ESWATINI STOCK EXCHANGE

MARCH 2020
MONTH-END REPORT

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 March 2020 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 Eswatini Sugar Corporation Limited (RSSC)**
2. **Nedbank Swaziland Limited**
3. **SBC Limited**
4. **Swaziland Empowerment Limited (SEL)**
5. **Swaziland Property Investment Limited (SWAPROP)**
6. **Greystone Partners Limited**
7. **Royal Swazi Spa Holdings Limited**
8. **Inala Capital Limited**

There was no 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).

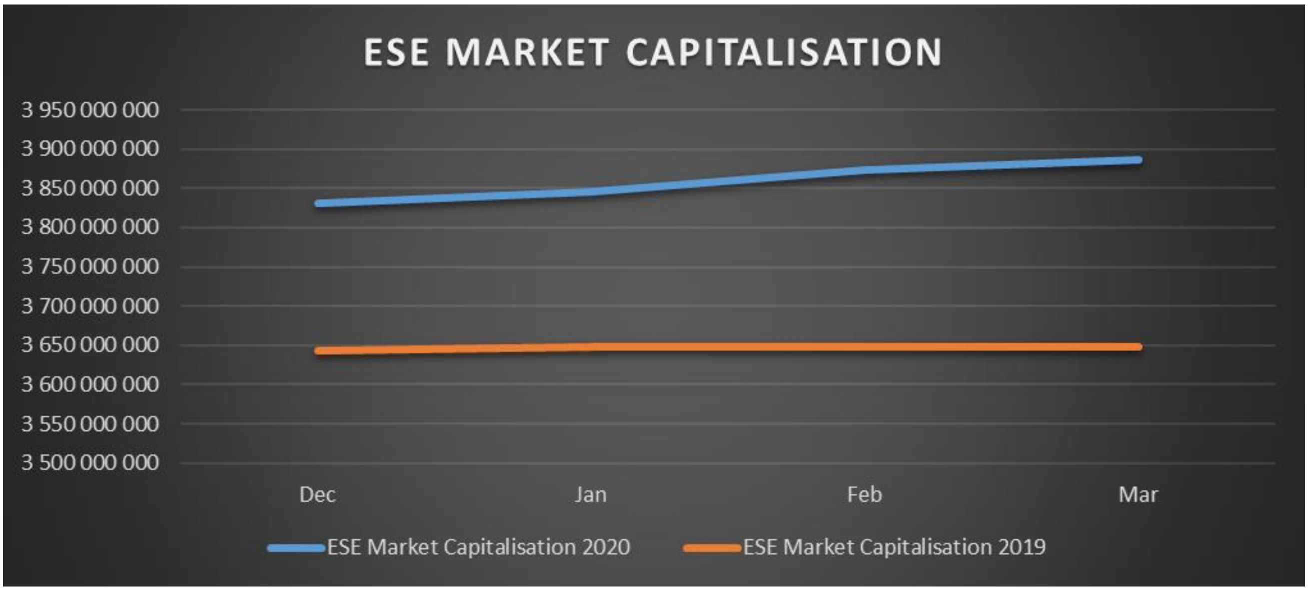
TABLE 1: LISTED EQUITY COMPANIES

	Dec 2019	Jan 2020	Feb 2020	Mar
Total companies listed	8	8	8	8
New entrants/listings	0	0	0	0
Domestic Companies	8	8	8	8
Foreign Companies	0	0	0	0

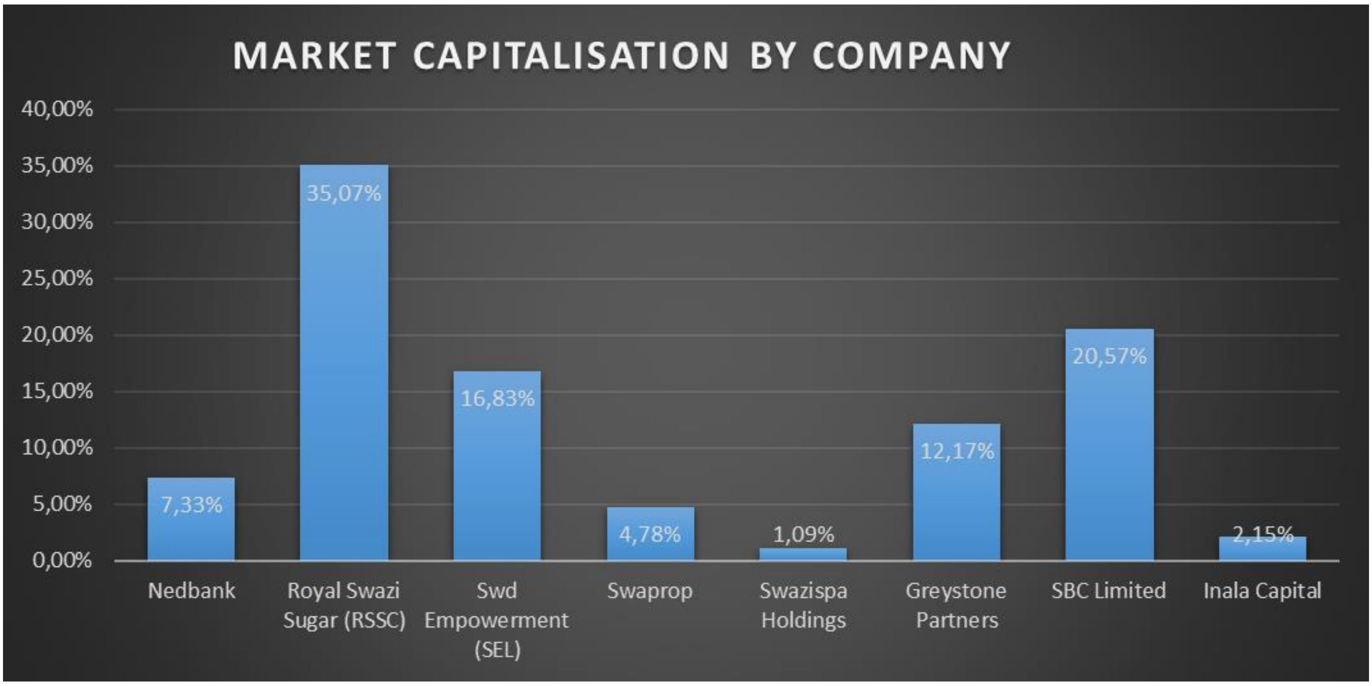
Source: ESE Trading Statistics, 2020

MARKET CAPITALISATION

The local equity market's values show the market capitalisation between February and March 2020 increased to SZL3.89 billion, a slight increase in comparison to February 2020. Year-on-year (March 2019 and March 2020), the market capitalisation realised a 6.54% gain from SZL3.65 billion to SZL3.89 billion.



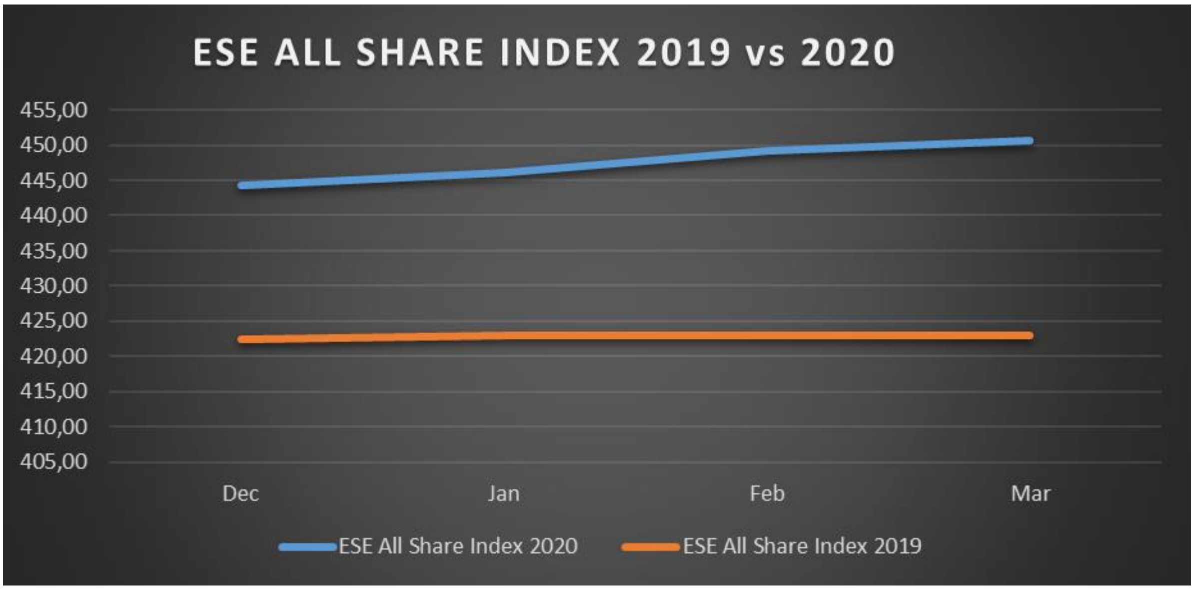
Source: ESE Trading Statistics, 2020



Source: ESE Trading Statistics, 2020

ESE ALL SHARE INDEX TREND

The ESE All Share Index between February 2020 and March 2020 increased from 449.26 to 450.65. This slight change in the All Share Index was as a result of a small number of trades in the month of March 2020. Year-on-year, the all share index increased by 6.54% from 422.97 to 450.65.



Source: ESE Trading Statistics, 2020

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 31 MARCH 2020

Company	March 28, 2019	March 28, 2020	Capital Gains Yield
NEDBANK LTD	1120	1230	**9.82%**
RSSC LTD	1400	1400	**0.00%**
SEL LTD	3418	3500	**2.40%**
SWAPROP LTD	605	790	**30.58%**
SWAZI SPA HOLDINGS LTD	600	600	**0.00%**
GREYSTONE PARTNERS LTD	306	347	**13.40%**
SBC LTD	810	820	**1.23%**
INALA CAPITAL	**0**	120	**0.00%**

Source: ESE Trading Statistics, 2020

Swaprop Ltd was the trailblazer, followed by Greystone, Nedbank, SEL and SBC.

ESWATINI STOCK EXCHANGE

EQUITY TURNOVER

The month of March 2020 had Three (3) trades. This was the sale of Greystone Partners, Nedbank and Inala Capital shares, which collectively recorded a total value of SZL170,237.00. Year on Year (i.e. March 2019 and March 2020) value traded decreased from SZL294,756.00 in 2019 to SZL170,237.00 in 2020

Source: ESE Trading Statistics, 2020

TABLE 3: VALUE TRADED OVER THE MONTH IN EQUITY COMPANIES

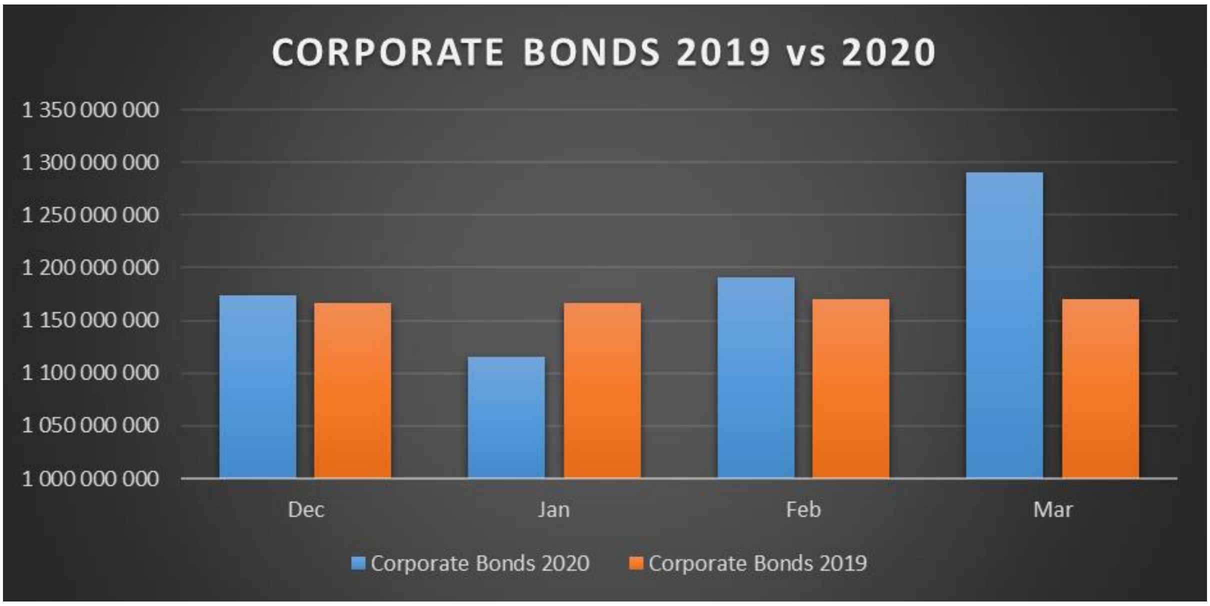
Company	***Number of Shares***	***Share Price(cps)***	***Emalangeni***	***Date***
Greystone Partners	**2 000**	**347**	**6 940.00**	03/03/2020
Nedbank	**3 764**	**1230**	**46 297.20**	10/03/2020
Inala Capital	**97 500**	**120**	**117 000.00**	03/03/2020
Total	**103 264**		**SZL 170 237.20**	

Source: ESE Trading Statistics, 2020

- *CPS – Cents per share*

CORPORATE BONDS

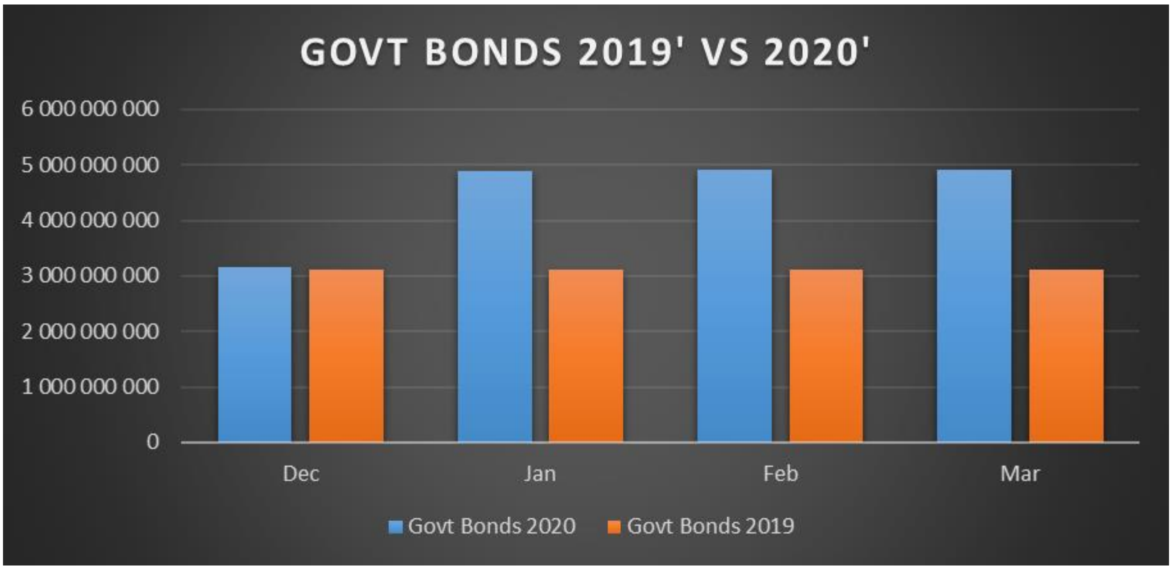
As at March 31, 2020 total Corporate Bonds value stood at SZL1.29 billion. Corporate bond SML800 worth SZL50 million and SML801 worth SZL50 million commenced trading on the ESE in March 2020. No bond matured in the month of March 2020. Year-on-year, Corporate bond activity marked a 10.35% increase in the overall total trading on the ESE.



Source: ESE Trading Statistics, 2020

GOVERNMENT BONDS

Total Government Bonds remained at SZL4.09 billion between February and March 2020. Year-on-year, Government marked a 57.58% increase in the total government bonds trading on the ESE.



Source: ESE Trading Statistics, 2020

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

Debt Sponsors

Central Bank of Eswatini

TABLE 3: ESE MEMBERS

	Oct 2019	Nov 2019	Dec 2019	Jan 2019	Feb 2020	Mar 2020
No. of Stockbroking Firms	2	2	2	2	2	2
No. of Exempt Dealers	4	4	4	4	4	4
No. of Debt Sponsors	1	1	1	1	1	1

Source: ESE Trading Statistics, 2020

CORPORATE NEWS

1. **Corporate bond SML800 worth SZL50 million and SML801 worth SZL50 million commenced trading on the ESE in March 2020.**
2. **The Market Committee convened a meeting to consider SELECT LIMITED E600 Million Medium Term Note (MTN) application to list on the ESE. This programme memorandum's listing was approved by the Market Committee on 9 March 2020.**

OTHER ACTIVITIES

AML/CFT TRAINING ON RISK-BASED SUPERVISION – HILTON GARDEN INN, MBABANE – 3 MARCH 2020

The Regulator invited EXCO Members to a wrap up session of the above mentioned consultation exercise with the Facilitator, Mr Phineas Moloto whose assignment was assisting the FSRA with devising necessary tools for supervising entities for effective supervision, understanding the source of risks so as to concentrate on top priority risks, helping in allocating resources and Heads of Departments are to drive the process of the National Risk Assessment, which is expected end of June to early July 2020.

He emphasized that in order to have a risk-based approach to AML/CFT Supervision, an entity must have the right staffing mix to boost its AML/CFT supervision capacity, risk-based AML/CFT Framework and Inspection Procedures that assist during the NRA exercise. Thus, training is key as AML/CFT Championship is a specialised field/area and he further advised that the University of Johannesburg has a Compliance Program on AML/CFT.

He further mentioned that manuals must be reasonable and much easier to understand and that remedial measures/actions, not monetary penalties or fines should be metted on supervised entities and that sanctions for non-compliance are in the AML/CFT Prevention Law. An enforcement process has been designed so that Assessors should not wonder around searching for relevant information needed their Mutual Evaluation.

He commended the FSRA for having evidence of improved compliance by FSPs since the first Mutual Evaluation was conducted in 2009. In this regard, he stated that post-inspection monitoring is key as the inspection exercise is just the beginning of the Regulator's job, it is key to assist FSPs to comply. On Outreach and Guidance in respect of ML/FT risks and AML Law obligations, he directed that information can be attained from the Registrar of Companies and the Eswatini Revenue Authority.

On Mutual Evaluation Expectations, he implored the FSRA to properly communicate its AML/CFT situation within the Institution and Eswatini Technical Committee on AML/CFT. He further advised FSRA to take charge of the environment as responsibility lies squarely on the Heads of Departments to avoid paying the price of not being prepared as sanctions are about political power. Thus, each department should speak for itself (Capital Markets, CSI and IRF) but they should be in sync since the report would be from the FSRA and coordinated effort is key here.

On systemic risk, he advised the FSRA to concentrate on the most important regulated entities like CISs and Asset Managers as they have different structures (CISs have trustees, etc while MANCOs do not have) and participants on the Stock Exchange.

REVIEW OF NATIONAL FINANCIAL INCLUSION STRATEGY FOR 2017-2022 (MID-TERM EVALUATION) - MOUNTAIN INN, MBABANE - 4-6 MARCH 2020

The Centre for Financial Inclusion together with the Ministry of Finance invited the ESE and industry players to make contributions on the Mid-Term evaluation for the National Financial Inclusion Strategy (NFIS). The Alliance for Financial Inclusion (AFI) was the lead contributor to the proceedings.

An Action Plan was given to stakeholders to implement as well as findings discussed on how far each stakeholder had gone with the Action Plan, difficulties and challenges faced. Regulators (Central Bank of Eswatini & Financial Services Regulatory Authority), FinMark Trust, Gender Unit, and Government were all represented.

Progress of the NFIS include growing e-money transactions, low-cost remittances targeted to the vulnerable groups, promoting insurance, expanding the banking sector, productive credit and farming to contribute to food security, reduce adult exclusion and improve the depth of financial inclusion as 71% of the population lives in rural places and 54% is the youth population. Financial Inclusion should demonstrate impact in people's lives.

The Financial Needs Framework looks at the imperatives needed to make the market better respond to challenges and better optimise their profits, the diversity of products that can be offered to the market via mobile phones e.g. medical insurance, responsible finance as mobile credit can both be helpful and harmful thus, there is a need to educate about financial empowerment.

The AFI presented the demand-side survey report which highlighted that the target is to reduce exclusion, people need to access 2 or more products by utilising the Financial Needs Framework and the National Financial Education Framework, including climate change which is disrupting farmers who are reliant on it for agriculture.

Mobile phone initiatives include interoperability inclusion of all banks and linkage with other financial products, agent exclusion should not be allowed (e.g. agent of MTN is prohibited from being an agent of another company), uniformity of definition is also key, nations to collect SME and farming disaggregated data and integrate the works of SMEs and risk management like flying away with public's money as well as strengthening cross-border remittances.

Mr Dieter de Smet presented on the Importance of a robust NFIS Governance and Stakeholder Coordination Structure where he pitched Tanzania's 4-Tier Governance Structure. It was felt that a combined one can be work best for Eswatini. The importance of coordination within the CFI as Chair cannot be overemphasized as it is enshrined in the FI Strategy. Regulators have to operationalise the FI structure and reconstitute our Working Groups.

Ms Hellen Walbey presented on Gender Inclusion Finance where she lamented the lack of a Council of Women in Eswatini as they are our gatekeepers. The Denarau Action Plan has 7 working groups with gender experts who are gender-focused people are needed to do a stakeholder-mapping exercise. She gave examples of the UK Rose Review for Women's Entrepreneurship that develops an enabling environment for women to prosper, Gender-focused support services like inhouse incubation like in Turkey, Gender-focused financial education regulation like in Bangladesh, Digital financial services, Gender sensitive regulation e.g. look for barriers that are stopping women from accessing e-money, policy guidelines on marketing and client engagement, Gender-based measurement framework which is an evidence-based policy and regulatory framework to ensure interventions are demand driven and targeted for optimal impact, and multi stakeholder approach and an integrative approach agency.

SADC REGIONAL INTEGRATION (RI) 2020 STRATEGIC PLANNING WORKSHOP – THE GEORGE HOTEL – 5-6 MARCH 2020

The SADC Unit with financial support/assistance from the GIZ, Germany hosted this strategic planning workshop which sought to enhance market efficiency, collaboration through the value chain, create building blocks towards continental integration which calls for Regional Economic Communities (RECs) to be strong, focus on them as building blocks.

The SADC Regional Indicative Strategic Development Plan (RISDP) was developed in 2000 as a blueprint for SADC Member States which calls for them to stick to protocols that countries have signed up to e.g. FIP for Exchanges, apply the RI agenda, ensure the national structures are strong and robust in delivering their mandate, linking the available data to develop strategies for continent-wide integration. There is a new Regional Integration Index which was published in 2019 and looks at each of the 55 AU Member States.

Priority area for intervention calls for structures in member states to be put in place where stakeholders make terms of reference within which to work to operationalise actions, member states capacity to effectively manage and monitor the revised RISDP, tell the story of SADC, monitoring and evaluation is key where you make your stakeholders know what they will be evaluated on and capacitate them where necessary, have effective roles and people within the structures and capacitate them to deliver, mobilise resources and allocate to regional integration projects and mainstream efforts to deliver mandates.

The three Change Projects in Eswatini include: -

1. SADC National Media Coordinator (SNMC) Change Project which is the local SADC structure designated as the local focal point to achieve platforms with the media are strengthened by regularly holding consultative meetings, understanding of the SADC RI Agenda by producing documentaries and develop interest in SADC RI Agenda enhanced by the SNMC working with relevant stakeholders. E&Y held a meeting in Johannesburg and developed the implementation program for this project. A comprehensive capacity analysis of journalists needs to be conducted to craft stories that will educate the citizens and develop a communication strategy. Engaging with ministerial communication officers that link government activities in the various ministries is key since communication with partner and sponsor needs to be improved and 17 journalists will be engaged in this project. E&Y Consultants will train the journalists.
2. The SADC Unit Change Project which seeks to solve the disconnect between national aspirations and regional aspirations. Getting regional budgets into the national budget has been a struggle. There should be regular and frequent meetings with the SNMC so as to get people interested and the technical capacity of the SADC Unit needs to be enhanced so that they can effectively deliver on their mandates. This project requires a lot of lobbying and engaging decision makers on a regular basis, but the challenge is getting PSs, Directors and CEOs under one roof. The legal mandate of the SADC Unit is critical and negotiation and marketing skills need to be employed e.g. go on roadshows to remind citizens about their roles on SADC activities, galvanise the support, getting people to participate and be interested.
3. Review of the Industrial Policy (IP) in Eswatini which calls for structural changes, employment policies in the highest office in the land and development strategies to

develop certain industries e.g. manufacturing, natural gas, etc.

Technical assistance is extended to member states that have just developed their IPs, want a review of their IPs and want to strengthen their implementation.

SADC Industrialisation Strategy and Roadmap set objectives taking into account all opportunities that Eswatini has. A multi-stakeholder group is needed to coordinate and make sure that all the needed resources are mobilised for the achievement of the desired goals/results. Identification of skills and experiences that are of value, the policy instruments that will be used and conduct training of the Expert Group.

Industrial Policy is not for the government, it is meant to capitalise on the strength of the Private Sector.

GIZ has come to the party to support this RI initiative to celebrate the work the country has done successfully. Many country-wide projects were showcased as success stories like the Renovation of Lukhula-Big Bend Road, Lavumisa-Mhlumeni Borders, LUSIP II ESWADE Project covering 5 Chiefdoms, MR3 Road, ESE Automation Project, SADC Women Science, Engineering, Technology and Mathematics (STEM) Project to remove the stereotype that women are not on STEM fields whereas, Eswatini is Number 1 in developing girls and women in STEM, SADC RTGS/ SIRESS for cross-border payments and cleared within 24 hours.

EASE OF DOING BUSINESS INDUSTRY CONSULTATIONS – HAPPY VALLEY HOTEL ON 8 MARCH 2020 AND AT ESIBAYENI LODGE ON 9 MARCH 2020

Industry participants from different sectors assembled to discuss issues pertaining to the Ease of Doing business. The two sessions were graced with the presence of Honourable members of Parliament, Banking, Regulators, Small Business owners, members of the public as contributors on how Ease of Doing business is affected in the local economy and the efforts done towards improving the current rating of Eswatini. The Exchange needs to conduct an extensive Financial Literacy (both Issuer and Investor Education) drive to attract more listings on the ESE due to the fact that the country had a negative ranking, where it had transgressed from being ranked no.140 to no.162 out of 190 countries in terms of Protecting Minority Investors (PMI) as a result of the World Bank changing the model for the PMI Ranking where it now considers corporate governance of only listed companies on a recognised national Exchange, not just any limited liability company in a country. That there are only 8 listed equity counters on the ESE, which is less than the minimum 10 that is required by the new model, led to the adverse ranking.

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