

ZSE MARKETS NEWSLETTER

Q2 2024

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About ZSE

The Zimbabwe Stock Exchange Limited ("ZSE") is a licensed securities exchange providing an avenue for capital raising on a multi-asset class trading platform. Dating back to 1894, the ZSE has evolved to be one of the longest established capital raising platforms in Africa.

About ZSE Markets

The ZSE Markets is responsible for the ZSE secondary trading on the ZSE and oversees new and existing listings, product development, market data, trading and operations.

Q2 2024 Market Highlights

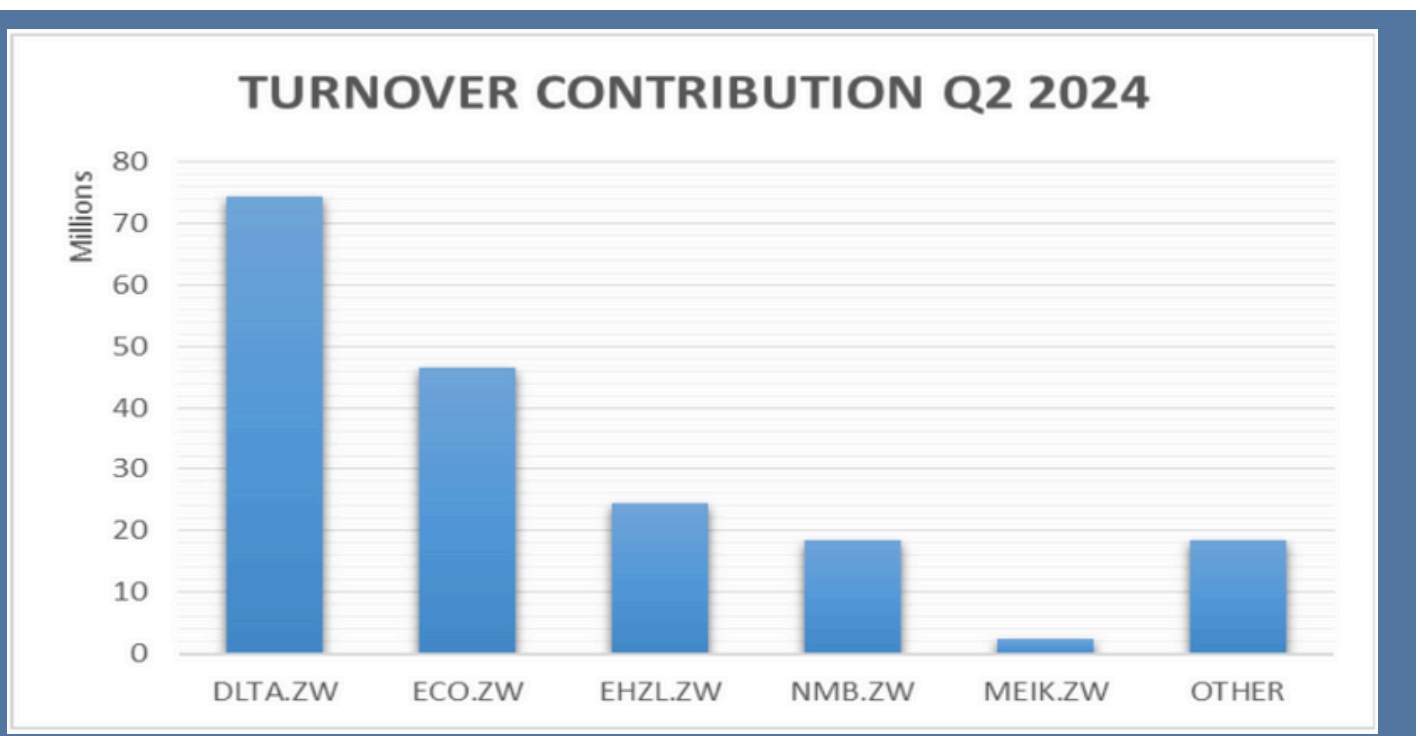
- The ZSE recorded a total market turnover of ZWG184 million in Q2 2024
- The total market capitalization as at the end of June 2024 was ZWG 38.7 Billion.
- ZSE All Share Index recorded a 28.64% gain for the period under review closing at 128.64.
- Foreign investor participation accounted for 21% in Q2 2024.

Q2 2024 Indices Performance

- All ZSE indices were rebased to 100 after the currency change.
- The ZSE All Share Index which is the measure of the overall market performance recorded a 28.64% gain in Q2 2024 to close at 128.64 points.
- The ZSE top 10 Index which is the blue-chip index on the ZSE gained 36% in Q2 2024 closing at 135.92 points.
- The Modified Consumer Staples index recorded the highest gains in Q2 2024, registering a 41% gain to close at 141.01 points

Turnover

- The ZSE recorded a total market turnover of ZWG184 million in Q2 2024.
- The top five traded companies during the period under review were
 - DLTA.zw (ZWG74.3 Million)
 - ECO.zw (ZWG46.5 Million)
 - EHZL.ZW (ZWG 24.6 Million)
 - NMB.ZW (ZWG18.5 Million)
 - MEIK.ZW (ZWG2.5 Million)
- The total turnover for the top 5 companies contributed 90% to the total turnover for Q2 2024.
- The chart below shows the top 5 turnover contributions for 2024.



Exchange Traded Funds



- There are 5 ETFs listed on the ZSE
- The ZSE ETF Index gained 19.41% in Q2 2024 to close at 119.41 points.
- The total value traded on the ETF board was ZWG 307,945.65 and the total number of ETF units that exchanged hands in Q2 2024 was 5.8 million units.
- The market capitalization for the ETFs was ZWG 86.8 million at the end of Q2 2024.

Real Estate Investment Trust (REITs)

- The total value traded on the REIT board was ZWG 69.9 Million and the total number of REIT units that exchanged hands in Q2 2024 was 38 million units.
- The market capitalisation for the Reits market was ZWG 135 million at the end of Q2 2024

Foreign Trades

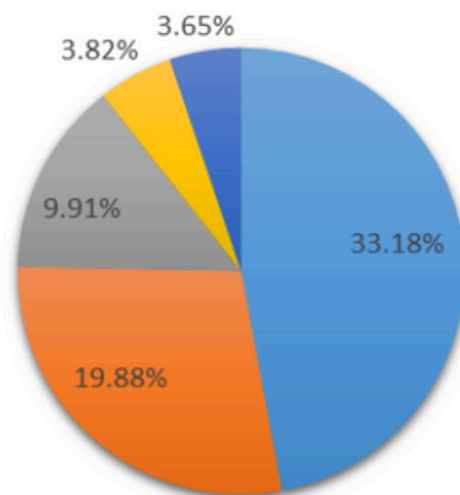
- Foreign investor participation was 21% in Q2 2024.
- Q2 2024 recorded a net sells position of ZWG 39.6 million.



Market Capitalisation

- The ZSE market capitalisation for Q2 2024 closed at ZWG 38.7 billion
- The top five biggest equity contributors to market cap were
 - DLTA.ZW contributed 33.18%
 - ECO.zw contributed 19.88%
 - CBZ.zw contributed 9.91%
 - FBC.zw contributed 3.82%
 - FML.zw contributed 3.65%

TOP 5 MARKET CAPITALISATION



■ DLTA.zw ■ ECO.zw ■ CBZ.zw ■ FBC.zw ■ FML.zw



Prospective Issuers Training Program

- Following the launch of the Prospective Issuers Training Program in Q1 2024, the ZSE selected twenty participants plus seven firms under the Mutapa Investment Fund who underwent the training.
- The program had 3 sessions held in April, May and June 2024.
- The participants managed to gain valuable insights from industry experts in the capital markets ecosystem.
- The final session saw a number of the participants presenting a business case and other key information about their businesses to Asset Managers and potential Investors.

Prospective Issuers Training Program In Pictures



Capital Markets Association of Zimbabwe (CMAZ)

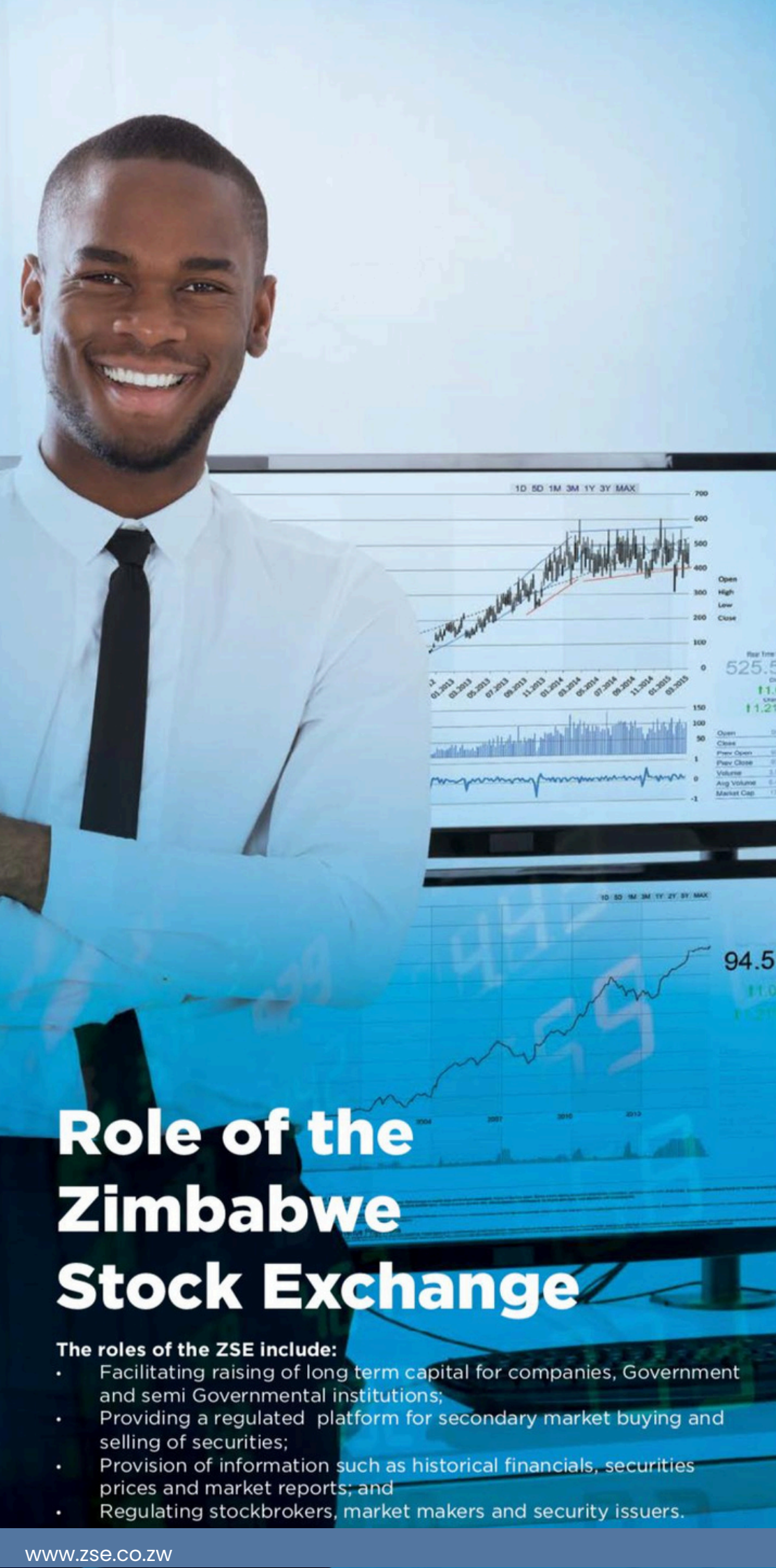
- The ZSE in collaboration with other market participants launched the Capital Markets Association of Zimbabwe during the Inaugural Capital Market Conference on 3 June 2024.
- The interim board of CMAZ is composed of experienced and knowledgeable individuals committed to the growth and development of the capital markets.
- A draft constitution of the CMAZ was prepared and is expected to be adopted during the first AGM.
- The establishment of the association is a significant step forward that will strengthen Zimbabwe's capital markets and in turn improve economic stability.



A toast to launch of the Capital Markets Association of Zimbabwe led by the Deputy Minister of Finance, Economic Development and Investment Promotion Hon Adv D. K. Mhangagwa

CMAZ Interim Board of Directors

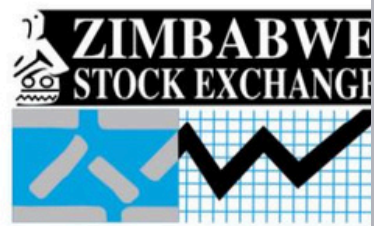
- Justin Bgoni (Chairman)
- Welcome Mavingire (Vice Chairman)
- Prosper Mutorogodo
- Garikayi Munema
- Shelton Sibanda
- Milanda Manjengwah
- Lyndon Nkomo (Secretariat)
- Christinah Machingambi
- Wellington Mapedzamombe
- Wilson Karombo
- Robert Mutakwa
- Patrick Muzondo



Role of the Zimbabwe Stock Exchange

The roles of the ZSE include:

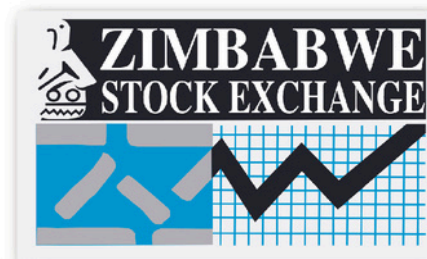
- Facilitating raising of long term capital for companies, Government and semi Governmental institutions;
- Providing a regulated platform for secondary market buying and selling of securities;
- Provision of information such as historical financials, securities prices and market reports; and
- Regulating stockbrokers, market makers and security issuers.



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Twitter: @ZSE_ZW

Depository Services

Safeguard Your Investments with the ZSE Depository



The ZSE Depository is a secure and efficient way to hold your ZSE investments.

Service Offering:

- **Centralized custody:** Hold your securities electronically in one safe place.
- **Reduced risk:** Eliminate the risk of loss or theft of physical certificates.
- **Convenience:** Simplified settlement and transfer of securities.
- **Transparency:** Real-time access to your holdings electronically.
- **Clearing and Settlement:** Facilitate efficient processing of cash payments in exchange for securities
- **Pledges:** Use of securities to secure loan facilities with financial institutions
- **Early Settlement:** The ZSE Depository offers accelerated settlement to investors
- **Innovative products:** Such as day trading and contracts for difference (CFDs)

Open a ZSE Depository account today and experience a safer way to invest.

44 Ridgeway North, Highlands, Harare

Website: www.zse.co.zw | **Email:** depository@zse.co.zw

Tel: +263 (24) 2886830-5

Depository participants

Custodians

- Open CSD accounts on behalf of investors
- Provide a platform for their clients to access the capital markets
- Receive and execute trading (buy/sell) instructions from investors
- Facilitate any CSD-related investor requests

Issuers

- These are companies whose securities are available for purchase at the exchange
- Provide timely financial performance updates and share material company information with investors

Transfer Secretaries

- Keeps updated records of the issuer's listed securities
- Maintain and update the issuer's register of shareholders
- Pay dividends and execute other corporate actions on behalf of the issuer

ZSE Depository



Overview

- The ZSE Depository is committed to providing secure, efficient, and transparent clearing and settlement services to investors and market participants within the Zimbabwean capital markets.
- The key service differentiators of the ZSE Depository include;
 - **Security and Trust :**
 - The depository has implemented robust security measures, including offsite backups and contingency plans, to safeguard clients' investment
 - **Robust Processing Platform:**
 - The Depository operates on a stable and robust processing platform which is web enabled making it possible for custodians and investors to monitor transaction activity on their CSD accounts remotely and in real time.
 - **Membership to Regional and International Bodies:**
 - ZSE Depository's active membership to the Africa and Middle East Depositories Association (AMEDA) demonstrates our commitment to regional and international best practices in the provision of Depository services.

ZSE Depository

Beyond the Basics: ZSE Depository's Full Service



Securities Admission and Movement

- New securities can be admitted to the ZSE Depository electronically, eliminating the need for physical certificates.
- Investors can deposit existing securities with a custodian.
- Withdrawing securities follows a similar process, but in reverse.

Pledging and Release

The ZSE Depository allows investors to use their holdings as collateral for loans.

Clearing and Settlement:

After a trade occurs on the exchange, the ZSE Depository facilitates a smooth handover:

- The buyer's custodian pays the seller's custodian for the purchased securities.
- The ZSE Depository electronically transfers the ownership of the securities from the seller's account to the buyer's account within the Depository system.

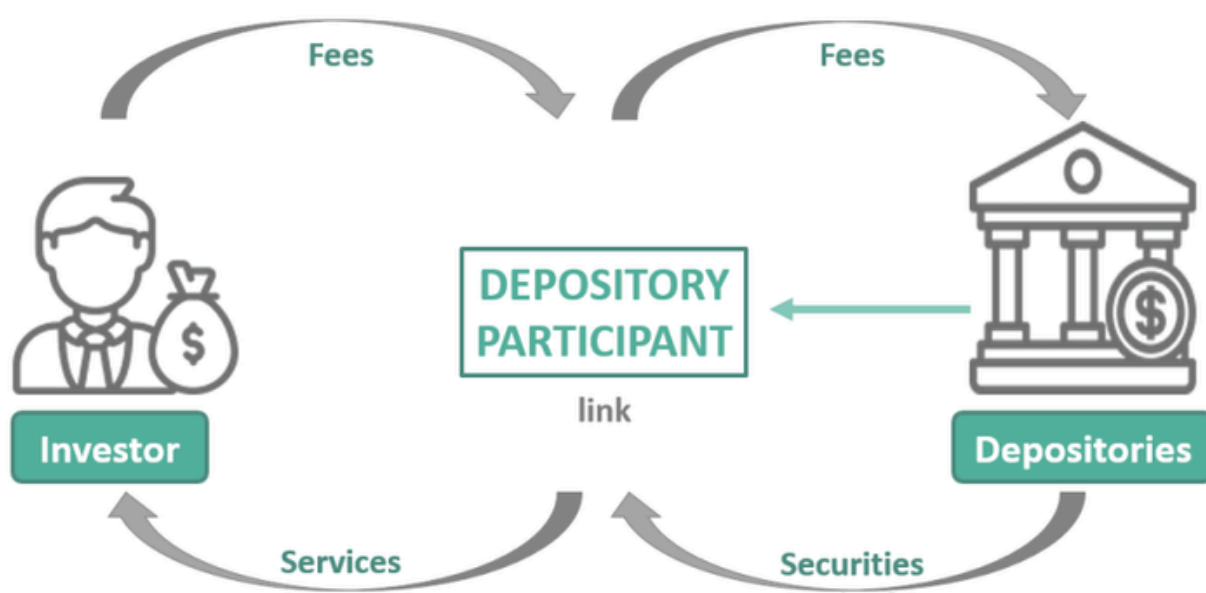
Recordkeeping and Protection

- The ZSE Depository maintains a secure and accurate electronic record of all ownership information.
- This eliminates the risks associated with physical certificates, such as loss, theft, or forgery.

Efficient Transfers

- Transfers are done electronically, ensuring a fast and secure process.

Depository Participants



Custodians

These are institutions, often banks or brokerage firms that hold investors' securities for safekeeping.

They play a crucial role in:

- **Account Opening:** Custodians help investors open accounts to hold their securities electronically within the Depository system.
- **Investor Support:** Custodians handle investor inquiries, transaction requests, and other day today account-related services.

Registrars

These are firms appointed by issuers to manage shareholder records.

Their key functions include:

- **Recordkeeping:** Registrars ensure the accuracy and maintenance of shareholder data.
- **Dividend Distribution:** They facilitate the distribution of dividends to registered investors.
- **Corporate Actions:** Registrars handle events like stock splits or bonus issues, updating shareholder records accordingly.

ZSE Depository Operational Statistics Q2 2024

Listings

- As of June 30, 2024, the ZSE Depository holds listings for 13 issuers.
- This breaks down into:
- **7 Equities:** The ZSE Depository facilitates the clearing and settlement of trades for 7 individual companies listed on the Zimbabwe Stock Exchange, which represent equity investments.
- **4 Exchange Traded Funds (ETFs):** These provide exposure to a basket of securities that track specific market indexes or sectors.
- **2 Real Estate Investment Trusts (REITs):** These allow investors to participate in the real estate market without directly owning properties.

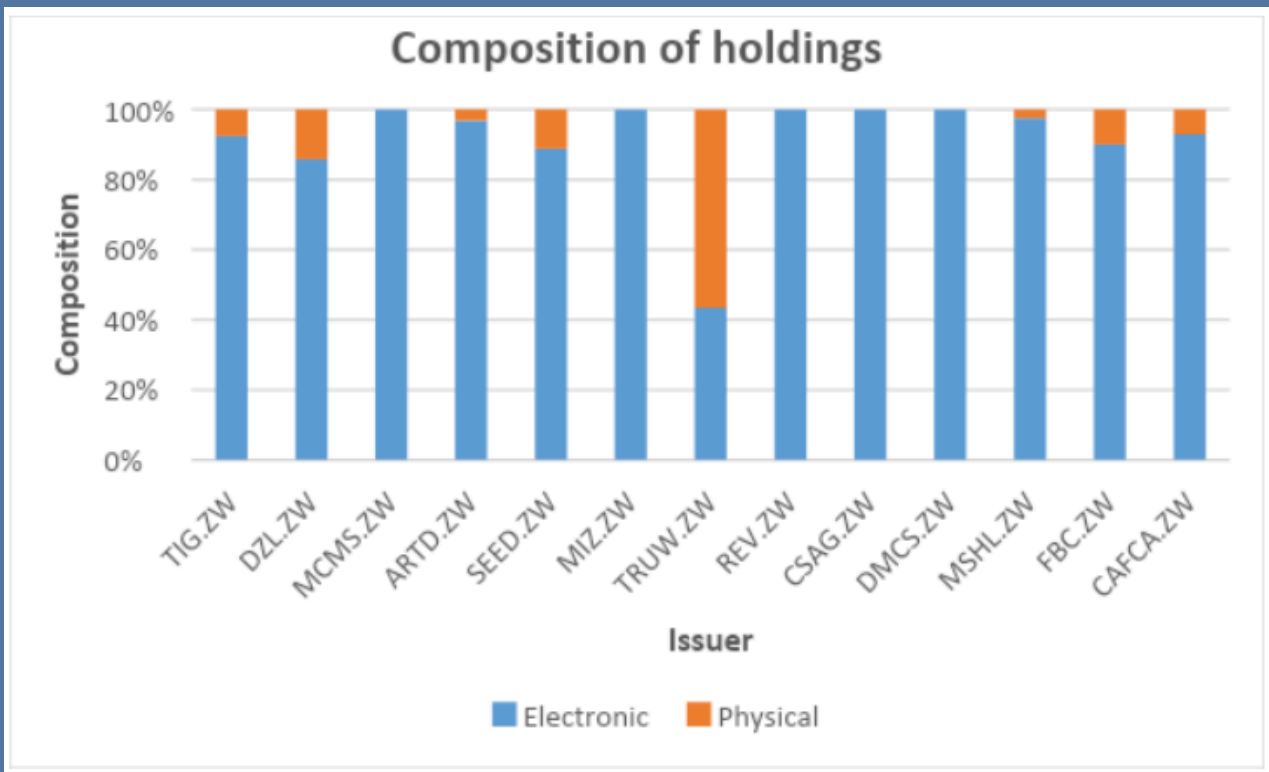
Indicator	Q4 2023	Q1 2024	Q2 2024	Change (Q1-Q2 2024)
Listings (Equity)	7	7	7	-
Listings (ETFs)	4	4	4	-
Listings (REITs)	1	2	2	-
Demat Ratio	88.33%	88.42%	91.34%	+2.92%

Dematerialization Ratio

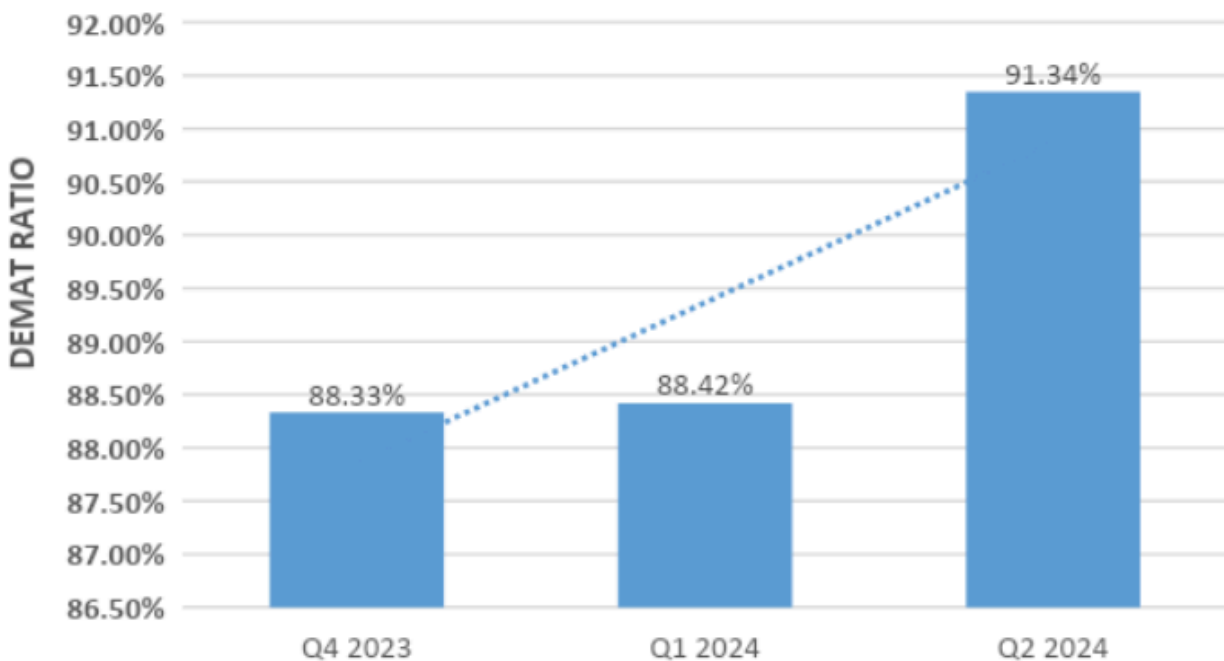
This metric tracks the percentage of securities held electronically

- The advantages of holding digital holdings include;
 - **Convenience:** Electronic holdings are easier to manage and track compared to physical certificates.
 - **Security:** Electronic records are less susceptible to loss, theft, or damage.
 - **Efficiency:** Electronic transactions are generally faster and more efficient than those involving physical certificates.

Dematerialization Ratio



The ZSE Depository is actively promoting the switch from physical certificates to electronic holdings (dematerialization).



Clearing and Settlement

- The ZSE Depository uses a T+3 settlement cycle, meaning trades are finalized within three business days.
- While the Depository handles the transfer of securities, the Reserve Bank of Zimbabwe (RBZ) facilitates the settlement of funds through their Real-Time Gross Settlement (RTGS) system.
- This collaboration eliminates the risk of one party failing to deliver their side of the bargain (counterparty risk).

Indicator	Q1 2024	Q2 2024	Change (Q1-Q2 2024)
Number of trades executed	3,074	1,491	-51.50%
Number of settled trades	3,074	1,491	-51.50%
Number of failed trades	-	-	-
Value traded (ZWG)	24,578,004.93	76,765,592.08	+212.33%

- Trading activity on the ZSE Depository experienced a significant decline in Q2 2024 compared to Q1, with both the number of executed and settled trades falling by over 50%.
- While the number of trades decreased, the total value traded saw a substantial increase of over 212% in Q2, suggesting a rise in the average transaction value.
- The investors in Q2 were focussing on large transactions.

Projects Pipeline



Accelerated Settlement Cycle

The ZSE Depository conducted market engagements on a proposal to migrate the settlement cycle from the current T+3 to T+2.

An accelerated settlement cycle offers the following benefits to investors:

- **Reducing risk:** Through mitigating the overall operational and systemic risk in the markets and increase efficiency by reducing procyclicality.
- **Enhanced liquidity:** This will allow investors quicker access to their funds following trade execution and settlement.
- **Global alignment:** Globally the trend is that markets are moving towards shortened settlement cycles. The introduction of a T+2 settlement cycle and the eventual migration to T+1 will align well with this global trend.

Day Trading/Turnaround Trading

- Day trading allows investors to buy and sell the same security during the same trading session.
- Day trading presents the following opportunities to investors:
 - **Benefit from price movements:** Investors can take advantage of short-term price movements during the same trading session.
 - **Reduction of risks:** Investors are in a position to close out all positions before the market closes thereby avoiding the impact of sudden price swings due to unforeseen and unplanned for market developments.

ZSE Direct

A Zimbabwe Stock Exchange Online Trading Platform
The ZSE Direct platform makes it easy to trade securities listed on the ZSE and has the following key features:

- User-friendly interface
- Your portfolio indicating all your securities
- Latest market statistics
- The market depth feature showing up to 10 best orders on both the buy and sell side
- The price range on buy and sell tabs
- Counter performance
- VFEX Direct migration tab
- Notification tab
- Placing of bids or offers for volumes from 1 up to 99

REGISTER TODAY

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Facebook: Zimbabwe Stock Exchange

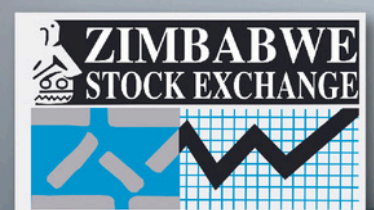
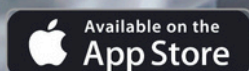
LinkedIn: Zimbabwe Stock Exchange

X: ZSE_ZW

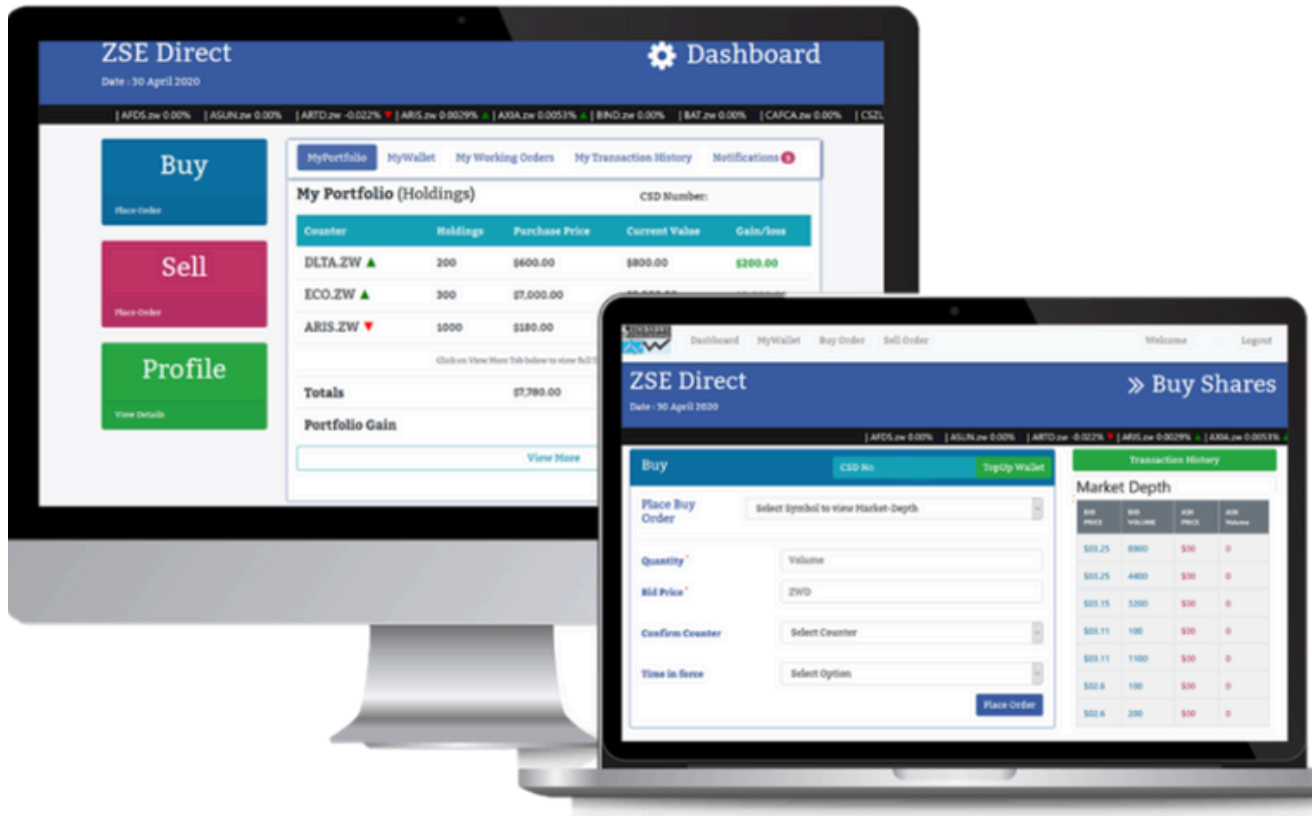
Instagram: Zim Stock Exchange

Youtube: Zimbabwe Stock Exchange

Whatsapp: Zimbabwe Stock Exchange



ZSE Direct



- The total registered clients on ZSE Direct in Q2 2024 was 19,369.
- The active clients on ZSE Direct as at 30 June 2024 was 10,572.

ZSE Direct Statistics Q2 2024

	Buys	Sells
Value (ZWG)	3,633,448.69	1,197,764.55
Volume	5,241,842	3,246,077
Number of trades	1,513	909

Q2 2024 In Pictures



ZSE Stockbrokers

- ABC Stockbrokers (Pvt) Limited
- Akribos Securities (Pvt) Limited
- Bethel Equities (Pvt) Limited
- EFE Securities (Pvt) Limited
- FBC Securities (Pvt) Limited
- Fincent Securities (Pvt) Limited
- Jemina Capital (Pvt) Limited
- Ingenium Capital (Pvt) Limited
- Interhorizon Securities (Pvt) Limited
- Imara Edwards Securities (Pvt) Limited
- Invictus Securities (Pvt) Limited
- Lynton Edwards Stockbrokers (Pvt) Limited
- Mast Stockbrokers (Pvt) Limited
- MMC Capital (Pvt) Limited
- Morgan and Company (Pvt) Limited
- Old Mutual Securities (Pvt) Limited
- Platinum Securities (Pvt) Limited
- Remo Investments (Pvt) Limited
- Sigma Capital (Pvt) Limited
- Southern Trust Securities (Pvt) Limited
- Wealth Access Securities (Pvt) Limited



For additional
information, feel free to
get in touch



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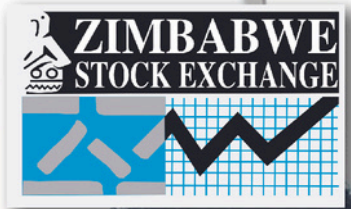
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ZSE Training Portal

The ZSE Training Portal is a user-friendly, online educational portal developed for investors to promote financial inclusion and literacy.

The training portal offers various investment resources which include:

- Free Investment Courses
- Investment 101
- Exchange Traded Funds (ETFs)
- Real Estate Investment Trusts (REITs)
- Glossary of Capital market terms
- Upcoming Events and Trainings
- ZSE Blog with investment articles
- Investment Tutorials

REGISTER TODAY



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