



Botswana Stock Exchange Limited

NEWS

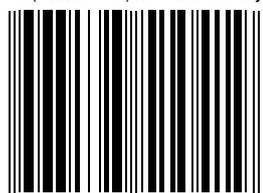
ISSUE NO.8 • OCTOBER - DECEMBER 2019

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WHERE ONE SMILE STARTS ANOTHER



Hello Readers. It is my pleasure to welcome you to the latest edition of the Botswana Stock Exchange (BSE) publication, the *BSE News*.

Seems like it was only just yesterday when the year began. I still remember the excitement in the office as we rolled out our plans to commemorate and celebrate our 30th year in operation. The existence and success of the BSE cannot be attributed to just one party, but rather the collective efforts of all stakeholders to nurture and grow our domestic capital markets. As we draw closer to the end of the year, it is with this in mind that we have found it fitting to appropriately theme this edition of the BSE News; **Strengthening Collaboration**.

In the spirit of collaboration, let me first start off by thanking all the participating stakeholders who contributed towards the success of the recently held inaugural Tshipidi Mentorship Program (TMP). Evidently, the market has been crying out for such an initiative as stimulating the economic transformational and diversification drive has become a national priority for Government. However, it is fair to say that Government cannot tackle this issue alone as it is the collaborative responsibility of all stakeholders to initiate synergies that can foster the development of SMEs

in Botswana. Traditionally, the growth of SMEs in Botswana has been constrained by a lack of access to finance as lending has been dominated by commercial banks as they are the major suppliers of credit to households and private businesses in Botswana. While the focus has centered around enhancing access to capital, there is growing emphasis on the need to diversify the range of financing options that are available to SMEs, and consequently the potential role of capital markets in SME financing. Avenues like the stock exchange have not been fully utilised as there remains an opportunity for access to equity market finance. Hence, the birth of the TMP.

We established this comprehensive three (3) months Program as a means to groom companies on the elements of corporatization through practical training administered by industry experts (advisors in the listings ecosystem) on key themes necessary to prepare and position a company to list on the BSE. These included elements of capital structure, financial reporting, commercial law, listing requirements and corporate governance. This year's intake consisted of seventeen (17) companies from various industries such as banking, retail, transport, manufacturing, energy, to name a few.

I trust and believe that programs such as the TMP will go a long way in stimulating economic development through the promotion of a robust private sector that will enable job creation, induce productivity, and improve infrastructure and foster technological innovation. Let me also take this opportunity to convey special thanks to the Local Enterprise Authority (LEA) as they assisted with inviting companies to partake in the inaugural Program as well as the Business Botswana President, Mr. Gobusamang Keebine, who officiated at the TMP Graduation Ceremony on 3rd September, 2019.

FOREWORD

Moving on, it was business as usual as we held our 7th Annual BSE Senior Secondary Schools Finance & Investment Competition 2019 at Travelodge in Gaborone on 17th August, 2019. This is definitely one (1) of my favorite events in the calendar year as it is our annual flagship, youth-focused initiative that is driven at promoting financial literacy at a grass-root level and cultivating a culture of saving and investing amongst the youth. Due to increased popularity, high interest and quality submissions from the school community, we increased the number of participating schools from eight (8) to ten (10) this year. The Competition was tough as many schools were hungry and desperate to claw away from the trophy from the current champions, Lobatse Senior Secondary School, however it was not to be. Once again, this year's Competition saw Lobatse Senior Secondary School come out victorious as they have now won the coveted prize a record-breaking four (4) times since inception. The runners-up were Francistown Senior Secondary School in 2nd place, Letlhakane Senior Secondary School in 3rd place and Crescent School in 4th place. The students of all the aforementioned schools will have an opportunity to 'kick-start' their investment portfolios as they have been awarded share vouchers amounting to P29, 000.00 in total.

On another note and keeping within the same theme, I am pleased to announce that on 16th September, 2019 my counterpart from the Zimbabwe Stock Exchange (ZSE), Mr. Justin Bgoni and I signed a Memorandum of Understanding (MoU) that will serve as a basis of cooperation between both Exchanges. To supplement this Agreement, a joint strategy has been formulated between the two partners to provide a framework for cooperation in areas such as product and market development, promotion of cross listings, information sharing as well as a revenue sharing agreement on initial listing and continuing obligation fees paid by issuers, amongst others. As the Chairperson of the Committee of SADC Stock Exchange (CoSSE), I hope this will have a domino

effect on the rest of region as we strive to identify opportunities that will contribute towards the development of our local capital markets. I look forward to a long-lasting, fruitful partnership with the ZSE.

Last, but definitely not least, I would like to conclude this foreword by conveying a special thanks to all the sponsors and speakers of the upcoming 23rd Annual African Securities Exchanges Association (ASEA) Conference that is to be held on 25th – 26th November, 2019 in Kasane at the Cresta Mowana Safari Resort & Spa under the theme **'Building Resilient African Capital Markets'**. Winning the bid to host this prestigious, financial markets Conference is an honor and a privilege and it is a testament to the rest of the continent and indeed the world as it reflects on our capabilities as the Exchange to facilitate engagements of this nature.

In closing, this is the last edition of the year, and as such, I would like to take this opportunity to thank all of our valued stakeholders for their support in 2019. We have had an extremely successful year and we could not have achieved our targets without your contributions. Let us continue with the engagements and conversations as we remain steadfast on our journey to become a world-class securities exchange.

I wish you Happy Holidays ahead and a blissful and productive 2020.

We hope you enjoy this edition of the BSE News. Your feedback is important to us, therefore feel free to utilize any of our platforms to provide it.

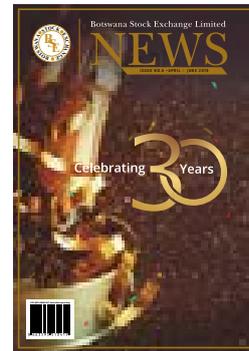
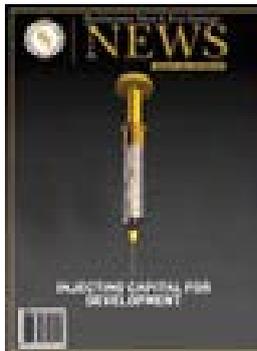
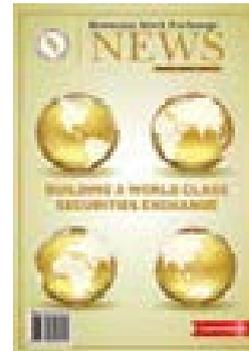
'Your Partner in Wealth Creation'

Thapelo Tsheole
Chief Executive Officer



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PUBLISHED EVERY QUARTER



- **Established in 2017**
- **Published by:**
The Botswana Stock Exchange Limited
- **Physical Address:**
4th Floor, Fairscape Precinct,
Plot 70667, Fairgrounds
- **Postal Address:**
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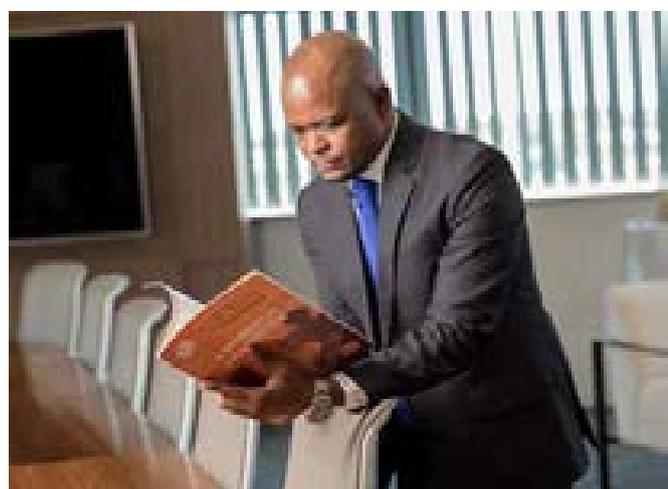
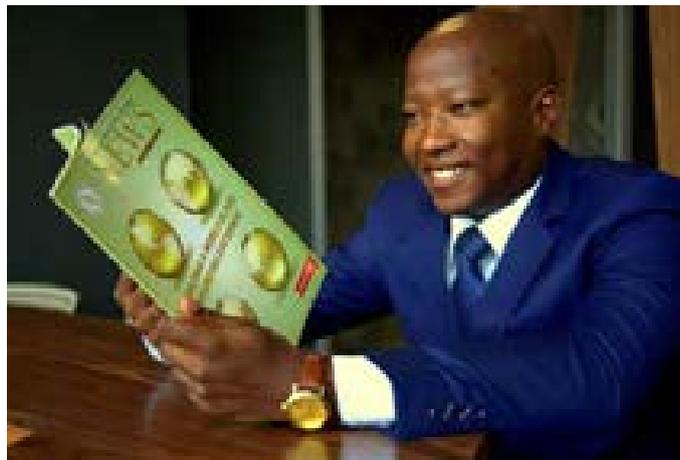
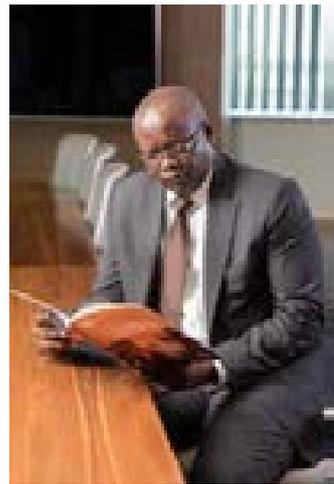
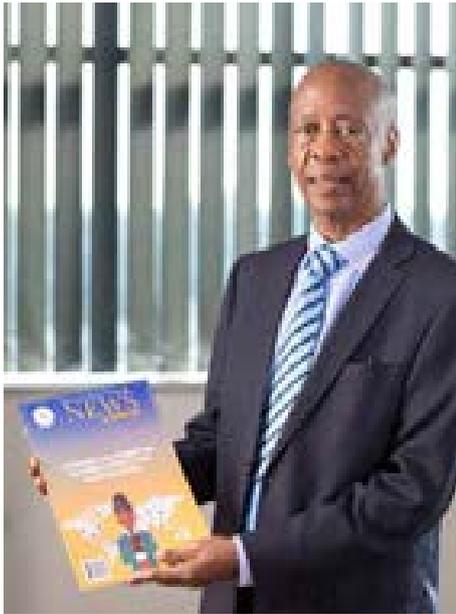
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HAPPY READING!



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Friday	1730 - 1735	RB2	Tsele le Tsele

KNOW YOUR STOCK MARKET TERMS



Accumulated Dividend

- Dividend that is due to the holders of cumulative preferred stock (preference shares) in the current accounting period, but is being carried forward to the next accounting period. It is carried on the account books as a liability until paid.
Annual Return - The amount or rate of income that an investment makes in a year.

Crossed Trade

- A trade in which a broker offsets buy and sell orders without recording the orders on the exchange thus, depriving the investor of the chance to trade at a favorable price. A crossed trade may be considered a form of price manipulation, and, as such, is prohibited on major stock exchanges.

Float

- Number of shares that are outstanding and available for trading by the public.
Growth Stock - Shares in a company that is anticipated to grow at a rate significantly above average for the market. These stocks generally do not pay dividends, as the companies usually want to reinvest any earnings in order to accelerate growth in the short term. Investors earn money through capital gains when they eventually sell their shares.

Majority Shareholder

- A person or entity that owns and controls more than 50% of a company's outstanding shares.

Dividend Policy

- The set of guidelines a company uses to decide how much of its earnings it will pay out to shareholders.

Private Equity

- An asset class consisting of equity securities and debt in operating companies that are not publicly traded on a stock exchange.

Market Inefficiency

- A condition in which current security prices do not reflect all the publicly available information about a security, such as when some investors receive information before others, or when some investors do not effectively analyse the available information.

Venture Capital

- A form of financing that is provided by firms or funds to small, early-stage, emerging companies that are deemed to have high growth potential, or which have demonstrated high growth.

Closing Price

- Price at which the final market transaction in a security took place on a particular business day.
Listing - Acceptance of a security for trading on a registered stock exchange.
Blue Chip Company - Large, well-known company with a long record of profit growth, strong branding and consistent record of paying dividends.

Prospectus

- Legal document offering securities for sale. Provides potential investors with detailed information on the operations and business plans of the issuing company and their objectives or intentions for the use of the money.

Source: Dictionary of Finance & Investment Terms



Capricorn Group injects substantial liquidity into local market

Bank Gaborone, a local Botswana bank established in 2006, is a proud member of Capricorn Group, a regional financial services group. With operations in Botswana, Namibia, Zambia and South Africa, the group is committed to the growth of the economies and communities in all countries within which it operates. Botswana is no exception.

In these tough economic times, funding and liquidity concerns give many businesses, more especially banks, sleepless nights. Bank Gaborone has taken a proactive approach to finding solutions for this pressing issue. In support of Bank Gaborone's drive to freeing up funding and liquidity in the local market in Botswana, Capricorn Group has raised P128.5 million via private bond placement in the local financial market. This is the first placement of a five billion Namibian Dollar amended issuance programme approved by the Botswana Stock Exchange in January.

Not only does this placement inject a substantial amount of liquidity into our local market, it also gives local investors and borrowers a hugely sought-after, local, alternative investment instrument to invest in while keeping funds within Botswana's borders. Additionally, corporates sitting with excess funds currently earning low yields now have a potentially more lucrative investment option.

Bank Gaborone's aim has always been to contribute to the economic growth and development of Botswana, while delivering world class services to the local communities. The bank's philosophy is to be locally relevant and to create a unique customer experience for clients. Capricorn Group's head offices are situated in Windhoek, Namibia, and it provides strategic guidance, oversight and support to its subsidiaries including Bank Gaborone. In June 2018 the Group celebrated the five-year anniversary of its listing on the Namibian Stock Exchange.

The issuance of the note program, is testament to Bank Gaborone's vision of being the financial partner of choice, ultimately leading to positive change in the country and the Southern African region.



Bank Gaborone
a member of **Capricorn Group**



EMPOWERING PUBLIC AND PRIVATE SECTOR COLLABORATION

Botswana has come a long way in discussing a private sector led economy. That is why there is Public-Private Partnerships (PPP) policies, citizen economic empowerment, Special Economic Zones Authority (SEZA) meant to facilitate private sector prosperity. But many argue that a lot of what has been happening done to relax regulation. Globally, Botswana's competitors are ahead and Botswana ought to play catch up as a matter of urgency.

Economist argue that, for that to happen there needs to be a clear separation of duty between government and other stakeholders, particularly the private sector. With a private sector led economy, this brings on board efficiencies. Moathodi Sebabole, an economist at the First National Bank of Botswana, argues that PPP are more efficient when it's a private sector led economy. **"The private sector does more of project management and funding in some instances. Now government can focus on their duty."** Sebabole says. These duties boarder around regulation and levelling the play field, monitoring and evaluations. This is unlike a

situation of government led economy where government funds, implements, monitors and evaluate and even does its own performance review. Sebabole states that this creates a lot of inefficiencies.

Without a private sector led economy, it is widely believed that inefficiency might come from the fact that projects require expertise. What economists think ought to be done is to allow those with the know how to handle projects. **"That is the rational for having a private sector led economy. Separation of duties can bring efficiencies as government focusses on regulation and levelling the paly field, monitor and evaluating whereas the private sector can play key role in planning, funding and implementation of projects,"** Sebabole comments.

So what will it take for Botswana to achieve this? First, the regulatory environment has to be permitting. For example, Sebabole says there is no PPP act. There might be policies however, Sebabole says from a regulatory perspective and legal stand point there needs to be regulations. Secondly, he argues that either government becomes entrepreneurial in what people call policy entrepreneurship or government starts to think like private sector.

FEATURE

He further explains that entrepreneurship means focusing on policy development and implementation with a view to maximize return on investments, whether capital investment or social investment.

Thinking like a private sector, according to the expert entails looking into ensuring that there is efficiency. There are cases in point where countries like Georgia put turnaround strategies to think like a private sector. For example they pay for skills, turnaround time, and performance, meaning remunerations are linked to performance or quality of work.

Sebabole says this is important for Botswana because the country is currently Government led in terms funding, revenue generators, and employment creation. The reality is that Botswana is at a point where it is desperate to reduce unemployment. In that case, economists argue that someone else needs to take on the burden. That can only be the private sector. From revenue perspective, Botswana is trying to move from a mineral based to a knowledge based, as outlined by the country President Mokgweetsi Masisi. So who has the knowledge or the idea or will engineer an economy driven by knowledge? It is private citizens sector, so argues Sebabole. The vision and future as it is seen, government cannot give jobs that the country wants. Experts says this will be too expensive as it will burden fiscal balance sheet.

“Therefore government needs someone to carry that responsibility. Then their focus has to be to open up the market and allow private sector to have organic growth,” Sebabole says adding that knowledge based economy will come from private sector. “That’s how we can grow to a knowledge based economy, by having a private sector led economy. They bring ideas, fund and key learnings on how to focus on maximising returns.”

An example given by Sebabole is how the health system in Kenya functions. Say for example there is a company named General Electric which deals supply and maintenance of equipment's. It supplies and maintain equipment at government hospitals and there is a SPV to manage the partnership. GE on the other side has an agreement with banks to fund. Instead of Kenya's ministry of health spending money up front, buying equipment and maintaining, they are in a position where only a portion of funds allocations is put towards the SPV. That way Sebabole argues that you don't worry about maintenance which can come adhoc. “The entity supplying can maintain. It working well in Kenya.”

In Botswana, he says the current model is that a lot of money is spent upfront. “Does government have to own buildings, are they in the business of property. They are taking on business that are not core to them. Releasing might be a better option than owning. Because you introduce other things like maintain,” Sebabole argues.

A typical example is government buildings. Often, government acquires land then develop the land, develop property and occupy it. And the question is, is government in the business of doing everything they are doing? Can't private sector develop property that government leases? Sebabole says the conduct of business needs a relook and government needs to allow those who know to bring efficiencies. This he says will take bills, signing them into law reforms and implementation. At certain stages law is key. He says this includes allowing unsolicited bids which means great revolution ideas to open up markets. “It should be allowed to happen without having to take a lengthy process of tendering. The process discourages innovation. “Processes of tendering are restrictive, it's good for governance but you need to allow modern day requirement of conducting business,” Sebabole says. This includes E-tendering, where one doesn't have to physically to drop off applications.

“Everyone has to feel the difference. Implementation will be important. Because we are catching up it needs to be done with high speed. What we are doing is not revolutionary, it is basically unwinding.”

BOTSWANA STOCK EXCHANGE SIGNS MoU WITH ZIMBABWE STOCK EXCHANGE

On the 16th September 2019 in Harare, Zimbabwe, the BSE and the ZSE signed a Memorandum of Understanding (MoU) as a basis for co-operation to help foster the prosperity of their financial markets, promote cross border investments, cross border listings and explore further opportunities for co-operation between institutions. The MoU was signed by the CEO of Botswana Stock Exchange, Thapelo Tsheole and the CEO of the Zimbabwe Stock Exchange, Justin Bgoni.

This joint strategy aims to provide the Exchanges with a framework for cooperation in areas of; product and market development, promotion of cross listings which shall include the Exchanges formulating common fast track listing requirements for companies seeking secondary listing in either market, as well as a revenue sharing agreement on initial listing and continuing obligation fees paid by issuers. Both exchanges will work on the creation of a framework, in conjunction with the respective regulators that will make it easier, quicker and cheaper for companies to cross list, by simplifying issues such as exchange controls, fungibility and regulatory harmonization. Another area of focus will be information sharing on key areas in developing capital markets.

Commenting on this milestone, CEO of the BSE, *Thapelo Tsheole* said "We are happy to partner with the Zimbabwe Stock Exchange as an extension to our mandate and contribute not only to the development of the capital markets, but the region as a whole. This partnership will promote the values that we stand for as members of the SADC Committee of Stock Exchanges, as well as the African Securities Exchanges Association (ASEA)."

ZSE CEO, Justin Bgoni had this to comment "We are excited about the new partnership with Botswana Stock Exchange and the prospect of a gateway for our companies to raise hard currency on the exchange. This partnership will foster the development of the capital markets and contribute immensely to the economic development of Zimbabwe and SADC. For us, it is a practical step towards the upliftment of our two economies."



MARKET PERFORMANCE REPORT FOR PERIOD 1ST JANUARY TO 30TH JUNE 2019

1.0 MARKET PERFORMANCE

1.1. Analysis of Equity Indices

In the first half of 2019, the Domestic Company Index (DCI) depreciated by 2.9% in comparison to a depreciation of 5.2% during the same period in 2018.

The Foreign Company Index (FCI) depreciated by 0.4% on a year to date basis in 2019 compared to a decline of 0.2% over the same period in 2018.

A synopsis of the performance of equity indices is included in Figure 1 below.

Figure 1: Market Performance Statistics

	Quarter 1 2019	Quarter 2 2019	1 Jan to 30 June 2019
Index Performance			
DCI	7,885.57	7,628.09	7,628.09
% Change	0.4	(3.3)	(2.9)
FCI	1,566.26	1,564.55	1,566.26
% Change	(0.3)	(0.1)	(0.26)
Liquidity	(0.4)		
Turnover (P' Mn)	320.0	546.9	866.9
Average Daily Turnover (P' Mn)	5.2	9.0	7.0
No. of Shares Traded (Mn)	156.1	101.2	257.3
Market Capitalization			
Domestic Companies (P' Mn)	42,212	40,804	40,804
Foreign Companies (P' Mn)	370,216	369,938	369,938
Total (P' Mn)	412,428	410,742	410,742
Market Indicators ^{Note 1}			
P/E Ratio (times)	11.1	10.7	10.7
Dividend Yield (%)	5.5	5.8	5.8
Price/Book Value (times)	1.4	1.4	1.4

Note 1: Earnings, Dividends and Book Value based on the last audited financial statements

Source: BSE

As at 30th June 2019, the DCI Total Return Index (DCTRI) had depreciated by 0.2%.

1.2 Analysis of Equity Turnover

Performance was comparatively low with respect to trading activity and liquidity. As at 30 June 2019, the BSE has recorded a turnover of P866.9 Mn from a volume of 257.4 Mn shares traded. During the same period in 2018, the BSE had registered a turnover of P1, 084.7 Mn and a total volume of 411.6 Mn shares traded (see Figure 2).

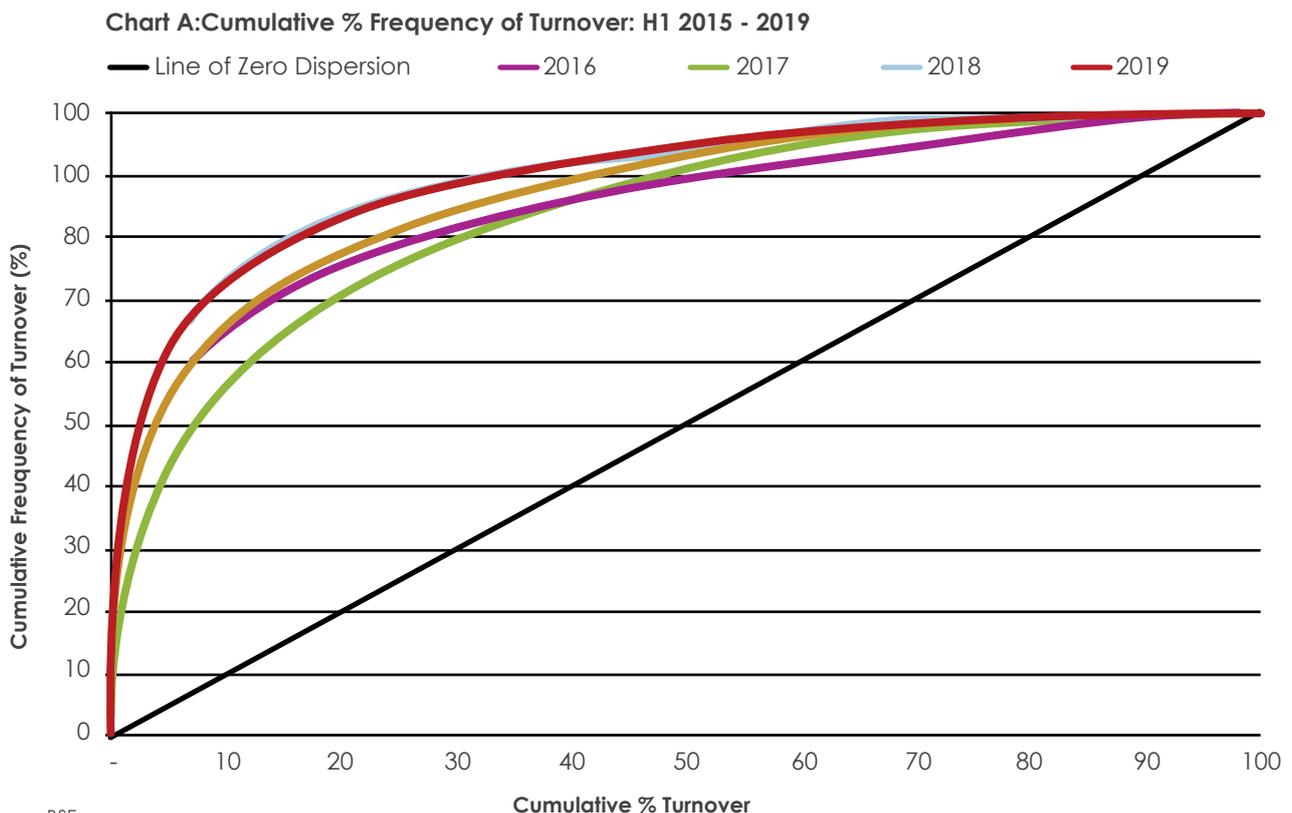
Figure 2: Equity Turnover on the BSE

Liquidity ^{Note 1}	2016	2017	2018	2019
Turnover (P' Mn)	1,635.0	903.8	1,084.7	866.9
Average Daily Turnover (P'Mn)	13.1	7.3	8.8	7.0
No. of Shares Traded (Mn)	483.1	291.4	411.6	257.4

Note 1: Year to 30 June
Source: BSE

It can be noted from the Lorenz Curve in Figure 3 below, on a year-to-date basis turnover stability slightly improved compared to the same period in 2018. This is supported by an improved coefficient of variation of turnover of 2.9 in 2019 in comparison to 3.7 in 2018. However, this is still slightly above the 5 year average of 2.7.

Figure 3: Stability of Equity Turnover (A): 1 January to 31 March

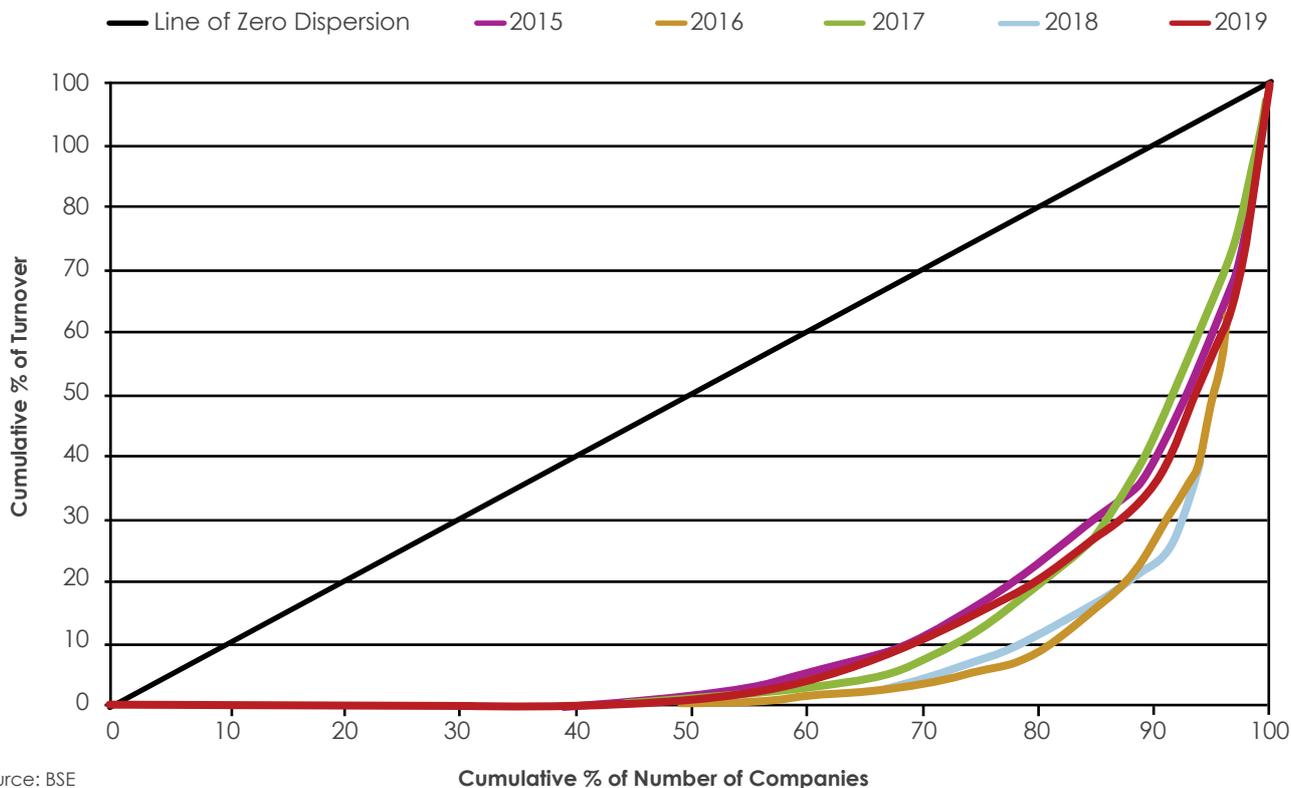


The Lorenz Curve in Figure 4 below demonstrates that turnover was on account of more companies in this period compared to the same period in 2018. This further explains the improved stability of turnover compared to 2018.

MARKET PERFORMANCE

Figure 4: Stability of Equity Turnover (B): 1 January to 30 June

Chart B: Cumulative % Contribution to Turnover by Companies: 2016 - 2019



Source: BSE

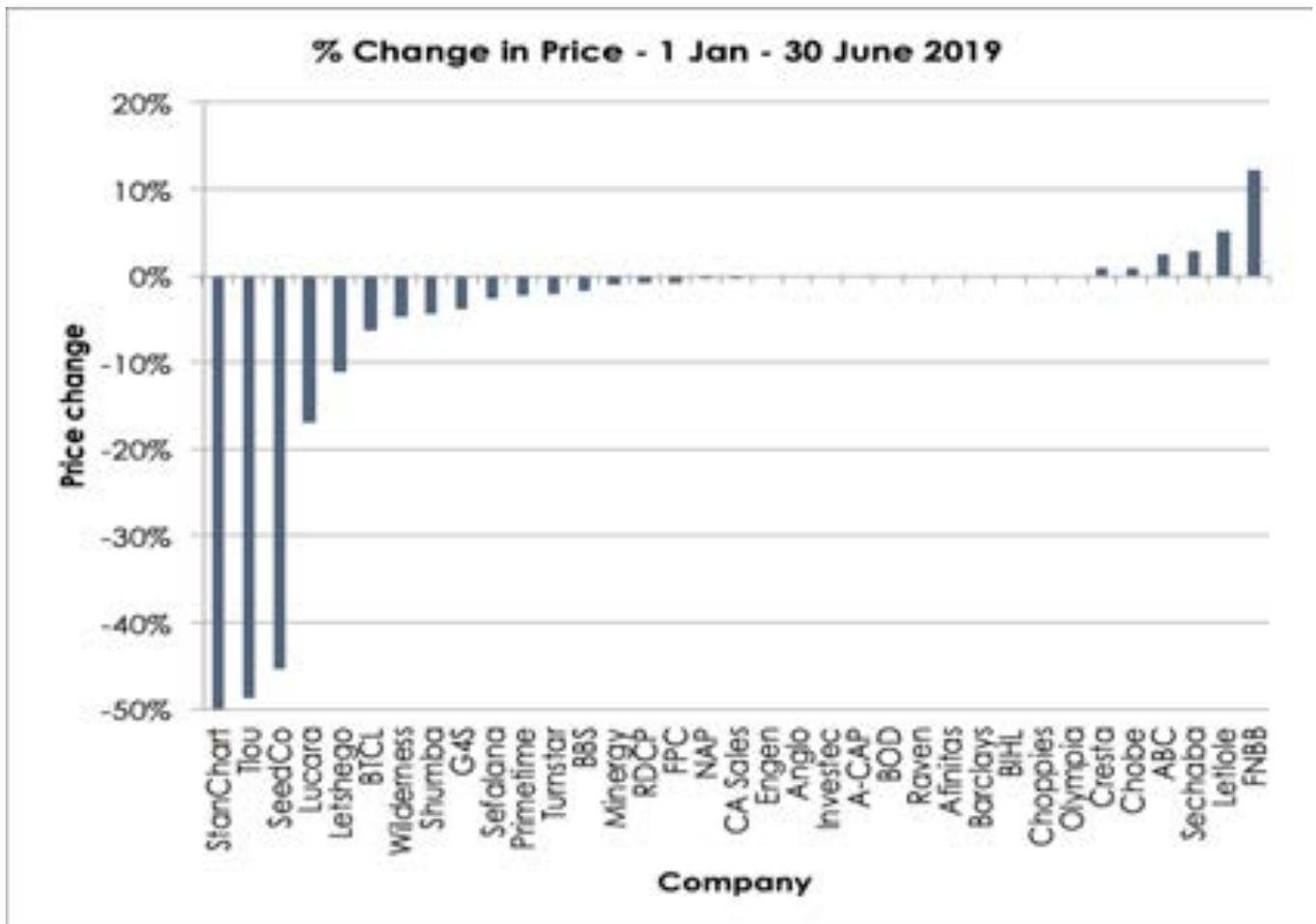
During this period, the top 3 traded companies in terms of value, on a year-to-date basis were Wilderness Holdings (P282.3 Mn), BIHL (P120.6 Mn) and Sechaba (P114.9 Mn). During the same period in 2018, three companies accounted for 74.1% of turnover relative to 59.7% in 2019, indicating improved contribution to turnover by companies in 2019 relative to 2018. Information covering the top 10 traded companies is presented in Figure 5.

Figure 6 shows the share price performance for the period under review. StanChart share price decreased by 50.0% during the first half of the year followed by Tlou Energy and SeedCo which declined by 48.7% and 45.5% respectively. FNBB share price gained the most during the period, increasing by 12.2% followed by Letlole and Sechaba share prices which increased by 5.1% and 2.8% respectively. Of the 35 companies listed (including the Serala OTC registered BBS Limited) on the Exchange, 6 experienced a share price increase, 19 registered a share price decline and share prices of 10 companies ended the period flat.

Figure 5: Top 10 Traded Companies by Value (P'Mn): 1 January – 30 June

2018		2019	
Company	Value	Company	Value
Letshego	334.8	Wilderness Holdings	282.3
NAP	291.4	BIHL	120.6
CA Sales	177.4	Sechaba	114.9
BIHL	53.2	Furnmart Holdings	68.4
FNBB	38.1	NAP	36.6
Sechaba	37.8	FNBB	35.5
RDCP	28.7	Barclays	33.4
Choppies	28.0	Engen	26.3
BTCL	21.2	Sefalana	24.0
Barclays	18.2	Primetime	21.0

Figure 6: Share Price Performance: 1 January – 30 June 2019



MARKET PERFORMANCE

2.0 INVESTOR CONTRIBUTION TO TURNOVER

1.3. Investor Contribution to Equity Turnover

During the first half of 2019, local companies contributed 58.7% to total turnover compared to 60.1% in the corresponding period in 2018. Further, local individuals contributed 4.7% of total turnover recorded during the period 1 January to 30 June 2019 in comparison to 3.5% in the corresponding period in 2018.

Figure 5: Top 10 Traded Companies by Value (P'Mn): 1 January – 30 June

Investor Category	2018			2019		
	Quarter 1	Quarter 2	1 Jan to 30 June	Quarter 1	Quarter 2	1 Jan to 30 June
Foreign Companies	34.8	34.8	34.8	23.7	38.7	33.2
Foreign Individuals	1.1	1.4	1.3	0.8	1.4	1.1
Local Individuals	5.7	2.9	3.5	7.6	3.3	4.9
Local Companies	57.6	60.8	60.1	67.8	56.6	60.7
Brokers	0.8	0.1	0.3	0.2	0.1	0.1
TOTAL	100.0	100.0	100.00	100.00	100.00	100.00

Figure 6: Share Price Performance: 1 January – 30 June 2019

It can be noted that the comparative indices were impacted in various ways by what is primarily attributed to the volatility exhibited by the US Dollar due to uncertainty of trade negotiations between the United States and China. The DCI's US Dollar return over the quarter amounted to a negative 0.1% on the back of the Pula depreciation of 0.5% against the dollar. The JSE ALSI moved in line with the MSCI EM index whereas the SEMDEX experienced a depreciation of 4%.

2. PERFORMANCE OF EXCHANGE TRADED FUNDS (ETFs)

Trading in ETFs was relatively low in the first half of 2019 compared to the same period in 2018. The value of units traded decreased in the year to date period to P62.0 Mn compared to P186.9 Mn in the corresponding period in 2018, whereas the number of units traded decreased from 2.0 Mn units in 2018 and 0.58 Mn units in 2019. From a return perspective, the ETFs performed well in comparison to the equities. The NewGold, NewPlat and NewFunds ETFs gained 10.6%, 4.5% and 7.7% respectively.

Figure 8 below summarises the comparable ETF performance for 2018 and 2019 on a year to date basis.

Figure 5: Top 10 Traded Companies by Value (P'Mn): 1 January – 30 June

Indicator	1 Jan – 30 June			1 Jan – 30 June		
	NewGold	NewPlat	Core SharesNote	NewGold	NewPlat	NewFunds
Turnover (P'Mn)	13.6	175.4	0.307	35.7	26.3	0.01008
Units Traded	1.1	1.4	1.3	0.8	1.4	1.1
Price Change	5.7	2.9	3.5	7.6	3.3	4.9

Note: CoreShares ETF delisted August 2018

Source: BSE

3. COMPARATIVE PERFORMANCE OF THE BSE WITH SELECTED MARKETS

As can be seen in Figure 9, the JSE All Share Index and the MSCI Emerging Market Index realized positive returns during the first half of 2019, appreciating by 12.2% and 9.6% respectively. On the other hand, the SEMDEX and the DCI depreciated by 4.1% and 2.9% on a year-to-date basis respectively.

Figure 9: Comparative Performance with other Indices: 1 January to 30 June 2019

Index	Index Change (%)	P/E Ratio (times)
JSE ALSI	12.2	18.3
SEMDEX	(4.1)	15.9
DCI	(2.9)	10.7
MSCI EM	9.6	Not Computed

Source: Bloomberg, BSE

JSE ALSI: Johannesburg Stock Exchange All Share Index

SEMDEX: Stock Exchange of Mauritius Domestic Equity Index

MSCI EM: MSCI Emerging Markets Index

4. BOND MARKET PERFORMANCE

As illustrated in Figure 10, the bond market experienced a slowdown in trading activity compared to the same period in 2018. The value of bonds traded during the year-to-date period was P523.8 Mn compared to P755.7 Mn traded during the same period in 2018.

At its first bond auction of 2019 on 1 March 2019, Bank of Botswana (BoB) offered additional tranches of the following bonds; BW013 (P137 Mn allotted), and BW014 (P335.0 Mn allotted) bonds, and a Treasury Bill (P350 Mn allotted).

At its second auction of the year conducted on 31 May 2019, the following bonds were reopened; BW007 (P150 Mn allotted), BW014 (P227 Mn allotted), BW015 (P100 Mn allotted). In addition, a Treasury Bill was reopened (P300.0 Mn allotted).

The BSE has registered two (2) bond listings in the first half of 2019, being the RDCP001 (P47.35 Mn), and CGL001 (P128.51 Mn). On the back of Government bonds' re-openings and new corporate issuances, the market capitalisation of listed bonds increased to P15.8 Bn compared to P14.6 Bn as at the same period in 2018.



MARKET PERFORMANCE

Figure 9: Comparative Performance with other Indices: 1 January to 30 June 2019

Index	1 Jan – 30 June 2018	1 Jan – 30 June 2019
Value Traded (P'Mn)		
Government Bonds	747.3	500.9
Corporate Bonds	8.4	22.9
TOTAL	755.7	523.8
Market Capitalisation (P' Bn)		
Government Bonds	9.6	10.5
Corporate Bonds	5.0	5.3
TOTAL	14.6	15.8
Number of Bonds Listed		
Government Bonds	6	7
Corporate Bonds	40	39
TOTAL	46	46

Source: BSE

The BoB's Monetary Policy Committee (MPC) sat three times so far in the year: on 25 February 2019, 24 April 2019 and 27 June 2019. At all sittings, the MPC left the Bank rate unchanged at 5.0% in view of the positive outlook for price stability. Inflation breached the lower end of the Bank's 3.0 – 6.0% objective range in April, May and June with recordings of 2.5%, 2.6% and 2.8% respectively.

**WANT TO
GIVE US
FEEDBACK?**

HERE IS THE BOTSWANA STOCK EXCHANGE (BSE) AND CENTRAL SECURITIES DEPOSITORY BOTSWANA (CSDB) CUSTOMER FEEDBACK PROCEDURE

At the BSE and CSDB we welcome feedback from our valued customers who believe that proper service, rules and regulations are followed always. Feedback of a regulatory nature will be escalated to the relevant authority. Feedback can be submitted as below;

- STEP 1:** Share feedback with the Officer providing assistance
- STEP 2:** Escalate to the relevant Head of Department on (+267) 3674000 or email feedback@bse.co.bw
- STEP 3:** Escalate to the Chief Executive Officer on (+267) 3674402
- STEP 4:** Escalate to the Chairman of the BSE Board



KANNNGWE PRIZE-GIVING CEREMONY

In line with our CSI Policy, the Botswana Stock Exchange (BSE) continued with its efforts in promoting education through the Government-driven, 'Adopt-a-School' initiative by acknowledging and celebrating the achievements of the best-performing students of their adopted school, Kannngwe Primary School, for the year 2019 during their prize-giving Ceremony on 4th October, 2019.

During the Ceremony, the BSE presented gifts to the best-performing students in their respective Standards (1 to 7) from the following subjects; Mathematics, English, Setswana, Social Studies, Religious & Moral Studies and Agriculture and Science. During his speech, The BSE CEO, Mr. Thapelo Tsheole, went on to highlight that, "development of Botswana's education system remains an important issue on Government's agenda". "Our role as the BSE is to work hand-in-hand with Government and other key stakeholders to shed light on the importance of promoting education in our society to better the

lives of our youth and transform our nation into a knowledge-based economy that can pave the way for a better Botswana tomorrow".

Furthermore, the BSE also presented the school management with text and revision books that will aid in affording students a better learning environment and thus giving them better opportunities, while simultaneously affording teachers better tools to execute their job. Over two-hundred (200) people attended this Ceremony and this included, representation from the Ministry of Basic Education, South Region Education Office, community elders of Kannngwe settlement, parents and teachers.

The 'Adopt-a-School' initiative is an initiative that was introduced in 2011 to facilitate Private and Public Sector participation in the delivery of quality education across Botswana. The BSE selected Kannngwe Primary School due to the impoverished region and the low pass grades experienced at the school due to a lack of resources that could assist in creating a conducive learning environment. This partnership has been on-going since August 2017 for a three (3) year period until 2020.

OPENING BELL CEREMONIES

JULY OPENING BELL CEREMONY

Members of the Botswana Bond Market Association were honoured with an opening bell and panel discussion on the **'Importance of the Bond Market in Capital Markets'**.



BSE CEO, Mr. Thapelo Tsheole delivering the Welcome Remarks & Market Updates



BSE Head of Product Development and Secretary General of the Botswana Bond Market Association (BBMA), Mr. Kopano Bolokwe, delivering a comprehensive presentation on the 'Status of the Bond Market in Botswana'.



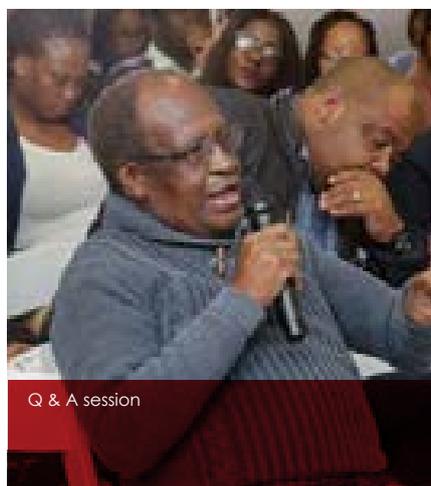
(Left to right) - BSE CEO, Mr. Thapelo Tsheole, Inkunzi Investments Portfolio Manager & BBMA Member, Mr. Jonathan Paleli, Managing Director at Allan Gray Botswana & BBMA Member, Ms. Phatsimo Ncube, Managing Partner at Khan Corporate Law & BBMA Member, Ms. Shakila Khan, Head of Investor Relations at Letshego Holdings Limited & Vice Chairperson of the BBMA, Mr. Boikanyo Kgosidintsi, Director of Rand Merchant Bank Botswana, Ms. Olebile Makhube



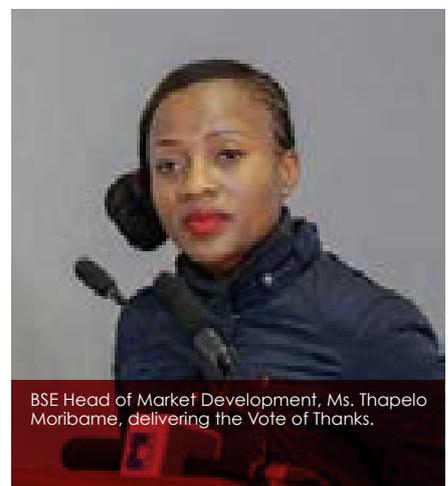
Panel Discussion (left to right) - BSE Head of Listings & Trading, Mr. Tsametshe Mmolai, Director of Rand Merchant Bank Botswana, Ms. Olebile Makhube, Managing Partner at Khan Corporate Law & BBMA Member, Ms. Shakila Khan and Head of Investor Relations at Letshego Holdings Limited & Vice Chairperson of the BBMA, Mr. Boikanyo Kgosidintsi



Managing Director at Allan Gray Botswana & BBMA Member, Ms. Phatsimo Ncube, moderating a panel discussion on the 'Importance of the Bond Market in Capital Markets'.



Q & A session



BSE Head of Market Development, Ms. Thapelo Moribame, delivering the Vote of Thanks.

AUGUST OPENING BELL CEREMONY

Students from Lobatse Senior Secondary School, Matsha College, Nata Senior Secondary School, were honoured with an opening bell.



BSE CEO, Mr. Thapelo Tsheole, delivering Welcome Remarks



BSE Head of Market Development, Ms. Thapelo Moribame, giving an overview of BSE Senior Secondary Schools Finance & Investment Competition.



Official Bell Ringing.



BSE Market Development Specialist, Mr. Kgotla Segwe, leading proceedings.



Guests.



BSE Market Development Assistant, Ms. Atang Diphoko, facilitating a discussion on the 'Importance of a Financially-Literate Botswana'



Panel Discussion

OPENING BELL CEREMONIES

SEPTEMBER OPENING BELL CEREMONY

Graduates of the Tshipidi Mentorship Program 2019 were honoured with an opening bell.



BSE Chairperson, Lt. Gen. Tebogo C. Masire delivering the Chairperson's Remarks.



BSE CEO, Mr. Thapelo Tsheole, delivering the Opening Remarks & giving an overview of the Tshipidi Mentorship Program.



Business Botswana President, Mr. Gobusamang Keebine, delivering the Official Remarks.



Official Bell Ringing - BSE Chairperson, Lt. Gen. Tebogo C. Masire, Founder & Director of Zila Investments, Mrs. Rebonnyeng Hick, Business Botswana President, Mr. Gobusamang Keebine, Founder & Executive Director of Earth Vitamins, Mr. Thabo Molefe, Director of Homec Investments, Mr. Percy Raditladi and BSE CEO, Mr. Thapelo Tsheole



Key Learnings - Founder & Managing Director of Zila Investments, Mrs. Rebonnyeng Hick, delivering remarks on key takeaways from the Tshipidi Mentorship Program.



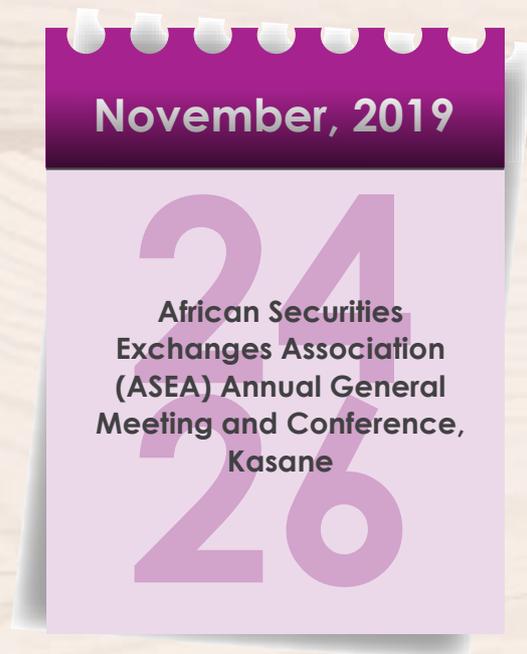
Key Learnings - AT & T Monnagotla Group of Companies Investment Officer, Mr. Letsile Sento, delivering remarks on key takeaways from the Tshipidi Mentorship Program.



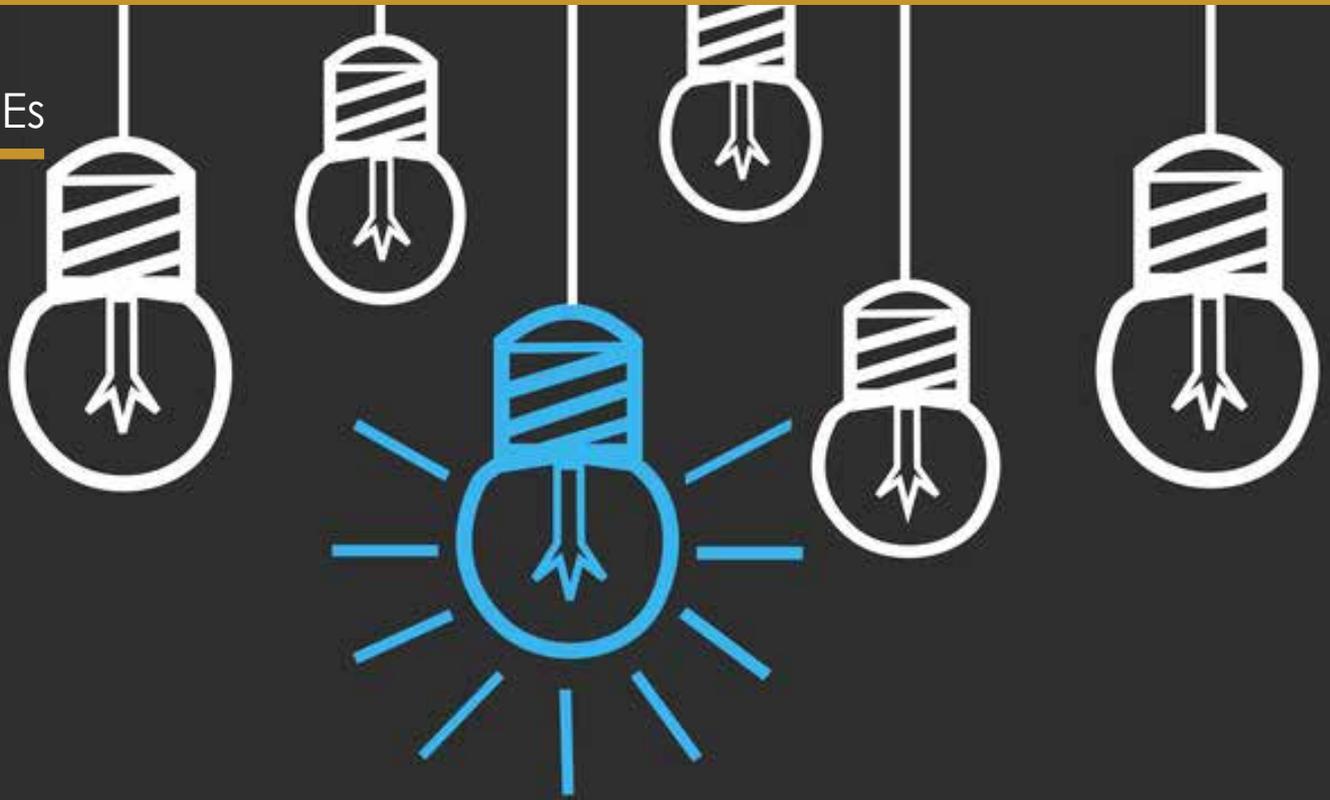
BSE Head of Market Development, Ms. Thapelo Moribame, delivering the Vote of Thanks.

SAVE THE DATES

BSE Calendar



To attend the above events, contact the Market Development Department at marketdev@bse.co.bw or call (+267) 367 4400.



CLASS OF 2019 TSHIPIDI MENTORSHIP PROGRAM GRADUATES

The BSE introduced the Tshipidi Mentorship Program (TMP) as a way of grooming companies that could potentially raise capital, improve governance and leverage from increased publicity through the stock market in the short to medium term.

The objective of the TMP is to provide practical training through a comprehensive and interactive program that covers the key themes necessary to prepare and position a company to list on the BSE.

Practical training was offered by industry experts (advisors in the listings ecosystem) with regards to key elements of corporatization, capital structure, financial reporting, commercial law, listing

requirements and corporate governance. The program was facilitated over a four (4) months period. During those four (4) months, the BSE held 2 days' engagement every month beginning June, with the last session having taken place in August, 2019.

The TMP is expected to prepare local SMEs to transition into corporates that can grow beyond the borders of Botswana. The BSE designed this program in a way that it stimulated academic learning that is deemed appropriate to business prosperity. This was augmented by practicals through inductions and orientations.

The success of this program was based on the collective efforts of the listings ecosystem and was designed to be as cost effective as possible in order to not deter potential applicants.

GRADUATES OF THE 2019 TSHIPIDI MENTORSHIP PROGRAM



Earth Vitamins

Sector: Food Production, Training, Commercial

Directors: Mr. Thabo Molefe

Place of Operation and Address: Plot 21006 Old Bedu Industrial Pilane, Kgatleng.

Contact Details: Office Line (+267) 5729999,

Office Mobile (+267) 74491088,

Director Mobile (+267) 72300018



Urban Soul Apparel

Sector: Retail, Clothing

Directors: Mr. Molefi Nkwete

Contact Details: (+267) 71 822 997,

E-mail: molefi@urbansoulapparel.com



Destiny Car Rentals

Sector: Transportation

Directors: Mr. Carlos Sebina and Mrs. Lesang Sebina

Contact Details: Gaborone Main Office - (+267) 3951884, Sir Seretse Khama Airport - (+267) 3956681, Francistown Main Office - (+267) 2418787, Francistown International Airport - (+267) 2440127, Maun Office - (+267) 6800444,

E-mail: enquiriesgbe@destinycarrentals.co.bw



Kelyh Mass

Sector: Manufacturing

Director: Mr. Ketshabile Maswabi

Place of Operation: Lobatse

Contact Details: (+267) 75617107/ e-mail: kelyhmass@yahoo.com



Cally Clothing

Sector: Retail, Wholesaling
Directors: Mr. Calistus Phologolo
Place of Operation: Plot 172 Unit 4 G.I.C.P (2.88 mi), Gaborone.
Contact Details: (+267) 3923968,
E-mail: callistus@callyclothing.co.bw



Stol Petroleum

Sector: Energy
Director: Mr. Eric Galotshoge
Contact Details: (+267) 3113690 or
E-mail: ericgalotshoge@gmail.com



AT&T Monnakgotla Transport

Sector: Travel & Tourism
Directors: Mr. Abel Tshepo Monnakgotla and Mrs. Talita Monnakgotla
Place of Operation and Address: Plot 182, Queens Road, Gaborone.
Postal Address - P Bag 60474 Gaborone.
Contact Details: Tel - (+267) 399 5900.
Fax - (+267) 350 0419.
 All other information can be found at:
www.monnakgotla.co.bw



Zila Investments

Sector: Manufacturing
Directors: Mrs. Rebonyeng Hick and Ms. Ndibatso Makobo
Place of operation: Plot 43619, Phase 4 Industrial Area, Francistown
Contact Details: (+267) 2420267



Homeec Investments

Sector: Services, Trading and Distribution
Directos: Mr. Percy Sekgomenyane Raditladi
Head-Office Address: Unit 28 Section 33, Plot 70518, Old Gaborone Technology Park, Gaborone West Industrial, Gaborone.
Contact Details: Tel: (+267) 3912520, Fax: (+267) 3951291, E-mail: percy@homeec.co.bw



First Capital Bank Botswana Limited

Sector: Banking
Chief Executive Officer: Mr. Jaco Viljoen
Head-Office Address: First Capital House. Plot 74768, 2nd Commercial Road, New CBD Gaborone, Botswana
Contact Details: Tel - (+267) 3158659/69. All other information can be found at: www.firstcapitalbank.co.bw



Sareg Building and Civil Construction

Sector: Construction
Director: Mr. Samuel Motlhalefi Dintsi and Mr. Tumelo Reginald Sebowe
Place of Operation: Plot 20582 Unit 13 & 14 Block 3 Industrial Gaborone, Plot A4 Orapa Industrial
Contact Details: (+267) 3190293 (Gaborone), (+267) 2910251 (Orapa)



Ticano Group

Sector: Financial Services
Director: Mr. Opelo Motswagae
Place of Operation: 5th Floor, Block C, Zambezi Towers, CBD, Gaborone.
Tel: (+267) 3181888
Cell: (+267) 76922999.
E-mail: info@ticanogroup.co.bw

BO INTER TRADING (PTY) LTD



Bo-Inter Trading

Sector: Food Processing
Director: Mrs. Mooketsi
Place of Operation: Metsimotlhabe
Tel: (+267) 3916049,
E-mail: botlhemoocketsi@yahoo.com



CREATIVE BUSINESS SOLUTIONS (PTY) LTD



Creative Business Solutions

Sector: Printing & Manufacturing
Director: Mr. Mosupi Masomosomo
Place of Operation: Plot 51554, Gaborone West Industrial Area
Tel: (+267) 3162888 or
E-mail: mosupi@cbsolutions.co.bw

GLAM COLLECTIONS



Glam Collections

Sector: Retail & Wholesale
Director: Ms. Tecla Evans
Contact Details: Tel/Fax (+267) 3184915
Place of Operation: Unit 2, Lot 20586, Block 3 Industrial
E-mail: tecla@glamcollections.co.bw



Energy-X Petroleum

Sector: Energy
Director: Mr. Ronald Boikanyo
Place of Operation: The business operates from a Central, logistically profound location (plot 13579, Flowertown Industrial, Mahalapye) with both road and rail links to the south and north of Botswana's borders.
Tel: (+267) 4711735,
Mobile: (+267) 77102348,
E-mail: energyxpetroleum@gmail.com



BSE Management and Staff with TMP 2019 Graduates



Q & A session during the TMP classes



Class in session

FIRST NATIONAL BANK BOTSWANA PARTNERS WITH UNIONPAY INTERNATIONAL TO MAXIMISE MERCHANT OPPORTUNITIES ON INTERNATIONAL TRADE

First National Bank Botswana (FNBB) continues in its quest for financial inclusion by leveraging from strategic partnerships. The Bank recently went into partnership with UnionPay International (UPI), a subsidiary of China UnionPay, the world's largest bankcard scheme in terms of card issuance, focused on the growth and support of UnionPay's global business. With this new partnership, FNBB merchants are able to acquire transactions done using UnionPay cards on all Point of Sale (POS) devices.

UnionPay payment eases international transactions in Botswana and is convenient due to the increased network of merchants across the country and the wide footprint the Bank has. This collaboration will help in terms of the increased security that comes with not holding cash, and it will also lead to growth for various merchants who will benefit from increased sales.

The key target market for this product include tourists, investors, visitors and expatriates working in Botswana for a specific period. Some of the key industries that will benefit from the development include Jewellery, Arts & Crafts and Tourism & Hospitality sectors considering that China is the world's second largest tourist exporting country with the majority of these being UnionPay cardholders. First National Bank Botswana continues to help its clients do business better by maximising on all opportunities.

First National Bank Botswana is the leading bank in Botswana with a highly decorated record of innovative ways of providing easy and hassle-free banking solutions to its customers for 28 years now. In this journey, the Bank



has provided value and helped clients to grow through its diverse portfolio of products and services. The Pan African bank has been able to branch to the skies leveraging of latest technologies while deep rooted in its origins; African values and principles that have held communities strong and collaborative by uplifting each stakeholder. It is through identifying their clients' angst and the economic trends that they continue to introduce new products and services that benefit both the business and their clients in terms of revenue growth and generation.

UnionPay International (UPI) is a subsidiary of China UnionPay focused on the growth and support of UnionPay's global business. In partnership with more than 2000 institutions worldwide, UnionPay International has enabled card acceptance in 174 countries and regions with issuance in 55 countries and regions. UnionPay International provides high quality, cost effective and secure cross-border payment services to the world's largest cardholder base and ensures convenient local services to a growing number of global UnionPay cardholders and merchants.



UnionPay

is now accepted at all
FNB point of sale devices.

FNB 所有商户终端受理银联卡。



Terms & Conditions apply



FNB

How can we help you?



TRANSFORMING BOTSWANA INTO A HIGH INCOME ECONOMY

At Standard Chartered Bank, Razia Khan, an internationally celebrated economic pundit, says in order to see further development and escape from the 'middle-income trap', Botswana will need accelerated reforms, greater investment and faster productivity to improve potential output.

Khan is Chief Economist for Africa and the Middle East at Standard Chartered Bank. In an interview, she said government has played a major role in accelerating Botswana into a middle income economy. She said to further move towards a high income economy, the private sector has to step up, but government has to create a conducive environment,

She further acknowledges that Botswana has achieved lower-middle-income status, because of dependence on public spending and mostly minerals revenue. "Botswana economy was resilient even after the 2008-09 global financial crisis, a period characterised by weaker diamond production, when it grew faster than other Southern African Customs Union (SACU) economies."



Razia Khan | Chief Economist for Africa and the Middle East at Standard Chartered Bank

Despite this favourable performance, Khan said Botswana's growth has fallen short of the rapid increase in Gross Development Product (GDP) per capita observed in previous decades, especially in the 1970s and 1980s. As an economist, she said in order to see further development and escape from the 'middle-income trap', Botswana will need accelerated reform, greater investment and faster productivity to improve potential output, which has stagnated.

"To fully enhance potential output, Botswana's private sector may need to take over from the public sector as the main driver of economic activity. This is likely necessary to reduce unemployment, as the public sector struggles to do this on its own," she said.

Luckily for Botswana, Khan said government has shown commitment to push for economic reforms under the leadership of President Mokgweetsi Masisi and Minister of Investment Trade and Industry (MITI) Bogolo Kenewendo. The Minister introduced sweeping reforms that divided her ministry into three apexes – SME development, Investment Promotion and Export Development.

In line with the Investment Promotion apex, meant to highlight existing opportunities to domestic and foreign investors, Government chose China. Botswana signed two Memoranda of Understanding (MoUs) aimed at strengthening trade and investment ties with China at the Botswana-China Business Forum in July 2018.

His pragmatic foreign policy and focus on economic diplomacy was hailed as a breath of fresh air and a step in the right direction that would not only reinvigorate Botswana's foreign relations but also reposition the country as an investment destination of choice. China has always been an attractive investment partner for Botswana; given that it is one of the largest consumer of Botswana diamonds.

Every month Asia (China included) remains Botswana's major exports destination accounting for about 59.0 percent (Around P4 billion) of total exports. Asia as a regional block supplies Botswana with imports worth around P723.2 million, representing 15.6 percent of total imports every month. Needless to say, the Masisi administration wants a bigger share of the China-Africa trade, which stood at over \$100 billion in 2017. To President Masisi, China was the perfect launch pad from which to reenergise trade and investment relations between Botswana and the world.

“We have embarked on a transformation agenda to lure investors to our country. These missions will ensure Botswana's position as an ideal investment destination. We are building goodwill in the global village.”

The same red carpet will also be rolled out to domestic investors, as President Masisi announced the formation of an Economic and Investment Board that he personally chairs.

Honourable Kenewendo also set out to enhance employment creation and catalyse economic growth by boosting local companies' production capacities through the SME development apex. Her Ministry set up Centres of Excellence countrywide and implemented Enterprise Development Programmes in collaboration with various Development Partners, aimed at boosting SMEs' productive capacities. Such programs include Tokafala- a collaboration between Government, Debswana, De Beers and Anglo American; the Supplier Development Programme (SDP) - aimed at strengthening the competitiveness of citizen owned enterprises; and the Economic Diversification Drive (EDD) - through which government will use its purchasing power to boost local productive capacity.

Promoting SME development and harnessing the capacity of local producers will also complement the third apex - Export Development. In that regard, the Botswana Exporter Development Programme (BEDP), which is under review, will this year enroll twenty (20) companies to enhance their export readiness and competitiveness. Honourable Kenewendo has also been actively lobbying the private sector to complement Government's efforts to build local productive capacity by buying from SMEs.

ECONOMY

"We have successfully lobbied some multinational retail chains operating in Botswana to buy from local suppliers so they can also benefit from the retail value chain. Government will continue to implement sector specific interventions and initiatives to stimulate investment and job creation. This will include deliberate interventions to promote manufacturing of goods in Botswana," she announced recently.

When addressing the private sector at the 2018 National Business Conference in Francistown, President Masisi and Honourable Kenewendo ushered in a new era of business unusual, radical change and rigour in execution, meant to catapult Botswana from middle income to high income economy status.

"We want to build a high income economy that is driven by strong external focus and high levels of productivity. To do that we have to be open for business and welcoming to investors, especially if we also want to export our products," they said.

They highlighted innovation, tech readiness and the ability to produce globally competitive goods as critical success factors in achieving a high income economy.

To remove red tape, Government has undertaken to repeal and review policies and laws that are cross cutting but not seamless. Amendments to the Trade Act, aimed at liberalising business have also been proposed.

These will among others repeal the requirement for some businesses to continuously renew their trading licenses, decrease the turnaround time for applications for industrial and trading licenses and introduce an Online Business Registration System at the Companies and Intellectual Property Authority (CIPA). At initial stage, this system will allow integration and information exchange between CIPA, the Botswana Unified Revenue

Services (BURS) and the Public Procurement and Asset Disposal Board (PPADB). Government also introduced a new Customs Management System (CMS) to improve cross border trade. Further, Botswana will soon legislate to reduce the time it takes to set up a new business. Work permits and visa liberalisation issues are also being addressed, helping to overcome skill constraints in the private sector. According to Khan, while these are encouraging first steps, there is still a lot to do in the medium term.

"Action is needed on underperforming SOEs and many more measures could be taken to deepen the financial sector. Botswana has vast, but underutilised tourism potential. Micro reforms could address domestic beef production, with the potential to dramatically scale up exports," she revealed.

She said it is important to keep focused on medium- to long-term goals. These include addressing key bottlenecks to growth, creating an environment conducive to private-sector growth, improving productivity growth, and attracting greater investment. Should Botswana get its reform agenda right, eventual upper-middle-income status remains in sight then potential output should rise, and higher per capita incomes could be realized as a result.

Khan has over 20 years of experience covering emerging and frontier markets. She is a well-known commentator on the region, and has provided regular updates to central banks, finance ministries and sovereign wealth funds. She currently serves on the World Economic Forum (WEF)'s Global Future Council on Migration and on the Advisory Board of the Royal Africa Society.

Meet the Sponsors

The 23rd Annual African Securities Exchanges Association (ASEA) Conference 2019 will be hosted by the Botswana Stock Exchange on the 25th - 26th November, 2019 in Kasane, Botswana under the theme 'Building Resilient African Capital Markets'. Joining this prestigious event are the following participating sponsors



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ANTI-MONEY LAUNDERING (AML) AND COUNTER-TERRORIST FINANCING (CFT) CHALLENGES

Money laundering and terrorism financing are two of the hardest financial crimes to detect. Both crimes involve the use of deception and at times corruption, to mask their entry into financial markets and movement through the various systems that operate within.

Both crimes involve the use of deception and at times corruption, to mask their entry into financial markets and movement through the various systems that operate within. The methods used range from the very simple to complex which at times involve the use of multiple parties who appear to be conducting legitimate business. The range of methods used and their level of sophistication depends on the volume and timing of the illegal money to be concealed, the ingenuity of the criminals, the advice they receive from financial professionals and the level of risk they face. For smart well informed criminals, the latter is one of the driving forces behind their choice of laundering methods. Because the concept of risk for criminals is well understood. Money laundering is a risk management strategy used by criminals. And without effective risk management strategies to evade detection and capture, top echelon criminals would be prosecuted and their assets seized.

Organisations in the Securities industry understand risk too. They must, otherwise they cannot provide their clients with the best possible financial advice. Though the challenges involved in calculating financial risk are significantly less when it comes to assessing criminal risk. When determining financial risk, securities industry operators have at their disposal various types and volumes of

open source and private in-house information. Financial markets are transparent and when they are not, there is usually an audit trail to establish why it wasn't. And while, financial risk cannot be totally eliminated, it can be reduced by skilled and informed operators.

Criminal risk is totally the opposite. Criminals seeking to launder money, move everything by stealth. The people involved are disguised or hide behind entities that have a degree of respectability or they use third party intermediaries. And any money or property derived from crime is handled, disguised and moved in a way to prevent discovery. Organised crime does not publish information about their criminal activities or how they launder their money. And unfortunately, in many countries, such as Botswana, where the history of law enforcement in relation to money laundering is not extensive, there is little information on the local criminal environment to guide the securities industry on what criminals do with their money.

But the absence of information about criminal methods is only one ML/TF challenge facing the securities industry in Botswana. Unfortunately; there are many. And it is very important for organisations in the industry to have a very good understanding of them.

As a result of the mutual evaluation by the Financial Action Task Force which placed Botswana on a list as being a country of high money laundering risk; the international community is applying higher scrutiny to transactions emanating to and from the country.

Unlike large foreign organisations and western countries that get caught up in money laundering scandals, organisations in Botswana cannot afford to. One significant ML/TF incident, involving a firm within the securities industry could result in that firm being shut out of the Botswana financial system and/or international financial markets.

Provided cash is not involved, products and services provided by firms in the securities sector fall in the layering stage of money laundering. Consequently, ML/TF risks can come from many gateways either in Botswana or offshore, as illicit funds would have already entered the financial system. And before they are received by the securities industry. The criminal proceeds are therefore usually well-hidden at that stage. From a criminal investigation perspective, based on my experience, it is difficult to prove, though not impossible, a nexus between the laundering and the predicate offence once the laundering enters the layering stage. And if a law enforcement agency struggles to establish money laundering in the layering stage using surveillance, witnesses, searching premises, listening devices and telephone interception, what hope has a firm in the securities industry got without those resources?

Having an understanding of how criminals in Botswana and those based offshore launder money is necessary in order to improve the probability of detecting it. There is no substitute for knowledge derived from experience. Only when a full understanding of money laundering methods has been obtained, is it possible for a specified

party that operates in the securities industry, to prepare and implement a risk based approach to counter that crime.

Acquiring information on criminal money laundering methods can be achieved by attending appropriate training workshops held by experienced money laundering investigators; sharing information with colleagues within the industry; being active amongst professional organisations that provide advice in relation to crime, not just financial crime and by having effective professional relationships with the Financial Intelligence Agency; the Non-Bank Financial Institutions Regulatory Authority and other relevant regulators particularly the Botswana Stock Exchange.

It is not possible to detect all money laundering and there is no doubt that a specified party, particularly a securities industry firm, will be involved at some stage in the handling of proceeds of crime. And it is highly probable it will occur more than one. But when local and foreign regulators and law enforcement agencies, come seeking answers, a specified party should be in a position to say that it did all it could within its limited resources to identify the money laundering and report it.



Chris Douglas Facilitating the Anti-Money Laundering/ Counter-Financing of Terrorism (AML/CFT) Workshop at BSE

COUNTERING ILLICIT FINANCING IN BOTSWANA

Issues of Money Laundering cover a diverse spectrum of disciplines and sectors hence there is need for concerted efforts between stakeholders in order to tackle this emerging threat. Botswana's anti money laundering armor was found wanting as competent authorities were still trying to familiarize themselves with their responsibilities and building capacity to tackle money laundering and terrorism Financing. Competent authorities in this country have varied capacity and understanding of their anti-money laundering and counter terrorism financing responsibilities.

Botswana is a member of the FATF through her membership to the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG). The FATF is a global standard setter and promoter of policies to prevent and combat money laundering and financing of terrorist and the proliferation of arms of mass destruction in order to protect the international financial system. In addition to setting global Anti-Money Laundering (AML), Counter-Financing of Terrorism and Proliferation (CFT), the FATF also ensures countries comply with the set standards and assesses compliance through Mutual Evaluation Reviews (MER).

Botswana was assessed for compliance with Financial Action Task Force (FATF) standards in 2017. Following this assessment the FATF identified the country to have strategic deficiencies in its AML/CFT framework and subsequently developed an action plan for implementation by the country to address the identified deficiencies. Botswana's level of domestic coordination and cooperation was generally good, but it was believed it that

could do better with the presence of shared understanding of money laundering and terrorism financing risks of the country among all stakeholders.

Botswana is in the FATF compliance document in which it is expected to implement the remedial action plan with a given time period. The timelines of the Action Plan stretch up to December 2020 and Botswana through stakeholders pledged to fully complete the Action Plan by end of 2019. As such law enforcement agencies have formed alliance in order to win this battle. Key among them is Financial Intelligence Agency (FIA) which plays a key role in fighting money laundering. The ESAAMLG report published in 2017 titled "Anti-Money Laundering and Terrorist Financing Measures Botswana" had revealed that FIA had sufficient resources to carry out its core functions and it required capacity to carry out its supervisory role. FIA with its capacity says it continues to monitor the developments and provide the necessary support on policy direction to the law enforcement agencies like the Directorate on Corruption and Economic Crime (DCEC). Collaboration is also with the Directorate of Intelligence and Security Services (DISS).

DISS boss Brigadier Peter Magosi says they give relevant assistance to all organization regarding money laundering but often hands all matter to the FIA.

Directorate on Corruption and Economic Crimes (DCEC) recently commenced investigating money laundering cases and it is said it will need more capacitation in conducting specialised investigations. Money Laundering forms part of the mandate of the DCEC in that it is regarded as economic crime. The DCEC is charged with the responsibility to investigate all allegations of money laundering brought to its attention and through the DPP bring suspects to book. It is also mandated through its Public Education Division to educate the public on Money Laundering and solicit support in tackling issues related. The DCEC is also tasked with the implementation of the Proceeds and Instruments of Crime Act (PICA). So far the DCEC has some active cases before the courts in which civil forfeiture and criminal litigation are ongoing.

Lentswe Motshoganetsi, DCEC spokesperson says previously there was no Unit within the DCEC that specialized in Anti Money Laundering. This therefore meant that cases would be allocated to the nearest investigator and this proved to be a challenge as Money Laundering Investigations are technical in nature hence they require some technical acumen in order to tackle. The DCEC has committed to creating an Anti-Money Laundering Unit within its structures. "As you may be aware, the Government recently recruitment Mr. Carlos Salbany to head this maiden unit. Efforts are continuing to capacitate the said unit," Motshoganetsi says adding that the formation of the Unit therefore will go a long way in addressing this deficiency as it would also provide an opportunity to recruit and even train the right caliber of investigators for this undertaking. The Botswana Police Service which did not have specialised units to conduct money laundering and terrorism financing investigations has since moved to established special units dedicated to the investigation of money laundering cases and identification of assets linked to money laundering, according to the Ministry of Defense. DCEC and the Botswana Police have also adopted a parallel investigation approach. All cases in which predicate offences

are investigated are also subjected to money laundering investigation. The Ministry of Defense Justice and Security also has a stake in fighting Money Laundering in Botswana. Of recent they have been advertising posts on the local media seeking to recruit Anti Money Laundering Specialists fight money laundering.

The Directorate of Public Prosecutions (DPP) was found to have insufficient resources and is not in control of the resources. The DPP has also established a unit responsible for the forfeiture of assets linked to money laundering and terrorism financing.

The Bank of Botswana (BoB) which demonstrated limited understanding and lack of implementation of its anti-money laundering and counter terrorism financing supervisory role is expected establish a unit specifically for anti-money laundering issues. This also comes with a risk based examination manual specifically for AML/CFT. Moses Pleaelo, the governor was quoted saying that **"We accept that this assessment is a cause for concern as a country and the leadership of the country is taking action"**.

The DCEC, Botswana Police Service, the Botswana Revenue Service, the Directorate of Intelligence and Security Services and Financial Intelligence Agency recently signed a Memorandum of Understanding (MOU) to enhance efforts between them with respect to combating money laundering and counter terrorism financing. The cooperation's include timeous sharing of information, coordinated operations and investigations.

WHAT COLLABORATION MEANS TO CoSSE

The Committee of SADC Stock Exchanges (CoSSE) was founded on the principles of collaboration and co-operation between SADC Stock Exchanges, and by extension, key stakeholders such as Central Banks and Regulators.



Delegates from SADC Stock Exchanges at the 55th CoSSE Bi-Annual Meeting held on the 14th March, 2019 at the Eswatini Stock Exchange in Mbabane, Swaziland.

Furthermore, CoSSE has formal status under the SADC Finance and Investment Protocol (FIP), which mandates the committee to **“co-operate in developing and strengthening national capital and financial markets with the intention of creating a regional capital and financial market”** as set out in the FIP document.

In addition, the Regional Indicative Strategic Development Plan (RISDP) for SADC speaks to CoSSE's purpose as a vehicle to fast-track the development of the regional capital markets through various strategic initiatives.

Since its establishment, the Committee has appreciated the benefit of partnerships in the fulfilment of its mandate, and therefore greatly relies on collaborative efforts with various stakeholders for the sharing of expertise, support, as well as resources. CoSSE has had previous engagements and consultations with organizations such as Thomson Reuters, Bloomberg and the African Development Bank to name a few. This, in a bid to determine ways for these respective entities to work with CoSSE on different strategic initiatives. Due to the fact that CoSSE is a non-profit organization, it is challenged with impediments such as financial constraints, limited specialized expertise, and a lack of visibility. On the other hand, organizations like CoSSE actively serve an important role in economies by having firsthand knowledge of the opportunities that some profitable entities will overlook, yet, could productively contribute towards exploring.

The CoSSE Secretariat is in the process of finalizing a renewed Strategic Plan for the period 2019-2023, which will be used to guide the committee in their endeavors to execute their initiatives and realize their goals. Projects such as capacity building initiatives to benefit CoSSE Members, undertaking roadshows across

the region aimed to promote cross-listings, new issuances and SME interaction, and promoting cross-border trading through an interconnectivity trading platform, are some of CoSSE's objectives for the next four years. Although CoSSE Members have committed to contributing annual membership fees since the transition of the Secretariat from the Johannesburg Stock Exchange to the Botswana Stock Exchange, these funds are dedicated to the administration of the Secretariat. Projects such as the above-mentioned require a larger pool of funds to finance the intricate stages and necessities of each strategic initiative.

Collaboration in this regard, that is, multinational organizations, sponsorships, and agencies for funding and/or economic development availing their resources to CoSSE in the form of funding or skills, is unequivocally crucial to the timely execution of CoSSE's strategic initiatives. The CoSSE Secretariat is committed to securing collaborative partnerships through having engagements with various institutions, building and maintaining stakeholder relationships and submitting formal proposals to potential partners, with the aim to mutually benefit the involved parties and achieve the desired goals.



For more information about CoSSE, visit the website at www.cosse.africa or contact the Secretariat via telephone at (+267) 3674421 or email at cossesecretariat@bse.co.bw

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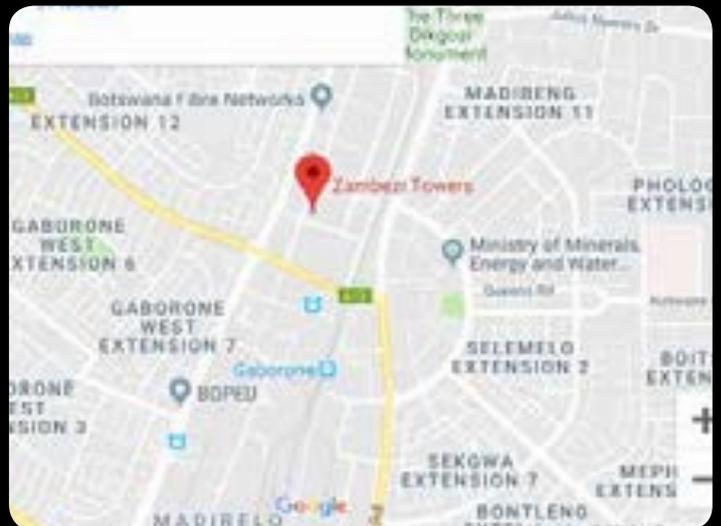
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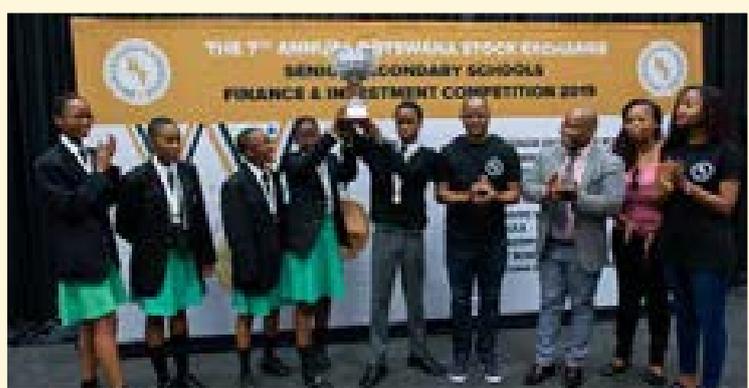
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LOBATSE SENIOR SECONDARY SCHOOL WINS THE 7TH ANNUAL BSE SENIOR SECONDARY SCHOOLS FINANCE & INVESTMENT COMPETITION 2019

Lobatse Senior Secondary School has won this year's Botswana Stock Exchange (BSE) 7th Annual Senior Secondary Schools Finance & Investment Competition 2019 that was held on the 17th August, 2019 at Travelodge in Gaborone

This achievement represented a third consecutive win for the school and brought their total tally of trophy wins to four (4) since the inception of the Competition in 2013. This year's participating schools were Lobatse Senior Secondary School, Goodhope Senior Secondary School, Naledi Senior Secondary School, The Learning Centre School, Letlhakane Senior Secondary School, Selebi Phikwe Senior Secondary School, Maru-a-Pula, Legae Academy, Crescent School and Francistown Senior Secondary School. The ten (10) shortlisted schools were selected from over thirty (30) submissions that were received from private and public senior secondary schools across the country.

From the participating schools, Francistown Senior Secondary School were the runners-up in second (2nd) position, Letlhakane Senior Secondary School finished in third (3rd) place and Crescent School in fourth (4th). The students of the four (4) schools will be able to 'kickstart' their investment portfolio as they were awarded share vouchers worth the value of P29, 000.00 in total.



1st place winners Lobatse Senior School with their patrons, Mr. Moagi Digwa & Ms. Kelebogile Lesaka with BSE CEO, Mr. Thapelo Tsheole and BSE Head of Market Development, Ms. Thapelo Moribame



2nd place Francistown Senior School with their patrons, Ms. Cecilia Thabiwa & Ms. Florinah Lekalake with BSE CEO, Mr. Thapelo Tsheole and BSE Head of Market Development, Ms. Thapelo Moribame



3rd place winners Letlhakane Senior School with their patron, Mr. Leemisamang Tlaththobo with BSE CEO, Mr. Thapelo Tsheole and BSE Head of Market Development, Ms. Thapelo Moribame

The students of the 1st placed school walked away with share vouchers worth P2,500.00 each, 2nd place with P1,500.00, 3rd place P1,000.00 and the students of the 4th placed school received share vouchers worth P800.00 each.

The BSE established the Senior Secondary Schools Finance & Investment Competition in 2013 to raise awareness about capital markets, with the long-term view of cultivating a culture of investing to encourage youth participation in the stock market. This annual competition, which is open to all senior secondary schools in Botswana, also assists in providing the student community with an in-depth insight into the importance of future financial planning and it serves to educate the students on how they can utilise the stock market as an investment avenue.

The spirit of competition and the desire to learn about the complex financial environment we live in is what makes this Competition so special. Its popularity has grown significantly amongst the secondary school student community since inception, and this is attributed to the fact that it avails the BSE the perfect platform to sensitise students on matters relating to finance & investment at a grass root level in preparation for life after school. As an initiative that was awarded the Best Educational Initiative in Africa by SRP earlier this year, the Competition is a true testament of how passionate we are in driving the national agenda and tackling issues of financial literacy and inclusion in Botswana.



4th place winners Crescent School with their patrons, Mrs. Lesego Motlogelwa & Mr. Kilion Chikubvu, taking a picture with BSE CEO, Mr. Thapelo Tsheole and BSE Head of Market Development, Ms. Thapelo Moribame



Quiz round



BSE Team



Group picture - All the schools with BSE Management & Staff.

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RATE CUT BY BoB FAVOURS LETSHEGO AND OTHER BORROWERS



Boikanyo Kgosidintsi | Group Head of Investor Relations
Letshego Holdings Limited

Pan African micro-finance group, Letshego Holdings Limited believes that bank of Botswana (BoB)'s recent decision to cut the bank rate by a 25 basis point will lower interest rates, stimulate economic growth and result in lower financing costs that could encourage lending.

Under the stewardship of Governor Moses Pelaelo, the central bank slashed the bank rate by 25 basis points from 5 per cent to 4.75 per cent.

According to Boikanyo Kgosidintsi, Group Head of Investor Relations at Letshego, the reduced bank rate will reduce the cost of funding and potentially increase appetite for lending for Letshego, an advantage for lenders and borrowers alike.

Kgosidintsi is also Vice President of the Botswana Bond Market Association (BBMA). In his views, the BoB decision provides a conducive environment for further capital raising on the Botswana Stock Exchange (BSE) and the Johannesburg Stock Exchange (JSE).

He said since the dual listing of its ZAR2.5billion / BWP2.5billion Medium Term Note Programme on the Johannesburg Stock Exchange (JSE) and Botswana Stock Exchange (BSE) Letshego has been using the programme to aggressively manage its borrowing costs, and term out its debt maturity profile by issuing notes to domestic and regional institutional investors.

Kgosidintsi said, historically Letshego was funded by equity capital which was expensive.

“The introduction of bond financing into the capital structure through the issuance of its inaugural publicly listed bonds under its Programme in 2012 allowed the company to gear up its balance sheet which was previously underleveraged with cheaper funding. It also allowed investors in Botswana and South Africa exposure to a blue chip corporate through both debt and equity,” he said.

He said Letshego is a frequent issuer in the Botswana and South African debt capital markets and will continue to issue notes to take advantage of the favourable prevailing market conditions.

“Currently interest rates in Botswana are at the lowest they have been in over two decades. It makes sense to use the Programme to raise as much Pula funding as possible to match assets and liabilities in our reporting currency which is the Pula.”

Kgosidintsi does not only head Investor Relations for the Group, he also provides technical advice on debt capital markets to the treasury team.

“We have seen a spike in demand for tailored solutions from domestic fixed income institutional investors driven by a requirement for bespoke solutions of their respective portfolios. The Programme gives us the flexibility to respond to investor driven transactions by issuing notes of varying sizes and characteristics. The company is at an advanced stage of amending and restating its ZAR2.5 billion/ BWP2.5 billion Medium Term Programme to align it with changes to the JSE debt listing requirements as well as anticipated changes to the BSE listing requirement” continued Boikanyo.

Letshego is still highly reliant on wholesale debt funding to fund its operations. The programme is key to achieving a broader strategic objective of the company of diversifying its funding mix and universe of debt investors. As at 30th June 2019, the Group had external borrowings of approximately P4.8 billion of which bonds account for around 41 percent. All of Letshego's note issuances, both public and private, have been successful in demonstrating the strong demand for high quality assets. Whilst the notes themselves are not rated, the Group has a global scale credit rating of Ba3 (Stable) outlook from Moody's Investor services. The credit rating agency Moody's Investor Service (Moody's) has affirmed Letshego Ba3/Not Prime issuer rating and assigned Ba2 Corporate Family Rating (CFR).

Moody's has stated that the ratings assigned to Letshego capture the company's solid capitalisation buffers and profitability that are supported by high margins. Furthermore, the rating balances these strengths against Letshego's sensitivity of its credit profile to changes in regulatory and legal frameworks, high exposure to foreign exchange risk and elevated asset quality risks, and dependence on market-sensitive wholesale funding, although actions are being taken to address this weakness.

“The outlook on Letshego is stable,” says Moody's. “The stable outlook reflects Moody's expectation that the company's financial fundamentals will remain robust over the next 12 to 18 months horizon, despite elevated credit risks from its regional expansion.”

The rating agency reflects its expectation that the company's financial fundamentals will remain relatively stable over the next 12 to 18 months. This is against the background of elevated credit risks from its regional and lending expansion.

COMPANIES



The Ba3 issuer rating assigned to Letshego reflects its stand-alone credit profile. Moody's says the credit strengths of Letshego are gradually diversifying its business model across products and countries and that the company has solid capitalisation buffers, and strong profitability supported by high margins. Moody's, however, says the credit profile of Letshego is sensitive to changes in regulatory and legal frameworks.

Recently, Letshego announced its financials for the six months to 30 June 2019 which were within expectations. Profit before tax was P364 million a 2 percent decrease from the prior period of P370 million. Further, gross advances to customers passed P10 billion, a 15 percent increase, while customer deposits and borrowings were flat period on period. The Group remains well capitalised with a capital adequacy ratio of 38 percent (2018: 39 percent) and a debt to equity ratio of 1:1.

Return on equity was 17 percent (2018: 18 percent) and return on assets 7 percent (2018: 8 percent)

Commenting on the Group's Half Year Results, Interim Group CEO, Dumisani Ndebele said, "Despite changes in leadership, this first half year has seen Letshego achieve alignment with performance from the first half of the same period last year, while achieving a positive improvement on the second half of 2018. The business is undergoing a period of review to ensure we leverage and maximize high potential business streams, mitigate unnecessary rising costs, and entrench our comprehensive risk management framework. Letshego's business fundamentals are strong, and we intend to maximise the opportunities for long term growth, and look forward to sharing further strategic progress in the second half of the year."

GLOBAL DEPOSITORY RECEIPTS EXPLAINED

A Global Depository Receipt (GDR) is a general name for a depository receipt where a certificate issued by a depository bank, which purchases shares of foreign companies, creates a security on a local exchange backed by those shares. In GDR, an overseas depository bank i.e. bank outside the domestic territory of a company, issues shares of the company to residents outside the domestic territory. Such shares are in the form of depository receipt or certificate created by overseas the depository bank.

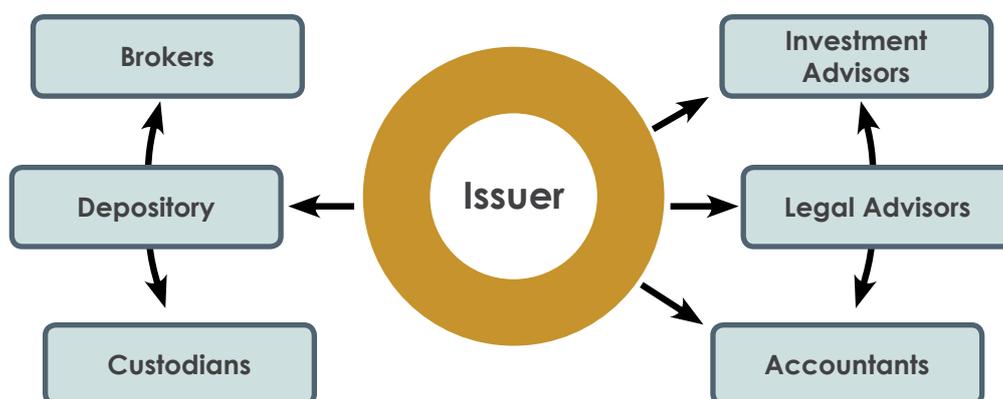
The issuance of Global Depository Receipt is one of the most popular ways to tap the global

equity markets. A sponsored GDR issuance allows a company to raise foreign currency funds by issuing equity shares in a foreign country.

Global Depository Receipt Example

A company based in South Africa, willing to get its stock listed on Botswana Stock Exchange can do so with the help of GDR. The South African based company shall enter into an agreement with depository bank, who shall issue shares to residents based in Botswana after getting instructions from the domestic custodian of the company. The shares are issued after compliance of law in both the countries.

Global Depository Receipt Mechanism



Issuer

Issuer

- Determines financial objectives
- Appoint depositary bank, lawyers, investment advisers and accountants
- Determine GDR program structure
- Provide financial information to accountants and investment bankers
- Develop investor relations strategy

Investment advisor

- Lead underwriting process
- Establish syndicate of participating banks
- Advise on capital structure
- Advise on GDR program structure
- Obtain securities identification codes
- Obtain electronic depository eligibility for the GDRs
- Coordinate road show
- Price and launch GDR offering

Lawyers

- Advise on applicable securities laws and related matters
- Advise on GDR program (legal) structure
- Negotiate Deposit Agreement
- Prepare closing memorandum and documentation
- Prepare exchange listing agreements
- Assist in the drafting of the offering circular
- Prepare and deliver legal opinions

Accountants

- Prepare financial statements in accordance with relevant international accounting standards
- Review and audit offer

Custodian

- Act as local market agent for the depositary
- Receive and hold deposits of underlying ordinary shares for GDR issuances

Brokers

- Make GDRs available to qualifying investors

Depositary

- Advise on GDR program structure
- Appoint local custodian
- Draft Deposit Agreement and associated GDR documentation
- Coordinate with lawyers and investment bankers to ensure that all implementation steps are completed
- Prepare and issue GDRs at closing
- Facilitate ongoing issuance and cancellation of GDRs
- Advise on investor relations strategy

In order to establish a GDR program, the issuer first appoints a team of advisors that typically includes investment bankers, lawyers and accountants. The issuer also selects a depositary bank to manage the implementation of the program. The depositary bank also performs the critical role of liaison among the various parties to the transaction, and will remain integral to the long-term development of the GDR program.

Generally, the functions of the lawyers and accountants will eventually transition to periodic reporting and general legal matters. Investment bankers will typically not be involved with the ongoing management of a GDR program as well; however, the program will become an important consideration for investment bankers if the issuer contemplates going to the capital markets in the future. The depositary bank is the only party to GDR transactions that is engaged on an end-to-end basis.

- The domestic company enters into an agreement with the overseas depositary bank for the purpose of issue of GDR.
- The overseas depositary bank then enters into a custodian agreement with the domestic custodian of such company.
- The domestic custodian holds the equity shares of the company.
- On the instruction of domestic custodian, the overseas depositary bank issues shares to foreign investors.
- The whole process is carried out under strict guidelines.
- GDRs are usually denominated in currency of country where they are issued.

Advantages of GDRs

The following are the advantages of Global Depositary Receipts:

Benefits to Issuers/Listed Companies

- Conduct a securities offering in an efficient and cost-effective manner
- Expand market for shares, potentially enhancing overall liquidity

- Broaden and diversify shareholder base
- GDR provides access to foreign capital markets.
- A company can get itself registered on an overseas stock exchange or over the counter and its shares can be traded in more than one currency.
- GDR expands the global presence of the company which helps in getting international attention and coverage.
- GDR are liquid in nature as they are based on demand and supply which can be regulated.
- The valuation of shares in the domestic market increase, on listing in the international market.

Benefits to investors

- Globalize/diversify investment portfolio
- Trade, clear and settle according to home market conventions
- Eliminate cross-border custody/safekeeping charges
- With GDR, the non-residents can invest in shares of the foreign company.
- GDR can be freely transferred.
- Foreign Institutional investors can buy the shares of company issuing GDR in their country even if they are restricted to buy shares of foreign company.
- GDR increases the shareholders base of the company.
- GDR saves the taxes of an investor. An investor would need to pay tax if he purchases shares in the foreign company, whereas in GDR same is not the case.

THE WORLD FEDERATION OF EXCHANGES (WFE) PUBLISHES H1 2019 MARKET HIGHLIGHTS

According to the WFE's statistics, the key trends of H1 2019 were as follows:

- Global market capitalisation was up 1.6% at the end of H1 2019 compared to H1 2018.
 - The increase in global market capitalisation in H1 2019 took place after a sharp year-on-year decline in global market capitalisation at the end of 2018, for the first time since 2014. Thanks to the H1 2019 increase, domestic market capitalisation is now at a comparable level vs the end of H1 2018 (+1.6%).
 - Compared to H2 2018, global market capitalisation was up 17.8% at the end of H1 2019.
 - This was due to an increase across the three regions, with the Americas up 17.6%, the Asia-Pacific region up 21.3% and the EMEA region up 13.6%.
 - This increase has been steady overall, with constant month-on-month increases over the first six months of 2019. This excludes the month of May, which saw a global 4.3% decrease.
 - All three regions experienced a similar trend, with steady month-on-month increases, a halt in May and a final increase in June.
 - As compared to H1 2018, the value of trades in equity shares decreased by 11% globally, while the number of trades increased by 11.4% globally. These global figures are driven by diverging regional trends.
 - Asia-Pacific shows an opposite trend, with the value of equity trading up 5.5% and the number of equity trades up 23.8% compared to H1 2018.
- Compared to H1 2018 half-year figures, both the Americas and the EMEA regions have seen a sharp decrease in both the value and the number of trades in equity shares, with value traded lower by 17.4% and a 25.8% respectively and the number of trades lower by 5.5% and 15.6% respectively.
- The number of listed companies was slightly lower as compared to H1 2018 (-0.5%).
 - The number of listed companies at end H1 2019 was slightly down on H1 2018. The change was largely driven by the EMEA region, which has seen a 2.3% decrease in the number of listed companies. In both the Asia-Pacific and the Americas region, the number of listed companies was instead up +0.5% and +1.4% on H1 2018 respectively.
 - Compared to H2 2018, the total number of listed companies was essentially the same, with slight increases in the three regions.
- Overall, new listings and investment flows fell over the first six months of 2019 compared to H1 2018.
 - New listings through IPOs were down 35.2% compared to H1 2018, due to a decline in the number of IPOs in all regions: Asia-Pacific (-32.7%), Americas (-22.3%) and EMEA (-55.4%).
 - Investment flows through IPOs also fell by 19.3% compared to H1 2018. This was due to a decline in investment flows in Asia-Pacific (-32%) and a greater decline in the EMEA region (-51.8%). The Americas region recorded an 18.7% increase in investment flows
- IPO investment flows in the Americas region were up despite the decline in the number



of listings thanks to several large IPOs, such as technology and transportation network company Lyft (Nasdaq), that raised over 2.3 Billion USD; pet food company Chewy (NYSE), that raised over 1 Billion USD; and utility/energy company Neoenergia (B3), that raised nearly 1 Billion USD. In the first six months of 2019, the New York Stock Exchange was the market that recorded the highest amount of fund raised through IPOs in the Americas region, accounted for 16.8 Billion USD.

- The Asia-Pacific region held the lion's share of global IPOs, drawing almost 60% of IPOs worldwide. These allowed companies listing in the region to raise over 27 Billion USD in H1 2019. Hong Kong Exchanges and Clearing (HKEX) recorded the highest number of IPOs in the region (63), raising 8.8 Billion USD alone. Some major IPOs in the region were Hansoh Pharmaceutical Group (HKEX), that raised over 1 Billion USD; vocational training company China East Education Holdings (HKEX), that raised over 600 Billion USD; and Cnooc Energy Technology & Services (Shanghai Stock Exchange), that raised more than 500 million USD.
- In the EMEA region, the political uncertainty arising from the unresolved Brexit negotiations and subsequently the change of the UK prime minister is likely to have had a negative influence on the number of listings and investment flows in the EMEA region. Despite that, the London Stock Exchange Group (LSEG) listed 32 IPOs, which raised nearly 5.9 Billion USD. These included some of the largest IPOs globally, such as Italian payment company Nexi Spa (Borsa Italiana), which raised more than 2.2 Billion USD. Deutsche Börse was the second biggest market in the EMEA region after LSEG in terms of investment funds, thanks to a large IPO (Traton, Volkswagen's manufacturer of commercial vehicles) which alone raised more than 1.5 Billion USD. Oslo Børs was third, raising more than 1.2 Billion USD for seven newly listed companies.
- Non-IPO listings were up 20.9% on H1 2018, thanks to an increase in both the Americas region (+18.4%) and the Asia-Pacific region (+7%). The EMEA region saw a 15.5% decline.
- Investment flows through companies that are listed already declined by 31.4% on H1 2018. This figure was driven by a downturn in all regions.
- The value and the number of trades in ETFs fell compared to H1 2018.
 - During the first half of 2019, the value of trades in ETFs was 13.6% lower than in H1 2018, driven by decreases in all the regions, particularly in EMEA (-60%).
 - Globally, the number of trades in ETFs increased slightly (+0.18%) compared to H1 2018. This result was driven by differentiated regional trends. In the Americas region, the number of trades in ETFs was 2.9% lower than in H1 2018. On the other hand, both EMEA and Asia-Pacific showed a 4.5% and 13.9% increase respectively.
- Exchange traded derivatives volumes rose. The volume of options traded was 12% higher than in H1 2018, and 5.3% higher than in H2 2018. The volume of futures traded was 9.8% higher than in H1 2018, and 5.2% higher than in H2 2018. These gains were driven by increases in volumes traded in a wide range of products, and especially in stock index options and futures and commodity futures.

Source: World Federation of Exchanges

Excerpt from SBB BTCL Research Report



Thatayaone Donald Motsomi
Research Analyst

ICT Sector Review

The period ended March 2019 marked the end of the regulator, Botswana Communications Regulatory Authority (BOCRA)'s five-year strategic plan. According to the most recent regulatory information, which covers the period ended March 2018; strategy implementation was largely focused on affordable ICT services, universal access and services and improvement of quality of service amongst other key objectives.

Migration onto the new converged licensing framework by numerous entities in the telecommunications industry was still ongoing, including BTC. BTC currently operates under a Public Telecommunications Operator (PTO) license. Upon completion of migration, the company will be operating under numerous categories of licenses including the Network Facilities Provider (NFP) license and Services and Applications Provider (SAP) license.

The main implication of this framework is increased development of the ICT sector which has led and will continue to lead to increased competition. The framework also presents an opportunity for BTC to diversify its service offerings. The company will be looking to expand into content provision through partnership models with existing content providers as well as provision on an aggregate basis.

In accordance with the objectives of the National Broadband Strategy (NBS), BOCRA reviewed the Fixed Wireless Access (FWA) spectrum in the frequency bands 2.3 – 2.5, 3.4 – 3.6 GHz and released additional spectrum by licensing three operators through a tendering process. BTC was one of the awarded operators and this has helped facilitate the execution of the company's fixed broadband strategy. The 2018/19 reporting period included the second and final year of implementation of the reduction of fixed and mobile termination rates and the removal of off-net premiums by the PTOs under the direction of BOCRA with the intention of facilitating cost oriented pricing in order to ensure affordability of services and enhance competition in the sector. The reduction in termination rates decreased BTC's interconnect revenues and the interconnect component of its cost of sales with a net positive effect albeit insignificant.

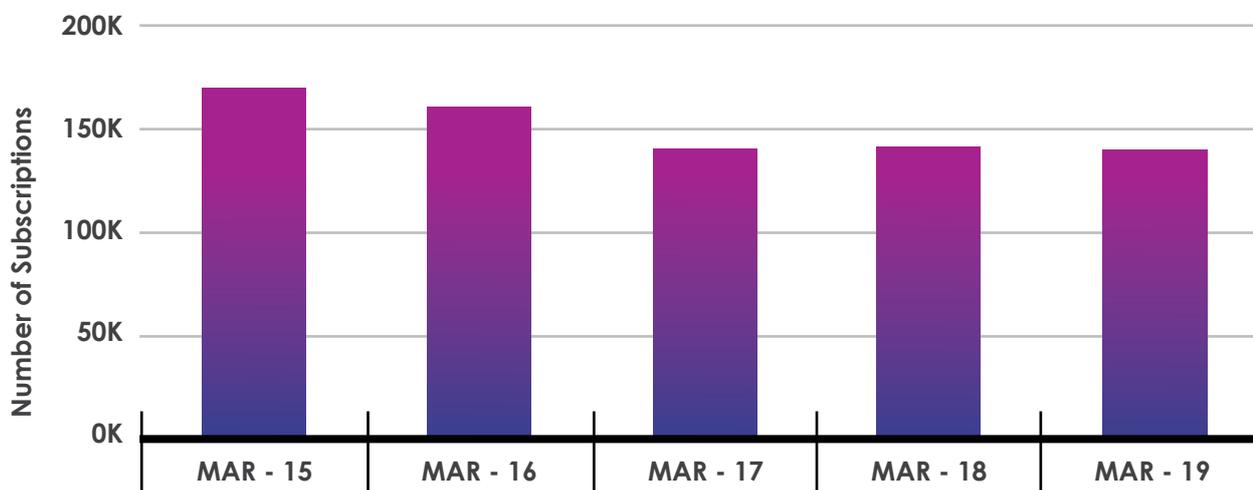
The regulator has effectively delivered on key strategic objectives including enhancing competitiveness of the sector to ensure affordability, protection of consumers, and efficient management of scarce resources. This has resulted in the increased influx of Internet Service Providers (ISPs) and the resultant downward pressure

on broadband tariffs and increased broadband penetration, downward pressure on mobile tariffs, increased focus on the monitoring and release of spectrum, enhanced quality of service amongst other developments. It remains to be seen what BOCRA's stance will be as it launches a new strategy in the current financial year and the implications this will have on the ICT sector.

Fixed Telephony Sector

BTC's monopoly line of business was relatively flat, with fixed revenues down 2.6% to BWP510.3 million (2018: BWP524.1 million). The subscriber base declined 1.2% to 140,202 (2018: 141,835). This segment contributed 35.2% to total revenue.

Fixed Telephony Subscriptions as at March 2019



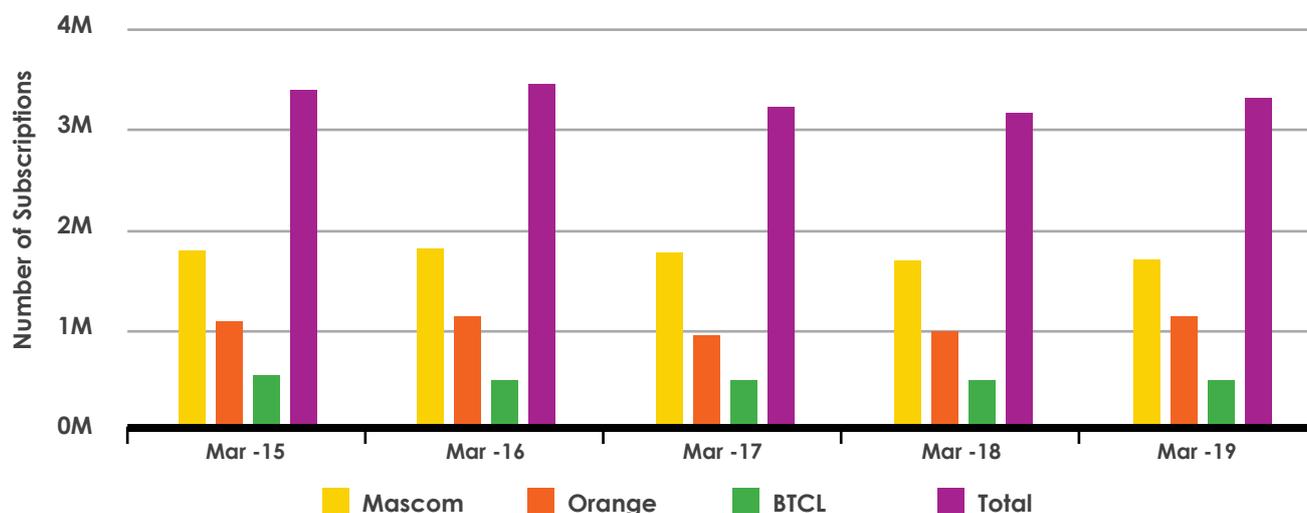
Fixed line subscriptions have come down but at a rate slower than generally expected. Amongst retail customers, usage of fixed telephony continues to be cannibalized by mobile telephony. However, fixed lines remain popular amongst businesses and government, particularly the Private Automatic Branch Exchange (PABX) telephone system.

Despite the maturity of this sector and contrary to our initial views, BTC's monopoly position is set to come under threat. Mascom has reportedly been approved to provide fixed telephony services but has yet to launch this service. In anticipation, BTC will be looking to enhance its value proposition through the rollout of converged product offerings to defend its position from this looming competition.

Mobile Telephony Sector

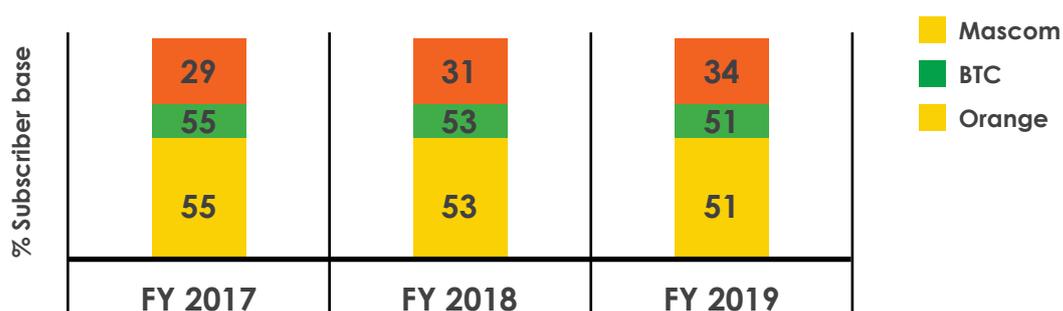
The mobile telephony sector is a mature market characterized by high teledensity and slow population growth. Following two years of contraction, mobile telephony subscriptions grew 5.4% to 3,353,337 (2018: 3,181,600). Given that our market is a dual sim market; the level of activity of any given subscription can vary widely. Some consumers may opt to use a SIM card only in circumstances where their preferred network provider is unavailable or limited.

Mobile Telephony Subscriptions as at March 2019



The sector reportedly registered suppressed revenues for the period on the back of constrained ICT spend and ensuing trends of shifts from traditional voice revenue sources to lower margin data revenue. Given that BTC is the sole listed PTO it is difficult to substantiate this and we thus implore BOCRA to begin disclosing consolidated sector revenues. However, the MTN Dec 2018 full year financials reveal that the group's share of Mascom's profit after tax declined 33.5% to ZAR292 million (2017: ZAR439 million). While this does confirm bottom line pressure, it is not possible to determine revenue performance given the limited disclosure. Market share amongst the operators remains stable, with Mascom holding 51%, Orange 34% and BTC 15%.

Market Share

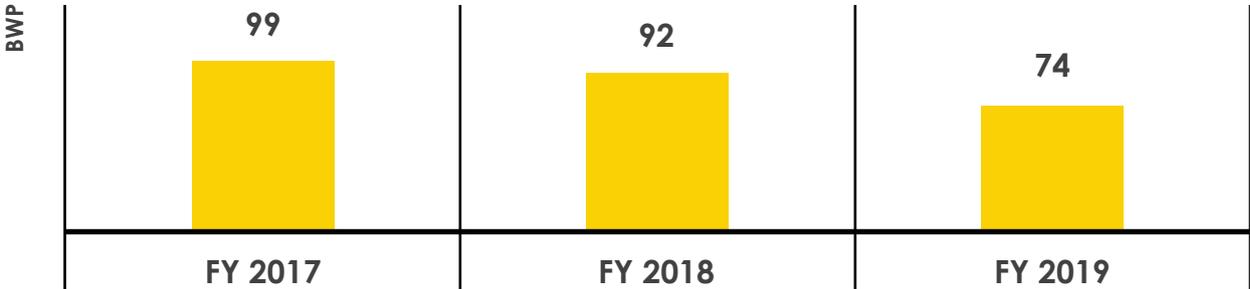


In contrast to mobile telephony subscriptions, mobile broadband subscriptions continue to register robust growth increasing by 15.0% to 1,752,547 (2018: 1,523,545). Access and usage of mobile broadband through smartphones, tablets, USB modems and other wireless technologies is being driven by PTO's increased coverage of mobile broadband throughout the country and rollout of innovative consumer oriented packages. As at March 2018, mobile broadband penetration stood at 75% indicating potential for further penetration. 3G population coverage increased to 67% (2017: 57%) while 4G/LTE coverage increased to 55% (2017: 46%). 3G and LTE coverage is concentrated in urban areas, while older GPRS and EDGE technologies are widely available throughout the country.

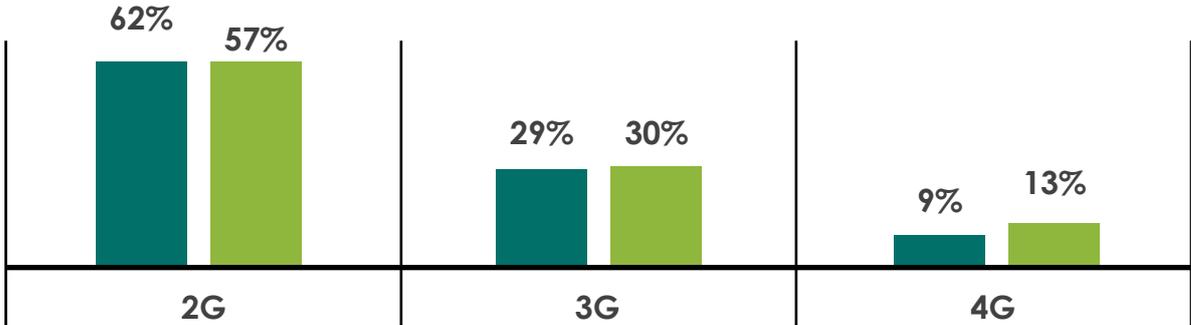
BTC's mobile subscriber base grew 2.1% to 503,670 (2018: 493,243). However, mobile revenue fell 11.8% to BWP479.7 million (2018: BWP544.2 million) exerting the most pressure on consolidated revenue amongst the business lines. Average Revenue per User (ARPU) was 19.6% lower to BWP74 (2018: BWP92). The decline in revenue was a result of the aforementioned constrained consumer spending and industry trends of declining use of voice and shift to data. These challenges were further affected by the prolonged mobile customer migration onto the new converged billing system. The impact of the migration was largely on the postpaid subscriber base, with delays experienced in billing and collection. The disparity in subscriber and revenue growth could also indicate low levels of activity amongst some of the company's subscribers.

Notwithstanding the adverse performance of this business line, we believe the company's mobile broadband strategy was well executed and positions BTC well to capitalize on the increased demand for data. Approximately half of the capex budget (BWP173.2 million) was spent on 4G network expansion which has led to BTC holding the widest 4G coverage in the country with over 400 LTE sites deployed. The company launched various data products over the period including bundles which cater for social media consumption, general consumption and an innovative video bundle amongst other products. In order for BTC to monetize these investments, the company will have to aggressively roll out 4G enabled devices to increase the penetration on their network. Plans to introduce further lower value 4G enabled smartphones will be carried out in the current financial year.

Branded ARPU



Smartphone Penetration

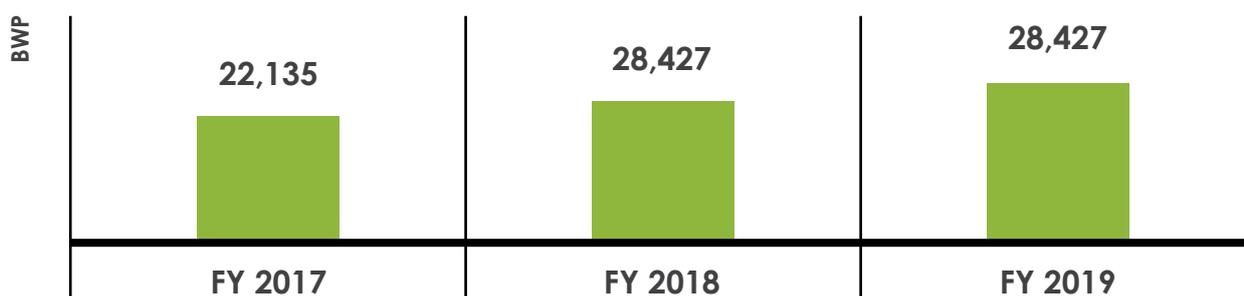


BROKER RESEARCH

Fixed Broadband Sector

The fixed broadband market trends indicate a growth in access and increased usage as this technology provides high speeds and high capacities. BTC is the largest player in this space, holding 71% market share.

FBB Subscribers



BTC's fixed broadband subscriber base grew 14.4% to 28,427 (2018: 24,847). However, fixed data revenue dipped 7.6% to BWP432.5 million (2018: BWP468.3 million) due to a repricing impact as customers were migrated from older technology lower end speeds to affordable higher speed new broadband offerings.

Capex of BWP32.7 million each was spent on the Fiber to the X (FTTX) rollout and the Data Centre. The company launched higher speed fixed data products over the period for its key market segments. Quality of experience is low with the older Asymmetric Digital Subscriber Line (ADSL) offerings. This technology will be gradually phased out over time as BTC continues to roll out FTTX sites. In areas where FTTX will not be feasible for implementation, the company will be rolling out Wireless to the X (WTTX) offerings.

BTC's digitalization program entailed the commercial launch of its Sentlhaga Data Centre and improved Very Small Aperture Terminal (VSAT) services. The Data Centre services are targeted at corporate, government and parastatal clients. This facility currently offers rack space where BTC hosts clients' servers in the Data Centre. Future offerings to be provided by this facility include infrastructure as a service, whereby clients will rent storage, memory and processing power to run their services on BTC hardware. Software as a service will entail BTC running and managing essential software for businesses on its servers and renting them out to clients on a monthly basis. The capacity of the Data Centre and these resultant offerings has the potential of disrupting the way companies manage their IT systems through cost effective outsourcing. The VSAT technology provides blanket coverage across the country offering high speed internet connectivity. This service has a particular niche appeal to remote areas where terrestrial technologies are unavailable and is primarily targeted at the farming and hospitality industries.

Outlook

The 2020 financial year marks the final year of implementation of BTC's twin strategy of transformation and growth. The investments in networks and IT infrastructure have been made, and the focus going forth will be to realize a return on these investments.

Fixed customer migration onto the new converged billing system was completed post year end in June. BTC is now enabled to launch converged product offerings, which once introduced to market will provide a higher value proposition to clients and present cross sell opportunities.

The telecom giant will be increasing its market presence with the roll out of 4 stores across the country and the increase of service points by 200 in urban areas. The new organizational structure has been implemented as part of the company's transformation. Behavioral change from a semi-government mindset to a high performance culture will likely take time to play out.

Under the mobile business, we anticipate the observed shift from voice to data consumption will persist. Voice is the largest contributor to mobile revenue at 75%, while data comes off of a low base contributing 12%. Given this composition, pressure on mobile revenue is likely to persist as data picks up gradually over time. Engagements with the regulator on mobile number portability ensue. The launch of this service would see enhanced competition in the market and would allow for shifts in market share. BTC launched its mobile financial services offering, SMEGA, post the reporting period in May and holds approximately 7,000 subscribers. This service provides a significant value add to the company's client base and improves BTC's competitiveness relative to the other PTOs who have established mobile money services.

Regulatory risk is a key risk in this sector. As alluded to in our sector review, we will be waiting with bated breath to see what BOCRA's new strategy will entail. Meanwhile, the lifting of the foreign restrictions on the trading of BTC shares remains a pie in the sky in the short term.

[DISCLOSURE: ANALYST HOLDING]

LISTED COMPANIES

BSE LISTED COMPANIES WITH REGIONAL AND INTERNATIONAL FOOTPRINT

Company	Country of operations
 BIHL GROUP	 Mozambique  Tanzania  Malawi  Uganda  Zambia  Zimbabwe  Mozambique
 CHOCBE HOLDINGS LIMITED	 Namibia
 CHOPPIES <i>Great value for your money!</i>	 South Africa  Zambia  Zimbabwe  Kenya
 CRESTA Marakanelo Limited	 Zimbabwe  Zambia
 Letshego	 Namibia  Lesotho  Nigeria  Rwanda  eSwatini  Uganda  Mozambique  Kenya  Tanzania  Ghana
 PRIME TIME	 Zambia
 RDC	 Madagascar  South Africa  USA  Mozambique  Namibia
 Sefalana GROUP	 Namibia  Zambia  South Africa  Lesotho
 TURNSTAR HOLDINGS LIMITED	 Tanzania  United Arab Emirates
 Aflavia	 Ethiopia  South Africa

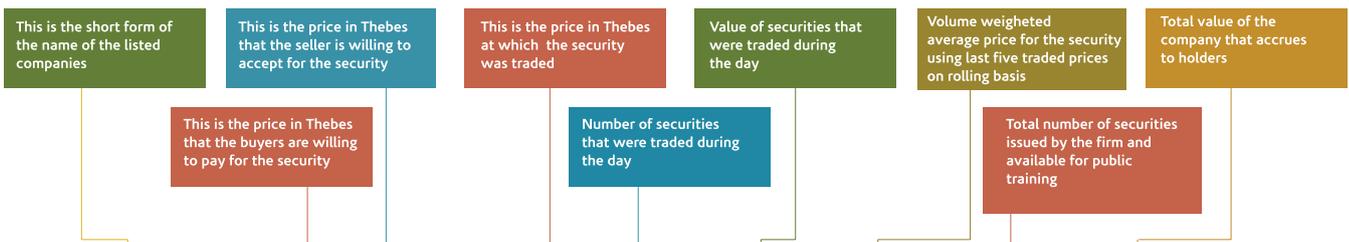
Keeping Track of Your Investment

KEEPING TRACK OF YOUR INVESTMENT

You can keep track of your investments through Annual Reports, BSE X-News, Newspaper share tables on local newspapers, stock market radio and television programs and the BSE website.

BSE Daily Market Report

The BSE issues the daily market report at the end of every trading day, and the report contains data fields that should be understood.



Counter Domestic Equity Main Board	Bid t	Offer t	Last t	Sales t	Daily Volume	Turnover Pula	Weighted Price (t)	Securities Issued	Market Cap PMillion
ABCH	-	470	475	475	1,109	5,267.75	470	232,805,464	1,094.19
BARCLAYS (XD)	675	695	695	695	324	2,251.80	696	852,161,252	5,931.04
BIHL (CA)	1030	1055	1050	1050	1000	10,500.00	1050	281,070,652	2,951.24
CHOBE (CA)	280	-	280	-	-	-	280	89,405,139	250.33
CHOPPIES (CA)	300	-	300	300	100,319	300,957.00	300	1,174,207,583	3,522.62
CRESTA (CD)	100	106	107	-	-	-	100	184,634,944	184.634

Domestic Company index - incorporates all companies' domestic board

DCI	8745.43
Last	8739.56
Net change	5.00
% Change	0.07

Foreign Company index - incorporates all companies that are dual listed on the BSE

FCI	1584.49
Last	1584.49
Net change	0.00
% Change	-0.00

- Column 1** – short form name of the listed company
- Column 2** – 'Bid' – the price in thebe that the buyer is willing to pay for the security
- Column 3** – 'Offer' – the price in thebe that the seller is willing to accept for the security
- Column 4** - 'Last' the last price at which the security was traded
- Column 5** – 'Sales' – the price (or range) at which the security was traded during the week
- Column 6** – 'Volume' – the number of securities that were traded during the week
- Column 7** – 'Securities Issued' – the total number of securities issued by the firm or available to the public for trading
- Column 8** – 'Market Capitalisation' – the total value of the company that accrues to the holders/owners of the particular security

DCI: Domestic Company Index – incorporates any company which is primary listed on the BSE
FCI: Foreign Company Index - incorporates companies that are dual listed on the BSE

BSE 2017 – 2021

STRATEGY TARGETS



The BSE corporate strategy conveys initiatives that will drive the organisation into achieving its mandate. In line with the objectives of the Exchange, the corporate strategy clearly outlines how the BSE will embrace technology and innovation, as well as increase the current product offering, and the number of issuers and investors.

The targets outlined in the strategy are as follows;

- To grow the ratio of the BSE's Market Capitalization to GDP from 34% to 40% by 2021
- To increase the number of domestic companies listed from 24 to 30 by 2021
- To increase the number of foreign companies listed from 10 to 15 by 2021
- To increase the number of bonds listed from 39 to 50 by 2021
- To increase the number of Exchange Traded Products (ETPs), such as Exchange Traded Funds (ETFs), listed on the BSE from the current 4 to 10 by 2021
- To increase the number of asset classes available on the BSE from the current 3 to 6 by 2021 (by adding Botswana Depository Receipts, Derivatives and Real Estate Investment Trusts)
- To increase the average daily turnover levels to P18.0 Million per day by 2021
- To increase the number of investors on the BSE from 78,193 by the end of 2016 to 100,000 by 2021



We invested over US\$550 million to make your future possibilities real.

We're continuously investing in technology to keep you ahead. That's why we're engineering our future through significant investments in leading-edge cyber capabilities and collaborating with several fintechs to drive innovation.



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