



FOURTH (4TH) QUARTER REVIEW OCTOBER - DECEMBER 2018

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LISTED EQUITY COMPANIES

There are currently 7 listed companies on the SSX Main Board namely:

1. Royal Swaziland Sugar Corporation Limited
2. Nedbank Eswatini Limited
3. SBC Limited
4. Swazi Empowerment Limited
5. Swaziland Property Investments Limited (SWAPROP)
6. Greystone Partners Limited
7. Royal Swazispa Holdings Limited

There were no new equity listings in the period under review, however the SSX continues to engage stakeholders in a bid to get more listings (both domestic and foreign).

TABLE 1: LISTED EQUITY COMPANIES

	Oct 2018	Nov 2018	Dec 2018
Total companies listed	7	7	7
New entrants/listings	0	0	0
Domestic Companies	7	7	7
Foreign Companies	0	0	0

Source: SSX Trading Statistics, 2018

TABLE 2: QUARTERLY PERFORMANCE

EQUITIES	ISIN CODE	RULING PRICE SEP '18	RULING PRICE DEC '18	(%) CAPITAL GAINS YIELD	MKT CAP SEP '18	MKT CAP % SEP '18	MKT CAP DEC '18	MKT CAP % DEC '18
Nedbank	SZ0005797904	1100	1100	0,00%	262 917 919	7,32%	262 917 919	7,22%
Royal Swazi Sugar (RSSC)	SZ0005797920	1400	1400	0,00%	1 348 851 280	37,54%	1 348 851 280	37,03%
Swd Empowerment (SEL)	SZE000331015	3255	3418	5,01%	602 175 000	16,76%	632 330 000	17,36%
Swaprop	SZ0005797946	600	605	0,83%	139 551 900	3,88%	140 714 833	3,86%
Swazispa Holdings	SZ0005797938	600	600	0,00%	41 966 964	1,17%	41 966 964	1,15%
Greystone Partners	SZE000331023	300	306	2,00%	425 509 383	11,84%	434 019 571	11,92%
SBC Limited	SZE000331031	800	810	1,25%	771 920 000	21,48%	781 569 000	21,46%
					3 592 892 446	100,00%	3 642 369 567	100,00%

Source: SSX Trading Statistics, 2018

MARKET CAPITALISATION

SSX Market Capitalisation ended the 4th quarter with a value of E3.642 billion, reflecting an increase of 1.38% from the previous quarter's close of E3.593 billion. Growth in the market capitalisation was attributable to gains in the share prices of Eswatini

Empowerment Ltd (5.01%▲), Greystone Partners Ltd (2.00%), SBC Limited (1.25%) and SWAPROP Ltd (0.83%▲). Year-on-year, the Market Capitalisation realised a 3.93% gain from E3.505 billion in the 4th quarter of 2017 to E3.642 billion at the end of the 4th quarter in 2018.

GRAPH 1: SSX MARKET CAPITALISATION '17 vs '18



Source: SSX Trading Statistics 2018

MARKET CAPITALISATION QUARTER COMPARISON

RSSC Limited continued to have the highest market capitalisation figure, commanding a 37.03%, even though it lost 0.51% share of the overall market capitalisation of listed entities. Nedbank also lost 0.10%. Eswatini Empowerment Limited (SEL) and Greystone Partners Limited gained 0.60% and 0.08%, respectively.

- RSSC Limited (37.03%) - Sugar and ethanol products
- SBC Limited (21.46%) – Holding Company
- Eswatini Empowerment Limited (17.36%) – Holding Company
- Greystone Partners (11.92%) – Private Equity
- Nedbank (7.22%) – Banking
- SWAPROP (3.86%) – Real Estate
- Royal Swazispa Holdings (1.15%) – Hospitality

TABLE 3: MARKET CAPITALISATION QUARTER COMPARISON

Company Name	Q2 2018	Q3 2018
Royal Eswatini Sugar Corporation (RSSC)	37.54%	37.03% ▼
Nedbank Eswatini Limited	7.32%	7.22% ▼
Royal Swazispa Holdings Limited	1.17%	1.15% ▼
Eswatini Empowerment Limited (SEL)	16.76%	17.36% ▲
Eswatini Property Investments Limited (SWAPROP)	3.88%	3.86% ▼
Greystone Partners Limited	11.84%	11.92% ▲
SBC Limited	21.48%	21.46% ▼

Source: SSX Trading Statistics 2018



MARKET INDICATORS

Name of Index	Sep 2018	Oct 2018	Nov 2018	Dec 2018
SSX All Share Price Index	416.68	421.29	421.43	422.42

COMPARISON OF INDEX PERFORMANCES IN 4th QUARTER OF 2017 AND 2018

Name of Index	Dec 2017	Dec 2018	% Change
SSX All Share Price Index	406.45	422.42	3.93 ▲

MARKET CAPITALISATION IN 4th QUARTER 2018

	Sep 2018	Oct 2018	Nov 2018	Dec 2018
Market Capitalisation	3 592 892 446	3 632 696 446	3 633 859 379	3 642 369 566

COMPARISON OF MARKET CAPITALISATION IN 4th Quarter 2017 AND 2018

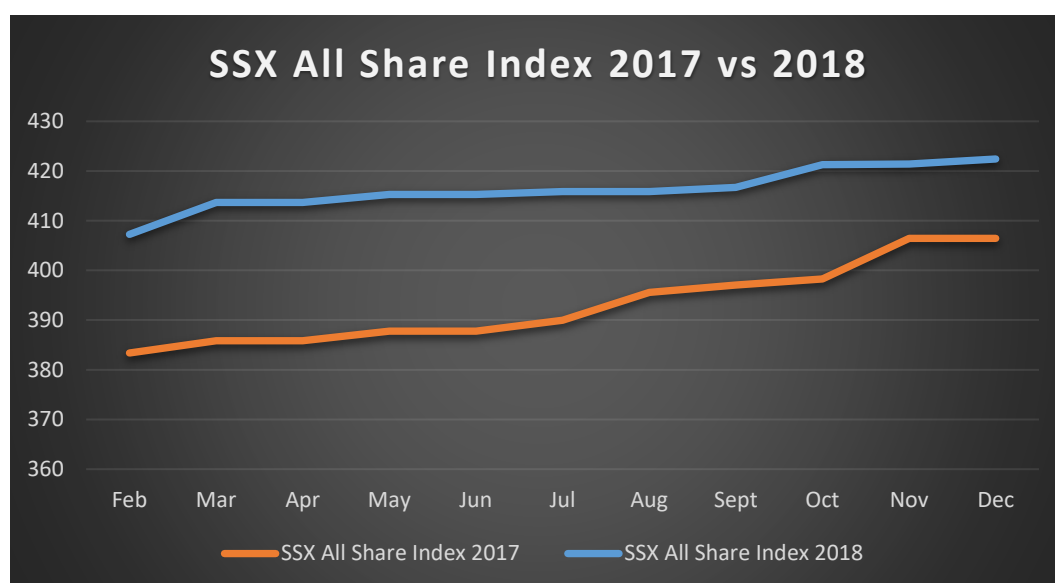
	Dec '17	Dec '18	% Change
Market Capitalisation	3 504 680 005	3 642 369 566	3.93 ▲

Source: SSX Trading Statistics 2018

SSX ALL SHARE INDEX TREND

The SSX All Share Index increased to 422.42, representing a 1.38%▲ increase from the previous quarter's close of 416.68. Trading during the 4th quarter remained rather subdued, as evidenced by the few trades that were brought on to the market. Furthermore, the few trades did not translate into significant increases in the All Share Index, as it increased marginally by 1.36%. The increase in the All Share Index was due to increases in the prices of four (4) equities, these consisting of a 5.01%▲ increase in the Swazi Empowerment Limited (SEL) share price, a 0.83%▲ increase in the Swaprop share price, a 2.00%▲ increase in the Greystone Partners Ltd share price, and a 1.25%▲ increase in the SBC Limited share price. Year-on-year, the All Share Index realised a gain of 3.93%▲.

GRAPH 2: SSX ALL SHARE INDEX '17 vs '18



Source: SSX Trading Statistics 2018

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 4: SHARE PRICE QUARTER COMPARISON AS AT 31 DECEMBER 2018

COMPANY NAME	SHARE PRICE SEPT 18	SHARE PRICE DEC 18	(%) GAINS	MKT CAP (SZL)
Nedbank Limited	1100	1100	0.00%	262 917 919
RSSC	1400	1400	0.00%	1 348 851 280
SEL	3255	3418	5.01%	632 330 000
Swaprop	600	605	0.83%	140 714 833
Swazispa Holdings	600	600	0.00%	41 966 964
Greystone Partners	300	306	2.00%	434 019 571
SBC Limited	800	810	1.25%	781 569 000
TOTAL				3 642 369 566

Source: SSX Trading Statistics, 2018

EQUITY TURNOVER

A total turnover of E2,597,570.80 was recorded from a sale of 320,054 shares over a total of thirteen (13) trades concluded over the 4th quarter of 2018. In comparison to the 2nd quarter of 2018, turnover increased by 1673.11%, up from E146,498.00 in the previous quarter. Trades conducted in the 4th quarter were as follows: SBC Ltd (5 Trades), Nedbank (1 Trade), Swazi Empowerment Limited (SEL) (1 Trade), Swaprop (2 Trades), and Greystone Partners Ltd (4 Trades).

TABLE 5: VALUE TRADED SUMMARY 4th QUARTER 2018

Company	Number of Shares	Share price (cps)	Emalangen	Date
SBC Limited	79 815	800	638 520.00	01/10/2018
Nedbank Limited	6 781	1100	74 591.00	02/10/2018
SBC Limited	2 840	810	23 004.00	03/10/2018
SEL	5 000	3418	170 900.00	25/10/2018
Greystone Partners	1 000	300	3 000.00	13/11/2018
Greystone Partners	2 000	300	6 000.00	19/11/2018
SWAPROP	1 000	600	6 000.00	22/11/2018
SWAPROP	9 000	605	54 450.00	23/11/2018
SBC Limited	186 918	810	1 514 035.80	10/12/2018
SBC Limited	2 000	810	16 200.00	17/12/2018
Greystone Partners	15 000	304	45 600.00	17/12/2018
Greystone Partners	5 000	306	15 300.00	19/12/2018
SBC Limited	3 700	810	29 970.00	20/12/2018
TOTAL			E2,597,570.80	

Source: SSX Trading Statistics, 2018

GRAPH 3: VALUE TRADED '17 vs '18

Source: SSX Trading Statistics, 2017-18

CORPORATE BONDS

The 4th quarter of 2018 realised 6 new note issuances, these being FIN206, FIN207, FIN208, FIN209, SML611, and SML612. FINCORP returned to the market in the fourth quarter to raise an additional E70.00 million, E6.00 million, E9.00 million and E11.00 million through FIN206, FIN207, FIN208 and FIN209. In addition SELECT returned to the market to raise E31.50 million through SML611 and E48.26 million through SML612 in the third quarter. On the other hand, 3 bonds matured during the quarter being INYATSI's ICL206 worth E50.00 million, FINCORP's FIN200 worth E70.00

million and NEWERA's NWR202 worth E30.10 million. This saw the cumulative corporate bonds outstanding as of December 31, 2018 increase to E1.17 Billion, from the previous quarter's outstanding amount of E1.14 Billion. This marked a 2.63% increase in total bonds outstanding. Year-on-year, total corporate bonds outstanding increased by 13.08%.

The Table below shows the listed bonds as at December 31, 2018. (See Corporate Events below for new corporate bond issuances in the period under review).

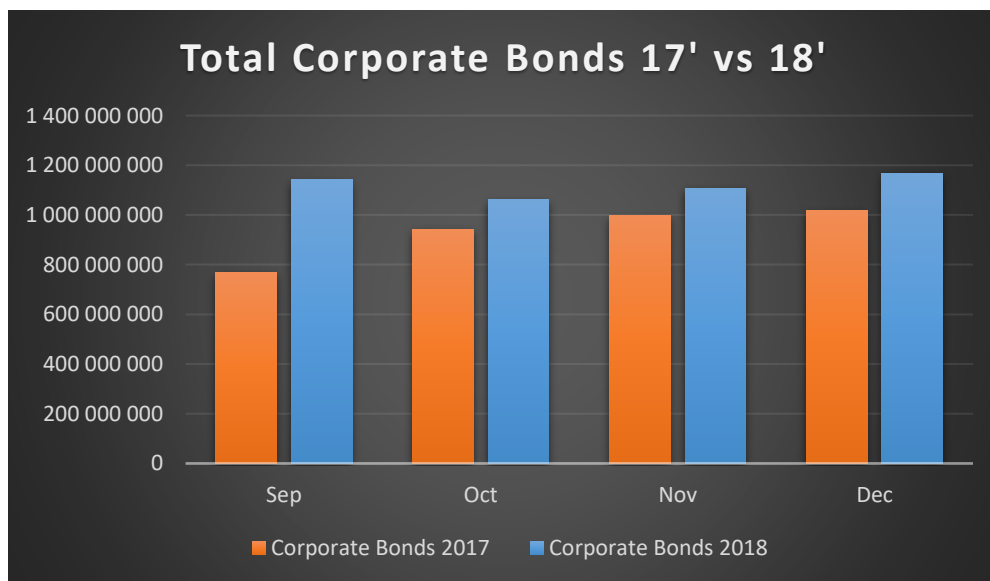
TABLE 6: CORPORATE BONDS AS AT 31 DECEMBER 2018

Name	ISIN Code	Coupon	Maturity Date	Nominal Value (SZL)
Select Limited SML300	SZD000551432	9,75	19 November 2019	50 000 000,00
Select Limited SML304	SZD000551541	11,50	19 February 2019	40 000 000,00
Select Limited SML402	SZD000551662	10,79	04 May 2019	44 000 000,00
Select Limited SML403	SZD000551694	13,50	13 May 2019	5 000 000,00
Select Limited SML404	SZD000551747	14,00	30 August 2019	15 000 000,00
Select Limited SML405	SZD000551770	14,00	28 October 2019	15 000 000,00
Select Limited SML406	SZD000551812	13,00	07 April 2020	20 000 000,00
Select Limited SML407	SZD000551861	12,25	29 June 2019	6 000 000,00
Select Limited SML408	SZD000551886	13,33	04 July 2020	10 000 000,00
Select Limited SML500	SZD000551787	14,50	11 January 2020	50 000 000,00
Select Limited SML501	SZD000551804	12,50	24 February 2022	8 859 200,00
Select Limited SML502	SZD000551837	13,50	16 April 2020	30 500 000,00
Select Limited SML503	SZD000551845	14,00	09 June 2020	50 000 000,00
Select Limited SML504	SZD000551894	13,25	04 July 2020	10 000 000,00
Select Limited SML505	SZD000551919	13,50	28 July 2020	26 000 000,00
Select Limited SML506	SZD000551950	13,50	28 October 2020	17 000 000,00
Select Limited SML507	SZD000551992	13,50	17 November 2020	2 000 000,00
Select Limited SML508	SZD000552159	12,00	06 August 2021	1 130 000,00
Select Limited SML600	SZD000551968	13,50	28 October 2020	9 000 000,00
Select Limited SML601	SZD000551976	13,50	17 November 2020	9 000 000,00
Select Limited SML602	SZD000551984	13,25	10 November 2019	30 000 000,00
Select Limited SML603	SZD000552018	13,00	20 December 2020	20 100 000,00
Select Limited SML604	SZD000552026	13,00	20 December 2020	10 000 000,00
Select Limited SML605	SZD000552042	13,25	10 April 2021	21 920 000,00
Select Limited SML606	SZD000552026	11,75	04 May 2020	24 200 000,00
Select Limited SML607	SZD000552076	12,50	06 June 2021	5 000 000,00
Select Limited SML608	SZD000552167	10,75	28 July 2019	5 910 643,84
Select Limited SML609	SZD000552100	13,75	03 August 2023	30 000 000,00
Select Limited SML610	SZD000552118	13,50	06 August 2023	17 540 627,04
Select Limited SML611	SZD000552126	13,00	30 October 2023	31 500 050,00
Select Limited SML612	SZD0004552134	12,00	13 December 2020	48 257 103,29
FINCORP FIN102	SZD000551564	11,50	16 January 2019	30 000 000,00
FINCORP FIN107	SZD000551686	10,79	04 May 2019	35 000 000,00

FINCORP FIN108	SZD000551721	12,50	08 July 2019	21 676 003,80
FINCORP FIN110	SZD000551796	13,00	24 January 2020	7 743 750,00
FINCORP FIN111	SZD000551820	13,00	06 April 2020	20 000 000,00
FINCORP FIN112	SZD000551845	13,75	09 June 2020	50 000 000,00
FINCORP FIN201	SZD000552000	13,75	09 May 2020	10 000 000,00
FINCORP FIN202	SZD000552034	14,00	30 March 2023	48 000 000,00
FINCORP FIN203	SZD000552040	11,75	04 May 2020	24 200 000,00
FINCORP FIN204	SZD000552084	12,50	06 June 2021	5 000 000,00
FINCORP FIN205	SZD000552091	11,85	06 July 2020	6 338 938,32
FINCORP FIN206	SZD000552175	12,00	07 October 2019	70 000 000,00
FINCORP FIN207	SZD000552183	12,00	17 October 2021	6 000 000,00
FINCORP FIN208	SZD000552191	12,00	08 November 2021	9 000 000,00
FINCORP FIN209	SZD000552200	12,00	23 November 2021	11 001 972,00
INYATSI ICL 207	SZD000551943	10,75	11 October 2019	150 000 000,00
TOTAL				E1,166,878,288.29

Source: SSX Trading Statistics, 2018

GRAPH 4: CORPORATE BONDS 4th QUARTER 2018



Source: SSX Trading Statistics, 2018

MATURED/REDEEMED CORPORATE BONDS

TABLE 7: MATURED/REDEEMED CORPORATE BONDS

Bond Name	ISIN Code	Coupon	Maturity Date	Nominal Value (E)
ICL206	SZD000551935	10.75	01- Oct - 18	50 000 000
FIN200	SZD000551927	12.50	05- Oct - 18	70 000 000
NWR202	SZD000551333	10.50	30- Oct - 18	30 100 000
TOTAL				150 100 000

Source: SSX Trading Statistics, 2018

NEW CORPORATE BOND ISSUANCES

TABLE 8: NEW CORPORATE BONDS

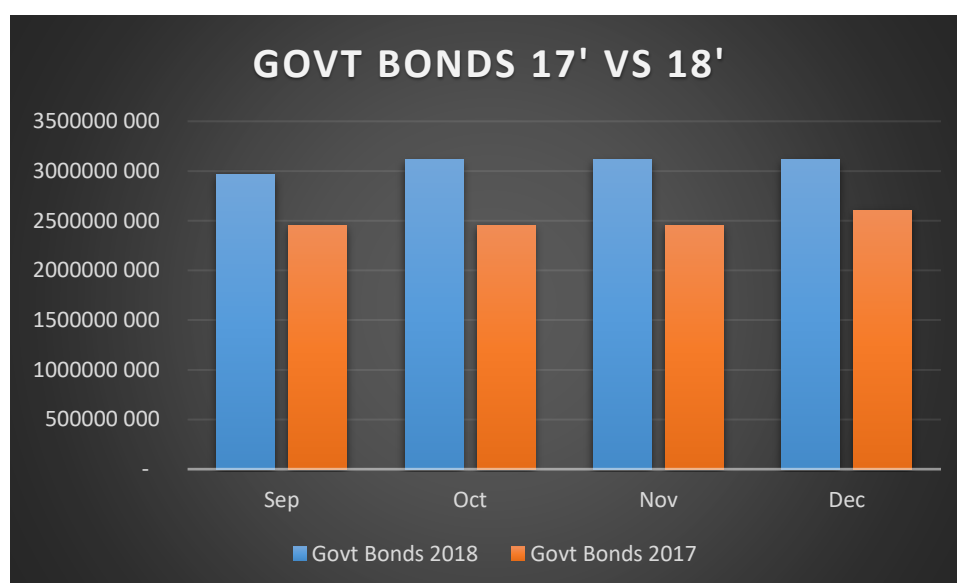
Bond Name	ISIN Code	Coupon	Maturity Date	Nominal Value (E)
FIN206	SZD000552175	12.00	07-Oct-19	70 000 000.00
FIN207	SZD000552183	12.00	17-Oct-21	6 000 000.00
FIN208	SZD000552191	12.00	08-Nov-21	9 000 000.00
FIN209	SZD000552200	12.00	23-Nov-21	11 001 972,00
SML611	SZD000552126	13.00	30-Oct-23	6 338 938.32
SML612	SZD0004552134	12.00	13-Dec-20	48 257 103,29
TOTAL				150 598 013.61

Source: SSX Trading Statistics, 2018

GOVERNMENT DEBT

During the period under review, Government through the Central Bank of Eswatini (CBE) maintained 22 bonds with different maturities, ranging from 3, 5, 7, 8, 9, and 10 years. Total outstanding bonds as at December 31, 2018 stood at E3.11 billion, reflecting a 5.06% increase from the previous quarter, which was as a result of the total nominal value of the commenced bond (SGIFB006) with nominal value of E150 million while no bonds matured during the period under review. Year-on-year, total government bonds outstanding increased by 19.54%▲. This significant increase saw government raise an additional E150 million in the local bond market, through Government bond SGIFB006. During the course of the 4th quarter of 2018, there no government bonds that matured. The total outstanding bonds as at December 31, 2018 were as outlined below:-

GRAPH 5: GOVERNMENT BONDS AS AT 31 DECEMBER 2018



Source: SSX Trading Statistics, 2018

TABLE 9: ESWATINI GOVERNMENT BONDS AS AT DECEMBER 31, 2018

Name	ISIN Code	Coupon	Maturity Date	Nominal Value (SZL)
Eswatini Government SG017	SZG000441157	8,50	31 October 2020	250 000 000,00
Eswatini Government SG018	SZG000441162	9,25	31 January 2024	200 000 000,00
Eswatini Government SG020	SZG000441181	8,25	20 October 2019	82 000 000,00
Eswatini Government SG022	SZG000441207	Floating	25 September 2022	150 000 000,00
Eswatini Government SG023	SZG000441215	8,75	30 November 2020	250 000 000,00
Eswatini Government SG024	SZG000441223	9,50	31 May 2019	200 000 000,00
Eswatini Government SG025	SZG000441231	10,00	20 June 2021	150 000 000,00
Eswatini Government SG026	SZG000441248	Floating	31 August 2023	150 000 000,00
Eswatini Government SG027	SZG000441256	10,75	31 October 2026	150 000 000,00
Eswatini Government SG029	SZG000441272	10,50	28 February 2022	150 000 000,00
Eswatini Government SG030	SZG000441280	10,25	30 June 2024	150 000 000,00
Eswatini Government SG031	SZG000441322	10,00	31 January 2025	150 000 000,00
Eswatini Government SG033	SZG000441355	9,25	29 June 2023	40 000 000,00
Eswatini Government SG034	SZG000441363	9,75	29 June 2025	40 000 000,00
Eswatini Government SG035	SZG000441371	10,25	29 June 2028	70 000 000,00
Eswatini Government SG036	SZG000441389	9,00	31 August 2021	30 000 000,00
Eswatini Government SGIFB001	SZG000441297	9,75	31 July 2022	150 000 000,00
Eswatini Government SGIFB002	SZG000441306	10,00	31 October 2025	150 000 000,00
Eswatini Government SGIFB003	SZG000441314	10,25	29 December 2026	150 000 000,00
Eswatini Government SGIFB004	SZG000441348	10,00	29 March 2028	150 000 000,00
Eswatini Government SGIFB005	SZG000441356	9,75	31 May 2026	150 000 000,00
Eswatini Government SGIFB006	SZG000441397	9,50	28 September 2024	150 000 000,00
TOTAL				<u>E3,112,000,000.00</u>

Source: SSX Trading Statistics 2018

MATURED/REDEEMED GOVERNMENT BONDS

There was no government bond that matured during the quarter under review.

NEW GOVERNMENT BOND ISSUANCES

There was one government bond that commenced trading during the quarter under review.

TABLE 10: NEW GOVERNMENT BOND ISSUANCES

Bond Name	ISIN Code	Coupon	Maturity Date	Nominal Value (SZL)
SGIFB006	SZG000441397	9.50	28-Sep-24	150 000 000
TOTAL				150 000 000

Source: SSX Trading Statistics 2018

SSX MEMBERS

Two (2) Stockbroking companies are currently licensed as Dealing Members of the SSX. These are:-

- **Eswatini Stockbrokers Limited (SSL)**
- **African Alliance Eswatini Securities Limited (AASSL)**

Four (4) commercial banks are currently recognised as Exempt Dealers by the SSX. These are:-

- **Nedbank Eswatini**
- **Standard Bank Eswatini**
- **First National Bank Eswatini**
- **Eswatini Development and Savings Bank**

One (1) institution is recognised as a Debt Sponsor for Eswatini Government Bonds by the SSX. This is:-

- **The Central Bank of Eswatini (CBS)**

CORPORATE EVENTS ON THE SSX

1. **Inyatsi corporate bond (ICL206) with nominal value SZL50 million matured in the month of October (01/10/2018).**
2. **Fincorp corporate bond (FIN200) with nominal value SZL70 million matured in the month of October (05/10/2018).**
3. **Government bond (SGIFB006) with nominal value SZL150 million commenced trading in the month of October (08/10/2018).**
4. **Fincorp corporate bond (FIN206) with nominal value SZL70 million commenced trading in the month of October (13/10/2018).**
5. **Newera corporate bond (NWR202) with nominal value SZL30.1 million matured in the month of October (30/10/2018).**
6. **Fincorp corporate bond (FIN207) with nominal value SZL6 million commenced trading in the month of November (02/11/2018).**
7. **Select corporate bond (SML611) with nominal value SZL31.5 million commenced trading in the month of November (14/11/2018).**
8. **Fincorp corporate bond (FIN208) with nominal value SZL9 million commenced trading in the month of October (23/11/2018).**
9. **FINCORP corporate bond (FIN209) with nominal value SZL11.002 million commenced trading in the month of December (07/12/2018).**
10. **Select corporate bond (SML612) with nominal value SZL48.3 million commenced trading in the month of December (31/12/2018).**

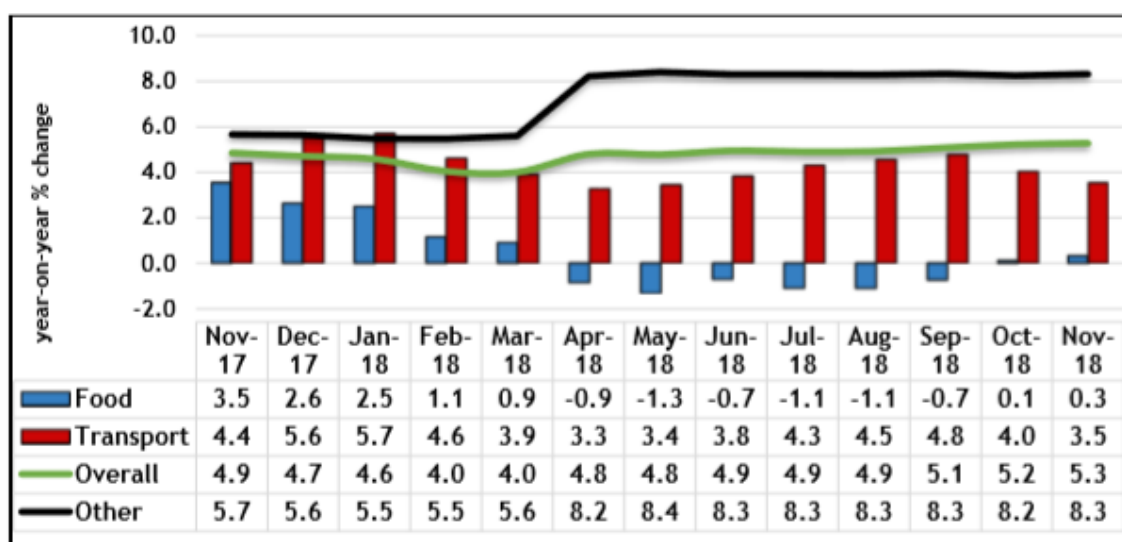
ECONOMIC BRIEF

INFLATION

The country's annual consumer inflation grew by 0.1 of a percentage point to 5.3 per cent in November 2018, from 5.2 per cent in October 2018, largely due to a slight increase in food prices. Food inflation continued on a modest uptrend for the third consecutive month, rising to 0.3 per cent in November 2018 from 0.1 per cent the previous month. The increase mainly resulted from increases in the prices of 'meat' (mainly poultry), 'oils, fats', and 'fish and sea-food' products. Additional inflationary pressures came from the price indices for 'housing and utilities' and 'miscellaneous goods and services'. The index for 'housing and utilities' grew by 14.1 per cent in November 2018 compared to 13.8 per cent in the previous month, the growth rate of the price index for 'miscellaneous goods and services' increased modestly to 1.2 per cent in November 2018 from of 1.0 per cent in the previous month.

The above increases were partially offset by decreases observed in the price indices for 'transport', 'furnishing and household equipment' and 'recreation and culture'. Transport inflation slowed by 0.5 of a percentage points to 3.5 per cent in November 2018, while the growth rates in the price indices for 'furnishing and household equipment' and 'recreation and culture' decreased by 0.5 and 0.8 of a percentage point in November 2018, respectively. On month-on-month rates, consumer inflation increased by 0.2 per cent in November 2018 compared to 0.3 per cent in October 2018.

Figure 3: Inflation Trends: November 2017 to November 2018



Source: Central Statistical Office

Source: Central Statistical Office 2018 - CPI Report

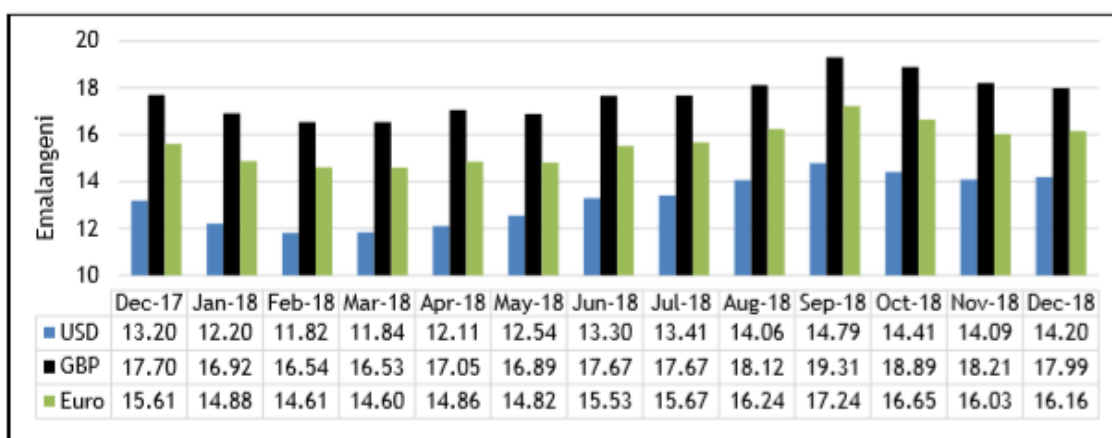
EXCHANGE RATES

During the month of December 2018, the Lilangeni exchange rate weakened against the US Dollar and the Euro while it strengthened against the Pound Sterling when compared to the previous month. Against the US Dollar, the Lilangeni depreciated by 0.1 per cent

to the close the month under review at an average of E14.20. The marginal depreciation of the local currency against the US Dollar is attributed to a slight renewal of trade tensions between China and the US which have negative repercussions for trade relations between South Africa and China, hence the performance of the Rand/Lilangeni exchange rate. Concerns around global growth further precipitated the brief Rand sell-off as investors sought the safety of the greenback against the worrying state of the global economy. The European Central Bank shrugged off any minor losses in the month despite retreating on its quantitative easing program following the downward revision of growth projections for 2019. As a result, the Lilangeni was slightly weaker by 0.01 per cent against the Euro to close the month under review at E16.16 average.

The third quarter growth for 2018 in South Africa surprised on the upside and corrected the recessionary growth recorded in the previous quarter. Slow progress and the political uncertainty towards the exit of Britain from European Union continued to drag on the Pound Sterling performance against external currencies. In the month under review, the Lilangeni traded at E17.99 to the Pound Sterling, a 1.2 per cent appreciation when compared to the previous month. At the end of the month, the local unit was weaker at E14.39 to the US Dollar, at E18.24 to the Pound Sterling and E16.44 to the Euro after closing the month of November 2018 at E13.66 to the US Dollar, at E17.47 to the Pound Sterling and E15.57 to the Euro.

Figure 9: Average Exchange Rates: December 2017 to December 2018.



Source: Central Bank of Eswatini

Source: Central Bank of Eswatini - RED Report November-December 2018

OTHER ACTIVITIES

ESWATINI RETIREMENT FUNDS FORUM – OCTOBER 30, 2018, ROYAL SWAZI SPA, EZULWINI

Eswatini Stock Exchange staff attended a breakfast meeting which was hosted by Eswatini Retirement Funds Forum. The Theme of the event was “Governance of Retirement Funds” which was officially opened by the CEO of the Financial Services Regulatory Authority (FSRA), Mr Sandile S. Dlamini. Other notable speakers were:

- ✓ Ms Wilma Mokupo, who delivered The Keynote Address on *Good Governance & Trustee Training*. This was mainly addressing trustees on how they should uphold to High ethical standards and the need for training of trustees on best decision making which are in the best interest of beneficiaries of pension and retirement funds.
- ✓ Mr Victor Langa from African Alliance Eswatini Limited who indicated that they were in the process of listing a new company called Inala Capital whose main focus will be food chain and agriculture businesses.

A panel discussion was also held between the above mentioned speakers with the inclusion of Ms Jolly Mokorosi and Mr Muzi Dlamini. They discussed the need for a minimum qualification requirement for one to be considered a trustee and how the incoming government can help improve the investment environment of Eswatini. They also touched on the issue of over spending when attending training sessions out of the country. Ms Wilma Mokupo emphasized that we should look at ways to minimize spending when travelling for training because the funds for all the trainings and travelling come from the pension funds. She then discussed how trustees or people appointed to manage pension funds need to understand that the funds are for the people and not for their personal enjoyment or to better their own agendas.

2ND TECHNOLOGY, INNOVATION AND ENTREPRENEURSHIP CONFERENCE - NOVEMBER 12-13, 2018, THE GEORGE HOTEL, MANZINI

Held at the George Hotel in Manzini, attended by key industry players in the Innovation and Entrepreneurship space, and entrepreneurs, and students from local universities as well as a representative from the Ministry of ICT. The two-day conference hosted by the Royal Science and Technology Park involved presentations from professionals and local entrepreneurs who shared not only how to start and maintain successful businesses, but also tips to stay at the top in an evolving and innovative business space.

Corporate pitches were done by the invited exhibitors including the Financial Services Regulatory Authority, Standard Bank and MTN, to name a few. The Stock Exchange also made a corporate pitch covering what the stock exchange does and how it can be of service to small businesses and entrepreneurs who would like to grow their businesses.

UNESWA ICT FAIR 2018 – NOVEMBER 16-17, 2018, UNESWA, KWALUSENI

Eswatini Stock Exchange team attended the annual ICT Fair hosted at UNESWA on the 16th – 17th November 2018.

- ✓ The University of Eswatini (UNESWA) together with Royal Science & Technology Park (RSTP), the Ministry of ICT and the Ministry of Education and Training realised the need to create ICT awareness in the Kingdom of Eswatini as an economic driver in attaining His Majesty's Vision 2022. The ICT Fair was initiated in 2017, to provide a platform for students, individuals and business players in the ICT industry to get an opportunity to showcase their innovative ideas, products and services to the

community. Therefore, the ICT Fair even allows young children, individuals and students to contest in various competitions such as programming contests, innovation contests and gaming contests to stimulate their ICT passion. In addition to that, professionals in science, technology, engineering and mathematics engaged in Information Technology (IT) seminars pertaining to current technological opportunities, benefits, challenges, issues and as well as policies.

- ✓ The SSX team presented to the public, the Ministry of ICT and the Ministry of Education on the new exciting products that the SSX will be introducing in the near future. The turnout was very encouraging and the public was very curious on the new mobile trading platform and how they could get involved in investing on companies listed on the SSX Board. Some of the companies that attended included Communications regulator, Mobile Operators, Financial Institutions, Government Institutions, News Media, and Consumers Association.

FINANCIAL INNOVATION SEMINAR - NOVEMBER 21, 2018, ROYAL VILLAS, EZULWINI

Eswatini Stock Exchange staff attended this event and the key speakers and topics touched on during presentations included the following:-

- Mr Moshtaq Ahmed – Digital Technologies Changing the Financial Sector where he highlighted that only 44% of Swatis have bank accounts and over 200,000 mobile money accounts. Globally, 300 billion invested in Fintech. Banks are changing nowadays, for example, we have (i) Bionic Bank, (ii) Invisible Bank, (iii) Open Bank

Things Eswatini needs to do to improve Financial Technology:

1. Smart Citizen – citizens need to adapt and adopt new technological changes
2. Smart Government e.g. Police need to use latest tech
3. Smart Business e.g. rural citizens have been engaged in same business over the years.
4. Shift focus from investing in infrastructure to technology

Mr Dumisani Dube presented on Fintech and Potential for Financial Inclusion

- Less regulation is needed to develop FinTech i.e. regulations need to allow new innovations to come in.
- Skills development, financial inclusion and networking & collaboration also needs to improve.
- Data - driven decision making should be promoted and hence need for data mining.

Dr Elizabeth Kasekende and Dr Ismael Arif presented on FinTech and Financial Regulation as well as Blockchain Technology

- Need for safe guards to mitigate cyber risks, building data capacity, governance & disclosure frame works and building staff capacity in new areas of required expertise.

MEETING OF THE SADC NATIONAL FINANCIAL INTERGRATION STAKEHOLDER CLUSTER – NOVEMBER 22, 2018

Eswatini Stock Exchange staff attended the SADC National Financial Integration Stakeholders meeting. Eswatini noted a number of issues which are hindering implementation of the RISDP Strategy 2030, namely.

- Coordination at the national level and sector level is poor due to lack of capacity and skills to drive the regional integration at national level.
- No prioritised issues and look at funding for implementation of SADC programs.
- Alignment of RISDP with the National Development Plan is key to ensure ownership of SADC programs through funding and implementation.
- Implementation of RISDP and other activities is very slow hence results and benefits of regional integration may not be realized.
- SADC committee and some of its subcommittees do not meet as expected and do not set aside time for discussions and debate on regional issues.
- Broader stakeholders' consultations are lacking as subcommittee are not proactive but want to be invited.
- Sectors are not able to meet/attend SADC regional meetings due to lack of funds.
- Lack of information sharing by those who attend regional meetings.
- Need to liaise closely and align the program and activities of sectors with industrialized Strategy e.g. Youth, Skills, SMEs and job creation.

CoSSE 54TH MEETING HOSTED BY THE JOHANNESBURG STOCK EXCHANGE (JSE), SANDTON, RSA – NOVEMBER 22, 2018

The CEO, GM Capital Markets Development and Manager SSX represented the SSX at this meeting which was hosted by the JSE. All countries' three quarters reports (January 1 – September 30, 2018) were reviewed and member exchanges were encouraged to engage government on capital markets issues especially policies.

Ms Zeona Jacobs, the former Chairperson of CoSSE reported that she has resigned from the JSE and Ms Anne Clayton would be the JSE Representative at CoSSE. Ms Sheila Abrahams who had been CoSSE Secretariat during Zeona's term also reported that she had also resigned from the JSE. She encouraged all Exchanges to participate in the "SA Tomorrow" Talk Show in New York since it does not promote only South Africa, but other countries within the SADC region.

The Chair requested Member Exchanges to meet deadlines, especially on information that is sent to third parties. He also mentioned that stakeholder engagement are key, especially with the African Development Bank (AfDB) to establish a Regional Development Fund.

He also reported that US Embassies across SADC countries will work with all exchanges and fund Anti-Money Laundering (AML) trainings.

He reported that the BSE will be hosting the 56th CoSSE Meeting and 23rd ASEA General Assembly and Annual Conference in Kasane, Botswana in November 2019.

FINSEC, Zimbabwe's Alternative Trading Platform was admitted as a Member of CoSSE after they presented their business case to other Exchanges and were satisfied with their business model which was described as a bit different from the other exchanges as it is more technologically driven, and more aligned with the fourth industrial revolution. It is worth mentioning that FINSEC is a subsidiary of Escrow Group, whose sister company, Escrow Systems are in partnership with the SSX in the automation of its trading platform.

Mr Anirood Meeheelaul, SADC Secretariat reported that the Comoros, a French speaking country has joined SADC. He also reported that 40 million euros has been given to SADC just for the development of capital markets. He also mentioned that his contract at SADC and that of Ms Thembi Langa will be ending soon this year.

Subcommittee Reports

1. Capacity Building and Visibility Subcommittee – The Chairperson, Mr Ilidio Guibalo from Mozambique Stock Exchange (BVM) reported that the Securities Lending Training will be conducted during the first quarter of 2019.

2. Legal Subcommittee – The Chairperson, Ms Zeona Jacobs from the JSE requested Member Exchanges to make use of the Development Finance Resource Centre and since she was leaving CoSSE after her resignation from the JSE, she urged members to speak to the SADC Secretariat, Mr Anirood Meeheelaul and Ms TThembi Langa about it.

3. Market Development Subcommittee - The Chairperson, Mr Thapelo Tsheole, the CEO of BSE and CoSSE Chairperson reported that a template will be developed to track implementation at all countries so as to ensure that the Bond Proposal of having bonds listed and traded on exchanges succeeds.

He also reminded all Member Exchanges that the \$1,500.00 annual subscriptions must be paid by February 28, 2019.

Reports from Regional Meetings

1. Committee of Insurance, Securities and Non-banking Authorities (CISNA) – Mr Dale Fick from Seychelles Stock Exchange (Trop-X) as they represented CoSSE at the first bi-annual CISNA Meeting reported that regulation should be like “cooking fish”, not over done to a point of stifling and killing regulated financial services providers. Mr Dorivaldo Teixeira from Angola Stock Exchange (BODIVA) as they represented CoSSE at the last bi-annual CISNA Meeting reported that they discussed centralisation of bond trading and passporting and that BODIVA launched a web portal to allow Retail Investors to buy government bonds much easily and faster.

Committee of Central Bank Governors (CCBG) – Ms Mabakoena Moonyane from Maseru Securities Market (MSM) reported that the Financial Markets Subcommittee (FMS) of the CCGB has agreed on the Hybrid Model of trading government bonds across

SADC, which means that the primary market will be done by the Central Banks and secondary market will be at the Exchanges.

CoSSE Activities

The Chairperson reported that the Mercantile Exchange of Madagascar has been requested to join CoSSE since the political turmoil in that country seems to have settled back to normal.

Regional Roadshows in 2020 have been planned and Exchanges were encouraged to bring along listed companies.

Exchanges were encouraged to adopt Edutainment as a means of increasing visibility and brand awareness of Exchanges and their functions as anchors of capital markets.

Exchanges were again urged to constantly post data / information on CoSSE Portal and ASEA website.

MEETING WITH MR. MICHAEL MGWABA, ABSA CAPITAL – DECEMBER 23, 2018

The CEO and Manager SSX had a meeting with Mr Mgwaba, Head of Exchange Traded Products at ABSA Capital as a follow up discussion on cross-listing their ETFs on the SSX. He promised to share the Bond Programme for local Bond ETF creation as the CEO clearly stated that the 50% local asset legislative requirement still stands and that ETFs with foreign underlying assets will be treated as foreign assets/securities.

All parties agreed that a follow-up roadshow needs to be undertaken next year with the involvement of Asset Managers and Pension Funds since their buy-in is key.

ASEA GENERAL ASSEMBLY MEETING AND ANNUAL CONFERENCE – NOVEMBER 25 – 27, 2018, ORIENTAL HOTEL, LAGOS, NIGERIA

The CEO, GM Capital Markets Development and Manager SSX represented the SSX at the 22nd ASEA Annual AGM and Conference hosted by the Nigerian Securities Exchange. The annual ASEA conference is the flagship conference for the African Securities Exchanges Association (ASEA) and it provides a platform for African exchanges, policy makers, global investors, issuers and intermediaries to connect and develop their knowledge, build valuable networks, explore emerging trends as they relate to the capital market, and map out actionable initiatives that will drive the sustainable development of African financial markets.

The theme of this year's conference was "Champions On The Rise: Africa's Ascension To A More Sustainable Future", and it underpinned the need for operators of African capital markets to fully embrace sustainable business practices, as well as the opportunities and risks presented by the fourth industrial revolution.

On Day 1 at the General Assembly, the new incoming President of ASEA was elected, Mr Karim Hajji, the CEO of Casablanca Stock Exchange, taking over from Mr Oscar N. Onyama, OON, CEO of the Nigerian Stock Exchange. In his maiden speech, he emphasized that during his tenure, he will promote sustainability and enhance financial inclusion. He mentioned that the banking system cannot finance all infrastructure needed in Africa and thus, Exchanges have to play a more prominent role. He allayed that State Owned Entities (SOEs) do not perform well and therefore, governments should consider listing a percentage of their holdings on African Exchanges, thereby improving their financial performance and invest in human capital and talent to rise to their fullest potential and spur economic growth. Last but not least, he reminded Exchanges to be mindful of climate change and thus, encourage governments to strongly invest in infrastructure and thus, float Green Bonds.

The ASEA 2019 – 2023 Strategy was also presented and officially adopted at the AGM.

Notable to report was the signing of a Memorandum of Understanding (MoU) between ASEA and the World Federation of Exchanges (WFE) which supports emerging markets around the world. Exchanges were encouraged to increase available data so as to increase appetite of our securities to the investing public. Ms. Nandini Sukumar, the CEO of the WFE mentioned that 7 out of 70 Members (10%) are from Africa which is a strong presentation.

On Day 2 and 3, various topical issues were discussed which were aimed at marketing African Exchanges as destinations for global capital flows. These included Product Development and Emerging Opportunities in Alternative Investments, Positioning African Securities Exchanges to Attract Greater Global Flows, Financing Africa's Burgeoning Entertainment Industry, Driving Africa's 'Real' Economy: Innovative Solutions for Market-Based SME Financing, Pathways to Inclusive Growth in Africa: Digital Finance, Financial Literacy, Inclusion and the Democratization of Wealth, FinTech for Africa, Driving Innovation and Efficiency in the 4th Industrial Revolution, African Capital Markets – Facilitators of Affordable Housing in Africa and RegTech and the Future of Regulation in Africa, among other topics.

The ASEA Market Development Working Group, where the Manager SSX is a member is mandated to explore and undertake issues of capacity building, advocacy, research and public relations. The Working Group undertook a comparative study about activities undertaken by member exchanges to attract listings and to attract investors. The study highlighted a number of initiatives deployed in the continent, their success, shortcomings and how they can be expanded for increased impact and results. The intention of this study was to serve as a reference point for strategies across African exchanges that are aimed, and have demonstrated success, at attracting listings and promoting investor participation in the stock market. Among the 28 member exchanges invited to participate in the study only 20 submitted their responses. The members who responded were: Botswana Stock Exchange, Eswatini Stock Exchange, Nairobi Securities Exchange, Stock Exchange of Mauritius, Casablanca Stock Exchange, Mozambique Stock Exchange, Douala Stock Exchange, Dar es Salaam Stock Exchange, Lusaka Stock Exchange, Tunis Stock Exchange, FMDQ OTC PLC, Zimbabwe Stock Exchange, Trop-X, Egyptian

Exchange, NASD OTC Securities Exchange, Cape Verde Stock Exchange, Johannesburg Stock Exchange, The Nigerian Stock Exchange, Ghana Stock Exchange and Malawi Stock Exchange. My gratitude goes to all the members that responded.

Generally, African exchanges are faced with common challenges such as low levels of financial literacy, poor savings and investment culture, lack of awareness about the importance of the stock market and rigid regulatory environment, among others. A number of initiatives are being deployed by individual exchanges to address these challenges. However, there are significant constraints ranging from limited budget, skills gap and undiversified economies dominated by owner-managed businesses. In several cases, such initiatives are targeted at educating businesses about unlocking value through the stock market. Whilst there are clear indications of success with certain initiatives, the lead times tend to be long and there is high uncertainty to whether these initiatives would ultimately convert into actual listings.

The Disruptive Technology Working Group, where the Manager SSX is also a member had a meeting by the sidelines of the conference where the Egyptian Exchange was requested to share its knowledge and experiences on developing in-house technology systems instead of buying or outsourcing them.

Last but not least, Exchanges were encouraged to demutualise otherwise, they will be hamstrung around exchanges that have unclear governance structures and also to democratise capital markets by embracing disruptive technologies as stock markets.

Enormous transformation is needed in the thinking levels of Africans as capital formation in Africa is still very weak and thus, Exchanges need to be very strong to bring about change and should have dreams and development of our countries should be built around those dreams.

Exchanges were also urged to focus on integrating trading systems and knowledge sharing and embrace data analytics in our operations and drive innovation during this fourth industrial revolution.

COLLABORATED EDUCATIONAL AND BRAND VISIBILITY ROADSHOW – NOVEMBER 24, 2018

The SSX staff in partnership with FSRA and OMBUDSMAN, participated in a Roadshow at Siteki on the 24th November, 2018. This saw the SSX team educate the people of Lubombo district about the services offered by the SSX.

AFRICAN UNION CAPACITY BUILDING WORKSHOP – HOSTED BY THE BOTSWANA STOCK EXCHANGE – DECEMBER 5 – 7, 2018, GABORONE

The African Union fully sponsored this Capacity Building Workshop for ASEA Members whose theme was “The role of capital markets development in mobilising domestic resources in Africa”.

The Workshop attracted about 50 participants including representatives from African stock and securities exchanges, stockbrokers, regulatory authorities, private sector and regional economic communities. The African Securities Exchanges Association, United Nations Economic Commission for Africa, African Development Bank, the African Capacity Building Foundation and the African Union Commission also attended.

The rationale of the Workshop was to bring together capital market practitioners with a view to building consensus on the role of capital markets in mobilising resources for Africa's development, in particular funding Agenda 2063 and the Sustainable Development Goals. Best practices were shared from across the continent on what measures have been taken to build the capacity of capital markets to fund infrastructure projects in particular, and to finance long term projects in general. The Workshop provided an opportunity to frame concrete policy options and actions for capital markets to be further developed and integrated in order to facilitate integration and harmonization of economic and financial policies.

It was noted that Africa's financial markets are mainly dominated by domestic institutional and private investors. The domestic institutional investors include banks, most of which are ill functioning, state owned and protected from outside competition, and insurance companies and pension funds. Capital markets recently began developing, though at a slow pace, and most African countries are still lagging behind. The number of active stock exchanges in Africa has grown considerably since 1989. However, most African countries' stock exchanges tend to be small and fragmented and they are characterized by a few listed companies, like the SSX.

Capital markets are crucial and imperative for the efficient functioning of financial markets and for governments in the promotion of both domestic and foreign savings and investments. The mobilisation and effective use of domestic resources has been identified as the most sustainable way of financing development. Mobilising domestic resources through the development of capital markets will go a long way in financing Africa's development and in creating wealth for the African citizens. In this regard, the need for key industry players to list on the stock exchanges in order to further deepen the African capital markets cannot be overemphasized.

The African Heads of States have emphasized the importance of domestic resource mobilisation for the development of the continent. Domestic resource mobilisation has become imperative as a result of the increasing developmental requirements of the continent including Agenda 2063 and the Sustainable Development Goals. Prioritising and investing in the capacity building of Member States so as to improve the capital markets is essential. Capital markets play a vital role in increasing the mobilisation of savings, therefore improving the efficiency and volume of investments, economic growth and the development of Africa.

The Addis Ababa Action Agenda (AAAA) of the Third Conference on Financing for Development called for the development of domestic capital markets, in particular, long-term bond and insurance markets, to meet longer-term financing needs. The AAAA also called for the strengthening of regional markets to achieve scale and depth that cannot

be attained by the small and ineffective markets. The small size of capital markets in Africa contributes to their high operational costs and inefficiency. The integration of financial markets in Africa is crucial for better mobilisation of resources, available within and outside the continent, and a stronger level of investment and economic growth.

The evolution of capital markets in Africa was also discussed at length where it was stated that the total capitalisation of African securities markets is currently estimated at around US\$2 trillion, up from US\$113 billion in the 1990s. However, 65% of the total market capitalisation and 25% of the total listings are in South Africa. African equity markets have seen some improvements in the volume of initial public offerings (IPOs) during the year 2017, driven mostly by South Africa, Egypt and Tunisia. Africa's stock markets are still illiquid, turnover ratios are very thin, at less than 1 per cent in many markets. Africa's share of the global equity turnover is less than 0.05 per cent.

This low liquidity implies more difficulty in supporting a local market's own trading systems, market analysis, and brokers as volume is too low. Most markets are capitalised below US\$50 billion, some with fewer than 10 listings, like the SSX. Overall, the prospects for growth in the African equity markets, including cross-border IPOs of African companies, are good, with South Africa, Egypt and Nigeria expected to lead the growth. There is a ray of hope shining on the SSX with the six prospective listings expected in 2019.

The bond markets have steadily increased over the years but nonetheless remain undeveloped. The bond market was about 140 per cent of global GDP as of 2013. In most African countries, however, the size of the bond market is less than 10 per cent of countries' GDP. Factors such as: economic size, openness of the countries' capital account, size and concentration of the banking sector, bureaucratic practices, interest rates spread, exchange rates volatility, fiscal balance challenges, corruption, quality of accounting standards, and size of domestic credit all impact the development of local bond markets. Non-local currency corporate debt activity continues to increase, indicating the increasing appetite for debt financing by African governments. Most of the non-local currency debt transactions are denominated in US dollars, with sovereign, supranational and non-US agencies accounting for over 75% of the total value of debt between 2013 and 2017. This debt was mainly raised by the financial sector, mostly Nigerian and South African banks.

The challenges faced by capital markets in Africa are many which include suffering from infrastructural bottlenecks. Trading, clearing, and settlement systems are slow, with some exchanges still operate using manual systems, like the SSX. In addition, private firms seem to lack confidence in the stock markets, selecting not to use them as a means of raising capital. The concern is that the risks associated with the required disclosure for IPOs are not adequately compensated by additional returns. Another challenge is that the costs that are required for companies to trade on the capital markets are high and cumbersome which discourages most companies from going public. African countries should work to overcome these challenges, partly by boosting the investor base by attracting foreign institutional and private investors. Increasing the investor base will

work to improve competition and liquidity in the local market, which is necessary for the growth and development of African capital markets.

The Workshop discussed various Capital Markets related issues on the continent and provided guidance to Member States. The subsequent sessions were organised in breakaway sessions to exchange views on the following sub-themes:

I. Infrastructure and Technology

Inadequate and poor infrastructure remains the major obstacle towards capital market development in Africa. Some stock exchanges like the SSX are still trading using the manual open outcry systems thus, perpetrating lack of market transparency. Lack of technological platforms to integrate the capital markets in Africa is a major challenge. Johannesburg and Nigerian stock markets have made progress in terms of ICT development and through this reform the number of their listed securities and brokers increased. Investing in capital markets infrastructure is vital for the development of the continent as this can simplify trading across borders and contribute towards the transformation of Africa.

II. Liquidity

Liquidity plays a crucial role in capital markets development of Africa. The continent is still facing a challenge of low liquidity, as indicated by the turnover ratio which is less than 5% in many markets and the share of global equity which is less than 0.05%. The illiquidity in Africa's stock markets implies more difficulty in supporting the local market's own trading system. This also limits access to long term financing and hindering of countries' capacities for local equity and debt financing. Therefore, much needs to be done in order to improve the liquidity and attract more company listings.

III. Regional Integration

Africa has made great efforts in terms of regional integration through different cooperation agreements that have been signed to foster the development of economies, more recently the African Continental Free Trade Area (AfCFTA). Regional integration can steer up competition, increase infrastructure investments and open up an opportunity to raise more funds. In this regard, there is need to establish appropriate instruments to encourage cross-border investments through cross-border trading of shares and other securities.

ESCROW GROUP VISIT TO THE SSX TO FINALISE AUTOMATION PROJECT – DECEMBER 10 - 21, 2018

Two members of Escrow Group visited the SSX and its stakeholders to finalise the automation of the SSX project. The Escrow group was able to meet all relevant stakeholders and track on automation progress thus far. The technical side of the automation project finished their tests, however, the business side had administrative issues which need to be attended before the Escrow team can return in January 2019 to

finalise the project and officially hand over the systems to the market. Some of these issues include:

- 1. Re-opening/reactivating SSX FNB Settlement Accounts which were discovered to could have been closed due to non-activity.**
- 2. Opening of Collection and Disbursement Accounts with MTN Eswatini for mobile trading.**
- 3. Opening of a Settlement account at the Central Bank of Eswatini.**
- 4. Demutualisation Directive by the Regulator after being gazetted by the Minister of Finance and subsequent Demutualisation Public Notice by the Exchange.**
- 5. Finalisation of reviewed Listings Requirements and Debt Listings Requirements together with their accompanying Schedules, Practise Notes and Guidance Letters, and the Rule Book with its accompanying Directives to the Rules.**

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