

# Stock Exchange of Mauritius: Newsletter

May 2015



## INSIDE THIS ISSUE:

---

### 1 EXCHANGE FOCUS:

*SEM interviews J.M. Louis Rivalland, Group Chief Executive of Swan Group*

---

### 2 EXPERT ARTICLE

*Access Africa's growth through the continent and beyond ?*

---

### 3 SEM TRADING STATISTICS

---

# 1 EXCHANGE FOCUS:

## SEM interviews J. M. Louis Rivalland, Group Chief Executive of Swan Group

**Q1: Established in 1855, SWAN is currently celebrating its 160th anniversary. Please give us an overview of the path and main milestones achieved by SWAN down the memory lane?**

SWAN's origins date back to 1855 with the creation of the Mauritius Fire Insurance Company Ltd. In 1955 the latter merged with the Colonial Fire Insurance Company Limited to become Swan Insurance Company Limited. Then, in 1972, Swan Insurance, operating in general insurance, acquired a majority stake in the Anglo-Mauritius Assurance Society Limited, operating in the long term insurance market.

In recent years, Swan Group focused on a number of strategic initiatives to strengthen and optimize its financial services and also to offer a wider range of products and services to its customers. Hence in 2004, The Anglo-Mauritius Financial Services Ltd (later renamed Anglo-Mauritius Investment Managers Ltd) was created for offering fund management services and for

the distribution of financial products. In 2012, Swan Insurance Company Ltd amalgamated its activities with those of Cim Insurance while The Anglo-Mauritius Assurance Society Ltd amalgamated its activities with Cim Life. At the same time the stockbroking and asset management businesses of the Rogers Group were acquired making the Swan Group the leading provider of insurance services, brokerage and asset management.



Building on its expertise and its strong financial reputation, the group began developing its regional activities and now have a presence in Madagascar, Seychelles, Comoros, and South Africa

Since the 30th of April 2015, all the companies and products of Swan Group are united under a single brand, SWAN. Swan Insurance Company Ltd is now Swan General Ltd, The Anglo-Mauritius Assurance Society Ltd is now Swan Life Ltd, Pension Consultants and Administrators Ltd is now Swan Pensions Ltd, Anglo-Mauritius Investment Managers Ltd is now Swan Wealth Managers Ltd, and Anglo-Mauritius Stockbrokers Ltd is now Swan Securities Ltd.

All those years of experience have allowed SWAN to build a reputation for excellence and is today considered as the most trusted non – banking financial services provider in Mauritius.

**Q2. Can you briefly say a few words on the four pillars of the so-called "Pyramid of Prosperity, behind the new corporate identity SWAN ?**

The Pyramid of Prosperity governs everything we do.

Protect because that's what our Insurance services do. They protect people. We Protect people against unforeseen events, to guard against unexpected threats. It is reassuring to be covered.

Provide because investing and managing wealth wisely helps provide for the future. Hopes and dreams are all very well but they must be provided for, now.

Progress because we're all on a personal odyssey and we are each trying to do our best, to reach our goals and do better for ourselves and those we love.

Prosper is a result that we all want to achieve and at SWAN we believe that we are in the business of helping people from all backgrounds and walks of life towards that goal. We help people flourish and enjoy good fortune.

Our customers want to know that they and their families are protected and their future is provided for. Only then can they make real progress towards their vision of prosperity. This is the unifying idea behind our brand strategy. We call it the Pyramid of Prosperity.

Protect. Provide. Progress. Prosper

**Q3. SWAN General Ltd is listed as "Swan Insurance Company" on the Official Market of the Stock Exchange of Mauritius since 19 December 1990, while SWAN Life Ltd is listed as "Anglo Mauritius Assurance Society" on the Development & Enterprise Market of the Stock Exchange of Mauritius since 04 August 2006. Accordingly, figures reveal that Swan General achieved a total return of 4880.78% since its listing while SWAN Life achieved a total return of 552.47% over the same time frame. What is your appreciation of such a whopping value-creation that SWAN has generated for its shareholders over the years?**

Swan Insurance Company Ltd was the first insurance company to be listed on the official market of the SEM in 1990. The achievement of such value-creation over 25 years is the result a number of actions. Swan has always been listening to the needs of its customers, proposing innovative off the shelf products and services as well as tailor made solutions. Our business model is based on rigorous practices be it in actuarial evaluations, investment principles, risk management policies, and corporate financing. This exceptional growth of Swan is also the result of a number of strategic moves including the mergers and acquisitions mentioned above. These efforts over the years have resulted in robust financial performances for both companies. Each of Swan General Ltd and Swan Life Ltd has recorded a healthy increase in its



gross and net earned premiums which have in turn generated higher earnings and net asset value. Swan General Ltd has enviable underwriting ratios, a robust balance sheet, is solidly capitalized, and is very strong in terms of its capacity to respond to any major catastrophe. All these have contributed to make Swan what it is today, ensuring steady dividend payments and significant capital gains to shareholders.

**Q4. SWAN lies in the top bracket of insurance companies in Mauritius, with a vision to be the preferred financial solutions partner for life. How do you see the future prospects in your line of business locally and regionally?**

Over the past years, we have taken radical steps to transform the Company from an organisation that sells financial products, to a provider of comprehensive financial solutions that helps our clients to meet their needs at every stage of life. We put people at the centre of our business, because we understand that life is not static. It is rich with intimate moments and important experiences that take people on a journey which can go from good fortune to ill fate. We shape our products and introduce innovative ideas to meet the needs of our customers at every stage of their life. That is why we have positioned ourselves as being a financial partner for life. We have also embarked on a daring customer service program that has challenged every one of our staff member to pledge to deliver best in class service. This program also encompasses other actions designed to deliver a lasting customer experience and reinforce a culture of respect across the company. Together, these initiatives will help SWAN achieve its vision to become the preferred non – banking financial solutions partner for life.

**Q5. As CEO of Swan, where do you see your company for another 50 years down the road?**

It is hard to predict over such a very long period, specially considering the speed of technological advancement and how these will impact on our lives. Mauritius has a growingly ageing population. In fifty years, we will probably have a working population which will be less than the old-aged one. We need to anticipate, change & prepare for such an evolution of yet unforeseen consequences in our society. SWAN, leader in insurance and investment management in Mauritius, shall play an important role in anticipating & driving the right changes along with private and public stakeholders, for the good of our fellow countrymen and of the country. We have to stretch our thinking, look further ahead, understand the forthcoming cycles of change and find the right solutions to face them.



## 2 EXPERT ARTICLE

### Access Africa's growth through the continent and beyond

#### Introduction:

*The ability to measure asset managers' skill impartially in a market as diverse and unfamiliar as Africa ex-South Africa (SA) is one of the requisites to strengthening investor confidence, improving transparency and generating further FDI into the continent's listed markets.*

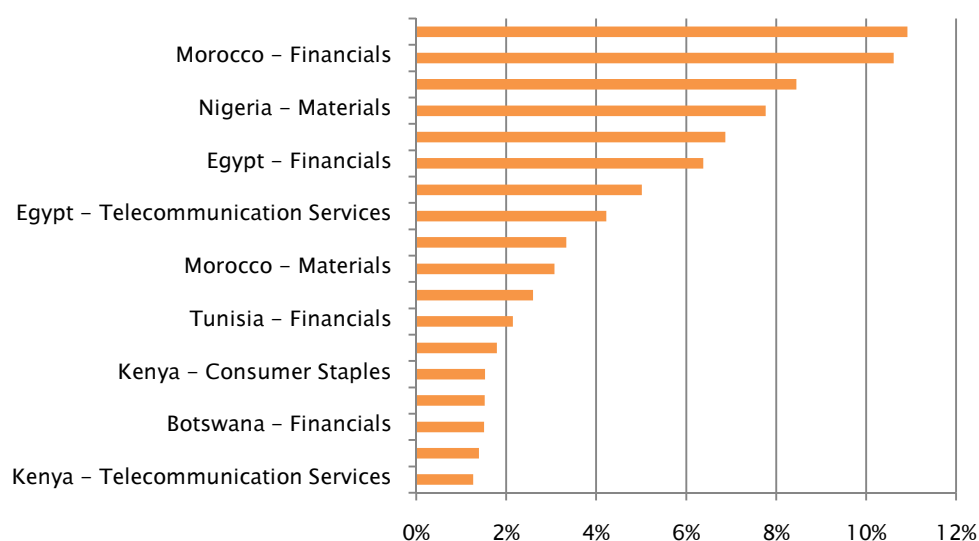
Certain regions, most notably the Northern African countries of Egypt and to a lesser extent Morocco, may be classified as emerging rather than frontier markets. However, it is the under-developed nature of the Sub-Saharan frontier economies that makes them more attractive, but difficult to measure. What makes Africa ex-SA equity markets under-correlated to developed markets, are factors linked to capital immobility, such as illiquidity, regulatory hurdles and costs. Existing performance measurement techniques and valuation methodologies may therefore not necessarily apply in this market context [1].

Before we try to delve into the intricacies of performance measurement and index construction, let's look at one of the relatively humbler debates affecting the current landscape of listed equity and benchmarking: do you include counters listed outside Africa that derive the majority of their revenue base from the African continent, in your universe under investigation?

'Exchange sectors' influence concentration risk

Looking at listed equity in Africa ex-SA overall, the true determinant of concentration risk lies within specific 'exchange sectors' across the continent. The chart below shows sector-per-exchange exposure, using the full market capitalisation universe. It is important to note that this is not adjusted for free float.

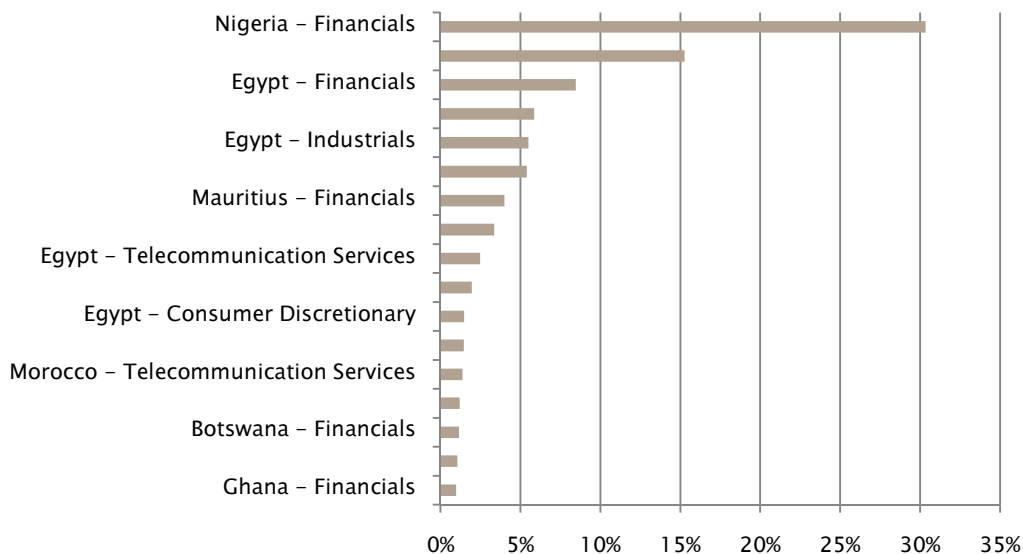
Figure 1: Country Sector Weights



80% of the available market cap is covered by 18 sectors within their respective countries; 50% by six sectors and 30% by the top three. Sector-by-exchange is by far the biggest determinant of concentration risk. In other words, simply down-weighting a single sector such as financials to reduce concentration will result in greater disconnects as smaller exchanges with an even representation of sectors will be unfairly disadvantaged.

This is further emphasised when investigating the existing set of indices[2] that only have Africa ex-SA exposure (Figure 2).

Figure 2: Index Country Sector Weights



\* Only the indices that include shares listed in Africa ex-SA are included above.

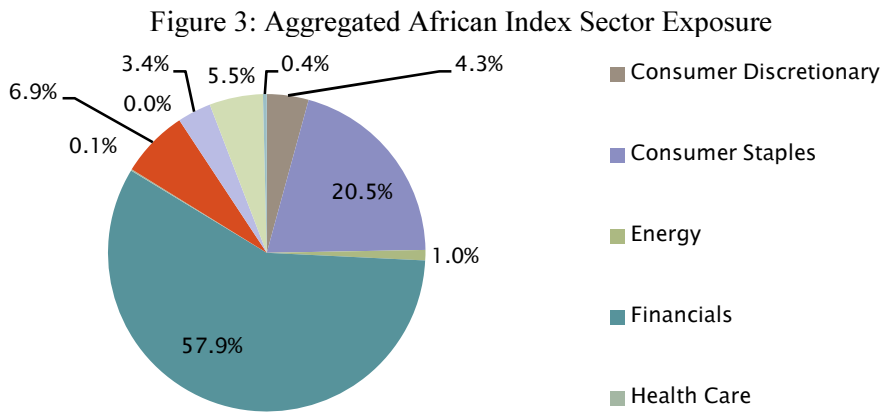
The change in weights from the exchange to index representation is significant and may be attributed to the strict liquidity criteria implemented. Liquidity filtering is extensively applied using market cap, value-traded and free-float screening methodologies, which is consistent in application across index providers' global index suites.

Naturally, from an asset allocator's point of view this is ideal as the investible portion of the market is fairly represented by the index. However, we need to bear in mind that this results in two side effects:

- 1) Sectors not represented in the indices, or those that make up a small portion of the indices, do not receive the necessary volume from international asset allocators further exacerbating the disconnects; and
- 2) Skilled asset managers who have expertise covering the full universe and not only those counters that meet the strict liquidity requirements of the indices, may find it easier to generate alpha than their counterparts in the more liquid, developed markets.

Aggregating the indices results in what some even argue is equivalent to buying African financials exposure (see Figure 3).





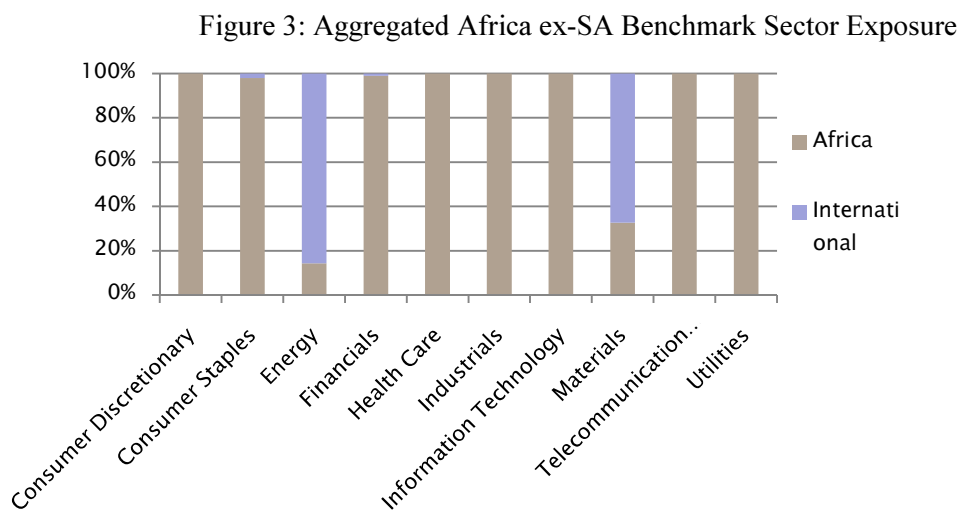
\* Only the indices that include shares listed in Africa ex-SA are included above.

Thus far, we have determined that in the interests of global best practice, the current index set provides a fair representation of investible listed equity in Africa ex-SA, although not entirely without issue. A quick comparison of these sectors to GDP generation across the continent reveals a stark disengagement. In other words, listed equity is not necessarily an appropriate access mechanism for the growth prospects advertised[3].

Energy and materials play a significant role in the African developmental story and still offer value consistent with what investors into Africa seek. Unfortunately, resources are poorly represented on Africa ex-SA exchanges. The motive for the ex-Africa nature of these listings is the fact that energy and mineral extraction processes are hugely capital-intensive and these listings, therefore turn to the more efficient and capitalised markets in order to raise funds. Nedbank Capital’s African Mining Index Series has been developed solely to track these types of ex-Africa investment opportunities for African mining exposure. Toronto, ASX (Australia) and London are seen as the exchanges of choice for these types of mining/mining-exploratory companies.

Include ex-Africa listed countries – or not?

This highlights the case for inclusion of ex-Africa listed companies that generate the bulk of their revenue from within the confines of the African continent. These listings, other than improving the exposure to resources, also introduce countries previously excluded as their listings either do not qualify or they do not in fact have a bourse e.g. Mali and Guinea.



\* All indices included



However, the argument against this bears merit. African performance will be represented, but African listed equity performance will not. Additionally, investors whose mandate lies across continents may experience duplication in exposure.

The final point is perhaps the most relevant – how much noise is introduced by introducing these ex-Africa listed shares? By noise I am referring to exposure of these resource counters to countries outside Africa. Existing indices, which include these shares, have differing thresholds for their definition of “Significant African Exposure”. As low as 50% of revenue generated from Africa may make a counter eligible, in conjunction with a number of other qualifying criteria.

The liquidity and exposure characteristics make the ex-Africa listed shares an incredibly attractive prospect for investors and as such, indices based solely on these listing types have been rather successful. They don’t, however, mimic the characteristics of African listed markets and the associated capital immobility that African focused managers have to contend with. This type of listing, therefore, should be seen as an add-on rather than a starting point for an African index.

[1] This opinion is re-enforced by a publication by Daniel Broby from Silk Invest (The Journal of Index Investing 2012.2.4:34-41 Choosing an Appropriate African Equity Index) supported by the research of Arnott, Hsu, and Moore.

[2] S&P Pan Africa Ex-SA; S&P African Frontiers; FTSE/JSE Africa 30; MSCI EFM Africa-Ex SA; FTSE ASEA Africa Index

[3] RisCura: Bright Africa, A Look at Equity Investment Across the Continent 2013

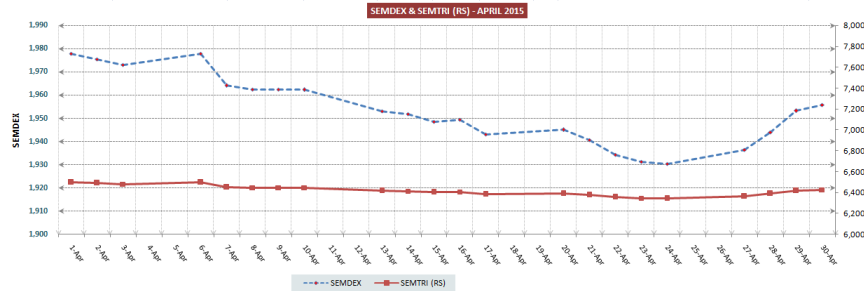




# 3 SEM TRADING STATISTICS:

## Official Market Data

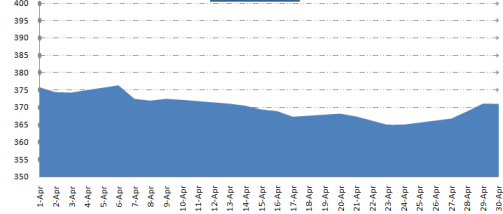
### Market Summary & Highlights



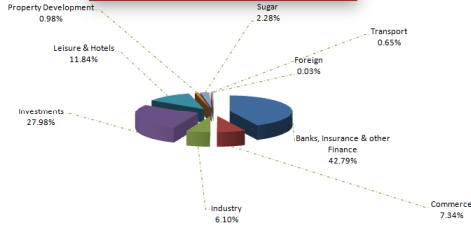
### Sectorial Performance

Sectors	Index	Volume (000)	Turnover (Rs M)	DY	PER
<b>BANKS, INSURANCE &amp; OTHER FINANCE</b>	3,055.77	783,320	1,874.69	3.65	9.99
COMMERCE	1,526.01	213	16.16	2.35	16.81
INDUSTRY	1,474.69	2,278	53.13	4.66	15.05
INVESTMENTS	380.72	8,831	129.48	2.52	6.85
LEISURE AND HOTELS	290.25	6,542	276.46	1.97	21.97
PROPERTY DEVELOPMENT	30.94	351	1.92	-	-
SUGAR	1,387.37	80	5.96	3.38	23.13
TRANSPORT	42.60	423	5.65	3.62	4.14
FOREIGN	6.26	0	0.001	-	1.89
FUNDS/GBL I COMPANIES	N/A	21	4.47	-	-
DEBENTURES/GMTB	N/A	51	15.19	N/A	N/A
EXCHANGE TRADED FUND (ETF)	N/A	8	1.76	N/A	N/A
<b>TOTAL</b>		<b>802,118</b>	<b>2,385</b>		

### SEM-10 - APRIL 2015



### Total Market Capitalisation by Sector (%) - April 2015



### Index Performance

	Return (%)	
	1 Month	YTD
SEMDEX	1,955.81 (0.98)	(5.69)
SEM-10	371.03 (1.41)	(3.76)
SEMTRI (Rs)	6,428.09 (0.95)	(5.40)
SEMTRI (US\$)	2,838.47 (2.28)	(14.70)
Market Capitalisation (Rs Bn)	217.44 (0.98)	(5.42)

### Market Capitalisation

Stocks	Rs Billion	% of Total Market Cap
MCB Group Limited	47.91	22.03
SBM Holdings Ltd	28.55	13.13
ENL Land Ltd	11.29	5.19
CIEL Limited	10.75	4.94
Alteo Ltd	10.35	4.76

### Turnover

Stocks	Rs Million	% of Total Turnover
MCB Group Limited	1,108.16	46.47
SBM Holdings Ltd	713.09	29.90
New Mauritius Hotels Ltd	219.92	9.22
Phoenix Beverages Ltd	37.50	1.57
CIM Financial Services Ltd	37.27	1.56

### Volume

Stocks	Thousands	% of Total Volume
SBM Holdings Ltd	773,150	96.39
MCB Group Ltd	5,592	0.70
CIM Financial Services Ltd	4,213	0.53
New Mauritius Hotels Ltd	3,418	0.43
CIEL Limited	2,288	0.29

### Trading Frequency

Stocks	No of Sessions Quoted	Trading Days
MCB Group Limited	22	100
SBM Holdings Ltd	22	100
Lux Island Resorts Ltd	22	100
CIEL Limited	22	100
Lottotech Ltd	22	100

### Official Market Indicators

	April-15	%	YTD Change
SEMDEX	1,955.81	(5.69)	
SEM-10	371.03	(3.76)	
SEMTRI (Rs)	6,428.09	(5.40)	
SEMTRI (US\$)	2,838.47	(14.70)	
Market Capitalisation (Rs Billion)	217.44	(5.42)	
Market Cap / GDP (%)	56		
No. of Companies	48	-	
No. of Scrips	86	-	
Total Value Traded (Rs Million)	2,384.88	-	
Total Volume Traded (Million)	802.12	-	
No. of Trading Sessions	22	-	
Market PER	9.98	-	
Market Dividend Yield	3.11	-	

### Top Ten Companies in terms of Total Return - April 2015

Companies	Total Return YTD
Rockcastle Global Real Estate Company Ltd	57.98%
Go Life International Ltd	47.87%
Phoenix Beverages Ltd	29.87%
Rogers & Co. Ltd	12.31%
United Basalt Products Ltd	9.21%
Atlantic Leaf Properties Ltd	8.67%
Compagnie des Magasins Populaires Ltée	8.11%
United Docks Ltd	5.65%
Mauritius Union Assurance Co. Ltd	4.96%
P. O. L. I. C. Y. Ltd	4.27%



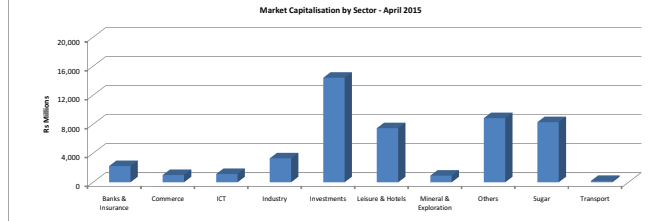
# Development and Enterprise Market Data

## Market Statistics

### Sectorial Performance

Sectors	Index	Volume	Turnover (Rs)	DY	PER
BANKS AND INSURANCE AND OTHER FINANCE	371.08	9,926	8,437,140	4.92	19.92
COMMERCE	354.85	66,872	5,014,932	2.41	12.41
INFORMATION, COMMUNICATION & TECHNOLOGY	107.94	-	-	-	-
INDUSTRY	201.26	1,70,127	705,109	3.98	15.67
INVESTMENTS	311.03	1,485,528	29,818,857	2.48	12.19
LEISURE AND HOTELS	130.97	425,205	14,026,460	0.86	23.47
MINERAL & EXPLORATION	116.31	-	-	-	-
OTHERS	105.70	859,255	26,429,675	4.71	9.87
PROPERTY DEVELOPMENT	N/A	310,000	2,325,000	-	-
SUGAR	135.30	93,714	6,291,742	1.71	188.70
TRANSPORT	49.65	2	76	5.26	14.09
DEBTENTURES / DEBT	N/A	-	-	N/A	N/A

	3,420,629	93,048,991
--	-----------	------------



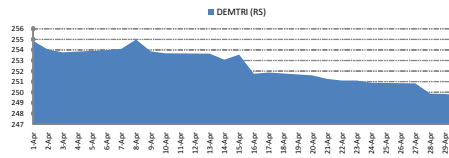
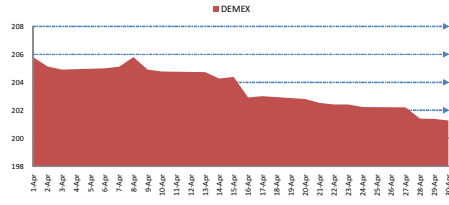
### Top 5 Companies:

Market Capitalisation		% of Total Market Cap	
Stocks	Rs Billion		
Mediane Ltd	6.72	14.06	
Asencia Ltd	4.40	9.20	
ENL Investment Ltd	4.14	8.67	
Constance Hotels Services Ltd	3.81	7.97	
Ciel Textile Ltd	3.67	7.67	

Turnover		% of Total Turnover	
Stocks	Rs Million		
Hoteles Ltd	14.84	15.95	
Constance Hotels Ltd	13.57	14.58	
Ciel Textile Ltd	10.00	10.75	
Swan Life Ltd	8.44	9.07	
Excelsior United Development Companies Limited	6.62	7.11	

Volume		% of Total Volume	
Stocks	Thousands		
Excelsior United Development Companies Limited	416.35	12.17	
Hoteles Ltd	392.90	11.49	
Asencia Co. Ltd	378.69	11.07	
Constance Hotels Ltd	375.88	10.99	
United Investment Ltd	352.67	10.31	

Trading Frequency		% of Total Trading Days	
Stocks	No of Sessions Quoted		
Ciel Textile Ltd	19	86	
Excelsior United Development Companies Limited	18	82	
COVIRA Ltee	17	77	
ENL Ltd	17	77	
Mediane Limited	16	73	



### Index Performance

	30-Apr-15	1 Month	YTD
DEMEX	201.28	(1.55)	(6.79)
DEMTRI (RS)	249.73	(1.37)	(6.59)
DEMTRI (US\$)	221.84	1.15	(10.34)
Market Capitalisation (Rs Bn)	47.78	(1.11)	(0.36)

### DEM Indicators

	April-15
DEMEX	201.28
DEMTRI (Rs)	249.73
DEMTRI (US\$)	221.84
Market Capitalisation (Rs Bn)	47.78
No. of Companies	44
Total Value Traded (Rs Million)	119.09
Total Volume Traded (Million)	6.25
No. of Trading Sessions	22
Market PER	13.16
Market Dividend Yield	2.88

### Top Ten Companies in terms of Total Return - April 2015

Companies	Total Return (%) YTD
Societe de Developpement Industriel et Agricole Ltee	34.62%
Carghub Capital Ltd	26.68%
Phoenix Investment Company Ltd	21.21%
Shumba Coal Ltd	14.77%
RHT Holding Ltd	7.14%
Asencia Ltd	5.11%
United Investments Ltd	4.35%
Forges Tardieu Ltd	3.59%
Les Moulins de La Concorde Ltee (Ordinary)	3.16%
Mediane Ltd	2.40%

