



JUNE 2019 MONTH-END REPORT

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OVERVIEW

The Eswatini Stock Exchange aims to enable companies to list and investors to trade in securities. Our vision is striving to be the most functional Stock Exchange in Africa. To achieve our vision, we seek to adhere to our core values: Passion, respect, integrity discipline and execution.

This June 2019 report gives a synopsis of the following:

- ❖ Listed Companies
- ❖ Market Capitalisation
- ❖ All Share Index
- ❖ Capital Gains
- ❖ Equity Turnover
- ❖ Corporate Bonds and Government Bonds
- ❖ ESE Members
- ❖ Corporate News

LISTED EQUITY COMPANIES

There are currently 8 listed companies on the ESE Main Board namely:

1. Royal Swaziland Sugar Corporation Limited
2. Nedbank Swaziland Limited
3. SBC Limited
4. Swaziland Empowerment Limited
5. Swaziland Property Investment Limited (SWAPROP)
6. Greystone Partners Limited
7. Royal Swazi Spa Holdings Limited
8. Inala Capital

There was one new listing in the period under review, however the ESE continues to engage stakeholders in a bid to get more listings (both domestic and foreign).

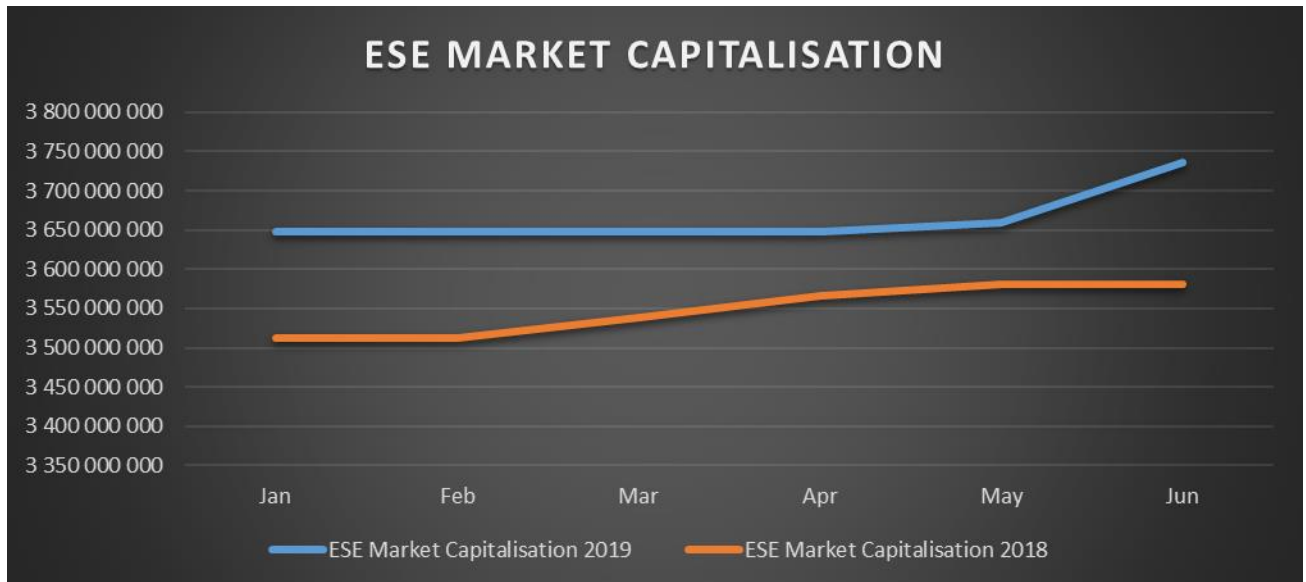
TABLE 1: LISTED EQUITY COMPANIES

	Apr 2019	May 2019	Jun 2019
Total companies listed	7	7	8
New entrants/listings	0	0	1
Domestic Companies	7	7	8
Foreign Companies	0	0	0

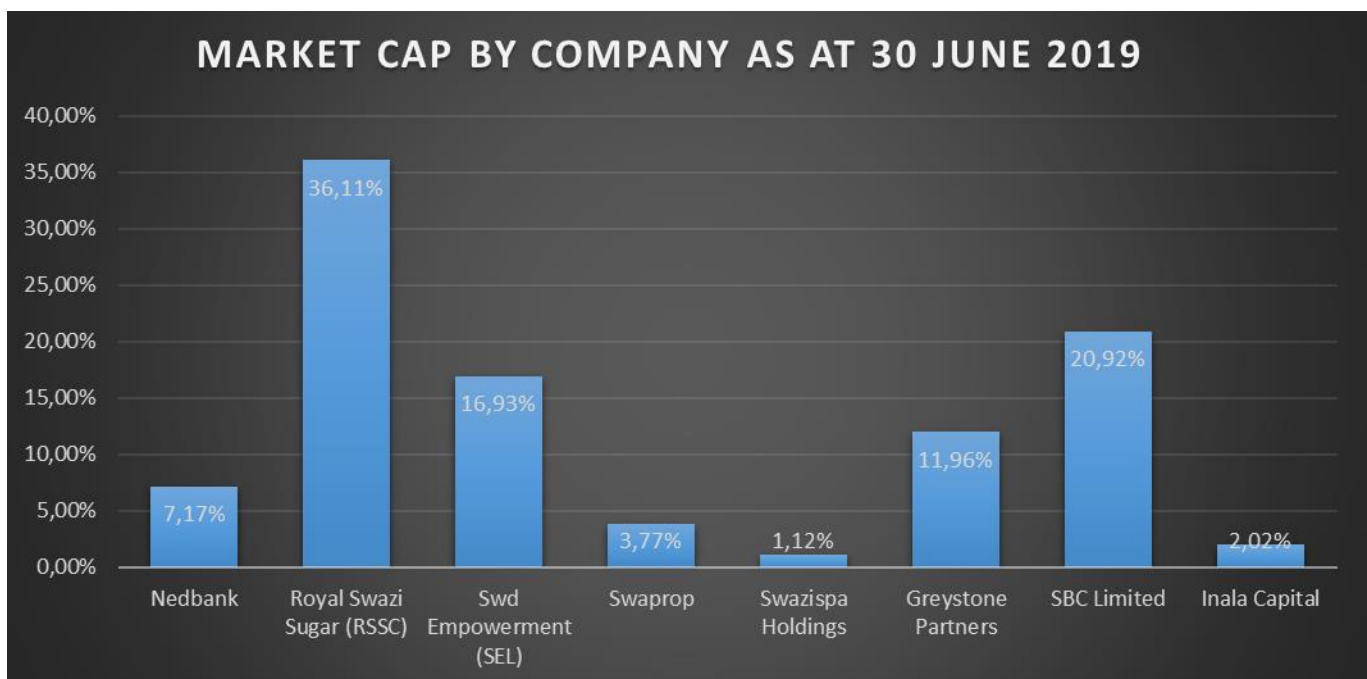
Source: ESE Trading Statistics, 2019

MARKET CAPITALISATION

The local equity markets' values show the market capitalisation between May and June 2019 increased to SZL3.660 billion from SZL3.736 billion. Year-on-year (June 2018 and June 2019), the market capitalisation realised a 4.33% gain from SZL 3.581 billion to SZL 3.736 billion.



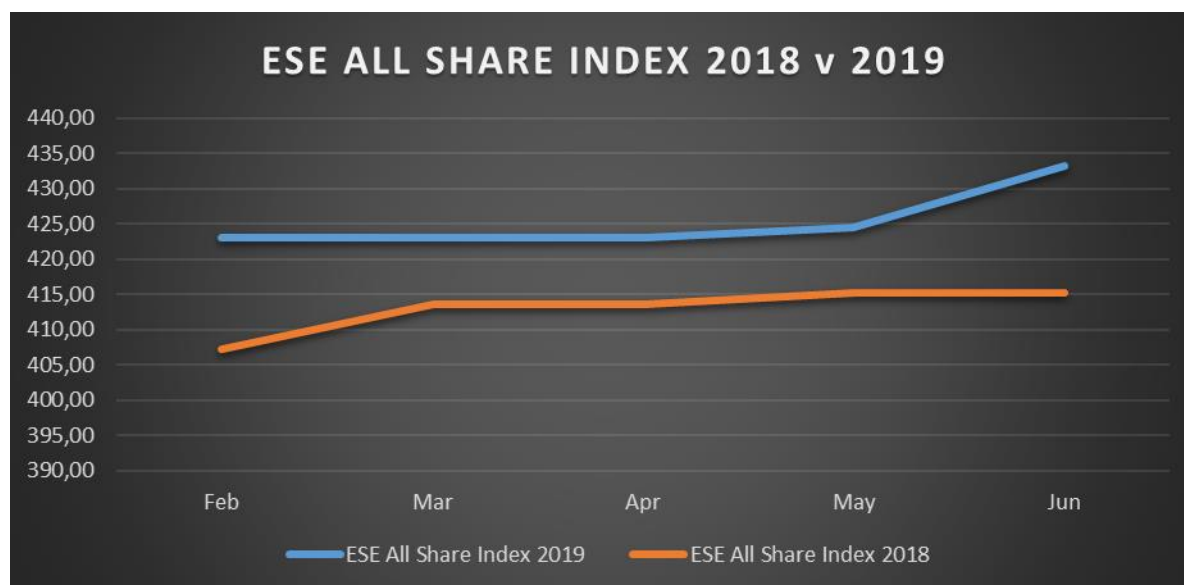
Source: ESE Trading Statistics, 2019



Source: ESE Trading Statistics, 2019

ESE ALL SHARE INDEX TREND

The ESE All-Share Price Index between May and June increased from 424,45 to 433,22. This increase in All Share Index was as a result of the Listing of Inala Capital that began trading on the Exchange in June at 105cps. Year-on-year, the all share index increased by 4.31% from 424.45 to 433.22.



Source: ESE Trading Statistics, 2019

CAPITAL GAINS COMPARISON ON EQUITY PRICES

Below are the listed companies and their respective share prices (cents per share) compared on a yearly basis:

TABLE 2: SHARE PRICE YEARLY COMPARISON AS AT 30 JUNE 2019

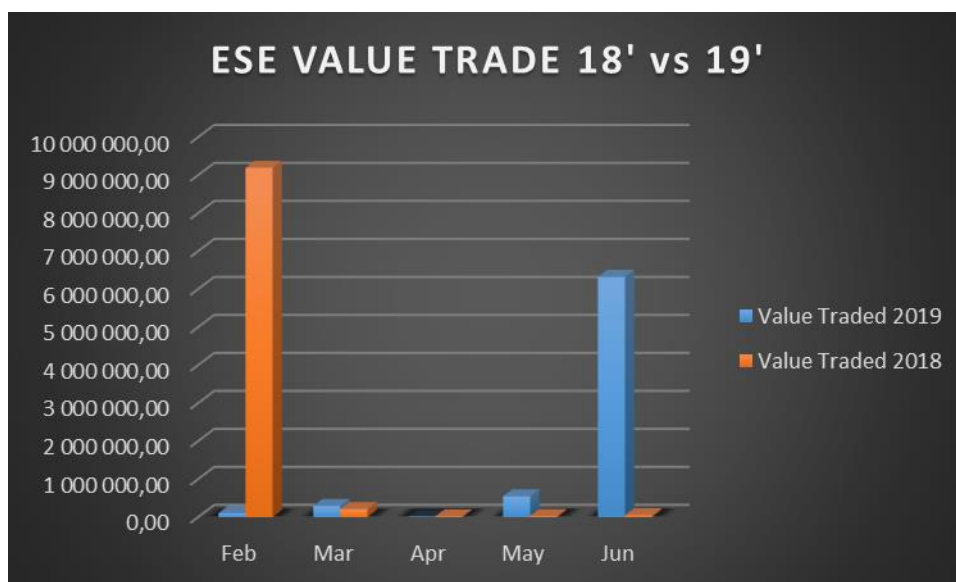
Company	June 30, 2018	June 30, 2019	Capital Gains Yield
NEDBANK LTD	1080	1120	3.70%
RSSC LTD	1400	1400	0.00%
SEL LTD	3255	3418	5.01%
SWAPROP LTD	600	605	0.83%
Swazi Spa Holdings LTD	600	600	0.00%
Greystone Partners LTD	295	315	6.78%
SBC LTD	800	810	1.25%
INALA CAPITAL	0	105	nil

Source: ESE Trading Statistics, 2019

Greystone Ltd and SEL Ltd were trailblazers, followed by Nedbank Ltd, SBC Ltd and SWAPROP Ltd.

EQUITY TURNOVER

The month of June 2019 had only two (4) trade. This was the sale of Greystone Partners shares, Nedbank, SEL, and Swaprop shares which recorded E6,324,422.40 in total value traded. Year on Year (i.e. June 2018 and June 2019) value traded increased exponentially from E48,794.75 in 2018 to E6,324,422.40



Source: ESE Trading Statistics, 2019

TABLE 3: VALUE TRADED OVER THE MONTH IN EQUITY COMPANIES

<u>Company</u>	<u>Number of Shares</u>	<u>Share Price(cps)</u>	<u>Emalangen</u>	<u>Date</u>
Greystone Partners	64 400	315	202, 860	19/06/19
Nedbank	1 882	1120	21, 078.40	19/06/19
SEL	1300	3418	44, 434	19/06/19
SWAPROP	1 001 000	605	6, 056, 050	24/06/19
Total	1 068 582		6, 324, 050.40	

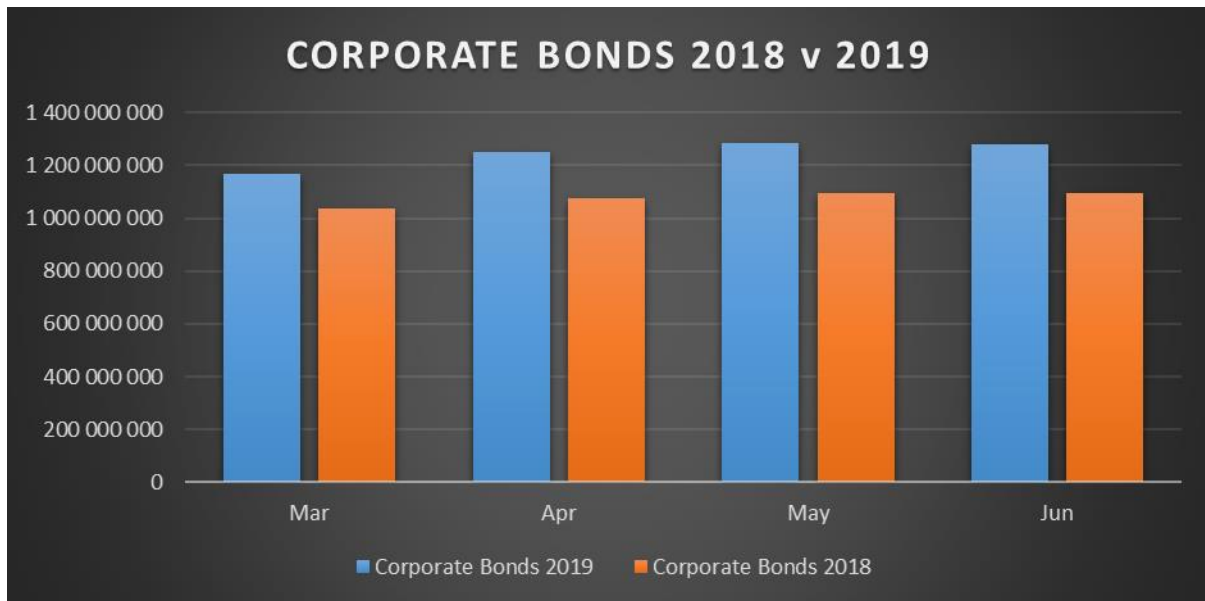
Source: ESE Trading Statistics, 2019

- CPS – Cents per share

CORPORATE BONDS

As at June 30, 2019 total Corporate Bonds value stood at E1.278 billion. There were no new bonds that commenced trading in the month of June. There was one (1) bond that matured in the month of June 2019 SML407, which caused the drop

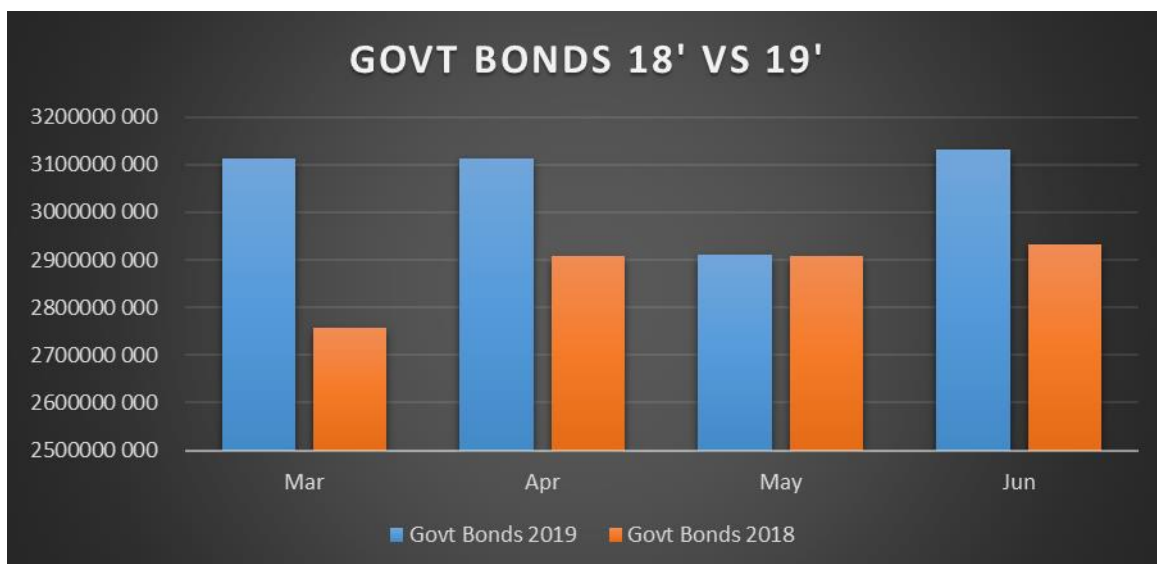
in the value of corporate bonds from SZL1.283 in May. Year-on-year, Corporate bond activity marked a 16.42% increase in the overall total trading on the ESE.



Source: ESE Trading Statistics, 2019

GOVERNMENT BONDS

Total Government Bonds contracted to E3.132 billion as at June 30, 2019 due to the four (4) new issuances of bonds: SG039, SG040, SG041 and SG042, combined total of E220 000 000. Year-on-year, this marked a 6.82% increase in the total government bonds trading on the ESE.



Source: ESE Trading Statistics, 2019

ESE MEMBERS

In the period under review ESE had the following Members:

Stockbroking Firms

Swaziland Stockbrokers Limited
African Alliance Eswatini Securities Limited

Exempt Dealers

Nedbank Swaziland
Swaziland Development and Savings Bank
First National Bank Swaziland
Standard Bank Swaziland

Debt Sponsors

Central Bank of Eswatini

TABLE 3: ESE MEMBERS

	Mar 2019	Apr 2019	May 2019	June 2019
No. of Stockbroking Firms	2	2	2	2
No. of Exempt Dealers	4	4	4	4
No. of Debt Sponsors	1	1	1	1

Source: ESE Trading Statistics, 2019

CORPORATE NEWS

1. Corporate bond SML407 worth E6, 000, 000 matured trading on the 29^h June 2019.
2. Government bonds SG039, SG040, SG041 and SG042 worth E100 million, E40 million, E30 million and E50 million respectively commenced trading during the month under review.

OTHER ACTIVITIES

FSDIP MEETING, CENTRAL BANK OF ESWATINI, 10 JUNE 2019 & 17 JUNE 2019

The Chairman welcomed everyone in attendance and gave the floor to the champions or

accountable institutions to run through their presentations on the last two (2) policy key actions. Presentations addressed the status, what needs to be done and resources required for the success and implementation of the Policy Actions in a timely manner.

Policy Action 41: Improve the efficiency of the primary auction, clearing and depository systems for government bonds

Key action step 1 – Central Bank of Eswatini (CBE)

The Central Bank of Eswatini (CBE) reported that it currently owns the Central Depository System (CSD) and it has since been housed within the Authority as a quest for financial sector development in Eswatini. The Central Bank of Eswatini also mentioned that they have since incorporated the Central Depository System (CSD) as a company in an effort to fulfill regulatory requirements.

Resources:

- Human Capital

Time Frame:

- Feasible

Key Action Step 2 – Central Bank of Eswatini (CBE)

However, the Central Bank of Eswatini accentuated that that they are open for the privatisation of the Central Depository System (CDS) as a result, the CBE and ESE will craft a strategy or a business plan which will give guidance to potential owners of the CSD on how to effectively run the CSD.

Resources:

- Financial Resources
- External consultancy/Technical Assistance

Time Frame:

- Not Feasible

Key Action Step 3 (CBE & ESE)

The Central Bank of Eswatini and the Eswatini Stock exchange confirmed that they are already a close knit with an excellent working relationship, and they foresee a more enhanced communication going forward (Automated or synchronisation communication)

Resources:

No Gap

Time Frame:

Feasible

Key Action Step 1 & 2 – CBE & ESE

The Eswatini Stock Exchange hinted that they already achieved the listing of government bonds, however, trading remains low. The CMWG also suggested that the CBE and ESE hold a discussion and develop a mutual position on the listing and trading of the government bonds (over the counter (OTC) or the Hybrid model)

SBC LIMITED ANNUAL GENERAL MEETING, THE GEORGE HOTEL, 25 JUNE 2019

The Eswatini stock exchange members attended the Annual General meeting for DBC Limited, a listed company at the exchange. Financial Highlights were; dividend per share of 0 cents paid to shareholders, Return on equity of (14%), Expenses to total income of (6%), debt/equity ratio of 8%, Headline earnings per share of (9%). Resolutions approved by the shareholders at the meeting were; the reappointment of KPMG as the external auditors. A report on the Malkerns Square development was given (Including a site visit); 93 units to be completed by December 2019, waiting on the Sectional title bill to be passed to start selling the units to individuals, by year 2020 a retail centre to be developed and the complex to be fully residential, some units to be open for rental by August 2019.

Compliance Report JUNE

Following the Regulator's inaugural Inspection of the Exchange and subsequent Report issued thereto dated 15 March 2018, one of the requirements were that a Compliance Officer be appointed for the Exchange in terms of section 74 of the Securities Act, 2010. As the first Senior Legal and Compliance Officer appointed for the Exchange, I am pleased to contribute to the 2019 Second Quarter Report.

The result of the 2018 Regulator's Inspection was that the ESE was provided a provisional licence subject to fulfilling certain requirements, being the following:

1. Obtaining a Tax Clearance Certificate from the Eswatini Revenue Authority;
2. Fidelity insurance and professional indemnity in terms of the Insurance Act, 2005;
3. Money Laundering and Prevention of Terrorism Policy and Procedure document;
4. Complaints Handling Policy;
5. Appointment of Compliance Officer; and,
6. AML/CFT Training for all ESE staff, among others.

Since the last inspection, the ESE took great strides towards better and effective compliance. When the Regulator's Inspection team attended to the ESE between 3-7 June 2019 for this year's inspection, the ESE was able to report that it had achieved a number of the tasks that were outstanding a year earlier. Some of the ESE's achievements include among others things, the following, stated with their current status:

Item	Status Outstanding	By who
Board Charter	Drafted and awaiting ratification	The Board
Appointment of the Market Committee	To be appointed by the Board	The Board
Terms of Reference (ToFs)	Drafted awaiting ratification by the Board	The Board
Public Officer – this to comply with tax directives	Awaiting approval by the Board	The Board
Anti-Money Laundering and Counter-Financing of Policy and Procedure	Draft stage, to be finalised	The Board
Conflict of Interest Policy	Draft stage, to be finalised	The Board
MOUs 1. Botswana Stock Exchange 2. 4AfricaX 3.	Finalised Signature	CEO

The Compliance appointment by ESE has been brought about for purposes of ensuing risk and compliance management for the Exchange. The office has begun and will continue a process of drafting a risk and compliance management framework. The purpose of the framework is to provide guidance in terms of what needs to be done in order for the ESE to successfully deploy an effective risk management programme. The all important five stages of risk management will be followed namely, risk identification, measurement, monitoring, treatment and reporting.

In effecting the risk and compliance function, the office will ensure that ESE employees understand and mitigate the impact of all possible risks which may prevent the implementation of the Exchange’s strategy. This necessitates that a specific risk management framework be developed. To that end a work plan has been prepared demonstrating the workplace for the successful effectuation of an effective risk and compliance management framework.

As compliance officer it is important that ESE ensures to:

1. Organising a relevant framework, working with the Manager ESE, the CEO and the Board to adhere to the framework.
2. Deploying the right systems and processes to manage the risks identified.

3. Contributing towards the ESE as a going concern by proactively managing risks, particularly strategic risks.
4. Leveraging technical assistance and learnings from membership/affiliation with relevant organisations.
5. Keep the Regulator abreast of the ESE's compliance program.
6. Enhance the ESE risk culture through keeping staff informed on risk and compliance and the importance thereof.

===== END OF REPORT =====