



Barclays Bank of Kenya



BARCLAYS LAUNCHES FIRST EXCHANGE TRADED FUND (ETF) IN KENYAN MARKET

Kenyans now have an opportunity to trade in ETFs following the launch and listing of the Barclays NewGold ETF on the Nairobi Securities Exchange (NSE) this morning. The NewGold ETF which is also listed on the JSE (Johannesburg Stock Exchange) enables investors to invest in an instrument which tracks the price of Gold Bullion. ETFs are based on the real time value of the underlying asset they track.

The Barclays NewGold ETF will trade in the same manner as a normal equity security and will be subject to similar tax treatment and will be Kenya Shillings (KSh) (a Shilling). The NewGold ETF price will be based on the KES equivalent of the prevailing international market price of gold (in USD).

Each NewGold security is equivalent to approximately 1/100th of an ounce of gold which is held in a secure depository on behalf of investors and is backed by physical gold. Its value is dependent on the fluctuations in the underlying currency price of gold bullion. It will trade under the abbreviated name: "BARCLAYS NEWGOLD ETF" and NSE

symbol: "GLD". Barclays will use Kenya as the base from which it will serve regional demand for NewGold ETF.

"NewGold ETF will introduce depth and range to the NSE further entrenching the Exchange as the undisputed regional financial hub and based on our interactions with brokers and fund managers the market is hungry for this product," said Barclay Bank of Kenya Managing Director, Jeremy Awori.

Kenya becomes the 7th market within the Barclays Africa Group to launch this nouvelle proposition, which, valued at approximately USD 1.4Billion is the largest Gold ETF in Africa and the 7th largest in the world. 400,000 units, valued at nearly half a billion shillings, will be available for this market at the time of the listing with the opportunity for growth depending on demand.

It is the first ETF to be listed in East Africa after NSE and the Capital Markets Authority enacted regulations allowing these new instruments to the market.

Speaking at the launch, the Chief Executive of NSE, Mr. Geoffrey Odundo said *"ETFs are a significant and highly successful product of financial innovation that are found in more developed financial markets. We are happy to add another new segment for investors to benefit from. ETFs allow investors to spread their risk, diversify their portfolio and have ease of purchase and exit."* Adding that *"The Exchange will continue to support the growth of the ETF market through our dedicated Business Development and Public Education program to see more investors participate in the market."*

The Barclays NewGold ETF is the product of NewGold Issuer (RF) Limited (*the issuer*) and its authorized representative or *market maker* in Kenya is the Barclays Financial Services Limited (BFSL), the stock brokerage subsidiary of Barclays Bank of Kenya.

"BFSL will be the first market maker for ETFs in Kenya, which means, that if an investor wants to sell and there is nobody else out there who wants to buy, they can go to BFSL and it will buy from them. BFSL will be providing a bind offer (buy-sell)," said Mr. Awori.

The NewGold ETF was first listed in South Africa in 2004 as the 3rd gold ETF in the world. The first gold ETF was launched in the US in 2003. NewGold ETF has since been successfully launched in Botswana (2010), Nigeria (2011), Ghana (2012), Mauritius (2013) and Namibia (2014).

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About NewGold ETF

NewGold is an Exchange Traded Fund listed on the JSE which enables investors to invest in a Gold Bullion debenture, the value of which tracks the price of the price of gold. The NewGold ETF derives its name from NewGold Issuer (RF) Limited – NewGold NewGold Issuer(RF) Limited, an entity that was launched by Absa Capital and managed by NewGold Manager (Pty) Ltd. It was formed 12 years ago and is housed at Absa Tower West, South Africa.

The Barclays NewGold ETF will trade in the same manner as a normal equity security and will be subject to the similar tax treatment. Disposals of the Gold Bullion Debentures will not attract capital gains tax in Kenya, in line with the treatment accorded listed instruments. ETF's are based on the real time value of the underlying asset they track. The NewGold ETF will be Kenya Shillings (KES) (ent. Disposals of NewGold ETF price will be based on the KES equivalent of the prevailing international market price of gold (in USD).

Price movement of the ETF will be determined by the price movement of gold. There will accordingly be no intra-day price limit on the ETF and there will not be price limits between trading sessions. Each security references approximately 1/100 troy ounces of Gold Bullion.

The allocated gold held as security has to be of SA origin, meaning it falls under SA Reserve Bank regulations. Gold is transported to London and held in safe custody by the NewGold's custodian, ICBC Standard Bank. The gold is insured, allocated and cannot be lent out. The physical gold is independently audited by NewGold's auditors.

Currently, Kenya is the third largest stock-market hub in Sub-Saharan Africa after the South African JSE and Nigeria's SEC, with its move into ETFs now poised to make it an even more competitive investment hub.

About Barclays Financial Services Limited

The Barclays Financial Services Limited (BFSL) is the stock brokerage and investment banking subsidiary of Barclays Bank of Kenya. Led by some of Kenya's most experienced stock brokers, BFSL is part of Barclays Africa Group (BAGL), to a pan-African stock broking operation of 330 staff based in nine other African countries namely: Botswana, Ghana, Mauritius, Mozambique, Seychelles, South Africa, Tanzania, Uganda and Zambia.

As part of a regional bank, it brings a range of new investment products and services to the country. BFSL offers cash equity trading services, fixed income and bond trading, and derivatives. The brokerage also offers a key research portal, Barclays Live, providing world class global research, indices, data and analytical tools, and client sector-based research.

It is also the market maker for the NewGold ETF, the first exchange traded fund product launched in the region.

About the Nairobi Securities Exchange

The Nairobi Securities Exchange (NSE) is the principal securities exchange of Kenya. Besides equity securities, the NSE offers a platform for the issuance and trading of debt securities. The NSE is a member of the African Securities Exchanges Association (ASEA) and the East African Securities Exchanges Association (EASEA). It is a full member of the Association of Futures Markets (AFM) and an affiliate member of the World Federation of Exchanges (WFE), and a partner Exchange in the United Nations Sustainable Stock Exchanges Initiative (SSE).