

SEC NEWS

1st QUARTER, 2024



OFFICIAL NEWSLETTER OF THE SECURITIES & EXCHANGE COMMISSION OF GHANA

Download Digital Version available at:
sec.gov.gh/sec-quarterly-newsletter



Scan for Digital Version



SEC Risk-Based Supervision (RBS) Technical Working Group Makes Progress on Framework

Ghana Participates in Key Regulatory Meeting on **Financial Innovation and Sustainability**

Launch of the **Sustainable Banking Finance Network Taskforce** on Inclusive Sustainable Finance

SEC & Passion Air Commissions Newly Refurbished **Neurosurgery Unit At Korle-Bu Teaching Hospital**

An Alternative Investment Option: **Understanding the Basics of Real Estate Investment Trusts**



Achieve Your Personal Financial Freedom Through Ghana's Capital Market

Achieve your personal financial freedom by tapping into the vast investment opportunities in Ghana's capital market.

To find out more, call:

Tel: +233-302-768970-2

Toll-Free: 0 800 100 065

Email: info@sec.gov.gh



IN THIS ISSUE

02

NOTICES & ADVICE

Members of the general public are advised to use the Commission's Toll-Free Line 0800100065 or Main Line 0302768970-2 to contact the Commission

03

SEC UPDATES

1. SEC Risk-Based Supervision (RBS) Technical Working Group Makes Progress on Framework
2. Ghana Participates in Key Regulatory Meeting on Financial Innovation and Sustainability
3. Collaborating with Academia to Improve Financial Literacy
4. SEC Prioritizes Employee Eye Health
5. SEC and PassionAir Commissions Newly Refurbished Neurosurgery Unit At Korle-Bu Teaching Hospital To Enhance Neurosurgery Treatment In Ghana

09

INTERNATIONAL UPDATES

1. Launch of the Sustainable Banking And Finance Network (SBFN) on Inclusive Sustainable Finance
2. FCA to Improve Pace and Transparency Around Enforcement Cases, UK Financial Conduct Authority (FCA)
3. AMERC Working Group on Market Development
4. CMA Kenya Develops Regulatory Framework on Margin Trading to Enhance Market Liquidity
5. UK Financial Conduct Authority Opens Door to Crypto Exchange Traded Notes

12

MARKET EDUCATION

An Alternative Investment Option: Understanding the Basics of REITs

18

ENFORCEMENT ACTIONS

1. Infractions & Penalties
2. Complaints

20

FACTS & FIGURES

- Funds Under Management (AUM)
- Offers, Approvals & Other Information

22

CAPITAL MARKET STATISTICS

- Capital Market Operators
- Stock Market Statistics at a glance
- Performance of Equities

24

FIRST QUARTER MARKET SUMMARY

1. Equities Market
2. Fixed Income/Debt Market
3. Funds Management Industry

31

GLOSSARY OF TERMS

EDITORIAL TEAM:

1. Mr. Frank Biney Donkor
2. Mrs. Naomi Simpson

3. Ms. Dorothy Yeboah-Asiamah
4. Mrs. Lilian Danso Affum

5. Mr. Andy Anim

Disclaimer: The views expressed in this Newsletter are the authors' and do not necessarily represent the views of the Securities and Exchange Commission, its members or staff.



THE SECURITIES & EXCHANGE COMMISSION (SEC), GHANA

ABOUT

The Securities and Exchange Commission (“the Commission”) is established by the Securities Industry Act, 2016 (Act 929) (“the Act”) as amended with the object to regulate and promote the growth and development of an efficient, fair and transparent securities market in which investors and the integrity of the market are protected.

VISION

To be a top-tier securities market regulator in Africa.

MISSION

To regulate, innovate and promote the growth and development of an efficient, fair, and transparent securities market in which investors and the integrity of the market are protected.

OBJECTIVES

1. Enhancement of capital market infrastructure and strengthening the capacity of market institutions and intermediaries.
2. Providing the legal and regulatory framework for market and product innovation.
3. Promotion of public awareness, investor rights and corporate education.
4. Establishment of an overall robust, supportive, legal and regulatory framework that conforms to international best practices.



CHAPTER 01 NOTICES & ADVICE

PUBLIC ADVICE

Members of the general public are advised to use the Commission's **Toll-Free Line 0800100065** or **Main Line 0302768970-2** to contact the Commission on any issue they may have relating to the securities market and investments, including:

- Seeking general information about the Securities Market and products.
- Seeking information about licensed Capital Market Operators.
- Reporting persons suspected to be operating in the Securities Market without license.
- Reporting fraudulent investment schemes (e.g., Ponzi Schemes).
- Reporting fraudulent activities of Capital Market Operators.
- Making complaints against Capital Market Operators.



0800100065

Toll-Free Line

0302768970-2

Main Line

LATEST UPDATES

CHAPTER

02

SEC
UPDATES

RISK-BASED SUPERVISION (RBS) **TECHNICAL WORKING GROUP** **MAKES PROGRESS**

The Securities and Exchange Commission (SEC) is committed to strengthening its oversight of the Ghanaian securities industry. On Thursday, January 25th, 2024, a dedicated group within the SEC met at the Midindi Hotel in Accra to discuss ongoing work being done as part of the Risk-Based Supervision (RBS) Framework.

Rev. Daniel Ogbarmey Tetteh, Director-General of the SEC, opened the meeting with a statement emphasizing the importance of the RBS Framework: “the implementation of a robust Risk-Based Supervision Framework is crucial for safeguarding our financial markets. By effectively assessing risk, we can promote a stable and efficient financial system that protects investors.”

Mr. Paul Ababio, the Deputy Director-General Finance provided an introduction and outlined expectations for the meeting. According to him, the working group was expected to critically peruse the ratings-assessment guide and the self-assessment form in order to provide significant feedback and input for onward submission to the consultants developing the framework. Following this, the RBS Resident Advisor, Mr. Henry Dodoo-Amoo, led the team through a review of the ratings-assessment guide and the self-assessment form, both of which are critical tools for implementing RBS. The team actively participated by providing feedback and making significant progress on the RBS Framework.

In his closing remarks, Mr. Ababio stressed the significance of the RBS Framework and expressed his confidence in the team’s achievements. He stated that, “the dedication and expertise of our technical team is commendable. The



A picture of the DG of SEC delivering his opening remarks at the RBS Technical Working Group Meeting

progress made during this meeting brings us closer to implementing a comprehensive RBS Framework that will strengthen our investor protection efforts.”

The meeting marks a positive step forward in the SEC’s efforts to implement the RBS Framework. By establishing a more risk-focused approach to supervision, the SEC can enhance its ability to promote a healthy and secure financial environment in Ghana.



A picture of the RBS Resident Adviser delivering his presentation at the RBS Technical Working Group Meeting

WRITTEN BY: King Adawu Wellington.
Manager, Communications and External Affairs Unit.

DISCLAIMER: The views expressed in this Newsletter are the authors’ and do not necessarily represent the views of the Securities and Exchange Commission, its members or staff.

SEC GHANA PARTICIPATES IN KEY REGULATORY MEETING ON **FINANCIAL INNOVATION AND SUSTAINABILITY**



The Securities and Exchange Commission (SEC) Ghana played an active role in a high-level meeting focused on the future of Africa and Middle Eastern financial markets.

A delegation led by Rev. Daniel Ogbarmey Tetteh, Director-General of the SEC, participated in the International Organization of Securities Commissions (IOSCO) Africa and Middle East Regional Committee (AMERC) Plenary Meeting held in Mauritius from February 19th to 21st, 2024. Hosted by the Mauritius Financial Services Commission (FSC), the event brought together regulators from over 35 jurisdictions across the region.

Chaired by Nezha Hayat, CEO of Morocco's Capital Market Authority (AMMC), the meeting facilitated discussions on critical topics shaping the future of financial markets. A key focus was fintech, with regulators exchanging perspectives on crypto assets and exploring how to best promote sustainable finance within the region. Emerging risks and strategies for local market development were also addressed, along with identifying areas where regulatory capacity building is needed.

These discussions provided valuable insights that will inform IOSCO's global initiatives aimed at strengthening securities markets worldwide.

The Ghanaian delegation, which included Mr. Yaw Acheampong (Commissioner), Mrs. Rosalyn Darkwa (Head of Fund Management Department), and Dr. Godwin Ansah (Head of Communications & External Affairs), actively participated in the discussions. Their engagement ensured that Ghana's voice was heard on issues relevant to the development and stability of financial markets across Africa and the Middle East.

The AMERC meeting served as a valuable platform for Ghanaian regulators to connect with their counterparts and contribute to shaping a more innovative, inclusive, and sustainable financial future for the region.

WRITTEN BY: King Adawu Wellington.
Manager, Communications and External Affairs Unit.

DISCLAIMER: The views expressed in this Newsletter are the authors' and do not necessarily represent the views of the Securities and Exchange Commission, its members or staff.

COLLABORATING WITH ACADEMIA TO IMPROVE FINANCIAL LITERACY

Financial markets can be complex and intimidating for many people. Understanding how to invest wisely and navigate the financial landscape is crucial for making sound financial decisions. This is where financial literacy comes in.

On January 18th, 2023, the Securities and Exchange Commission (SEC) participated in a seminar precisely focused on this topic: 'Financial Market Regulators Literacy Seminar: Collaborative Approach'. This event, organized by the University of Ghana Business School (UGBS), provided a valuable platform for the SEC to share its experiences and collaborate with other stakeholders on promoting financial literacy in Ghana.

As Dr. Godwin Ansah, Head of Communications and External Affairs at the SEC, explained, "the SEC believes that a well-informed investor is a well-protected investor." Financial literacy empowers individuals with the knowledge, skills, and confidence to make informed financial choices. It encompasses understanding different investment products, managing debt, planning for the future, among others.



Dr. Godwin Ansah, head of Communications & External Affairs Unit, SEC

Dr. Ansah further highlighted the SEC's commitment to investor education through various initiatives. One such program is the "TIME WITH SEC" initiative, which brings the Commission directly to communities to foster open dialogue. The SEC also actively participates in the National Financial Literacy Campaign led by the Ministry of Finance. These collaborative efforts demonstrate the importance the SEC places on educating Ghanaians and ensuring their participation in the financial market.

The UGBS seminar brought together key players in the financial sector, including the Bank of Ghana (BoG), National Pensions Regulatory Authority (NPR), National Insurance Commission (NIC), and Ghana Stock Exchange (GSE). This collaborative approach is essential for developing a comprehensive financial literacy strategy that reaches all Ghanaians. By working together, the SEC, educational institutions, and industry leaders can empower individuals to make informed financial decisions and build a more secure financial future.

WRITTEN BY: King Adawu Wellington.
Manager, Communications and External Affairs Unit.

DISCLAIMER: The views expressed in this Newsletter are the authors' and do not necessarily represent the views of the Securities and Exchange Commission, its members or staff.



SEC PRIORITIZES EMPLOYEE EYE HEALTH



A

s humans, our vision is essential, not only for our personal lives but also for our professional success. Recognizing this, the Securities and Exchange Commission (SEC) recently held a commendable initiative focused on employee eye health and care. This program, organized by the Human Resource and Administrative Department with support from Communications and External Affairs, serves as a model for workplaces everywhere.

The Health Talk and Screening, held on Thursday, March 28th, 2024, empowered staff with valuable knowledge and preventive measures regarding eye health. Led by Robert and Sons Ltd, an optical specialist with a proven track record, the session covered a range of critical topics including Understanding Common Eye Conditions in Africa, Maintaining Healthy Vision Throughout the Day, and The Importance of Regular Eye Exams.

The program concluded with a Q&A and eye screening session, ensuring that all employee concerns were addressed directly by the experts. This open dialogue creates a culture of preventative healthcare within the SEC, empowering staff to take charge of their well-being.

The SEC's commitment to employee health is

a model for organizations across Ghana. By prioritizing preventive care and education, the SEC fosters a healthier and more productive work environment. By taking such proactive steps, the SEC demonstrates its dedication to its workforce, recognizing that a healthy staff is a vital asset to the organization's success. Let's hope this initiative inspires other workplaces to prioritize employee well-being, fostering a culture of health awareness and empowered individuals.



WRITTEN BY: King Adawu Wellington.
Manager, Communications and External Affairs Unit.

DISCLAIMER: The views expressed in this Newsletter are the authors' and do not necessarily represent the views of the Securities and Exchange Commission, its members or staff.



SEC & PASSION AIR

COMMISSION NEWLY REFURBISHED NEUROSURGERY UNIT AT KORLE-BU TEACHING HOSPITAL **TO ENHANCE NEUROSURGERY TREATMENT IN GHANA**

The Securities and Exchange Commission (SEC) and PassionAir on Thursday, 7th March 2024, commissioned and handed over a newly refurbished Neurosurgery Unit to the Department of Surgery at Korle Bu Teaching Hospital in Accra, Ghana. This significant event commemorated the 25th and 5th anniversaries of SEC and PassionAir, respectively.

The project is a testament to shared values and commitment to corporate social responsibility, community welfare, and healthcare advancement by both organizations and further underscores the collective commitment to improving access to quality healthcare services for all.

Rev. Daniel Ogbarmey Tetteh, Director General of the SEC, in his address, noted that the refurbishment of the Neurosurgery Unit stands as a shining example of the profound impact that can be achieved when organizations come together with a shared purpose and a shared commitment to making a positive difference in the lives of others. “The Neurosurgery Unit plays a pivotal role in providing critical care and medical treatment to those in need, and the enhancements made to its facilities will undoubtedly improve the quality of



Group photo of the dignitaries

care and comfort for patients and their families” he added.

On his part, Samuel Abdul Razak Tachie, Corporate Affairs Manager of PassionAir opined that “we are proud to partner with the Securities and Exchange Commission in this noble endeavour”. “As we celebrated our 5th anniversary, we reaffirm our dedication to making a meaningful difference in the lives of people, and the commissioning of the Neurosurgery Unit is a testament to that commitment” he further stated.

The handing-over ceremony brought together key stakeholders including the Board of Commissioners of the SEC, Project Partners such as Benso Oil Palm Plantation, and healthcare professionals, among others. Attendees got the opportunity to tour the facility and catch a glimpse into what is now an ultra-modern healthcare Neurosurgery Unit.



WRITTEN BY: King Adawu Wellington.
Manager, Communications and External Affairs Unit.

DISCLAIMER: The views expressed in this Newsletter are the authors’ and do not necessarily represent the views of the Securities and Exchange Commission, its members or staff.



CHAPTER 03 INTERNATIONAL UPDATES

LAUNCH OF THE **SBFN TASKFORCE ON INCLUSIVE SUSTAINABLE FINANCE**

The Sustainable Banking and Finance Network (SBFN) has indicated its intention to launch a new SBFN Taskforce on Inclusive Sustainable Finance (ISF). SBFN reported that it had become evident that inclusivity and social resilience were paramount concerns for policymakers in Emerging Markets and Developing Economies (EMDEs). As a result of that, the primary objective of the SBFN Inclusive Sustainable Finance Taskforce would be to deepen understanding, provide guidance, and facilitate knowledge sharing to enhance ISF policy design and implementation. The new ISF Taskforce would replace and build on the work undertaken by the SBFN Task Force for Low-Income Countries (IDA Taskforce).

The SBFN is therefore constituting an Inclusive Sustainable Finance Taskforce (IFS) to guide SBFN Members based on analysis of good practice measures and strategies as well as emerging trends. The taskforce would represent the SBFN membership based on their inclusive finance policy experience and

interest. The taskforce would also be representative of geographic regions and financial subsectors.

The ISF Taskforce would be Co-Chaired by Bangko Sentral ng Pilipinas (Central Bank of the Philippines) and FEBRABAN (Brazilian Federation of Banks).

The SEC Ghana is represented on the ISF Taskforce by Mr John Bentum, Senior Manager, Issuers Department.

WRITTEN BY: Dorothy Yeboah-Asiamah,
Board Secretary and Senior Manager International
Relations

DISCLAIMER: The views expressed in this Newsletter are the authors' and do not necessarily represent the views of the Securities and Exchange Commission, its members or staff.



FCA TO IMPROVE PACE AND TRANSPARENCY AROUND **ENFORCEMENT CASES**, UK **FINANCIAL CONDUCT AUTHORITY (FCA)**

The Financial Conduct Authority (FCA) has committed to carrying out enforcement cases more quickly as the FCA seeks to increase the deterrent impact of its enforcement actions. In a report, the FCA suggested that in the future it will focus on a streamlined portfolio of cases, aligned to its strategic priorities where it can deliver the greatest impact. The FCA will also close those cases where no outcome is achievable, more quickly.

As part of the new approach the FCA has begun a consultation on plans to be more transparent when an enforcement investigation is opened. Under the plans the FCA will publish updates on investigations as appropriate and be open about when cases have been closed with no enforcement outcome. The moves are a step change from the current process where investigations are only announced in very limited circumstances. According to the FCA, by being more transparent when a case is opened and closed, they can enhance public confidence by showing that they are working on the case.

At the same time, the FCA would also amplify the deterrent impact of its work by enabling firms to understand the types of serious failings that could lead to an investigation, helping them to change their own behaviour more quickly. Greater transparency will also drive greater accountability for the FCA as an enforcement agency.

Any decision to announce an investigation would be taken on a case-by-case basis and depend on a variety of factors which will indicate whether to do so is in the public interest. These include whether the announcement will protect and enhance the integrity of the UK financial system, reassure the public the FCA is taking appropriate action, or assist in any investigations.

WRITTEN BY: Dorothy Yeboah-Asiamah,
Board Secretary and Senior Manager International Relations

DISCLAIMER: The views expressed in this Newsletter are the authors' and do not necessarily represent the views of the Securities and Exchange Commission, its members or staff.

AMERC WORKING GROUP ON MARKET DEVELOPMENT

The Africa/ Middle East Regional Committee (AMERC) has created a Working Group to address Capital Market Development Issues specific to the region. The stated objectives of the Capital Market Development Working Group the following:

- a. To promote Capital Market Efficiency
- b. To strengthen Regulatory Frameworks
- c. To facilitate Access to Capital
- d. To enhance Investor Education and Protection
- e. To encourage Cross-Border Investments and cooperation

- f. To collaborate with relevant Stakeholders

The SEC Ghana is represented on the working group by Mr. Caliis Nii Oman Badoo, Director and Head, Legal and Enforcement Department.

WRITTEN BY: Dorothy Yeboah-Asiamah,
Board Secretary and Senior Manager International Relations

DISCLAIMER: The views expressed in this Newsletter are the authors' and do not necessarily represent the views of the Securities and Exchange Commission, its members or staff.



CMA KENYA DEVELOPS REGULATORY FRAMEWORK ON MARGIN TRADING TO ENHANCE MARKET LIQUIDITY

The Capital Markets Authority (CMA) Kenya in line with its new strategic direction has developed Margin Trading Regulations. Additionally, the CMA has also reviewed its Guidelines on Financial Resource Requirements for Market Intermediaries and amended the Commodity Markets Regulations.

According to the Chief Executive Officer of the CMA, the regulatory review is aimed at enhancing responsiveness to changing dynamics, market developments, technological advancements, and emerging stakeholder expectations. He added that the introduction of Margin Trading is expected to enhance market liquidity by increasing the supply and demand for securities and maintain the stability and integrity of financial markets in line with its mandate.

Margin Trading was recommended as one of the measures to improve liquidity in the equity market in the 2015 World Bank Report on Potential Measures for the Improvement of Liquidity in the Kenyan Equity

Markets.

Margin Trading has been implemented in other jurisdictions such as the USA, China, Nigeria, Japan, Thailand, and India.

The CMA has also amended its Financial Resource Requirements for Market Intermediaries to include new licence categories not addressed in their current guidelines. The new license categories include Intermediary Service Platform Providers, Broker-Dealers, Trustees, Custodians and Money Managers.

WRITTEN BY: Dorothy Yeboah-Asiamah, Board Secretary and Senior Manager International Relations

DISCLAIMER: The views expressed in this Newsletter are the authors' and do not necessarily represent the views of the Securities and Exchange Commission, its members or staff.

UK FINANCIAL CONDUCT AUTHORITY OPENS DOOR TO CRYPTO EXCHANGE-TRADED NOTES

The UK Financial Conduct Authority (FCA) has softened its position on listed exchange-traded notes (ETNs) referencing crypto-currencies, saying it would "not object" to products aimed at institutional investors." The FCA has indicated its intentions of not objecting to requests from Recognised Investment Exchanges (RIEs) to create a UK listed market segment for cryptoasset-backed Exchange Traded Notes (cETNs). According to the FCA, the products would be available for professional investors, such as investment firms and credit institutions authorised or regulated to operate in financial markets only.

The FCA indicated that, Exchanges will need to continue to make sure sufficient controls are in place, so trading is orderly and proper protection is afforded to professional investors. cETNs would be required to meet all the requirements of the UK Listing Regime. The FCA continues to believe cETNs and crypto derivatives are ill-suited for retail consumers due to the

harm they pose. As a result, the ban on the sale of cETNs (and crypto derivatives) to retail consumers remains in place.

The FCA continues to remind people that cryptoassets are high risk and largely unregulated. Those who invest should be prepared to lose all their money. The FCA is collaborating with government, international partners and industry to develop the UK's cryptoasset regulatory regime and lead international standards in this space.

WRITTEN BY: Dorothy Yeboah-Asiamah, Board Secretary and Senior Manager International Relations

DISCLAIMER: The views expressed in this Newsletter are the authors' and do not necessarily represent the views of the Securities and Exchange Commission, its members or staff.



CHAPTER
04
MARKET
EDUCATION

AN ALTERNATIVE INVESTMENT OPTION:
UNDERSTANDING THE BASICS OF
REAL ESTATE INVESTMENT TRUSTS
(REITs)

INTRODUCTION

Unlocking a world of investment possibilities, Real Estate Investment Trusts (REITs) have emerged as an insistent alternative investment option. While many individuals are familiar with residential real estate ownership, REITs offer a refreshing perspective on investment options. Modeled after Collective Investment Schemes (i.e., mutual funds and unit trusts), REITs provide a practical and effective way for investors to diversify their investment portfolio with professionally managed properties. It provides investors with a liquid and cost-effective means to invest in real estate assets, surpassing the limitations of purchasing physical properties with larger capital requirements. Unleashing the potential of this investment option, investors can stretch their investment horizon with unlimited

options to invest in industrial warehouses, office complexes, shopping centers, and beyond.

This article uncovers the basics of REITs, exploring their benefits, downside risk, how it works, the types that exist, and their regulation in the Ghanaian context.



BASICS OF REITs

A REIT is defined as a real estate investment trust company that is incorporated as a public company under the Companies Act, 2019 (Act 992) with the dedicated purpose of investing in real estate that generates recurrent income (rental and interest) from operating, owning, or financing income-producing real estate and real estate-related investments.

REITs pool funds from the public, which are then utilized to acquire a range of real estate assets, including residential and commercial properties, retail spaces, industrial properties, infrastructure, and more. Investors in REITs can earn income and benefit from potential capital appreciation from diverse assets. This investment product offers the opportunity for the investing public to tap into the growing real estate sector, overcoming the barriers of high property prices that make it unaffordable.

REITs are licensed by the Securities and Exchange Commission (SEC), with their characteristics provided for in the Securities Industry Act, 2016 (Act 929) as amended. The Securities Industry (REITs) Guidelines 2019 (SEC/GUI/001/01/2019) proffer the rules and requirements set by the SEC to govern the formation, operation, and management of REITs in Ghana.

WHAT ARE THE TYPES OF REITs

Equity REITs: Most REITs are publicly traded equity REITs, which own or operate income-producing real estate. These equity REITs are commonly referred to as REITs by the market.

mREITs: mREITS also known as mortgage REITs, offer financing for income-producing real estate through the acquisition or origination of mortgages and mortgage-backed securities. They generate income from the interest earned on these investments.

Public Non-listed REITs: Public Non-listed REITs are registered with the Securities and Exchange Commission (SEC), but they are not listed or traded on national stock exchanges.

Private REITs: Private REITs are investment offerings that are not subject to SEC registration requirements and their shares are not traded on national stock exchanges.



A REIT is defined as a real estate investment trust company that is incorporated as a public company under the Companies Act, 2019 (Act 992) with the dedicated purpose of investing in real estate that generates recurrent income (rental and interest) from operating, owning, or financing income-producing real estate and real estate-related investments.

HOW DOES REIT WORK?

REITs have a similar structure to that of a Collective Investment Scheme, featuring a REIT manager and a custodian. The Custodian is the person or entity to whom the assets of the REIT are entrusted for safekeeping, while the REIT Manager is responsible for selecting and acquiring properties for the portfolio. REITs hold a diverse portfolio of income-generating real estate assets, ranging from residential properties, office buildings, shopping centers, warehouse facilities, and telecom towers. While many REITs focus on a specific property type, others include a mix of multiple property types.

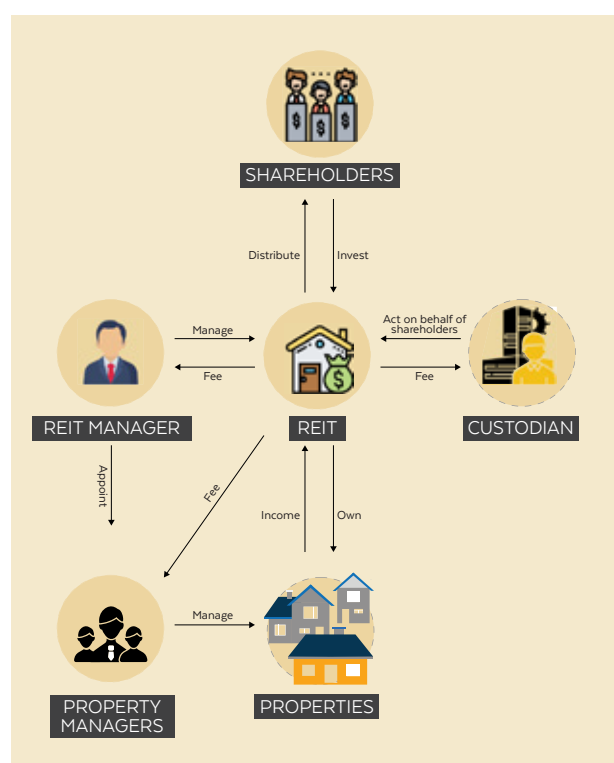
Typically, a REIT leases out its owned properties and generates revenue primarily through rental income. However, there are also REITs that opt not to own properties directly. Instead, they engage in financing real estate transactions and generate income from the interest earned on these financing activities. In accordance with SEC guidelines (SECURITIES INDUSTRY (REITS) GUIDELINES 2019 (SEC/GUI/001/01/2019) and Section 3 of the Regulation, REITs shall be modeled as follows.

- i. The company shall be engaged in the business of investing in income-generating real estate.
- ii. At least 75 percent of its revenue shall derive from rents, mortgage interest, and investment income from indirect property ownership.
- iii. At least 75 percent of its total assets shall comprise real estate.
- iv. At least 80 percent of its distributable profit, for each accounting period, shall be distributed to shareholders.
- v. The company shall list on an exchange within three (3) years as a REIT, and its leverage ratio does not exceed 40 percent of gross asset value shall ensure that

the property restrictions on its operations specified in (i) to (vi) above are expressly and clearly restated in its prospectus.

- vi. Shall not invest more than 40 percent in a single property.

STRUCTURE OF REITs





WHY INVEST IN REITs?

REITs offer relatively high dividends and moderate, long-term capital appreciation, making them total return investments. Their long-term total returns are akin to value stocks and often outperform the returns of lower-risk bonds. Due to their dividend income, REITs can be important for investors seeking a continuing income stream. They are obligated to distribute at least 80 percent of taxable income annually, resulting in substantial dividends for shareholders. These dividends are mostly supported by stable contractual rents from tenants. Additionally, REITs provide portfolio diversification as their returns have a relatively low correlation with other equities and fixed-income investments. The counter-cyclical pattern of REIT returns helps reduce overall volatility and improve returns for a given risk level compared to other investments.

Historically, investors have benefited from REITs in the following ways:

- **Low Investment Minimums:** Real estate investments characteristically demand significant capital, making them high-ticket investments. However, REITs present a compelling alternative, as they offer low investment minimums. This enables investors to attain exposure to the real estate market within their investment portfolios, even with smaller capital amounts.
- **Diversification:** REITs are important investment vehicles that offer an opportunity for investors to diversify their portfolios. They offer an additional asset class for diversification beyond the usual asset classes of debt and equity. REITs offer exposure to

real estate without the burdens of owning and managing residential, commercial or retail properties.

- **Steady Stream of Income:** REITs generate income primarily through rental payments. As a requirement, they distribute 80% of the rental income to investors in the form of interest and dividend payments. This structure allows investors to enjoy regular income from their investments in REITs through a variety of market conditions.
- **Professional Management:** REITs are managed by professionals. This means that investors are relieved of the responsibility of managing commercial real estate properties. The expertise and experience of these professionals ensure that the properties within the REIT are effectively managed, allowing investors to focus on their investments without the added responsibility of property management.
- **Capital Gains:** The value of REITs traded on the stock market is closely tied to their performance. A REIT that performs well has the potential to appreciate in value, providing an opportunity for investors to sell their shares at a profit in the future. Investors can then enjoy the capital gains resulting from their investments in REITs. By monitoring the performance of the REIT and making strategic decisions on when to sell, investors can potentially maximize their returns and benefit from the capital gains of their investment.
- **Liquidity:** Shares of publicly listed REITs are readily traded on stock exchanges, providing investors with the ability to buy or sell their shares with relative ease. This liquidity allows





investors to access their investment capital when needed and provides flexibility in adjusting their investment positions. The availability of a liquid market for REIT shares ensures that investors can enter or exit their positions efficiently, enhancing the overall convenience and accessibility of investing in REITs.

On the flip side, REITs that are not listed on an exchange may have limited liquidity options, typically restricted to fund repurchase offers or trading on secondary markets. In such cases, investors may face limitations in selling the desired number of shares or may experience delays in executing transactions. Similarly, private REITs are typically sold through private placements and are not easily offloaded, except during specific periods and at prices determined by sponsors. It's important for investors to consider the liquidity implications associated with different types of REITs when making investment decisions, as it can impact their ability to access their investment capital and make changes to their investment positions in a timely manner.

- **Transparency:** Listed REITs generally offer a higher level of transparency compared to non-listed REITs. Listed REITs are required to comply with regulatory reporting and disclosure obligations, providing investors with access to comprehensive financial information, performance data, and other relevant disclosures. This transparency enables investors to make informed decisions based on accurate and up-to-date information.

Nonetheless, it's important to note that non-listed REITs also offer a certain level of transparency. Securities regulators mandate these REITs to make some public disclosures. The SEC guidelines (SECURITIES INDUSTRY (REITS) GUIDELINES 2019 (SEC/GUI/001/01/2019), specifically sections 6, 7, 8, 9, and 10, outline compliance measures

designed to monitor and streamline the activities of REITs. These measures contribute to the transparency of non-listed REITs, albeit to a lesser extent compared to their listed counterparts.

DOWNSIDE RISK OF REITS

While investing in REITs provides various benefits, investing in REITs may carry certain risks that should be considered:

- **Market Risk:** REITs listed on the stock exchange are inherently influenced by market dynamics when it comes to the pricing of their shares. These market dynamics play a crucial role in determining the value and fluctuations of REIT prices. Factors such as supply and demand, investor sentiment, economic conditions, and trends in the real estate market collectively contribute to the pricing of REITs on the stock exchange. As a result, the prices of listed REITs can vary based on the prevailing market conditions and investor perceptions of the underlying assets and the REIT's performance.

- **Concentration Risk:** When a substantial portion of a REIT's value is reliant on one or a few properties, or if a few tenants contribute significantly to its income, there is a higher risk of potential losses. This is because any adverse events or issues that affect those specific properties or tenants can have a significant impact on the overall performance and value of the REIT. The lack of diversification in such cases increases the vulnerability to potential losses in the event of problems arising with the concentrated properties or tenants. To address concentration risk, the SEC 2019 REIT guidelines provide an allowance of up to 25% for revenue to be generated from sources other than rental income. This mitigation measure aims to reduce the reliance on a single income stream and diversify the sources of cash flow for the REIT.



• **Leverage Risk:** When a REIT employs debt to finance the acquisition of its properties, it exposes itself to leverage risk. In the event of the REIT being wound up or liquidated, its assets will be utilized to settle outstanding obligations to creditors first. Only after satisfying these obligations will any remaining value be distributed among the unit holders. This means that in a winding-up scenario, creditors hold priority over unit holders in terms of receiving payments from the REIT's assets. To mitigate this risk, the SEC 2019 REIT guidelines allow for a maximum leverage ratio of 40 percent of the gross asset value.

• **Income Risk:** This refers to the potential volatility and uncertainty associated with the income generated by a REIT. Factors such as lower rental rates during lease renewals or decreased occupancy rates can impact the rental income of the REIT. It is crucial to consider upfront payment arrangements or contractual provisions for rental rates and terms in tenancy agreements. Additionally, if the REIT finances its properties through debt, there is a risk of reduced income distributions if the cost of debt fluctuates and increases.

HOW TO INVEST IN REITs

Before making any investment decisions regarding REITs, it is important to make some financial considerations, seek guidance from a professional, and conduct thorough research. There are options to review a REIT's disclosure filings, such as annual and quarterly reports, as well as any offering prospectus, to gather relevant information.

Investors can purchase shares in a REIT listed on an exchange through a broker. Financial professionals, including investment advisors, can assist in analyzing objectives and recommending suitable REIT investments. Additionally, investors have the option to invest in public non-listed REITs, which function like a Collective Investment Scheme.

THINGS TO REMEMBER WHILE INVESTING IN REITs

There are several factors that investors should take into consideration when investing in REITs as part of their investment portfolio. These factors include:

- Macroeconomic conditions
- Occupancy Ratio
- Geographical Diversification
- Sector Diversification
- REITs Portfolio holdings
- Rolling Renewals and Re-leasing Spread
- Rental incomes/Income flows

CONCLUSION

REITs enable investors to participate in real estate investments without owning physical properties. They provide opportunities for earning income and achieving capital growth by owning and managing income-generating properties. Assessing financial performance, property portfolio quality, and management expertise is vital for making informed investment choices. Investors must also consider risks associated with market volatility and interest rate changes. Thorough research and guidance from financial experts are necessary for prudent investment decisions. Overall, including REITs in an investment portfolio can offer exposure to real estate and potential long-term growth, making them a valuable asset class.

References

Wien, T. G. (2015). *The Beginner's Guide to Investing in REITs*. Retrieved May 23, 2023, from <https://www.propwise.sg/the-beginners-guide-to-investing-in-reits/>

WRITTEN BY: MacNamara Peter-Brown, Assistant Manager, Policy and Research

DISCLAIMER: The views expressed in this Newsletter are the authors' and do not necessarily represent the views of the Securities and Exchange Commission, its members or staff.

CHAPTER 05 ENFORCEMENT ACTIONS

1. INFRACTIONS AND PENALTIES

COMPANY	INFRINGEMENT	PENALTY (GH¢)
Serengeti Capital Market Limited	Failure to comply with Paragraph 6(9) of the Securities Industry (Licensing) Guideline 2020 and 212 (c) of the Companies Act, 2016 (Act 992)	3,600.00
Databank Brokerage Ltd	Failed to comply with the provision in Paragraph 6(9) of Part Three of the Securities Industry Licensing Guidelines 2020 and Paragraph 6(4) of Part Two of the Securities Industry (Conduct of Business) Guideline 2020.	12,000.00
CM Fund	Failure to change Auditors after 6 years- CM Fund	12,000.00
PhoenixAfrica Securities Ltd.	Non Submission of Statutory Returns	3,000.00
Worldwide Investments Co. Ltd	Non Submission of Statutory Returns	3,000.00
Gateway Wealth Mgt. Ltd.	Non Submission of Statutory Returns	3,000.00
Steward Capital Partners Ltd.	Non Submission of Statutory Returns	3,000.00
Serengeti Asset Mgt. Ltd	Non Submission of Statutory Returns	3,000.00
Inter Trust Capital Limited	Non Submission of Statutory Returns	3,000.00
Investrust Capital Ltd	Non Submission of Statutory Returns	3,000.00
HMI Management Service Ltd	Late Submission of Statutory Returns	900.00
Fairnet Capital Limited	Non Submission of Statutory Returns	3,000.00
Union Capital Limited	Late Submission of Statutory Returns	400.00
RAD Business Advisory	Late Submission of Statutory Returns	1,000.00
CM Fund Ltd	Breach of Investment Guidelines	24,000.00
Worldwide Investments Co. Ltd	Non Submission of Statutory Returns	3,000.00
Serengeti Asset Mgt. Ltd	Non Submission of Statutory Returns	3,000.00
Steward Capital Partners Ltd.	Non Submission of Statutory Returns	3,000.00
HMI Management Service Ltd.	Late Submission of Statutory Returns	300.00
Legacy Fund Management Ltd.	Late Submission of Statutory Returns	700.00
Investa Capital Fund Mgt. Ltd.	Late Submission of Statutory Returns	600.00
Inter Trust Capital Limited	Non Submission of Statutory Returns	3,000.00
Gateway Wealth Mgt. Ltd.	Non Submission of Statutory Returns	3,000.00



2. COMPLAINTS

TABLE 2: COMPLAINTS RECEIVED DURING THE FIRST QUARTER OF 2024

PERIOD	COMPLAINTS RECEIVED IN THE QUARTER	COMPLAINTS RESOLVED IN THE QUARTER
Q2 2023	27	38
Q3 2023	14	24
Q4 2023	23	109
Q1 2024	20	114

Source: SEC

The above complaints for the quarter were mainly related to the failure to meet redemption requests.

CHAPTER 06 FACTS & FIGURES

A FUNDS UNDER MANAGEMENT

TABLE 3: FUNDS UNDER MANAGEMENT

FUM (GH¢) **	END MAR 2024	END DEC 2023	CHANGE
*Pension	39,673,024,619.28	39,325,984,861.33	1%
Other Funds	10,648,252,439.43	9,722,026,994.16	10%
CIS	5,602,787,433.58	5,241,932,897.10	7%
Private Funds	757,902,748.01	757,902,748.01	0%
Total (GH¢)	56,681,967,240.30	55,047,847,500.60	3%

*Adjusted values from custodians

**Marked to Market Valuation

B OFFERS, APPROVALS & OTHER INFORMATION

List of firms licensed during the first quarter, 2024:

TABLE 4: APPROVAL OF NEW LICENCES

	MARKET OPERATOR	APPROVAL TYPE
1	GCB Capital LTD	Issuing House
2	CalBank Plc	Issuing House
3	CalBank Plc	Note Trustee
4	EDC Ghana Africa Cash Trust	Unit Trust
5	EDC Ghana Growth Trust	Unit Trust

**B. TABLE 5: OFFERS, APPROVALS AND LISTINGS (PRIMARY AND SECONDARY MARKET)**

	APPLICANT	APPROVAL TYPE	APPROVAL DATE	OFFER SIZE (GHS)
1	GCB Bank Plc	Rights Issue	In progress	550 million
2	Cal Bank Plc	Rights Issue	22-Feb-2024	600 million
3	Atlantic Lithium	Listing by Introduction	In progress	N. A.

C. TABLE 6: APPROVAL OF NOTE TRANCHES

	ISSUER	TRANCHE NUMBER	AGGREGATE SIZE	SUBSCRIPTION (%)
1	Kasapreko	T1-S001	150 million	69.20%
2	Kasapreko	T1-S002	25 million	190%
3	Letshego Savings & Loans	LT01	40 million	78.3%
4	Letshego Savings & Loans	LT02	60 million	115%
5	Letshego Savings & Loans	A19	25 million	100%

CHAPTER 07 CAPITAL MARKET STATISTICS & ANALYSIS

TABLE 7: CAPITAL MARKET OPERATORS AS AT THE END OF FIRST (1ST) QUARTER 2024

	CATEGORY OF LICENSED OPERATORS	END MARCH 2024	END DEC. 2023	CHANGE
1	Broker-Dealers	31	31	0
2	Custodians	18	18	0
3	Exchange Traded Funds	2	2	0
4	Investment Advisers	11	11	0
5	Fund Managers	82	82	0
6	Mutual Funds	52	52	0
7	Note Trustee	5	4	1
8	Primary Dealers	12	12	0
9	Registrars	4	4	0
10	Securities Depositories	1	1	0
11	Securities Exchange	2	2	0
12	Trustees	8	8	0
13	Issuing House	14	12	2
14	Unit Trusts	32	30	2
15	Private Funds	7	7	0
16	Credit Rating Agency	2	1	1
17	Real Estate Investment Trust	2	2	0
	TOTAL	285	279	6

Source: SEC

TABLE 8: STOCK MARKET STATISTICS AT A GLANCE

INDICATORS	END MARCH 2024	END DEC. 2023	CHANGE
Number of Listed Companies (Main Market)	29	29	0
Number of Listed Companies (Ghana Alternative Market)	5	5	0
Volume of Trades: Cumulative (Equities)	254,217,012	579,675,315	N.A.
Value of Trades (GH¢): Cumulative Equities	365,983,113	818,199,531	N.A.
Market Capitalization (GH¢ million)	77,701	73,893	5.15%
GSE- Composite Index (GSE-CI' points)	3,456.20	3,130.23	326
GSE- CI YTD Returns (%)	12.33	28.08	N.A.
GSE- Financial Stock Index (GSE-FSI' points)	2,001.47	1,901.57	100

Source: SEC & GSE

TABLE 9: PERFORMANCE OF EQUITIES ON THE GHANA STOCK EXCHANGE AT THE END OF MARCH 2024

	NAME OF COMPANY	CODE	CLOSING PRICE (GH¢) END MARCH 2024	CLOSING PRICE (GH¢) END DEC. 2023	CHANGE (GH¢ GAIN/LOSS) END MARCH 2024
1	Access Bank Ghana PLC	ACCESS	4.45	3.4	1.05
2	Agricultural Development Bank PLC	ADB	5.06	5.06	0
3	AngloGold Ashanti Ltd.	AGA	37	37	0
4	Aluworks Limited *	ALW	0.1	0.1	0
5	Asante Gold Corporation	ASG	8.89	8.89	0
6	Benso Palm Plantation PLC	BOPP	21.53	22	-0.47
7	Cal Bank PLC	CAL	0.42	0.48	-0.06
8	Clydestone (Ghana) Ltd.	CLYD	0.03	0.03	0
9	Camelot Ghana Ltd.	CMLT	0.1	0.1	0
10	Cocoa Processing Co. Ltd.	CPC	0.02	0.02	0
11	Dannex Ayrton Starwin Plc.	DASPHARMA	0.38	0.4	-0.02
12	Ecobank Ghana PLC.	EGH	6.1	5.5	0.6
13	Enterprise Group PLC	EGL	2.39	2.39	0
14	Ecobank Transnational Inc.	ETI	0.15	0.15	0
15	Fan Milk PLC.	FML	3.2	3.25	-0.05
16	GCB Bank Ltd.	GCB	3.43	3.4	0.03
17	Guinness Ghana Breweries PLC	GGBL	4.44	3.4	1.04
18	Ghana Oil Company Limited	GOIL	1.5	1.5	0
19	Mega African Capital Ltd	MAC	5.38	5.38	0
20	Scancom PLC	MTNGH	1.58	1.4	0.18
21	PBC Ltd*	PBC	0.02	0.02	0
22	Republic Bank (Ghana) PLC	RBGH	0.48	0.48	0
23	Standard Chartered Bank Gh. PLC	SCB	19.25	17.55	1.7
24	SIC Insurance Company Ltd.	SIC	0.24	0.24	0
25	Societe Generale Ghana PLC	SOGEGH	1.57	1.57	0
26	Trust Bank Gambia Ltd	TBL	0.82	0.82	0
27	Total Petroleum Ghana PLC	TOTAL	9.5	9	0.5
28	Tullow Oil Plc	TLW	11.92	11.92	0
29	Unilever Ghana PLC	UNIL	11.85	8.11	3.74
Ghana Alternative Market (GAX)					
30	Samba Foods Limited	SAMBA	0.55	0.55	0
31	Meridian Marshalls Holding Company	MMH	0.1	0.11	-0.01
32	Hords Ltd	HORDS	0.1	0.1	0
33	Intravenous Infusions Limited	IIL	0.05	0.05	0
34	Digicut Production & Advertising Ltd	DIGICUT	0.09	0.09	0
35	*Pesewa One Plc	POP	0.68	0.68	0
Others (Depository and Pref shares, ETFs)					
36	AngloGold Ashanti Depository Shares	AADS	0.41	0.41	0
37	Standard Chartered Bank Pref. Shares	SCB PREF	0.9	0.9	0
38	NewGold Exchange Tradeable Funds (ETFs)	GLD	297.01	218.5	78.51

Source: SEC and GSE



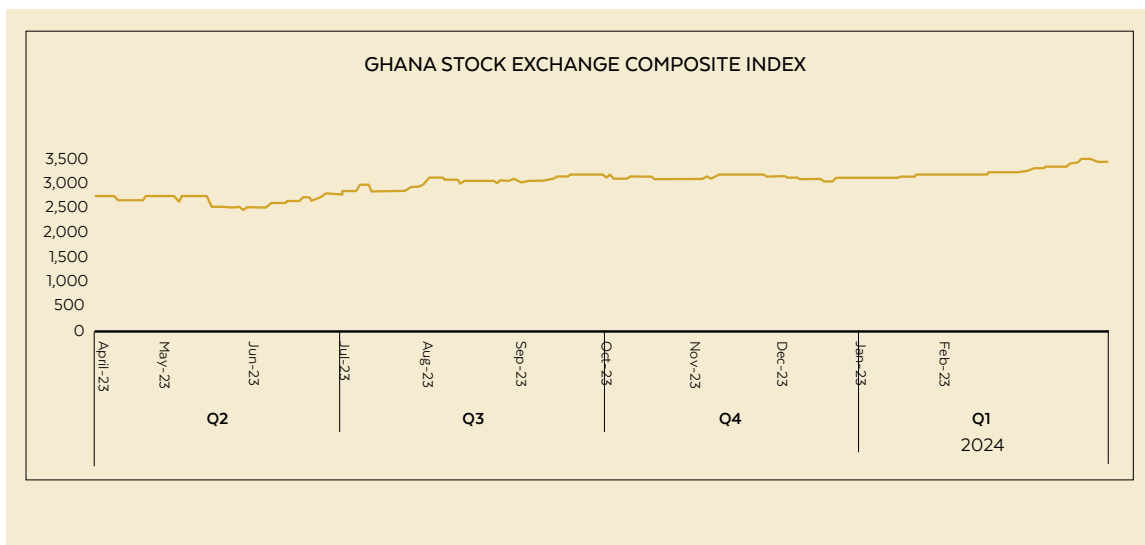
CHAPTER 08

FIRST QUARTER '24 MARKET SUMMARY

A

EQUITIES MARKET

FIGURE 2: PERFORMANCE OF GHANA STOCK EXCHANGE COMPOSITE INDEX



Source: GSE

The Ghana Stock Exchange composite index started off 2024 on a strong footing. The benchmark GSE-CI posted an impressive gain of 326 points, to end the first quarter of the year with 3,456 points and a YTD return of 12%. The GSE financial Stocks Index similarly recorded an uptick, gaining 100 points to end the quarter with 2,001 points and a Q1 return of 5.21%.

The market's breadth was broadly positive. On a quarter-on-quarter basis, 9 stocks recorded a gain

in their prices compared with 5 stocks that recorded declines. The positive performance of the gainers cut across the sectors on the bourse with the top three performers of the quarter from the manufacturing, Exchange Traded Funds and financial sectors. Unilever Ghana was at the helm of the gainers chart gaining 46.12% to GH¢ 11.85 (FY 23: GH¢8.11), New Gold ETF followed suit +36% to GH¢ 297.01 (FY 23: GH¢218.5). CalBank was at the head of the decliners chart with the steepest decline of the quarter (-12.50%) to GH¢0.42 (FY 23: GH¢0.48).

**TABLE 10: Q1 2024 GAINERS AND LAGGARDS**

GAINERS	% GAIN (Q/Q)	GH¢ GAIN (Q/Q)	PRICE GH¢	LAGGARDS	% DECLINE (Q/Q)	GH¢ DE-CLINE (Q/Q)	PRICE GH¢
UNIL	46.12%	3.74	11.85	CAL	-12.50%	-0.06	0.42
GLD	35.93%	78.51	297.01	MMH	-9.09%	-0.01	0.1
ACCESS	30.88%	1.05	4.45	DASPHARMA	-5.00%	-0.02	0.38
GGBL	30.59%	1.04	4.44	BOPP	-2.14%	-0.47	21.53
MTNGH	12.86%	0.18	1.58	FML	-1.54%	-0.05	3.2
EGH	10.91%	0.6	6.1				
SCB	9.69%	1.7	19.25				
TOTAL	5.56%	0.5	9.5				
GCB	0.88%	0.03	3.43				
SIC	4%	0.01	0.24				
ASG	0.1%	0.01	8.88				

Source: SEC & GSE

A spike in March 2024 trade volumes (209 million shares valued at GH¢313 million) boosted activity for the quarter to 254.2 million shares valued at GH¢365.98 million. Trading activity for the quarter increased significantly over the Q1 2023 trade matrices of 181 million shares valued at GH¢199 million. Activity for the quarter was led by The ICT sector continued to lead trade activity accounting for 91.5% of trading activity and 82.7% of trade volumes for Q1 2024.

The value of listed stocks increased 5.15% over the quarter to GH¢ 77.7 billion from the end-2023 capitalisation of GH¢ 73.89 billion. At the close of the first quarter, there remained 32 counters on the main list of the Exchange and 5 counters on the GAX.

B FIXED INCOME / DEBT MARKET

The treasury market continued to record high demand in the quarter under review. Investors placed total bids of GH¢64.40 billion (a 33% increase over Q1 2023 bids of GH¢ 48.47 billion) with the government accepting 99.6% of all bids to raise GH¢64.1 billion across the 91-day, 182-day and 365-day. Yields on treasury securities declined significantly in the quarter under review. The 91-day and 182-day yields shed 364bps and 363bps q/q to end the quarter at 25.78% and 28.25% respectively. The 364-day yield recorded the steepest quarterly decline of 764 bps to 24.85%.

TABLE 11: SELECTED TREASURY MARKET INDICATORS

INDICATOR	END MAR 2024	END DEC. 2023	CHANGE
91- day T-Bill Rate	25.78%	29.24%	-346 bps
182- day T-Bill Rate	28.25%	31.88%	-363 bps
364- day T-Bill Rate	24.85%	32.49%	-764 bps
Interbank Interest Rate	28.47%	30.11%	-164 bps
CPI Inflation	25.80%	23.20%	+260bps
Monetary Policy Rate	29.00%	30.00%	-100 bps

Source: BoG



Trading activity picked up on the Ghana Fixed Income Market GIFM. Total volumes of GH¢ 40.7 billion cedis traded on the GIFM in Q1 2024, a 64% increase over the thin Q1 2023 trade volumes of GH¢ 24.8 billion. The spike in trade volumes signals a potential recovery of investors' interest in the fixed income market. Activity was concentrated in the shorter end of the market with trades in short term securities with maturities of up to a year accounting for 64% of trade volumes. Trades in government securities continued to drive activity accounting for 98.1% of trades. The corporate segment of the GIFM recorded growth with 4 new issuances. Letshego Savings and Loans and Kasapreko Company raised GH¢100 million and GH¢151 million

respectively to increase the total outstanding corporate securities on the GIFM to GH¢ 9.9 billion, and the volume of corporate debt issuances on the GIFM to GH¢ 21.1 billion. Foreign investor interest declined with non-resident investor holding of outstanding debt securities declining to 4.34% (2022 average: 14.38%, 2023 average: 8.61%).

At the end of the quarter, the Ghana Fixed Income Market (GFIM) had 213 listed debt securities (December 2023: 229 securities) comprised of 35 corporate bonds, 91 Ghana Government (GOG) bills and notes, 72 Ghana Government (GOG) bonds and 15 Eurobonds.

TABLE 12: TOTAL OUTSTANDING CORPORATE SECURITIES ON THE GFIM

ISSUER	AS AT MARCH 2024 (GH¢)	AS AT DEC. 2023 (GH¢)
Izwe Loans Ltd.	75,000,000	75,000,000
Letshego Ghana	271,402,894	185,655,517
Ghana Cocoa Board	7,931,007,973	7,931,007,973
Bayport Financial Services	224,904,000	224,904,000
ESLA Ltd.	1,090,128,988	1,090,128,988
Bond Savings & Loans Ltd.	-	-
Quantum Terminal Ltd.	25,000,000	25,000,000
Dalex Finance Company		
Kasapreko Company Plc	151,181,000	-
Daakye Trust P Ic.	135,372,224	135,372,224
TOTAL	9,903,997,079	9,667,068,702

Source: GFIM

C

FUNDS MANAGEMENT INDUSTRY

Total Funds Under Management (FUM) at the end of Q1 2024, on a Marked-to-Market basis, stood at GH¢ 56.68 billion, representing a 3% quarter-on-quarter growth. Pension funds, which accounted for 70% of FUM expanded modestly by 1% q/q to GH¢ 39.67 billion. The marked-to-market values of Collective Investment Schemes (CIS) and discretionary funds managed by fund managers also increased over the quarter to GH¢ 5.6 billion (+7% q/q) and GH¢ 10.65 billion (+10% q/q) respectively. On a Held-to-Maturity basis, Industry FUM expanded 6% q/q to GH¢ 71.78 billion comprised of Pension FUM of GH¢ 52.18 billion (+6% q/q),

Discretionary FUM of GH¢11.76 billion (+9% q/q) and CIS FUM of GH¢7.09 billion (+3% q/q). Private funds FUM were unchanged over the quarter at GH¢0.76 billion.

MARKET ANALYSIS BY: Afua Mensa-Bonsu,
Assistant-Manager, Policy and Research, SEC

DISCLAIMER: : The views expressed are the author's and do not necessarily represent the views of the Securities and Exchange Commission, its members or staff.

TABLE 13: DEBT MARKET (MONTHLY AVERAGE RATES)

TREASURY INSTRUMENTS (INTEREST EQUIVALENT)		Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
91-Day Bill	% p.a	19.67	20.4	21.77	24.64	26.35	28.8	29.4	29.72	29.39	28.93	27.87	25.75
182-Day Bill	% p.a	22.29	23.1	24.58	26.44	27.84	30.92	31.37	31.88	31.7	31.44	30.34	28.25
364-Day Bill	% p.a	27.04	27.66	28.66	30	30.88	32.82	33.16	33.45	32.97	32.05	30.9	24.85
SECONDARY MARKET													
2-Year Note	% p.a												
3-Year Bond	% p.a												
5-Year Bond	% p.a												
6-Year Bond	% p.a												
7-Year Bond	% p.a												
10-Year Bond	% p.a												
15-Year Bond	% p.a												
20-Year Bond	% p.a												
New Bonds (Post DDEP)													
4-Year Bond	% p.a	9.27	15.49	11.98	12.32	19.32	16.13	25.14	14.75	17.14	18.51	23.36	18.08
5-Year Bond	% p.a	9.34	15.37	12.18	14.48	18.29	26.52	16.98	21.08	21.36	16.35	23.4	22.59
6-Year Bond	% p.a	9.41	14.29	15.40	12.50	18.27	25.03	18.95	14.74	14.73	23.98	23.33	20.85
7-Year Bond	% p.a	9.49	15.13	15.29	12.58	18.34	23.94	27.85	20.3	14.97	24.87	23.36	24.04
8-Year Bond	% p.a	9.57	14.52	10.84	12.68	18.35	23.32	19.45	14.63	16.2	24.79	23.32	12.49
9-Year Bond	% p.a	9.65	13.92	14.90	12.72	18.34	22.94	13.69	14.36	29.11	19.44	23.29	25.38
10-Year Bond	% p.a	9.65	14.85	15.14	12.84	18.33	22.70	26.33	14.49	14.89	19.46	23.35	29.43
11-Year Bond	% p.a	9.79	14.08	14.84	12.84	19.90	22.53	13.8	14.48	16	22.36	20.49	29.71
12-Year Bond	% p.a	9.87	14.13	11.21	13.72	20.82	22.43	15.1	14.55	15.95	25.37	25.37	42
13-Year Bond	% p.a	9.96	13.78	14.67	13	19.89	22.42	13.88	14.53	14.8	13.64	12.95	13.75
14-Year Bond	% p.a	10.02	15.01	14.95	13.05	19.86	22.39	13.91	14.55	14.96	26.31	21.15	13.7
15-Year Bond	% p.a	9.46	14.16	14.89	13.18	15.10	22.44	13.98	14.61	15.29	22.5	22.5	13.09
Volumes Traded	billion GHC	5.7	5	5.4	5.5	5.3	7.5	9.7	12.8	16.8	14.85	13.23	12.61
Non-Resident Holding of outstanding Debt	%	10.44%	9.93%	10.10%	9.72%	9.19%	6.97%	6.78%	6.06%	5.57%	5.34%	5.68%	4.34%

Source: BOG, GSE, GFIM, CSD

* Marked to Market Valuations from Dec 2022



TABLE 14: STOCK MARKET INDICATORS

INDICATOR	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
GSE COMPOSITE INDEX (GSE-CI)	2741.5	2511.3	2808	2,976.77	3,084.79	3,172.35	3,125.62	3,169.90	3,130.23	3,172.40	3,227.90	3,456.20
GSE Financial Stock Index (GSE-FSI)	1,758.30	1677.3	1691.9	1,715.17	1,756.12	1,890.13	1,979.43	1,996.95	1,901.57	1,910.20	1,993.90	2,001.47
GSE Capitalization	68.3	65.8	70.2	72.07	73.25	74.189	73.74	74.23	73.89	74.4	75.1	77.7
Volume traded	5.54	35.42	4.58	35.25	92.82	57.66	11.87	131.71	23.47	31.05	14.43	208.73
value traded	7.31	109.88	14.78	18.36	125.15	86.23	18.99	172.37	66.06	34.03	17.55	313.5
CIS AUM			5.74			5.48			5.24			5.6
Others AUM			8.62			7.92			9.72			10.65
Pensions AUM			34.08			33.14			39.32			39.67
									0.758			0.758
Total AUM			48.45			46.54			55.047			56.681

Data Sources: BOG, GSE, GFIM

* Marked to Market Valuations from Dec 2022



GLOSSARY OF TERMS

Security	The term "security" refers to a fungible, negotiable financial instrument that holds some type of monetary value. It represents an ownership position in a publicly-traded corporation via stock; a creditor relationship with a governmental body or a corporation represented by owning that entity's bond; or rights to ownership as represented by an option. Also, a security is a financial instrument, typically any financial asset that can be traded (Securities are tradeable financial assets).
Capital Market	The capital market is the long-term segment of the financial market. It is the mechanism through which institutions and governments raise long-term funds through the issue of shares and bonds.
Equities Market	The equities market is a market in which shares of companies are issued and traded, either through exchanges or over-the-counter markets.
Ghana Fixed Income Market (GFIM)	The GFIM facilitates the secondary trading of all fixed income securities and other securities to be determined from time to time. The market has been established by key stakeholders in the financial market led by the Bank of Ghana (BoG), Ghana Stock Exchange, (GSE), Central Securities Depository Ghana Ltd (CSD), Ghana Association of Bankers, the Ministry of Finance, Financial Market Association (ACI Ghana) and Licensed Dealing Members (LDMs) of the Ghana Stock Exchange. The GFIM is based on the existing license that the Ghana Stock Exchange (GSE) has to operate a market for securities. The main regulator for the market is the Securities and Exchange Commission.
Commodities Market	The Commodities Market is the marketplace for buying, selling, and trading raw materials or primary products.
Fund Management Industry	The Fund Management Industry comprises of Fund Managers managing retail and institutional portfolios, Pension Funds and Collective Investment Schemes (consisting of Mutual Funds and Unit Trusts), and Custodians.
Money Market	The component of the economy which provides short-term funds. The money market deals in short-term loans, generally for a period of a year or less.
Broker Dealer	A broker Dealer carries on the business of dealing in securities such as equities/shares, bonds, short-term debt instruments, etc. as principal or as an agent.
Custodian	A person who takes responsibility for safeguarding a firm's or individual's financial assets and holds the assets in safekeeping on behalf of the firm or individual.
Securities Depository	A Securities depository is an institution that holds securities. A depository facilitates trading of securities by transferring ownership of a security after trade execution.
Fund Manager	Manages funds on behalf of a client pursuant to a contract or arrangement with the client.
Investment Advisor	An investment advisor is any person or group that makes investment recommendations or conducts securities analysis in return for a fee, whether through direct management of clients' assets or by way of written publications.
Issuing House	A merchant bank or firm of stockbrokers which buys shares issued by a company and coordinates their sale to the public.
Mutual Fund	A public company incorporated to operate by pooling money from investors and investing in securities on their behalf.
Unit Trust	A unit trust is an arrangement where investors' funds are pooled together and invested in a portfolio of securities and other financial assets, with the beneficial interest in the assets of the trust divided into units.
Primary Dealer	A body corporate which buys government securities directly from the government with the intention of reselling to any other person.
Registrar	A registrar is an institution responsible for keeping records (ie. registers) of bondholders and shareholders of issuers of securities.
Trustee	A body corporate in which the property subject to a trust created may be vested in accordance with the terms of the trust deed for the beneficiaries named.



Securities Exchange	A securities exchange is an organized market on which securities such as shares, and bonds can be bought and sold.
Private Equity Fund	A private equity fund is a pooled investment vehicle where the adviser pools together the money invested in the fund by all the investors and uses that money to make investments on behalf of the fund.
Primary Market	The primary market is the market where companies, governments and other entities obtain financing through selling of equity-based or debt-based securities. It is where new shares and bonds are sold to the public for the first time [e.g., IPO, for new shares]. Securities are purchased from the issuer who receives proceeds of sale to finance its business operations.
Secondary Market	The secondary market is the market where investors buy and sell securities that have already been issued on the primary market. The purchase and sale take place on a securities exchange. The proceeds of the sale go to the selling investor and not the issuer.
Money Market	The Money Market is the segment of the market where short-term debt investments of up to one year maturity are bought and sold. It involves the purchase and sale of overnight swaps of large amounts between banks and also between banks and Central banks. Companies play in the money market by selling CPs to Funds. They can also purchase bank CDs as safe place to park money in the short-term. An individual may invest in the money market by purchasing a money market mutual fund, treasury bill or open a fixed deposit account with a bank. Money market instruments are characterized by safety, liquidity, low risk and low return. Ordinarily not regulated by the SEC. However, Fund managers and CIS' invest in money market instruments as part of their portfolios.
Exchange Traded Fund	An exchange-traded fund (ETF) is a type of pooled investment security that operates much like a mutual fund. Typically, ETFs will track a particular index, sector, commodity, or other assets, but unlike mutual funds, ETFs can be purchased or sold on a stock exchange the same way that a regular stock can. An ETF can be structured to track anything from the price of an individual commodity to a large and diverse collection of securities. ETFs can even be structured to track specific investment strategies.
Equities (shares)	Indicate part ownership of investors in a firm and also enable investors to participate in the firm's profit in the form of dividends.
Ordinary Share	Also called common shares are stocks sold on a public exchange. Each share of stock generally gives its owner the right to one vote at a company shareholders' meeting. Unlike in the case of preferred shares, the owner of ordinary shares is not guaranteed a dividend.
Preference Shares/ Preference Stock	Preference shares, more commonly referred to as preferred stock, are shares of a company's stock with dividends that are paid out to shareholders before common stock dividends are issued. If the company enters bankruptcy, preferred stockholders are entitled to be paid from company assets before common stockholders. Most preference shares have a fixed dividend, while common stocks generally do not. Preferred stock shareholders also typically do not hold any voting rights, but common shareholders usually do.
Debt Securities	A debt security is a debt instrument that can be bought or sold between two parties and has basic terms defined, such as the notional amount (the amount borrowed), interest rate, and maturity and renewal date.
Government Bond	A government bond is a debt security issued by a government to support government spending and obligations. Government bonds can pay periodic interest payments called coupon payments. Government bonds issued by national governments are often considered low-risk investments since the issuing government backs them.
Corporate Bond	A corporate bond is a type of debt security that is issued by a firm and sold to investors. The company gets the capital it needs and in return the investor is paid a pre-established number of interest payments at either a fixed or variable interest rate. When the bond expires, or "reaches maturity," the payments cease and the original investment is returned.
Bond	A bond is a debt security. Borrowers issue bonds to raise money from investors willing to lend them money for a certain amount of time.
Commodities	A commodity is a basic good used in commerce that is interchangeable with other goods of the same type. Commodities are most often used as inputs in the production of other goods or services. A commodity thus usually refers to a raw material used to manufacture finished goods.



Market Capitalization	Market capitalization refers to the total dollar market value of a company's outstanding shares of stock. The investment community uses this figure to determine a company's size instead of sales or total asset figures. In an acquisition, the market cap is used to determine whether a takeover candidate represents a good value or not to the acquirer.
Traded Value	Trade value is total amount of buy and sell trades taken place at a time. It can be majored at any time but mostly it is taken into account on a day-to-day basis to track the overall stock market trend or a particular stock trend.
Volume of Trade	Volume of trade is the total quantity of shares or contracts traded for a specified security. It can be measured on any type of security traded during a trading day. Volume of trade or trade volume is measured on stocks, bonds, options contracts, futures contracts, and all types of commodities.
Listed Company	A listed company is a public company. It has issued shares of its stock through an exchange, with each share representing a sliver of ownership of the company. Those shares can then be bought and sold by investors, rising or falling in value according to demand.
Collective Investment Scheme (CIS)	A pool of funds for investment that are managed by a professional fund manager on behalf of the investors of the fund.
Real Estate Investment Trust (REIT)	REIT, or real estate investment trust, is a company that owns or finances income-producing real estate across a range of property sectors. Real estate companies have to meet a number of requirements to qualify as a REIT. Most REITs trade on major stock exchanges, and offer a number of benefits to investors.
Mutual Fund	A mutual fund is a public or external company incorporated solely to hold and manage securities or other financial assets. The company accepts funds from investors and uses those funds to buy a portfolio of securities and other financial assets and employs professional fund managers to manage the investment. The company issues shares which represent pro-rata share of the pool of fund assets to investors.
Market liquidity	Market liquidity is a market's feature whereby an individual or firm can quickly purchase or sell an asset without causing a drastic change in the asset's price. Liquidity involves the trade-off between the price at which an asset can be sold, and how quickly it can be sold.
Savings	Savings is the portion of an individual's income that is not spent on current expenditure but rather set aside for future use.
Investment	Investment is the current commitment of money for a period to derive future payments that will compensate the investor for the time the investment is held and the associated risk.
Budgeting	A process for tracking, planning and controlling the inflow and outflow of your income. It entails identifying all the sources of income and taking into account all current and future expenses, with an aim to meet your financial goals.
Inflation	Inflation is a rise in prices, which can be translated as the decline of purchasing power over time. The rate at which purchasing power drops can be reflected in the average price increase of a basket of selected goods and services over some period of time.
Investment Risk	Investment risk can be defined as the probability or likelihood of occurrence of losses relative to the expected return on any particular investment.



Achieve Your Organisation's Financial Goals Through Ghana's Capital Market

With strong market infrastructure, a sound regulatory environment, diverse investment products, and improved market liquidity, Ghana's Capital Market presents the best investment destination to achieve your organisation's financial goals.

To find out more, call:

Tel: +233-302-768970-2

Toll-Free: 0 800 100 065

Email: info@sec.gov.gh





No. 30, 3rd Circular Road - Cantonments, Accra.
Digital Address: GL-076-6028
Toll Free Line - 0800100065
Main Line - 030768970-2
P.O.Box CT 6181
Cantonments, Accra
www.sec.gov.gh
info@sec.gov.gh



SCAN ME