



# ANNUAL REPORT JANUARY – DECEMBER 2019

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## LISTED EQUITY COMPANIES

Inala Capital Limited commenced trading on The ESE Main Board with effect from the 3rd June 2019. This brought the total number of Equity companies listed on the ESE to Eight (8). The listing therefore was officially confirmed as follows:

|                               |                      |
|-------------------------------|----------------------|
| <b>ISIN CODE</b>              | <b>SZE000331049</b>  |
| <b>LOCAL CODE</b>             | <b>INALA</b>         |
| <b>PLACING</b>                | <b>18,350,000</b>    |
| <b>OFFER FOR SUBSCRIPTION</b> | <b>53,644,000</b>    |
| <b>TOTAL SHARES ALLOTTED</b>  | <b>71,994,000</b>    |
| <b>RULING PRICE</b>           | <b>E1.05</b>         |
| <b>UNSUBSCRIBED SHARES</b>    | <b>28,006,000</b>    |
| <b>MARKET CAPITALISATION</b>  | <b>E75, 593, 700</b> |

**TABLE 1: LISTED EQUITY COMPANIES**

| 2019                   | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC |
|------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Total listed Companies | 7   | 7   | 7   | 7   | 7   | 8   | 8   | 8   | 8   | 8   | 8   | 8   |
| New Entries/listing    | 7   | 7   | 7   | 7   | 7   | 1   | 0   | 0   | 0   | 0   | 0   | 0   |
| Domestics Companies    | 7   | 7   | 7   | 7   | 7   | 8   | 8   | 8   | 8   | 8   | 8   | 8   |
| Foreign companies      | 0   | 0   | 0   | 0   | 0   | 0   | 0   | 0   | 0   | 0   | 0   | 0   |

Source: ESE trading statistics 2019

## ESE MARKET CAPITALISATION

The listing of Inala Capital during the 2<sup>nd</sup> Quarter of 2019 increased the Market Capitalization by 2.07% from the 1<sup>st</sup> Quarter of 2019. During the course of the 2<sup>nd</sup>, 3<sup>rd</sup> and 4<sup>th</sup> quarter of 2019 large trade volumes by Inala Capital and the significant share price increase of SBC limited, Greystone Partners, Nedbank Limited, Swaprop and Inala Capital also contributed to the increase in Market Capitalization to close the year at E3

831 002 223. This reflected a 5.18% increase in Market Capitalization from the previous year's close of E3 642 369 566

**Graph 1: Market Capitalisation 2018 vs 2019**



Source: ESE Trading Statistics 2019

## EQUITY TURNOVER

Trading during 2019 was rather unpredictable. The year experienced lows of SZL0.00 during the month of April, while highs of SZL81, 918, 122 were recorded during the month of June 2019. Overall, the total value of trades brought to the exchange amounted to SZL85, 296, 907 realised from a total of 73, 665, 893 shares.

A bulk of the trades were attributable to Inala Capital followed by Swaprop Limited and Greystone Partners. SBC accounted for 90.24% of all trades brought to the exchange this year, followed by Swaprop at 7.16% and Greystone followed with 1.25%. A combined total number of 21 trades were brought to the Exchange by these three companies, followed by SBC Limited with 7 trades, Nedbank with 5 trades, SEL with 2 trades and lastly RSSC with 1 trade. Swazi Spa recorder zero trading activities (0).

**Table 2: ESE Trading Statistics 2019**

| 2019 | NED     | SBC    | GRYS    | SPA | SWP | RSSC | SEL | INALA | TOTAL   |
|------|---------|--------|---------|-----|-----|------|-----|-------|---------|
| JAN  | 37,678  | 12,798 | 15,300  | -   | -   | -    | -   | -     | 65,776  |
| FEB  | -       | 56,700 | 47,889  | -   | -   | -    | -   | -     | 105,589 |
| MAR  | 127,680 | -      | 167,076 | -   | -   | -    | -   | -     | 294,756 |
| APR  | -       | -      | -       | -   | -   | -    | -   | -     | 0       |
| MAY  | -       | -      | 548,730 | -   | -   | -    | -   | -     | 548,730 |

|              |                |                |                  |          |                  |                |                |                   |                   |
|--------------|----------------|----------------|------------------|----------|------------------|----------------|----------------|-------------------|-------------------|
| <b>JUN</b>   | 21,078         | -              | 202,860          | -        | 6,056,050        | -              | 44,434         | 75,593,700        | <b>81,918,122</b> |
| <b>JUL</b>   | -              | 8,100          | -                | -        | -                | -              | -              | -                 | <b>8,100</b>      |
| <b>AUG</b>   | -              | 40,500         | -                | -        | -                | -              | -              | -                 | <b>40,500</b>     |
| <b>SEP</b>   | 8,663          | 29,970         | 6,300            | -        | 49,770           | -              | -              | -                 | <b>94,703</b>     |
| <b>OCT</b>   | 117,729        | -              | -                | -        | -                | 420,000        | 170,900        | 403,370           | <b>1,111,999</b>  |
| <b>NOV</b>   | -              | 10,530         | 3,300            | -        | -                | -              | -              | 794,010           | <b>807,840</b>    |
| <b>DEC</b>   | -              | 41,000         | 77,517           | -        | -                | -              | -              | 182,275           | <b>300,792</b>    |
| <b>TOTAL</b> | <b>312,828</b> | <b>199,598</b> | <b>1,068,972</b> | <b>0</b> | <b>6,105,820</b> | <b>420,000</b> | <b>215,334</b> | <b>76,973,355</b> | <b>85,296,907</b> |

Source: ESE Trading Statistics 2019

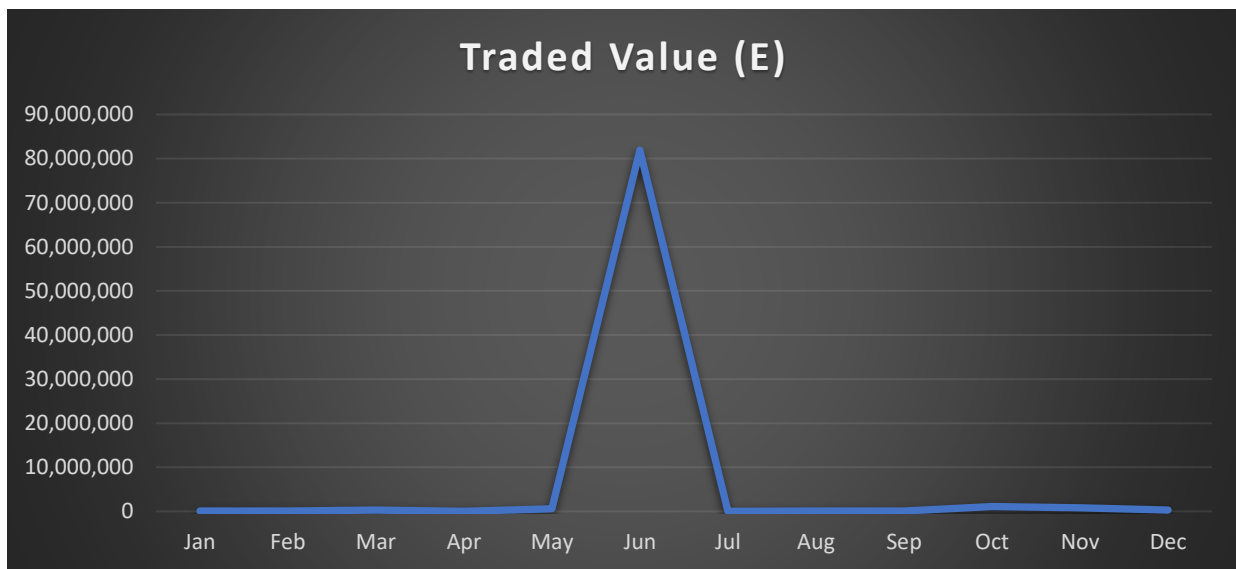
**TABLE 2: ANNUAL VALUE TRADED SUMMARY 2019**

| Company            | Number of Shares | Share Price | Emalangeni | Date       |
|--------------------|------------------|-------------|------------|------------|
| Nedbank            | 11 400           | 1120        | 127 680    | 01-03-2019 |
| Inala Capital Ltd  | 71 994 000       | 105         | 75 593 700 | 03-06-2019 |
| RSSC               | 30 000           | 1400        | 420 000    | 03-10-2019 |
| Greystone Partners | 10 838           | 306         | 33 164     | 06-02-2019 |
| Inala Capital Ltd  | 473 200          | 110         | 520 520    | 06-11-2019 |
| SBC Limited        | 1 300            | 810         | 10 530     | 06-11-2019 |
| Greystone Partners | 5 000            | 306         | 15 300     | 07-01-2019 |
| Greystone Partners | 22 500           | 330         | 74 250     | 07-12-2019 |
| Greystone Partners | 166 200          | 315         | 523 530    | 08-05-2019 |
| SBC Limited        | 1 000            | 810         | 8 100      | 08-07-2019 |
| Inala Capital Ltd  | 18 000           | 110         | 19 800     | 08-11-2019 |
| SBC Limited        | 5 000            | 810         | 40 500     | 09-08-2019 |
| Greystone Partners | 8 000            | 315         | 25 200     | 10-05-2019 |
| Inala Capital Ltd  | 158 500          | 115         | 182 275    | 10-12-2019 |
| Greystone Partners | 54 600           | 306         | 167 076    | 12-03-2019 |
| Inala Capital Ltd  | 70 700           | 115         | 81 305     | 12-11-2019 |
| Nedbank            | 9 977            | 1180        | 117 729    | 17-10-2019 |
| Greystone Partners | 990              | 330         | 3 267      | 18-12-2019 |
| Nedbank            | 1 882            | 1120        | 21 078     | 19-06-2019 |
| SEL Limited        | 1 300            | 3418        | 44 434     | 19-06-2019 |
| Greystone Partners | 64 400           | 315         | 202 860    | 19-06-2019 |
| Nedbank            | 750              | 1155        | 8 663      | 19-09-2019 |
| Swaprop            | 6 300            | 790         | 49 770     | 19-09-2019 |
| SEL Limited        | 5 000            | 3418        | 170 900    | 21-10-2019 |
| Greystone Partners | 1 000            | 330         | 3 300      | 22-11-2019 |
| Swaprop            | 1 001 000        | 605         | 6 056 050  | 24-06-2019 |
| SBC Limited        | 7 000            | 810         | 56 700     | 25-02-2019 |
| Greystone Partners | 4 812            | 306         | 14 725     | 25-02-2019 |
| Inala Capital Ltd  | 366 700          | 110         | 403 370    | 25-10-2019 |
| Inala Capital Ltd  | 71 400           | 115         | 82 110     | 25-11-2019 |

|                    |                   |      |                   |            |
|--------------------|-------------------|------|-------------------|------------|
| Inala Capital Ltd  | 78 500            | 115  | 90 275            | 25-11-2019 |
| SBC Limited        | 3 700             | 810  | 29 970            | 30-09-2019 |
| Greystone Partners | 2 000             | 315  | 6 300             | 30-09-2019 |
| Nedbank            | 3 364             | 1120 | 37 677            | 31-01-2019 |
| SBC Limited        | 1 580             | 810  | 12 798            | 31-01-2019 |
| SBC Limited        | 5 000             | 820  | 41 000            | 31-12-2019 |
|                    |                   |      |                   |            |
| TOTALS             | <b>74 666 893</b> |      | <b>85 295 905</b> |            |

Source: ESE Trading Statistics, 2019

## **Graph 2: Value Traded Summary 2019**

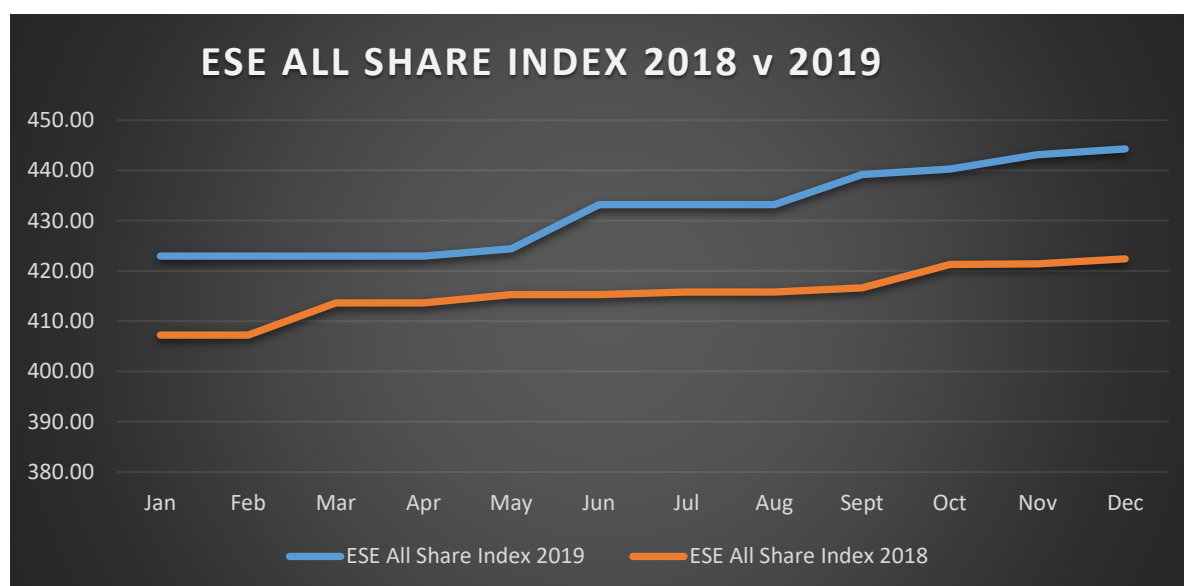


Source: ESE Trading Statistics 2019

## **ESE ALL SHARE INDEX TREND**

The ESE All Share Index grew by 4.91% year-on-year. The highest gains were seen during the 2<sup>nd</sup> quarter when Inala Capital listed 75, 593, 700 shares at 110 cps. The All Share Index was further enhanced by the capital appreciation in the Swaprop share price valuation, from 605cps to 790cps. As seen in the graph below, the slowest growth in the All-Share Index was during the 1<sup>st</sup> quarter and start of 2<sup>nd</sup> Quarter of 2019.

**Graph 3: All Share Index 2018 vs 2019**



Source: ESE Trading Statistics, 2019

## SHARE PRICE PERFORMANCE

The company with the largest capital appreciation during 2019 was Swaprop Limited. 2019 saw Swaprop’s share price appreciate by 30.58%. This was as a result of Swaprop’s share price valuation which increased it from 605cps to 790cps. Given that 90.24% of the trades that took place during the year were attributable to Inala Capital alone, the company came second at 9.52% when it comes to share price performance. Inala Capital was followed by Greystone, which recorded a 7.84% gain which can mainly be attributed to the continued share price movement the company has seen in recent times. Performance of the other Listed Equities are summarized in table 3 below.

**Table 3: Share Price Performance**

| 2019        | JAN  | FEB  | MAR  | APR  | MAY  | JUN  | JUL  | AUG  | SEP  | OCT  | NOVE | DEC  | GAINS(%)     |
|-------------|------|------|------|------|------|------|------|------|------|------|------|------|--------------|
| <b>NED</b>  | 1120 | 1120 | 1120 | 1120 | 1120 | 1120 | 1120 | 1120 | 1155 | 1180 | 1180 | 1180 | <b>5.36</b>  |
| <b>SBC</b>  | 810  | 810  | 810  | 810  | 810  | 810  | 810  | 810  | 810  | 810  | 810  | 820  | <b>1.23</b>  |
| <b>GRYS</b> | 306  | 306  | 306  | 306  | 315  | 315  | 315  | 315  | 315  | 315  | 330  | 330  | <b>7.84</b>  |
| <b>SPA</b>  | 600  | 600  | 600  | 600  | 600  | 600  | 600  | 600  | 600  | 600  | 600  | 600  | <b>0</b>     |
| <b>SWP</b>  | 605  | 605  | 605  | 605  | 605  | 605  | 605  | 605  | 790  | 790  | 790  | 790  | <b>30.58</b> |

|              |      |      |      |      |      |      |      |      |      |      |      |      |             |
|--------------|------|------|------|------|------|------|------|------|------|------|------|------|-------------|
| <b>RSSC</b>  | 1400 | 1400 | 1400 | 1400 | 1400 | 1400 | 1400 | 1400 | 1400 | 1400 | 1400 | 1400 | <b>0</b>    |
| <b>SEL</b>   | 3418 | 3418 | 3418 | 3418 | 3418 | 3418 | 3418 | 3418 | 3418 | 3418 | 3418 | 3418 | <b>0</b>    |
| <b>INALA</b> | -    | -    | -    | -    | -    | 105  | 105  | 105  | 105  | 110  | 115  | 115  | <b>9.52</b> |

Source: ESE Trading Statistics 2019

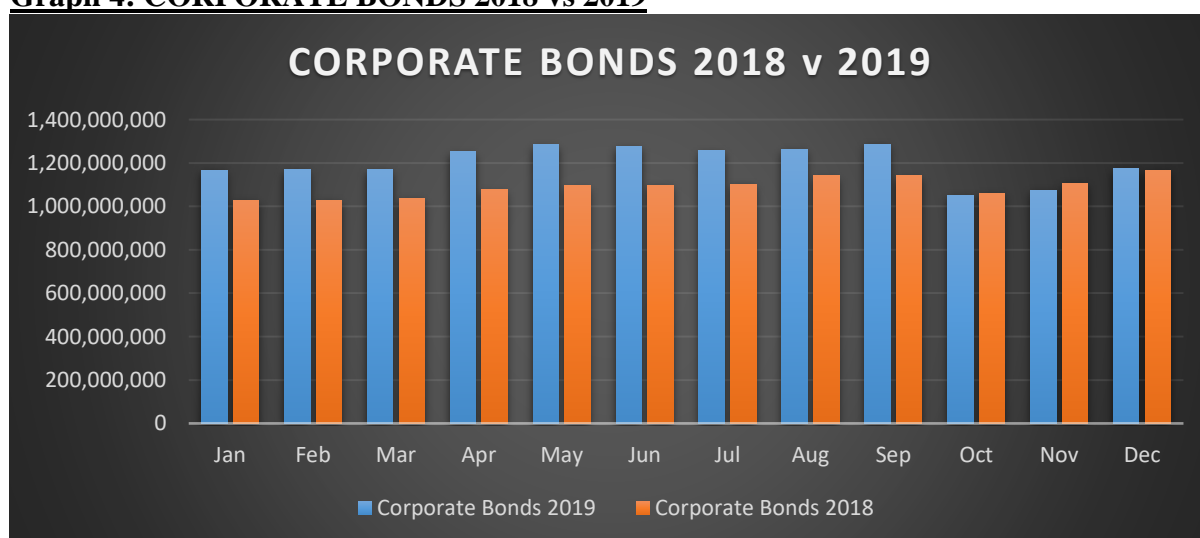
## DIVIDEND DECLARATIONS

Dividends declarations made during 2019 were a total of 6. Trailblazers in terms of declarations of dividends were Swaziland Empowerment Limited (SEL) and RSSC, who issued 2 dividend payments each, respectively. SEL issued a generous 87.53cps during the 1st quarter, while the 3rd quarter dividend was 145cps. RSSC issued one dividend payment of 96.18cps in the 2<sup>nd</sup> quarter of 2019 and 22.4cps during the 3<sup>rd</sup> quarter of 2019. Other dividends paid came from SBC Limited paid one dividend in the 1<sup>st</sup> quarter of 0.31cps, while Nedbank Limited issued their dividend during the 2nd quarter at 1.40cps.

## ESE CORPORATE BONDS

During the course of 2019 sixteen (16) Corporate bonds commenced trading on the ESE and a total of Fifteen (15) matured. Bonds Trading activity in the secondary market remains minimal, with zero (0) trades recorded during the course of the year. Corporate bonds value at year end stood at E888,678,081.13.

**Graph 4: CORPORATE BONDS 2018 vs 2019**

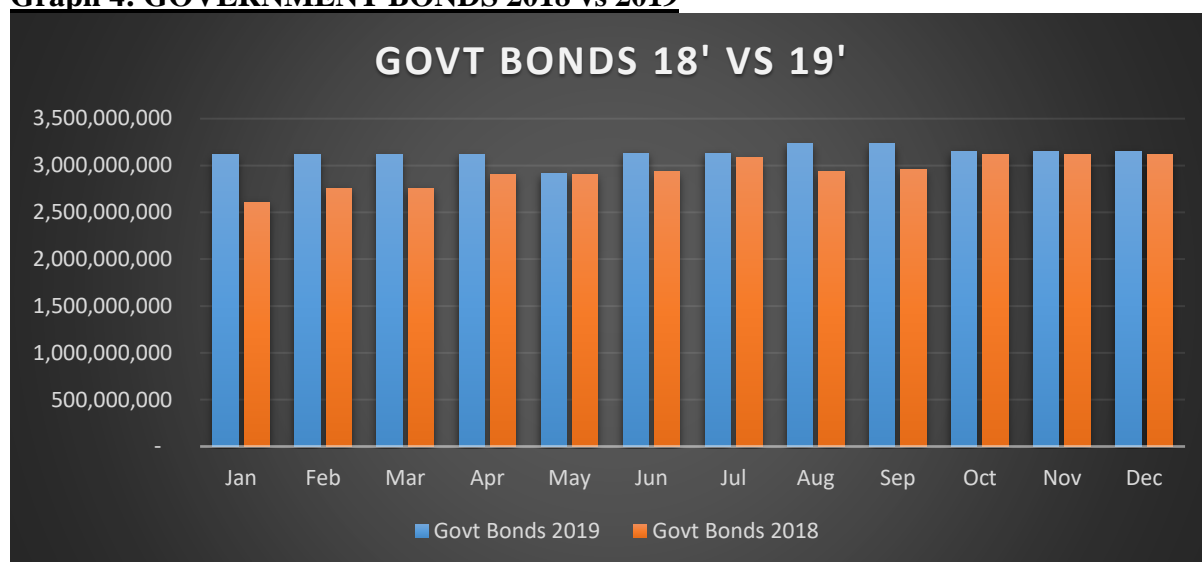


Source: ESE Trading Statistics 2019

## ESE GOVERNMENT BONDS

Government bond market in the year 2019 was characterised by few bonds commencing trading and a number of Bonds Re-opening. A total of 5 bonds commenced trading and two government bonds matured. The value of Government bonds at year end stood at E5, 166, 521, 760.32.

**Graph 4: GOVERNMENT BONDS 2018 vs 2019**



Source: ESE Trading Statistics 2019

## ESE FEE STRUCTURE

| 2018     |              |                     |                  |         |
|----------|--------------|---------------------|------------------|---------|
| Equities | Fixed Income | Pricing Supplements | Application Fees | TOTAL   |
| 475 165  | 402 175      | 28 500              | 73 250           | 979 090 |
| 2019     |              |                     |                  |         |
| Equities | Fixed Income | Pricing Supplements | Application Fees | TOTAL   |
| 511 400  | 685 968      | 21 000              |                  |         |

Source: ESE Financial Statistics 2019

## ESE MEMBERS

Two (2) stockbroking firms are currently licensed as Dealing Members of the ESE. These are: -

- Swaziland Stockbrokers Limited (SSL)
- African Alliance Eswatini Securities Limited (AAESL)



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

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

One (1) institution is recognized as a Debt Sponsor for Swaziland Government Bonds by the ESE. This is: -

- The Central Bank of Eswatini (CBE)

## **OTHER ACTIVITIES**

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### **ESWATINI STOCK EXCHANGE AUTOMATED TRADING SYSTEM, NEW LOGO, NEW NAME LAUNCH,**

The Swaziland Stock Exchange changed its name to Eswatini Stock Exchange. This was in line with King Mswati III announcement of the country going back to the original name of Eswatini in April 2018. The official name change of the stock exchange was combined with the unveiling of the new logo and the introduction of the Automated Trading System. The event was held at Royal Villas and the Prime Minister with other high ranking government officials were in attendance.

### **55<sup>TH</sup> COMMITTEE OF SADC STOCK EXCHANGES MEETING AT THE ROYAL SWAZI SUN, 14<sup>TH</sup> MARCH 2019:**

The ESE welcomed delegates of the 55<sup>th</sup> Committee of SADC Stock Exchanges meeting to the Kingdom of Eswatini. The meeting was held at the Royal Swazi Sun. Among the issues discussed were the following.

Mr. Sandile Dlamini firstly welcomed all the present delegates to the Kingdom of Eswatini on behalf of ESE. He mentioned that it brings honour to the ESE to be given the opportunity to host the 55<sup>th</sup> Bi-Annual CoSSE Meeting. He informed the delegates that the ESE recently launched the automated trading system and hopes that the new upgrade will help ESE join the mainstream of Stock Exchanges.

The CoSSE Chairman welcomed FINSEC, the newest member of the Committee and acknowledged their activeness within the Committee. He also commended FINSEC for facilitating the automatic trading system for the ESE and encouraged FINSEC to share their expertise in the technological space, which will prove mutually beneficial to the development of the regional stock exchanges.

Mr Herman Warren from The Economist made a observation that The Economist forecasts the global economy to decline due to a slow-down in America and China. The Economist does not expect the global GDP rate to rebound to 2019 levels until 2021/2022. He states that the forecasted growth will be partly supported by the US Fed Dovish pivot, as they are expected to raise interest rates at least twice in 2019, which in some ways helps emerging markets and capital markets.

### **3<sup>rd</sup> ANNUAL CAPITAL MARKETS INDABA AT ROYAL VILLAS:**

The Capital Markets Indaba 2019 (Indaba 2019) was hosted at the Royal Villas Eswatini Hotel in Ezulwini on 28 March, 2019. The Indaba 2019 theme was “The positive impact of socially responsible investing.”

In 2019, the Kingdom of Eswatini was facing persistent economic challenges including: slow economic growth; high levels of inequality and poverty; high unemployment rates especially among youth; limited research and technical capacity to generate timely and quality data; capacity constraints on implementing pro-poor policies effectively; and corruption. The capital markets industry and stakeholders were hence tasked to discuss how the economy of Eswatini can be revamped and positioned on a higher growth path during the Indaba 2019; and to further discuss the positive impact of socially responsible investing.

The Indaba 2019 was addressed by seven (7) speakers that shared their insight on socially responsible investing. Below is a brief summary that captures key components of each speaker’s address in turn.

### **1<sup>ST</sup> INAUGURAL ESWATINI STOCK EXCHANGE LISTING CONFERENCE AT THE ROYAL SWAZI SUN, 15<sup>TH</sup> MARCH 2019:**

The ESE hosted Capital markets participants and the general public to the first ever Inaugural ESE listing conference. This presented an opportunity for the general public to learn more on how the capital markets operates in our country. By hosting such an event the ESE was encouraging companies to list, introducing of new securities and attraction of more investors to stimulate trading. In attendance were delegates of the 55<sup>th</sup> CoSSE meeting, who made presentation on capital markets performance of the respective countries and the advantages of developing the capital markets environment. Local Experts of the capital markets also presentations mainly on how they are contributing to the development of the capitals market.

### **GLOBAL MONEY WEEK (FROM 25<sup>TH</sup> MARCH TO 29<sup>TH</sup> MARCH 2019)**

The ESE participated in the annual global money week which aims at increasing the level financial inclusion and financial literacy in Eswatini. This event in hosted in coordination with the Centre for Financial Inclusion, Central Bank of Eswatini and the Financial Services Regulatory Authority. Students from all Junior Achievement participating schools visited the CBE and ESE to be exposed at the mandates and operations of this financial institutions

### **9<sup>th</sup> ANNUAL COMMERCE INDABA-CAREER FAIR – 11<sup>th</sup> 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 – 16<sup>th</sup> APRIL 2019:**

The Eswatini Stock Exchange (ESE) hosted the 3<sup>rd</sup> annual Eswatini Stock Exchange operations and latest developments for Senators on Tuesday April 16<sup>th</sup>, 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 (27<sup>th</sup> to 31<sup>st</sup> 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

#### **AML/CFT INDABA**

From 10-12/07/2019 one ESE staff member attended the AML/CFT Indaba that was held at Ezulwini Swazi Royal Spa. This Indaba, graced by several dignitaries, including the Finance Minister, Central Bank Governor, our CEO and many other notable figures in the industries. Speakers addressed issues ranging from a high-level definition/overview of AML/CFT, to Key international compliance standards for anti-money laundering and counter-financing of terrorism. As an Exchange whose members are accountable institutions, this Indaba was very informative in knowing how to conduct due diligence on how such institutions to ensure that there are measures in place to minimise or manage AML and financing of terrorism.

#### **GREYSTONE PARTNERS LIMITED - ANNUAL GENERAL MEETING, 18 JULY 2019, MOUNTAIN INN, MBABANE**

The Eswatini stock exchange members attended the Annual General meeting for Greystone Partners, a listed company at the exchange. Financial Highlights were; dividend per share o 4.0 cents paid to shareholders which was up from the previous year



of 3.0 cents per share, Revenue increase by 51%, Operating expenses down by 80%, and an increase in profits by 1.134%. Resolutions approved by the shareholders at the meeting were; the reappointment of PricewaterhouseCoopers (PwC) as the external auditors, control of the unissued shares given back to the directors of the company.

### **YOUTH ENTREPRENEURSHIP SUPPORT**

RSSC Youth Entrepreneurship Support (YES) held at Simunye on the 26th of July. It was an initiative by the Royal Swaziland Sugar Corporation (RSSC) in partnership with Junior Achievement (JA) to assist the youth of Simunye know about the various funding alternatives available in the country for businesses created by the youth. The youth was guided as to which industry to delve into that have great business opportunities. It was imparted as well how these sources of funding work plus how to acquire financing from the willing organisations that were in attendance. The event was to basically encourage young people of the country not to rely on employment but to create their own employment as a means for creating a living that will sustain themselves and the country's economy.

### **MAVUSO CAREER FAIR REPORT**

On the 18/07/19 we attended the annual career fair organised by Waterford Kamhlaba. This presented Eswatini Stock Exchange to mount a stand and spread awareness about the exchange to the more than 8 schools that attended. As a team, we explained the functions of the exchange and how products of the exchange can benefit the students as retail investors in the future when they have the financial muscle to invest in the Eswatini financial market.

### **MTN MOBILE MONEY MONTH LAUNCH – 1<sup>st</sup> AUGUST 2019, MTN HEADQUARTERS, EZULWINI**

The Eswatini Stock Exchange members attended the official launch of the MTN Mobile Money Month that was launched at the MTN Headquarters located in Ezulwini. The event was attended by other stakeholders that are in partnership with MTN Eswatini Mobile Money such as Old Mutual, Eswatini Bank, Eswatini Building Society, Multi Choice Eswatini, SEDCO, OK Foods and many more. ESE is one of the partner

institutions that will use Mobile Money to settle trades in the newly acquire Automated Trading System (ATS). This event was just to give a report on the usage of MoMo across the country and how MTN is planning on engaging many more people to consider this platform for transacting.

#### **NATIONAL CLEARING & SETTLEMENT SYSTEM ACT – STAKEHOLDER MEETING, 14<sup>th</sup> AUGUST 2019, ROYAL VILLAS, EZULWINI**

Three ESE officers attended a meeting organized by the Central Bank of Eswatini on the Reform of laws on the Payment Systems. There was a World Bank consultant who explained how they are drafting among other laws: the NCSS Act, the Central Bank Order, the Financial Institutions Act and the Exchange control Act and how these regulations will ensure that the various hardware, software, secure and telecommunications network and operating environments should be used to manage and operate payment systems at national and regional levels. Further the regulations should cater for the evolvement in technological advancement etc.

#### **ECSPONENT LIMITED EVENT – 29<sup>th</sup> AUGUST 2019,**

Ecsponent Limited Eswatini invited delegates from the industry for a breakfast celebrating 5 years since it began operations as a wealth-generating, public company in Eswatini. Mr Mlungisi Lukhele, Eswatini Ecsponent CEO facilitated and gave opening remarks alluding to the successes of Ecsponent since its inception in the country. He was then followed by the Ministry of Finance, Hon. Neal Rijkenberg, the keynote speaker. He emphasised the role of entities such as Ecsponent in rebuilding the country's economy. The FSRA CEO Mr Sandile Dlamini also gave remarks wherein he outlined to the achievements of Ecsponent from the time when it sought a licence to operate in the country and the many successes and footprints it has left in the industry. Ecsponent's Group CEO Mr Terence Gregory gave the concluding remarks on the Ecsponent and its products as alternative investing products. He further took questions from delegates covering different subjects.

**FSIPD CAPITAL MARKETS WORKING GROUP MEETING, 17<sup>TH</sup> SEPTEMBER 2019, CENTRAL BANK OF ESWATINI**

The capital markets working group met on the 17<sup>th</sup> September 2019, at the Central bank of Eswatini to polish up and finalise the Policy actions assigned to the working group to wrap up the conclusions before presenting the final paper from the Capital Markets industry. The team was led by the Finmark consultants assigned by the IMF to ensure the implementation of the FSDIP mission.

**FSDIP; MONITORING AND EVALUATION FRAMEWORK, STAKEHOLDER WORKSHOP, 20<sup>TH</sup> SEPTEMBER 2019, MOUNTAIN INN MBABANE**

The whole industry met on the 20<sup>th</sup> September 2019, at Mountain Inn, and the FSDIP mission report was discussed and some areas in the working group action plans still had grey areas that the working groups are yet to meet to finalise these before making final submissions

**ESWATINI AGRICULTURAL AND DEVELOPMENT ENTERPRISE – VUSELA MEETING, 2<sup>ND</sup> OCTOBER 2019, ESWADE HQ, SPHOFANENI**

The Manager ESE and Market & Product Development Officer visited the Eswatini Agricultural and Development Enterprise (ESWADE) in their offices in Siphofaneni. This was a short meeting where we as Eswatini Stock Exchange were presenting the funding methods that the exchange offers to companies that might be in need of long-term capital. We presented the option of listing equity and debt (revenue bond).

**ESWATINI BUSINESS DELEGATION MEETING – 10<sup>TH</sup> OCTOBER 2019, ROYAL VILLAS, EZULWINI**

The delegation focuses on exploring market opportunities in the country and includes a business seminar, B2B meetings and site visits. It is organised by the Southern African – German Chamber of Commerce and Industry, in cooperation with the Eswatini Investment Promotion Authority.

This visit is a follow up to the "ONE STOP SHOP INVESTMENT AND TRADE SEMINAR" held on 30 April 2019 at the Chamber offices where Minister Khumalo, highlighted the Kingdom's readiness to do business and gave an overview of the various global companies that have conducted business in the Kingdom for decades.

## **COMPANIES IN ATTENDANCE**

- 1. Airbus Defence and Space**
- 2. Dunlop Industrial Products**
- 3. Frazer Solar**
- 4. The Federal Republic of Germany (German Missions in South Africa, Lesotho and Eswatini).**
- 5. Germany Trade and Invest**
- 6. Ikhona Africa**
- 7. Messe Frankfurt**
- 8. Siemens**
- 9. Thyssenkrupp Industrial Solutions**
- 10. TUV Rheinland Inspection Services (Pty) Ltd**

## **ESWATINI CIVIL AVIATION AUTHORITY – VUSELA MEETING, 18<sup>th</sup> OCTOBER 2019, MATSAPHA INTERNATIONAL AIRPORT, MATSAPHA**

The Manager ESE and Market & Product Development Officer visited the Eswatini Civil Aviation Authority in their offices in Matsapha International Airport. This was a short meeting where we as Eswatini Stock Exchange were presenting the funding methods that the exchange offers to companies that might be in need of long-term capital. We presented the option of listing equity and debt (revenue bond).

## **2<sup>nd</sup> ESWATINI ECONOMIC CONFERENCE – 23<sup>rd</sup> – 25<sup>th</sup> OCTOBER 2019, ROYAL SWAZISPA CONVENTION CENTER, EZULWINI**

The conference was jointly organised by the Eswatini Economic Policy Analysis & Research Centre (ESEPARC), the Central Bank of Eswatini (CBE), and the University of Eswatini (UNESWA). It was held on October 23 – 25, 2019 at the Royal Swazi Spa, Ezulwini in Eswatini.

The Eswatini Economic Conference's intended purpose is to bring together economic policy-makers, researchers, development practitioners, captains of industry, development partners, and other Eswatini stakeholders to dialogue on economic policy issues in Eswatini.

The conference provides a platform to discuss successes, lessons learned, and to identify gaps preventing Eswatini from attaining its developmental objectives, including the implementation of the country's development plans and strategies.

### **Eswatini Economic Conference Learning Objectives.**

- To promote policy dialogue and evidence-based policy planning and implementation.
- To provide an environment to foster dialogue and the free exchange of ideas and innovative thinking amongst local researchers, policy-makers, captains of industry, development partners, and the broader Eswatini, regional, continental, and international community in Eswatini.
- To stimulate and increase research on economic and policy issues related to the development of the Kingdom of Eswatini.
- To provide an opportunity for Eswatini's researchers, postgraduate students, and Emaswati in the diaspora, to disseminate research findings as well as share information with local policymakers and the broader Eswatini society on the work they do about the country.

### **SWAZI EMPOWERMENT LIMITED - ANNUAL GENERAL MEETING, 25<sup>th</sup> OCTOBER 2019, EWSC HQ, EZULWINI**

The Eswatini Stock Exchange members attended the Annual General meeting for Swazi Empowerment Limited (SEL), a listed company at the exchange. Financial Highlights were; dividend per share of 211 cents paid to shareholders which was down from the previous year of 351 cents per share, Revenue decreased by 7.35%, Operating expenses up by 47.55%, and a decrease in profits by 6.16%. The Acting MTN CEO Mr. Nhleko was also in attendance to report on the performance of MTN and its development since another player will soon be joining the market. Resolutions approved by the shareholders at the meeting were; the reappointment of PricewaterhouseCoopers (PwC) as the external auditors, keeping the name Swazi Empowerment Limited, reappointment of Directors. Shareholders were also given details of some of the Seven projects that SEL has undertaken this current financial year and shareholders were invited to attend some of the unveilings for these projects.

### **NGWENYA TOWN BOARD – VUSELA MEETING, 8<sup>th</sup> NOVEMBER 2019, NGWENYA VILLAGE TOWNSHIP**

The Manager ESE and Market & Product Development Officer visited the Ngwenya Town Board in their offices in Ngwenya. This was a short meeting where we as Eswatini

Stock Exchange were presenting the funding methods that the exchange offers to companies that might be in need of long-term capital. We presented the option of listing equity and debt (revenue bond). We have been visiting other town boards with huge developments coming up. The goal for this exercise is to get to know the developers for these projects and set up meetings where we can explain and entice them to consider raising their capital for their development projects through the Eswatini Stock Exchange.

**MCHALAGENI DEVELOPERS – VUSELA MEETING, 8<sup>th</sup> NOVEMBER 2019, NGWENYA BORDER GATE**

The Manager ESE and Market & Product Development Officer visited Mchalageni Township Developers in their offices in Ngwenya Border Gate. This was a detailed meeting where we as Eswatini Stock Exchange were presenting the funding methods that the exchange offers to companies that might be in need of long-term capital. We presented the option of listing equity and debt (revenue bond). We have been visiting other town with huge developments coming up such as Mchalageni Township Development next to the border gate in Ngwenya. Mchalageni has already started selling plots and some plots have been developed. There is still a lot of funding that will be required to set up the infrastructure such as roads, shopping complex, sewage, telephone and electricity lines. The goal for this exercise is to get to know the developers for these projects and then entice them to consider raising their capital for their development projects through the Eswatini Stock Exchange.

**KWALUSENI ROADSHOW, 23<sup>rd</sup> NOVEMBER 2019, OK SHOPPING COMPLEX, KWALUSENI**

The Eswatini Stock Exchange team in partnership with FSRA and Ombudsman hosted a roadshow at the OK Foods shopping complex in Kwaluseni, Matsapha. The main goal for this event was to educate both the buy and sell side. Unfortunately, it was an extremely hot and humid day which limited the number of people that came to the show. We had a short presentation on the workings of the stock exchange and how all Emaswatini can invest in the stock exchange through equity or bonds. The main message we were trying to get out was the account creation so that investors can enjoy our automated trading system by using the USSD code \*470#.

**NATIONAL CYBERSECURITY AWARENESS EVENT: ROYAL VILLAS AT 7:30am, 28 NOVEMBER 2019**

Monitoring and Surveillance Officer and Administrative Officer represented the Exchange at the closing ceremony of the National Cybersecurity Monthly long awareness organised by Eswatini Communications Commission. In attendance were stakeholders from Ministry of ICT, Parliamentarians and Industry players. Emphasis was made on securing our systems from all hacking that might happen. Encrypting documents, securing passwords being cybersmart always. In attendance was

**ASSOCIATION OF NATIONAL NUMBERING AGENCIES (ANNA) EXTRA-ORDINARY AGM, MONTEVIDEO, URUGUAY. 27<sup>th</sup> – 29<sup>th</sup> NOVEMBER 2019**

The ESE sent a representative to attend the above mention AGM and workshop. The main mandate for attending this event was to enable the ESE to be readmitted as a member of ANNA. After voting by ANNA members in attendance, the ESE was successfully readmitted as a member of ANNA. Some of the issues discussed at the AGM include the following:

1. Review of Ordinary General Meeting action items Frankfurt.
2. New Belgian Company Law and impact on ANNA.
3. ANNA Service Bureau Future State – Status and decision.
4. Update on subsidiaries (ASB, DSB and OTC Engine).
5. ANNA Service Bureau.
6. Status of ISO and ISO standards.
7. Reports from Working Groups, Task Forces and Regional Groups.

**SWAZI PLAZA EXHIBITION, 5<sup>th</sup> – 7<sup>th</sup> DECEMBER 2019, CORPORATE PLACE, MBABANE**

The Eswatini Stock Exchange team in partnership with FSRA and Ombudsman hosted an exhibition at the Swazi Plaza on the Corporate Place side in Mbabane. The main goal for this event was to educate both the buy and sell side. Unfortunately, it was extremely cold on the days we were there, and these limited the number of people that came to the

stall even though we were indoor. We had presentations on the workings of the stock exchange and how all Emaswati can invest in the stock exchange through equity or bonds. The main message we were trying to get out was the account creation so that investors can enjoy our automated trading system by using the USSD code \*470#.

#### **56<sup>th</sup> BI-ANNUAL COSSE MEETING TO BE HELD ON 23<sup>RD</sup> NOVEMBER 2019, KASANE, BOTSWANA**

The Manager ESE and Senior Legal and Compliance Officer attended this conference where it was noted that members made suggestions to the CoSSE Strategy, even though these were slow in coming. There was reorganisation of the existing subcommittees to improve participation across members There was also introduced a new subcommittee responsible for Research and Development. Most relevant, ESE was included to participate in the following Working Committees: Financial Inclusion Working Committee; Legal, Advocacy & Regulation Working Committee; Research, Market & Product Development Working Committee; and, Capacity Building Working Committee. Since most of the ESE staff members are fairly new, that participation by ESE in these committees will capacitate and necessitate staff growth and learning. It was concluded that all sub-committees were to populate the Annual Targets scorecard with their respective projected targets relating to their relevant strategic objectives to be achieved through the 2020-2024 strategy period. Sub-Committees were also requested to make submissions by the 28<sup>th</sup> of February 2020, which will then be reviewed and approved at the 57<sup>th</sup> CoSSE Meeting in March 2020.

#### **23<sup>RD</sup> ASEA MEETING HELD FROM THE 24<sup>TH</sup> - 26<sup>TH</sup> NOVEMBER 2019, AT KASANE, BOTSWANA**

Manager ESE and Senior Legal and Compliance Officer attended the African Stock Exchanges Association (ASEA) Conference in Kasane Botswana. The theme of the Conference was “Building Resilient African Capital Markets”. On the first day there was the ASEA Executive committee meeting, the ASEA General Assembly Meeting and signing of ASEA-CFA MoU.



On the second and third days a number of subjects were discussed. One of these was on the issue of Green Bonds. Green bonds are used exclusively to fund projects that have environmental and/or climate benefits. It was illustrated that estimates are that the global green bonds market will be valued at US\$1 trillion by 2020, and that these may exhibit stronger resilience to volatility because of their size, novelty, diversified investment focus and the more likely participation of long-term investors. Certainly, an alternative vehicle which the ESE should look into, and likely to enhance ESE's image if they were to be introduced. The subject of Small and Medium Enterprises (SMEs) also received attention. This being important as SMEs not only create new jobs (contributing up to 60% of the world's employment), but create thriving private sectors, expand the tax base, contribute to innovation, drive entrepreneurship and enhance competition and productivity. Exchanges were encouraged to promote listing of SME's to ensure that these have access to public funding and diversify its ownership base. While access to funding opportunities was the main reason cited for listing on the capital markets, other advantages included improving their profile, enhancing their governance and improving their attractiveness for debt financing among others. There were also very interesting presentations on the M-Makiba bond in Kenya. It was demonstrated that this product was fairly successful in bringing a new broad-based retail investor group into the market for a government paper. Studies showed that 85% of customers had never bought a bond before and buyers were distributed across virtually all of Kenya's 47 counties. Most of the investors (84%) really liked the product and were likely to recommend it to someone else and 80% of those who invested were likely to invest again if the product was issued today. This is the trend that Eswatini should pursue to grow the Capital Markets industry.

During the last day of the conference an MoU was signed between ASEA and Global Reporting Initiative (GRI). GRI is an independent international organization that has pioneered sustainability reporting. GRI provides guidance to stock exchanges on sustainability reporting standards, by recommending that listed companies to report on environmental, social and governance (ESG) issues, and going a step further by providing model guidance to participating companies. We also had a meeting with GRI staff and the ASEA secretariat where ESE, together with the Ghana Stock Exchange, and the Nairobi Stock Exchange were nominated for inclusion in the program to train on ESG/ Sustainability reporting. This training will take part in three phases beginning in 2020-

**2023, with the first phase commencing in January 2010. Participation by the ESE will be fully funded by GRI and ESE greatly being included in this programme.**

.....THE END.....