



## Toolkit for Developing **Sustainable Finance Roadmaps** Launched

**40<sup>th</sup>**  
**IOSCO**  
Annual Meeting  
held in Bangkok

The Leadership of  
**ACI Ghana** Pays  
a courtesy visit to  
SEC Ghana

Unveiling the  
tapestry of **“Collective  
Investment  
Schemes**

SEC participates in the  
launch of **“Developing  
Sustainable Finance  
Roadmaps”** Toolkit





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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

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|---------------------------|-------------------------------|------------------|
| 1. Mr. Frank Biney Donkor | 3. Ms. Dorothy Yeboah-Asiamah | 5. Mr. Andy Anim |
| 2. Mrs. Naomi Simpson     | 4. Mrs. Lilian Danso Affum    |                  |

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## 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.



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Main Line

# LATEST UPDATES

CHAPTER

02

SEC  
UPDATES

## EDITOR-IN-CHIEF OF THE SEC NEWS GOES ON RETIREMENT



Mr Emmanuel Ashong-Katai

**M**r Emmanuel Ashong-Katai, the editor-in-chief of the Securities and Exchange Commission (SEC) Newsletter and the Head of the Policy Research and Information Technology department, proceeded on retirement in November 2022.

In his illustrious career with the SEC spanning 2003-2022, he served in various capacities in the Commission such as the Head of Policy Research and Information Technology and the Head of Broker-Dealers and Advisors departments. He also acted as the Head of Investment Management and as a Senior Manager responsible for Market Surveillance.

As the Head of Policy, Research, and Information Technology, he initiated and supervised the implementation of many policy reforms

towards the development and regulation of the capital market in Ghana. Some of his initiatives and proposals led to the establishment of a Commodities Exchange and Warehouse receipt system, Ghana Alternative Exchange (GAX), Real Estate Investment Trusts (REITS), Ghana Investments & Securities Institute (GISI) and the development of a Regulatory Compliance Portal (RCP) to digitise the submission of returns by Market Operators. He advanced and implemented the annual capital market public/investor education event called Securities (Capital market) week, proposed the current treatment of unclaimed dividends which has been incorporated in Ghana's new Companies Act, 2019, (Act 992) and developed policy paper and framework towards the establishment of an Investor Protection Fund for Ghana's capital market. Mr Ashong-Katai also greatly improved

the structure and content of the SEC annual report in his tenure as the Head of Policy Research and IT of the Commission.

He was a multi-skilled professional with a rich background in the areas of international finance and investment, international marketing, branding, and corporate strategy. He also consulted for many

multinational companies and foreign governments on export strategies into West- Africa.

We thank him for his dedication and commitment to the furtherance of the SEC Newsletter and wish him all the best in his future endeavours.

## SEC GHANA

# RALLIES BEHIND NATIONAL FINANCIAL EDUCATION CAMPAIGN

**T**he Securities and Exchange Commission (SEC) Ghana has shown strong support for the flagship financial sector-wide education campaign dubbed the National Financial Education Campaign being championed by the Ministry of Finance in collaboration with the World Bank, Bank of Ghana, and other financial institutions in Ghana.

This was disclosed by the Deputy Director-General Legal of the SEC, Mrs. Deborah Mawuse Agyemfra, at the launch of the campaign on 5th April 2023 in Accra, Ghana where she delivered a speech on behalf of the Director-General of the SEC.

According to Mrs. Agyemfra, the SEC is delighted to be associated with the nationwide program because it will equip people with the right knowledge for them to make responsible choices towards achieving their financial goals. She further noted that the program will “demystify and spark a newfound interest in the securities market which can potentially yield many benefits for businesses, the country, and its citizenry”.



On her part, the Deputy Minister for Finance and Member of Parliament for Atiwa East, Hon. Abena Osei-Asare, commended the World Bank for their continuous support to the development of the Ghanaian economy and, for sponsoring the design and roll-out of the National Financial Education Campaign.





She revealed that, many Ghanaians lacked the basic understanding of key financial issues such as the impact of inflation on the value of their money, computation of interest on loans and investments, awareness and use of financial products and services among other things. This, she noted had made it difficult for them to make any informed financial decision.

“Indeed, financial capability of consumers is a major component to building a strong and resilient economy. Without this, many people will resort to the old and unsecured ways of handling monies, such as keeping monies under pillows and mattresses,” she said.

Giving an overview of the financial literacy campaign, the chairperson of the Financial Education Multi-Stakeholder Committee (FEMCOM), Mrs. Patience Arko Boham, disclosed that, Asamoah and Williams Consulting and Trans Media Network, was procured to assist in the design and implementation of a five-year national financial literacy strategy (2021-2025) to serve as a blueprint for bolstering the financial capacity of Ghanaians.

“It is important to mention that throughout the process, the World Bank played a pivotal role by providing technical assistance to the team and providing insights from other country experiences

to ensure the design of a campaign that will create lasting impact on Ghanaians” she added.

The National Financial Education Campaign seeks to strengthen financial capabilities and promote responsible financial behaviours among Ghanaians. The Campaign is scheduled to be conducted in all the sixteen (16) regions of Ghana and predominantly target the informal sector and youth groups. The structure of the financial education campaign allows for radio and TV discussions, public fora, townhall engagements, and social media campaigns. Different educational materials have been developed and translated from English into eleven (11) local languages, namely, Ga, Akwapim Twi, Asante Twi, Ewe, Sefwi, Nzema, Dagomba, Dagaare, Kusaal, Mamprugu and Gonja.

Other industry players present at the event include World Bank, Bank of Ghana, National Pensions Regulatory Authority, National Insurance Commission, and the Ghana Microfinance Institutions Network.

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

# SEC PARTICIPATES IN THE LAUNCH OF DEVELOPING SUSTAINABLE FINANCE ROADMAPS TOOLKIT

The Director General of the Securities and Exchange Commission (SEC) Ghana, Rev. Daniel Ogbarmey Tetteh and other staff of the SEC participated in an international forum, which was held jointly by the Sustainable Banking and Finance Network (SBFN), the Bank of Central African States, and IFC - International Finance Corporation, a member of the World Bank Group, on May 8th and 9th 2023, in Douala, Cameroon. During the event, SBFN launched the “Developing Sustainable Finance Roadmaps” toolkit and conducted training on the toolkit.

In addition, IFC conducted a training session on sustainable finance instruments to promote innovation and development in capital markets. The session focused on emerging market trends related to Green, Social, Sustainability, and Sustainability-linked bonds and loans, and provided an overview of sustainability-linked frameworks, along with key factors to consider while setting sustainability performance targets. #SECGhana #SBFNSustainableFinance #SBFNRoadmapToolkit.



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

# THE LEADERSHIP OF ACI GHANA PAYS A COURTESY VISIT TO SEC GHANA



**T**he leadership of ACI Financial Markets Association in Ghana on Friday, 19th May 2023 paid a courtesy visit to the Securities and Exchange Commission (SEC) in Accra. The visit was intended to introduce the new executives of the association to the securities market regulator and was also used to discuss possible areas of collaboration between the two institutions.

Welcoming the ACI Ghana delegation, Mr. Paul Ababio, Deputy Director-General of Finance of the SEC, thanked the new executives for the visit and expressed his gratitude for inviting the SEC to their inauguration. Mr. Ababio further highlighted possible areas of collaboration and urged the ACI Ghana team to work assiduously to achieve a positive impact in Ghana. Specifically, Mr. Ababio noted that the SEC and ACI Ghana can collaborate to increase retail access to government securities, improve the currency market, and champion digitalization in the market.

Mr. Lawrence Osilaja Boampong, President of ACI Ghana, thanked the SEC for the warm reception and affirmed their commitment to ensuring that the association collaborates with the SEC in all areas to increase access to the market. He also indicated that ACI Ghana is keen on market education and will continue to implement its market education campaigns nationwide.

Other dignitaries present include Maame Adjoa Thompson, Vice-President of ACI Ghana; Stephen Biritwum, Secretary of ACI Ghana; Daniel Boateng, member of ACI Ghana Fixed Income Committee; Emmanuel Darko, SEC; Martin Kofi Aflo, SEC; King A. Wellington, SEC; and James Kiliffin, SEC.

ACI Ghana, an affiliate of ACI - The Financial Markets Association, brings together all money market, fixed income, and foreign exchange dealers in Ghana's financial markets.



## OTHER VISUALS FROM THE VISIT



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

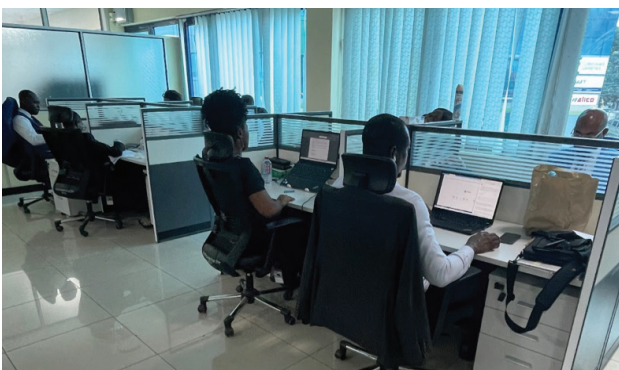


# BUSINESS CONTINUITY PREPAREDNESS SIMULATION EXERCISE AT THE SECURITIES & EXCHANGE COMMISSION



**T**he Securities and Exchange Commission (SEC) on Friday, 21st April 2023, successfully completed a 3-day simulation exercise aimed at testing the resilience of its Business Continuity Preparedness for crisis situations. The simulation exercise which commenced with a declaration by SEC Business Continuity Plan (BCP) Coordinator, Mrs. Deborah Mawuse Agyemfra (Deputy Director-General Legal), was premised on the scenario that the SEC's primary location was inaccessible therefore the SEC office in Accra was closed on Wednesday, 19th April 2023 for the exercise.

The exercise kickstarted with the activation of the SEC Business Continuity Plan (BCP) which triggered the Emergency Operation Centre (EOC) team of the SEC to assemble and work from the SEC EOC facility from Wednesday, 19th April 2023 to Friday, 21st April 2023. The rest of the SEC staff worked from home on Wednesday, 19th April 2023 and returned to the office from Thursday, 20th April 2023.



The exercise was deemed successful because all the critical success factors earmarked at the beginning of the exercise were achieved. Particularly, calls to the SEC office were re-routed to the EOC; staff accessed all documents from their temporary locations; visitors who visited the SEC office were redirected to the EOC; all critical activities were performed by staff effectively; and all web applications portals (such as CMO & RCP) and other technology facilities were accessed by the SEC Information Technology team from the EOC. Additionally, no issues were reported by staff working from home.

Business Continuity Planning increases the SEC's resilience in the face of potential disruptions to the SEC's ability to operate during crises and emergencies. Ultimately, BCP is to ensure that the mission of the SEC is achieved during exceptional circumstances.



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





## GHANA STOCK EXCHANGE HOSTS BRIEFING ON AFRICAN EXCHANGES LINKAGE PROJECT (AELP)



**T**he Ghana Stock Exchange (GSE) hosted a high-profile briefing session on the African Exchanges Linkage Project (AELP) on June 22, 2023, at the Accra City Hotel in Accra. The event brought together market participants, regulators, and stakeholders to delve into the significance and potential of the AELP in revolutionizing cross-border trading of securities within Africa.

The AELP is a groundbreaking initiative led by the African Securities Exchanges Association (ASEA) in collaboration with the African Development Bank (AfDB). Its primary objective is to create linkages between African capital markets,

thereby promoting greater access to investment opportunities and increasing liquidity within the continent. During its initial phase, the project focused on connecting seven major African capital markets, collectively representing over 90% of Africa's market capitalization.

Ghana's involvement in the AELP has been substantial, with the Ghana Stock Exchange securing its place in Phase II of the project, making it an integral part of the initiative's development.

The briefing session was designed to provide stakeholders with comprehensive insights into the AELP and its potential impact on the Ghanaian market. Leading the session was Ms. Lina Tonui,



the Project Manager of the AELP, who provided valuable information on the project's objectives, progress, and future plans.

Mr. Thapelo Tsheole, President of ASEA and Chief Executive Officer of the Botswana Stock Exchange, delivered a compelling presentation during the briefing. He highlighted the project's importance in enhancing cross-border trading and the integration of African capital markets, emphasizing the potential benefits for investors, issuers, and the broader economy.

The Director-General of the Securities and Exchange Commission (SEC) Ghana, Rev. Daniel Ogbarmey Tetteh, who was invited to deliver a goodwill message, underscored the historical significance of the AELP in the West African sub-region. He mentioned that the journey towards an integrated capital market in West Africa began approximately a decade ago, with the goal of creating a platform for various entities to raise capital for infrastructure projects, corporate expansion, cross-border trade, and overall economic development.

Rev. Ogbarmey Tetteh emphasized the auspiciousness of the AELP, stating that its success could lead to the creation of an integrated Pan African Capital Market, fostering enhanced capital mobilization, sustainability, and financial inclusion.

He also pointed out that the AELP aligns with Ghana's vision to develop a deep, efficient, diversified, and well-regulated capital market by 2029. A key component of this vision is increasing the investor base, and the SEC recognizes the vital role that the AELP will play in achieving this objective. Furthermore, the linkage of exchanges

in Africa holds the potential to scale up Ghana's domestic market and accelerate capital market integration continent-wide.

Rev. Ogbarmey Tetteh concluded by highlighting the numerous advantages of market collaboration between African exchanges, including the reduction of costs and inefficiencies for issuers and investors, ultimately contributing to a more connected and robust infrastructure.

The briefing on the African Exchanges Linkage Project served as a platform for stakeholders to gain a deeper understanding of the initiative's significance and Ghana's role in advancing capital market integration in Africa. As Africa's capital markets continue to evolve, the AELP stands as a pivotal project with the potential to shape the future of African finance.

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

VISUALS FROM THE PROGRAMME ON THE NEXT PAGE











## CHAPTER 03 INTERNATIONAL UPDATES

# 48<sup>TH</sup> IOSCO ANNUAL MEETING HELD IN BANGKOK

**T**he SEC Ghana participated in the 48th IOSCO Annual Meeting, which took place in Bangkok from 13th to 15th June 2023. The Meeting, which was hosted by the SEC Thailand, focused heavily on the regulation of crypto-assets and advancing the sustainable finance agenda.

### Crypto-Asset Regulation

IOSCO is consulting on policy recommendations that support greater consistency and regulatory convergence in crypto-asset markets. The proposed recommendations, which are principle-based and outcome-focused, apply IOSCO's widely accepted global standards for securities markets regulation to address key issues and risks identified in crypto-asset markets.

The need for these recommendations arose as a result of the cross-border nature of markets, the risk of regulatory arbitrage and the significant risk of harm, to which retail investors continue to be exposed. IOSCO members agree that where Crypto-Asset Service Providers (CASPs) perform the same activities, and the crypto-assets they distribute or trade pose the same

risks as traditional financial instruments, the same regulatory outcomes are expected.

While the proposed recommendations are not directly addressed to markets participants, CASPs and all participants in crypto-asset markets are strongly encouraged to carefully consider the expectations and outcomes articulated through the recommendations and the respective supporting guidance in the conduct of registered/licensed and cross-border activities. The recommendations are set to be finalized by the end of the year.

### Sustainable Finance

During the Annual Meeting, there was a general consensus that capital markets play a pivotal role in fostering sustainability. IOSCO emphasized the urgent need for globally consistent, comparable, and reliable sustainability disclosure standards, with an initial focus on climate change-related risks and opportunities.

The IOSCO work on sustainable finance is led by the IOSCO Board-level Sustainability Taskforce (STF). Given the relevance of the current efforts of the STF regarding sustainability disclosure, the GEMC has



established a Sustainable Finance Implementation Working Group (GEMC-SFWG), whose main task is to inform and contribute to the STF work.

At the Africa Middle East Regional Committee (AMERC) level, a Sustainable Finance Working Group (AMERC-SFWG), has been established with a mandate to conduct a mapping exercise on sustainability-related issuer disclosures in the AMERC region. The AMERC-SFWG will look to understand the level of preparedness of AMERC members to adopt the new ISSB standards, provide insights into the current practices, opportunities, and challenges for enhancing sustainability-related issuer disclosures in the region, and aim to set out high-level recommendations for AMERC members.

#### MEETINGS WITH OTHER REGULATORS:

While in Bangkok, the Director-General of the SEC Ghana, Rev. Daniel Ogbarmey Tetteh, met with the Chairperson of the Moroccan Capital Market Authority (AMMC), Ms. Nezha Hayat and the Director-General of the SEC Nigeria, Mr. Lamido Yuguda. The primary objective of the meetings was to explore avenues for strengthening the bilateral relationship between the SEC Ghana and its counterparts.

Key to the discussions with Morocco was the potential for implementing dual listings between the two jurisdictions. In addition, the two regulators agreed to build capacity and enhance the exchange of information. The parties assured each other of their support towards improving the relationship between the two countries.

The bilateral meeting with Nigeria revolved around the advancement of the Capital Market Integration Agenda. The regulators have made significant strides in developing the securities markets within their respective countries, and are looking to implement securities offerings, listing and trading across the integrated market. The two Directors-General assured each other of their commitments to strengthening the relationship between the two nations and also to accelerate the market integration plan.

**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.



## **IOSCO WELCOMES INTERNATIONAL AUDITING AND ASSURANCE STANDARDS BOARD (IAASB) INITIATIVE ON THE NEW INTERNATIONAL SUSTAINABILITY ASSURANCE STANDARD.**

IOSCO has welcomed the decision by the International Auditing and Assurance Standards Board (IAASB) to start consultation on its proposed new standard for sustainability assurance, as part of its plan to deliver an assurance framework for end-2024 sustainability disclosures by market issuers.



his will serve to support the consistency, comparability and reliability of sustainability-related information provided to the market, enhancing trust in the quality of that information.

IOSCO is therefore calling on issuers, assurance providers, investors and other stakeholders across the sustainability reporting ecosystem to participate in the IAASB's consultation.

According to IOSCO, this will help ensure a robust standard-setting process that considers wide

stakeholder inputs and also gives them the opportunity to familiarize themselves with the content ahead of the end-2024 reporting period.

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

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CHAPTER

# 04

MARKET  
EDUCATION

## UNVEILING THE TAPESTRY OF COLLECTIVE INVESTMENT SCHEMES: NAVIGATING OPPORTUNITIES, RISKS, AND REGULATION IN THE MODERN FINANCIAL LANDSCAPES

### INTRODUCTION

**T**he year 2022 will remain imprinted in our shared recollections as a somber period in our economic history. It was characterized by a convergence of economic challenges unparalleled in decades. The aftermath of Russia’s incursion into Ukraine, escalating inflation figures, downgrades in credit ratings, substantial devaluation of the domestic currency, and fiscal stress collectively contributed to periodic volatility in the financial markets. Without a doubt, 2022 certainly prompts us to take a moment of introspection and reflect on how far we have come, where we are heading in securing our financial future.

### WHERE DID WE START?

If we look back to the beginning of the millennial, we see that the GSE Composite Index stood at a level of 857.98 points, Cedi depreciation of 49.5% (y/y) (as against the US dollar), inflation was at 40.2%, interest rates were 27% for policy rate and 39% for the 91-day T-bill rate and the average time deposit rate was 28.6%. In terms of where interest rates and inflation were at, at that point in time, investors saw some unfavorable real returns from their investments.



If we cast our gaze forward by 10 years to the year 2010, we see the GSE up by 32.3% (y/y) to a level of 6,886.31, the cedi depreciating by 3.1% against the dollar (i.e \$1: GH¢1.4532), inflation at 10.7%, interest rates at 14.7% (policy rate) and 14% (91-day T-bill) and the average time deposit rate at 12.9%. Fast forward yet another five years to 2015, and we see the GSE had declined by 11.77% to 1,994.91, cedi had depreciated to GH¢3.7950 to the dollar, inflation had ticked up to 17.2%, and monetary policy and time deposit rates had dropped to 23% and 13.3% respectively. In 2020, we saw the GSE decline further by 13.98% to 1,941.59. The cedi had depreciated considerably by 3.9% to the dollar, inflation was at 9.88% and prime and time deposit rates at 14.8% and 11.5% respectively. In addition to the poor market performance, in 2022 the economy has had to deal with quadruple whammy. After that whirlwind tour of the last twenty-two years, where do we find ourselves currently? Over the period, the GSE is up 14.9% (ytd, as of June 2023). The Cedi has lost more than 90% of its value at least in the last decade.

During the occurrences of market peaks and troughs, investors might encounter challenges in effectively monitoring the myriad events unfolding within the market landscape. Consequently, the emergence of Collective Investment Schemes (CISs) has presented diverse avenues for investors to enhance their investment strategies. Central to the concept of a CIS is the premise that attaining financial success is frequently more feasible through collaborative endeavors as opposed to

solitary pursuits. This foundational principle is underpinned by the understanding that a collective investment scheme possesses the capacity to collectively traverse a considerably wider array of investment opportunities than could be feasibly explored by an individual acting in isolation.

#### WHAT IS A COLLECTIVE INVESTMENT SCHEME?

Collective Investment Schemes (CISs) stand as reservoirs of funds overseen by professional investment managers, who diligently manage these funds on behalf of investors. These entrusted professionals employ pooled funds to strategically acquire stocks, bonds, or other securities, adhering to predefined investment objectives tailored to the scheme's purpose. As investors contribute capital to these funds, they, in turn, are allocated shares or units representing their proportionate ownership within the asset pool.

In exchange for their adept management of the fund's investment portfolio and overall administration, the fund manager levies a fee proportionate to the fund's asset value. In the context of Ghana, CISs manifest in two primary forms: the Mutual Fund and the Unit Trust. The intricate features characterizing these schemes within Ghana are delineated by the Securities Industry Act of 2016 (Act 929), setting them apart from corresponding structures in other jurisdictions. Mutual funds take shape as corporate entities, established under the aegis of the Companies

*Collective Investment Schemes (CISs) stand as reservoirs of funds overseen by professional investment managers, who diligently manage these funds on behalf of investors*



# Collective Investment Schemes: An Overview





Act of 2019 (Act 992), as amended. In parallel, Unit Trust operations hinge upon trust structures delineated within specific Trust deeds. This framework underscores the distinctive landscape of CISs in Ghana, underscoring the intricate blend of legal underpinnings and financial expertise governing these dynamic investment vehicles.

## REGULATION OF COLLECTIVE INVESTMENT SCHEMES

The Securities and Exchange Commission (SEC) assumes the role of the governing authority, established by law to safeguard the interests of securities investors, foster the growth of the securities market, and oversee matters associated with or ancillary to these pursuits. Given that CISs fall within the scope of securities, the SEC naturally assumes the responsibility of regulating CISs. This regulatory oversight extends to the licensing, organization, and supervision of CISs within the jurisdiction, governed primarily by the following legislative and regulatory frameworks:

- **Securities Industry Act, 2016 (Act 929)**, as amended.
- **Unit Trust and Mutual Fund Regulations (LI 1695)**.
- **Companies Act 2019 (Act 992)**.

The regulatory framework pertaining to securities laws exercises its influence over CISs through a series of mechanisms, including:

- **Licensing Requirements:** The SEC mandates licensing processes that CISs must adhere to before commencing operations.
- **Prospectus Requirements:** CISs are subjected to prospectus requirements, ensuring transparent and comprehensive disclosure to potential investors.
- **Regulations and Fund Oversight:** Regulations encompassing operational aspects and sales conduct are applied to CISs, fostering orderly and ethical practices.

- **Surveillance and Monitoring:** The SEC exercises vigilant surveillance and ongoing monitoring of CISs to ensure compliance with established regulations and to detect any irregularities.

In essence, the SEC, as the designated regulatory body, employs these multifaceted approaches to ensure the proper functioning, integrity, and safeguarding of CISs within the broader framework of securities market regulation.

## THE CIS LANDSCAPE

The Collective Investment Scheme (CIS) industry has demonstrated a momentous growth, recording a 142% surge over the span of the last five years, spanning from 2018 to 2022. As at the end of the initial quarter of 2023, Assets Under Management (AUM) within the CIS industry amounted to GH¢6.2 billion, which corresponds to approximately 1% of the nation's Gross Domestic Product (GDP). The industry NAV was constituted by a total count of 651,509 stakeholders, while the number of unit holders stood at 196,728. The industry landscape is constituted of 83 licensed CISs, comprising 34 Unit Trusts and 49 Mutual Funds. This comprehensive makeup presents a positive outlook, indicative of an industry that is poised for growth, adept at addressing investor behavior, and possesses a structured and diversified framework.

Consistently within the CIS sector, the continued prevalence of multi-asset funds aligns with anticipated trends. Noteworthy is the shift of investor attention away from equity funds due to their lackluster performance over the previous five years relative to fixed income funds. Despite encountering certain declines, both money market funds and fixed income funds have seen increased capital inflows during the last five years. The prominence of money market and fixed income funds remains strong, surpassing equity funds in terms of their scale and influence. This inclination towards shorter-term funds further

underscores the overarching growth trajectory of money market funds within the broader industry context.

## THE STRUCTURE & CHARACTERISTICS OF CIS

CISs can broadly be described in two different ways, namely closed-ended fund and open-ended.

### Closed-ended Fund

Closed-ended funds have a finite issuance of shares established during their initial offering, rendering subsequent direct investor participation unfeasible. The trading of closed-ended fund shares occurs on secondary markets, where prices can deviate from the fund's net asset value (NAV) due to prevailing supply and demand dynamics, necessitating counterparties for transactions.

#### Key Characteristics of Closed-ended Funds:

- Market price may differ from NAV.
- Fixed number of shares/units.
- Requires finding a buyer/seller in the secondary market.

### Open-ended Fund

Open-ended funds permit direct investor engagement through share transactions executed at the fund's NAV, calculated from the cumulative value of underlying assets. The fund company generates new shares upon investor entry and redeems shares upon exit, affording daily liquidity. Secondary market trading is absent, ensuring a direct linkage between share value and underlying asset worth.

#### Key Characteristics of Open-ended Funds:

- Daily liquidity.
- Shares/units are created or redeemed based on investor demand.
- Traded at NAV.

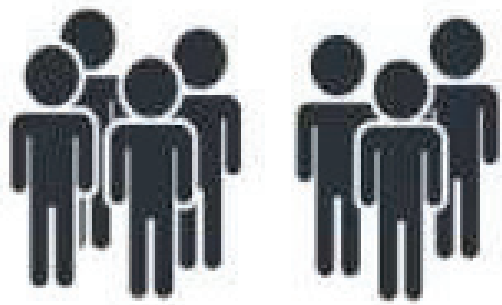
## OPPORTUNITIES /ADVANTAGES OF CISs

CISs offer a myriad of opportunities and advantages for investors looking to participate in the capital markets. These include.

**Diversification:** CISs aggregate funds from multiple investors to invest across an array of assets, such as fixed income instruments, equities, real estate, and other alternative securities. Strategic diversification helps mitigate risk and ameliorate the ramifications of suboptimal performance from any single investment.

**Low Investment Minimums:** CISs provide retail investors access to a wide range of markets and asset classes that characteristically demand significant capital. This includes access to international markets and specialized sectors as they offer low investment minimums. This enables investors to attain exposure to diverse assets within their investment portfolios, even with smaller capital amounts.





## INVESTORS



## ASSET

**Professional Management:** CISs are managed by experienced and skilled investment professionals who make decisions on behalf of investors. This expertise can lead to better investment choices and potentially higher returns compared to individual investors making decisions on their own.

**Regulatory Oversight:** CISs operate within the contours of a regulatory framework by the SEC to ensure transparency, comprehensive disclosure, and fair treatment of investors. Comprehensive regulatory oversight provides a shield of protection for investors.

**Liquidity:** CISs allow investors to trade their units or shares on a regular basis, providing a level of liquidity that other investments avenues may not offer. This means investors can access their funds relatively quickly when needed. Listed CISs 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 Unit Trust and Mutual Fund Regulations (LI 1695) outlines compliance measures designed to ensure prudent levels of liquidity are maintained.

**Tax Advantage:** CISs present a distinctive allure through the provision of tax advantages. Under the current tax laws, CISs are exempt from income tax obligations. This exemption extends not only to the CIS itself but is passed on to investors as well. This tax incentive is set to encourage pooling of investor funds for investment and cultivating economic growth.

### DOWNSIDERS OF CIS

The basic tenet inherent in all investment undertakings is the intrinsic risk-reward tradeoff. Understanding risk is imperative for informed investors. Market fluctuations can lead to gains or losses in any investment. Investing in CISs may entail specific risks, including:

**Market Risk:** Market conditions can affect the value of underlying assets, impacting on the value of CIS investments. The interplay of supply, demand, geopolitical events, economic indicators, and a myriad of variables affect the valuation of CIS investments. Acknowledging market risk underscores the imperative for diversification and mitigative measures to market volatilities to secure favorable investment outcomes.

**Leverage Risk:** Leverage risk in CIS involves using borrowed funds to amplify potential gains or losses. While it can enhance returns in favorable markets, it also magnifies losses during downturns. Effective management is crucial to align leverage with objectives and risk tolerance.

**Liquidity Risk:** Liquidity risk stems from market conditions characterized by limited trading activity and reduced buyer interest. Such constraints on liquidity may impede the seamless execution of asset sales during fund redemption, potentially leading to suboptimal pricing outcomes and, consequently, exerting an influence on the overall returns of the investment.

**Interest Rate Risk:** Market fluctuations in prevailing interest rates hold the potential to affect the valuation of bonds within a CIS portfolio. As interest rates vary, bond prices exhibit corresponding shifts, with an inverse relationship between the two. A rise in interest rates typically leads to a decline in bond prices, thereby diminishing the overall value of the CIS portfolio. Conversely, a decrease in interest rates tends to elevate bond prices, consequently augmenting the portfolio's valuation. This phenomenon underscores the inherent sensitivity of a CIS portfolio to changes in interest rates, signifying a consequential risk that necessitates vigilant monitoring and strategic management to mitigate potential adverse effects.

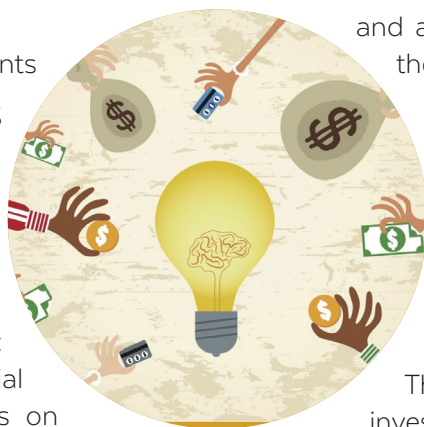
**Foreign Exchange Risk:** Investments in foreign markets can expose CIS to currency fluctuations and affect returns during conversion. As a result, the CIS's susceptibility to foreign exchange risk underscores the necessity for comprehensive risk assessment and strategic measures to mitigate the potential influence of currency fluctuations on returns.

**Managerial Risk:** Inadequate management decisions can affect the performance of the CIS. Suboptimal judgments, stemming from factors such as flawed asset allocation, misaligned risk management, or an inability to exploit market opportunities, have the potential to reverberate through the CIS's investment outcomes. Acknowledging the intricacies of managerial risk underscores the importance of robust governance, astute oversight, and continuous evaluation to mitigate potential adverse effects and cultivate favorable returns.

**Concentration Risk:** When a substantial portion of CISs value is reliant on a specific asset class or sector, there is a higher risk of potential losses when

the particular asset class underperforms. This is because any adverse events or issues that affect those specific assets can have a significant impact on the overall performance and value of the CIS. The lack of diversification in such cases increases the vulnerability to potential losses in the event of problems arising with the concentrated asset.

**Counterparty Risk:** This risk materializes as the potential for counterparties, engaged in various transactions with the CIS, to default on their obligations. The ramifications of such defaults can affect the liquidity and the entire operations of CISs. Prudent risk management necessitates vigilant due diligence in counterparty selection, the establishment of mitigative mechanisms, and a steadfast commitment to fortify the CIS's resilience against the ramifications of counterparty defaults.



#### FACTORS TO CONSIDER BEFORE INVESTING IN CIS

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

- Investment goals
- The expected rate of return
- The time frame of investments
- Performance of the fund and the fund manager
- Scheme Portfolio holdings

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

**DISCLAIMER:** The views expressed in this article are the author's 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¢)
Apakan Securities Limited	Failed to comply with the provisions in Paragraph 6(9) of the Securities Industry (Licensing) Guideline 2020	9000
Bullion Securities Limited	Failed to comply with the provisions in Section Q1(b) (i) to (v) of the Commission's Compliance Manual for Broker-Dealer and Investment Advisers	2400
Sentinel Global Advisors Limited	Failed to comply with the provisions in Paragraph 6(4) of the Securities Industry (Conduct of Business ) Guideline 2020	2400
Ecobank Investments Managers Ltd	Inspection penalty	96,000.00
EDC Investments Limited	Inspection Penalty	14,000.00
Worldwide Investment Co. Limited	Non submission of 2022 reports	3,000.00
Inter Trust Capital Limited	Non submission of 2022 reports	3,000.00
HMI Asset Management Limited	Non submission of 2022 reports	3,000.00
Union Capital Limited	Non submission of 2022 reports	3,000.00
Gateway Wealth Management Limited	Non submission of 2022 reports	3,000.00
Boulders Advisors Limited	Non submission of 2022 reports	3,000.00
Halifax Asset Management Limited	Non submission of 2022 reports	3,000.00
Steward Capital Partners Limited	Non submission of 2022 reports	3,000.00
Linx Capital Limited	Non submission of 2022 reports	3,000.00
Fairnet Capital Limited	Inspection penalty	66,000.00
First Finance Capital Limited	Inspection penalty	38,400.00

## 2. COMPLAINTS

TABLE 2: COMPLAINTS RECEIVED DURING THE SECOND QUARTER OF 2023

PERIOD	COMPLAINTS RECEIVED IN THE QUARTER	COMPLAINTS RESOLVED IN THE QUARTER
Q3 2022	56	19
Q4 2022	44	18
Q1 2023	17	10
Q2 2023	27	38

Source: SEC, 2022

The above complaints for the quarter were mainly related to the failure to meet redemption requests and the application of the mark-to-market directive.



# CHAPTER 05 FACTS & FIGURES

## A ASSETS UNDER MANAGEMENT

TABLE 3: ASSETS UNDER MANAGEMENT

FUM (GH¢) **	END JUNE. 2023	END MAR 2023	CHANGE
*Pension	34,081,021,721.31	29,587,824,576.81	15%
Other Funds	8,625,384,869.78	8,694,834,659.03	-1%
CIS	5,739,980,151.95	5,961,370,369.49	-4%
Total (GH¢)	48,446,386,743.04	44,244,029,605.33	9%

\*Adjusted values from custodians

\*\*Marked to Market Valuation

## B OFFERS, APPROVALS & OTHER INFORMATION

List of firms licensed during the Second Quarter, 2023:

TABLE 4: APPROVAL OF NEW LICENSES

	MARKET OPERATOR	APPROVAL TYPE
1	First Atlantic Brokers Ltd	Brokerage Licence
2	Growth Investment Partners Ghana Limited	Private Fund Licence

### B. OFFERS, APPROVALS AND LISTINGS (PRIMARY AND SECONDARY MARKET)

No public offers were approved during the period

### C. TABLE 5: APPROVAL OF NOTE TRANCHES

No Note Tranche was approved during the period

TABLE 6: LIST OF AUDIT FIRMS REGISTERED WITH THE SEC

REGISTERED AUDIT FIRMS	
1	Adom Boafo & Associates
2	Asafu-Adjaye & Partners
3	At-Ernest Dawlah
4	Baft Chartered Accountants
5	Baker Tilly Andah & Andah
6	BNA Chartered Accountants
7	Boateng, Offei & Co.
8	CFY Partners
9	Deloitte & Touche
10	Ernst & Young Chartered Accountants
11	Eureka B. A. Consult
12	IAKO Consult
13	John Allotey & Associates
14	John Kay & Co.
15	Josten & Associates
16	KPMG
17	Kwame Asante & Associates
18	Masaada Consultants
19	MGI OAK Chartered Accountants
20	Morrison & Associates
21	Resolute Consult
22	Suglo & Associates
23	Tabariyeng & Associates
24	UHY Godwinson
25	UHY Voscon Chartered Accountants
26	PWC
27	A.D. & Associates
28	AssuranceHub Consult
29	Aryeetey & Associates
30	K.E. Wood, Arthur & Co.
31	Edie Nikoi Accounting Consultancy
32	Forbes ET
33	Hab Consult
34	Loban Hyde Chartered Accountants
35	MBA Associates
36	OBS Accounting
37	AYK Associates
38	Audax Consult
39	K & A Accounting Services
40	BLA & Associates
41	Trust Assurance
42	EAK & Associates
43	Intellisys
44	PKF
45	FT Cadmond & Associates
46	R-Alliance Consult
47	Beta & Associates
48	O2 & Associates
49	Linkgates Consult
50	BT Associate
51	Acumen Alliance
52	Gilgram Associates
53	Rak Chartered Accountants
54	J. A. Abrahams & Company
55	JOP Consult
56	MKA Partners
57	Asamoah Bonsu & Co.
58	Issifu Ali & Co.
59	Richard Owusu-Afriye & Associates
60	Brio Chartered Accountants
61	Aikins-Hawkson & Associates
62	Bentum Bentil Consult
63	Gem Partners
64	Space Partners

## CHAPTER 06 CAPITAL MARKET STATISTICS

**TABLE 8: CAPITAL MARKET OPERATORS AS AT THE END OF SECOND (2<sup>ND</sup>) QUARTER 2023**

	CATEGORY OF LICENSED OPERATORS	END JUNE. 2023	END MAR. 2023	CHANGE
1	Broker-Dealers	30	29	1
2	Custodians	18	18	0
3	Exchange Traded Funds	2	2	0
4	Investment Advisers	12	12	0
5	Fund Managers	84	85	-1
6	Mutual Funds	49	49	0
7	Primary Dealers	12	12	0
8	Registrars	4	4	0
9	Securities Depositories	1	1	0
10	Securities Exchange	2	2	0
11	Trustees	6	6	0
12	Issuing House	10	10	0
13	Unit Trusts	30	34	-4
14	Private Funds	5	4	+1
15	Credit Rating Agency	1	1	0
16	Real Estate Investment Trust	1	1	0
	<b>TOTAL</b>	<b>267</b>	<b>270</b>	<b>-3</b>

Source: SEC

**TABLE 9: STOCK MARKET STATISTICS AT A GLANCE**

INDICATORS	END JUNE. 2023	END MAR. 2023	CHANGE
Number of Listed Companies (Main Market)	31	31	0
Number of Listed Companies (Ghana Alternative Market)	6	6	0
Volume of Trades: Cumulative (Equities)	226,887,532	181,344,788	45,542,744
Value of Trades (GH¢): Cumulative Equities	331,027,388	199,048,178	131,979,210
Market Capitalization (GH¢ million)	70,239	67,847	3.53%
GSE- Composite Index (GSE-CI)	2,808.03	2,745.33	2.28%
GSE- CI YTD Returns (%)	14.90	12.33	20.84%
GSE- Financial Stock Index (GSE-FSI)	1,691.91	1,806.67	-6.35%

Source: SEC & GSE





TABLE 10: PERFORMANCE OF EQUITIES ON THE GHANA STOCK EXCHANGE AT THE END OF JUNE 2023

	NAME OF COMPANY	CODE	CLOSING PRICE (GH¢) END JUN 2023	CLOSING PRICE (GH¢) END MAR 2023	CHANGE (GH¢ GAIN/LOSS) END JUN 2023
1	Access Bank Ghana PLC	ACCESS	3.8	4	-0.2
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	8.87	8.87	0
6	Benso Palm Plantation PLC	BOPP	14.11	11.67	2.44
7	Cal Bank PLC	CAL	0.6	0.5	0.1
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	0.4	0.4	0
12	Ecobank Ghana PLC.	EGH	5.4	5.4	0
13	Enterprise Group PLC	EGL	2.41	3	-0.59
14	Ecobank Transnational Inc.	ETI	0.15	0.15	0
15	Fan Milk PLC.	FML	1.32	1.29	0.03
16	GCB Bank Ltd.	GCB	3.2	3.15	0.05
17	Guinness Ghana Breweries PLC	GGBL	2.12	1.5	0.62
18	Ghana Oil Company Limited	GOIL	1.65	1.64	0.01
19	Mega African Capital Ltd	MAC	5.38	5.38	0
20	Scancom PLC	MTNGH	1.32	1.25	0.07
21	PBC Ltd.	PBC	0.02	0.02	0
22	Republic Bank (Ghana) PLC	RBGH	0.54	0.54	0
23	Standard Chartered Bank Gh. PLC	SCB	12.91	17.1	-4.19
24	SIC Insurance Company Ltd.	SIC	0.23	0.31	-0.08
25	Societe Generale Ghana PLC	SOGEGH	0.59	0.62	-0.03
26	*** Sam Woode Ltd. ***	SWL	0.05	0.05	0
27	Trust Bank Gambia Ltd	TBL	0.82	0.82	0
28	Total Petroleum Ghana PLC	TOTAL	6.45	6.39	0.06
29	Tullow Oil Plc	TLW	11.92	11.92	0
30	Unilever Ghana PLC	UNIL	6.24	4	2.24
<b>Ghana Alternative Market (GAX)</b>					
31	Samba Foods Limited	SAMBA	0.55	0.55	0
32	Meridian Marshalls Holding Company	MMH	0.11	0.11	0
33	Hords Ltd	HORDS	0.1	0.1	0
34	Intravenous Infusions Limited	IIL	0.04	0.04	0
35	Digicut Production & Advertising Ltd	DIGICUT	0.09	0.09	0
36	Pesewa One Plc	POP	0.68	0.68	0
<b>Others (Depository and Pref shares, ETFs)</b>					
37	AngloGold Ashanti Depository Shares	AADS	0.41	0.41	0
38	Standard Chartered Bank Pref. Shares	SCB PREF	0.9	0.9	0
39	NewGold Exchange Tradeable Funds (ETFs)	GLD	221.2	229	-7.8

Source: SEC and GSE

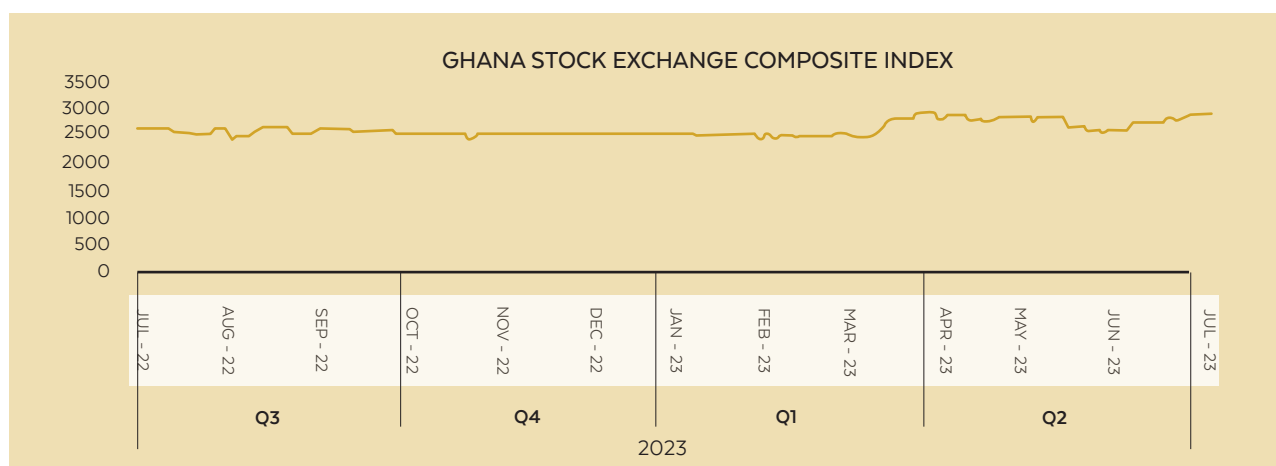
# 2nd QUARTER

## CHAPTER 07

### SECOND QUARTER '23 MARKET SUMMARY

#### A EQUITIES MARKET

FIGURE 2: PERFORMANCE OF GHANA STOCK EXCHANGE COMPOSITE INDEX



Source: GSE

The benchmark GSE Composite Index, the broad measure of the performance of the equities market, recorded a firm 2% q/q growth to sustain the upwards momentum of the benchmark index to end HY 2023 with a return of 14.90%. The Financial Stocks Index on the other hand, quickened the pace of decline to end the HY with a negative return of 17.57%. The GSE's advance which occurred amidst moderating monthly inflation rates and relative currency stability, culminated in a market capitalization of GH¢70.2 billion (+8.9% return).

In a welcome turn of events, the Q2-2023 market breadth was broadly positive vis-à-vis the negative breadth recorded in the previous quarters. A total of 9 stocks posted gains on a quarter-on-quarter basis, compared with 6 counters that declined over the same period. 5 out of the 6 decliners were financial sector stocks pointing to some investor caution around the sector due to their high exposure to the subject matter of the domestic debt exchange program. At the helm of the gainers were consumer good companies Unilever Ghana and Guinness Ghana Breweries. Unilever Ghana which gained 56% q/q to end the half year trading at GH¢6.24. Guinness Ghana Brewery Limited came in second place up by 41% q/q to end 1H 2023 at GH¢2.12.

**TABLE 11: Q2 2023 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	56%	2.24	6.24	SIC	-26%	-0.08	0.23
GGBL	41%	0.62	2.12	SCB	-25%	-4.19	12.91
BOPP	21%	2.44	14.11	EGL	-20%	-0.59	2.41
CAL	20%	0.10	0.60	ACCESS	-5%	-0.2	3.8
MTNGH	6%	0.07	1.32	SOGEH	-5%	-0.03	0.59
FML	2%	0.03	1.32	GLD	-3%	-7.8	221.2
GCB	2%	0.05	3.20				
TOTAL	1%	0.06	6.45				
GOIL	1%	0.01	1.65				

Source: SEC &amp; GSE

Trading activity was subdued compared with the trade volumes of Q1 2023. Approximately 45.5 million shares valued at GH¢132 million traded in the quarter, a marked decline from the 181 million shares worth GH¢199 million that traded in the previous quarter. Examining monthly trends, the highest trade volumes of the quarter occurred in May 2023 (35 million shares valued at GH¢110 million) to boost the volume of trades for the quarter. Both April and June 2022 posted low trade volumes of less than 6

million shares. Trades in the ICT sector continued to lead the market accounting for 51% of shares traded and 21% of turnover for the quarter. NewGold ETF remained the value driver accounting for 50% of market turnover.

The bourse ended the 1H 2023 with 33 counters on the main list of the Exchange and 6 counters on the GAX. SWL remained suspended from the main list of the Exchange.

## B FIXED INCOME / DEBT MARKET

Given the uncertainties in the bond market, activity in the fixed income market was concentrated in the short-term treasury segment of the primary market. A combination of the government's increased demand for financing from the treasury market and skittish investor sentiments led to an upsurge in both bids and yields. The treasury market recorded total bids of GH¢69.26 billion (+108.70% y/y), with the government accepting GH¢68.60 billion. The yields on treasury securities also trended northward within the quarter. The 91-day and 182-day yields gained 457bps and 394bps respectively in Q2 to end the half year at a 15-week high of 23.95% and 25.80% respectively. The 364-day yield also gained 359bps q/q to an 18-week high of 29.25%.

**TABLE 10: SELECTED TREASURY MARKET INDICATORS**

INDICATOR	END JUN 2023	END MAR 2023	CHANGE
91- day T-Bill Rate	23.95%	18.88%	507 bps
182- day T-Bill Rate	25.80%	21.44%	436 bps
364- day T-Bill Rate	29.25%	25.66%	359 bps
Interbank Interest Rate	26.19%	25.87%	32bps
CPI Inflation	42.5%	45%	-250bps
Monetary Policy Rate	29.50%	29.50%	-

Source: BoG



Trading activity remained fairly muted in the secondary market with an average monthly trade volume of GH¢ 5.4 billion, below the 2022 monthly average of GH¢19.21 billion. Cumulatively a total trade volume of GHS 16.1 billion cedis traded on the Ghana Fixed Income Market (GIFM) within the quarter, to sum up to a HY 2023 trade volume of GH¢ 40.89 billion, significantly below 1H 2022 trade volumes of GH¢ 124 billion. Trades in government securities continued to drive activity accounting for 83% of HY trades. Foreign investor interest remained muted with non-resident investor holding of outstanding debt securities at 10.1% compared with an average of 14.38% in 2022.

At the end of the quarter, the Ghana Fixed Income Market (GFIM) had 205 listed debt securities (Mar 2023: 224 securities) comprised of 22 corporate bonds, 91 Ghana Government (GOG) bills, notes and Cocoa Bills), 76 Ghana Government (GOG) bonds and 16 Eurobonds.

**TABLE 12: TOTAL OUTSTANDING CORPORATE SECURITIES ON THE GFIM**

ISSUER	AS AT JUN. 2023 (GH¢)	AS AT MAR. 2023 (GH¢)
Izwe Loans Ltd.	93,000,000	68,000,000
Letshego Ghana	261,655,918	261,655,918
Bayport Financial Services	166,152,000	116,152,000
ESLA Ltd.	-	-
Bond Savings & Loans Ltd.	70,400,000	70,400,000
Quantum Terminal Ltd.	25,000,000	25,000,000
Dalex Finance Company	20,000,000	20,000,000
Daakye Trust P Ic.	-	-
<b>TOTAL</b>	<b>616,207,918</b>	<b>561,207,918</b>

Source: GFIM

## B FUNDS MANAGEMENT INDUSTRY

Total Funds Under Management (FUM) at the end of the first half of 2023, on a Marked-to-Market basis, stood at GH¢ 48.45 billion, representing a 9% quarter-on-quarter growth. Pension funds served as the lead catalyst for growth expanding 15% q/q to GH¢ 34.1 billion. The marked to market values of Collective Investment Schemes (CIS) and discretionary funds managed by fund managers decline marginally over the quarter to GH¢ 5.7 billion (-4% q/q) and GH¢ 8.6 billion (-1% q/q) respectively. On a Held-to-Maturity basis, Industry FUM expanded 5% q/q to GH¢ 55.22 billion

comprised of Pension FUM of GH¢ 39.49 billion (+6% q/q), Discretionary FUM of GH¢9.45 billion (+4% q/q) and CIS FUM of GH¢6.27 billion (+2% q/q).

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

**DISCLAIMER:** The views expressed in this article 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)		Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23
91-Day Bill	% p.a	16.22	19.05	24.15	26.16	27.68	29.65	31.53	34.62	35.48	35.62	35.67	20.38
182-Day Bill	% p.a	16.72	20.43	25.55	27.38	29.12	30.94	32.61	35.68	36.23	35.84	35.73	23.01
364-Day Bill	% p.a	18.93	22.20	27.14	27.67	28.92	30.24	32.32	35.26	36.06	35.76	34.92	26.67
SECONDARY MARKET													
2-Year Note	% p.a	30.62	35.7	39.35	43.76	42.87	59.4	17.25	19.75				
3-Year Bond	% p.a	25.68	32.39	41.68	67.06	43.71	43.69	18.63	16.32				
5-Year Bond	% p.a	30.01	36.35	39.73	44.81	45.19	43.68	15.96	16.68				
6-Year Bond	% p.a	30.03	36.38	39.82	45.69	43.89	43.87	21.75	19.35				
7-Year Bond	% p.a	29.9	36.36	39.96	45.81	43.72	44.93	17.41	19.13				
10-Year Bond	% p.a	30.92	32.86	37.92	44.74	45.05	44.75	21.55	20.21				
15-Year Bond	% p.a	30.32	36.14	39.77	45.24	43.78	43.83	22.3	20.03				
20-Year Bond	% p.a	29.93	36.28	39.74	45.76	43.78	43.83	18.99	20.74				
New Bonds (Post DDEP)													
4-Year Bond	% p.a									8.87	9.27	15.49	11.98
5-Year Bond	% p.a									9.01	9.34	15.37	12.18
6-Year Bond	% p.a									8.82	9.41	14.29	15.4
7-Year Bond	% p.a									9.39	9.49	15.13	15.29
8-Year Bond	% p.a									9.14	9.57	14.52	10.84
9-Year Bond	% p.a									9.34	9.65	13.92	14.9
10-Year Bond	% p.a									9.6	9.65	14.85	15.14
11-Year Bond	% p.a									9.77	9.79	14.08	14.84
12-Year Bond	% p.a									9.97	9.87	14.13	11.21
13-Year Bond	% p.a									10.35	9.96	13.78	14.67
14-Year Bond	% p.a									10.57	10.02	15.01	14.95
15-Year Bond	% p.a									10.24	9.46	14.16	14.89
Volumes Traded	billion GHC	19.16	15.71	14.95	22.56	22.56	11.41	10.01	9.17	5.57	5.7	5	5.4
Non-Resident Holding of outstanding Debt	%	14.96	12.31	11.49	11.75	10.93	10.00	9.49	10.10	9%	10.44%	9.93%	10.10%

Source: BOG, GSE, GFIM, CSD

\* Marked to Market Valuations from Dec 2022

**TABLE 14: STOCK MARKET INDICATORS**

INDICATOR	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23
GSE COMPOSITE INDEX (GSE-CI)	2,518.9	2,509.0	2,460.12	2,460.30	2,463.27	2,443.91	2,354.00	2,408.00	2,745.33	2741.5	2511.3	2808
GSE Financial Stock Index (GSE-FSI)	2,103.6	2,079.9	2,070.10	2,069.90	2,076.84	2,052.59	2,036.00	1,946.60	1,806.67	1,758.30	1677.3	1691.9
GSE Capitalization	64.4	64.4	64.0	64.7	64.82	64.51	63.71	64.23	67.85	68.3	65.8	70.2
Volume traded	64.3	77.3	4772	21.34	5.2	28.34	1.55	6.14	173.66	5.54	35.42	4.58
value traded	61.5	114.2	51.99	150.06	56.66	143.81	6.67	24.41	167.97	7.31	109.88	14.78
CIS AUM			6.86			*5.29			5.96			5.74
Others AUM			8.41			*7.05			8.69			8.62
Pensions AUM			35.57			*35.03			29.59			34.08
Total AUM			50.84			*47.38			44.24			48.45

Data Sources: BOG, GSE, GFIM

\* Marked to Market Valuations from Dec 2022





# TIME WITH THE SEC

Understand how to make good use of the Capital Market

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Time with the SEC is a regional education campaign aimed at educating stakeholders about investments, capital raising, the role of the SEC and how the Capital Market can work for you! Discover how to buy shares, invest in Collective Investment Schemes (CIS) and how to take advantage of the Ghana Commodities Exchange (GCX). Also, learn how to identify ponzi or fraudulent investment schemes to protect yourself and your loved ones. Get the latest updates on the implementation of the Government Bailout Programme and much more!

Securities and Exchange Commission (SEC) Ghana is the statutory regulatory body of the Securities Industry in Ghana.

For more information call: 0800100065, 0302768970-2





## GLOSSARY OF TERMS

<b>Security</b>	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).
<b>Capital Market</b>	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.
<b>Equities Market</b>	The equities market is a market in which shares of companies are issued and traded, either through exchanges or over-the-counter markets.
<b>Ghana Fixed Income Market (GFIM)</b>	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.
<b>Commodities Market</b>	The Commodities Market is the marketplace for buying, selling, and trading raw materials or primary products.
<b>Fund Management Industry</b>	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.
<b>Money Market</b>	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.
<b>Broker Dealer</b>	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.
<b>Custodian</b>	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.
<b>Securities Depository</b>	A Securities depository is an institution that holds securities. A depository facilitates trading of securities by transferring ownership of a security after trade execution.
<b>Fund Manager</b>	Manages funds on behalf of a client pursuant to a contract or arrangement with the client.
<b>Investment Advisor</b>	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.
<b>Issuing House</b>	A merchant bank or firm of stockbrokers which buys shares issued by a company and coordinates their sale to the public.
<b>Mutual Fund</b>	A public company incorporated to operate by pooling money from investors and investing in securities on their behalf.
<b>Unit Trust</b>	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.
<b>Primary Dealer</b>	A body corporate which buys government securities directly from the government with the intention of reselling to any other person.
<b>Registrar</b>	A registrar is an institution responsible for keeping records (ie. registers) of bondholders and shareholders of issuers of securities.
<b>Trustee</b>	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.





<b>Securities Exchange</b>	A securities exchange is an organized market on which securities such as shares, and bonds can be bought and sold.
<b>Private Equity Fund</b>	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.
<b>Primary Market</b>	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.
<b>Secondary Market</b>	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.
<b>Money Market</b>	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.
<b>Exchange Traded Fund</b>	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.
<b>Equities (shares)</b>	Indicate part ownership of investors in a firm and also enable investors to participate in the firm's profit in the form of dividends.
<b>Ordinary Share</b>	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.
<b>Preference Shares/ Preference Stock</b>	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.
<b>Debt Securities</b>	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.
<b>Government Bond</b>	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.
<b>Corporate Bond</b>	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.
<b>Bond</b>	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.
<b>Commodities</b>	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.



<b>Market Capitalization</b>	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.
<b>Traded Value</b>	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.
<b>Volume of Trade</b>	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.
<b>Listed Company</b>	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.
<b>Collective Investment Scheme (CIS)</b>	A pool of funds for investment that are managed by a professional fund manager on behalf of the investors of the fund.
<b>Real Estate Investment Trust (REIT)</b>	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.
<b>Mutual Fund</b>	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.
<b>Market liquidity</b>	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.
<b>Savings</b>	Savings is the portion of an individual's income that is not spent on current expenditure but rather set aside for future use.
<b>Investment</b>	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.
<b>Budgeting</b>	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.
<b>Inflation</b>	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.
<b>Investment Risk</b>	Investment risk can be defined as the probability or likelihood of occurrence of losses relative to the expected return on any particular investment.





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](http://www.sec.gov.gh)  
[info@sec.gov.gh](mailto:info@sec.gov.gh)



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