



Foreign investment in Casablanca stock exchange

June 2014

SYNTHESIS

In 2013, the number of foreign investors in publicly listed shares in Casablanca stock exchange recorded an increase; it rose at the end of 2012 from 4560 investors to 4874 at the end of 2013. The Geographical origin of foreigners and Moroccans Resident Abroad (MRA) capital remain broadly stable in 2013. The salient fact to point out compared to 2012 is the decline of the European share; however, an increase was recorded in the share of investors from the Middle East.

Foreign investment in publicly listed shares in Casablanca stock exchange recorded an increase of 16%, moving from 118.1 billion in 2012 to 136,99 billion in 2013. This increase is due in part to the IPO of JLEC held up to 85.79% by Emirati TAQA.

The most of foreign investment in listed shares is in the form of strategic investments. The share of those in the total amount of foreign investment in 2013 remained the same as 2012 and dominates up to 89.52%. However, the float share of foreign capital invested in the Casablanca Stock Exchange increased slightly compared to 2012 and amounted to 3.18% of market capitalization.

Finally, foreign investment in UCITS shares amounted to 944.2 million dirhams in 2013, down by 27% compared to 2012 where it stood at 1.299 billion dirhams.

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METHODOLOGY

The preparation of this report is based on the following information and data:

- Statistics provided by custodians related to the allocation of assets and the list of foreign investors and MRA;
- Declarations of crossing thresholds;
- Estimation of floats and the prices of the securities provided by the Casablanca Stock Exchange.
- For UCITS, the valuation is prepared on the basis of the last net asset value of the year;
- The shareholders of listed companies as published on the Stock Exchange website.

It is important to note that this report, the concept of foreign investment defines investment acts performed by foreign natural persons and corporations, whether resident or not in Morocco, but also by MRA. In this regard, note that:

- For Moroccans resident abroad and foreigners resident in Morocco, the custodian lists only the operations financed by currency contribution, by debiting a foreign account in convertible dirham, a currency account or by any other financing method identified with the inflow of foreign currency according to the provisions of Articles 772 to 773 of the stock exchange Regulation.
- For nonresident foreigners in Morocco, all transactions are recorded as long as they are all financed by inflow of foreign currency.

I. Listed securities

1. EVOLUTION OF THE SHARE HELD BY FOREIGNERS AND MRA

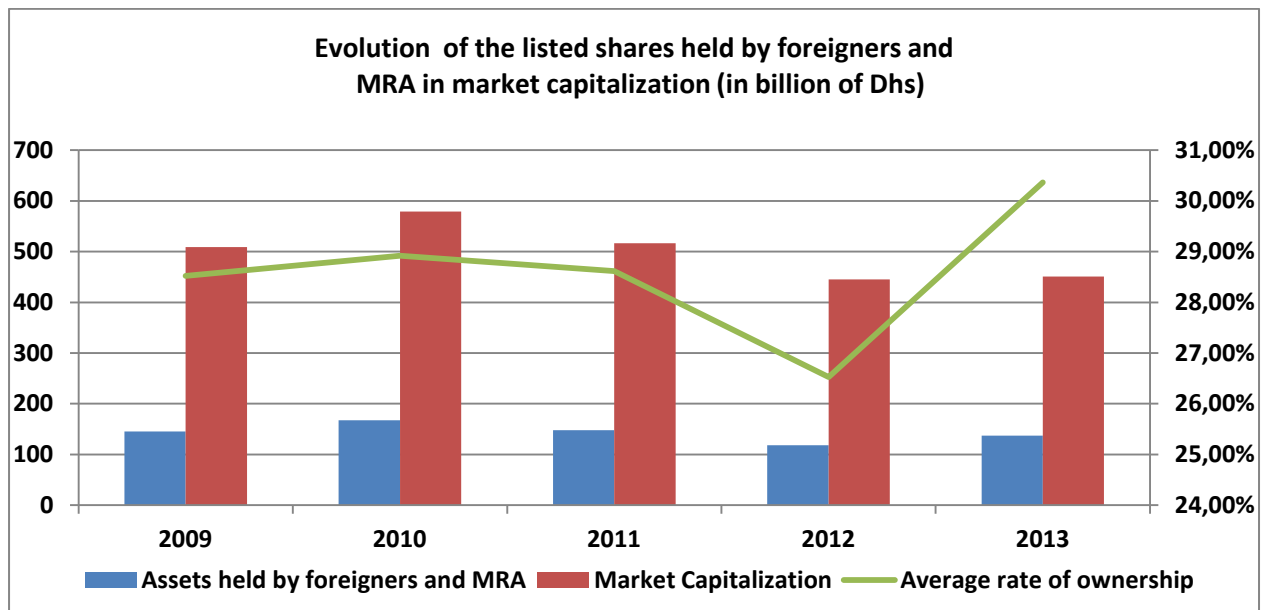
For the financial year 2013, the analysis of data on foreign investment in listed securities on the Casablanca Stock Exchange shares allows to draw the following conclusions:

- **Increase in the value of foreign investments in listed securities**

At December 31st, 2013 the total amount of foreign investments in listed securities recorded an increase of 16% compared to the previous year, rising from 118.10 to 136, 99 billion dirhams, after two consecutive years of decline.

This increase is partly due to the IPO of JLEC Company capitalized at over one billion dirhams, mainly owned by foreigners. The increase is also due to the increasing number of foreign investors, passing from 4560 at the end of 2012 to 4874 by the end of 2013.

Indeed, at constant prices compared to 2012, the current portfolio is valued at 140.08 billion dirhams.



Source: Custodians, Casablanca stock exchange, CDVM calculations

The share of capital held by foreign investors and MRA in listed companies varies according to the company and the activity sector. The distribution of the amount held did not undergo any significant change while the average rates of ownership have however varied between 2012 and 2013.

Share of capital held by foreigners and MRA	Number of listed companies			Ownership average rate by Foreigners and MRA		
	2011	2012	2013	2011	2012	2013
From 0 to 25%	59	57	51	2,80%	3,69%	4,67%
From 25 to 50%	6	8	9	34,20%	30,55%	33,46%
From 50 to 75%	9	8	11	63,60%	54,83%	57,85%
More than 75%	4	4	5	84,50%	79,73%	84,29%
Total	78	77	76			

Source: Custodians, Casablanca stock exchange, CDVM calculations

Generally, investments of foreign investors and MRA remain a minority within listed companies since more than two thirds of listed companies show an average rate of ownership of 4.67%.

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

	2011		2012		2013	
	Amount	%	Amount	%	Amount	%
Foreign and MRA investments held in Morocco, including:	147 724	100%	118 100	100%	136 990	100%
- Strategic share	132 485	89,70%	106 141	89,90%	122 634	89,52%
- Float	15 239	10,30%	11 959	10,10%	14 356	10,48%
Market capitalization	516 222		445 268		451 113	
Float market capitalization	119 593		102 526		101 251	
Foreign and MRA investment/Market Cap	28,60%		26,50%		30,37%	
Strategic share/ Market cap	25,70%		23,80%		27,18%	
Float/Market Cap	3,00%		2,70%		3,18%	
Float/Float market Cap	12,70%		11,70%		14,18%	

Source: Custodians, Casablanca stock exchange, CDVM calculations

• Net presence of strategic contributions

It is worth mentioning that to measure the share of float owned by foreign investors and MRA, the CDVM considers as a strategic contribution, any contribution representing over 4% of the capital. To this end, the share of strategic contributions in the total amount of foreign investment in the stock market has always had the same importance.

The proportion of strategic contributions in the amount of foreign investment in listed securities is almost identical to that of the previous year and stands at 89.52% at the end of 2013.

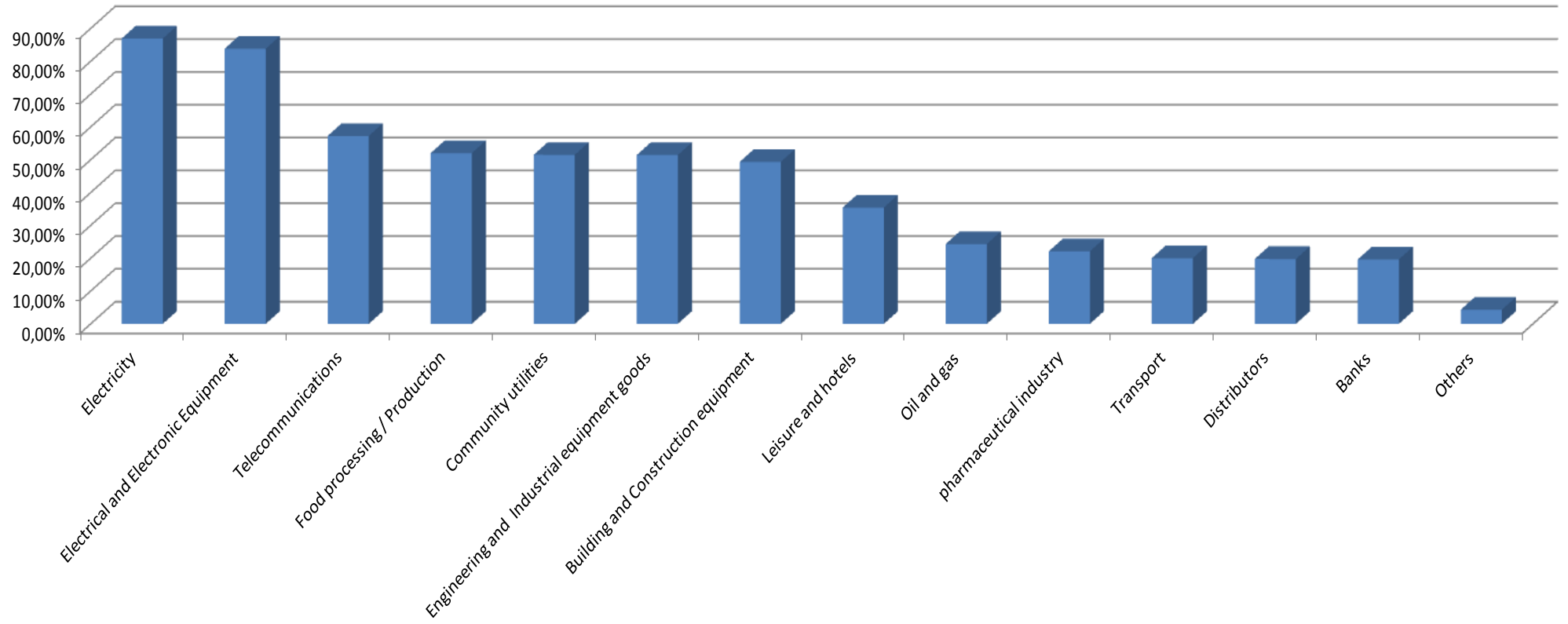
Reported to market capitalization, strategic contributions represent about 27.18% in 2013 against 23.8% in 2012.

• Increase of the float share of foreign capital in listed securities

Float share compared to the market capitalization of foreign capital invested in the Casablanca Stock Exchange and held in Morocco is up for the year 2013 to stand at 3.18% after having recorded 2.7% in 2012 and 3 % in 2011. In addition, the ratio of float share and the float capitalization represent in its turn 14.18%.

2. DISTRIBUTION OF THE INVESTMENT BY ACTIVITY SECTOR

Foreign investment in the stock market is concentrated in 13 sectors, namely electricity (JLEC 87%), electrical and electronic equipment (NEXAN Maroc 84%), telecommunications (57% IAM), food processing and production(52%), community utilities (LYDEC 51%), engineering and industrial equipment(51%), building and construction materials (49%), leisure and hospitality (35 %), oil and gas (24%), pharmaceuticals (22%), transport (20%), distributors (19%) and banks 19%.



Source: Custodians, Casablanca stock exchange, CDVM calculations

3. GEOGRAPHICAL ORIGIN OF FOREIGN INVESTORS AND MRA

- **Dominance of European investors**

The geographical origin of foreign and MRA capital remains broadly stable in 2013. The salient fact to point out compared to 2012 is the decline of the European share against the increase of the investors' share from the Middle East due to the IPO of JLEC held up to 85.79% by Emirati TAQA. The analysis of the distribution of investors in listed securities by nationality shows that European investors remain key holders with 80.55% of total foreign investment in terms of volume. Second come the investors from the Middle East with 10.47% and North America with 3.98%.

Geographical origin	2011		2012		2013	
	Capitalization	FI share	Capitalization	FI investment	Capitalization	FI investment
	share		share		share	
Europe	25,19%	88,02%	24,05%	90,68%	24,46%	80,55%
Middle east	1,27%	4,44%	0,88%	3,30%	3,18%	10,47%
North america	0,81%	2,82%	1,39%	5,23%	1,21%	3,98%
Africa	1,27%	4,44%	0,14%	0,52%	0,71%	2,34%
Asia, Oceania and south america	0,08%	0,28%	0,07%	0,27%	0,81%	2,66%
Total	28,62%	100,00%	26,52%	100,00%	30,37%	100,00%

Source: Custodians, Casablanca stock exchange, CDVM calculations

4. DISTRIBUTION OF THE INVESTMENT AMOUNT BY INVESTORS TYPE

- **Dominance of non-resident foreign corporations**

The amount invested by non-resident investors (corporations) is up to 15.40% at the end of 2013, with more than 134.1 billion dirhams. The share of this category of investors declined slightly compared to 2012, representing 97.90% of the total foreign investment in listed securities.

Type	Category	31/12/2011		31/12/2012		31/12/2013		variation
		Amount	%	Amount	%	Amount	%	2012vs2013
NRF	Corporation	145 696	98,60%	116 219	98,40%	134 118	97,90%	15,40%
	Natural person	245	0,20%	191	0,20%	222	0,16%	16,17%
RF	Corporation	1053	0,70%	1 169	1,00%	1 110	0,81%	-5,05%
	Natural person	349	0,20%	213	0,20%	1 233	0,90%	478,83%
MRA	Natural person	383	0,30%	308	0,30%	308	0,22%	-0,04%
Total		147 726	100%	118 100	100%	136 990	100%	16,00%

Source: Custodians, Casablanca stock exchange, CDVM calculations

- **Strong presence of non-resident French corporations**

The analysis of the structure of foreign investment by nationality and type of investors reveals a quasi dominance of French corporations.

However, the share of French corporations in the investment by non-resident foreign corporations has decreased from 77.22% in 2012 to 69.90% in 2013.

5. DISTRIBUTION BY CUSTODY PLACE

- **Dominance of securities held in Morocco**

Nearly 99.92% of the market capitalization is held by Moroccan custodians affiliated to the Central Depository Maroclear.

- **A security is partly held outside Morocco**

The share of securities held outside Morocco is down from 0.12% of market capitalization in 2012 to 0.08% at end of 2013.

Maroc Telecom is the only security that is partly held outside Morocco by custodians affiliated to the French central depository Euroclear France.

Distribution of the market capitalization by custody place

(In Millions of Dirhams)

	31/12/2011		31/12/2012		31/12/2013		Variation 2012/2013
	Amount	%	Amount	%	Amount	%	
Market Capitalization including :	516 222	100,00%	445 267	100,00%	451 113	100,00%	1,31%
Held outside Morocco including :	740	0,14%	536	0,12%	379	0,08%	-29,29%
- Maroc Telecom security	740	0,14%	536	0,12%	379	0,08%	-29,29%
Held in Morocco :	515 482	99,86%	444 731	99,90%	450 734	99,92%	1,35%
Held by resident Moroccans	367 756	71,20%	328 189	73,70%	314 123	69,63%	-4,29%
Held by foreigners and MRA, including:	147 727	28,60%	118 100	26,20%	136 990	30,37%	15,99%
- Resident foreigners	1 402	0,30%	1 381	0,30%	2 343	0,52%	69,65%
- Non resident foreigners	145 942	28,30%	114 853	25,80%	134 340	29,78%	16,97%
- MRA	383	0,10%	308	0,10%	308	0,07%	-0,04%

Source: Custodians, Casablanca stock exchange, CDVM calculations

II. UCITS

1. EVOLUTION OF FOREIGN INVESTMENT IN UCITS SHARES

At December 31st 2013, the amount of foreign investment in UCITS shares reached 944.2 million dirhams against 1.299 billion dirhams in 2012, recording an annual decline of 27%. During the same period, the total net asset under UCITS management rose by 1.53% to stand at 245.5 billion against 241.8 billion in 2012.

The share of UCITS shares held by foreigners and MRA compared to the total net asset of UCITS decreased slightly from 0.54% in 2012 to 0.38% in 2013.

Foreign resident investors (natural persons) in Morocco witnessed the highest growth in terms of the amount invested. Indeed, the volume held by foreign residents rose sharply in one year from 236.7 million dirhams in 2012 to 316,4 million dirhams in 2013; an increase of nearly 34% in the investment amount.

The largest decline this year concerns mainly the MRA who represented in 2012, 59.56% of the total foreign investment in UCITS shares while they represent this year only 39.26%, that is a decrease of almost 52 % in the amount invested.

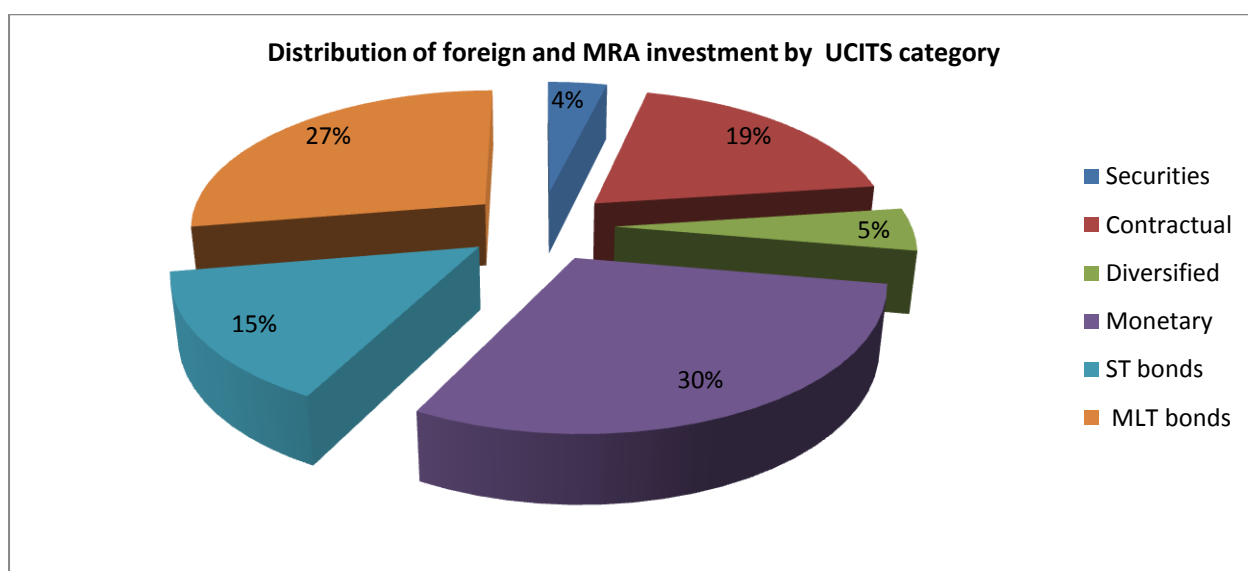
The second drop recorded in 2013 concerns foreign resident corporations whose investment in UCITS declined by 47%. In 2012, this category of investors contributed up to 4.15% of the total foreign investment in UCITS shares while this year, it represents only 3.02%.

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

Type	Category	31/12/2011		31/12/2012		31/12/2013		Variation 2012/2013
		Amount	%	Amount	%	Amount	%	
NRF	Corporation	72 565 697,76	8,09%	64 579 819,61	4,97%	68 076 013,73	7,21%	5%
	Natural person	166 632 753,26	18,58%	170 277 222,17	13,10%	160 534 990,93	17,00%	-6%
RF	Corporation	21 516 040,06	2,40%	53 927 893,41	4,15%	28 530 300,61	3,02%	-47%
	Natural person	267 903 993,67	29,88%	236 710 294,03	18,22%	316 370 583,49	33,51%	34%
MRA	Natural person	368 069 043,38	41,05%	774 027 167,37	59,56%	370 711 778,88	39,26%	-52%
Total		896 687 528	100,00%	1 299 522 397	100,00%	944 223 668	100,00%	-27%
Global UCITS net asset		229 479 777 690		241 852 651 194		245 543 989 501		
Total/global net asset		0,39%		0,54%		0,38%		

2. PREFERENCE FOR MONETARY UCITS AND BOND UCITS

The total amount of investment in UCITS shares held by foreign investors in 2013 again shows a preference for "Monetary" UCITS with a share of 30% (against 49% in 2012), followed by M< bonds with 27% against 18% in 2012. However, the invested share in contractual UCITS represents 19% of the amount invested.



3. DOMINANCE OF NATURAL PERSONS

The observed trend in these recent years is further confirmed this year with the dominance of natural persons over foreign investment in UCITS shares.

In terms of investment amounts, the share of natural persons stands at the same level as the previous year, recording at the end of 2013, 847,6 million dirhams against 1,181,01 million dirhams in 2012 (a decrease of 28 % in terms of volume).

MRA represent nearly 40% of total foreign investments in UCITS, against 59% in 2012. Resident foreigners come next with 36.5% and at the last position nonresident foreigners with 24.21% of total investment in UCITS shares.

III. Conclusion

The share of market capitalization held by foreigners and MRA stood at 30.37% in 2013 against 26.5% in 2012. The increase of the amount of foreign investment is due to an increase in the number of investors and the IPO of JLEC Company.

Europeans remain the largest foreign investors in the Casablanca Stock Exchange with 24.46% of the market capitalization, 71.07% of which are French investors.

Regardless of its negligible weight in market capitalization, float share of foreigners and Moroccans resident abroad in market capitalization rose slightly in 2013 with 3.18% against 2.7% in 2012.

Strategic contributions dominate up to 89.52% of total foreign and MRA investments in the Casablanca Stock Exchange.

The outstanding of foreign investment in UCITS shares fell by 27% but represents only a negligible share of the total net asset (0.38%).

IV. Appendices

Abbreviations

NRF	: Nonresident foreigners
RF	: Resident foreigners
MRA	: Moroccans resident abroad
Cor	: Corporations
NP	: Natural persons
B.L.E.U	: Belgium-Luxembourg Economic Union
UCITS	: Undertakings for Collective Investment in Transferable Securities
STB	: Short term bonds
M<B	: Medium and long term bonds

1. Structure of the investment in listed securities of nonresident foreign corporations held in Morocco by nationality

Type	Category	Nationality	Amount	Percentage
NRF	Cor	FRANCE	95 764 397 230,92	71,40%
NRF	Cor	UNITED ARAB EMIRATES	10 558 955 814,20	7,87%
NRF	Cor	UNITED STATES	4 822 285 769,95	3,60%
NRF	Cor	B.L.E.U	4 083 052 166,76	3,04%
NRF	Cor	SINGAPORE	3 618 972 060,29	2,70%
NRF	Cor	SPAIN	3 268 264 875,00	2,44%
NRF	Cor	GREAT BRITAIN	3 033 588 493,45	2,26%
NRF	Cor	SAUDI ARABIA	2 379 069 769,00	1,77%
NRF	Cor	SWEDEN	2 129 244 614,00	1,59%
NRF	Cor	KUWAIT	1 279 604 131,70	0,95%
NRF	Cor	PORTUGAL	947 677 131,00	0,71%
NRF	Cor	SOUTH AFRICA	804 244 997,50	0,60%
NRF	Cor	Others	1 428 407 121,15	1,07%
Total			134 117 764 174,92	100,00%

2. Structure of the investment in listed securities of nonresident foreign natural persons held in Morocco by nationality

Type	Category	Nationality	Amount	Percentage
NRF	NP	FRANCE	155 864 352,64	70,25%
NRF	NP	UNITED ARAB EMIRATES	41 900 672,00	18,88%
NRF	NP	SAUDI ARABIA	15 826 550,00	7,13%
NRF	NP	SWITZERLAND	2 014 150,80	0,91%
NRF	NP	SPAIN	1 696 506,80	0,76%
NRF	NP	SWEDEN	1 179 192,00	0,53%
NRF	NP	ALGERIA	1 001 330,50	0,45%
NRF	NP	KUWAIT	619 164,00	0,28%
NRF	NP	ITALY	490 428,00	0,22%
NRF	NP	TAIWAN	265 650,00	0,12%
NRF	NP	CANADA	258 019,60	0,12%
NRF	NP	GERMANY	226 974,65	0,10%
NRF	NP	Others	533 179,80	0,24%
		Total	221 876 170,79	100,00%

3. Structure of the investment in listed securities of resident foreign natural persons held in Morocco by nationality

Type	Category	Nationality	Amount	Percentage
RF	Cor	FRANCE	1 082 149 273,05	97,50%
RF	Cor	UNITED STATES	27 681 883,60	2,49%
RF	Cor	B.L.E.U	116 955,00	0,01%
		Total	1 109 948 111,65	100,00%

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

Type	Category	Nationality	Amount	Percentage
RF	NP	LEBANON	814 817 956,20	66,09%
RF	NP	FRANCE	357 469 600,21	28,99%
RF	NP	UNITED ARAB EMIRATES	35 479 680,00	2,88%
RF	NP	GERMANY	9 486 254,45	0,77%
RF	NP	SPAIN	5 605 984,57	0,45%
RF	NP	SAUDI ARABIA	2 920 414,70	0,24%
RF	NP	B.L.E.U	1 098 148,60	0,09%
RF	NP	ALGERIA	1 003 750,60	0,08%
RF	NP	SYRIA	601 744,90	0,05%
RF	NP	IRAQ	569 307,20	0,05%
RF	NP	TUNISIA	551 956,20	0,04%
RF	NP	ITALY	468 464,60	0,04%
RF	NP	Others	2 826 198,75	0,23%
Total			1 232 899 460,98	100,00%

5. Structure of the investment in UCITS shares of nonresident foreign natural persons by nationality

Type	Category	Nationality	Amount	Percentage
NRF	NP	FRANCE	137 496 222,97	85,65%
NRF	NP	SWITZERLAND	5 588 412,51	3,48%
NRF	NP	SPAIN	4 840 480,83	3,02%
NRF	NP	B.L.E.U	3 613 965,45	2,25%
NRF	NP	ALGERIA	1 508 882,73	0,94%
NRF	NP	SAUDI ARABIA	1 025 136,52	0,64%
NRF	NP	GERMANY	1 005 800,48	0,63%
NRF	NP	MAURITANIA	752 219,09	0,47%
NRF	NP	UNITED STATES	643 734,58	0,40%
NRF	NP	GREAT BRITAIN	614 619,31	0,38%
NRF	NP	OTHERS	3 445 516,47	2,15%
Total			160 534 990,93	100,00%

6. Structure of the investment in UCITS shares of nonresident foreign corporations by nationality

Type	Category	Nationality	Amount	Percentage
NRF	Cor	FRANCE	44 099 254,35	64,78%
NRF	Cor	GREAT BRITAIN	11 594 686,84	17,03%
NRF	Cor	B.L.E.U	8 589 456,70	12,62%
NRF	Cor	SPAIN	3 792 615,84	5,57%
		Total	68 076 013,73	100,00%

7. Structure of the investment in UCITS shares of resident foreign corporations by nationality

Type	Category	Nationality	Amount	Percentage
RF	Cor	FRANCE	25 652 384,03	89,91%
RF	Cor	UNITED STATES	1 755 700,98	6,15%
RF	Cor	ALGERIA	1 122 215,60	3,93%
		Total	28 530 300,61	100,00%

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

Type	Category	Nationality	Amount	Percentage
RF	NP	FRANCE	233 402 993,37	73,78%
RF	NP	GERMANY	15 761 084,51	4,98%
RF	NP	UNITED STATES	15 760 388,71	4,98%
RF	NP	SPAIN	10 652 518,57	3,37%
RF	NP	ITALY	10 013 689,42	3,17%
RF	NP	SWEDEN	9 257 993,53	2,93%
RF	NP	LIBYA	5 692 088,96	1,80%
RF	NP	IRAN	2 220 153,75	0,70%
RF	NP	NETHERLANDS	2 211 411,11	0,70%
RF	NP	TUNISIA	1 817 302,55	0,57%
RF	NP	GREAT BRITAIN	1 695 062,18	0,54%
RF	NP	PALESTINE	1 562 018,57	0,49%
RF	NP	IRAQ	1 038 377,13	0,33%
RF	NP	B.L.E.U	899 005,89	0,28%
RF	NP	DENMARK	764 402,84	0,24%
RF	NP	OTHERS	3 622 092,41	1,14%
		Total	316 370 583,49	100,00%

9. Distribution of foreign investment in UCITS shares by investor type and UCITS classification

		Securities	Contractual	Diversified	Monetary	ST BONDS	M< BONDS	OVERALL TOTAL
NRF	Cor	0	37 033 115	0	30 150 534	892 365	0	68 076 014
		0%	21%	0%	11%	1%	0%	7%
	NP	5 337 258	3 591 090	9 030 029	78 060 607	39 705 845	24 810 162	160 534 991
		15%	2%	20%	28%	28%	9%	17%
RF	Cor	0	1 152 943	0	22 557 372	1 755 701	3 064 285	28 530 301
		0%	1%	0%	8%	1%	1%	3%
	NP	11 404 446	113 448 646	12 557 279	87 724 691	51 103 787	40 131 735	316 370 583
		32%	63%	27%	31%	37%	15%	34%
MRA	NP	19 254 164	24 668 934	24 332 398	63 203 343	46 076 649	193 176 291	370 711 779
		53%	14%	53%	22%	33%	74%	39%
OVERALL TOTAL		35 995 868	179 894 727	45 919 706	281 696 548	139 534 346	261 182 472	944 223 668