



USX NEWS

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Celebrating 2017's successes

by Bevan Wallace

The 2017 calendar year has seen USX and its issuers mark a number of milestones. The new logo and branding for the Unlisted Securities Exchange has been well received. Our new trading platform is close to launch and considerable efforts have been made to familiarise our Brokers and Issuers with the features of the new platform and to ensure it meets their needs. The commitment of our Manager, Armillary Private Capital, and our IT provider, Chelmer, to iron out any and all issues with the platform provider, Fundamental Interactions, provides us with confidence that the platform will deliver to expectations.

Issuer ranks were bolstered when Syft Technologies joined USX in April. A successful capital raising was undertaken by Syft Technologies (\$7.5m in September), while Speirs Group refinanced \$2.9m of preference shares in June. Pharmazen is currently raising \$4.9m.

Against this background, the aggregate market capitalisation of issuers increased from \$1.92b to \$2.68b as at 13 December. Of this increase all but \$93.6m (being the value attributed to Syft Technologies upon joining the platform together with the new capital raised by issuers) represented the investment performance of Issuers.

Noteworthy has been the investment performance of Zespri. From its December 2016 closing price of \$3.25 the Zespri share price has increased to \$8.25 which together with declared net dividends of 83cps has resulted in a return of 189% to shareholders. Indeed the total return of Zespri since listing on USX inclusive of dividends has been 455% while its aggregate market capitalisation has increased from \$211m to \$996m – just shy of becoming USX's first Unicorn!

Also worthy of mention is the continued strong investment and operational performance of Skyline Enterprises one of our longest standing issuers. Although usurped as our largest issuer by market capitalisation, Skyline Enterprises has delivered an increase in its share price from the December 2016 close of \$22 to its current value of \$24.50 whilst declaring dividends of 60cps, a total return to shareholders of 14%. Its market capitalisation now stands at \$834m.

At USX our immediate focus is to launch our new platform and conclude the MBIE review of our performance under the Financial Markets Conduct (Unlisted Market) Regulations 2015. In the New Year USX will resume our active engagement with all market participants to further facilitate the development of New Zealand's capital markets and with a view to bringing on board more issuers.

We take this opportunity to wish all USX participants a happy festive season and a prosperous 2018.

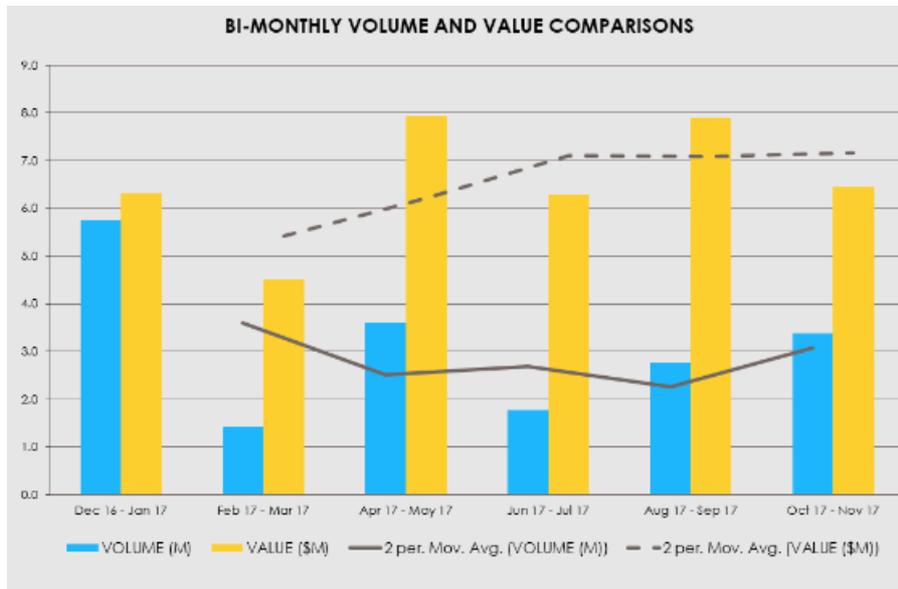


TRADING REVIEW

OCTOBER/NOVEMBER 2017

Trading Review

In the two months of trading from 1 October 2017 to 30 November 2017, USX has facilitated 204 trades of 3.39 million shares worth \$6.44 million. This compares with 215 trades and 2.75 million shares worth \$7.89m over the previous two-month period to 30 September 2017. In total 1009 trades of 18.7 million shares worth \$39.4 million were completed in the 12 months to 30 November 2017.



During the two-month period the most trades were in Zespri Group at 65 (32% of all trades) followed by Skyline and Silver Fern Farms at 32 (16%) and 25 (12%) respectively. The majority of the value traded was in Zespri followed by Skyline. The value of Zespri shares traded was \$3.59m (56% of total value traded) and Skyline at \$1.78m (28% of total value traded).

Positive price movements were recorded by 6 Issuers. Silver Fern Farms gained 25 cents (+45.5%), Zespri closed up \$1.90 at \$8.25, Skyline gained 85 cents, Rangatira B was up by 25 cents, closing at \$10.55 while King Country Energy and Rural Equities gained 10 and 3 cents respectively.

Six stocks declined over the period, led by Pharmazen falling by 4 cents (-35%) to close at 6.5 cents, Speirs Group dropped 1 cent, Proten closed down 18 cents at \$1.52, Fronde fell by 10 cents, Syft lost 5 cents and Terra Vitae closed down 1.2% at 41.5 cents.

Issuer Activity

There have been no listing or de-listings during this review period although King Country Energy has recently announced it was subject to another takeover offer.

Market Metrics

As at 30 November 2017 the aggregate market capitalisation of all stocks was \$2,691 million, compared with \$2,433 million at the end of September. The bulk of this increase was attributable to Zespri which gained \$229m to finish at \$996m. Skyline also contributed \$29m (11% of the total increase) and Silver Fern Farms increased by just over \$25m. Other stocks that experienced an increase in market capitalisation include Rangatira B (+\$2.9m), King Country Energy (+\$2.5m) and Rural Equities (+\$1.0m). Proten's market capitalization fell by \$21.6m followed by Pharmazen (-\$5.6m), Syft Technologies (-\$3.6m) and Fronde (-\$0.7m).



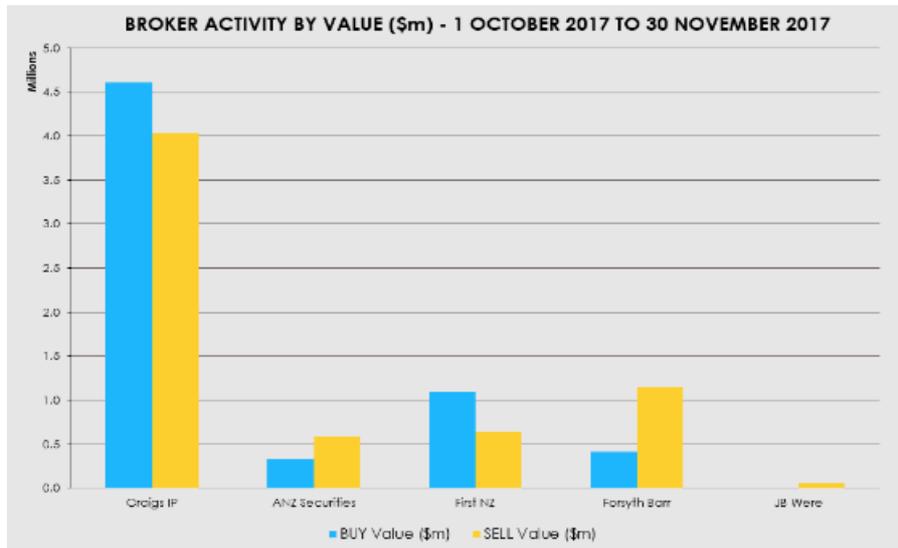
Issuer Profiles

USX has recently posted updated issuer profiles for Proten, King Country Energy, Syft Technologies, Terra Vitae, Speirs Group, Rural Equities and Connexionz.

Broker Activity

Craigs Investment Partners was the most active broker in the two months to 30 November 2017, with top buying and selling activity. Craigs completed 105 buy trades worth \$4.6m (51% of total activity) and 100 sell trades worth \$4.0m (49% of total activity).

The second most active broker overall was First NZ Capital, with 73 trades in total (48 buy trades worth \$1.1m and 25 sell trades worth \$0.6m).



Looking Ahead

With testing and set up largely complete, USX will soon launch its new trading platform and website. We are continuing to work with several prospective new issuers with an expectation that they will come onto the market in 2018.



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