

2017 Stock Market Review

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2017 Macro Overview

- On the global front, 2017 witnessed economic activity picking pace as most advanced and emerging economies managed to maintain their momentum and accelerate growth. The primary factor behind such a growth was generally an increase in consumer spending which was backed by broadly encouraging economic conditions and strong government outlays. Global analysts and market strategists believe that this recovery will continue for a good while and labelled 2017 as a remarkable year for the stock market. For the United States (US) economy, growth sentiment was undimmed by increased political uncertainty amid rising tensions with North Korea and the displeasure associated with the Trump administration to realise its policy goals.
- Generally, the global equity markets this year has been led by growth companies, especially from certain Internet stocks with the signature names such as Alibaba, Facebook, Amazon, Netflix and Google in the lead as they boast for massive user bases, impressive growth rates and in many cases strong profitability as well. On the back of these increases, the major world market indices soared to new highs creating wealth for the investors.
- Domestically, according to the statistics provided by the Reserve Bank of Fiji (RBF), it states that the Fijian economy is expected to grow by 4.2% in 2017. This growth trajectory is in concurrence with the global economy and is essentially backed by an upward trend in consumer spending supported by higher incomes, favourable labour market conditions and accommodative monetary policy conditions. The inflation rate has been forecast to end the year below the 3% mark.
- On the local equities front, Fiji's Stock Market recorded impressive gains in its key market indicators this year. The overall capitalisation of the market recorded a strong growth on the back of greater investor demand gaining a significant 36.25% concluding the year at an all-time high value of \$1.80 billion. The strong financial performance recorded by several listed companies coupled with increases in dividend payments combined with increased demand for listed company shares resulted in strong capital gains for the year which ultimately posted strong gains in market indices as well.

Market Activity Review

Market Sentiments

- The year 2017 was characterised by high demand for stocks with high yields and those that had reported consistent or in some cases improved financial performances. An excess demand over supply of shares in the market was recorded in majority of the months as indicated by the month by month bid to offer ratio.
- While existing shareholders of some listed companies which continued to trade at their all-time high share prices demonstrated a strong 'Hold' and/or 'Accumulate' investor preference, it was encouraging to note that there were certain existing shareholders who took an opportunity of the current market sentiments to liquidate part of their shareholdings and realise capital gains from their investments. Overall, this investor behaviour combined with the returns offered in the stock market relative to domestic alternatives added to the radiance of trading activities and gains in key market statistics during 2017.

- The Exchange also witnessed the presence of well-informed investment decisions being made by investors which resulted in determination of share prices which were closely linked to developments announced by listed companies such as improved financial performance, product launch and/or acquisition plans. To some extent this awareness on the investor end resulted in price corrections for certain listed stocks and is certainly a welcome change towards developing a more vibrant stock market in Fiji.
- An impressive trend was recorded in terms of new investors seeking investment opportunities in the stock market as well. The Exchange noted that new investors entering the market were focused on establishing a diversified investment portfolio, investing in multiple listed stocks rather than focusing on one particular stock. The three licensed stockbroking firms have played an important role in this agenda of increasing new investors in the market and are being commended for their effort during the year.
- Overall, considering the current market sentiments, it is obvious that a company which has attractive prospects and has been contemplating floating its shares on the market will find a ready base of investors willing to take up the share offer. With this optimistic environment, it is certainly an ideal time for all those companies to proceed with their plans to go Public.

Overall Trading Pattern

- There were no one-off transactions recorded during 2017, however, during the year 2016, various one-off transactions were recorded which included the Vision Investments Limited (VIL) private placement trades and special crossing transactions. Given this background, the trading statistics for the year 2017 ranks lower in comparison to 2016.
- The number of transactions via the SPSE e-trading platform for the year ended 31st December 2017 stood at 1,434, marginally lower than the number of transactions in 2016. The total volume traded stood at 2,958,671 shares while the total value of traded totalled \$7,535,669.

The key market indicators discussed above in comparison to last year is illustrated in the table below:

Summary of Security Trading	2017	2016*	% Change
Number of Trades	1,434	1,580	-9.24%
Volume Traded	2,958,671	37,624,869	-92.14%
Value Traded (\$)	7,535,669	58,682,893	-87.16%

* 2016 trading statistics includes one-off transactions

New Order Flows

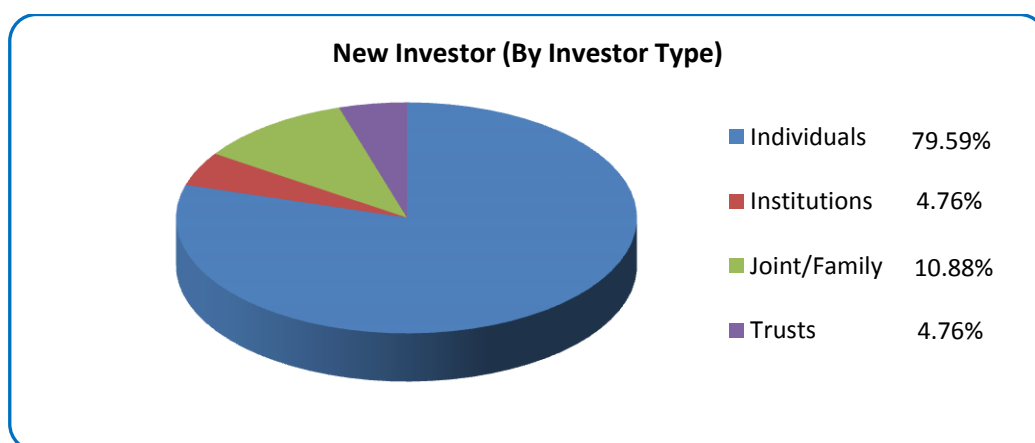
- New order flow into the market had been buoyant with a weekly average consideration of \$394,431. Throughout 2017, new orders mostly swayed towards buying interest, however, an injection of certain high volume sell orders towards the end of the year in certain listed stocks resulted in the 12 month average bid to offer ratio to conclude at 1:1. Once these certain high volume sell orders are excluded, the 12 month average bid to offer ratio stands at 1:0.8, indicating a higher presence of buyers as opposed to sellers in the market.
- Generally, together with institutional investors, participation from various retail investors was also recorded throughout 2017 resulting in lively order flows.

New Investors

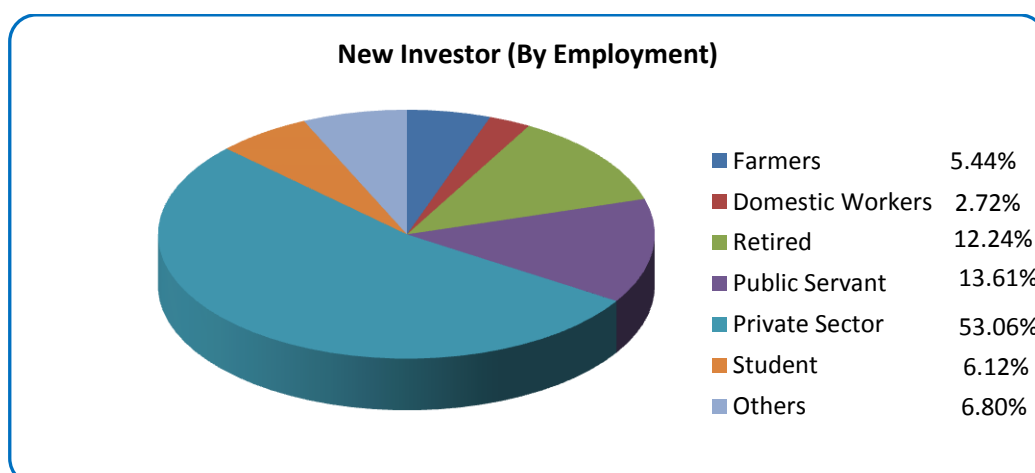
- A total of 147 new investors entered the Fijian stock market in 2017. These new investors yielded 334 trades and contributed 715,554 shares in volume traded and garnered \$1,581,662 in value traded. Overall, the new investors demonstrated an impressive contribution towards the overall trading statistics for 2017 accounting for 23.29% of the overall number of trades, 24.18% of the overall volume traded and 20.99% of the overall value traded. This is demonstrated below:

Particulars	2017 New Investor Statistics	% of 2017 Aggregate
No. of New Investors	147	
No. of Trades	334	23.29%
Volume Traded	715,554	24.18%
Value Traded	\$1,581,662	20.99%

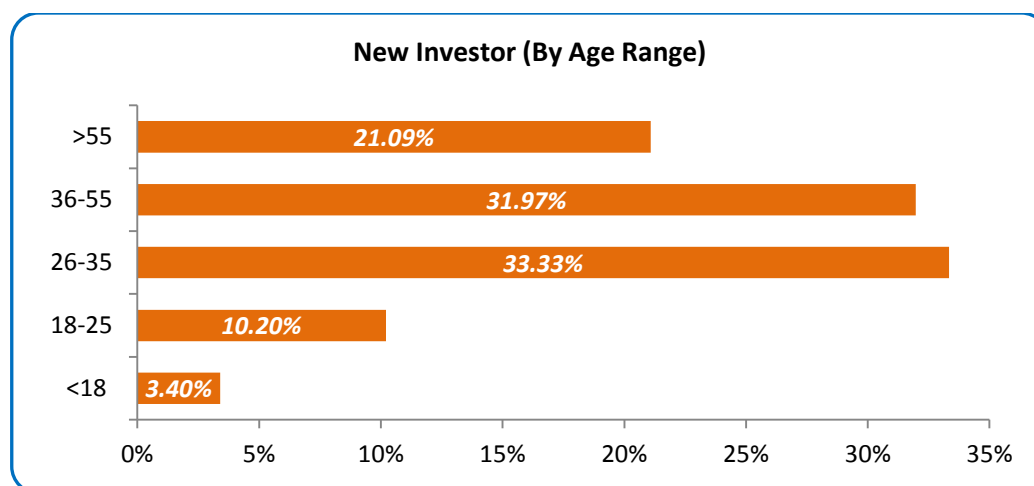
- Majority of the new shareholders that invested in the listed companies during 2017 were individuals and represented 79.59% of the overall new investment by investor type. These individuals are public servants, private sector employees, domestic workers, retirees, students and farmers. A detailed illustration of new investors by type is presented below for information:



- A review of the new investors by type of employment indicated that majority of the new investors recorded during 2017 were those employed in the private sector. Those employed in the public sector ranked second which is closely followed by retirees. This is illustrated below:



- An analysis of new investors entering the market in 2017 showed that majority of the new investors fall between the age range of 26 years to 35 years with the age range of 36 years to 55 years queuing behind. Also an interesting trend noted is that more than 50% of the new investors recorded were below the age of 35 years. This is encouraging to note as it illustrates that the young working population are now becoming financially savvy and are using the stock market as an investment mode to invest their savings and/or their hard earned earnings. A detailed illustration of the new investors by age range is portrayed below:

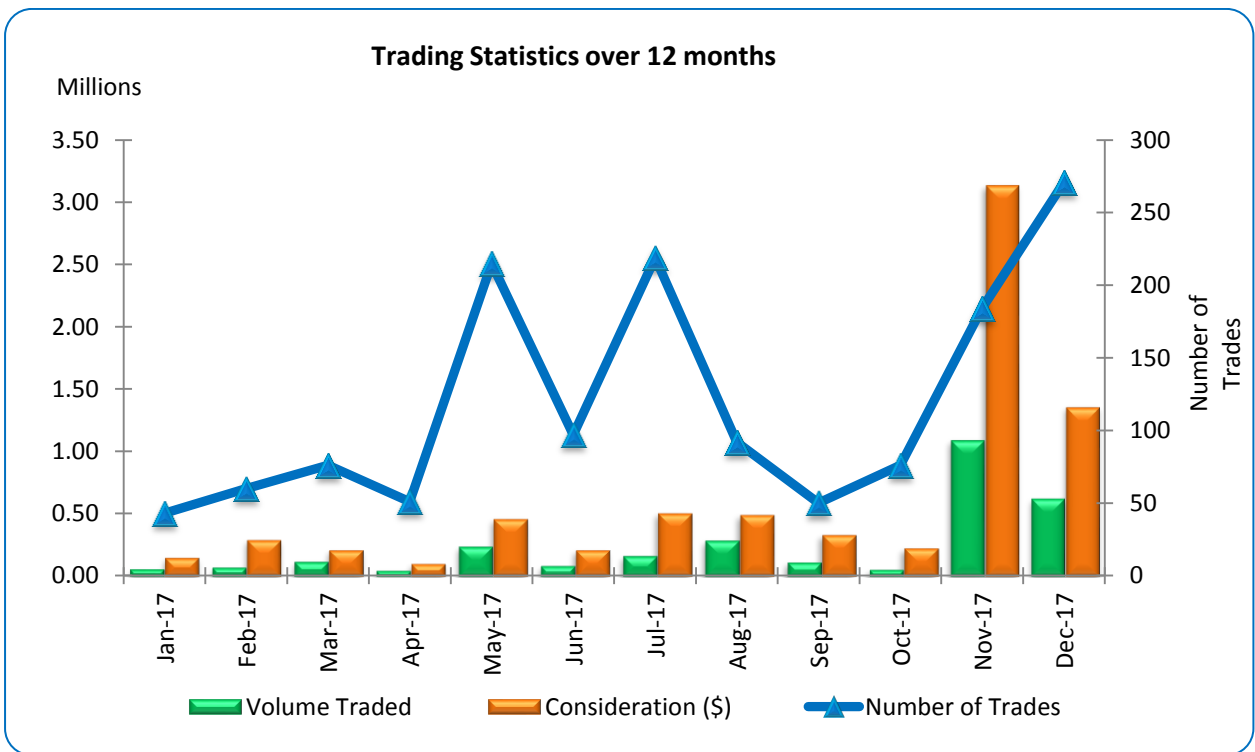


Monthly Trading Trend

- The year 2017 started on a slightly slower mode with majority of the listed companies recording relatively lower number of trades and only three companies recording share price movements in January.
- The month of February saw the official listing of Free Bird Institute Limited (FBL) which marked the extension of the capital markets sectorial representation by including the Education sector. The listing of FBL injected the much needed liquidity and provided an opportunity for the investors who have been looking for investible shares. There were also various other price movements recorded during the month.
- The upbeat from the listing of FBL continued in March with an increase recorded in the overall trading pattern supplemented by trading in Amalgamated Telecom Holdings Limited (ATH), Vision Investments Limited (VIL) and Fijian Holdings Limited (FHL). The month of April recorded slower trading behaviour with majority trades recorded in ATH and FHL shares.
- The month of May was lively due to numerous reasons. Firstly, the market recorded the first batch of FHL's bi-annual market based dividend reinvestment trades. Moreover, VIL recorded certain high volume trades as founding shareholders liquidated part of their shareholdings which allowed both retail as well as institutional investors to purchase those shares and finally, the May trading levels were boosted by trades recorded in ATH, FBL and FMF Foods Limited (FMF) shares.
- Active trading pattern continued in June with additional shares related to FHL's dividend reinvestment trades getting executed during the month. ATH shares were also seen to be in demand resulting in the security posting impressive capital gains for its investors. The month of July saw the execution of the remaining FHL dividend reinvestment orders from the March dividend declaration while stocks such as VIL and ATH continued to remain active.

- In August, market activity focused on a mix between stocks with high dividend yields and/or those showing capital gain opportunities. There was an increase recorded in trading of FBL shares following the declaration of an interim dividend while certain high value trades were recorded in FMF. Also for the first time and as now allowed under the Companies Act, 2015, Kinetic Growth Fund Limited (KGF) executed a share buy-back transaction.
- The month of September and October recorded similar trading patterns with investors once again focusing on yield driven stocks. ATH shares continued to surge while positive price increases continued to be recorded for VIL, FHL, KGF and BSP Convertible Notes Limited (BCN) shares.
- FHL shares were dominant in November as the company’s second batch of its bi-annual dividend reinvestment trades were partially executed during the month. VIL, FMF and FBL shares were also in demand resulting in notable trading; however, the highlight for the month was the execution of a high volume order in RB Patel Group Limited (RBG) between two institutional investors. This trade in RBG boosted the overall trading statistics for the year.
- Despite the festive season setting-in, the overall trading, in particular by retail investors boosted the market activity in December. This trading behaviour supplemented the remaining trades executed as part of FHL’s dividend reinvestment orders from the September dividend declaration. This active trading by retail investors during the festive season is a welcome change noted by the Exchange over the past years and indicates that individuals are now balancing their consumption and saving/investment priorities.

The trading pattern over the past 12 months is portrayed below:



Trade by Security

- Analysing the overall market statistics for 2017 by each security shows RBG shares dominating both volume and value traded. RBG shares represented 18.40% of the overall volume traded and 29.13% of the overall value traded during the year under review.
- In terms of number of trades, the restricted security, FHL stood as the most active stock. FHL accounted for 57.25% of the total number of trades in 2017. These number of trades is close to five times higher than the second most active security and were underpinned by FHL’s market based dividend re-investment option for shareholders.
- Future Forests (Fiji) Limited (FFF)¹ and Pacific Green Industries (Fiji) Limited (PGI) were the two listed stocks that did not record any market activity in 2017.

Price Gainers/Losers

- The SPSE e-trading platform concluded the year with 16 out of the 19 listed securities recording increased share prices, 12 of which had double digit percentage growth. There were no negative price movements and the three remaining stocks share prices remained invariable during the period under review.
- The price movers and shakers for 2017 were as follows:
 - FijiCare Insurance Limited (FIL) was the largest price gainer seeing a price increase of 61.11% while queuing second was Toyota Tsusho (South Sea) Limited (TTS) gaining 51.88%;
 - The market heavyweight, Amalgamated Telecom Holdings Limited (ATH) shares recorded a noteworthy increase of 46.46% with FMF Foods Limited (FMF) seeing an upswing of 43.75%;
 - Vision Investments Limited (VIL) recorded an impressive gain of 37.25% while sixth in queue was the supermarket chain, RB Patel Group Limited (RBG) shares surging 35.87%;
 - Television broadcaster, Fiji Television Limited (FTV) bragged an increase of 31.79% with Pleass Global Limited (PBP) shares increasing by 28.38%;
 - The newly listed Free Bird Institute Limited (FBL)² shares gained 27.50% while the restricted stock, Fijian Holdings Limited (FHL) shares increased by 27.14%;
 - Kinetic Growth Fund Limited (KGF) and VB Holdings Limited gained 17.78% and 13.07% respectively;
 - Further capital gains were recorded by BSP Convertible Notes Limited (BCN): 9.64%, The Rice Company of Fiji Limited (RCF): 9.33%, Communications Fiji Limited (CFL): 7.59% and Paradise Beverages (Fiji) Limited (PBF): 4.13%
- Despite recording trading activities during the year, the share price for Atlantic & Pacific Packaging Company Limited (APP) remained unchanged while Future Forests (Fiji) Limited (FFF) and Pacific Green Industries (Fiji) Limited (PGI) did not record any market activities and as such no price variations were noted.
- 12 listed shares concluded the year at their all-time high share prices yielding strong capital gains for their shareholders.

2017 ALL TIME HIGH SHARE PRICES

**CFL-\$4.68 | FBL-\$2.55 | FIL-\$1.16 | FMF-\$1.15 | PBP-\$1.90 | RBG-\$4.28
RCF-\$4.10 | TTS-\$4.86 | VBH-\$4.50 | VIL-\$2.80 | FHL-\$5.20 | BCN-\$8.53**

¹ Future Forests (Fiji) Limited (FFF) shares remain suspended as at the date of this report.

² FBL share price gain of 27.50% is computed based on the listing day closing share price of \$2.00.

The price movements and further details of trading statistics by each security for 2017 are tabulated below:

Security	PRICE MOVEMENTS					TRADE ANALYSIS		
	Share Price Dec-17 (F\$)	Share Price Dec-16 (F\$)	% Δ in Share Prices	12 Month Low Share Price (F\$)	12 Month High Share Price (F\$)	No. of Trades	Volume Traded	Value Traded (F\$)
APP	1.05	1.05	0.00%	1.05	1.05	5	24,920	26,166
ATH	1.86	1.27	46.46%	1.27	1.87	168	216,338	339,512
CFL	4.68	4.35	7.59%	4.35	4.68	4	32,191	146,631
FBL*	2.55	2.00	27.50%	2.00	2.55	101	424,090	1,029,889
FFF	0.79	0.79	0.00%	0.79	0.79	NO TRADES		
FIL	1.16	0.72	61.11%	0.72	1.16	19	254,071	269,704
FMF	1.15	0.80	43.75%	0.80	1.15	23	529,494	515,878
FTV	1.99	1.51	31.79%	1.45	2.00	21	40,966	79,453
KGF	0.53	0.45	17.78%	0.45	0.53	12	128,638	65,171
PBF	12.60	12.10	4.13%	12.10	12.60	30	32,446	401,451
PBP	1.90	1.48	28.38%	1.48	1.90	2	1,500	2,750
PGI	1.00	1.00	0.00%	1.00	1.00	NO TRADES		
RBG	4.28	3.15	35.87%	3.15	4.28	20	544,425	2,194,862
RCF	4.10	3.75	9.33%	3.75	4.10	10	40,889	166,073
TTS	4.86	3.20	51.88%	3.20	4.86	6	16,944	81,530
VBH	4.50	3.98	13.07%	3.98	4.50	7	40,589	169,743
VIL	2.80	2.04	37.25%	2.04	2.80	161	384,418	904,028
FHL	5.20	4.09	27.14%	4.08	5.20	821	241,267	1,098,477
BCN	8.53	7.78	9.64%	7.78	8.53	24	5,485	44,350
TOTAL						1,434	2,958,671	7,535,669

* FBL's share price of \$2.00 is the closing price on day of official listing (2nd Feb, 2017)

Market Performance Indicators Review

Dividend Returns & Capital Growth – Total Market Return

- The overall capital growth for Fiji's stock market for the year 2017 averaged 23.82% (Tax-free) while the average dividend yield for the market stood at 3.80% (Tax-free).
- Aggregating the average capital growth and the average dividend yield resulted in **27.62% average total market return** for 2017.
- The impressive average total market return has been driven by a huge demand for listed company shares which subsequently resulted in increased share prices for majority of the listed companies. This trend is also supportive of the Exchange's various ongoing investor education programmes and indicates that investors now realise the potential of investing in the stock market which offers competitive returns in comparison to other investment products in Fiji's financial market. This trend also offers a prospect to current shareholders allowing them an opportunity to liquidate their shareholdings partially and make capital gains from their investments.

2017 STOCK MARKET RETURN

Average Capital Growth: 23.82%

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Average Dividend Yield: 3.80%

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Average Total Market Return: 27.62%

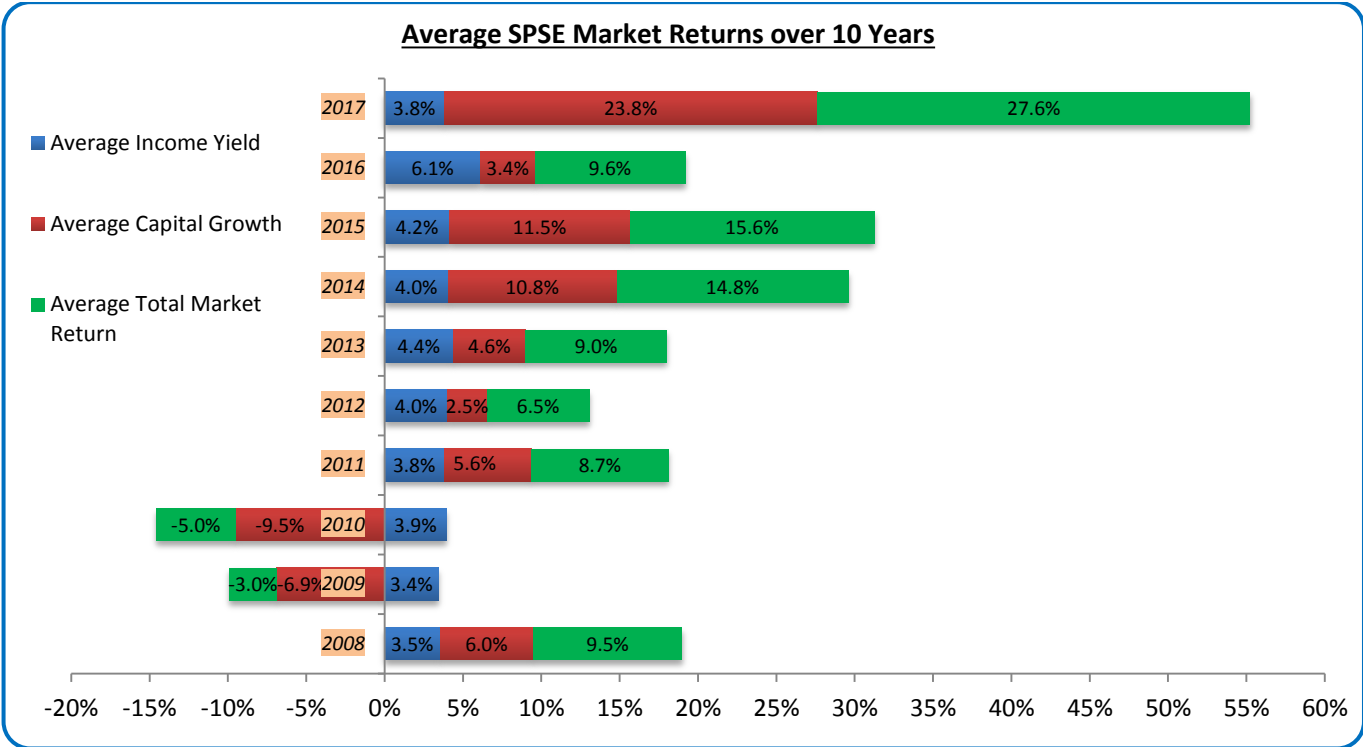
Details of price movements showing capital growth returns and dividend returns as at the end of 2017 is tabulated below:

Security	Income Yield	Capital Growth	Total Market Return
APP	2.38%	0.00%	2.38%
ATH	3.23%	46.46%	49.68%
CFL	11.32%	7.59%	18.91%
FBL	4.71%	27.50%	32.21%
FFF	0.00%	0.00%	0.00%
FIL	3.45%	61.11%	64.56%
FMF	1.22%	43.75%	44.97%
FTV	2.01%	31.79%	33.80%
KGF	0.00%	17.78%	17.78%
PBF	2.38%	4.13%	6.51%
PBP	2.11%	28.38%	30.48%
PGI	2.00%	0.00%	2.00%
RBG	3.74%	35.87%	39.61%
RCF	7.32%	9.33%	16.65%
TTS	8.23%	51.88%	60.11%
VBH	1.56%	13.07%	14.62%
VIL	3.48%	37.25%	40.74%
FHL	4.67%	27.14%	31.81%
BCN	8.33%	9.64%	17.97%
Average :	3.80%	23.82%	27.62%

DID YOU KNOW?

- Dividends are tax-free for both resident and non-resident investors of SPSE listed companies;
- Gains from trading of shares on SPSE are exempt from Income Tax for residents; and
- Gains from trading of shares on SPSE are exempt from Capital Gains Tax for both residents and non-residents.

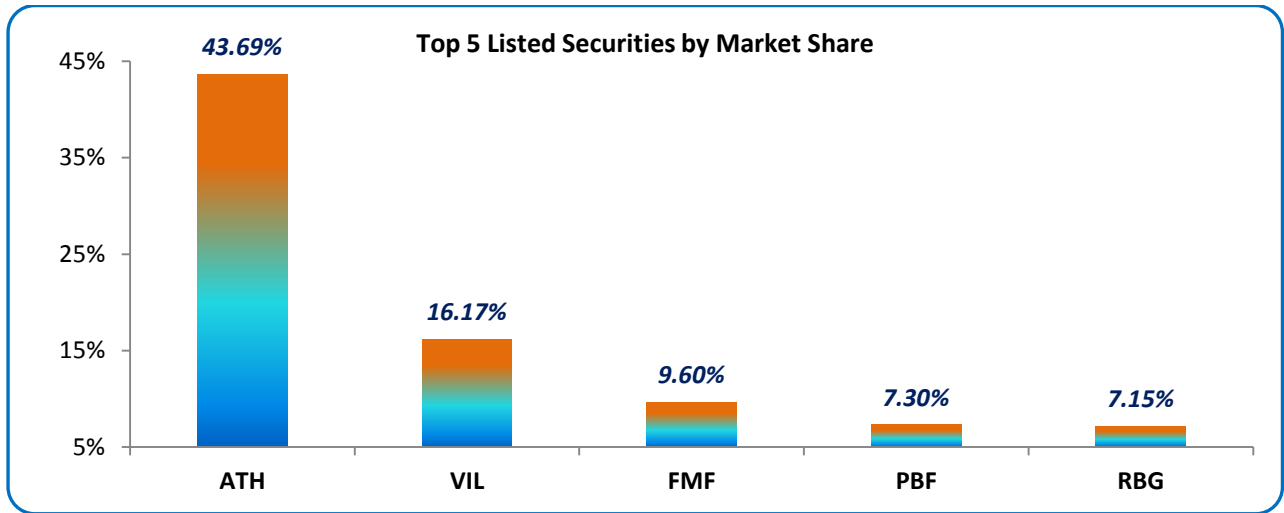
Average total market return (including the average capital growth and average income yield) for the past 10 years is portrayed below.



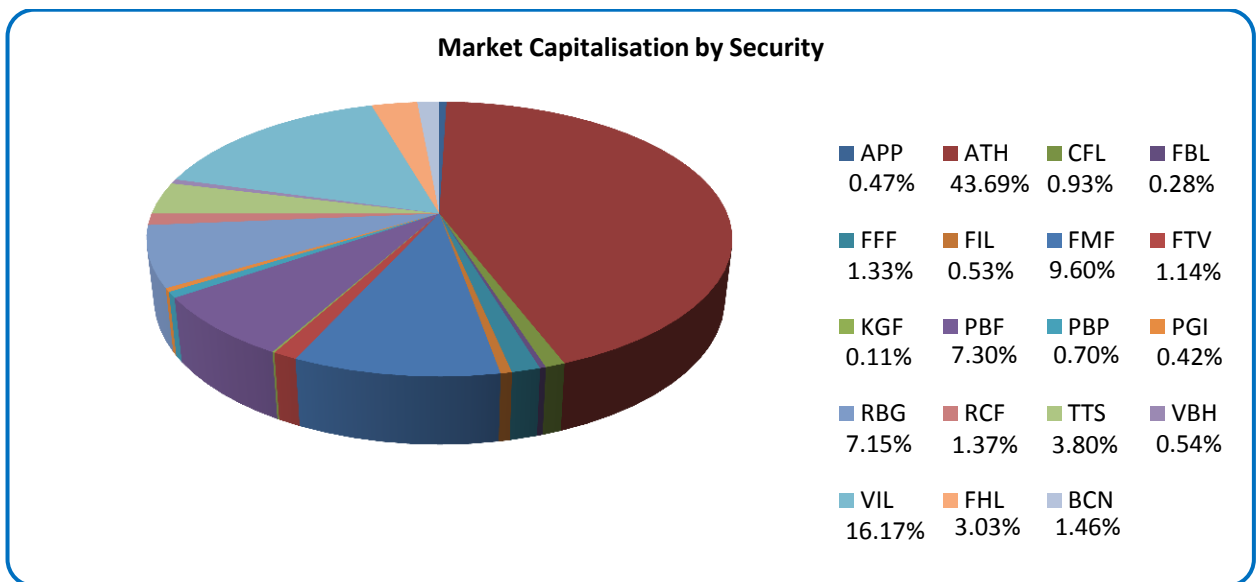
Market Capitalisation (All-time high at \$1.80 billion)

- The overall capitalisation of the market recorded a stellar performance in 2017 gaining a significant 36.25% to conclude at an all-time high value of \$1,796,850,636. The healthy performance in the market capitalisation is justified given the share price increases recorded in majority of the listed stocks.
- The top five listed securities in terms of market capitalisation represented 83.91% of the overall market capitalisation as at 31st December 2017.

The top five listed securities in terms of market capitalisation is illustrated below:



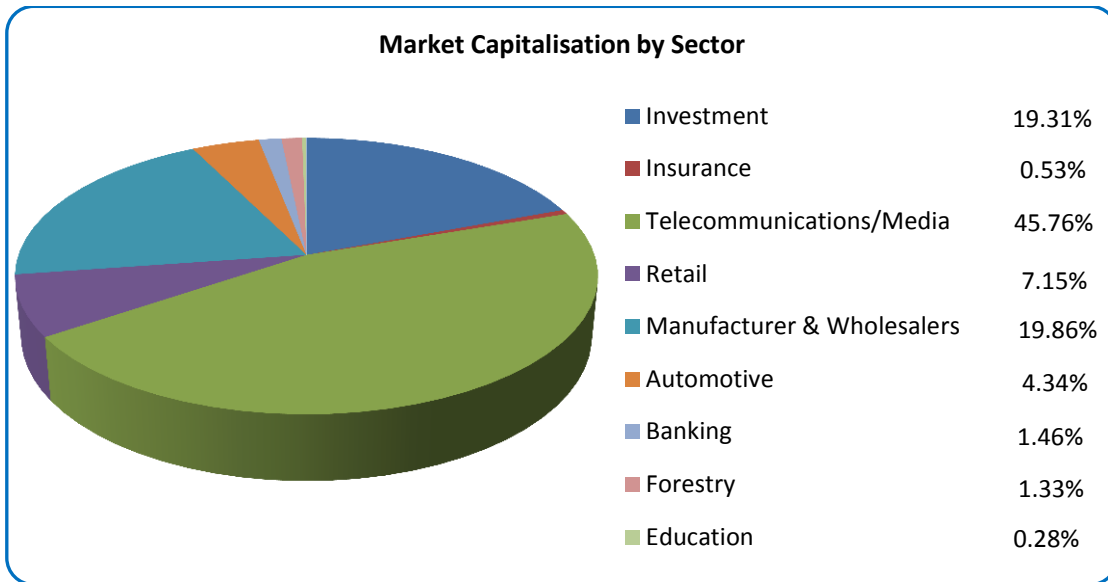
Details of contribution of each listed company towards the overall market capitalisation as at the end of 2017 is illustrated below:



- By sectorial representation, the Telecommunications and the Media sector holds the largest portion of the overall market value at 45.76%. The Manufacturers & Wholesalers sector stands second in queue occupying 19.86% with the Investment sector posing third with a 19.30% occupancy;

- The Retail sector demonstrates an ownership of 7.15% with the Automotive sector standing at 4.33%. The Banking and the Forestry sector are in close proximity occupying 1.46% and 1.33% of the overall market value respectively. The Insurance sector represented by FIL shares accounted for 0.53% of the overall market value while the Education sector represented by FBL shares, saw its contribution standing at 0.28% at the end of 2017.

The pie-chart below portrays the contribution of each sector towards the overall market capitalisation as follows:

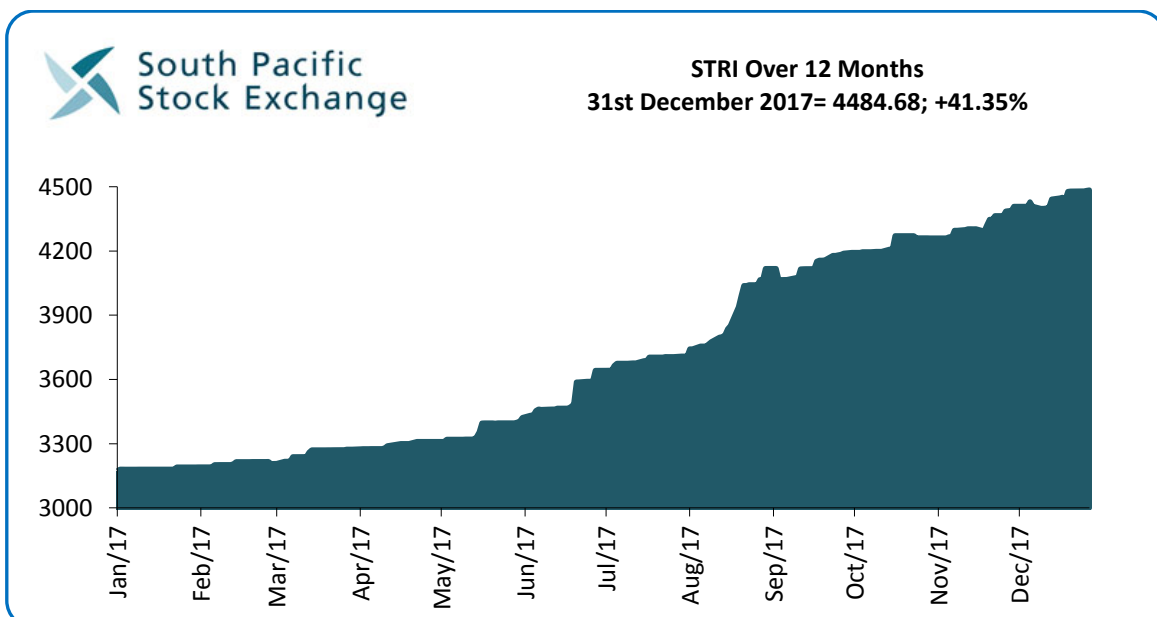


Market Indices

SPSE Total Return Index (STRI)

- Given that STRI is a market capitalisation weighted total return index, the impressive capital growth in listed stocks augured well for the index and as such posted a notable gain of 41.35% (1311.89 points). STRI ended the year with an all-time maximum value of 4484.68.

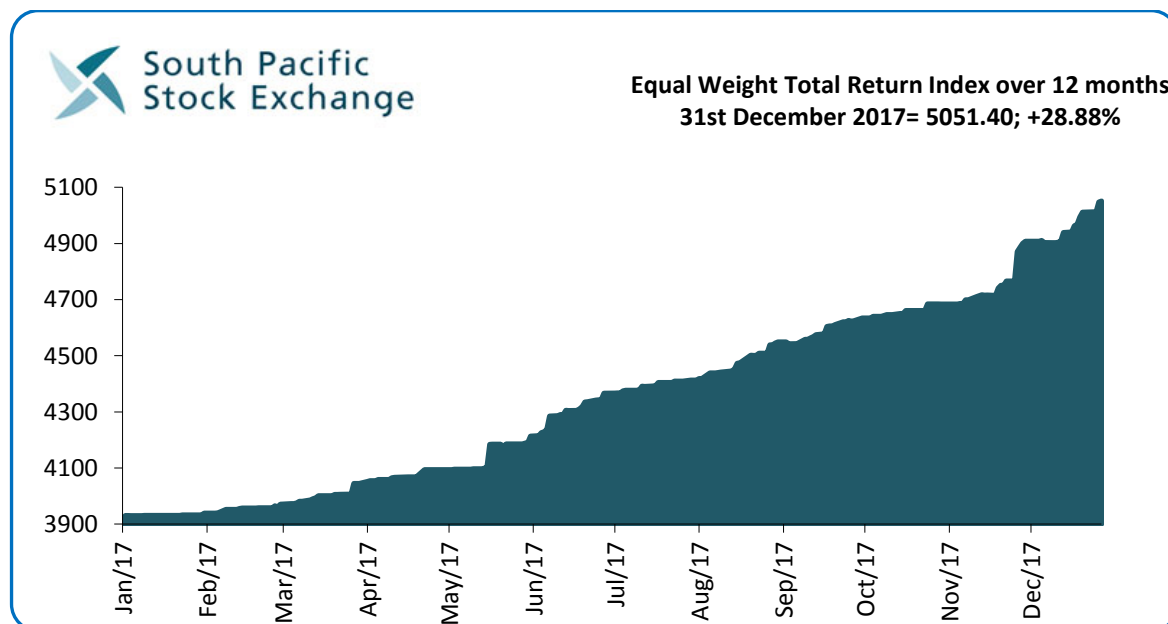
The 12 month performance for STRI is illustrated below:



Equal Weighted Total Return Index

- This index weighs all the listed stocks equally without being construed by the heavyweights and concluded the year 2017 at a value of 5051.40, a gain of 28.88% (1132.01 points) for the period under review. The increase in the equal weighted index was in line with the average total market return for 2017.

The 12 month performance for Equal Weighted Total Return Index is illustrated below:



2018 Outlook

The Exchange aims to maintain its momentum with respect to marketing its core business of an access to finance and investment/trading platform both domestically and internationally. Our primary focus will therefore continue to focus on creating partnerships that will increase the number of listed companies and the availability of a dynamic range of securities to accommodate different investor preferences. We also aim to refine our competitive edge and continue to provide value added services to our stakeholders which includes ease of doing business. The deliverables through these initiatives will once again focus on overcoming the liquidity stranglehold, boosting trading volumes and ultimately generating revenue for the Company with a long-term focus to become self sustainable.

In 2018, a greater focus will be placed on promoting the various incentives and benefits of listing on SPSE and how the SPSE platform can be used by the companies to unlock their value. Listing can help a company gain significant amount of prestige and positive publicity, essentially benefiting the business operations of the company and stamping it as a mark of success. Combined with the incentives and based on the current investor sentiments, the market is offering an ideal opportunity for raising capital by businesses. Overall, SPSE envisages some new listings in 2018 and is expectant of another year of growth in trading activities and an increase in number of new investors.

Finally, the Exchange endeavours to further the interests of the investing community in 2018 and as such continues to regularly adjust its investor education programs in ways that are attentive to the needs of potential as well as existing investors. With this view, the Exchange aims to trial a couple of new investor awareness initiatives during 2018 to further profile the operations of the stock market.

DISCLAIMER

If you have any queries related to this report or wish to have our team present to your staff/groups on investment options in Fiji's stock market, contact SPSE Business Development Manager, Mr Pretesh Prasad on 3304 130/9343 535 or email to pretesh@spse.com.fj for more information

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