



Foreign Investment in Casablanca stock exchange

July 2013

Overview

In 2012 the number of foreign investors listed on the Casablanca Stock Exchange shares remained almost stable, moving from 4694 investors in 2011 to 4560 by the end of 2012. European investors remain key holders of listed securities in Casablanca stock exchange with 90.68% of total assets held by foreign investors.

In terms of nationality, the French legal persons still comes first and hold 77.23% in 2012.

In the wake of the decline of the key indicators of Casablanca stock exchange, market capitalization held by investors fell by 20.1% in 2012. The decrease compared to 2011 is due to the underperformance of the key sectors of Casablanca stock exchange, namely banking sector and telecommunications. Likewise, market capitalization held by foreigners moved from 147.7 billion Dirhams in 2011 to 118.1 billion Dirhams in 2012.

In terms of flows, foreign investors achieved in the Casablanca stock exchange purchase orders of more than 7.1 billion Dirhams and a sale volume of more than 4.1 billion Dirhams totaling therefore flow movements of more than 3 billion Dirhams in terms of purchases.

Most foreign investment in listed securities takes form of strategic contributions. The share of these in the total amount of foreign investment in 2012 remained the same as in 2011. However, the floating part of the foreign capital invested in the Casablanca Stock Exchange decreased slightly compared to 2011 and amounted to 2.7% of the market capitalization against 3% recorded one year earlier.

The main highlight on foreign investment in the Casablanca Stock Exchange has concerned the company Lesieur Cristal. Indeed, the French company Oléosud (Sofiprotéol Group) declared on February 10th, 2012 to hold 41% of Lesieur Cristal capital.

Finally, foreign investment in UCITS shares amounted to 1.3 billion Dirhams in 2012, up by 45% compared to 0.9 billion Dirhams in 2011. Albeit slightly up, it reached the level achieved in 2010 (1.2 billion Dirhams). This investment is made up of nearly 60% by the MRA against 41.05% in 2011.

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METHODOLOGY

This report is based on the following information and data:

- The statistics reported by the custodians on the distribution of assets and the list of foreign investors and MRA;
- Declarations of crossing the thresholds;
- The source of the estimate floats and stocks prices is the Casablanca Stock Exchange. In regard to UCITS, the valuation is carried on the basis of the last net asset value of the year.

It should be noted that in this report the concept of foreign investment defines investment acts performed by foreign natural and legal entities, resident or non-resident in Morocco, but also by the MRA. In this regard, it should be noted that:

- For Moroccans resident abroad and foreign residents in Morocco, the custodian records only transactions financed by foreign exchange inflows, by debiting a foreign account in convertible Dirham, a foreign currency account or by any other method of financing assimilated as the supply of foreign exchange in accordance with Articles 772 to 773 of the exchange office Law.
- For non-resident foreigners in Morocco, all operations are recorded as far as they are all funded by foreign exchange inflows.

I. Listed securities

1. EVOLUTION OF THE SHARE HELD BY FOREIGNERS AND MRA

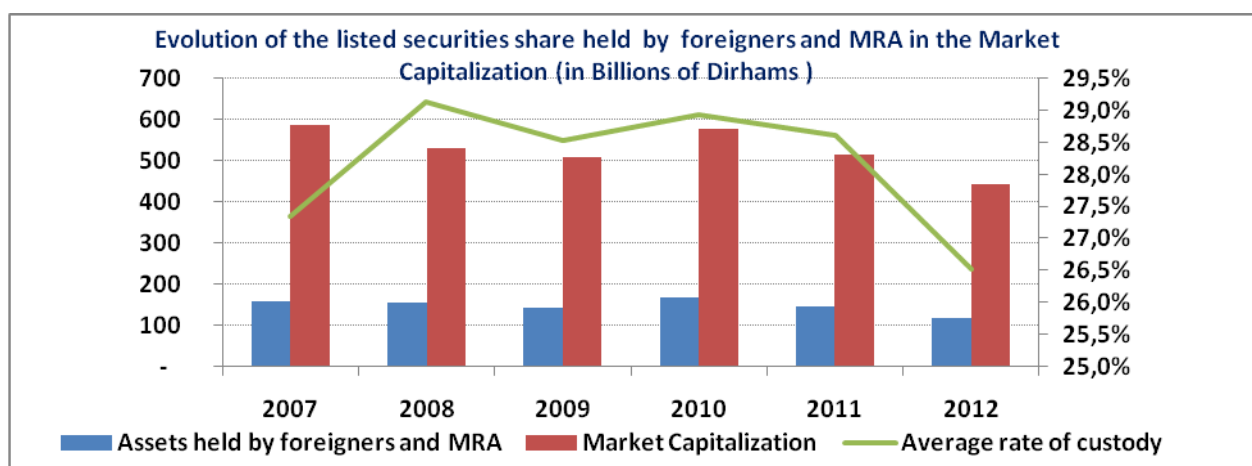
Concerning the financial year 2012, the analysis of data on foreign investment in listed securities on the Casablanca Stock Exchange allows to draw the following conclusions:

- **A decline in the share of market capitalization held by non-resident investors and MRA due to the price effect.**

On December 31st, 2012, the total amount of foreign investment in listed securities fell by 20.1% compared to last year, moving from \$ 147.7 billion to 118.10 billion Dirhams.

This decline is not the result of a desertion of foreign investors from the Casablanca stock exchange, but rather a result of a price effect reflecting the poor performance of the stock exchange in 2012.

Indeed, at constant prices compared to 2011, the current portfolio is valued at 145.5 billion Dirhams, recording a decrease of 1.5%.



Source: Custodians, Casablanca stock exchange, CDVM statistics

In a global economic environment that is slowly recovering from the effects of the recent financial crisis, the analysis of trends in foreign investment over the past three years shows that changes in the volume of the latter is mainly due to a price effect. Indeed, due to the good performance of the Casablanca stock exchange in 2010 (MASI has increased by 21.17% and MADEX by 22.10%), the portfolio of foreign and MRA has also performed well, bringing the stake to 28.9%. In 2011 and 2012, the trend of the indices has reversed, the MASI lost 12.86% in 2011 and 15.13% in 2012, which led to the decrease of foreign and MRA investment share in the market capitalization from 28.6% in 2011 to 26.5% in 2012.

The share of capital held by foreign investors and MRA in listed companies varies according to the company and the industry sector. The distribution of amounts held has not witnessed any significant change; however, the average ownership rate has varied between 2011 and 2012.

Share of capital held by foreigners and MRA	Number of listed companies			Ownership average rates by foreigners and MRA		
	2010	2011	2012	2010	2011	2012
from 0 to 25%	57	59	57	5,2%	2,8%	3,69%
from 25 to 50%	6	6	8	34,2%	34,2%	30,55%
from 50 to 75%	9	9	8	57,8%	63,6%	54,83%
More than 75%	2	4	4	83,8%	84,5%	79,73%
Total	74	78	77			

Source: Custodians, Casablanca stock exchange, CDVM statistics

In general, the contributions of foreign investors and MRA remain low within listed companies since more than three quarters of listed companies show an average ownership rate of 3.69%.

Typology of Foreign and MRA investments in Moroccan listed securities (in millions of Dhs)

	2010		2011		2012	
	Amount	%	Amount	%	Amount	%
Foreign and MRA investments held in Morocco:	167 463	100%	147 724	100%	118 100	100%
- Strategic share	151 315	90,4%	132 485	89,7%	106 141	89,9%
- Float	16 148	9,6%	15 239	10,3%	11 959	10,1%
Market cap	579 020		516 222		445 268	
Floating market cap	129 248		119 593		102 526	
Foreign and MRA investments /Market cap	28,9%		28,6%		26,5%	
Strategic share/ Market cap	26,1%		25,7%		23,8%	
Float/Market cap	2,8%		3,0%		2,7%	
Float/Floating Market cap	12,5%		12,7%		11,7%	

Source: Custodians, Casablanca stock exchange, CDVM statistics

- **Clear presence of strategic contributions**

It should be noted that to measure the free float held by foreign investors and MRA, the CDVM considers as a strategic contribution any contribution representing over 4% of the capital.

To this end, the weight of strategic contributions in the total amount of foreign investment in the stock market has still the same importance.

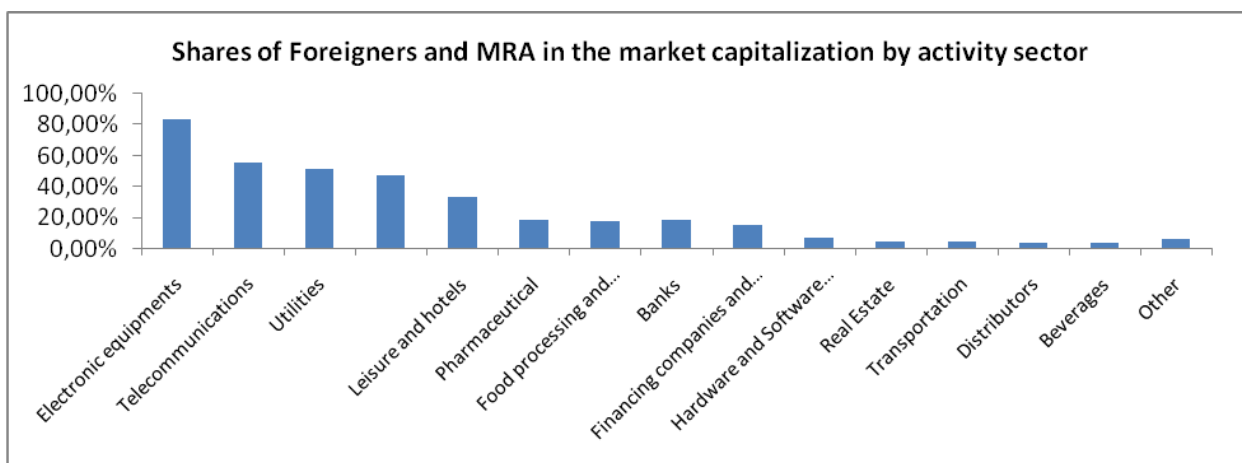
The proportion of strategic contributions in the amount of foreign investment in listed securities is almost identical to that of last year and stands at 89.9% in late 2012.

Reported to the market capitalization, strategic contributions represent almost 23.8% in 2012 against 25.7% in 2011.

- **Decrease of the floating share of foreign capital in listed securities**

The floating share compared to the market capitalization of foreign capital invested in the Casablanca Stock Exchange and held in Morocco is down to 2.7% in 2012 after recording 3% in 2011 and 2.8 % in 2010. The floating share reported to the free float represents 11.7%.

2. DISTRIBUTION OF INVESTMENT BY ACTIVITY SECTOR



Source: Custodians, Casablanca stock exchange, CDVM statistics

Foreign investment in the stock market is concentrated in 12 sectors, namely electrical and electronic equipment (NEXAN Morocco 84%), telecommunications (56% IAM), utilities (LYDEC 52%), building materials and construction sector (47%), leisure and hotels (33%), pharmaceuticals (19%), banks (19%), food processing and output (18%), finance companies and other activities (16%). In the other sectors, it is around 3%.

3. GEOGRAPHIC ORIGIN OF FOREIGN AND MRA INVESTMENTS

- **Predominance of investors in the euro zone**

The geographical origin of non-residents funds remains broadly stable in 2012.

The analysis of the distribution of investors in listed securities by nationality shows the presence of 4560 investors at the end of 2012. European investors remain key holders with 90.68% of total foreign investment in volume. In the second rank come investors from North America with 5.23%, followed by those from the Middle East with 3.30%.

Geographic origin	2010		2011		2012	
	Cap share	Share of FI	Cap share	Share of FI	Cap share	Share of FI
Europe	26,73%	92,41%	25,19%	88,02%	24,05%	90,68%
Middle East	1,21%	4,20%	1,27%	4,44%	0,88%	3,30%
North America	0,86%	2,97%	0,81%	2,82%	1,39%	5,23%
Africa	0,10%	0,34%	1,27%	4,44%	0,14%	0,52%
Asia and South America	0,02%	0,08%	0,08%	0,28%	0,07%	0,27%
Total	28,92%	100,00%	28,62%	100,00%	26,52%	100,00%

Source: Custodians, Casablanca stock exchange, CDVM statistics

4. DISTRIBUTION OF THE AMOUNT OF INVESTMENT BY INVESTORS' TYPE

- **Central Place of non-resident foreign legal persons**

The amount invested by non-resident investors (legal persons) is down by 20.2% to 31/12/2012, with nearly 116.2 billion Dirhams. The share of this category of investors declined slightly compared to 2011, representing 98.4% of the total foreign investment in listed securities.

Type	Category	31/12/2010		31/12/2011		31/12/2012		variation 11vs12
		Amount	%	Amount	%	Amount	%	%
NRF	LE	165 166	98,6%	145 696	98,6%	116 219	98,40%	-20,2%
	NP	417	0,3%	245	0,2%	191	0,20%	-21,9%
RF	LE	998	0,6%	1053	0,7%	1 169	1,00%	11,0%
	NP	524	0,3%	349	0,2%	213	0,20%	-39,0%
MRA	NP	359	0,2%	383	0,3%	308	0,30%	-19,7%
Total		167 463	100%	100,0%	100%	118 100	100%	100%

• Source: Custodians, Casablanca stock exchange, CDVM statistics

- **Strong presence of non-resident French legal entities**

Analysis of the structure of foreign investment by nationality and type of investors reveals a quasi-preponderance of French Legal entities.

Indeed, the share of French legal entities in the investment by non-resident foreign legal entities has decreased from 78.5% in 2011 to 77.22% in 2012.

5. DISTRIBUTION BY PLACE OF CUSTODY

- **Predominance of securities held in Morocco**

Nearly 99.9% of the market capitalization is held with Moroccan affiliates of the Central Depository Maroclear.

- **A security is partly held abroad**

The share of securities held abroad also remains unchanged and is around 0.12% of the market capitalization.

Only Maroc Telecom securities are partly held abroad with custodians affiliated to the French central depository Euroclear France.

Distribution of the market Cap by place of custody (In Millions of Dirhams)

	31/12/2010		31/12/2011		30/12/2012		Variation 2011/2012
	Amount	%	Amount	%	Amount	%	
Market Cap:	579 020	100,00%	516 222	100,00%	445 267	100,00%	-13,75%
Held abroad :	793	0,14%	740	0,14%	536	0,12%	-27,6%
- Maroc Telecom security	793	0,14%	740	0,14%	536	0,12%	-27,6%
Held in Morocco:	578 227	99,9%	515 482	99,86%	444 731	99,9%	-13,7%
Held by Moroccan residents	411 556	71,1%	367 756	71,2%	328 189	73,7%	-10,8%
Held by foreigners and MRA :	167 464	28,9%	147 727	28,6%	118 100	26,2%	-20,1%
- Resident Foreigners	1 260	0,2%	1 402	0,3%	1 381	0,3%	-1,4%
- Non resident foreigners	165 845	28,6%	145 942	28,3%	114 853	25,8%	-21,3%
- MRA	359	0,1%	383	0,1%	308	0,1%	-19,6%

Source: Custodians, Casablanca stock exchange, CDVM statistics

II. UCITS

1. INCREASE OF FOREIGN INVESTMENTS IN UCITS SHARES

To December 31st, 2012, the amount of foreign investment in UCITS shares reached 1.299 billion Dirhams in 2012 against 896.6 million Dirhams in 2011, recording an annual growth of 45%. During the same period, the total net assets under management of UCITS rose by 5% to reach 241.8 billion against 229.4 billion in 2011.

The share of UCITS shares held by foreigners and MRA compared to the total net assets of UCITS has followed the same trend and has increased slightly from 0.39% in 2011 to 0.54% in 2012.

Foreign investors (legal entities) resident in Morocco have witnessed the highest growth in terms of the amount invested. Indeed, the volume held by foreign residents has more than doubled in one year, moving from 21.5 million Dirhams in 2011 to 53, 9 million Dirhams in 2012, recording an increase of nearly 151% of the investment amount.

The largest declines this year were witnessed mainly in resident foreign natural persons who were representing in 2011, 29.88% of the total foreign investment in UCITS shares while this year they account for only 18.22%, which is a decrease of 12 % in the amounts invested.

The second decline in 2012 concerns the non-resident foreign legal entities whose investment in UCITS went down by 11%. In 2011, this category of investors contributed up to 8.09% of total foreign investment in UCITS shares, while this year it is only 4.97%

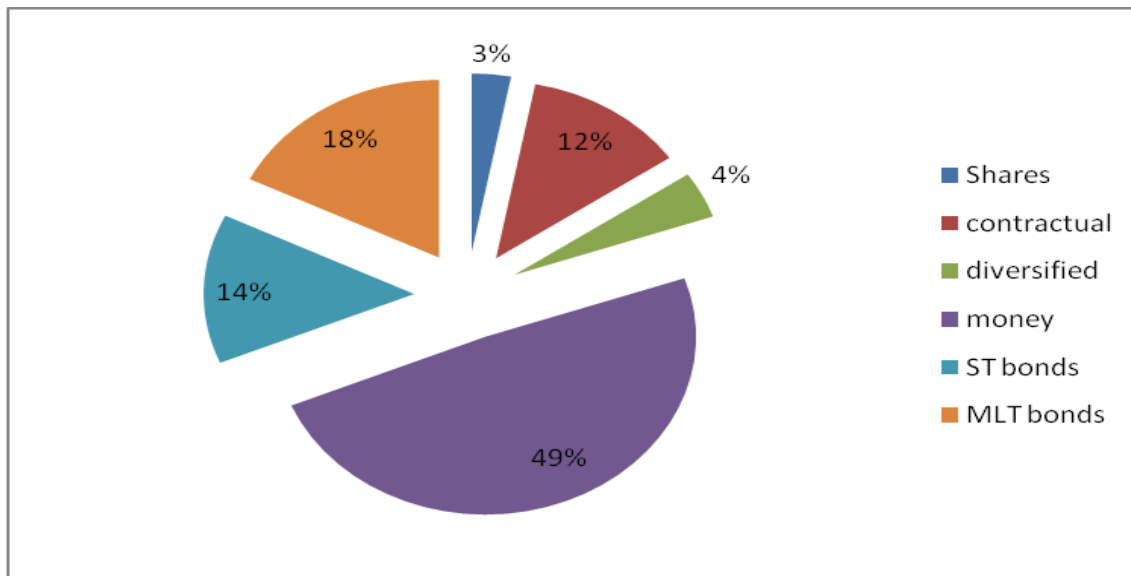
Evolution of the structure of foreign investment in UCITS (in Dhs)

Type	Category	31/12/2010		31/12/2011		31/12/2012		Variation 2011/2012
		Amount	%	Amount	%	Amount	%	
NRF	LE	57 300 768,48	4,50%	72 565 697,76	8,09%	64 579 819,61	4,97%	-11%
	NP	144 570 166,95	11,36%	166 632 753,26	18,58%	170 277 222,17	13,10%	2%
RF	LE	386 872 306,65	30,39%	21 516 040,06	2,40%	53 927 893,41	4,15%	151%
	NP	273 775 751,48	21,51%	267 903 993,67	29,88%	236 710 294,03	18,22%	-12%
MRA	NP	410 346 416,17	32,24%	368 069 043,38	41,05%	774 027 167,37	59,56%	110%
Total		1 272 865 410	100,00%	896 687 528	100,00%	1 299 522 397	100,00%	45%
Total net asset of UCITS		224 858 011 803		229 479 777 690		241 852 651 194		5%
Total/Total net asset		0,57%		0,39%		0,54%		

2. PREFERENCE FOR « MONEY » UCITS AND « BONDS» UCITS

The total amount of investment in UCITS shares held by foreign investors showed once again in 2012 preference for "Money" UCITS with a share of 49% (against 34% in 2011), followed by medium and long term bonds with 18 % against 29% in 2011. The proportion invested in short-term UCITS represents 14% of the amount invested.

Distribution of Foreign and MRA investment by UCITS category



3. PREPONDERANCE OF NATURAL PERSONS

The observed trend in recent years is confirmed this year with natural persons who dominate foreign investment in UCITS shares.

In terms of investment amounts, the share of natural persons is increasing due to the overall increase in foreign investment in UCITS shares and stood at the end of 2012 to 1,181,01 Dirhams against 802,6 Dirhams in 2011 (an increase of 47%).

MRA continue to hold this year a significant share of the amount invested in UCITS shares, with nearly 60% of total investments, followed by foreign residents with 22% and finally the non-resident foreigners with 18% of total investments in UCITS shares.

III. Conclusion

The share of market capitalization held by foreigners and MRA stands at 26.5% in 2012 against 28.6% in 2011. The decrease in the amount of foreign investment is explained by the decline in the stock market.

Europeans remain the largest foreign investors in the Casablanca Stock Exchange with 23.76% of the market capitalization, 77.23% of which are French investments.

Although it represents a significant weight in the market capitalization, the floating share held by foreigners and Moroccans resident abroad in market capitalization was down slightly in 2012 with 2.7% against 3% in 2011.

Strategic contributions dominate up to 89.9% of total foreigners and MRA investment in the Casablanca Stock Exchange.

The main highlight on foreign investment in the Casablanca Stock Exchange has concerned the company Lesieur Cristal. Indeed, the French company Oléosud (Sofiprotéol Group) declared on February 10th, 2012 to hold 41% of Lesieur Cristal capital.

In regard to foreign investment in UCITS shares, the trend is on the rise despite the fact that it represents only a negligible share in the total net assets.

IV. Appendices

Abbreviations

NRF	:	Non resident foreigner
RF	:	Resident foreigner
MRA	:	Moroccan resident abroad
LE	:	Legal entities
NP	:	Natural person
B.L.E.U	:	Belgo-Luxembourg Economic Union

1. Structure of investment in listed securities of non-resident foreign legal entities, held in Morocco, by nationality

Type	Category	Nationality	Amount	Percentage
NRF	LE	France	89 750 477 847,14	77,23%
NRF	LE	United states	5 688 250 754,86	4,89%
NRF	LE	B.L.E.U	4 403 650 565,30	3,79%
NRF	LE	Great Britain	3 854 158 450,20	3,32%
NRF	LE	Spain	3 353 989 712,00	2,89%
NRF	LE	Sweden	2 701 438 571,00	2,32%
NRF	LE	Saudi Arabia	2 566 455 652,00	2,21%
NRF	LE	U.A.E	1 229 030 502,00	1,06%
NRF	LE	Portugal	741 458 880,00	0,64%
NRF	LE	Ireland	344 233 359,40	0,30%
NRF	LE	Other	1 585 982 722,74	1,36%
		Total	116 219 127 016,64	100,00%

2. Structure of investment in listed securities of non-resident foreign natural persons, held in Morocco, by nationality

Type	Category	Nationality	Amount	Percentage
NRF	NP	France	145 276 700,56	75,90%
NRF	NP	U.A.E	23 327 324,00	12,19%
NRF	NP	Saudia Arabia	14 498 672,00	7,57%
NRF	NP	Switzerland	2 201 747,80	1,15%
NRF	NP	Sweden	1 491 414,00	0,78%
NRF	NP	Algeria	1 005 960,00	0,53%
NRF	NP	Spain	896 308,60	0,47%
NRF	NP	Kuwait	697 219,50	0,36%
NRF	NP	Italy	505 767,35	0,26%
NRF	NP	Taiwan	345 000,00	0,18%
NRF	NP	B.L.E.U	309 324,00	0,16%
NRF	NP	Other	847 897,75	0,44%
Total			191 403 335,56	100,00%

3. Structure of investment in listed securities of resident foreign legal entities, held in Morocco, by nationality

Type	Category	Nationality	Amount	Percentage
RF	LE	France	1 163 930 202,42	99,61%
RF	LE	Canada	2 298 820,30	0,20%
RF	LE	United states	2 287 611,15	0,20%
RF	LE	Lebanon	5 618,00	0,00%
Total			1 168 522 251,87	100,00%

4. Structure of investment in listed securities of resident foreign natural persons, held in Morocco, by nationality

Type	Category	Nationality	Amount	Percentage
RF	NP	France	186 579 176,27	87,65%
RF	NP	Germany	9 368 134,10	4,40%
RF	NP	Spain	5 524 902,00	2,60%
RF	NP	Saudi Arabia	4 992 021,70	2,35%
RF	NP	B.L.E.U	1 057 739,95	0,50%
RF	NP	Algeria	819 412,70	0,38%
RF	NP	Syria	623 555,65	0,29%
RF	NP	Switzerland	571 949,00	0,27%
RF	NP	Italy	540 356,85	0,25%
RF	NP	Iraq	403 565,75	0,19%
RF	NP	Other	2 395 040,05	1,13%
		Total	212 875 854,02	100,00%

5. Structure of investment in UCITS shares of non-resident foreign natural persons, by nationality

Type	Category	Nationality	Amount	Percentage
NRF	NP	France	136 424 747,74	80,12%
NRF	NP	Switzerland	7 578 529,33	4,45%
NRF	NP	Iraq	7 549 694,34	4,43%
NRF	NP	Spain	6 724 647,70	3,95%
NRF	NP	Saudi Arabia	3 458 320,14	2,03%
NRF	NP	Sweden	1 866 764,46	1,10%
NRF	NP	Cameroon	1 114 057,52	0,65%
NRF	NP	Japan	861 241,60	0,51%
NRF	NP	Mauritania	781 121,06	0,46%
NRF	NP	Great Britain	774 770,14	0,46%
NRF	NP	Other	3 143 328,14	1,85%
		Total	170 277 222,17	100,00%

6. Structure of investment in UCITS shares of non-resident foreign legal entities, by nationality

Type	Category	Nationality	Amount	Percentage
NRF	LE	France	45 577 715,22	71%
NRF	LE	Great Britain	12 388 199,19	19%
NRF	LE	Spain	3 668 147,60	6%
NRF	LE	Belgium	2 945 757,60	5%
		Total	64 579 819,61	100%

7. Structure of investment in UCITS shares of resident foreign legal entities, by nationality

Type	Category	Nationality	Amount	Percentage
RF	LE	United States	31 749 403,52	58,87%
RF	LE	France	17 016 320,13	31,55%
RF	LE	Syria	785 535,36	1,46%
RF	LE	Algeria	4 376 634,40	8,12%
		Total	53 927 893,41	100,00%

8. Structure of investment in UCITS shares of resident foreign natural persons, by nationality

Type	Category	Nationality	Amount	Percentage
RF	NP	France	139 154 707,13	59%
RF	NP	Spain	28 256 510,97	12%
RF	NP	Germany	19 667 853,51	8%
RF	NP	Italy	13 181 688,63	6%
RF	NP	Sweden	12 005 277,22	5%
RF	NP	United States	6 249 509,58	3%
RF	NP	Lybia	4 028 744,50	2%
RF	NP	BLEU	2 379 220,00	1%
RF	NP	Iran	2 149 661,09	1%
RF	NP	Netherlands	2 127 060,50	1%
RF	NP	Palestine	1 509 717,93	1%
RF	NP	Iraq	1 019 212,43	0%
RF	NP	Denmark	749 169,28	0%
RF	NP	Canada	683 980,98	0%
RF	NP	Tunisia	585 080,00	0%
RF	NP	Other	3 525 315,88	1%
		Total	237 272 709,63	100,0%

9. Distribution of foreign investment in UCITS shares by investors' type and UCITS classification (in millions of Dirhams)

		Shares	Contractual	Diversified	Money	ST bonds	MLT bonds	Overall total
NRF	LE	-	13 020 487	-	50 784 281	511 945	263 107	64 579 820
		0%	8%	0%	8%	0%	0%	5%
	NP	6 405 025	25 603 311	10 594 976	52 035 825	48 089 757	27 548 327	170 277 222
		17%	16%	19%	8%	27%	12%	13%
RF	LE	-	4 406 460	-	14 826 980	31 749 404	2 945 050	53 927 893
		0%	3%	0%	2%	18%	1%	4%
	NP	12 454 643	24 619 699	14 938 391	70 749 946	64 429 293	49 518 323	236 710 294
		32%	15%	27%	11%	36%	22%	18%
MRA	NP	19 897 564	93 683 480	29 657 290	448 520 072	32 490 867	149 777 894	774 027 167
		51%	58%	54%	70%	18%	65%	60%
Overall total		38 757 232	161 333 438	55 190 658	636 917 104	177 271 265	230 052 701	1 299 522 397