.) is effective on the date of an unforeseen exchange closure, then all corporate actions will be moved to the next trading date. This involves a communication sent out to the end users of the indices and the republishing of all affected files. Please note that if the exchange moves the effective date of the corporate action, SF Markets will follow the exchange's lead.

9.2.4 Review/Rebalancing Treatment during Exchange Closure

In situations where the local market has an unforeseen exchange closure on the day before the Index review/rebalance effective date, and post a market consultation, the review changes for the local market could be postponed to the next trading date post the first day when the exchange reopens so closing prices of that first day of trading can be used for adjustments.

In situations where the local market has an unforeseen exchange closure on the review/rebalance effective date, the review changes for the local market will be postponed to the next available trading day.

If this situation occurs, a communication will be sent out to clients.

9.3 UNEXPECTED DISSEMINATION ISSUE

9.3.1 Disruption to Real-Time Price Feed Due to a Data Vendor Issue

In situations where there is a complete disruption to the real-time price feed due to an issue from SF Markets Primary Price Source Feed (via ICA), a communication will be immediately sent out to clients.

9.3.2 Disruption to Real-Time Price Feed Due to an Exchange Issue

In situations where there is a disruption to the real-time price feed due to an issue at the exchange, a communication will be immediately sent out to clients with indication of when the issue will be resolved if known. This communication will be sent out via email with an interval of 30 minutes until the issue is resolved. A subsequent client communication will also be sent once the issue has been resolved.

9.3.3 Disruption to Real-Time Price Feed Due to a SF Markets Issue

In situations where there is a disruption to the real-time price feed due to an SF Markets issue (In House or via ICA), a communication will be immediately sent out to clients with an indication of when the issue will be resolved if known. This communication will be sent out via email with an interval of 30 minutes until the issue is resolved. A subsequent client communication will also be sent once the issue has been resolved.

9.4 FOREIGN EXCHANGE RATE ISSUE

If a situation occurs whereby there are no fixed foreign exchange rates available at 14:00 GMT/15:00 WAT, then SF Markets will either use a previous working day's fixed foreign exchange rate or the last hourly spot rate available to calculate end of day index values. This will not affect indices calculated in NGN.

9.5 NOTIFICATION POLICY FOR MATERIAL CHANGES

Typically, all notifications are posted on the SF Markets website and sent to SF Markets clients.

For changes announced and implemented immediately, see the below list:

- Security level intraday corrections i.e. additions, deletions, dividends, other corporate actions etc.
- Index level intraday corrections i.e. divisors, intraday index values etc.
- Exchange and country tax related data corrections i.e. stock exchange opening and closing hours and withholding tax related information (implemented immediately and effective T+2).
- All corrections related to draft lists.

For changes announced and implemented at the earliest possibility, see the below list:

- Changes to how an index is constructed and maintained i.e. calculation formula, eligibility, liquidity screening, corporate action treatments etc.
- Correction to historical index values i.e. official close, final high and low values etc.

For changes announced and implemented with a notification period of 90 days, see the below list:

- Material change to the format and structure of daily and periodical data files i.e. index close, index open, index level, CAC+1, CAC+5 etc.

10.0 INDEX GOVERNANCE & POLICY

10.1 SF Markets Index Working Committee

All questions of expert judgment, interpretation or possible exceptions/changes to index methodologies and adjustments i.e. complex corporate action treatments are considered by the SF Markets Index Working Committee (Internal).

10.2 SF Markets Index Working Committee Members

IWC members are made up of seasoned index professionals who have been chosen for their ability to provide strategic input to the maintenance of SF Markets indices. IWC members are typically of management level and have a minimum of 5 years work experience in the index business.

10.3 SF Markets Index Working Committee Meeting Schedule

The Index Working Committee convenes at least once a week for 1 hour to discuss all matters of Index Policy. Ad-hoc meetings are scheduled on demand if needed.

10.4 SF Markets Advisory Board (Equities)

10.4.1 Board Responsibilities

In addition to the internal functions carried out by the SF Markets Index Working Committee, SF Markets has an Advisory Board (External) that exists to provide guidance and advice on matters relating to the index rules governing the management of the SFNG Equity Index Series. The board will seek to ensure that the highest standards are continually applied and adhered to in the creation, management and distribution of the SFNG Equity Index Series.

The board will particularly focus on:

- Making sure international standards are applied to index rules.
- Providing guidance on updating existing index methodology to maintain best practice.
- Supervising the innovation, development and management of new SFNG indices.

10.4.2 Membership of the Advisory Board

The Board will comprise of leading market participants from the local and foreign investment community.

Members of the Advisory Board are chosen to provide market specific expertise and industry knowledge. Please note that to avoid any conflict of interest on the Advisory Board, members are not chosen to represent their company/employer.

10.4.3 Board Decision Appeals

Index users, current/potential index component companies can appeal against the decisions of the SF Markets Advisory Board if they believe the board has not acted within the rules established for the management of the SFNG Equity Index Series or the board has not taken into account significant facts that could have potentially affected a decision.

Appeals must be communicated in writing to the SF Markets Advisory Board within a reasonable period. Please address the letter to SFNG Advisory Board and send to the below address:

The Brew, Eagle House.
163 City Road, London. UK.
EC1V 1NR

10.5 Index Complaints Procedure

All complaints with regards to SF Markets specific indices i.e. methodology, index reviews, corporate action treatment or any aspects of the index determination process etc. can be forwarded to policy@scottfreemarkets.com. Depending on the nature of the complaint and its severity, SF Markets will endeavor to address the complaint in a timely and efficient manner.

10.6 Index Decommission Policy

Indices with Financial Products (to SF Markets knowledge): If a situation occurs where SF Markets has to decommission or terminate an index or index family i.e. methodology is no longer relevant or adaptable due to a changing market environment, SF Markets will carry out the following steps:

- Initiate a Market Consultation Process (MCP).

- After careful deliberation by SF Markets IWC/Advisory Board and depending on the result of the MCP, SF Markets in a timely manner, will endeavor to provide an alternative index that is suitable for clients.
- Or in a timely manner announce the decommissioning of the index or index family. If this step occurs, SF Markets will also endeavor to carry on calculating the index as long as it is feasibly possible.

Indices without Financial Products (to SF Markets knowledge): If a situation occurs where SF Markets has to decommission or terminate an index or index family i.e. methodology is no longer relevant or adaptable due to a changing market environment, SF Markets will carry out the following step:

- Initiate a press release in a timely manner i.e. 3 months in advance to announce the decommissioning of the index or index family.

11.0 CONTACTS

For all index related queries, please contact:

SF Markets

The Brew, Eagle House,
163 City Road, London EC1V 1NR, United
Kingdom

Tel: +44 (0)203 773 8626

Fax: +44 (0)203 637 2785

Email: enquiries@scottfreemarkets.com

12.0 APPENDICES

12.1 Appendix: Index Calculation Formulas

12.1.1 Free Float Market Capitalization Weighted

The SFNG Equity Index Series is calculated using the following formula:

$$Index\ Value\ (t) = \frac{\sum_{i=1}^n (P_t * S_t * F_t * C_t * E_t)}{D_t}$$

Where: -

P_t Close price security or last traded price

S_t Security shares in issue in the index

F_t Security free float factor in the index

C_t Security capping factor

E_t Exchange rate conversion of the security's currency into Index's base currency

D_t Divisor

n Number of securities in the index

12.1.2 Alternative Weighted

$$Index\ Value\ (t) = \frac{\sum_{i=1}^n (P_t * Wf_t * C_t * E_t)}{D_t}$$

Where: -

P_t Close price security or last traded price

Wf_t Weightfactor in the index

C_t Security capping factor

E_t Exchange rate conversion of the security's currency into Index's base currency

D_t Divisor

n Number of securities in the index

The weight factor is calculated for weighting schemes different from the standard market capitalization e.g. equal weighting or dividend yield weighting

12.1.3 Index Divisor Calculation Formula

The initial divisor is calculated using the following formula:

$$Divisor (t) = \frac{\sum_{i=1}^n (P_t * S_t * F_t * C_t * E_t)}{IV_t}$$

Where: -

P_t Close price security or last traded price

S_t Security shares in issue in the index

F_t Security free float factor in the index

C_t Security capping factor

E_t Exchange rate conversion of the security's currency into Index's base currency

IV_t Index value close

n Number of securities in the index

t End of day on trading day t

The next day divisor is calculated using the following formula:

$$Divisor_{(t+1)} = \frac{\sum_{i=1}^n (P_{t+1} * S_{t+1} * F_{t+1} * C_{t+1} * E_t)}{IV_t}$$

Where: -

- P_{t+1} Open price of security
- S_{t+1} Next day security shares in issue in the index
- F_{t+1} Next day security free float factor in the index
- C_{t+1} Next day security capping factor
- E_t Exchange rate conversion of the security's currency into Index's base currency
- IV_t Index value close
- n Number of securities in the index
- t+1 Effective for the opening of trading day t+1

12.2 Appendix: Security Sector Classification

Please find a table of the broad industry hierarchy structure that securities are classified into:

Industry Classification
Consumer Basics
Consumer Optional
Financials
General Materials
Healthcare
Industrials
Oil & Gas
Technology
Utilities

12.3 Appendix: Index Data Files

So index users are able to track index changes, SF Markets deliver a set of daily and periodical files to clients:

Data Files	Description
Index Close	Displays component data (identification codes, prices, shares, free float, market capitalization, weightings etc.) for an index at the close of a trading day.
Index Open	Displays component data (identification codes, prices, shares, free float, market capitalization, weightings etc.) for an index at the start of the next trading day adjusted for any corporate actions/events.
CAC T+1	Displays component corporate actions (dividends, stock splits, bonus issues, rights issues etc.) for an index that are effective the next trading day.
CAC T+5	Displays component corporate actions (dividends, stock splits, bonus issues, rights issues etc.) for an index that are effective over the next 5 trading days.
CEW 90	Displays component corporate actions and events (Demergers, Mergers & Acquisitions, IPOs, shares & free float changes, reference changes, dividends, stock splits, bonus issues, rights issues etc.) for the entire SFNG Equity universe effective over the next 90 trading days. Please note that this product is indicative and builds on the CAC T+1 & 5 files.
Index Levels	Displays Price, Gross and Net return end of day index values in multiple currencies. This file also contains performance figures, divisors, market capitalization, component count, etc.
Sector & Exchange File	Month end file that depicts sector classification for components as well as Market Identifier Codes (MIC) information.
Draft List	Monthly data file that depicts possible changes in the composition of an index at the next review as well as replacements for securities deleted intra-review from an index.
Review Data Files	Data files displaying all changes to SF Markets indices at each periodic review. Includes additions, deletions, shares and free-float changes, capping factors etc.
Index History	Back-test data displaying historic performance of the index series over a certain time period.
Daily Factsheets	Daily factsheets that display key information on SF Market indices i.e. index features, statistics, fundamental & analytics, sector breakdowns etc.

12.4 Appendix: Index Terminology

Average Daily Trading Value (ADTV): The daily close price multiplied by the daily volume of a security averaged over a specified time period.

Basis Points: Used as a measure for index value changes i.e. one basis point represents 1/100 of 1% i.e. 0.0001.

Capping: When a security in an index has a limit on its weight. The market capitalization is used to determine its relative weighting in the index.

Components: The individual securities that make up an index.

Corporate Actions: Typically standard actions that affect a security for e.g. dividends, bonus issues, stock splits etc.

Corporate Events: More advanced actions that affect a security for e.g. share/free float change, mergers & acquisitions, additions, deletions etc.

Depository Receipts: Securities trading on a local exchange but representing the listed shares of a foreign company.

End of Day: information/data is available after market close.

Exchange Traded Products: Securities traded on an exchange that reflect or track the performance of a particular index, commodity or debt instrument.

Fast Entry/Exit: Assessment of securities for potential entry into or exit from an index in periods where the index is not being reviewed.

File Transfer Protocol (FTP): Web-based system allowing the transfer and download of files.

Free Float: The amount of freely available shares of a listed company.

Free Float Market Capitalization: Price of a security multiplied by its free float shares in issue (i.e. total shares x free float factor).

Gross Return Index: An index that reflects the capital gains of its components based on price movements, investability weighting and the reinvestment of gross dividends.

Index: Amalgamation of securities that represents a particular market or segment of it.

Index Divisor: Numerical value used to keep index values constant in the event of corporate actions/events (i.e. share changes, rights issues etc.). Ensures that movements in index values are primarily based on price changes.

Index Funds: Funds that reflect or track a particular market index. Performance of an index fund should mimic that of the index it is tracking.

Initial Public Offering (IPO): The first offer of equity by a company to the public via a stock exchange listing.

Liquidity: Value and frequency of trading for a security listed on exchange.

Net Return Index: An index that reflects the capital gains of its components based on price movements, investability weighting and the reinvestment of net dividends.

Price Index: Also known as “Capital Index”, reflects the capital gains of its components based on price movements and investability weighting.

Real-time: information/data is available immediately and without delay.

Spin-off: This is when a company breaks up so that its functions and operations are executed by two or more separate companies.

T+1: Today plus one clear trading day. Used to indicate when an action will be effective to a security or index. For example, if Today is Monday, then T+1 represents the start of trading on Wednesday.

T+2: Today plus two clear trading days. Used to indicate when an action will be effective to a security or index. For example, if Today is Monday, then T+2 represents the start of trading on Thursday.

T+5: Today plus five clear trading days. Used to indicate when an action will be effective to a security or index. For example, if Today is Monday, then T+5 represents the start of trading on the next Tuesday.

Total Market Capitalization: Price of a security multiplied by its total shares in issue. Represents the total market value of a company. Sum of all securities market capitalization will represent the index's total market capitalization.

Total Return Index: Like a price index, it reflects the capital gains of its components based on price movements, investability weighting and the reinvestment of dividends.

Unit Trusts: Collective investment vehicle allowing investors to pool together to invest in a portfolio of listed securities.

Universe: Overall set of securities that is used as a basis for the application of index screening e.g. suspended stocks, liquidity, free float etc.

Withholding Tax: A tax that is levied on the dividends of securities.

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