

# 2022 STOCK MARKET REVIEW

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*Mr. Pretesh Prasad*  
*Acting Chief Executive Officer*  
*South Pacific Stock Exchange (SPX)*

Greetings and well-wishes from the SPX!

Globally, the year 2022 has been pretty dismal for investors amidst concerns about persistently high inflation and associated rapidly rising interest rates which triggered continued bouts of selling putting downward pressure on share prices and market returns. Russia's invasion of Ukraine and disrupted supply chains gave investors further reasons to worry despite another year of economic recovery from the COVID-19 pandemic. Despite these global headwinds and the real challenges that they pose to Fiji and the region, the year 2022 for the SPX contained good signs for continued market development.

Through this Review, we reflect on our experiences of 2022 at the domestic level and intend to update our investors, various stakeholders and the general investment community on stock market activities and development initiatives executed during the year, provide an insight into key performance indicators and market trajectory noted during 2022 as well as provide our outlook for 2023.

Overall, the total stock market return for the year 2022 ended in the negative territory at -1.67% on a 12 monthly average. While, this negative average total market return might seem to be a downbeat end to the SPX market in 2022; in line with long-term investment strategy associated with stock market investments, the 3-year and 5-year average total market return for the SPX stands at 5.93% and 20.45% respectively. 2022 was, therefore, a year of price corrections for some stocks while other stocks continued to trade at a discount to their previous valuations, requiring evidence of long-term economic rebound to rally back to their fair values. 2022 can also be labelled to be a year of reflection for long-term investors and particularly for those investors who continue to keep in mind the wise financial advice to buy low and sell high, a pathway which guides investors to be the winner over the long-term. While past performance is not an indicator of future market performance, the stock market as a whole has demonstrated recovery from every prior market downturn in history and has progressed to make new all-time highs.

On a positive note, and on the back of an increased amount of \$57.42 million paid in dividends in 2022 versus \$43.15 million paid in 2021, the SPX Total Return Index (STRI) ended favourably with the average order flow, total number of transactions, and aggregate volume and value traded ranking higher in comparison to 2021.

It is against this backdrop; we present our analysis of the SPX market performance for 2022.

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- ✧ Globally, the year 2022 has been generally marked by a bear market, coupled with high inflation, aggressive central bank policies and heightened economic and geopolitical uncertainties. Throughout 2022, there was a significant amount of uncertainty in the world economy and for capital markets, it was a rare year where returns from both stocks and bonds fell together sharply. All in all, a weaker global growth prediction of 3.2% for 2022 has been expected as a result of the opportunity cost of risking growth to control inflation, with an increasing number of nations facing a contraction.
- ✧ On the domestic front and as the year had begun, the Fijian economy countered the emergence of a new wave of the COVID-19 pandemic through the Omicron variant, however, as anticipated the economic impact from this variant was relatively mild compared to the consequences of the advent of the Delta variant in 2021. For the majority of 2022, higher food and fuel prices continued to push the domestic inflation rate higher which was linked to the evolving geopolitical situation and its impact on global commodities, supply chains, freight and other input costs. In terms of economic growth, and according to the statistics provided by the Reserve Bank of Fiji (RBF), a 15.6% growth in gross domestic product has been anticipated for the year 2022. The growth trajectory is essentially backed by a rebound noted in visitor arrivals and tourism earnings, recovery in employment and continuous growth in inward remittances.
- ✧ On the local equities front, majority of the listed entities witnessed share price falls cutting short an extended period of positive average capital growth. In view of this, Fiji's Stock Market witnessed its average total market return constrained by a negative average capital growth (fall in share prices), ultimately resulting in a -1.67% average total market return (share price return plus dividend return) on a 12-monthly basis as at December 2022. However, a long-term analysis indicates that the 3-year and 5-year average total market return for the SPX stands at 5.93% and 20.45% respectively.
- ✧ In terms of overall operational and financial performances of the SPX listed entities, it was witnessed that while majority of the businesses returned to normal operations, some have yet to return to the profitability recorded during the pre-pandemic era. However, on a positive note, 2022 witnessed an increased amount of dividends being paid to the shareholders in comparison to 2021 as majority of the listed entities returned to declaring dividends at their regular intervals, paid increased dividends, or at least maintained the same level of dividend from the previous year. A total of \$57,420,457 was paid in dividends in 2022 in comparison to \$43,154,186 paid in 2021, a notable increase of 33.06% (\$14,266,271). A positive trend was also noted in terms of average new order flows, aggregate number of trades, volume of transactions and value traded in comparison to 2021 on the back of active participation from both the retail and institutional investors.
- ✧ As a milestone achievement during 2022, the SPX witnessed listing of the first-ever Wholesale Corporate Bond by Fijian Holdings Limited (FHL) on its trading platform signifying a new era of development for the domestic capital market. The listing is in line with the SPX's strategic goal of increasing the range of investible products offered through the domestic capital market which benefits both Fijian businesses by offering an alternative platform to raise capital as well as empowers investors by providing a substitute investment instrument with a predictable income stream and a mechanism to preserve capital. FHL had successfully raised \$30,000,000 through this secured fixed rate Wholesale Corporate Bond issuance which was offered only to eligible investors under the Companies (Wholesale Corporate Bonds) Regulations 2021 for three terms of maturity.

- ✕ From the perspective of market activity, while there was volatility noted in stock prices and thus the aggregate market capitalisation, there was a general uptick in trading activities during 2022. An increased demand for listed entity shares and particularly those stocks that have historically been more liquid, those with high yields and entities that had reported improved financial performances in the recent period, was visible. A strong 'Hold' and/or 'Accumulate' desire for listed securities was also observed for those entities with long-term prospects and potential for future capital growth. From the market sentiments noted, it is obvious that a company which has attractive prospects and future growth potential 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 sentiment, it is certainly an ideal time for all those companies to proceed with their plans to consult a licensed investment adviser to further their interests to go Public and list their company on the SPX platform.
- ✕ Further, noting the realities on the ground with instances of high volatility resulting in concentrated sell-offs for certain listed stocks ultimately causing downward pressure in share prices, the SPX as the front-line regulator of the stock market maintained a close look at the daily trading activities and movements in market indices. As per the SPX market surveillance guidelines, any movements exceeding +/- 5% in the SPX Equal Weighted Price Index in a trading day would trigger a temporary trading halt, however, no such instances were recorded during 2022.
- ✕ In terms of Corporate Actions; Dividend Reinvestment Plans (DRPs) were undertaken by Pleass Global Limited (PBP), Kontiki Finance Limited (KFL) and Free Bird Institute Limited (FBL). A DRP allows existing shareholders to reinvest their dividend proceeds through acquisition of additional shares in an entity at a discounted price and without any transaction costs as opposed to receiving their dividend entitlement in cash. In aggregate, a total of \$0.81 million was reinvested into additional shares in 2022 through DRP. The SPX is delighted with select listed entities undertaking Corporate Actions in the likes of a DRP and using the SPX platform as an alternative capital raising source; which is indeed a true spirit of taking advantage of being a publicly listed entity. The SPX anticipates other listed entities to consider this as an encouragement and foresee the benefits by taking cue as this empowers their shareholders encouraging them for greater participation in the stock market and would enable liquidity in the listed entity shares. The SPX team also stands ready to provide necessary guidance to its listed entities if they also wish to pursue such Corporate Actions on the SPX platform.
- ✕ On the investor awareness front, the SPX consistently maintained an active digital presence through use of social media platforms in partnership with its licensed stockbroking firms informing existing as well as potential investors that investing in shares of listed entities for the long-term provides a good possibility for returns greater than other investments, if one is comfortable taking some market risk. As for the investors who remained uncertain, they were recommended to consider a long-term approach to investing. This advice seemed to have been considered by investors who realised growth opportunities available in listed entity shares over the long-term and were consequently seen to take advantage of price falls with an opportunity to buy more and also participated in Dividend Reinvestment Plans offered by certain listed entities during 2022.
- ✕ Given the above sentiments, the overall capitalisation of the market, which is the total dollar value of all the SPX listed entities, recorded a marginal fall of 0.28% concluding the year at a value of \$3.13 billion while the SPX Equal Weighted Price Index and the SPX Equal Weighted Total Return Index fell by 1.99% and 0.01%

respectively. Leading all market measures, the SPX Total Return Index (STRI) rose by 1.86% on the back of increased total dividend paid in 2022 which also to some extent curtailed the negative impact from the unfavourable capital growth noted during the year. The STRI reflects the total value of all listed entities and the increase in STRI shows that even though share prices fell for majority of the stocks, with the dividend return added in and considering the listed stocks on an individual basis, some listed entities ended 2022 having earned investors a net positive return.

## Market Activity Review

### Overall Trading Pattern

- On a consolidated basis and considering all ordinary trades as well as the one-off transactions for the year 2022, the three key trading indicators; number of trades, volume of transactions and value traded, stood noticeably higher in comparison to the 2021 financial year. In aggregate, the number of trades for 2022 stood at 2,501 (+40.58%) with a total volume traded of 6,899,190 shares (+22.71%) accumulating a total consideration value of \$20,904,020 (+24.82%). Higher trading statistics were also recorded after excluding the one-off transactions for both comparable periods.

*The key market indicators including and excluding one-off transactions recorded in 2022 in comparison to 2021 period is tabulated below:*

Particulars	Includes One-Off Transactions			Excludes One-Off Transactions		
	2022	2021	% Change	2022	2021	% Change
Number of Trades	2,501	1,779	+40.58%	2,485	1,762	+41.03%
Volume Traded	6,899,190	5,622,571	+22.71%	2,961,120	1,836,576	+61.23%
Value Traded (\$)	20,904,020	16,747,851	+24.82%	5,557,271	3,691,519	+50.54%

### New Order Flows

- The average weekly new order flow for 2022 recorded on the e-trading platform stood at \$292,637, an increase of 61.29% in comparison to 2021 which is in line with the higher aggregate trading statistics noted during 2022. However, while there was an overall increase noted in the average new order flow, it was apparent that more sell orders were recorded as opposed to buy orders in 2022 (71.40% of sell orders vs 28.60% of buy orders). This justifies the downward pressure recorded in share prices thus a negative average capital/share price growth ultimately noted for the year 2022.



- The average bid to offer ratio over a 12-month period stood at 1:33 in 2022 as opposed to 1:29 in 2021, reaffirming that there were more sell orders entering the market than buy orders.

## Monthly Trading Trend and Key Events

Jan

As the new year began, emergence of the Omicron variant gave rise to the third wave of the pandemic triggering a reversion to the early days of the pandemic. However, given the vaccination rates already achieved with continuing administration of booster shots, there remained hope for investor confidence and economic recovery. As for market activities, while trading remained akin to previous months, the market capitalisation and the market indices concluded the month on a positive level. Optimism was also noted in the new investor trend as investors aligned their investments with their plans for the new year.

Feb

With an increase in buying interest as opposed to investors willing to sell, a slight improvement in trading was noted. FHL contributed significantly towards the number of transactions as well as volume traded while FIL contributed highly towards the value traded. February also recorded the highest number of new investors for the year on a monthly basis.

Mar

Negotiated deal transactions were recorded in VIL resulting in the volume and value traded to peak. The SPX e-trading platform also recorded an additional quotation of 107,620 shares by KFL as part of its Dividend Reinvestment Plan. Slight improvements were also noted in the market value of listed entities as well as in the market indices. New investor entry into the market also continued.

Apr

Market activities as well as the number of new investors per month stalled with a marginal drop also recorded in the market capitalisation. The bid to offer ratio also increased signalling high presence of sellers as opposed to buyers which also put a downward pressure on share prices.

May

High-volume private transfer transactions as well as various high-volume ordinary transactions were recorded in FMF and FHL securities respectively. This ultimately contributed positively to the overall trading statistics, including the market value and market capitalisation weighted indices. New investors also showed a slight pickup.

Jun

The full execution of FHL's market-based dividend reinvestment trades originating from the interim dividend declared in April 2022 contributed to the spike in the number of trades for the month. Additional high-volume private transfer transactions being recorded in FMF as well as high-volume transactions recorded in RBG contributed positively towards the volume and value traded for the month. The market also recorded additional quotation of 35,563 shares by PBP as part of its Dividend Reinvestment Plan. June was also the month to record the highest number of trades for the year.

Jul

Trading picked further pace on the back of a negotiated deal transaction in FMF as well as spate of private transfer transactions also recorded in FMF, ATH, RBG and RCF shares. However, given the influx in sell orders which caused a downward pressure on share prices for various stocks, the overall market capitalisation and the market indices recorded negative returns for the month. The number of new investors continued at similar trend as the previous months.

Aug

Trading continued at healthy levels and certain listed entities also managed to gain favourable traction in their share prices resulting in slight increase in the aggregate market value as well as in the market capitalisation weighted indices. A dwindling new investor interest was recorded in comparison to the trend noted so far in 2022.

Sep

Negotiated deal transactions in RBG, KFL and PDM added positively to market activities leading September to record the highest transaction volume for 2022. The market also recorded additional quotation of 62,676 shares by PBP as part of its Dividend Reinvestment Plan. Unfavorable share price movements during the month in certain listed entities resulted in a decrease in overall market value by 6.11%, the highest monthly market value decline for the year.

Oct

October recorded the highest monthly market capitalisation increase for the year, an upswing of 6.59% as price falls from the previous month recouped. The market also recorded additional quotation of 259,688 shares by KFL as part of its Dividend Reinvestment Plan. There was also a slight pickup noted in the number of new investors from previous month.

Nov

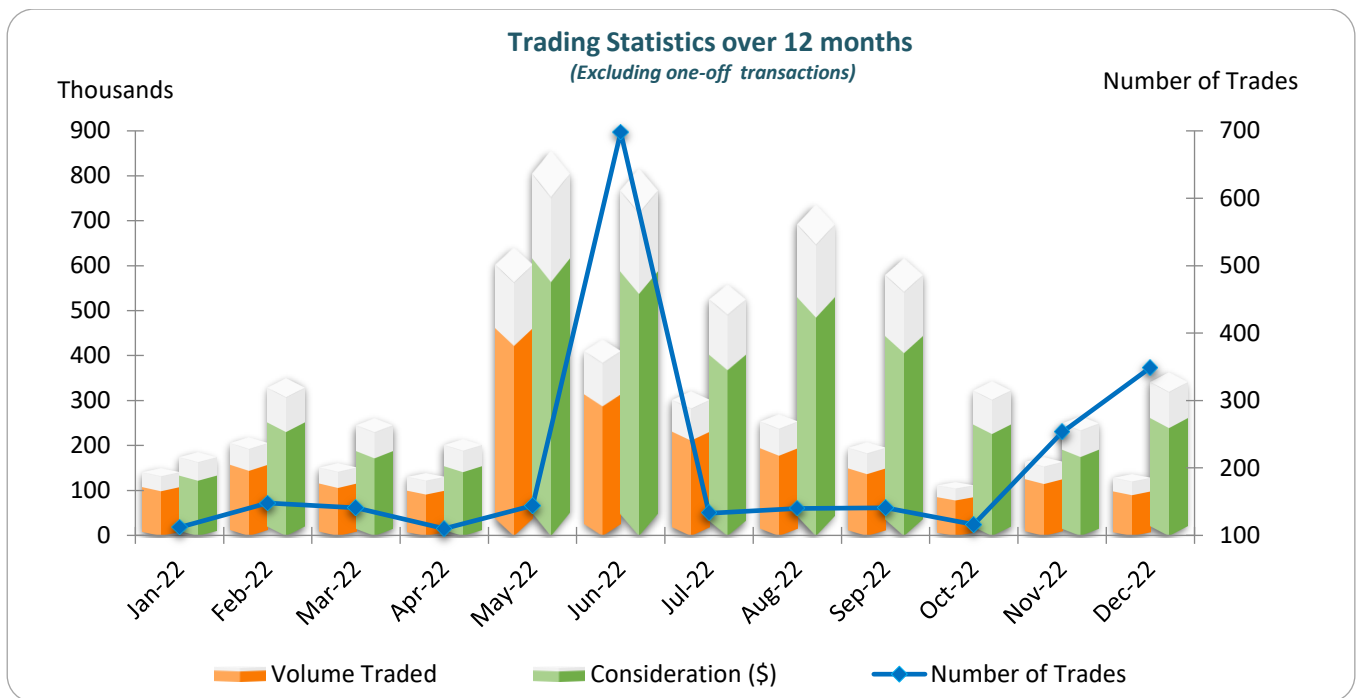
The partial execution of FHL's dividend reinvestment trades from the second interim dividend declared in October 2022 once again contributed to the high number of trades for the month. Negotiated deal transactions in KFL and PDM contributed positively towards the volume and value traded. A downward pressure on share prices was noted resulting in a lower aggregate market value and market indices.

Dec

This was the highlight month for the year as the SPX witnessed the listing of the first-ever Wholesale Corporate Bond on its trading platform by FHL. A high-volume negotiated deal transaction in TTS and continuation of the execution of market-based dividend reinvestment trades in FHL were also noted. These activities ultimately contributed positively to the overall trading statistics. The market value saw some recovery and noted an increase of 2.65% and concluded at \$3.13 billion for the year. December also recorded the highest value of trades for 2022 on the back of the TTS one-off trade.

*The trading pattern excluding the one-off transactions over the past 12-months is portrayed on the following page:*





### Trade by Security

- ✕ Analysing the market statistics generated by each listed entity in 2022, Kontiki Finance Limited (KFL) shares dominated the aggregate volume by 24.02% while Toyota Tsusho (South Sea) Limited (TTS) shares dominated the aggregate value traded by 39.86%. The main contributing factor to the high volume and value traded in KFL and TTS shares are due to the execution of negotiated deal transactions in each security. These transactions were executed between institutional investors and high net-worth individuals.
- ✕ In terms of number of trades, the restricted security, FHL stood as the most active stock. FHL accounted for 57.90% of the total number of trades in 2022. These number of trades for FHL stood approximately 6.9 times higher than the 2<sup>nd</sup> most active security and were underpinned by FHL's market-based dividend re-investment option for shareholders, which accounted for 39.02% of the aggregate number of trades in 2022 and specifically, 67.40% of all FHL trades in 2022.
- ✕ On an assenting note, 2022 saw all the listed stocks recording market activities after a lapse of 9 years as such trading behaviour was last witnessed in the year 2013.
- ✕ In terms of volume traded to issued securities ratio, an increase was recorded; whereby, the statistics for 2022 stood at 0.49% for the year 2022 in comparison to 0.40% noted in 2021.

*The trade analysis by each security for 2022 is tabulated on the following page:*

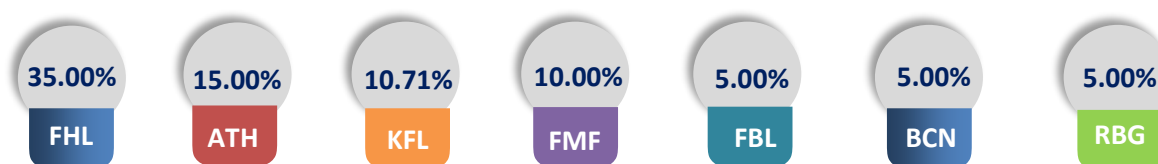


Security	Share Price as at 31/12/22 (\$)	Number of Trades	Volume Traded	Value Traded (\$)	Issued Securities	Volume Traded to Issued Securities Ratio	Market Capitalisation (\$)
APP	3.40	28	13,550	42,794	8,000,000	0.17%	27,200,000
ATH	2.00	211	240,518	437,800	478,590,099	0.05%	957,180,198
CFL	6.90	20	7,952	54,271	3,558,000	0.22%	24,550,200
FBL	3.49	36	23,606	78,165	2,385,413	0.99%	8,325,091
FIL	9.25	196	173,748	1,295,107	8,607,742	2.02%	79,621,614
FMF	1.89	48	790,455	1,483,733	150,000,000	0.53%	283,500,000
FTV	2.25	6	2,400	7,880	10,300,000	0.02%	23,175,000
KFL	1.00	107	1,657,270	1,536,181	93,244,386	1.78%	93,244,386
KGF	1.12	5	19,680	21,752	3,821,210	0.52%	4,279,755
PBP	3.30	13	15,396	47,942	6,935,652	0.22%	22,887,652
PDM	2.14	63	445,681	858,570	40,000,000	1.11%	85,600,000
PGI	1.08	1	500	540	7,619,234	0.01%	8,228,773
RBG	3.24	123	630,405	1,868,258	150,000,000	0.42%	486,000,000
RCF	10.50	44	4,907	53,703	6,000,000	0.08%	63,000,000
TTS	15.83	18	584,511	8,331,769	14,032,202	4.17%	222,129,758
VBH	7.50	8	4,680	35,100	2,137,403	0.22%	16,030,523
VIL	4.11	43	899,057	3,429,117	103,769,425	0.87%	426,492,337
FHL	0.67	1,448	1,373,873	969,496	304,646,500	0.45%	204,113,155
BCN	32.40	83	11,001	351,843	3,064,968	0.36%	99,304,963
TOTAL		2,501	6,899,190	20,904,020	1,396,712,234	0.49%	3,134,863,404

## New Investors

- ✕ A total of 140 new investors entered the Fijian stock market in 2022 which is lower by 23.50% in comparison to the same period last year. Despite the uncertainties encountered around investor sentiments in 2022, the number of new investors entering the stock market remained commendable and stable. Generally, after noting the new investor trend, it is apparent that potential investors continue to face the influence of COVID-19 which is necessitating investors to reassess their financial priorities between consumption, and saving/investing. The new investors also remained lower as no new listings and corporate actions such as Share Split were noted during 2022, which in the past have been the two key positive contributors towards the new investor statistics.
- ✕ Even though the number of new investors decreased, the aggregate number of investors in the stock market increased. Additionally, after observing the investment trends and behaviour of these new investors, it is evident that investors are aware of and realise the long-term benefits of investing in the stock market.
- ✕ In terms of new investor preference, it was noted that majority of the new investors were recorded for Fijian Holdings Limited (FHL) followed by Amalgamated Telecom Holdings Limited (ATH), Kontiki Finance Limited (KFL) and FMF Foods Limited (FMF).

Preferred listed securities in which new investors invested in (expressed as a percentage of total number of new investors) is illustrated below:



- ✕ In total, these new investors yielded 423 transactions and contributed a higher 1,946,855 shares in volume traded and accumulated \$2,144,354 in value traded.

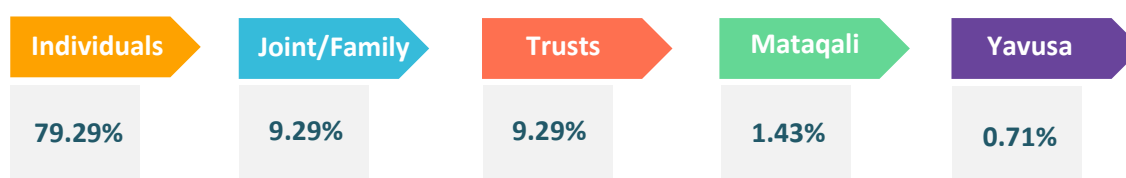
Key statistics contributed by the new investors as a percentage of overall trading statistics in 2022 is illustrated below:

- ✕ As a percentage of the aggregate trading statistics for 2022, the new investors accounted for 16.91% of the overall number of trades, 28.22% of the overall volume traded and 10.26% of the overall value traded.



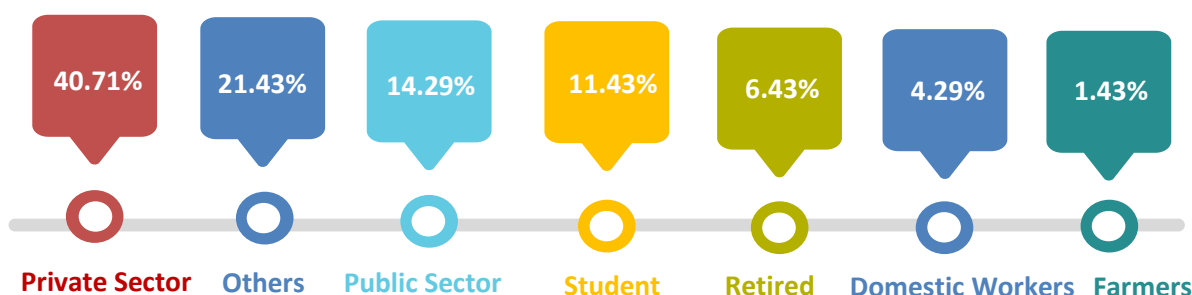
- ✕ In 2022, individuals made up a majority of the new shareholders who invested in the listed entities, accounting for 79.29% of the overall new investments by investor type.

A detailed illustration of new investors by type is portrayed below:



- ✕ As per an analysis of new investors by occupation, it is evident that majority of the new investors were those working in the private sector. Those represented by "Others" are ranked second (this includes self-employed investors, Trust, Mataqali and Yavusa).

A detailed illustration of new investors by occupation is portrayed below:



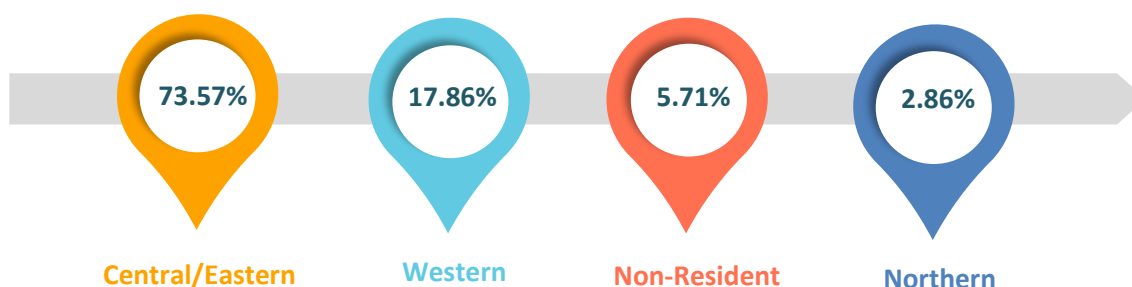
- ✕ According to a review of new investors entering the market in 2022 by age group, the majority of the new investors fall between the age range of 26 years to 35 years, with investors between the age range of 36 years and 55 years ranking second. With majority of Fiji's population below 40 years, this is a welcome trend as more young people are now considering the long-term benefits of investing in shares and are using shares as part of their investment portfolio to meet their future financial needs.
- ✕ A positive trend noted is that 49.62% of the new investors recorded were below the age of 35 years. Furthermore, it became evident during the previous year that new investors below the age of 18 years now make up a notable amount of the statistics towards new investors, compared to their historical percentage of less than 1%.

*A detailed illustration of new investors by age range is portrayed below:*



- ✕ According to data on new investors by geographic location, majority of the new investors in 2022 were residents and primarily from the Central/Eastern division. However, it is encouraging to see new investors emerging from the Western and Northern divisions. Additionally, new non-resident investors were also noted in 2022. The central division also has a high business density and is largely responsible for the higher employment rates, which leads to a higher concentration of new investors from the central division.
- ✕ The SPX together with the three licensed stockbroking firms is located in Suva which understandably makes it easier for investors from the Central division to access our services with more convenience as well, however, to ensure the SPX continues to empower the investors from other divisions of the country, we continue to disseminate all pertinent information about investing in shares through other mediums such as the SPX website, social media platforms, television, and newspaper articles. The SPX is encouraged to take note of investors from other divisions and strongly urges all investors who are based outside of Suva to communicate their investment interests to the SPX via phone, email or Facebook messages. Our team will surely assist you in starting with your investment journey.

*A detailed illustration of new investors by geographical location is portrayed below:*

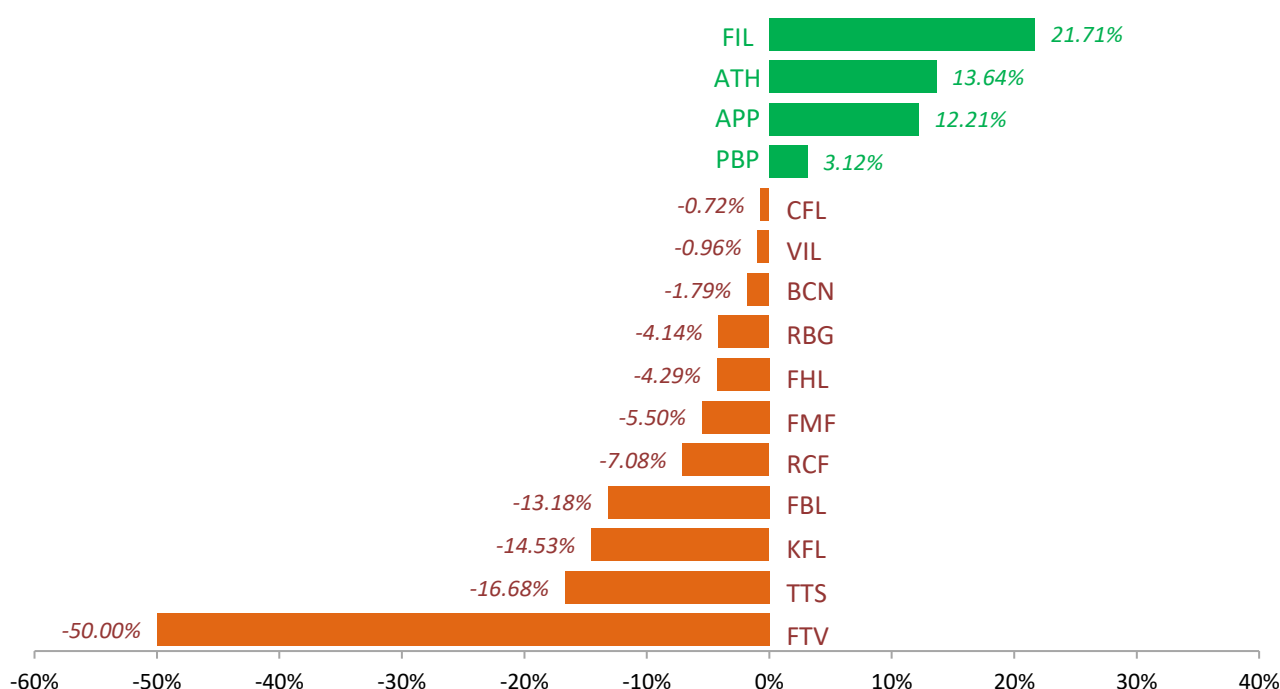


## Market Returns

### Price Gainers/Losers

- ✧ The SPX e-trading platform concluded the year 2022 with 4 out of the 19 listed securities recording increased share prices while 11 listed stocks recorded a fall in their share prices against the same period last year. Additionally, the share prices for four securities did not change during the period under review<sup>1</sup>. Amongst the price gainers, two listed stocks, namely; FijiCare Insurance Limited (FIL) and Pleass Global Limited (PBP) concluded at their all-time high share prices while Kinetic Growth Fund Limited (KGF), despite not recording any prices changes, continues to trade at its all-time high share price.
- ✧ Evidenced by a higher selling interest which triggered a downward pressure on share prices for majority of the listed stocks, the overall average share price/capital growth for 2022 recorded a decrease in comparison to year 2021 and stood at -3.59% in 2022.

*Share price movements recorded per listed entity during 2022 is illustrated below:*



### Dividend Yield

- ✧ For 2022, the average tax-free income yield for the market stood at 1.92%. Considering each of the listed stocks on an individual basis, nine out of the 19 listed stocks paid increased dividends to their shareholders in comparison to the prior year while five listed entities maintained the same level of dividend payments from 2022. One entity paid a lower dividend in 2022 while four listed entities did not declare any dividends during the period under review.
- ✧ Overall, during 2022 an increased value of \$57.42 million was paid out in dividends in comparison to a total of \$43.15 million paid out in 2021.

<sup>1</sup> Share prices for four listed stocks, namely; KGF, PDM, PGI and VBH remained constant during the 2022 period.

## Total Market Return

- ✕ At an aggregate level, the total market return to investors in listed entities encompasses the capital gain and the dividend yield from listed stocks as such the average total market return for 2022 stood at -1.67%.
- ✕ It is apparent that while the dividend yield remained stable, the negative capital growth generated by majority of the listed entities reduced the average total market return.
- ✕ Additionally, at individual investor level, it may be wise to consider returns generated by specific listed entities as the year also recorded positive total market return (share price gain plus dividend return) for atleast eight listed stocks.

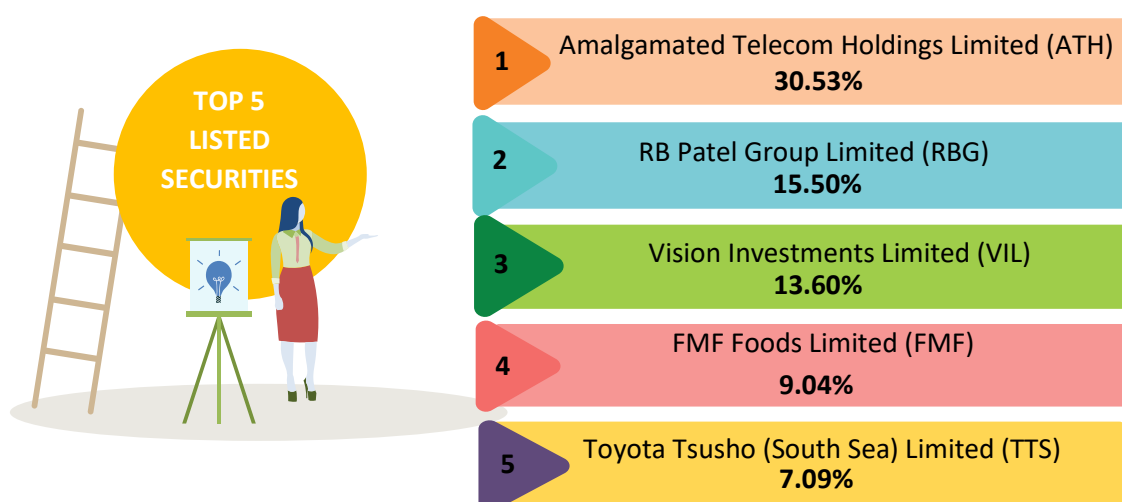
*Details of price movements and dividend returns per listed entity as at 31<sup>st</sup> December 2022 is tabulated below:*

Security	Share Price (\$)		Capital Growth	Income Yield	Total Market Return
	2022	2021			
APP	3.40	3.03	12.21%	1.62%	13.83%
ATH	2.00	1.76	13.64%	1.00%	14.64%
CFL	6.90	6.95	-0.72%	1.16%	0.44%
FBL	3.49	4.02	-13.18%	3.44%	-9.75%
FIL	9.25	7.60	21.71%	1.08%	22.79%
FMF	1.89	2.00	-5.50%	1.59%	-3.91%
FTV	2.25	4.50	-50.00%	0.00%	-50.00%
KFL	1.00	1.17	-14.53%	5.00%	-9.53%
KGF	1.12	1.12	0.00%	0.00%	0.00%
PBP	3.30	3.20	3.12%	1.52%	4.64%
PDM	2.14	2.14	0.00%	0.00%	0.00%
PGI	1.08	1.08	0.00%	0.00%	0.00%
RBG	3.24	3.38	-4.14%	1.45%	-2.69%
RCF	10.50	11.30	-7.08%	3.33%	-3.75%
TTS	15.83	19.00	-16.68%	6.57%	-10.11%
VBH	7.50	7.50	0.00%	2.80%	2.80%
VIL	4.11	4.15	-0.96%	1.46%	0.50%
FHL	0.67	0.70	-4.29%	1.49%	-2.79%
BCN	32.40	32.99	-1.79%	3.04%	1.26%
AVERAGE:			-3.59%	1.92%	-1.67%

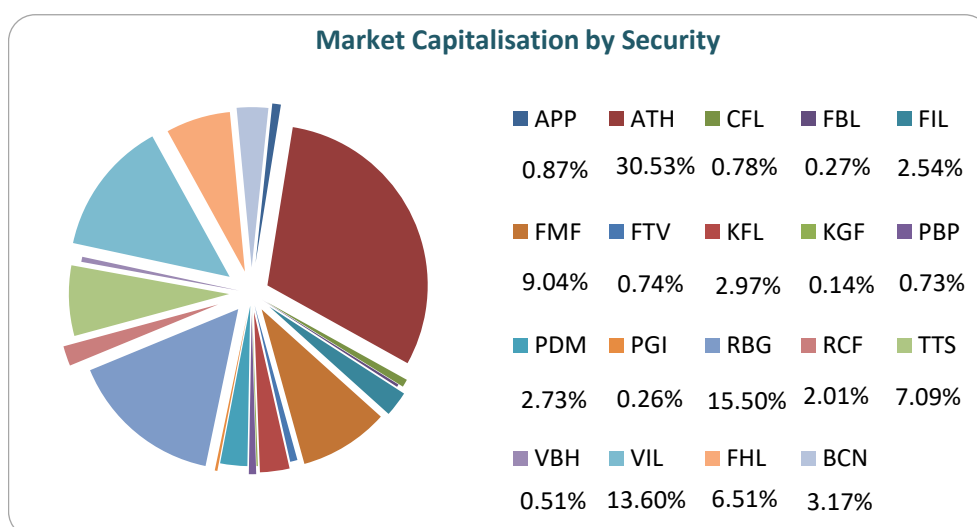
## Market Capitalisation

- ✕ For the SPX market, the largest company by way of market share accounts for around 30% of the total market capitalisation while the smallest company by way of market share accounts for less than 0.15% only. As such, the movements in share prices of heavyweight stocks renders greater changes in the aggregate market value due to the uneven composition of individual listed entities and their contribution towards the total market value.
- ✕ As such, negative share price returns recorded by four of the top five SPX listed stocks by way of market share in 2022 resulted in the overall market value to witness a decrease of \$8,733,427 (-0.28%) and conclude at a value of \$3,134,863,404 (\$3.13 billion).
- ✕ The top five listed securities in terms of market capitalisation represented 75.77% of the overall market value as at 31<sup>st</sup> December 2022.

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



*Details of contribution of each listed entity towards the overall market capitalisation as at end of 2022 is illustrated below:*

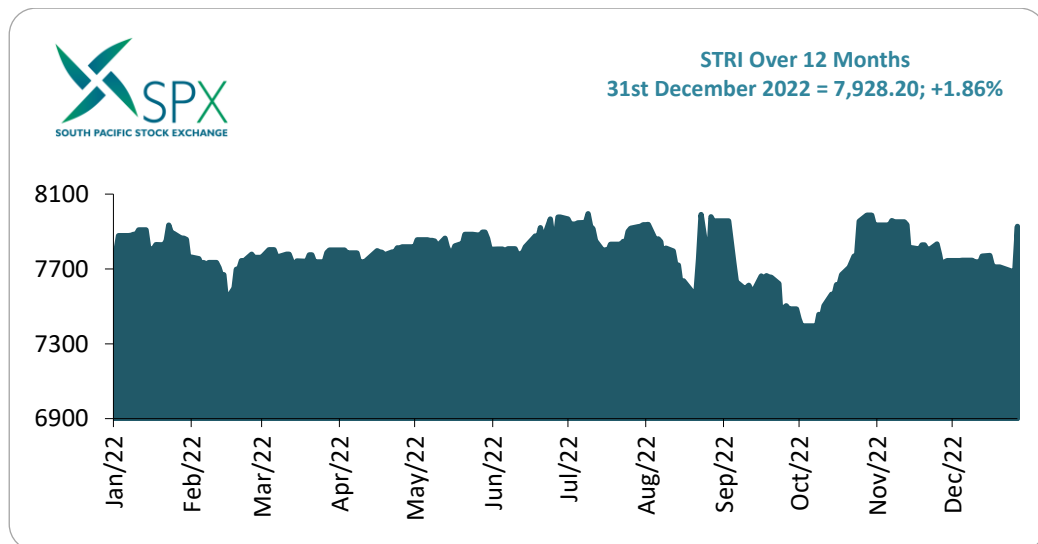


## Market Indices

### SPX Total Return Index (STRI)

- ✕ STRI is a market capitalisation weighted total return index, which means it accounts for both price as well as dividend returns and is dependent on the market capitalisation weighting of each entity towards the aggregate market value.
- ✕ Therefore; while on average, a negative capital return was noted, a high amount of dividend paid to the shareholders during 2022 abridged the unfavourable share price return to some extent which resulted in the overall STRI value to increase by 1.86% (+145.01 points) and conclude at a value of 7,928.20.

*The 12-month performance for STRI is illustrated below:*

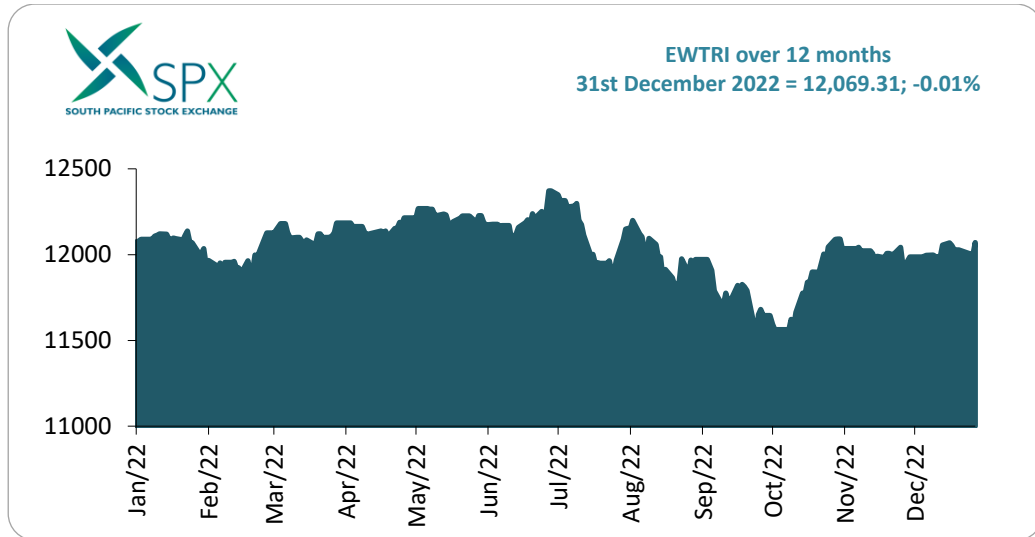


### Equal Weighted Total Return Index (EWTRI)

- ✕ The Equal Weighted Total Return Index weighs all the listed stocks equally without being skewed by the heavyweights and records both share price returns as well as dividend returns.
- ✕ The EWTRI for 2022 fell marginally by 0.01% (-0.64 points) and concluded the year at a value of 12,069.31 and in tandem with the negative average total market return for the year.

*The 12-month performance for EWTRI is illustrated on the following page:*

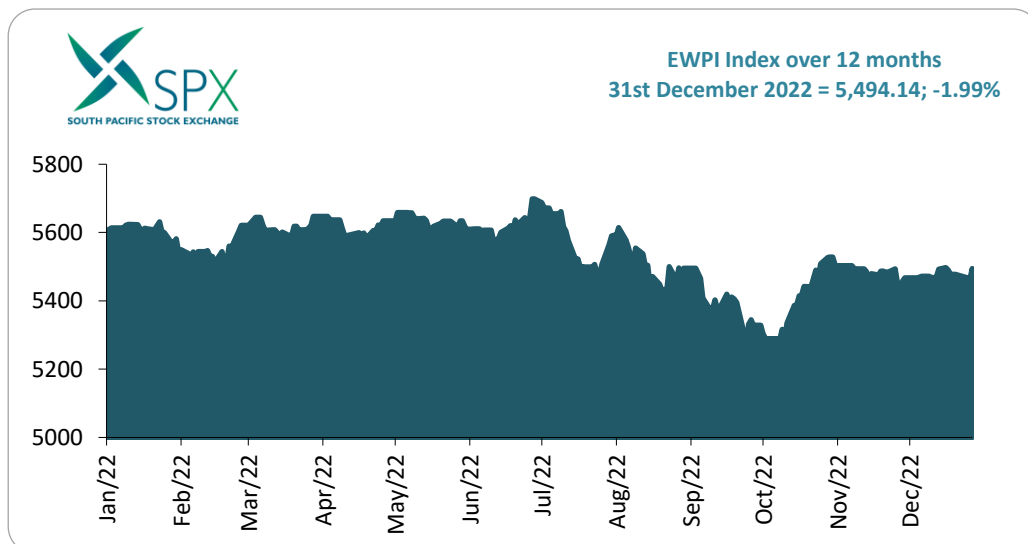




### Equal Weighted Price Index (EWPI)

- ✕ The SPX Equal Weighted Price Index (EWPI) which only accommodates share price changes while weighing all listed entities equally, fell by 1.99% (-111.28 points) concluding at a value of 5,494.14 for the year 2022. In order to maintain investor confidence and in line with the SPX's market surveillance guidelines, the SPX maintained a proactive stance in monitoring market movements and closely followed the daily movements in the Equal Weighted Price Index during 2022. Any movements exceeding +/- 5% in EWPI in a trading day would trigger a temporary trading halt, however, no such instances were recorded during the year under review.

*The 12-month performance for EWPI is illustrated below:*



## Wholesale Corporate Bond

- ✕ Wholesale Corporate Bonds are bonds issued by companies under the Companies (Wholesale Corporate Bonds) Regulations 2021 of the Reserve Bank of Fiji (RBF), which facilitates issuances of corporate bonds to eligible wholesale investors under s283(4)(d) of the Companies Act 2015.
- ✕ This new product offering is anticipated to help develop a more vibrant capital market in Fiji by offering investors an opportunity to invest in a wider range of assets while simultaneously offering companies an alternative platform to raise capital. To encourage issuance and listing of Wholesale Corporate Bonds on the SPX, the following incentives apply:
  - A company whose corporate bond is listed on the SPX, shall be allowed deduction of 150% on prescribed costs incurred for listing the bonds;
  - A company whose corporate bond is listed for trading on the SPX, will be allowed deduction of 150% on the interest payments made by it to bondholders under the terms of issue of the corporate bond; and
  - Interest income earned on corporate bonds traded on the SPX shall be exempt from withholding tax in the hands of the bondholder.
- ✕ Fijian Holdings Limited (FHL) became the first company to issue and list its Wholesale Corporate Bond under the Companies (Wholesale Corporate Bonds) Regulations 2021 after being able to successfully raise \$30,000,000 through the secured fixed rate Wholesale Corporate Bond issuance. The corporate bond was offered only to eligible investors and the proceeds from the Wholesale Corporate Bond offer is expected to assist in financing construction of the 18 storey FHL Tower, repay a portion of FHL's existing drawn bank debt providing some level of diversification of funding sources and tenor, as well as for related entity advances and for general corporate purposes.

*Relevant details regarding FHL's Wholesale Corporate Bond is tabulated below:*

Bond Identifier	Issue Date	Offer Amount	Coupon Rate	Term (months)	Maturity Date
FHLWCB30112025	30/11/2022	\$15,200,000	3.00%	36	30/11/2025
FHLWCB30112027	30/11/2022	\$10,800,000	3.50%	60	30/11/2027
FHLWCB30112029	30/11/2022	\$4,000,000	3.75%	84	30/11/2029

- ✕ The Central Share Registry Pte Limited (CSRL) provides bondholder registry services including the facilitation of interest and principal payments while SPX Trustees Limited (SPXT) has been appointed by FHL to undertake the function of a Trustee representing the interest of its bondholders.

## 2023 Outlook

- ✧ Global analysts have predicted that stock markets will continue their volatility in 2023 amid threats of a recession and inflation; however, investors who focus on the long-term will be the winners as in fact, investor returns actually tend to improve in the aftermath of a downturn in the market. For this reason, continuing to invest in this economic climate would be recommended as this strategy can set up investors for success as considering a long-term view can also aid investors to mitigate the risks that comes with an unpredictable market.



- ✧ At the SPX end; a new three-year Strategic Plan covering the 2023-2025 financial year has been rolled out which carves a new era of development and future for the SPX Group. This envisioning document defines the, vision, mission, values, strategies and direction for the SPX Group and better positions the organisation to undertake action items in pursuing its objectives towards achieving the key performance targets set for each of the strategic goals. The SPX recognises the importance of aligning our operations with the expectations of our key stakeholders to create sustainable value and development of a more robust and a vibrant capital market in Fiji. All in all, the new Strategic Plan re-engineers the SPX Group for future growth.
- ✧ The SPX will continue to play multifaceted roles, providing access to an investment platform, enabling access to funds and enhancing wealth creation through reliable, secure and regulated platforms and market surveillance activities. Our focus remains to increase the number of entities listed on our equity market, build on the success of the inaugural Wholesale Corporate Bond listing in 2022 and attract additional issuers to our debt market, increase liquidity and trading activities, enhance investor awareness, entice active investor participation and attract new investors as well as explore avenues to increase the multiplicity of investible products offered through the SPX platform. Together, these initiatives will increase the public participation in economic activity and the benefits of that activity, whilst also facilitating more efficient access to necessary capital for companies.
- ✧ Additionally, the SPX intends to focus on strengthening compliance which will ensure the SPX is recognised as an efficient, orderly and transparent market place whilst offering an attractive alternative for companies to raise capital. Our intention is to position the SPX to be a better barometer of the Fijian economy. Necessary focus will also be placed on optimising digital transformation to drive efficiency and improve services which would involve embedding the use of technology across the business to drive the fundamental changes to increase efficiency, achieve greater business agility, and ultimately unlocking value for employees, listed entities, stockbrokers and other stakeholders. A key focus under this strategy is to explore and commence with the necessary work required towards the implementation of a Delivery vs Payment mechanism to benchmark with the post-trade infrastructure and facilities of other jurisdictions as well as to mitigate the settlement risk and strengthen the overall credibility and integrity of the market.

- ✕ The SPX also aims to revisit its existing Memorandum of Understanding's (MoU's) and explore ways to optimise its operational capacity through fostering professional relationships with institutions with similar intent. These strategies are expected to enable the SPX to continue to innovate and strive to improve its services and position the SPX Group as a service-driven and operationally excellent organisation.
- ✕ Fiji welcomed a new Government in December 2022 and the SPX takes this opportunity to congratulate the new administration and looks forward to working with the new Government in formulating and maintaining conducive and favourable policies which would entice companies to consider the SPX platform to raise capital and for investors to consider the stock market as an alternative and substitute to other comparable investment products.
- ✕ Overall, with ongoing support from the investment community, listed entities, licensed stockbrokers, investment advisers, the Reserve Bank of Fiji (RBF) and the Government of Fiji, the SPX anticipates an energetic year as we work towards identifying/securing opportunities and executing strategies to achieve the same whilst at the same time promoting value for all our stakeholders.

## DISCLAIMER

*The information presented in this Publication is for information purposes only and should not be construed as investment advice. All investments are subject to some degree of risk. The SPX does not guarantee investment performance or return of capital invested. It is recommended that you seek professional investment advice before proceeding with any investment.*