

S&P/NZX Index Insights

Pacific (Edges) In

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S&P DJI have announced that Pacific Edge (PEB) will replace Metlifecare (MET) in the S&P/NZX 50 benchmark indices, with an effective date close of market Tuesday 20 October 2020. At current pricing of \$0.74 PEB will have an approximate weight of 0.42% and rank at number 38 in the S&P/NZX 50 index.

Pacific Edge to enter S&P/NZX 50 benchmark indices

Subject to final court approval of the scheme of arrangement whereby MET will be acquired by Asia Pacific Village Group, MET will be removed from the S&P/NZX 50 benchmark indices and replaced by PEB, following a strong re-rating in share price and increase in liquidity. We estimate passive demand for PEB will be in excess of 14.1m shares, 11 x average daily volume (ADV).

Whilst historic liquidity has previously been a barrier for PEB, the liquidity threshold (as calculated by S&P DJI) appears to have been satisfied for the last three quarterly reviews, allowing PEB to qualify for entry. PEB was previously a constituent of the S&P/NZX 50 index during the March 2014 - Sept 2015 period.

Figure 1. S&P/NZX benchmark index constituent changes

Index	Enter	Exit	Expected Weight (rank)
S&P/NZX 50	PEB	MET	0.42% (38)
S&P/NZX 50 Portfolio	PEB	MET	0.59% (38)

Source: Forsyth Barr analysis, S&P DJI

No near term changes ahead

We provide an update of our index inclusion/exclusion model. Tourism Holdings (THL) is currently the lowest ranked index member, with Hallenstein Glasson (HLG) currently ranking the highest amongst the (liquid) non members. Our model indicates (major corporate actions aside) no near term constituent changes for the benchmark index.

Figure 2. Current Rankings for S&P/NZX 50 Index Inclusion/Exclusion

Ranking	Code	Current status	6-mth average price	6-mth average market cap
42	NZX	S&P/NZX 50 Member	\$1.47	
43	FSF	S&P/NZX 50 Member	\$3.83	\$400.10m
44 (entry level)	ANZ	S&P/NZX 50 Member	\$19.18	\$390.44m
45	RBD	S&P/NZX 50 Member	\$12.13	\$378.26m
46	VGL	S&P/NZX 50 Member	\$1.50	\$342.21m
47	PEB	Enter close of market 20 Oct 2020	\$0.43	\$314.35m
48	NPH	S&P/NZX 50 Member	\$3.45	
49	SKT	S&P/NZX 50 Member	\$0.15	
50	SKO	S&P/NZX 50 Member	\$3.50	
51	THL	S&P/NZX 50 Member	\$1.88	\$227.82m
52	HLG		\$4.08	\$194.64m
53	ERD		\$3.36	\$181.13m
54	BGP		\$3.40	\$174.21m
55	CVT		\$3.16	\$169.63m
56 (exit level)	WHS		\$2.09	\$166.86m
57	AFT		\$4.56	\$147.79m
58	TRA		\$2.08	\$135.51m

Source: Forsyth Barr analysis, ranking 44: automatic entry level, ranking 56: automatic exit level, S&P DJI restricts publication of index constituent information to 10% for any given index.

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