

## "QUARTER 2 MARKET WRAP: WHAT WAS & WHAT IS TO BE EXPECTED"



SPSE Acting Chief Executive  
Ms Krishika Narayan

### Greetings from SPSE!

This week the Exchange will focus on providing an update to our readers, subscribers and potential investors regarding the listed companies in terms of market returns as at June 2017, the current market sentiments, steps undertaken to enhance investor confidence and an outlook for the remaining half of the year from the Stockbrokers perspective. We will also share details of an upcoming investor awareness session.

Generally, it has relatively been a span of high investment returns and growth opportunities realised by Fijian stock market investors.

## MARKET RETURNS

### TOP 10 PRICE GAINERS

Security	Share Price (Dec -2016)	Share Price (June - 2017)	Price Growth (%)
TTS	3.20	4.35	35.94%
FTV	1.51	1.84	21.85%
FBL*	2.00	2.41	20.50%
ATH	1.27	1.50	18.11%
FIL	0.72	0.85	18.06%
VIL	2.04	2.30	12.75%
FHL	4.09	4.50	10.02%
FMF	0.80	0.85	6.25%
RBG	3.15	3.29	4.44%
PBF	12.10	12.50	3.31%

So if you're an investor who had bought shares in any of these companies around December 2016, the value of your investment would have grown by the percentages described above.

\*FBL's share price of \$2.00 is the close price on day of listing (02/Feb/17)

### TOP 10 DIVIDEND YIELD STOCKS

Security	Six Month Dividend Return (%) / Dividend per Share: <u>TAX FREE</u>
TTS	9.20% / \$0.40
RCF	7.89% / \$0.30
BCN	6.48% / \$0.5086
FIL	4.71% / \$0.04
CFL	2.76% / \$0.12
FHL	2.69% / \$0.121
VIL	2.50% / \$0.0575
PBF	2.40% / \$0.30
APP	2.38% / \$0.025
FBL	2.07% / \$0.05

\*Only illustrates dividends that were declared and paid during the Jan-June 2017 period

### MARKET FACT

There are two forms of investment returns that you can get in the stock market and they are:

- ▶ **Dividend return** – paid by the company out of its profit (to investors); and
- ▶ **Capital gain/loss** – increase or decrease in the value of shares over time.

### AN EXAMPLE

Assuming you had bought 1,000 VIL Shares in December, 2016, returns on your investment would have been as follows:

- ▶ Dividend Return - \$57.50 [ $\$0.0575 \times 1,000$  shares]; and
- ▶ Capital Growth - \$260 [ $(\$2.30 - \$2.04) \times 1,000$  shares]

Your original cost to acquire VIL shares would have been \$2,040 ( $\$2.04 \times 1,000$  shares) and in total, your investment would be worth \$2,357.50 now.

\* The illustration above excludes transaction costs

## CURRENT MARKET SENTIMENTS

The current buy to sell ratio of 1:0.5 and the average weekly new order flow of \$130,158 as at June end is an indication of an excess demand for listed company shares, however, there is an unavailability of sellers hindering matched trades. This market condition presents the following opportunities in the stock market:

*Existing investors & Majority shareholders thinking of selling down*

This market sentiment presents an ideal opportunity for you to sell part of your shareholding and make capital gains from your investments as most of the listed shares are now trading at their all-time high share prices.

*Potential companies thinking about listing on the Stock Exchange*

With the buoyant order flow evident, it is indication of an appetite in the market and signals that a company with attractive prospects willing to float its shares at the moment may well find a ready base of investors willing to take up the share offer.

The SPSE Listing Team is also available to meet with your Directors/Executive Management Team to present how a listing on the SPSE can unlock the value of your company and provide an impetus for further growth.

*An opportunity to raise additional capital from the market for the current listed companies*

Given the appetite and increased demand for listed shares with lucrative returns, this is an opportunity for listed companies to raise additional capital by issuing and quoting additional shares on the market through one of the corporate action modes such as a Private Placement or Rights Issue. Such an option will present more flexibility in financing your operations while at the same time giving you an edge to perform better to ultimately improve shareholder value.

## ENHANCING INVESTOR CONFIDENCE

The Exchange has now launched a Standard Template for the Articles of Association for its listed companies. This template was drafted for the listed companies in compliance with the provisions of the 2015 Companies Act, SPSE Listing Rules as well as international best practices. For the investors in the stock market, adoption of the Standard Template by listed companies would instil confidence in the investors to invest in these companies knowing that they are on par not only with latest legal requirements but also with the compliance standards set by SPSE.



*SPSE Chairperson, Dr Nur Bano Ali presenting the Standard Articles of Association Template to a listed company representative*



**Mr. EsromY Immanu'el,**  
**Manager & Licensed Investment**  
**Advisor – FijiStock Brokers Limited**  
**(FSB)**

The next six months is anticipated to be a continuation from the last six months which will see further growth in prices of listed companies, heightened demand for share investments and inflow of new investors. These positive sentiments are outlined on the basis of:

- Favourable profit and asset base results from some of the listed companies such as ATH, VIL and TTS assisted by the favourable business environment. Other companies are expected to produce progressive results as well;
- Market sentiment improvements towards savings and investments and the greater awareness programs undertaken; and
- Expected increase in net pay in the hands of workers through the increased income threshold, apart from increased minimum wages and increased remittances.

With the above, we are expectant of around a 4.5% average growth in the stock market over the next 6 months with some listed companies achieving far more than this. We also expect that bulk of the trades will continue to be towards the favourable dividend yielding stocks and to a medium degree towards the income & growth stocks. This is in view of the expected continuation of the “dividend effect” syndrome still prevalent in the market apart from expected increase in investments by retirees and those nearing the retirement age. Finally, with increased demand for share investments and all time high share prices of majority of the listed companies, we expect that current shareholders would take advantage of the same to realise the gains or growth achieved so far and liquidate part of their investments as their investment objectives are achieved. Generally, there are opportunities for both buyers to enter the stock market and also sellers to realise their growth in investments by selling their existing holdings in listed shares at a gain.

### UPCOMING INVESTOR AWARENESS SESSION

SPSE in partnership with the licensed Stockbrokers will be holding an ***Introduction to Stock Market Seminar*** later this month. This investor awareness session is suited for all those individuals who have been eager to explore share investments further but are still confused on how to take the next steps as well as for those people who are already investors in listed companies and don't know what is the worth of their investments and how they can capitalise on opportunities to sell down part of their investments and make capital gains. During this session, we aim to cover the following:

- ▶ How to get started in Share investments
- ▶ Risks & Returns of investing in Shares
- ▶ Comparison of returns from different investment products
- ▶ How to plan your investment strategy
- ▶ Using Shares for long-term wealth creation & aspirations such as buying a house

#### DETAILS OF THE SEMINAR

When: Thursday, 27<sup>th</sup> July 2017

Where: Tanoa Plaza Hotel, SUVA

Time: 1pm to 2pm

**Please secure a seat for you today by contacting us via one of the contact modes below!**

For further information including those relating to listing on SPSE, listed company performance and/or investing in listed companies, as well as any shareholder related queries regarding your investments in one of the listed companies, please do not hesitate to contact us.

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