



SECOND (2nd) QUARTER REVIEW APRIL - JUNE 2019

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LISTED EQUITY COMPANIES

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.

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

- RSSC Limited (36.11%) - Sugar and ethanol products
- SBC Limited (20.92%) – Holding Company
- Swaziland Empowerment Limited (16.93%) – Holding Company
- Greystone Partners (11.96%) – Private Equity
- Nedbank (7.17%) – Banking
- SWAPROP (3.77%) – Real Estate
- Royal Swazispa Holdings (1.12%) – Hospitality
- Inala Capital (2.02%) – Emerging Markets

There was one new equity listing in the period under review, the ESE will continue 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

TABLE 2: QUARTERLY PERFORMANCE

EQUITIES	ISIN CODE	RULING PRICE MAR '19	RULING PRICE JUNE '19	(%) CAPITAL GAINS YIELD	MKT CAP MAR '19	MKT CAP % MAR '19	MKT CAP JUNE '19	MKT CAP % JUNE '19
Nedbank	SZ0005797904	1120	1120	0,00%	267 698 245	7,34%	267 698 245	7,17%
Royal Swazi Sugar (RSSC)	SZ0005797920	1400	1400	0,00%	1 348 851 280	36,98%	1 348 851 280	36,11%
Swd Empowerment (SEL)	SZE000331015	3418	3418	0,00%	632 330 000	17,34%	632 330 000	16,93%
Swaprop	SZ0005797946	605	605	0,00%	140 714 833	3,86%	140 714 833	3,77%
Swazispa Holdings	SZ0005797938	600	600	0,00%	41 966 964	1,15%	41 966 964	1,12%
Greystone Partners	SZE000331023	306	315	2,94%	434 019 571	11,90%	446 784 852	11,96%
SBC Limited	SZE000331031	810	810	0,00%	781 569 000	21,43%	781 569 000	20,92%
Inala Capital	SZE000331049	0	105	0	0	0,00%	75 593 700	2,02%
					3 647 149 893	100,00%	3 735 508 874	100,00%

Source: ESE Trading Statistics, 2019

MARKET CAPITALISATION

ESE Market Capitalisation ended the 2nd quarter with a value of E3.736 billion, reflecting an increase of 2.42% from the previous quarter's close of E3.647. The increase in the market capitalisation was due to trades from Nedbank, Greystone, SEL, SWAPROP and Inala Capital in the quarter. Greystone trades had an effect on the share price and the introduction of Inala Capital shares both contributed in the increase of the market capitalisation. Year-on-year, the Market Capitalisation realised a 4.31% gain from E3.581 billion in the 2nd quarter of 2018 to E3.736 billion at the end of the 2nd quarter in 2019.

GRAPH 1: ESE MARKET CAPITALISATION '18 vs '19



Source: ESE Trading Statistics 2019

MARKET INDICATORS

Name of Index	Mar 2019	Apr 2019	May 2019	Jun 2019
ESE All Share Price Index	422.97	422.97	424.45	433.22

COMPARISON OF INDEX PERFORMANCES IN 2nd QUARTER OF 2018 AND 2019

Name of Index	June 2018	June 2019	% Change
ESE All Share Price Index	415.30	433.22	4.31 ▲

MARKET CAPITALISATION IN 2nd QUARTER 2019

	Mar 2019	Apr 2019	May 2019	Jun 2019
Market Capitalisation	3 647 149 892	3 647 149 892	3 659 915 173	3 735 508 873

COMPARISON OF MARKET CAPITALISATION IN 1st Quarter 2018 AND 2019

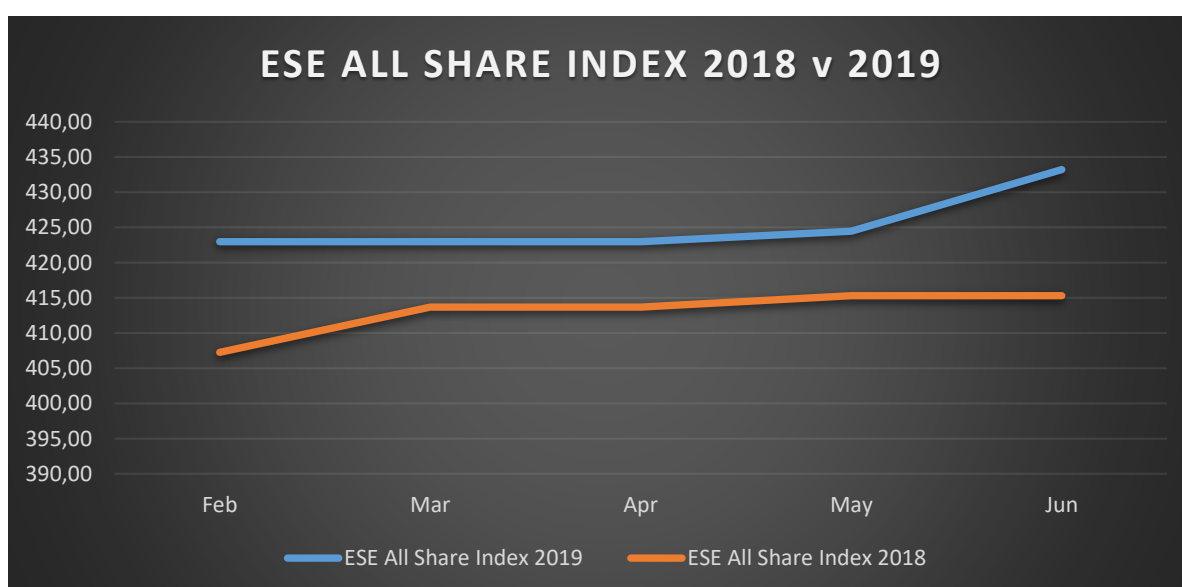
	June '18	June '19	% Change
Market Capitalisation	3 581 020 297	3 735 508 873	4.31%▲

Source: ESE Trading Statistics 2019

ESE ALL SHARE INDEX TREND

The ESE All Share Index increased to 433.22, representing a 2.42%▲ increase from the previous quarter's close of 422.97. Trading during the 2nd quarter increased, as evidenced by the seven trades that were brought on to the market. The seven trades that were brought translated into a significant increase in the All Share Index, as it increased to 433.22. Year-on-year, the All Share Index realised a gain of 4.31%▲.

GRAPH 2: ESE ALL SHARE INDEX '18 vs '19



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 an end of quarter basis:

TABLE 3: SHARE PRICE QUARTER COMPARISON AS AT 30 JUNE 2019

COMPANY NAME	SHARE PRICE MAR 19	SHARE PRICE JUNE 19	(%) GAINS	MKT CAP (SZL)
Nedbank Limited	1120	1120	0%	267 698 245
RSSC	1400	1400	0%	1 348 851 280
SEL	3418	3418	0%	632 330 000
Swaprop	605	605	0%	140 714 833
Swazispa Holdings	600	600	0%	41 966 964
Greystone Partners	306	315	2.94%	446 784 852
SBC Limited	810	810	0%	781 569 000
Inala Capital	000	105	0%	75 593 700
TOTAL				

Source: ESE Trading Statistics, 2019

EQUITY TURNOVER

A total turnover of E82,466,852.00 was recorded from a sale of 73,236,782 shares over a total of seven (7) trades concluded over the 2nd quarter of 2019. In comparison to the 1st quarter of 2019, turnover increased by 17630%, up from E465,119.80 in the previous quarter. Trades conducted in the 2nd quarter were as follows: Greystone Partners (3 Trades), Nedbank (1 Trade), SEL (1 Trade), SWAPROP (1 Trade) and Inala Capital (1 Trade).

TABLE 4: VALUE TRADED SUMMARY 2nd QUARTER 2019

Company	Number of Shares	Share price (cps)	Emalangeneni	Date
Greystone Partners	166 200	315	523 530.00	08/05/19
Greystone Partners	8 000	315	25 200.00	10/05/19
Inala Capital	71 994 000	105	75 593 700.00	03/06/19
Greystone Partners	64 400	315	202 860.00	19/06/19
SEL	1 300	3418	44 434.00	19/06/19
Nedbank	1 882	1120	21 078.40	19/06/19
SWAPROP	1 001 000	605	6 056 050.00	24/06/19
TOTAL			82 466 852.00	

CORPORATE BONDS

The 2nd quarter of 2019 realised 4 new note issuances, these being FINCORP's FIN211 (E48 million), SELECT's SML613, SML701, SML702, SML703 worth E30 million, E52 million, E60 million, and E9 million respectively. On the other hand, 3 bonds matured during the quarter being FINCORP's FIN107 worth E35 million and SELECT's SML402, SML402 and SML407 worth E44 million, E5 million and E6 million respectively. This saw the cumulative corporate bonds outstanding as of June 30, 2019 increase to E1.28 Billion, from the previous quarter's outstanding amount of E1.17. This marked a 9.25%▲ change in total bonds outstanding. Year-on-year, total corporate bonds outstanding increased by 16.42%▲.

The Table below shows the listed bonds as at June 30, 2019. (See Corporate Events below for new corporate bond issuances in the period under review).

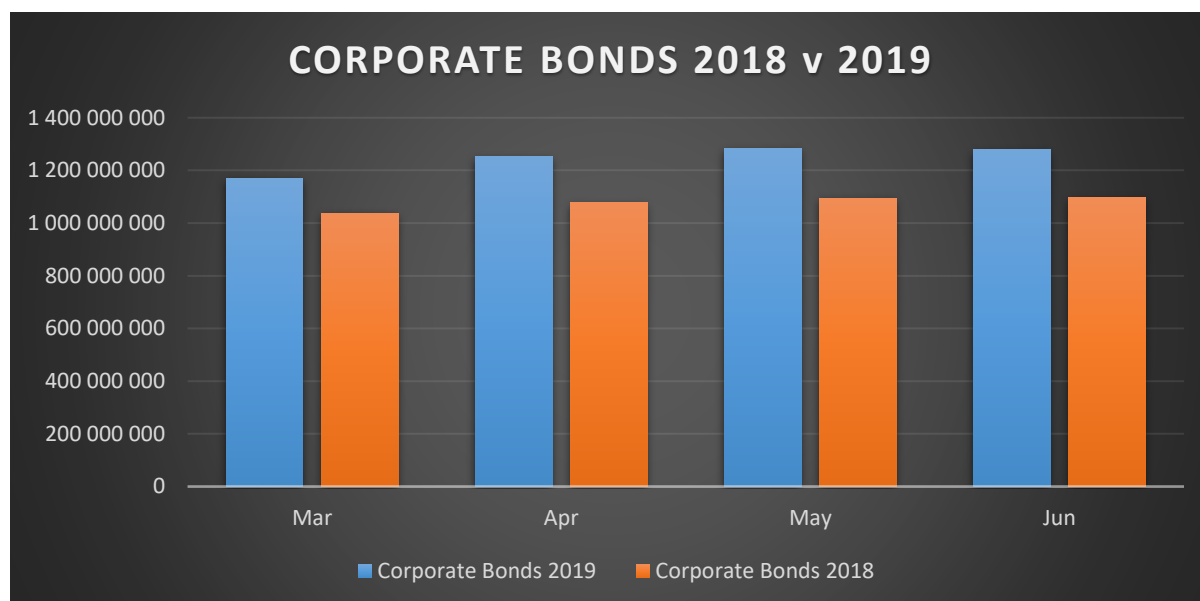
TABLE 5: CORPORATE BONDS AS AT 30 JUNE 2019

Name	ISIN Code	Coupon	Maturity Date	Nominal Value (SZL)
Select Limited SML300	SZD000551432	9,75	19-Nov-19	50 000 000,00
Select Limited SML404	SZD000551747	14,00	30-Aug-19	15 000 000,00
Select Limited SML405	SZD000551770	14,00	28-Oct-19	15 000 000,00
Select Limited SML406	SZD000551812	13,00	07-Apr-20	20 000 000,00
Select Limited SML408	SZD000551886	13,33	04-Jul-20	10 000 000,00
Select Limited SML500	SZD000551787	14,50	11-Jan-20	50 000 000,00
Select Limited SML501	SZD000551804	12,50	24-Feb-22	8 859 200,00
Select Limited SML502	SZD000551837	13,50	16-Apr-20	30 500 000,00
Select Limited SML503	SZD000551845	14,00	09-Jun-20	50 000 000,00
Select Limited SML504	SZD000551894	13,25	04-Jul-20	10 000 000,00
Select Limited SML505	SZD000551919	13,50	28-Jul-20	26 000 000,00
Select Limited SML506	SZD000551950	13,50	28-Oct-20	17 000 000,00
Select Limited SML507	SZD000551992	13,50	17-Nov-20	2 000 000,00
Select Limited SML508	SZD000552159	12,00	06-Aug-21	1 130 000,00
Select Limited SML600	SZD000551968	13,50	28-Oct-20	9 000 000,00
Select Limited SML601	SZD000551976	13,50	17-Nov-20	9 000 000,00
Select Limited SML602	SZD000551984	13,25	10-Nov-19	30 000 000,00
Select Limited SML603	SZD000552018	13,00	20-Dec-20	20 100 000,00
Select Limited SML604	SZD000552026	13,00	20-Dec-20	10 000 000,00
Select Limited SML605	SZD000552042	13,25	10-Apr-21	21 920 000,00
Select Limited SML606	SZD000552026	11,75	04-May-20	24 200 000,00
Select Limited SML607	SZD000552076	12,50	06-Jun-21	5 000 000,00

Select Limited SML608	SZD000552167	10,75	28-Jul-19	5 910 643,84
Select Limited SML609	SZD000552100	13,75	03-Aug-23	30 000 000,00
Select Limited SML610	SZD000552118	13,50	06-Aug-23	17 540 627,04
Select Limited SML611	SZD000552126	13,00	30-Oct-23	31 500 050,00
Select Limited SML612	SZD0005552134	12,00	13-Dec-20	48 257 103,29
Select Limited SML613	SZD0005552142	Floating	08-Apr-22	30 000 000,00
Select Limited SML700	SZD000552226	Floating	19-Feb-21	42 809 000,00
Select Limited SML701	SZD000552234	12,50	27-Mar-20	51 731 884,59
Select Limited SML702	SZD000552242	12,00	06-May-22	59 840 000,00
Select Limited SML703	SZD000552275	12,30	08-May-22	9 000 000,00
FINCORP FIN108	SZD000551721	12,50	08-Jul-19	21 676 003,80
FINCORP FIN110	SZD000551796	13,00	24-Jan-20	7 743 750,00
FINCORP FIN111	SZD000551820	13,00	06-Apr-20	20 000 000,00
FINCORP FIN112	SZD000551845	13,75	09-Jun-20	50 000 000,00
FINCORP FIN201	SZD000552000	13,75	09-May-20	10 000 000,00
FINCORP FIN202	SZD000552034	14,00	30-Mar-23	48 000 000,00
FINCORP FIN203	SZD000552040	11,75	04-May-20	24 200 000,00
FINCORP FIN204	SZD000552084	12,50	06-Jun-21	5 000 000,00
FINCORP FIN205	SZD000552091	11,85	06-Jul-20	6 338 938,32
FINCORP FIN206	SZD000552175	12,00	07-Oct-19	70 000 000,00
FINCORP FIN207	SZD000552183	12,00	17-Oct-21	6 000 000,00
FINCORP FIN208	SZD000552191	12,00	08-Nov-21	9 000 000,00
FINCORP FIN209	SZD000552200	12,00	23-Nov-21	11 001 972,00
FINCORP FIN210	SZD000552218	Floating	16-Jan-24	30 000 000,00
FINCORP FIN211	SZD000552267	12,00	04-May-22	47 600 000,00
INYATSI ICL 207	SZD000551943	10,75	11-Oct-19	150 000 000,00
TOTAL				1 277 859 172,88

Source: ESE Trading Statistics, 2019

GRAPH 3: CORPORATE BONDS 2nd QUARTER 2019



Source: ESE Trading Statistics, 2019

MATURED/REDEEMED CORPORATE BONDS

TABLE 6: MATURED/REDEEMED CORPORATE BONDS

Name	ISIN Code	Coupon	Maturity Date	Nominal Value (SZL)
FINCORP FIN107	SZD000551686	10,79	04-May-19	35 000 000,00
Select Limited SML402	SZD000551662	10,79	04-May-19	44 000 000,00
Select Limited SML407	SZD000551861	12,25	29-Jun-19	6 000 000,00
Select Limited SML403	SZD000551694	13,50	13-May-19	5 000 000,00
TOTAL				90 000 000,00

Source: ESE Trading Statistics, 2019

NEW CORPORATE BOND ISSUANCES

TABLE 7: NEW CORPORATE BONDS

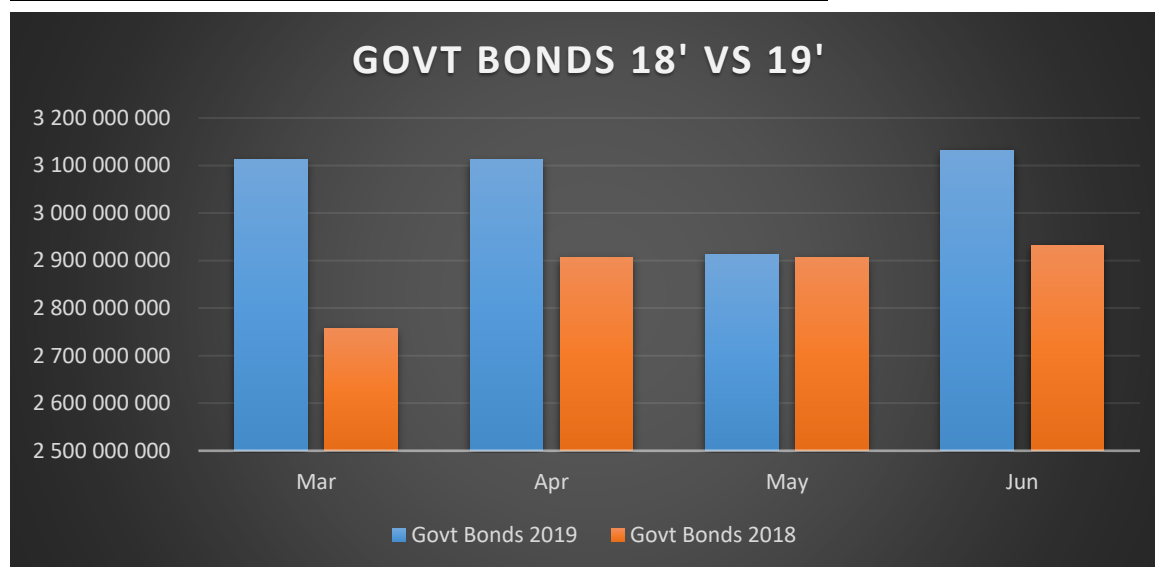
Name	ISIN Code	Coupon	Maturity Date	Nominal Value (SZL)
FINCORP FIN211	SZD000552267	12,00	04-May-22	47 600 000,00
Select Limited SML613	SZD0005552142	Floating	08-Apr-22	30 000 000,00
Select Limited SML701	SZD000552234	12,50	27-Mar-20	51 731 884,59
Select Limited SML702	SZD000552242	12,00	06-May-22	59 840 000,00
Select Limited SML703	SZD000552275	12,30	08-May-22	9 000 000,00
TOTAL				198 171 884,59

Source: ESE Trading Statistics, 2019

GOVERNMENT DEBT

During the period under review, Government through the Central Bank of Eswatini (CBE) maintained 25 bonds with different maturities, ranging from 3, 5, 7, 8, 9, and 10 years. Total outstanding bonds as at June 30, 2019 stood at E3.13 billion, reflecting a 0.64% increase due to four (4) new bonds commencing and one bond maturing during the period under review. Year-on-year, total government bonds outstanding increased by 6.82%▲. The total outstanding bonds as at June 30, 2019 were as outlined below:-

GRAPH 4: GOVERNMENT BONDS AS AT 30 JUNE 2019



Source: ESE Trading Statistics 2019

TABLE 8: ESWATINI GOVERNMENT BONDS AS AT JUNE 30, 2019

Name	ISIN Code	Coupon	Maturity Date	Nominal Value (SZL)
Swaziland Government SG017	SZG000441157	8,50	31-Oct-20	250 000 000,00
Swaziland Government SG018	SZG000441162	9,25	31-Jan-24	200 000 000,00
Swaziland Government SG020	SZG000441181	8,25	20-Oct-19	82 000 000,00
Swaziland Government SG022	SZG000441207	Floating	25-Sep-22	150 000 000,00
Swaziland Government SG023	SZG000441215	8,75	30-Nov-20	250 000 000,00
Swaziland Government SG025	SZG000441231	10,00	20-Jun-21	150 000 000,00
Swaziland Government SG026	SZG000441248	Floating	31-Aug-23	150 000 000,00
Swaziland Government SG027	SZG000441256	10,75	31-Oct-26	150 000 000,00
Swaziland Government SG029	SZG000441272	10,50	28-Feb-22	150 000 000,00
Swaziland Government SG030	SZG000441280	10,25	30-Jun-24	150 000 000,00
Swaziland Government SG031	SZG000441322	10,00	31-Jan-25	150 000 000,00
Swaziland Government SG033	SZG000441355	9,25	29-Jun-23	40 000 000,00
Swaziland Government SG034	SZG000441363	9,75	29-Jun-25	40 000 000,00
Swaziland Government SG035	SZG000441371	10,25	29-Jun-28	70 000 000,00

Swaziland Government SG036	SZG000441389	9,00	31-Aug-21	30 000 000,00
Swaziland Government SG039	SZG000441422	9,10	31-Jan-22	100 000 000,00
Swaziland Government SG040	SZG000441430	9,40	31-Jan-24	40 000 000,00
Swaziland Government SG041	SZG000441448	9,85	31-Jan-26	30 000 000,00
Swaziland Government SG042	SZG000441455	10,25	31-Jan-29	50 000 000,00
Swaziland Government SGIFB001	SZG000441297	9,75	31-Jul-22	150 000 000,00
Swaziland Government SGIFB002	SZG000441306	10,00	31-Oct-25	150 000 000,00
Swaziland Government SGIFB003	SZG000441314	10,25	29-Dec-26	150 000 000,00
Swaziland Government SGIFB004	SZG000441348	10,00	29-Mar-28	150 000 000,00
Swaziland Government SGIFB005	SZG000441356	9,75	31-May-26	150 000 000,00
Swaziland Government SGIFB006	SZG000441397	9,50	28-Sep-24	150 000 000,00
TOTAL				3 132 000 000,00

Source: ESE Trading Statistics, 2019

MATURED/REDEEMED GOVERNMENT BONDS

There was one government bond that matured during the quarter under review. SG024 worth E200 million matured on the 31st May 2019.

Name	ISIN Code	Coupon	Maturity Date	Nominal Value (SZL)
Swaziland Government SG024	SZG000441223	9,50	31-May-19	200 000 000,00
TOTAL				200 000 000,00

Source: ESE Trading Statistics, 2019

NEW GOVERNMENT BOND ISSUANCES

There were four (4) new government bonds that commenced trading during the quarter under review.

Name	ISIN Code	Coupon	Maturity Date	Nominal Value (SZL)
Swaziland Government SG039	SZG000441422	9,10	31-Jan-22	100 000 000,00
Swaziland Government SG040	SZG000441430	9,40	31-Jan-24	40 000 000,00
Swaziland Government SG041	SZG000441448	9,85	31-Jan-26	30 000 000,00
Swaziland Government SG042	SZG000441455	10,25	31-Jan-29	50 000 000,00
TOTAL				220 000 000,00

Source: ESE Trading Statistics, 2019

ESX 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 9: ESE MEMBERS

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

Source: ESE Trading Statistics, 2019

CORPORATE EVENTS ON THE ESX

1. FINCORP corporate bond (FIN107) with nominal value E35 million matured in the month of May (04/05/2019).
 2. SELECT corporate bond (SML402) with nominal value E44 million matured in the month of May (04/05/2019).
 3. SELECT corporate bond (SML403) with nominal value E5 million matured in the month of May (13/05/2019).
 4. SELECT corporate bond (SML407) with nominal value E6 million matured in the month of June (29/06/2019).
 5. Eswatini Government bond (SG024) with nominal value E200 million matured in the month of May (31/05/2019).
 6. FINCORP corporate bond (FIN211) with nominal value E47.6 million commenced
-

- trading in the month of May (17/05/2019).
7. SELECT corporate bond (SML613) with nominal value E30 million commenced trading in the month of April (22/04/2019).
 8. SELECT corporate bond (SML701) with nominal value E51.7 million commenced trading in the month of April (11/04/2019).
 9. SELECT corporate bond (SML702) with nominal value E59.8 million commenced trading in the month of May (17/05/2019).
 10. SELECT corporate bond (SML703) with nominal value E9 million commenced trading in the month of May (22/05/2019).
 11. Eswatini Government bond (SG039) with nominal value E100 million commenced trading in the month of June (10/06/2019).
 12. Eswatini Government bond (SG040) with nominal value E40 million commenced trading in the month of June (10/06/2019).
 13. Eswatini Government bond (SG041) with nominal value E30 million commenced trading in the month of June (10/06/2019).
 14. Eswatini Government bond (SG042) with nominal value E50 million commenced trading in the month of June (10/06/2019).

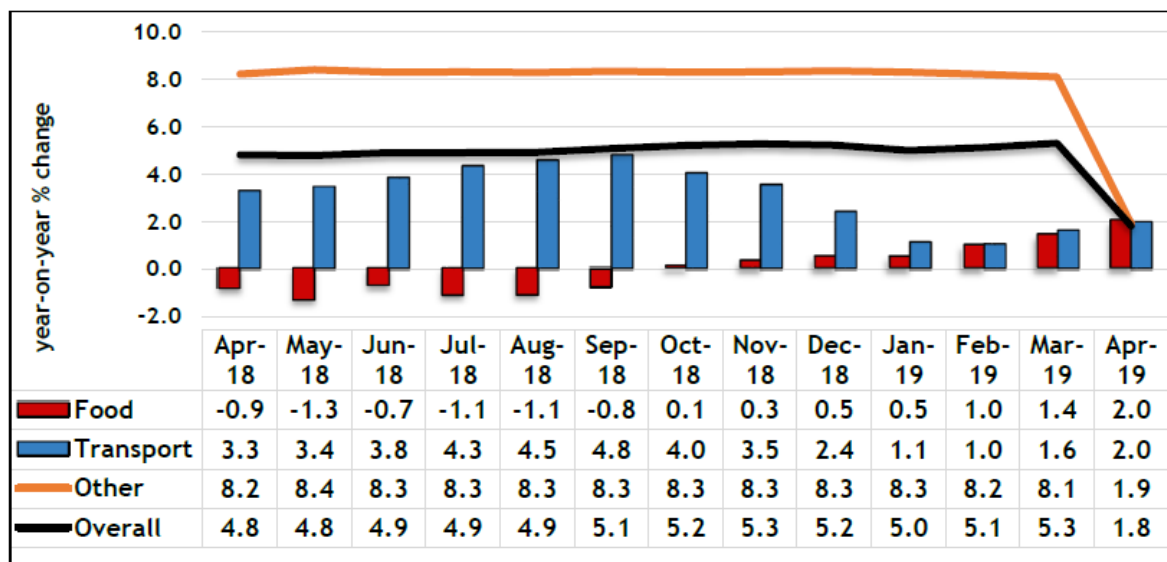
ECONOMIC BRIEF

INFLATION

Headline consumer inflation declined significantly to 1.8 in April 2019, from 5.3 per cent in March 2019. The notable decrease in consumer inflation largely resulted from a significant drop in the growth rate of the price index for ‘housing and utilities’, which decreased from 13.9 per cent in March 2019 to 0.9 per cent in April 2019. Given the sizable share (29.15 per cent) of the ‘housing and utilities’ component in the total consumption basket, the significant decrease observed in the ‘housing and utilities’ index dominated the decline observed in the overall inflation outcome. Housing and utilities inflation decreased significantly due to high base effects from the previous year in the price indices for ‘electricity’ and ‘rentals for housing’. After recording significant increases in the previous year, largely backed by double-digit multi-year tariff increases on electricity, there has been no tariff increase effected in the first month of the 2019/20 financial year. This was after the government issued a directive to freeze all hikes in utilities’ tariffs. There was also no increase in rental prices on surveyed entities in April 2019 compared to a 15 per cent increase observed in the same period the previous year. As a result, from a year-on-year growth rate perspective, ‘electricity’ and ‘rentals’ price indices recorded a zero per cent growth in April 2019 from 17.4 and 15.0 per cent in March 2019, respectively.

Food inflation remained on a steady upward trend, recording 2.0 per cent in April 2019 from 1.4 per cent the previous month. On the other hand, ‘transport’ and ‘alcoholic beverages and tobacco’ grew by 0.3 and 1.7 percentage points respectively.

Figure 1: Inflation Trends: April 2018 to April 2019



Source: Central Statistical Office

On month-on-month rates, consumer inflation recorded a 0.2 per cent growth in April 2019 from 0.1 per cent growth recorded in March 2019. Month-on-month increases, in April 2019, were mainly observed in the price indices for ‘alcoholic beverages and tobacco’ (1.9 per cent) and ‘clothing and footwear’ (0.7 per cent).

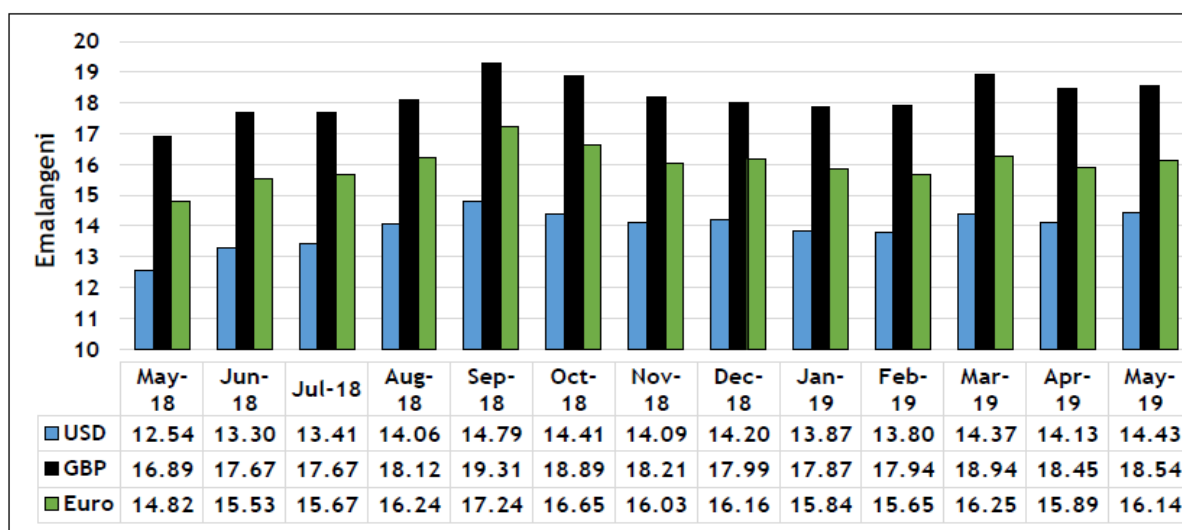
Core inflation, which is measured as the CPI excluding food and non-alcoholic beverages, auto-fuel and energy, declined significantly to record 2.0 per cent in April 2019 from 6.8 per cent the previous month, mainly due the drop in the price index for ‘housing and utilities. On month-on-month rates, core inflation recorded a growth of 0.2 per cent in April 2019 from a zero-growth recorded in March 2019.

EXCHANGE RATES

During the month of May 2019, the Lilangeni/Rand exchange rate generally weakened against major external currencies. Compared to the US Dollar, the Lilangeni depreciated by 2.1 per cent to average E14.43 to the US Dollar from an average of E14.13 in April 2019. The weakening throughout the month is mainly due to a large Rand sell-off prompted by low investor confidence towards emerging market economies following the news of renewed US-China trade war to which there was optimism that it would disappear. The US in the period under review has already imposed tariffs on Chinese products, which puts emerging market currencies including the Rand, under pressure. While the market may have reacted positively to the May 2019 election outcome in South Africa, the dovish tone of the South African Reserve Bank and uncertainty around the delayed appointment of new cabinet ministers in South Africa saw the rand depreciating against the US Dollar.

Against the Pound Sterling the local unit depreciated by 0.5 per cent to average E18.54 from an average of E18.45 in April 2019. The Rand when compared to the Euro was also weaker at E16.14, down from an average of E15.89 in April 2019. The Lilangeni closed the month of May 2019 at E14.77 to the US Dollar, E18.63 to the Pound Sterling and E16.45 to the Euro after closing the month of April 2019 at E14.37 to the US Dollar, E18.60 to the Pound Sterling and E16.08 to the Euro. Even though the local unit is weaker, it is set to rebound in the short-to-medium term as domestic risks which impede investor sentiments are expected to fade driven by policy reforms which are likely to reignite growth in South Africa. The trade war tension embarked upon by the US on various economies, however, remains a major threat to the Rand/Lilangeni outlook against the major trading currencies.

Figure 2: Lilangeni Exchange Rates against Selected Major Currencies



Source: Central Bank of Eswatini

OTHER ACTIVITIES

9th ANNUAL COMMERCE INDABA-CAREER FAIR – 11th APRIL 2019:

Two members of the Exchange attended the function stated in the subject line at UNESWA. This is annual event where companies from different local industries exhibit for students from the Commerce Faculty at UNESWA. Students were educated on career opportunities, mission of the exchange, operations and the mandate of the exchange. Students got to witness the different products offered by the exchange and the new automated environment that the exchange is operating on now.

ESE OPERATIONS AND LATEST DEVELOPMENTS FOR SENATORS AT SIBANE HOTEL, EZULWINI – 16th APRIL 2019:

The Eswatini Stock Exchange (ESE) hosted the 3rd annual Eswatini Stock Exchange operations and latest developments for Senators on Tuesday April 16th, 2019 at the Sibane Hotel, Ezulwini.

The event started at 8:00am with registration and tea as Senators were welcomed to the event by ESE staff members. The event was opened by a short prayer followed by welcome remarks made by the Financial Services Regulatory Authority (FSRA) Acting Chief Executive Officer, Ms. Thuli Nkwanyana where she stated that she was wearing two hats, one as the Regulator of the ESE for oversight purposes and also as the CEO of the ESE for management and administrative purposes. She then shared with delegates a brief history of how the ESE ended up housed under the FSRA.

The meeting was officially opened by the Minister of Finance, Honourable Neal Rijkenberg, who was represented by Minister of Tourism and Environmental Affairs Moses Vilakati. In his elaborate speech, he started by mentioning that having such events was crucial to the development of the ESE as it helps all Senators to take stock of how far we have moved towards creating a platform where companies list their securities to finance their operations and expansions, and where institutional and retail investors get exposure to listed securities to diversify their portfolios.

ESE had just played host to the 55th Committee of SADC Stock Exchanges meeting which sought to promote industrialisation and infrastructure development in enhancing regional integration. Likewise, this forum sought to extend this spirit of joint efforts towards regional integration that will guide the compass of our region into the direction of stronger competitiveness and economic development of the SADC region. He further mentioned that the meeting was privileged to be graced with a high level fora of expertise from the region and the international community and hoped that CoSSE will work creatively, proactively and effectively in assessing and addressing risk to the securities markets, the public and other market participants, and that the older and more mature markets would share their experiences and resources with the emerging partners in a spirit of equality and common destiny.

He also mentioned that many regulatory efforts are viewed through the lens of investor protection. It is through this lens that exchanges evaluate the duties of securities issuers to disclose meaningful information to potential investors so that they can make informed investment decisions, and the duties of market participants to treat investors fairly when transacting in securities. Through the investor protection lens, we also determine the appropriate risk-based methods to monitor compliance with those duties and to enforce them. An Effective Regulation promotes Capital Market Development which leads to Economic Development. In the Capital Markets Sphere, a jurisdiction's institutional and regulatory policy

framework can strongly influence capital market development and give confidence and trust to the listed companies and the investing public. Thus, Regulators must advocate a regulatory framework for our economies' financial markets that conforms to international best practices. Progress toward integration of capital markets on a regional basis will help spur accelerated economic integration goals in other areas. The harmonization of stock market regulations and trading practices that would accompany any regionalization of exchanges could deepen regional integration more broadly in policy areas such as foreign exchange, taxation, accounting standards, corporate governance and legal practices. As such, when reflecting back 22 years ago when CoSSE was established in 1997, one can see that financial markets have undergone or experienced major changes which is very encouraging, especially the increase in bond market activities. He further mentioned that CoSSE is also aiming to develop the region's bond as well as other securities markets, and he implored exchanges to continue encouraging national authorities to actively issue government securities on the region's exchanges. To this end, the ESE have been requesting the House of Senators to consider the new legislation that the ESE will be bringing to Parliament soon.

He also touched on the issue of foreign exchange control, regulatory and tax frameworks in that there is broad agreement that they must also be harmonized before financial markets can actually link up. More specifically, this would involve harmonizing not only stock market regulations, listing requirements, and trading, clearing, and settlement procedures, but also transaction fees, accounting standards, corporate governance standards, disclosure requirements, common standards for stockbrokers, and national rules for capital gains and withholding taxes. More importantly, there should be a liberalised framework of capital flows across national borders within SADC.

ESE was further implored to not forget Micro, Small and Medium Enterprises (MSMEs) as they are major catalysts in the development of world economies, as they constitute a major part of industrial activity. Let us educate and encourage them to list on SME platforms to facilitate equity capital raising for SMEs. New initiatives, such as permitting the listing of SMEs without an IPO so as to give an exit route for initial investors and give the company much-needed visibility must also be considered.

ESE was further encouraged not to forget the millennials, high school and university students in their Financial Inclusion Programs, these young investors out there can find it difficult to start investing as they deal with limited funds or lack of knowledge about how investing in the

stock market works and on top of that, face a market that is more interested in advertising to them than educating them as to what may be the best options to consider. Educating them and kindling the interest in investing on capital markets is key as by no means should that hold young investors back from getting into the market. They should educate themselves and find the best investment vehicle to suit their particular needs.

Mr. Michael Mgwaba the Head of Exchange Traded Products at ABSA South Africa was invited to the event as a main speaker to present the benefits of having Exchange Traded Funds in a Stock Exchange such as ESE. Mr. Mgwaba has worked with numerous other exchanges in Africa to introduce EFTs and help those exchanges list ETFs. An ETF is a type of fund that owns underlying assets and divides ownership of those assets into shares. In other words, an ETF can own hundreds or thousands of stocks across various industries, or it could be isolated to one particular industry or sector. For example, the banking ETF would contain all the banks within the industry. An ETF is called an exchange-traded fund since it's traded on an exchange just like stocks. In other words, investors buy and sell an ETF with its price fluctuating over time. The price of an ETF's shares will change throughout the day as they are bought and sold. As a result, there can be the potential for a loss to investors if the sale price is lower than the purchase price. There are various types of ETFs available to investors that can be used for income generation, speculation, price increases, and to hedge or partly offset risk in an investor's portfolio. ETFs provide lower average costs since it would be expensive for an investor to buy all the stocks in an ETF individually. Investors only need to execute one transaction to buy and one transaction to sell, which leads to fewer broker commissions since there are only a few trades being done by investors. Brokers typically charge a commission for each trade. Some brokers even offer no-commission trading on certain low-cost ETFs reducing costs for investors even further. An ETF's expense ratio is the cost to operate and manage the fund. ETFs typically have low expenses since they track an index. For example, if an ETF tracks the S&P 500 index, it might contain all 500 stocks from the S&P making it a passively-managed fund and less time-intensive. However, not all ETFs track an index in a passive manner.

Senators were very involved during the event as they frequently stopped proceedings to ask questions and to get further clarity wherever there was something unclear. Senators were mainly interested on how the ESE plans to educate the nation and promote financial inclusion to all four regions of the country. Members of the House of Senate were interested to find out

how the ETFs will benefit pension funds in the country as there is a new regulation that requires pension funds to invest 50 percent of their capital in the country.

Senate President Lindiwe Dlamini made the closing remarks for the event where she thanked the ESE team for taking the time to educate Senators. She further mentioned that “We have learnt a lot and in our capacity as representatives of the people, we are ready to take the baton from ESE as ambassadors to encourage politicians, companies and the nation as a whole to effectively participate in the local stock exchange.” The ESE was further encouraged to keep on educating the nation and help them realise the different investment opportunities and funding opportunities available to both companies and investors. Furthermore, the ESE was congratulated on changing the exchange name to reflect the Country’s name and the newly launched ATS & CSD trading platforms. The new trading system and the new products the ESE will be introducing (ETFs) will encourage liquidity and enable people to trade wherever they are. The House of Senate was further encouraged to look at the new legislation that will be brought to parliament with urgency as they are now familiar with the workings of the ESE.

ANTI-MONEY LAUNDERING AND COUNTER FINANCING OF TERRORISM
ACT TRAINI @ ROYAL VILLAS (27th to 31st MAY 2019):

Three (3) members of the exchange attended a training on Anti-Money Laundering and Counter Financing of Terrorism at the Royal Villas. The training was hosted by the Central Bank of Eswatini in collaboration with the Eswatini Financial Intelligence Unit. In as much as the Exchange is not a money handling institution it is important that staff are trained on AML/CFT from a regulatory perspective. It is the mandate of the Exchange to ensure that all its members adhere to AML/CFT regulations. The Exchange is also in the process of drafting its own AML/CFT risk management framework and policies. This training helped in identifying key policy points that need to be covered when drafting the framework. Topics cover include the following:

- Understanding Anti-Money Laundering
- Terrorism and Terrorist Financing
- Targeted Financial Sanctions
- Synopsis of AML
- Risk Based Approach Framework
- Obligations of Financial Institutions
- Suspicious Transactions
- Domestic and International Corporations
- The Role of the Eswatini Financial Intelligence Unit

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