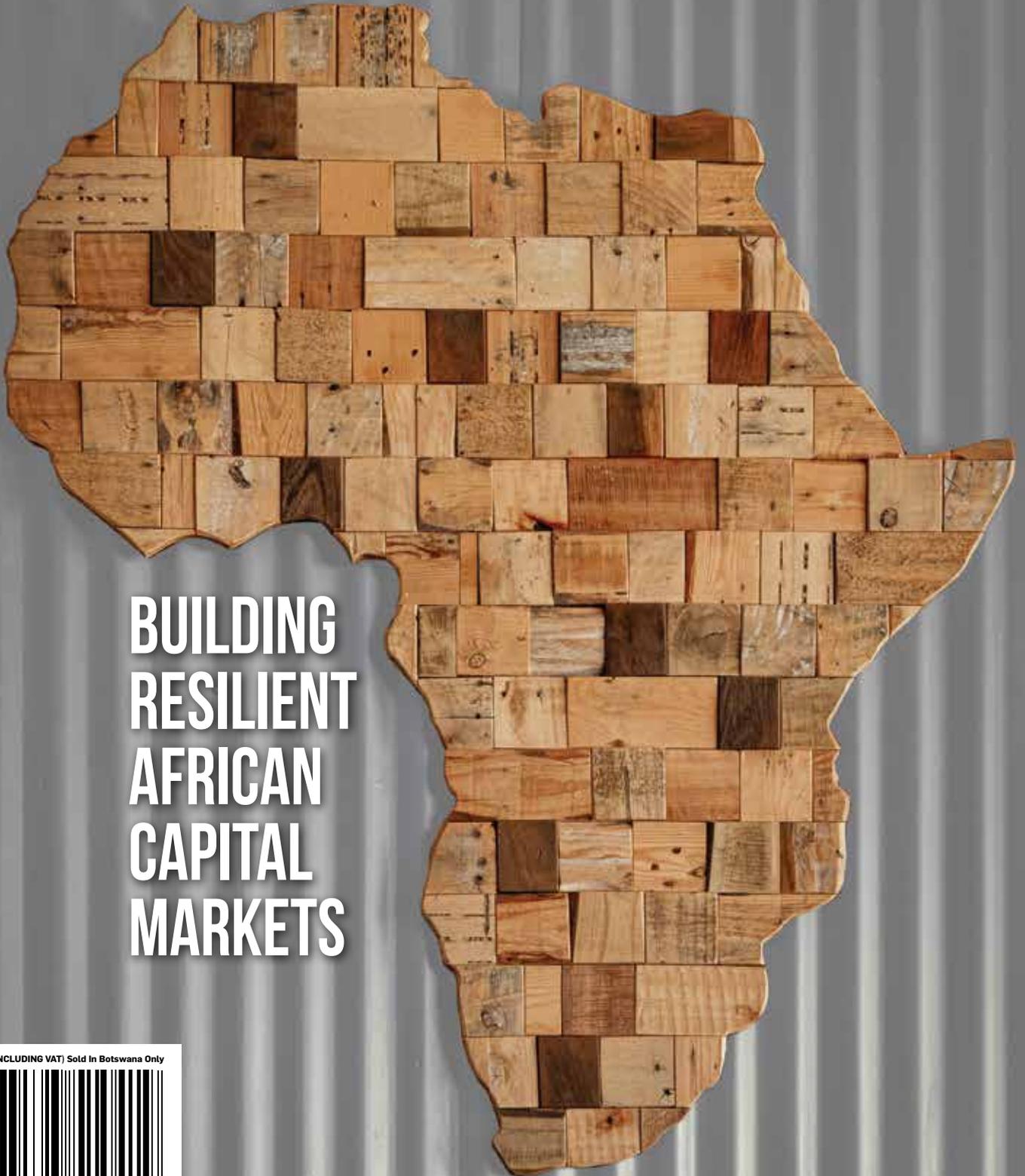




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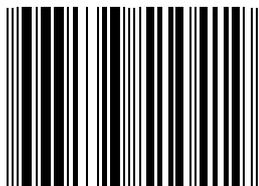
NEWS

ISSUE No.9 • JANUARY - MARCH 2020



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Happy New Year BSE News Readers!

The time has arrived to pack away the Christmas tree, to get on that treadmill and burn away the holiday weight. However, on the other hand, it is also time to look ahead with rejuvenated optimism in anticipation of the year ahead.

To be absolutely honest, I still have a skip to my step as I am still reeling off the excitement of the recently held 23rd Annual African Securities Exchanges Association (ASEA) Conference 2019 that was held at the tourist paradise of Kasane at the magnificent Cresta Mowana Safari Resort & Spa on 25th and 26th November last year under the theme, **'Building Resilient African Capital Markets'**. It is in light of this, we have decided to stick to the same theme and dedicate this edition of the **BSE NEWS** to this grand capital markets spectacle and to highlight some of the key discussions that were facilitated during this two (2) day conference.

Firstly, and rightfully so, let me start off by conveying my deepest gratitude to His Excellency, the President of the Republic of Botswana, Dr. Mokgweetsi Eric Keabetswe Masisi for gracing and officially opening the ASEA Conference 2019. In his opening, the President highlighted a number of issues that still continue to preside and stifle the growth of Africa capital markets. Some of

these included the lack of policy and regulatory reforms that serve to address and promote capital inflows as Foreign Direct Investment (FDI), many of which can also be experienced through cross-border listings. Further, the President also emphasized the need to promote entrepreneurship development through establishing SME-focused listings platforms as a means to integrate such enterprises into the mainstream economy that will ultimately support employment and productivity.

Moreover, His Excellency, the President, stressed that a lack of consistent technological and infrastructural developments, predominantly in frontier and emerging markets, are restricting growth that is essential to stay on par with developed markets. Indeed, we need to do more as African markets to close the gap. The failure to develop deep and efficient capital markets may have long-term effects as empirical evidence suggests that financial development is not just linked with a robust economy, but actually has a positive impact on poverty alleviation and income distribution as well. Therefore, a better understanding of the drivers of capital market development and the reasons for the perceived failure of reform efforts in emerging economies, can provide useful guidance to policymakers and exchanges around the world.

FOREWORD

In addition, as our keynote speaker, we were privileged and honored to host Mr. Xavier Furtado, the World Bank Country representative to Botswana and Special Envoy to the Southern African Development Community (SADC) at the Conference. The focus of his presentation, which was centered on the theme, was predominately on initiatives or public issuances that are driven by the World Bank through the International Finance Corporation (IFC) in supporting the growth of emerging and frontier markets. Notably, the IFC has been the first non-resident issuer in markets such as China, India, Dominican Republic, Nigeria, Peru, Zambia, Rwanda and our very own Botswana, to name a few. The IFC-Botswana issuance, which was the first international AAA-rated issuance in Botswana and dubbed the 'Kgalagadi Bond', was issued in December 2017 and this funding was to support Botswana Building Society's (BBS) transformation into a fully-fledged, indigenous commercial bank that would be able to finance underserved clients, including SMEs. Evidently, and as alluded to by Mr. Furtado, IFC's role in mobilising private capital cannot be understated as it transcends into long-term, sustainable projects that are able to yield and enable job creation that are for the betterment of African economies.

To add to this programme, the BSE invited over forty (40) world-renowned financial markets experts from across the continent and beyond representing developmental agencies, various securities exchanges, clearing houses and regulatory authorities to speak to some key themes under the conference agenda. I trust that the riveting and insightful presentations, along with panel discussions, will translate into fruitful, actionable initiatives for member exchanges in our collective bid to nurture and grow African capital markets.

On a separate note, 2020 is here and we now have to hit the ground running. With the newly installed stock market ticker in the heart of the Gaborone at the Central Business District (CBD), members of the public are now able to view stock market price movements in real-time. This is an important development in our market as we aim to stay-abreast with respect to information dissemination for the benefit of all market participants.

Furthermore, we plan to unveil the official, revamped BSE website during the end of Q1 which will now be more user-friendly in terms of access to market information. This website will be supplemented by a mobile application that will also aid in accessibility of market-related information for users that are on-the-go.

Lastly, our market development public outreach programs will be rolled out during Q1 with the January Opening Bell Ceremony serving as a curtain-raiser and setting the tone for the rest of the year. Please visit the 'Save the Dates' section of the BSE News to view upcoming events and do not hesitate to contact the Market Development Department to enquire on attendance of BSE events.

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

'Your Partner in Wealth Creation'

Thapelo Tsheole
Chief Executive Officer



- **Established in 2017**
- **Published by:**
The Botswana Stock Exchange Limited
- **Physical Address:**
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- **Postal Address:**
Private Bag 00417
- **To place an advert call:** +267 3674420 or email marketdev@bse.co.bw
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Contributors in this edition: Kitso Dickson, Keabetswe Newel, Bakang Tiro and Imara Capital Securities

BSE RADIO SHOWS

2019 HIGHLIGHTS: TOPICS OF THE QUARTERS



JANUARY - MARCH

- The process of investing on the BSE
- Unpacking issues surrounding the primary and secondary market
- Financial instruments offered by the BSE
- The process of investing in Bonds in Botswana.

APRIL - JUNE

- Breakdown of the products offered by the BSE:
 - Bonds
 - Equities
 - ETFs
- Listing Requirements
 - Dividends

JULY - SEPTEMBER

- Listing process and the various players that are associated with the listing value chain.
- Registered Advisors
- The advisor's role in the listing process.

OCTOBER - DECEMBER

- Press Release on Host and Venue for the 23rd Annual ASEA Conference
- Launching of the 23rd Annual ASEA Conference Sponsors
- Announcement of Conference Speakers and Key Dignitaries.

CATCH US

ON ANY OF OUR RADIO SHOWS

Monday	0630 - 0635	RB1	Sefalana sa Papadi
Thursday	1830 - 1845	RB2	Understanding Stock Markets
Friday	1610 - 1615	RB2	Automatic Drive
Friday	1730 - 1735	RB2	Tsele le Tsele



KNOW YOUR BSE MARKET INDICES

PRICE INDICES

The BSE's price indices, Domestic Company Index (DCI) and Foreign Company Index (FCI) are equity indices computed using market capitalization as the weighting methodology. The indices are computed to capture price appreciation only.

- Domestic Company Index (DCI) - Comprises all the domestic stocks listed on the domestic main board and on the domestic venture capital board.
- Foreign Company Index (FCI) - Comprises all the foreign stocks listed on the foreign main board and on the foreign venture capital board.

TOTAL RETURN INDICES

The BSE's total return indices, Domestic Company Total Returns Index (DCTRI), Domestic Financial Sector Index (DFSI), Foreign Resource Sector Index (FRSI) and Local Asset Status Index (LASI) are equity indices computed using market capitalization as the weighting methodology. The indices are computed on a total returns basis, capturing price appreciation as well the impact of dividends.

- Domestic Company Total Returns Index (DCTRI) - comprises all the domestic stocks listed on the domestic main board and on the domestic venture capital board.



- Domestic Financial Sector Index (DFSI) - comprises all the domestic financial services stocks listed on the domestic main board and on the domestic venture capital board.
- Foreign Resource Sector Index (FRSI) - comprises all the mining and energy stocks listed on the foreign main board and on the foreign venture capital board.
- Local Asset Status Index (LASI) - comprises all the stocks listed on the domestic board and those listed on the foreign boards that have been granted local asset status.



KNOW YOUR STOCK MARKET TERMS

Cash Cow Business that generates a continuing flow of cash. Such a business usually has well established brand names whose familiarity stimulates repeated buying of their products. Stocks that are cash cows have dependable dividends.

Bond buyback Corporations purchase of its own bonds at a discount in the open market. This is done in markets characterized by rapidly rising interest rates

Market Share Percentage of industry sales of a particular company or product.

Legal Transfer A transaction that requires documentation other than the standard stock or bond power to validate the transfer of a stock certificate from a seller to a buyer. E.g.

For securities registered to a corporation or a deceased person, it is the selling brokers responsibility to supply proper documentation to the buying broker in a legal transfer.

Sell Off Massive selling of stocks or bonds after a steep decline in prices. Traders sell quickly in order to avoid further losses.

Escrow Money, securities or other instruments held by a third party until the conditions of a contract are met. Equity Financing – Raising money by issuing shares of common or preferred stock.

Heavy Market Stock, bond or commodity market with falling prices resulting from a larger supply of offers to sell than bids to buy.

Yield Earnings generated and realized on an investment over a particular period of time, and is expressed in terms of percentage.

Staying Power Ability of an investor to stay with an in Closing Price - Price at which the final market transaction in a security took place on a particular business day.

Market Index A benchmark that is used as a reference marker for traders and portfolio managers.

Turnover Volume of shares traded as a percentage of total shares listed on the exchange.

Market capitalization The market value of a publicly traded company's outstanding shares.

Source: Dictionary of Finance & Investment Terms

**BSE HOSTS 23RD
ANNUAL ASEA
CONFERENCE
THEMED:**

BUILDING RESIL CAPITAL MARK

Over three hundred capital market participants converged at the tourist town of Kasane in Botswana to attend the 23rd Annual African Securities Exchanges Association (ASEA) Conference hosted by Botswana Stock Exchange (BSE). The conference is the flagship event of ASEA which boasts 25 vibrant member exchanges serving 32 African economies.

ASEA EXCO and AGM Meeting

Prior to the conference day, the 23rd Annual ASEA Executive Committee (ExCo) Meeting was held whereby respective delegates were in attendance. The ExCo meeting and lunch was held on a boat cruise in the magnificent Chobe River whereby members enjoyed the scenic views of Kasane during the meeting.



ASEA ExCo Group Picture - World Federation of Exchanges (WFE) CEO, Nandini Sukuma, Ghana Stock Exchange Managing Director, Mr. Ekow Afedzie, the Egyptian Exchange Chairman, Mr. Mohamed Farid Saleh, the President of ASEA and the Casablanca Stock Exchange CEO, Mr. Karim Hajji, the Botswana Stock Exchange CEO, Mr. Thapelo Tsheole, the Johannesburg Stock Exchange Head of Public Policy, Ms. Anne Clayton, Bourse Régionale des Valeurs Mobilières (BVRM) CEO and ASEA Vice President, Dr. Edoh Kossi Amenounve and Nairobi Securities Exchange CEO, Mr. Geoffrey Odundo

IENT AFRICAN ETS



ASEA ExCo Meeting taking place



ASEA Annual General Meeting taking place

The ASEA General Assembly Meeting and official signing of the ASEA – CFA Memorandum of Understanding (MoU) was later held at the Cresta Mowana Safari Resort & Spa Hotel. One of ASEA's key strategic objectives is to leverage existing partnerships to drive initiatives of common interest towards the development of the African capital markets. Building on the MoU between CFA Institute and ASEA, a research report was developed in conjunction with ASEA and CFA Societies in Africa. The motivation for the research was to understand the challenges, opportunities, and solutions in local capital markets in Africa, thereby informing the implications for investment, growth prospects and scenarios for the investment industry. The report has been published through the CFA Institute Research Foundation and was officially launched at the conference.



ASEA – CFA MoU signing. (left to right) ASEA President and CEO of Casablanca Stock Exchange, Mr. Karim Hajji and Egyptian Exchange Chairman, Mr. Mohamed Farid Saleh



BSE Board Chairman, Lt. Gen Tebogo C. Masire

A Warm Welcome from the BSE

Delivering the welcome remarks by host was by the BSE Board Chairman, Lt. Gen Tebogo C. Masire. He expressed gratitude to the ASEA Executive Committee for entrusting the BSE with hosting an event of this magnitude and further remarked that, deciding to host in the beautiful Kasane was to showcase what our beloved Botswana has to offer in terms of being the ultimate tourist destination in Africa.

A Warm Welcome from ASEA

During his welcome remarks by ASEA, the president of ASEA and CEO of Casablanca Stock Exchange, Karim Hajji said the conference, themed “**Building Resilient Capital Markets**”, came at an opportune time for African stock exchanges to engage about the current operating environment, and how to go about closing the gaps in the journey to attain the full promise of Africa's economic potential.

He said over the last two and a half decades ASEA has been resolute in its mission of being an enabler of African securities exchanges to become key economic and societal transformation drivers of the continent. He stated that the ASEA strategy, which commenced in 2019 focuses on five (5) key areas which will map out the critical initiatives, required in delivering value proposition.

The key areas are;

- Leading Advocacy for African Exchanges
- Promoting Liquidity in African Markets
- Building capacity for the Ecosystem
- Creating Regional Linkages
- And ensuring long-term sustainability

As part of creating value for ASEA members and partners, Mr. Hajji said they see it befitting and important to gather annually through this conference platform, with the aim of sharing ideas and knowledge on how Africa's capital and financial markets can be further developed. Development-wise, he said there has been significant progress as noted from African Capital Markets Report presentation, which will details how each of ASEA member markets has grown and what they need to do to develop even further.



ASEA President and CEO of Casablanca Stock Exchange, Mr. Karim Hajji

Undeniably for most African markets, Mr. Hajji believes the issue of liquidity and stimulating local investor participation still remain critical components that need to be addressed. He said African markets must remember that carefully cultivated liquidity allows investors to transfer risk to professional market makers via stable and reliable markets. Moreover, he stressed that more widespread adoption of electronic trading could further enhance liquidity and reduce transaction costs for market participants by providing additional platforms to match buyers and sellers. Furthermore, Mr. Hajji said robust and efficient market infrastructure with fair and open access boost liquidity by making it safer and cheaper to trade, hold and value capital market securities.

Although these platforms can assist, African markets can benefit immeasurably from the presence of professional liquidity providers willing to buy and sell and accept a transfer of risk from investors. He further highlighted other important drivers of market development which are more closely linked to capital market-specific functions. To Mr. Hajji, the importance of focusing on global sustainability issues has been prompted by growth in innovative sustainability-themed capital market products, such as renewable energy investments, green bonds, social-impact bonds, and sustainable funds. He said this has been fueled by investors increasingly demonstrating a desire to align with major global frameworks particularly the United Nations (UN) Sustainable Development Goals (SDGs) and Sustainable Stock Exchanges Initiative (SSE).

He further spoke about technological innovation, which can benefit competition-based growth and a healthy market.

Innovation according to Mr. Hajji should operate in a balanced, fair and regulated manner, with appropriate alignment to that applied to established market infrastructures. He encouraged African markets to explore the appropriate use and coordinated regulation of crypto assets and crypto trading platforms and to look towards a regulatory environment in which technological innovation can not only thrive and prosper but also do so in a safe and efficient manner, which serves the consumer and supports stable markets and economic growth.



His Excellency, the President of the Republic of Botswana, Dr. Mokgweetsi E.K Masisi

His Excellency the President of the Republic of Botswana, Dr. Mokgweetsi E.K Masisi officially opens the ASEA Conference

In his opening remarks, the President of the Republic of Botswana, Dr. Mokgweetsi Eric Masisi. Dr. Masisi's underscored the importance of capital markets as crucial links between the real economy and the financial economy, allowing the African continent to realise positive outcomes such as improved products and services, as well as mobilization of capital for broader improvement of livelihoods. "Like many countries around the world, Botswana is committed to creating a conducive environment for capital markets through policies and support for businesses, including the enactment of legislation that supports the efficiency and independence of the stock exchange and through the issuance of government securities to facilitate capital formation and institutional development", Dr. Masisi emphasized.

BUILDING RESILIENT AFRICAN CAPITAL MARKETS

A keynote presentation on *Building Resilient Capital Markets* was conveyed by World Bank Group Country Representative and special envoy to SADC, Xavier Furtado. He said, African exchanges can work towards their shared vision of creating effective and efficient capital market platforms. To him, economic development requires healthy growth of a nation's financial sector. Mr. Furtado said it is because initially, nations tended to channel their savings and investment primarily, if not almost exclusively, through banks. But over time, savers in search of higher returns and firms seeking capital provided the foundation for the development of capital markets.

In Botswana the sequence is evidenced by first, the issuance and trading of bills and bonds of national governments, followed by the issuance and trading of bonds and equities of publicly held corporations.

For capital markets to function effectively, Mr. Furtado said exchanges clearing and settlement systems must exist to enable trading, and that money market arrangements are needed to facilitate settlements. Further, a legal system must exist to enforce contracts. Information about the financial soundness and future prospects of companies must also be made available on a timely basis to give investors' confidence to purchase corporate instruments (both debt and equity).

He added that corporations must be governed in a fashion that also gives investors' confidence that their funds will not be wasted or stolen. Since the mid-1990s emerging markets have experienced a rapid development of local securities, according to him. He said the change has reflected both policy efforts by the authorities in major emerging markets and trends in global financial markets.

Locally, efforts to develop the securities market has been motivated especially, by the desire to provide an alternative source of funding in order to self-insure against reversals in capital flows. The other motivation was to stimulate domestic saving by offering savers new financial instruments that broaden the set of investment opportunities and diversification.

He said domestic residents traditionally had only access to bank deposits and domestic equities, with little access to international markets. Further, Mr. Furtado said the development of securities market here was also aimed at improving the intermediation of domestic savings and attract foreign investors.

In an era of low interest rates, government borrowing might appear to be an attractive option to finance growth-enhancing investment projects. To him, debt can enhance development and poverty reduction, while sustainable borrowing can help countries finance investments in infrastructure, health, education, and other essential areas. However, he said debt has to be transparent and well managed, lest it becomes a burden and weigh down on growth and investment.



World Bank Group Country Representative and special envoy to SADC, Mr. Xavier Furtado.

To foster growth, Mr. Furtado said Africa must connect investors to products that build human and physical capital which can be achieved through improving capital market activity. Improvements in market infrastructure and transparency, better corporate governance, and the development of benchmarks and domestic institutional investors all contribute to the development of local securities markets.

The net benefits he said are less clear-cut regarding other aspects of the development of local securities markets (the so-called gray areas). These he said, include the use of indexed bonds, credit risk pricing, government policies toward the development of local stock markets, the role of foreign investors, the development of local derivatives markets, and the sequencing of local securities markets reforms. Nonetheless, Mr. Furtado said the existence of indexed instruments and derivatives can lengthen and deepen fixed-income markets, but they may require careful monitoring to prevent undesirable mismatches and excessively leveraged positions.

Moreover, he further advised that stock market reforms that improve the conditions under which corporations' issue and trade shares should be welcomed, but they should not protect local exchanges or the domestic brokerage industry from domestic or foreign competition. Similarly, he advised that foreign investors can contribute to the deepening of local markets, even if they may add to volatility during episodes of crisis.

Mr. Furtado added that Africans have realised the importance of developing a local institutional investor base to support local securities markets. He said the growth of such an investor base has usually been slow, however, and tight regulations on asset allocations have constrained the potentially beneficial role that they could play in local securities markets. To Mr. Furtado, this is something African markets and pension regulators need to change if we are to reach the desired goal of liquid markets.

Corporate governance according to Mr. Furtado is key in developing capital markets and he said Africans have started promoting it.

He said studies have shown that countries with less protection for minority shareholders have less developed equity markets and those firms in these countries use less outside finance and have higher debt-equity ratios, making them more vulnerable to shocks.

Some African countries have recently changed the laws governing capital markets while others have approved codes of best practice designed to improve disclosure, protect minority shareholders' rights, and maximize shareholder value. The development of equity markets according to Mr. Furtado will be facilitated by a sound macroeconomic environment, open access to foreign investors, political stability, and enforceable property rights.

FEATURE

He also mentioned that properly designed and executed privatisation programs can also stimulate the development of equity markets, and that improvements in corporate governance and the protection of minority shareholders' interests are generally moved in the right direction. On the role played by the World Bank Group in developing African capital markets, he said through their private investment arm the International Finance Corporation (IFC), the World Bank has issued global benchmarks each year since 2000. He revealed that the IFC complements its public issuances by accessing a variety of different markets such as green bonds, private placements and discount notes. Mr. Furtado said the IFC was notably the first non-domestic issuer

in China, India, and Dominican Republic, Nigeria, Peru, Zambia, Rwanda, Botswana, Namibia and others.

In Botswana, the IFC issued its first bond listed on the Botswana Stock Exchange, dubbed the IFC Kgalagadi Bond in December 2017. He said this was the first ever international AAA-rated Botswana Pula bond issuance. The proceeds of the IFC bond issue were used to provide a BWP loan to Botswana Building Society, to help: (1) increase access to financial services by the lower end of the market; (2) deepen financial inclusion through a focus on underserved clients; and (3) foster healthy competition in the project country's financial sector.

A Vote of Thanks from the BSE

Commenting on the success of the conference during his vote of thanks, BSE CEO, Mr. Tsheole expressed that the conference was a massive success and its diverse business, cultural and tourism offerings was well attended by the international capital market fraternity and the feedback has been impressive.

"In my view, this is evidence that we have functional business and working relationships with the global community as African stock exchanges, and also among ourselves as ASEA Member Exchanges. The support we received at BSE from our stakeholders in Botswana was also phenomenal. We are in the third year of our five-year strategy that aims to position the BSE as a world-class securities exchange and we are pleased and humbled for the ASEA Executive Committee and our stakeholders to have trusted us with this mammoth and important responsibility" said Mr. Tsheole.



BSE CEO, Mr. Thapelo Tsheole delivering the Vote of Thanks

Panel Discussions

Speakers across different panels and presentations at the conference shed light and exchanged experiences on various attributes in respect to **Building Resilient African Capital Markets**. The CEO of the World Federation of Exchanges (WFE), Nandini Sukumar participated in a panel discussion focusing on the evolution of the role of stock exchanges. Ms. Sukumar mentioned that frontier markets have the benefit of becoming flexible capital raising platforms that also serve as liquid trading venues and bring a unique value proposition that encompass aspects of inclusiveness and collaboration between the various stakeholders and between the exchanges themselves.

Throughout the conference more thematic panel discussions and presentations were held encompassing Small-Medium Enterprise (SME) Financing through Capital Markets, the Value of Market Infrastructure, and the Rise of Alternative Assets in African Capital Markets, among others. The discussion on Opportunities in Green Bond Financing in Africa was particularly a highlight as African exchanges continue to embrace sustainability both in corporate practices as well as in product development by incorporating Environmental, Social and Governance (ESG) issues into their listing frameworks. The key takeaways from the discussion was how green bonds can accelerate urban and infrastructure development and how certain African exchanges have pioneered the listing of green bonds, thus providing impetus and lessons for others to start the process.



PANEL DISCUSSION: A GLOBAL AND AFRICAN PERSPECTIVE - HOW THE ROLE OF EXCHANGES IS EVOLVING?

(Left to Right) – Ms. Nandini Sukumar - CEO, World Federation of Exchanges, Mr. Oscar Onyema – CEO, Nigerian Stock Exchange, Mr. Stefan Nalletamby - Director, Financial Sector Development, African Development Bank, Mr. Sunil Benimadhu - CEO, Stock Exchange of Mauritius, Ms. Kemi Owonubi, Senior Transactor - Corporate Finance, Rand Merchant Bank Nigeria (RMBN) Limited



**PANEL DISCUSSION:
SMME FINANCING
THROUGH CAPITAL
MARKETS IN AFRICA**

(Left to Right) – Dr. Racious Moatshe – CEO, Local Enterprise Authority, Mr. Leutlwetse Tumelo – Executive Director, Afinitas Limited, Mr. Bame Pule – CEO, Africa Lighthouse, Mr. Andrew Madeswi – COO, CEDA, Ms. Naledi Madala – Economist, Barclays Bank of Botswana Limited

**PANEL DISCUSSION:
THE RISE OF
ALTERNATIVE ASSET
CLASSES IN CAPITAL
MARKETS IN AFRICA**

(Left to Right) – Mr. Geoffrey Odundo – CEO, Nairobi Stock Exchange, Mr. Tapologo Motshubi – Portfolio Manager, Allan Gray Botswana, Mr. Mohammed Farid – Chairman, Egyptian Stock Exchange, Mr. Tiago Fernandes – Managing Director, Structured Retail Products, Ms. Nerina Visser – Director, EFTSA



**PANEL DISCUSSION:
SYNERGIES BETWEEN
STOCK EXCHANGES,
CAPITAL MARKETS
AUTHORITIES AND
GOVERNMENT**

(Left to Right) – Dr. Edoh Kossi Amenounve – CEO, BRVM & DC / BR, Ms. Juliana White – Director, Capital Markets, Non-Bank Financial Institutions Regulatory Authority, Mr. Odirile Merathe – Vice President, Business Botswana, Mr. Celestin Rwabukumbwa – CEO, Rwanda Stock Exchange, Ms. Rajakumari Jandhyala – CEO, YAATRA Ventures LLC



**PANEL DISCUSSION:
THE VALUE OF MARKET
INFRASTRUCTURE
DEVELOPMENTS IN THE
CENTRAL CLEARING
INDUSTRY AND
TRADE ENABLING
TECHNOLOGIES**

(Left to Right) – Mr. Sheperd Aisam – Head of Corporate & Investment Banking, Stanbic Bank Botswana, Mr. Faycal Belyazid – Senior Director of Sales, Middle East & Africa, Market Technology, NASDAQ, Mr. Collen Tapfumaneyi – CEO, Escrow Group, Mr. Thapelo Tsheole



**PANEL DISCUSSION:
FINANCIAL SERVICES
SECTOR AS A VEHICLE
FOR FINANCIAL
INCLUSION**

(Left to Right) – Mr. Phil Daka – Head of Business Development, Lusaka Securities Exchange, Ms. Priscilla Ndadi – COO, Botswana Life, Mr. Paul Bwiso – CEO, Uganda Securities Exchange, Mr. Tiaan Bazuin – CEO, Namibian Stock Exchange, Tshepidi Moremong – Head of Coverage Africa, Rand Merchant Bank



**PANEL DISCUSSION:
SALIENT
OPPORTUNITIES
IN GREEN BOND
FINANCING IN
AFRICA**

(Left to Right) – Mr. Thato Matsatu – Head of Primary Markets, Johannesburg Stock Exchange, Mr. Jude Chiemeka – Divisional Head of Trading Business, Nigerian Stock Exchange, Ms. Wangui Maranga-Okello – Head of Corporate Finance, Acorn Holdings, Dr. Gregory Jobome, Access Bank Nigeria



The Conference Social Events

Welcome Cocktail

Delegates were welcomed to a networking and tête-à-tête, music and entertainment, canapés and drinks cocktail. Guests were dressed in blue, black and white honouring the 'Botswana flag' theme for the event.



BSE CEO, Mr. Thapelo Tsheole welcoming delegates.



(Left to Right) BSE CEO, Mr. Thapelo Tsheole, Governor of the Bank of Botswana, Mr. Moses Pelaelo, BSE Board Chairman, Lt. Gen Tebogo C. Masire, Egyptian Exchange Chairman, Mr. Mohamed Farid Saleh and ASEA President and CEO of Casablanca Stock Exchange, Mr. Karim Hajji.





Traditional Tswana dance group entertaining guests.

Bush Dinner

At the end of day 1 of the Conference, delegates were treated to a beautifully arranged Bush Dinner by the Chobe River under the dress theme 'African Regal'. Delegates experienced the tradition, culture, and wonder of Botswana through teachings, Traditional beer-tasting, local cuisine, traditional music and dance.



African Bush Dinner



Nigerian Stock Exchange CEO, Mr. Oscar Onyema experiencing the local cuisine.



Delegates enjoying in song and dance

FEATURE

All White Party

An All White themed closing party was held in the conference marquee. During this elegant event, entertainment was provided by local comedian, Mr. Michael 'Dignash' Morapedi as well as local acts from Charma Gal and Dj La Timmy.



BSE Board of Directors (Left to Right) Mr. Ogone Mothoagae, Mrs. Itumeleng Mareko, Mr. Norman Moleele, Mr. Martin Makgatle, Mr. Davis Tele, Mr. Thapelo Tsheole, and Professor Onkullwile Othata.



(Left to Right) BSE CEO, Mr. Thapelo Tsheole, ASEA President and CEO of Casablanca Stock Exchange, Mr. Karim Hajji, World Bank Group Country Representative and special envoy to SADC, Mr. Xavier Furtado and BSE Head of Market, Development, Ms. Thapelo Moribame.



(Left to Right) Local comedian Mr. Michael 'Dignash' Morapedi, ASEA President and CEO of Casablanca Stock Exchange, Mr. Karim Hajji and Stock Exchange of Mauritius CEO, Mr. Sunil Benimadhu.



Dj La Timmy on the music decks.



Local musician Charma Gal performing



Delegates enjoying through dance

BOTSWANA STOCK EXCHANGE HOSTS SADC STOCK EXCHANGES

The Botswana Stock Exchange (BSE) hosted members of the SADC Stock Exchanges Committee in Kasane, Botswana on the 23rd November, 2019. This was the 56th bi-annual meeting for CoSSE members and observers, chaired by the Chairman of CoSSE and CEO of the BSE, Mr. Thapelo Tsheole.



Held against the backdrop of the momentous 23rd Annual ASEA Conference which would be hosted by the BSE on the following days, the CoSSE Meeting yielded fruitful deliberations on several agenda items derived from CoSSE's on-going objectives and projects, the most significant being the finalization of the CoSSE 5-Year Strategy. Members ratified the drafted strategic objectives and corresponding initiatives, which have been constructed to fast track the development of capital markets in the region, and to be executed between 2020 and 2024. Some of the capital market issues highlighted during the meeting included Financial Inclusion, Cross-Border Trade between SADC Stock Exchanges and the Deepening of the SADC Bond Market.

Mr. Tsheole noted the high attendance of CoSSE members at the 56th CoSSE meeting as a clear demonstration of their commitment towards the development of the regional capital market, and expressed that he looked forward to the 57th bi-annual meeting which is scheduled to be hosted by the Zimbabwe Stock Exchange in March, 2020.

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



SADC Stock Exchanges delegates at the 56th CoSSE Bi-Annual Meeting hosted by the Botswana Stock Exchange on the 23rd of November 2019, in Kasane, Botswana.



The Botswana Stock Exchange in collaboration with the African Securities Exchanges Association is grateful to the below sponsors in contributing towards successfully hosting the 23rd Annual African Securities Exchanges Association 2019 Conference.

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MARKET PERFORMANCE REPORT FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER 2019

1.0 ECONOMIC HIGHLIGHTS

From a macroeconomic standpoint, global growth for 2019 recorded its weakest pace since the global financial crisis a decade ago stemming from common influences across developed countries, according to the October 2019 World Economic Outlook (WEO) report. Uncertainty brought about by increased trade barriers and geopolitical risks weighed on business sentiment and activity. Some advanced economies, and indeed China, have shown cyclical slowdowns as a result of trade tensions. In the report, the International Monetary Fund (IMF) has yet again revised global growth for 2019 to 3 percent, following a downward trend from 3.8% in 2017.

Emerging markets as a whole are estimated to grow at 3.9% in 2019 compared to 4.5% in 2018. In sub-Saharan Africa, estimate growth for 2019 registered at 3.2 percent with more than half of countries experiencing per capita growth lower than their median rate during the past 25 years. In Botswana, the Bank of Botswana (BoB) reports Real Gross Domestic Product (GDP) to have grown by 3.9% in the twelve months to June 2019, compared to a faster expansion of 4.9% in the corresponding period in 2018. The lower rate of increase in output is mainly attributable to a deceleration in growth of the mining sector. Growth in non-mining GDP also slowed in the review period. Mining output grew by 1.4% in the year to June 2019, compared to an increase of 5.6% in the corresponding period in 2018.

As this report shows, the response and activity in the equity market improved in 2019 when assessed on the basis of various metrics, despite trading levels finishing the year slightly lower than in 2018. This could be an indication of recovery in investor sentiment owing to various successful interventions of the BSE in an environment that has been challenging at both macro level and at industry level for investors as well as issuers.

Evidently, the prudence and consistency with which listings requirements have been applied in instances of transgressions by corporates was an important driver of confidence and our continued affirmation to equitable treatment of shareholders and the protection of the minorities. The consistent engagement of the public on these matters, to not only clarify the matters to the public from the perspective of the BSE but to equally ensure timeous flow of relevant updates, has been well acknowledge by the investor community. Outreach programmes, such as the Monthly Opening Bell Ceremonies as well as information channels - BSE Magazine, X-News and Social Media - have proven to be instrumental in this regard. Indeed, trust and information are fundamental to investor confidence, formation of true prices of securities and efficient and vibrant capital markets.

2.0 MARKET STATISTICS

Table 1 presents a snapshot of the overall market indicating the number of listed instruments across the three asset classes, the total market value of the three asset classes and the trading activity in these asset classes in 2019 and 2018.

Figure 1: Market Statistics

ASSET CLASS		LISTED INSTRUMENTS	MARKET CAP (P'Mn)	TURNOVER (P' Mn)
Equities	2019	33*	407,874.2	1,810.9
Bonds		46	17,288.3	2,175.4
ETFs		3	654.7	196.2
TOTAL		82	425,817.2	4,182.5
Equities	2018	36*	413,168.3	1,862.2
Bonds		49	15,038.1	2,222.7
ETFs		3	603.6	280.5
TOTAL		88	428,810.0	4,365.4

Source: BSE

*Takes into account BBS Limited, registered on the Serala OTC Board.

As could be noted from Table 1, a total turnover of P4.2 Bn was recorded in 2019 compared to P4.4 Bn in 2018, a relative decline of 4.2%. Efforts to attract listings and products intensified in the year, although there was no conversion in terms of actual listings. Other projects commenced and progressed successfully, such as the implementation of the new CSD system and the implementation of the new equity brokerage commission, and are expected to stimulate performance in the years ahead.

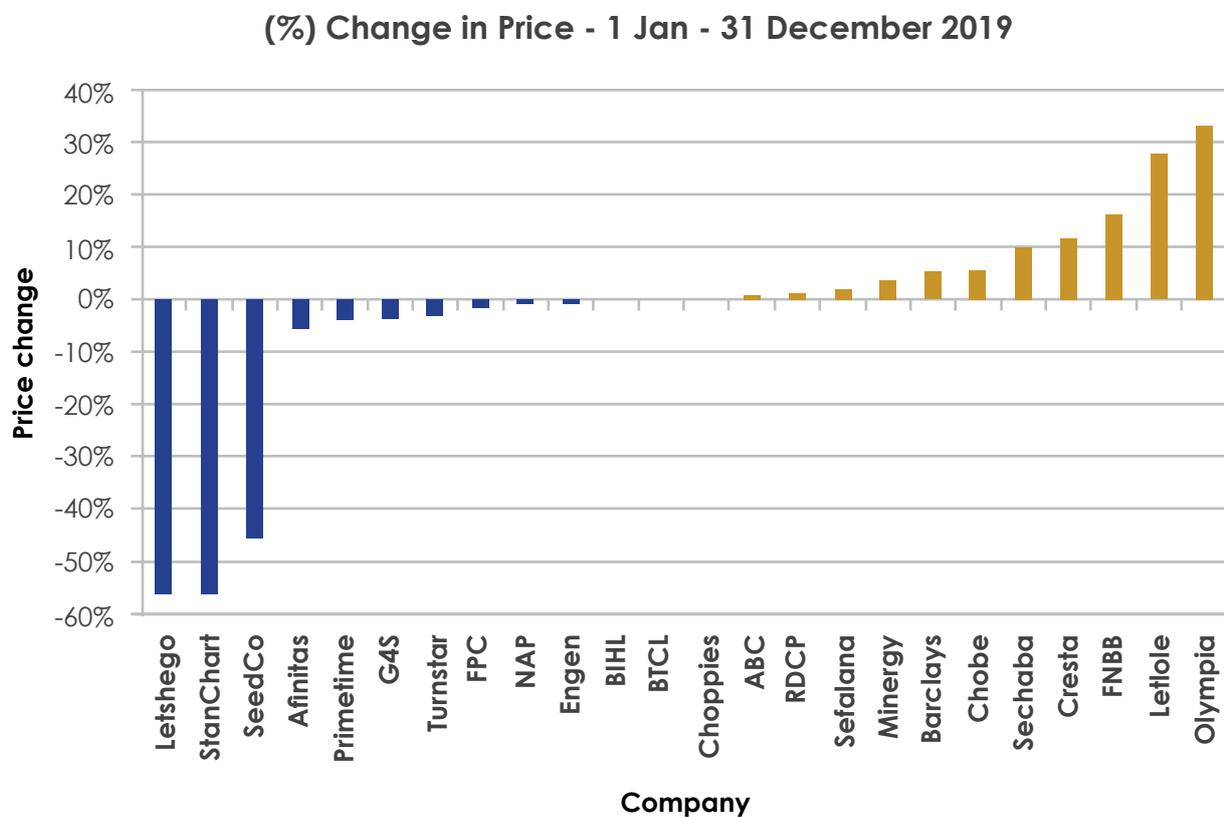
3.0 EQUITY MARKET PERFORMANCE

3.1 Equity Market Statistics

In 2019, the equity market performed relatively well in comparison to the corresponding prior period as evidenced from a pullback in market returns as noted in Table 2. The decline in the Domestic Company Index (DCI) registered at 4.6% compared to a decline of 11.4% in 2018, attributable to a rebound in the majority of the stocks as shown in Figure 1. In the period under review, 11 companies (compared to 8 in 2018) registered positive price changes, 10 (compared to 14 in 2018) registered negative price movements and 3 (compared to 4 in 2018) closed the year with -share prices back to their 2018 levels.

MARKET PERFORMANCE

Figure 1: Price changes (%) by Domestic Companies 2018-2019



Source: BSE

Table 2: Equity Market Statistics

	INDICES PERFORMANCE					
	2018	2019	Q1'19	Q2'19	Q3'19	Q4'19
DCI	7,851.9	7,494.6	7,885.6	7,628.1	7,460.9	7,494.6
% Change	(11.4)	(4.6)	0.4	(3.3)	(2.2)	0.5
FCI	1,570.3	1,562.4	1,566.26	1,564.55	1,564.55	1,562.4
% Change	(0.3)	(0.5)	(0.3)	(0.1)	(0.0)	(0.1)
	TRADING ACTIVITY (P'Mn)					
	2018	2019	Q1'19	Q2'19	Q3'19	Q4'19
Turnover	1,862.2	1,810.9	320.0	546.8	340.0	604.0
Volume	582.5	627.8	156.1	101.2	130.1	240.3
Avg. Daily Turnover	7.5	7.3	5.2	9.0	5.6	9.6

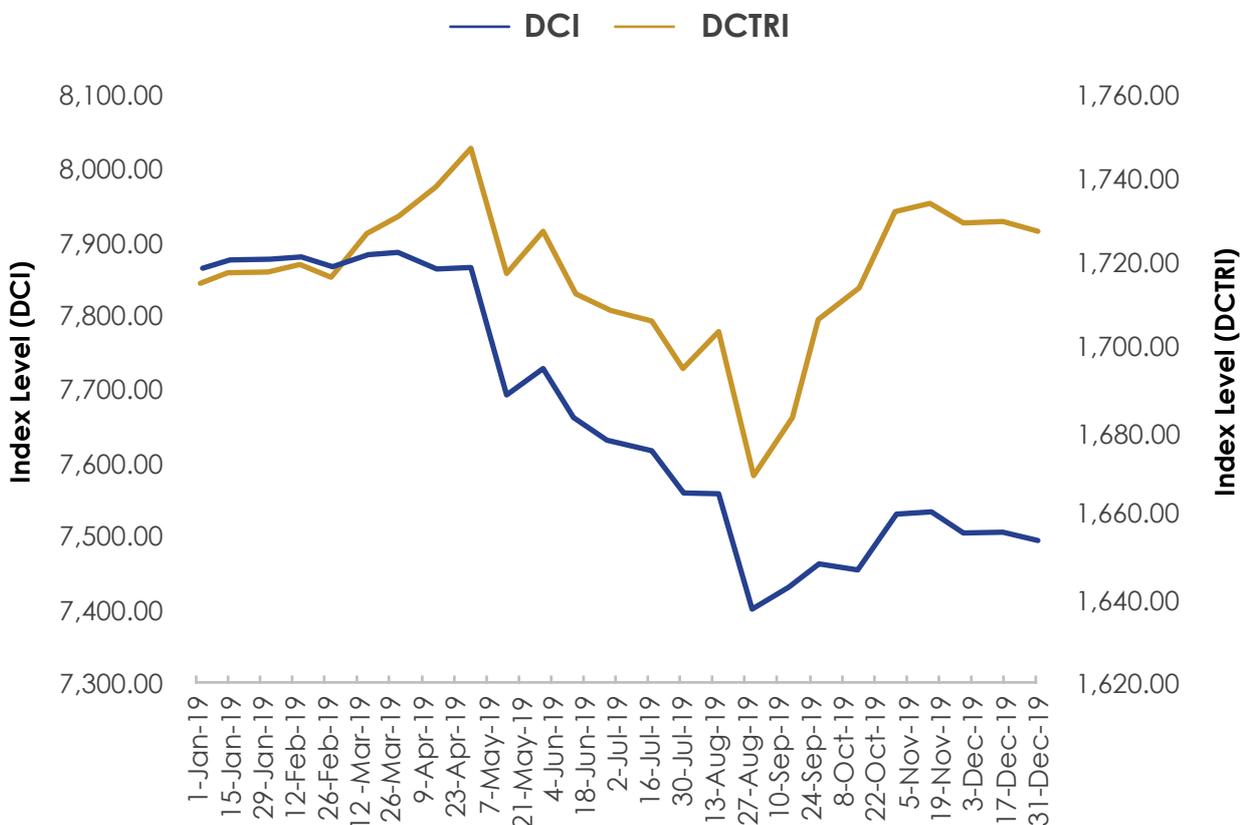
Table 2: Equity Market Statistics

	MARKET CAPITALIZATION (P'Mn)					
	2018	2019	Q1'19	Q2'19	Q3'19	Q4'19
Domestic Companies	42,421.0	38,709.4	42,212.4	40,804.2	38,481.8	38,709.4
Foreign Companies	370,747.3	369,164.8	370,216.2	369,938.3	369,661.8	369,164.8
Total	413,168.3	407,874.2	412,428.6	410,742.5	408,143.6	407,874.2

Source: BSE

As per Table 2 above, turnover levels dropped by 2.8% in 2019 relative to 2018. Two important events held in 2019 which contributed to a reduced universe of tradeable securities; the continued suspension of Choppies Limited throughout 2019 and the delisting of Wilderness Holdings Limited and Furnmart Limited during the year. These entities have contributed significantly to trading activity in prior years owing to their size and contribution to diversity of sectors on the Exchange. These events have also negatively impacted domestic market capitalization which has reduced by P3.7 Bn to P38.7 Bn from P42.4 Bn in 2018. On a balance of events, to experience a continued suspension of Choppies and a delisting of two major corporates and still restore trust, confidence and investor activity has been a remarkable feat for the Exchange and the investor community.

Figure 2: Performance of the DCI and DCTRI



Source: BSE

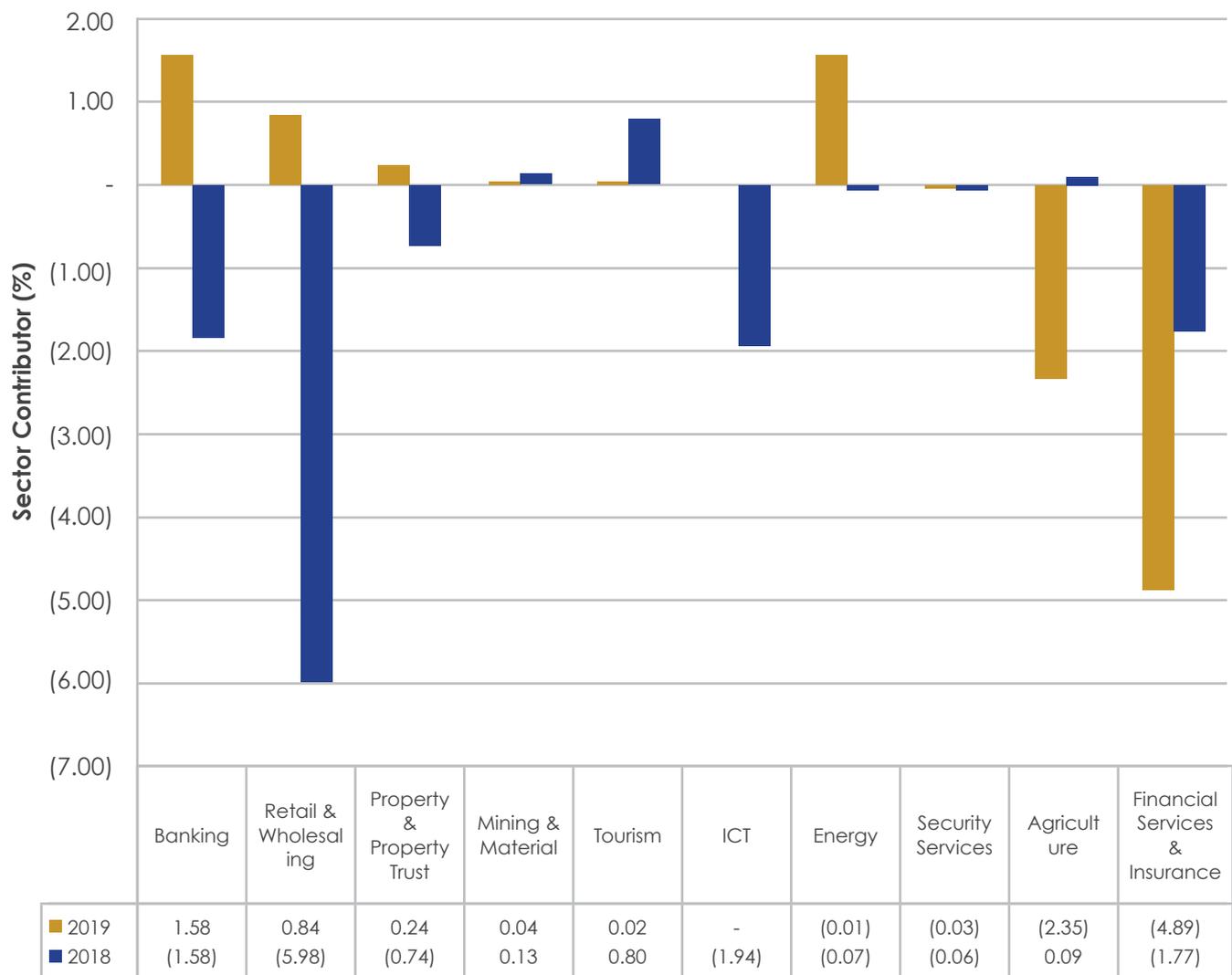
*The DCTRI appreciated by 0.9% compared to the DCI's depreciation of 4.6%.

MARKET PERFORMANCE

3.2 Sector Contributions to Performance of the DCI

In general, the sectors that registered a decline contributed a negative 7.3 percentage points to the DCI's depreciation of 4.6%, against a contribution of a positive 2.7 percentage points by the sectors that registered growth (Tourism and Mining & Materials). Further analysis points out that the negative contribution to DCI performance was mainly on account of the Agriculture, Energy, Security Services and Financial Services sectors. Overall, other sectors performed better than they did in 2018.

Figure 3: Sector Contributions to Performance of the DCI



Source: BSE



3.3 Sector Contributions to Liquidity

Domestic counters continue to be the most traded relative to foreign counters, having contributed 97.8% to the total equity turnover on the Exchange in 2019. On the domestic board, the Property sector was the most traded followed by the Retail & Wholesaling sector with contributions of 28% and 23% to domestic turnover respectively in 2019.

The Foreign Mining Sector remains the largest in value and most illiquid. In this sector is Anglo American Plc, which is listed on the Johannesburg Stock Exchange (JSE) and the London Stock Exchange (LSE). Anglo accounted for 93.2% of the foreign equity market capitalization and for 84.3% of the total equity market capitalization.

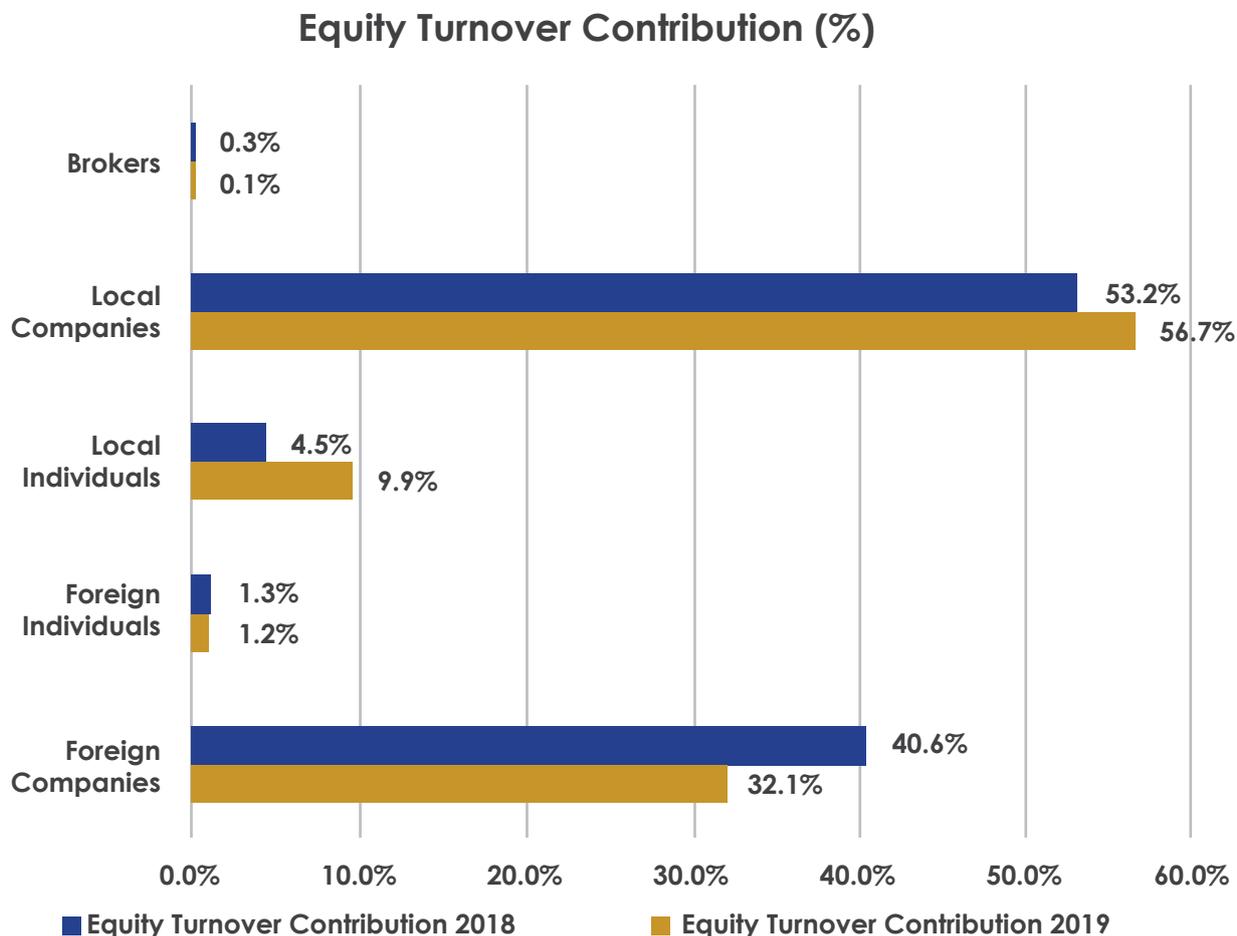
3.4 Investor Contribution to Equity Turnover

As presented in Figure 4, local institutional investors (denoted as local companies) dominated trading activity in 2019 and accounted for 56.7% of the total equity turnover whereas foreign companies accounted for 32.1% of the total equity turnover in 2019. In 2019 local companies and local individuals were the net sellers of equities while foreign companies were net buyers, a sign of improved outlook into the domestic equity market relative to peer frontier markets.

Local individuals registered a significant increase from 4.5% to 9.9% between 2018 and 2019. In monetary terms, local individuals' trades in 2019 amounted to P178.5 Mn compared to P83.8 Mn in 2018. On the back of continued outreach initiatives, the Exchange closed the year with 94,354 investor accounts from 91,311 investors in the prior year. This improvement demonstrates increased awareness of the stock market by Batswana which is essential for promoting citizen economic empowerment and a heterogeneous investor base.

MARKET PERFORMANCE

Figure 4: Investor Contribution to Turnover: 2018 and 2019



4.0 BOND MARKET PERFORMANCE

4.1 Bond Market Returns

During the year 2019, the BBI appreciated by 4.5% whereas the GovI and Corpl registered returns of 3.6% and 7.2% respectively. The BBIFixed returned 4.1% for the year while Inflation averaged 2.8% in 2019. Inflation in the year was predominantly below the objective range of 3%-6%.

Source: BSE

4.0 Bond Market

As illustrated in Table 3, activity in the bond market was modest in 2019 with turnover amounting to P2,141.1 Mn compared to P2,222.7 Mn in 2018. Government bonds continued to dominate liquidity of the market accounting for 98.4% of total turnover. Five new corporate bonds were listed in 2019. These were RDCP001, CGL001, SBBL068, SBBL069, and FNBB010. Eight bonds were redeemed or matured during the period under review and the market ended the year with 46 listed bonds in total. Market capitalization increased by 15.3% over the period owing to the substantial sizes of the newly issued corporate bonds in addition to the re-openings of Government bonds.

Table 3: Analysis of Bond Market Performance

Category	2018	2019
Value Traded (P'Mn)	LIQUIDITY (P'MN)	
Government Bonds	2,176.8	2,141.1
Corporate Bonds ^{Note 1}	45.9	34.3
TOTAL	2,222.7	2,175.4
	MARKET CAPITALIZATION (P' BN)	
Government Bonds	9.6	11.9
Corporate Bonds	5.5	5.4
TOTAL	15.0	17.3
	NUMBER OF BONDS LISTED	
Government Bonds	7	7
Corporate Bonds	42	39
TOTAL	49	46

Source: BSE

Note 1: Comprises of Quasi-Government, Parastatals, Corporate and Supranational bonds

5.0 THE EXCHANGE TRADED FUND (ETF) MARKET

As Table 4 below indicates, the commodity ETFs being NewGold and NewPlat generated the most turnover with NewGold leading with P166.2 Mn value traded. This represents 85% of total ETF value traded. NewPlat was the second highest traded with turnover of P29.9 Mn. This increased turnover, particularly on the NewGold ETF reflected global investor sentiments which turned cautious against the equity markets during the 2nd quarter of 2019. Globally, investors increased their allocations significantly to commodities and commodity-linked instruments particularly Gold, which returned close 20% in 2019.

NewFunds ILBI ETF, which tracks the performance of South African Government inflation-linked bonds also performed well as it traded for the first time since listing in 2015. The instrument's appeal has been majorly dampened by a perpetual negative outlook on South Africa's credit quality especially prior to the current political regime. The ETF traded 416 units valued at P21,144 and also registered an appreciation of 5%.

Table 4: ETF Market Statistics: 2018 and 2019

Indicator	NEWGOLD		NEW FUNDS		NEWPLAT	
	2018	2019	2018	2019	2018	2019
Turnover (P'Mn)	33.7	166.2	0.00	0.021	246.4	29.9
Units Traded	275,340	1,116,741	0.00	416	2,751,911	338,362
Unit Price (Pula)	126.40	147.90	47.77	50.19	86.90	100.75
Market Cap (P'Mn)	372.88	413.30	4.78	5.15	225.94	236.21

Source: BSE

OPENING BELL CEREMONIES

OCTOBER OPENING BELL CEREMONY

The Limkokwing University Vice Chancellor, Dr. Gape Kaboyakgosi, University of Botswana Acting Deputy Vice Chancellor, Prof. Happy Siphambe and Botswana International University of Science & Technology Director - Centre for Business Management and Entrepreneurship, Prof. Patricia Makepe were honoured with an opening bell and panel discussion on the **'State of Financial Literacy in Botswana'**.



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



Members of the audience



BSE Head of Market Development, Ms. Thapelo Moribame, moderating a panel discussion themed, 'State of Financial Literacy in Botswana'



(Left to Right) - Limkokwing University Vice Chancellor, Dr. Gape Kaboyakgosi, Botswana International University of Science & Technology (BIUST) Director - Centre for Business Management and Entrepreneurship, Prof. Patricia Makepe, BSE CEO, Mr. Thapelo Tsheole, University of Botswana (UB) Acting Deputy Vice Chancellor – Student Affairs, Prof. Happy Siphambe



Official Bell Ringing



BSE Head of Clearing & Settlement, Ms. Masego Pheto, delivering the Vote of Thanks

NOVEMBER OPENING BELL CEREMONY

The 23rd African Securities Exchanges Association (ASEA) Conference 2019 Sponsors were honoured with an opening bell.



BSE CEO, Mr. Thapelo Tsheole, delivering Welcome Remarks & Overview of ASEA Conference 2019



Members of the audience



Botswana Tourism Organisation Executive Manager - Investment & Product Development, Mr. Tafa Tafa delivering remarks. Botswana Tourism Organisation was a Gold Sponsor at the ASEA Conference 2019



(Left to Right) Barclays Bank of Botswana Limited Managing Director, Ms. Keabetswe Phoko-Moshagane, Botswana Tourism Organisation Executive Manager - Investment & Product Development, Mr. Tafa Tafa, Botswana Stock Exchange Chief Executive Officer, Mr. Thapelo Tsheole and Botswana Insurance Holdings Limited Chief Executive Officer, Ms. Catherine Lesetedi

NOVEMBER OPENING BELL CEREMONY [CONTINUED]



Rand Merchant Bank Botswana Acting Director, Ms. Harriet Mlalazi, delivering remarks. Rand Merchant Bank Botswana was an Associate Sponsor at the ASEA Conference 2019



Standard Chartered Botswana Limited Chief Finance Officer, Dr. Mbako Mbo, delivering remarks. Standard Chartered Botswana Limited was an Associate Sponsor at the ASEA Conference 2019



Botswana Insurance Holdings Limited Chief Executive Officer, Ms. Catherine Lesetedi delivering remarks. Botswana Insurance Holdings Limited was a Gold Sponsor at the ASEA Conference 2019



Botswana Insurance Holdings Limited Chief Executive Officer, Ms. Catherine Lesetedi delivering remarks. Botswana Insurance Holdings Limited was a Gold Sponsor at the ASEA Conference 2019



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



Official Bell Ringing – BSE CEO, Mr. Thapelo Tsheole with the sponsors of the ASEA Conference 2019

SAVE THE DATES

BSE Calendar | 2020

Opening Bell Ceremony

Month	Date
January	15 th January, 2020
February	10 th February, 2020
March	2 nd March, 2020
April	1 st April, 2020
May	4 th May, 2020
June	1 st June, 2020
July	6 th July, 2020
August	3 rd August, 2020
September	1 st September, 2020
October	5 th October, 2020
November	2 nd November, 2020
December	1 st December, 2020

Open Days

Event	Date
Goodhope	12 th March, 2020
Shakawe	14 th May, 2020

8th Annual Senior Secondary Schools Finance & Investment Competition:	15 th August, 2020
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FINTECH IN FINANCIAL MARKETS, ECONOMIC SHIFT: A LAND OF OPPORTUNITY

Globally, the financial services industry keeps expanding exponentially in the recent years. From the introduction of mobile payments, online banking and lately crypto currencies, the financial sector is now faced with a new disruptor known as 'FinTech' referring to Financial technology.

FinTech, the modern branch of technology that deals with financial sector, is said to be crucial in harnessing financial inclusion, diversifying the economy as well bringing disruption to the stock or capital markets, leading to a bullish domestic capital market, that is tough despite recession.

As Botswana is in anticipation of gaining a knowledge based economy status, the country has been urged to fully tap into mass revolution brought by technological devices that have become primary mode of distributing goods or services in almost every aspect of the economy.

Implications of Financial technology to the distribution of financial services such as banking services that involves online banking process such as payment, online shopping amongst others has been pointed out as the turning point of the financial sector in future. Renowned financial experts remarked this during the Bali Fintech Agenda Conference held on the 24th June, 2019 in Gaborone.



Co-hosted by the Bank of Botswana (BoB) and International Monetary Fund (IMF) the conference was held under the theme “Balancing FinTech Opportunities and Risks: Implementing the Bali FinTech Agenda.” The objective of the conference was to give member countries the opportunity to reflect in depth on the issues raised by the Bali Fintech Agenda (BFA) and on their relevance to their own conditions, and to share experiences.

The Bali FinTech Agenda was launched and adopted in October 2018 at the annual meetings of International Monetary Fund (IMF) and the World Bank Group in Bali, capital city of Indonesia. Additionally, the agenda has twelve (12) policy elements aimed at helping member countries harness the benefits and opportunities of rapid advances brought by advanced technological developments.

Botswana Enters Disruption

Former Minister of Finance and Economic Development, Mr. Kenneth Matambo, giving the keynote address at the conference said Botswana is optimistic in adopting the Bali Fintech Agenda policy elements. He went on to say that he is hopeful that countries in the regions enormously will start by appreciating and evaluating the relevance of the Bali Agenda for the region without fail.

This, he said will be by aligning it to their development imperatives and in this regard it is compelling to agree that there are indeed financial sector development, access and inclusion gaps locally. "Botswana is also an example of crude indication of the current level of financial sector development and inclusion in the region. In terms of financial sector development, as at December 2018, various statistics indicate modest achievement. The ratio of the broader financial sector assets to GDP was 119 percent whereas the total banking sector assets relative to GDP was 48.1 percent," said former Minister of Finance and Economic Development, Kenneth Matambo.

Matambo went on to buttress that with regard to financial inclusion, the Fin scope Consumer Survey in 2014 which indicated that 76 of the adult population in Botswana was estimated to have access to some form of formal financial services. The remaining 24 percent were unbanked; did not use any financial products or did not have access to any form of financial services. Against this background a Financial Inclusion Roadmap that runs from 2015-2021 was developed and the strategy embraces Fintech as key element, Matambo further added.

BSE and FinTech integration

FinTech has changed and will continue to shape the manner in which financial services providers such as banks, insurances, stock exchange such as BSE operates.

At the Bali Agenda conference, experts reiterated the need for adopting robust financial technology systems by the local entities so as to grow their turnover into leaps and bounds.

At the BSE we have also not lagged behind in tapping financial technology stems and this is evidenced by the Automated Trading System (ATS) and Central Securities Depository (CSD) system in its fold.

The installation of a CSD system has been aimed at boosting liquidity and clearing and settlement of shares in an electronic system to enable them to be transferred digitally instead of the previous arrangement of certificate issuance.

Moreover, BSE's commitment towards more disruptive adoption of financial technology was illustrated by the launch of Automated Trading Systems in 2012 (ATS), a platform designed to replace floor trading of shares. BSE statistics have reflected that the average daily turnover in the year 2017 amounted to P10 billion as compared to P 3.6 million recorded in 2012, prior to the ATS implementation.

Professor Njunguna Ndung'u, Executive Director, African Economic Research Consortium said Botswana boasts a good market for Fintech harnessing adding that Sub Sahara Africa is slowly but surely leapfrogging in technology.

He cited that a country such as Kenya has forged ahead in tapping into FinTech which is also attracting lucrative investors from China and research shows that with foreign interactions, Kenya's financial technology will grow better and fulfill the modern desire of Kenyan people.

FinTech Not A Threat

Barclays Bank of Botswana Managing Director, Keabetswe Pheko-Moshagane remarked that the delusions that FinTech is a threat towards collapsing the traditional way of banking is a thing of the past. Moshagane who is a technology enthusiast said the adoption of Fintech still remains low across the local banking sector and other financial services providers.

“The world of the financial service is integrating into the modern technology which makes the business space to be highly competitive. So for us to survive as banks, there is need to incorporate into the digital space therefore adopting the solutions that come with FinTech,” Barclays MD said.

In addition, Pheko-Moshagane stated that the private sector is crucial in harnessing financial technology systems, stressing that the private companies should be formulating tech solutions. She went on to say that despite low FinTech intake, Botswana's businesses developed some financial technology services citing the refreshed Mobile Banking application launched by the bank.

Moreover, some of the financial inclusion promotion platforms that have been executed by some non-banking businesses include Orange Money by Orange, Mascom's MyZaka, and Smega by BTC.

From banking service perspective, BancABC in July 2019 launched BancOnline, a digital platform designed to modernize the core banking structure, cultivated to enable enhanced system performance and transactional channel systems. BancABC Managing Director Kgotso Bannalotthe said the online banking service launch said the bank is now galvanizing its position as a full service bank that serves both Retail individual clients, SMEs up to large corporates.

Furthermore, it has been advised that tight regulation of FinTechs be put in place to ensure that consumers are protected against emerging risks that could come up with the developments too. The next issue of consideration should be policy development and development at local and global level as the rapid emergence of cybercrime cannot be ruled out.

HOW PENSION FUNDS DEVELOPED THE LOCAL CAPITAL MARKET

With a staggering sum of P27.6 billion invested in the local capital market, Botswana pension funds are indeed a force to reckon with in the development of the money market, capital market and financial sector players have said.

In Botswana, like any other economy globally, pension fund financial assets have positive impacts on stock market depth and liquidity as well as private bond market depth.

From the P26.7 billion total value of pension funds' investments in the local capital market by the end of 2017, P 13,898,000 000 of that value was invested in listed equities on Botswana Stock Exchange (BSE) according to Oaitse Ramasedi, Chief Executive Officer (CEO) at NBFIRA. The investments are vital and have played a major role in providing liquidity for listed equities.

Generally, companies list on the BSE to raise capital, so market pundits like Garry Juma believe that because pension funds are usually cash rich, their investments into listed companies come a long way in helping companies raise capital and create liquidity. "The capital raised will obviously be used by the companies to expand and grow, creating more economic benefits along the way like employment, pay more taxes and generate more returns," Juma said. He is the Head of Research at brokerage firm, Motswedi Securities. While the pension funds were allowed to invest up to 70 per cent of their assets off-shore, asset managers were expected to take more proactive steps in identifying opportunities locally.

"Pension funds play a critical role in mobilising domestic savings. And due to their long term investment horizon, they are a significant sector in partnering with governments in infrastructure development the world over," he said, adding that government remained the primary financier of infrastructure projects.

Further, Ramasedi revealed that P409 000 000 and P2, 082,000 000 are invested by the pension funds in Exchange Traded Funds (ETFs) and private equities respectively as at 2017.

To Juma, ETFs play a major role in diversifying investment instruments on the capital market. While the ETFs are generally at a developmental stage in Botswana, the uptake by the pension funds has helped develop ETFs as investment instruments, which will further diversify investment opportunities for investors.

Further, the pension funds have collectively invested P 8,169,000 000 in Pula bonds, P2, 760,000 000 in Pula Cash and P371 000 000 in property.

Two of Botswana's largest pension funds, the Botswana Public Officers Pension Fund (BPOPF) and the Debswana Pension Fund (DPF) play a major role in that area, and have invested significantly in the local capital market. On listed equities on the BSE, BPOPF is very muscular. It is the single largest retail investor, considering investments made on the BSE by fund managers nominated by the BPOPF.

Local companies listed on the BSE main board are worth around P43 billion in market capitalization according to the latest BSE Annual report, although the BSE itself has a market value of around P418 billion with the inclusion of companies listed on the foreign equities board. BPOPF is the single largest retail investor in these domestically listed companies, whose market value is around P43 billion.

The fund has around P60 billion in Assets under Management (AUM). Amongst the 22 companies listed on the BSE domestic board, BPOPF owns a significant stake in about 19 of those companies directly and indirectly. The fund, which was registered in 2001, invests indirectly, through its fund managers. According to Boitumelo Molefe – BPOPF CEO – her Fund has invested around 30 percent of its AUM in Botswana while 70 percent is offshore.

On the other hand, Gosego January, Debswana Pension Fund (DPF) CEO said DPF's Assets under Management stood at P 7.28 billion, as at 31st December, 2018. As at 31st December 2018 DPF invested P 3.83 billion offshore and P 3.45 billion onshore. This is equivalent to a split of 52.6 percent offshore and 47.4 percent onshore assets. DPF has invested 19 percent of its portfolio in local listed equities with 47 percent of the portfolio invested in foreign listed equities. Only 1 percent of the Fund is invested in Private Equity.

The BPOPF plays a major role also in the private equity space, in which Molefe said the aim is to develop SMEs into large operations, and to also develop the unlisted equities market. BPOPF had developed a private equity fund (PEF) valued at over P800 million, specifically to invest in unlisted equities and develop them for listing. Further, she highlighted that there was need for preference in domestic investment of pension funds over offshore placement. She however said that it is the trustees' responsibility to optimise investment yield through prudent management of capital.

As such, she emphasised on exploring infrastructure developments due to the long term nature of such projects.

BPOPF Board of Trustees approved the Fund's Incubation Program Policy, which aims to empower citizen asset managers to the tune of P1.5 billion. Molefe said that the asset management business tends to be dominated by foreign major players in the industry. In this regard start-ups and smaller asset managers encounter barriers to entry which can inhibit competition and stifle potential growth. She also said that large institutional investors such as pension funds can through an Incubation Program, provide seedling

capital, to enable the asset manager to build a verifiable track record. The policy intends to develop local talent, improve diversification and have a meaningful impact on the development of the industry, according to her. Locally, the BPOPF boss said the fund is underweight in alternative investments. "There is currently one private equity manager and one direct property manager, investing in the local alternative space is therefore one of the strategic leverage areas of the fund to further grow assets," she said, adding that to achieve this an incubation program has been launched to increase local private equity and infrastructure investments. Pension Funds have traditionally held investments in listed equities, bonds and properties, but Molefe said that recently there has been very little growth in these assets classes and alternative investments which are not correlated to listed assets are the latest investible assets where growth opportunities are being realized. These include hedge funds, private equity and infrastructure, while some direct property investments are also yielding higher potential growth.

In her views, the Fund is doing this to develop companies into big corporations that could eventually list on the stock exchange. At the DPF, January said Botswana has seen investible opportunities over the years, which are bound to improve as the economy continues to develop, namely Property, Fixed Income and Private equity. She said further that the Fund continues to invest in a diversified portfolio, both locally and globally, with low correlations that can generate high-risk adjusted returns. In addition, the Fund continuously engages with different stakeholders in order to ensure that member interests are optimized. Being the second largest after the BPOPF, she said soon, new investment instruments and policies will be announced to further grow the Fund portfolio and its investment split.

BANK ROLLING NDP 11 THROUGH FINANCIAL INSTITUTIONS

The risk to Botswana's budget is mainly from external volatilities. Combined, mineral revenue and Southern African Customs Union (SACU) receipts make 60 percent of government income.

The makeup of that makes Botswana vulnerable to external shocks. SACU's main risk arises from the underperformance of South Africa, the bloc's hegemony. SA is an environment where a lot of things are happening. The rand underperformance, capital outflows and technical recession. The October 2019 medium term review might show a weaker fiscal balance and economists fear that the country might just downgrade. Any impact on South Africa translates to poor performance of SACU receipts because it does most trades outside of the bloc and poses risk for Botswana's budget outlook. Mineral environment is generally negative.

Globally, there's subdued demand for rough diamonds, which make about 80 percent of exports. The weak market for rough diamonds intensifies the fiscal challenges facing government and puts pressure on fiscal balance for NDP 11. Yet the success of the six year plan of the NDP which began in 2017 relies mostly on minerals and SACU receipts. A closer look at the NDP 11 shows that when one calculates the revenue mix from SACU and minerals over its period, it still comes in at around 60 percent. Currently there are fears financing the NDP 11 could be challenging given market dynamics of South Africa and commodities.

Keith Jefferis, an economist with Econsult argues that during the second half of NDP 11, budgetary constraints will be a major challenge, especially given the spending commitments made by all political parties in the run-up to this year's general election. "Government will need to respond to this

challenge by prioritising the competing demands on public spending, and cutting back spending on unproductive or low priority programmes, projects and institutions," he argues.

While other economists feel that government can continue with the project by tapping into the government investment account, Jefferis worries that foreign reserves have been on a decline and offer limited financing opportunities.

As at June 2019, foreign reserves stood at P71.8 billion, after declining by almost P5 billion from May. In December 2014, foreign reserves had reached P84.9 billion. Foreign reserves are mostly used to finance deficits and would most likely finance current deficit which is projected at over P7 billion. Jefferis feels that dipping into the foreign reserves to finance NDP 11 would pose some risk. Observers argue that financial institutions can play a role in helping government finance either by injecting capital themselves or lending to government.

Economist explain that government could borrow through issuing more bond programs or just debt with development financial institutions to undertake the project. Bank of Botswana on behalf of government borrows from the local capital market on a quarterly basis either to enhance the local market or help finance the national budget. Market performance report for period 1 January to 30 June 2019 by the Botswana Stock Exchange shows that at its first bond auction of 2019 on 1 March 2019, Bank of Botswana 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). The report further shows that 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).

FEATURE

Government bonds are the most sought after, and government uses them to secure funds. Jefferis has observed that they are mostly held by non-bank financial institutions, particularly the pension funds. He says banks can hold more but are challenged by low liquidity. "Banks could lend but their ability is limited," he says adding that the banks will need to bring in more deposits to hold bonds for them to help government in financing.

That way experts believe projects under the NDP 11 can continue with changed funding which is a debt profile. The Bank of Botswana has revealed that Government and government guaranteed debt for the 2018/19 fiscal year is estimated at P46 billion. The estimates show that about P36.1 billion is government's own debt and the balance being government guaranteed debt. External debt amounts to P30.5 billion or 15.4 percent of GDP, while domestic debt amounts to P15.5 billion. Combined this is 23.2 percent of GDP which is relatively low by global standards. Jefferis, who is the MD at Econsult Botswana who says with such debt profile, government can easily afford to borrow and service debt. This is because the country's debt is below self-imposed threshold of 40 percent of GDP. SADC guidance is pegged at about 60 percent and countries like South Africa and Namibia average 40-50 percent.

Financial industry players say they exist to enable the country economy. Barclays Bank Botswana Managing Director, Keabetswe Pheko-Moshagane says they bring possibilities to life.

"When we sat for our strategy we looked at the national development plan which often would inform where the country is going. That is what informs the sectors that we choose to support. We are looking into mining, we have looked at construction and we believe they are big projects."

At Stanbic Bank Botswana, Shepherd Aisam, Head of Corporate & Investment Banking says the take ways for them is how does the bank eradicate poverty and partner with government to achieve creation of employment and support diversification. "Our interest is NDP 11 whose thrust is infrastructure development component."

Aisam gave examples of construction of railway lines, bridges, dam road and all the infrastructure within the energy.

"Those are some of the element, which customers we bank, which project will we support and where are we going to inject capital. But we are deliberate about it. We are committed to support stakeholders to support economy."



THE WORLD FEDERATION OF EXCHANGES (WFE) ASKS THE FCA NOT TO BAN THE SALE OF CRYPTO DERIVATIVES TO RETAIL INVESTORS

The global industry group for exchanges and Central Counterparties (CCPs), has asked the Financial Conduct Authority (FCA) not to ban the sale of crypto derivatives to retail consumers while supporting the regulator's desire to better protect vulnerable consumers.

The FCA consulted the industry on measures to protect investors, who may seek to buy crypto-based futures, options, and contracts for difference and exchange-traded notes. In its response, the WFE emphasised its desire to help find the right balance between enabling innovative products to be traded in the UK, and ensuring that they are sold responsibly, by fully regulated providers. The WFE recognises the volatility identified by the FCA in its consultation report and is supportive of ensuring that proper consumer protection is put in place as a priority for any new and relatively untested product on the market.

The WFE cautioned, however, that an outright ban, under current proposals, would envelop regulated exchanges and CCPs who operate under stringent regulations to provide pre- and post-trade risk management standards which are designed to foster safe and efficient markets.

The WFE made the following recommendations:

- That regulators give consideration to the underlying market structures; the structure of established, fully regulated exchange and CCP operators significantly diminishes the risk profile for retail investors participating in these markets.
- That there is caution in applying the same measures to exchange-traded and centrally cleared derivatives as to underlying crypto asset markets, as this could create unintended consequences.
- That options to mitigate excessive risk exposure for retail consumers should be pursued alongside the potential introduction of 'standards' for such products, particularly as the crypto market is evolving and maturing.
- A review on the ban (should it be implemented) as the market evolves for the purposes of ensuring consumer choice and access. This review is also designed to avoid international market fragmentation, particularly if international standard setters introduce a new global regulatory approach to the regulation of crypto assets.

Nandini Sukumar, WFE Chief Executive Officer, had this to comment "Consumer protection must be foremost when seeking to regulate new and innovative products. While crypto asset products have real potential, the market has suffered from unregulated providers distributing inappropriate products. Market infrastructures that adhere to strict regulatory requirements, embed consumer protection as part of their mandate and understand that integrity is fundamental to well-functioning markets, are best placed to deliver these products and support the developing marketplace. We ask that authorities, including the FCA, chart the right regulatory course to allow the market to flourish and benefit its consumers even as we understand that it's a balancing act."

Source: World Federation of Exchanges website



IMARA

Capital Securities

(A member of the Botswana Stock Exchange)



Gregory Matsake

CEO, Imara Capital Securities

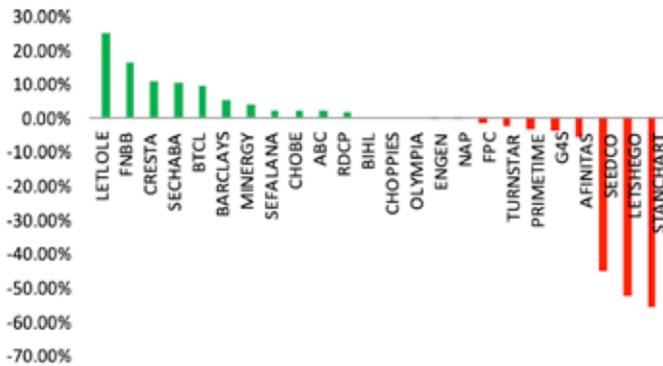
Market Commentary

The Domestic Companies Index (DCI) weakened by 4.13% to 7,527.31 pts from 7,851.88 pts at 31 December 2018. In USD terms the DCI shed 5.37% due to the depreciation of the BWP against the greenback by 1.29% y-t-d. The DCI closed Q1 19 in the green by 0.43% q-o-q; while it closed Q2 and Q3 in the red by 3.34% and 2.12%, respectively. The DCI's y-t-d loss was partly attributable to large price reductions in counters such as StanChart (-56.05%), Letshego (-53.09%) and SeedCo (-45.45%).

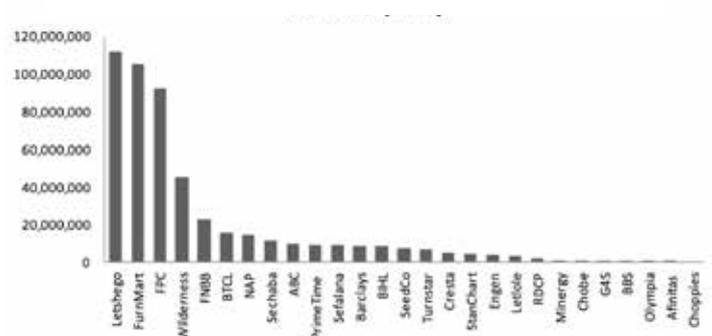
11 counters on the bourse are in the green y-t-d, 3 are flat and 10 are in the red. Letlole has recorded the largest price appreciation, growing by 25.00% y-t-d to BWP 2.20, followed by FurnMart (+18.18%) (Following a consideration price of BWP 0.65 per share when it de-listed) and FNBB (+16.33%). Other notable gainers were Sechaba (+10.10%) and Cresta (+10.83%). The Tourism and Hospitality sector has performed well y-t-d as well as the Financial Services sector, despite the deterioration in StanChart and Letshego's price.

Total equity market capitalization of the domestic counters decreased to BWP 41.7bn (USD 3.8bn) compared to BWP 42.8bn (USD 4.0) at the close of FY 18.

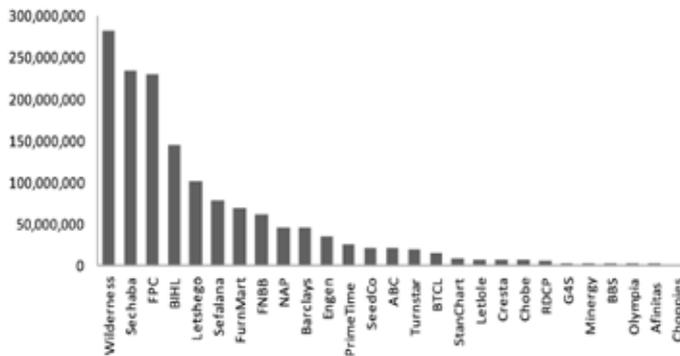
DCI share price movement YTD



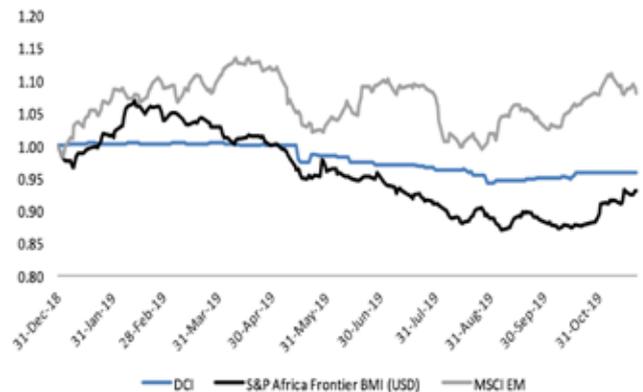
Volumes (YTD)



Turnover (YTD)



DCI vs S&P Africa Frontier BMI vs. MSCI EM



Banking: The sector's market capitalization grew by 4.33% y-t-d to BWP 14.4bn from BWP 13.8bn, outpacing the DCI which was down by 4.13% y-t-d. Within the sector FNBB (+16.33%) was the top price gainer y-t-d followed by Barclays (+4.41%) and BancABC (+2.00%). On the other hand, StanChart decreased by 56.05% followed by BBS (-1.70%), which still remains in a trading halt, effective since 01 April 2019. The banking sector was accountable for 9.16% and 9.17% of volumes and value traded on the domestic board year to date, with FNBB leading the pack with contributions of 4.57% and 4.19% to the respective measures.

All the counters in this sector reported positive earnings with the exception of BancABC, which reported a 47.41% decline in earnings resulting from an 18.58% drop in net revenues and increased expenses. Barclay's registered a 48.59% increase in earnings at H1 19, partly attributable to a significant recovery that resulted in their expected credit losses reflecting a net gain of BWP 8.3m from a loss of BWP 85.2m at H1 18. FNBB also stood out with 13.04% y-o-y growth in PAT generated from strong operations.

Other financial services: Market capitalization in this sector, which accounted for 17.72% of the domestic bourse's total market capitalization, fell by 21.49% y-t-d to BWP 6.7bn from BWP 8.6bn at the beginning of the year. The significant decrease was on the back of Letshego's 53.09% decline in price to BWP 0.76 vs. BWP 1.62 at 21 December 2018. Afinitas is in the red by 5.71% at BWP 0.99 from BWP 1.05. BIHL was flat y-t-d at BWP 17.50. The sector accounted for 24.30% and 16.84% of volumes and value traded, respectively. Removing significant trades such as the delisting of Wilderness and FurnMart as well a large related party transaction from FPC, normalised volumes and values show that this sector was the most liquid, contributing 47.62% and 28.00% to volumes and value traded, respectively. Letshego dominated total volumes transacted with 112.0m shares worth BWP 100.6m changing hands so far this year. BIHL ranked 4th in terms of most value traded on the bourse generating BWP 143.8m, trailing behind Wilderness (BWP 282.3m), Sechaba (BWP 233.1m) and FPC (BWP 228.3m).

BIHL and Letshego recorded lower earnings y-o-y, and Afinitas reported a net loss of USD 158,977 at H1 19. Letshego's lowered earnings were partly attributable to an increase in operating expenses, of which included a BWP 12m impairment for goodwill arising from the acquisition of Letshego Microfinance Bank Nigeria Ltd and Letshego Bank Tanzania. BIHL's decline in earnings was mainly due to an 80.47% decrease in share of profit of associates and joint ventures – partially owing to a significant drop in fair value of Letshego Holdings Limited. The company's operating profit was relatively flat, growing by a marginal 0.05% to BWP 198.4m from BWP 198.3m at H1 18.

Fast Moving Consumer Goods (FMCG): Choppies shares remained suspended throughout the year on its primary listing on the BSE and secondary listing on the JSE following the company's failure to timeously publish its audited financial statements for the year ended 30 June 2018. The FMCG sector grew by 1.54% to a market cap of BWP 3.14bn from BWP 3.10bn as a result of Sefalana's 2.16% share price uptick to date this year. The sector contributed 1.77% and 5.32% to volume and value traded on the domestic bourse, respectively, with 8.8m shares worth BWP 77.2m changing hands. Sefalana ranked 12th and 6th on the domestic bourse in terms of volume and value transacted. The company's earnings for the year ended 30 April 2019 increased by 11.80% y-o-y, anchored by solid growth in revenues of 11.80% to BWP 5.3bn from BWP 4.9bn the previous year.

Property: The property sector's market cap grew by 1.33% to BWP 6.74bn vs. BWP 6.66bn at 31 December 2018. The growth in the sector was underpinned by share price growth from Letlole (+25.00%), FPC (+3.30%) and RDCP (+1.35%); while Turnstar, PrimeTime and NAP were in the red by 2.76%, 3.62% and 0.31%, respectively. Letlole led the market in terms of share price performance. The sector contributed 25.60% and 22.68% to volumes and value transacted respectively. This was largely due to a related third party transaction which saw Platinum Compass Ltd acquire 92.0m shares worth BWP 227.2m. In turn, this resulted in FPC ranking 3rd in terms of volume and value transacted, with 92.4m shares worth BWP 228.3m changing hands throughout the year, surpassed only by FurnMart and Letshego in terms of volume traded; and Wilderness and Sechaba in terms of value transacted.

Although all the counters reported lower earnings with the exception of FPC (+178.46%), operating profits recorded by all the counters were in the green. This was testament to the property sector's strong performance. FPC's significant growth in earnings was on the back of a net gain in investment property fair value adjustments of BWP 6.9m from a loss of BWP 46.1m at FY 18. The company's operations were strong, recording a 10.92% increase in operating profit.

Breweries: Sechaba is the only counter in the breweries sector. The company's market cap rose by 10.10% to BWP 2.4bn from BWP 2.2bn at the start of the year with its price rising to BWP 22.02 from BWP 20.00. Sechaba ranked 8th and 2nd in terms of volume and value transacted, with 11.1m shares worth BWP 233.1m changing hands. This accounted for 2.30% and 16.27% of total volume and value traded on the domestic bourse to date this year. The company registered a significant increase in earnings of 123.71% to BWP 97.8m from BWP 44.1m at H1 18.

Agriculture: Seed Co's shares price fell by 45.24% during the course of the year following a trade on 14 May 2019 which saw its share price fall from BWP 5.50 to BWP 3.00. To date, 7.0m Seed Co shares worth BWP 21.0m changed hands, accounting for 1.42% and 1.45% of domestic volumes and value traded, respectively.

Telecommunications: BTCL's share price grew by 9.47% to BWP 1.04 from BWP 0.95 at the beginning of the year, outpacing the DCI which fell by 4.13% y-t-d. This saw the sectors market cap grow from BWP 997.5m to BWP 1.1bn, accounting for 2.66% of domestic companies total market capitalization. BTCL was ranked amongst the top ten most liquid counters in terms of volumes, with 15.4m shares worth BWP 14.1m changing hands y-t-d. The company registered a 25.44% decrease in earnings to BWP 162.1m from BWP 217.4m at FY 18, partly due to a 7.57% y-o-y decline in revenue to BWP 1.4bn (FY 18: BWP 1.6bn).

Consumer Services: Consumer services, comprising of Engen and G4S, registered a 0.74% decline in market cap to BWP 1.9bn from BWP 2.0bn at 31 December 2018. Engen and G4S's share price declined by 0.19% and 3.85% y-t-d, respectively. This sector accounted for 0.74% and 2.46% of volumes and value transacted on the bourse with 3.7m shares worth BWP 35.7m changing hands. G4S was one of the least liquid counters, with only 312,875 shares worth BWP 1.1m y-t-d. G4S's earnings were in the green by 24.10% y-o-y; while Engen suffered partly from the volatility in crude oil prices during the first half of 2019, reflected by the company's 24.98% y-o-y escalation in cost of sales to BWP 1.2bn (H1 18: BWP 965.7m).

Tourism: The tourism sector outperformed the market, registering price gains of 3.53% y-t-d vs. the DCI's loss of 4.13% y-t-d. Chobe and Cresta's share prices appreciated by 2.00% and 10.00% respectively with Cresta ranking 5th on the price gainers list. The sector's market cap grew to BWP 243.7m vs. BWP 222.6m at the beginning of the year. Both companies registered positive earnings with Chobe and Cresta recording a 10.65% and 188.07% y-o-y increase in PAT. Chobe's increase in earnings was on the back of a 13.55% rise in revenues. Cresta benefitted from a 12.54% increase in revenues to result in gross profit rising by 46.00% to BWP 65.4m from BWP 44.8m at H1 18. **Mining:** The mining sector's market cap was up by 3.77% to BWP 474.2m from BWP 457.0m at the beginning of the year, accounting for 1.15% of DCI's market capitalization. Minergy's share price was in the green at BWP 1.10 vs. BWP 1.06 at 31 December 2018. During the course of the year, Minergy was awarded a Mining Permit for the Masama Coal project. The company reported a net loss of BWP 29.3m following increased expenditure resulting from the company's transition from an exploration and evaluation phase of the project to a mine development phase during the current year.

Economic & Company Highlights

- The Bank Rate was reduced to 4.75 percent from 5 percent at the Monetary Policy Committee (MPC) meeting held on 29 August 2019.
- Cresta acquired properties from Letlole La Rona and Botswana Hotel Development Company, those being Cresta Lodge, Gaborone; Cresta Thapama, Francistown, Cresta President, Gaborone, a portion of Cresta Bosele, Selebi – Phikwe and Riley's Hotel, Maun for a consideration price of BWP 235m.
- FurnMart ordinary shares were delisted from the BSEL official list on 20 February 2019. This followed a share buy back from shareholders for the offer consideration of BWP 0.65 per share.
- The BSEL halted trading on the shares of BBS as a result of the company's failure to publish its financial results timeously. The trading halt will be lifted once the company publishes its audited financial statements for the year ended 31 December 2018.
- Wilderness shares were delisted from the main board of the BSE and JSE on 3 July 2019.
- RDCP finalised the sale and development agreement for the acquisition of a hotel in Rosebank, Johannesburg (Radisson Red). The hotel will be acquired around 01 February 2021 for a total cost of approximately ZAR 405m. The transaction will occur after the opening of the hotel. Financing for the acquisition will consist of long-term bank financing in South Africa (52% of the transaction price) and the provision of the guarantee for the equity portion (48%).
- PrimeTime has acquired a commercial property at 300 Brynston Drive, Sandton, Johannesburg, South Africa through its subsidiary - PrimeTime Property Holdings (Mauritius) Limited. The property, commonly known as Riverside Junction is a 4,842 sqm plot, with a built-up area of 3,341 sqm comprising Grade A offices, retail and restaurant space and two levels of basement parking. The consideration price was ZAR 84.7m and the property is expected to yield a 9% net return on investments
- Choppies resolved Zimbabwean litigation between Nanavac (a subsidiary of Choppies operating in Zimbabwe) and Siqokoqela and Phelekezela Mphoko. The Mphokos have disinvested from Nanavac and have no further interests in Nanavac and/or Choppies and its business.
- Choppies Board suspended and later re-instated the CEO, Mr Ottapathu, on 22 May 2019 on 11 September 2019, respectively.
- Choppies is in the process of engaging with bidders, which may result in negotiations being entered into and an agreement being reached for the sale of the company's South African Operations/Subsidiaries.
- His Excellency Festus Mogae resigned as the Chairman of the Board of Choppies and FPC.
- Grit Services Ltd, a wholly owned subsidiary of Grit, acquired 66,500,000 ordinary shares in the issued share capital of Letlole from Botswana Development Corporation (BDC) Ltd, constituting 23.75% of the share capital of Letlole. Grit now holds a 30.0% stake in Letlole and BDC a 42.0% of the company's shareholding.

RATINGS

COMPANY	Price (BWP)	EPS	P/E Hist	P/BV Hist	Net Div	Div Yield	ROE	ROA	Recommendation
<u>BANKING SECTOR</u>									
ABC	2.04	0.11	18.05	1.44	0.03	1.27%	7.99%	0.96%	HOLD
Barclays	5.50	0.65	8.49	2.23	0.33	5.92%	26.25%	3.07%	HOLD
FNBB	2.85	0.29	9.90	2.17	0.15	5.19%	21.97%	2.79%	HOLD
StanChart	1.67	0.09	17.68	0.45	0.07	4.43%	2.54%	0.19%	BUY
BBS	1.10	0.10	10.74	0.74	0.00	0.00%	6.92%	1.19%	SPECULATIVE
<u>OTHER FINANCIAL SERVICES</u>									
Afinitas	0.99	-	-	3.42	0.00	0.00%	-	-	SPECULATIVE
BIHL	17.50	0.98	17.79	1.78	1.17	6.71%	10.03%	1.69%	HOLD
Letshogo	0.76	0.23	3.23	0.38	0.07	9.25%	11.60%	4.85%	BUY
<u>FMCG</u>									
Sefalana	8.97	0.79	11.32	1.27	0.35	3.87%	11.19%	7.40%	BUY
Choppies	0.69	0.07	10.37	0.58	0.02	2.88%	5.55%	2.21%	suspension
CA Sales	3.77	0.33	11.54	0.93	0.05	1.44%	8.02%	7.57%	HOLD
<u>AGRICULTURE</u>									
SeedCo	3.00	0.11	27.85	1.27	0.03	3.31%	4.57%	2.84%	REDUCE
<u>BREWERIES</u>									
Sechaba	22.02	2.44	9.03	4.11	1.31	5.97%	45.53%	42.91%	HOLD
<u>TELECOMMUNICATIONS</u>									
BTCL	1.03	0.15	6.67	0.52	0.09	8.32%	7.79%	6.29%	BUY
<u>PROPERTY DEVELOPMENT</u>									
Letble	2.25	0.19	11.87	0.85	0.18	8.19%	7.13%	4.84%	BUY
NAP	3.24	0.33	9.85	1.36	0.23	7.18%	13.78%	11.52%	HOLD
PrimeTime	2.93	0.52	5.68	0.93	0.14	4.82%	16.33%	8.66%	HOLD
RDCP	2.25	0.35	6.52	0.72	0.11	5.36%	11.03%	5.75%	BUY
FPC	2.46	0.26	9.60	1.23	0.16	6.44%	12.81%	6.91%	SELL
Turnstar	2.82	0.21	13.30	0.98	0.17	5.91%	7.36%	4.78%	HOLD
<u>CONSUMER SERVICES</u>									
Engen	10.38	0.72	14.39	2.73	0.51	4.89%	18.97%	11.90%	HOLD
G4S	3.50	0.41	8.48	2.34	0.25	7.10%	27.61%	18.66%	BUY
<u>TOURISM AND HOSPITALITY</u>									
Cresta	1.33	0.05	26.25	1.15	0.00	0.00%	4.40%	1.51%	BUY
Chobe	10.72	1.00	10.76	2.71	0.56	5.18%	25.15%	16.53%	BUY
Weighted Average			12.15	1.51		4.88%	13.93%	7.61%	

LISTED COMPANIES

PROPERTY COMPANIES LISTED ON THE BSE



Date of Listing:
20 December 2007

Issued Securities:
244 650 684

Managing Director:
Sandy Kelly

Ground Floor, Acacia, Prime Plaza,
New CBD, Gaborone

Email:
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Telephone:
+267 395 6080



Date of Listing:
24 May 2016

Issued Securities:
426 530 831

Managing Director:
Ramachandran Ottapathu

Physical Address:
Acumen Park, Plot 50370,
Fairgrounds

Email:
vidya@choppies.co.bw

Telephone:
+267 390 0413



Date of Listing:
28 September 2011

Issued Securities:
604 397 124

Managing Director:
Tobias Mynhardt

Physical Address:
Plot 20573/4, Block 3, Gaborone

Email:
lauren.tapping@cbh.co.bw

Telephone:
+267 3670 500



Date of Listing:
23 October 2002

Issued Securities:
572 153 603

Managing Director:
Gulaam Abdoola

Address:
Game City Retail Mall, Kgale,
Gaborone, Botswana

Email:
crankgomo@turnstar.co.bw

Telephone:
+267 393 6105



Letlole La Rona Limited

Date of Listing:
15 June 2011

Issued Securities:
280 000 000

CEO:
Chikuni Shenjere-Mutiswa

Address:
1st Floor, Unit 2B, Peelo Place, Plot
54366, CBD

Email:
kmowaneng@letlole.com

Telephone:
+267 318 0350



Date of Listing:
1 January 1996

Issued Securities:
350 982 285

Managing Director:
Jacopo Pari

Address:
Realestate Office Park, Plot 5624,
Lejara Road Broadhurst Industrial,
Gaborone, Botswana

Email:
grantm@rdcbw.com

Telephone:
+267 390 1654

TRADING ASPECTS OF SECURITIES ON THE BSE

Trading and System Operation Sessions

The trading day at the BSE for equity securities is divided into the following trading and system operation sessions:

Sessions	Time	Duration
Pre-trading Session	10:00hrs to 10:10hrs	10 min
Open Auction Session	10:10hrs to 10:25hrs	15min
Regular Trading Session 1	10:25hrs to 11:55hrs	1hr 30min
Interim Auction Session	11:55hrs to 12:05hrs	10min
Regular Trading Session 2	12:05hrs to 13:20hrs	1hr 15min
Closing Auction Session	13:20hrs to 13:30hrs	10min
Closing Price Publication Session	13:30hrs to 13:40hrs	10min
Closing Price Cross Session	13:40hrs to 13:50hrs	10min
Post-Close Session	13:50hrs to 14:00hrs	10min
Market Close	14:00hrs	

As detailed above, the trading sessions consist of auctions and continuous trading sessions. The purpose of having both auctions and continuous trading sessions is to cater to the different trading requirements and strategies of stockbrokers and investors in order to improve liquidity.

The BSE may at any time, as it deems fit, change the time for a prescribed session or the sequence of the sessions.

- **Pre-trading Session**

During the pre-trading session stock brokers may cancel orders brought forward from the previous trading day but are not permitted to amend orders or input new orders into the ATS.

- **Open Auction Session, Interim Auction Session and Closing Auction Session**

Stockbrokers are permitted to input new orders, amend or cancel orders during the auction sessions.

The order book is temporarily closed at the end of each auction session and orders are matched based on an algorithm that determines the auction price which maximizes the number of shares traded as the primary criteria. The purpose of the auction sessions is for the ATS to determine the opening prices and closing prices of securities and also to enable the execution of trades in respect of less liquid securities.

TRADING

• Regular Trading Sessions

During these sessions order matching and execution of trades take place continuously on the Normal Lot Board based on the matching criteria defined in the ATS. The matching criteria as defined by the BSE, is "price, capacity and time". In order to get priority in the order book the basic rule that applies is to place "buy orders at a higher price and sell orders at a lower price" (Price criteria). Orders by stockbrokers get lower priority in the ATS than orders by investors (capacity criteria). If there is no difference between price and capacity, the time the order was entered dictates the priority in the order book on a first in first executed basis (time criteria). Unmatched orders are stored in the order book and carried forward to the next trading day or expired at the end of the day as determined by the order attributes and qualifiers when placing the order.

• Closing Price Publication Session

This is not a session for entering or matching orders. The ATS computes the closing prices of listed Securities to be published on a pre-determined basis. The BSE has defined the methodology to be used to compute closing price in the following order. Primarily the ATS will compute closing price based on the closing auction, failing which the closing price will be determined using the volume weighted average price of trades executed during the trading day, failing which closing price will be defined as the previous closing price. If there is no history of past trades the reference price of the security at the point of listing will be defined as the closing price.

• Closing Price Cross Session

The ATS has functionality to execute transactions between investors at the closing price as determined in the closing price publication session. This session caters exclusively to this functionality and transactions cannot be carried out at other prices.

• Post-close and Market Close Sessions

These are system operation sessions in which order entry and trade executions do not take place.

TYPES OF TRANSACTIONS

- There are three (3) types of orders that can be placed in the ATS:
 - a) Limit orders.
 - b) Market orders.
 - c) Stop and Stop Limit orders

• Limit Orders

A Limit Order is defined as an order in which the maximum buying price or minimum selling price is specified.

• Market Orders

- a) A market order is defined as an order to buy or sell a security at the best price or prices as determined by the ATS, prevailing in the market at that point in time.



- **Stop and Stop Limit Orders**

a) A stop order is a market order that will remain unelected, i.e. does not enter the order book. A stop order is elected to the order book when the last traded price is equal to or better than the specified stop price. Once a stop order is elected to the order book, it will be treated in a similar manner as a new market order. A stop order does not contain a price. However a stop order must be submitted with a stop price.

b) A stop limit order is a limit order that will remain unelected, i.e. does not enter the order book. A stop limit order is elected to the order book when the last traded price is equal to or better than the specified stop price. Once a stop order is elected to the order book, it will be treated in a similar manner as a new limit order. A stop limit order must contain both a stop price and a limit price.

c) Stop and Stop limit orders will only be elected to the order book during the regular trading session.

The ATS is integrated with the CSD system. The ATS will upload information from the CSD at the start of the trading day and as and when changes to the investor account balances occur as a result of deposits, withdrawals and transfers. The trades taking place on the ATS will similarly update the account balances in CSD on a real time basis.



BOTSWANA STOCK EXCHANGE RECORDS HIGHEST TURNOVER IN 2019

On the 22nd November 2019, the BSE recorded the highest turnover in a single day of trading in 2019 at P149.8 million.

This trade was another milestone achievement as it signified the BSE's prowess to manage increased trading activity that are aligned with the Exchange's strategy to increase the average daily turnover levels to P18.0 million per day by 2021.

In June 2016, the highest turnover in a single day in the history of the BSE was recorded at P494.3 million, while the

second highest turnover was recorded in July 2017 at P484.6 million, this was followed by the third highest turnover recorded in November 2018 at P458.6 million.

With our 5 Year Strategy well underway, these milestones indicate the strides that the bourse has taken towards competing on the global stage with our counterparts. Duly, the Exchange will continue towards deepening liquidity pools to attract issuers and investors and position the BSE as the preferred destination for capital-raising and investment opportunities.



Left to Right. Kanngwe School Head, Ms. Kesetsenao Bojase, BSE CEO, Mr. Thapelo Tsheole, Kanye Administration Authority Principal Education Officer, Mrs. Doris Melaletsa

BSE HOSTS KANNGWE PRIZE GIVING CEREMONY

In line with our CSI Policy, we continued with our 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, Kanngwe Primary School.

Kanngwe Primary School, Ms. Kesetsenao Bojase had this to comment during the ceremony:



BSE CEO, Mr. Thapelo Tsheole, delivering the Keynote Address



Students of Kanngwe Primary School

"These are exciting times for our school. As we can bear witness, our relationship with the BSE has borne fruit as there is renewed enthusiasm and vigor for learning from our students. Initiatives such as the 'adopt-a-school' initiative are indeed a breath of fresh air as the role of teaching takes center stage through availing collaboration with institutions like the BSE to development the delivery of quality education in Botswana.



BSE Head of Market Development, Ms. Thapelo Moribame handing over books to the school.

We thank the Government of Botswana and more specifically, we thank the BSE for their continued support."

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.



Parents and teachers congratulating students



Honorable Councillor, Modimo Thebe delivering the Vote of Thanks



Summer Picnic

A day of warm weather, delicious food, drinks and wonderful team spirit.



BSE TEAM SHUTS DOWN 2019 IN DISCO STYLE AT THE ANNUAL BSE CHRISTMAS PARTY



Happy New Year Greetings

from the BSE Team



Kopano Bolokwe | Head of Product Development

Dear Santa, this Christmas season all I ask for is a big fat bank account and a slim body. Please, don't mix up the two like you did last year! Merry Christmas and a Happy New Year!

Ame Mojaki | Legal Services and Board Secretary Assistant

On the way to success, the rule is, always look ahead. May you reach your destination. May your journey be outstanding. Happy New Year!



Dineo Maroba | Executive Assistant to the CEO

To BSE staff, stakeholders and clients, it has indeed been a great year. I believe we have done above par and accomplished our desired objectives for the year. Let's continue being united as we go forward. Wishing you a happy holidays and a new year filled with prosperity and success.



STAFF WELFARE

Thapelo Moribame | Head of Market Development

Happy New year to our valued stakeholders, readers and friends. We have learnt so much from the past year that we can use to improve our fortunes in 2020. I wish you all a happy and blessed 2020. Most importantly may we continue to see each other as partners in developing capital markets in Botswana.



Rhea Oremeng | CoSSE Coordinator

2019 was an exciting year for the BSE, with the achievement of several notable milestones. We expect to use the 2019 momentum to make headway with more ground-breaking exploits. Thank you to #TeamBSE for their camaraderie, and thank you to our valued supporters! Happy New Year!

*"If you fulfill your obligations every day, you don't need to worry about the future" - **Jordan Peterson***



Tsaone Jacob | Human Resources Administrator

It is said that "a journey of a 1000 miles begins with the first step." I have had the pleasure of journeying through the year 2019 with the remarkable BSE team as it achieved many great milestones. May the New Year bring us all fresh vigour, lots of joy and bundles of good cheer as we strive to pioneer the BSE into a formidable world-class securities Exchange. I wish you all a blessed festive season and a prosperous new year.



Refilwe Ponatshego | Accountant

Looking back at my years with BSE and being a part of the success that BSE is has been an extraordinary experience for me. May this year bring new goals, new achievements and above it all may this year be filled with happiness. Compliments of the New Year!



Atang Diphoko | Market Development Assistant

Wishing you all a successful 2020!

Let our New Year resolution be this: We will be there for one another as fellow members of humanity in the finest sense of the word.



Duduetsang Babitseng | Accounts Assistant

Welcome all to 2020! We thank the almighty to have driven us to the New Year. 2019 was a great year filled with blessing personally and for the organization. We look forward to an even greater year filled with consistency and gratitude always.



Masego Sekoboane | IT Infrastructure Specialist

To all those who stood by me in my quest to live life the best way I know how; to the BSE for challenging me to do and be greater than I ever knew I could; those who protected me without my knowledge, through prayer and otherwise. For all the years, I forgot to say this; "Thank you"! Let's do it again this year



Oteng Ditshane | Former Receptionist

On behalf of my family and I, let me take this opportunity to thank the BSE for allowing me to be the integral part of its great wealth for the past five years. This dates back even to the time I had been of service to the company as a temporary worker before finally getting a job with the BSE. From the bottom of my heart I wish to thank all of you for having impacted so much and so differently in my life. To my colleagues you have been a wonderful team with an amazing unique culture. To the CEO and the management team I have learnt a lot from your leadership. Farewell to you all as you take the company to greater heights. Wish me well as I venture in to unknown worlds. God bless you all as you enter into the New Year.



STAFF WELFARE

Rosinah Tshoganelso | Listings Specialist

Pursue all that gives you internal peace and liberty. Be Intentional About It. Cheers to the New Year!



Kgotla Segwe | Market Development Specialist

New Season brings forth new hope. 2019 was a tremendous success, but now it is merely a reflection. As the New Year rolls out, we look ahead with great optimism as we endeavor in our efforts to become a world-class securities exchange. Let me take this opportunity to wish the BSE Board, Management, fellow staff members and readers of BSE NEWS a blessed and fulfilling festive period and a happy and prosperous New Year!



Tsaone Tshokiso | Market Development Assistant

I would like to wish you all a blessed year ahead and a Happy New Year! As you go into this New Year remember the wise words of Maya Angelou, "if you're going to live, leave a legacy. Make a mark on the world that can't be erased."



Kopano Mogorosi | Head of Information Technology

Happy New Year everyone. May the New Year bring happiness, peace and prosperity to you and your family. I know for certain that it will bring prosperity to me and my BSE family. There has been a lot of exciting things that we started working on in 2019 and we will be rolling all those goodies on to you to ensure that you, your family and friends and enemies prosper



Ambrosia Khupe | CSD Assistant

May this year bring new happiness, new goals, new achievements and a lot of new inspirations on our lives.

My best wishes to you and your families for a safe, Happy Holiday Season and a very Happy New Year.



Mpho Mogasha | Head of Finance and Administration

Wishing you 12 months of success, 52 weeks of laughter, 365 days of fun, 8760 hours of joy, 525600 minutes of good luck, and 31536000 seconds of happiness. Happy New Year! In the New Year, never forget to thank your past years because they enabled you to reach today. Without the stairs of the past, you cannot arrive at the future.



Nonofu Phalatse | CSD Administrator

Cheers to a new year of true happiness, good fortune and another chance for us to get it right.





BSE CEO, Thapelo Tsheole in his speech addressing students at the 7th Annual BSE Secondary Schools Finance & Investment Competition.

It is not surprising that the level of understanding of the stock market is generally low in Botswana as traditionally the education system has been mainly focused on subjects that are not stock market related.

Youths at secondary school level are faced with a future that involves lots of financial decisions, especially in their post-school lives. Lack of financial knowledge in adulthood can affect negatively on your spending attitude, behavior, and personal financial management. For instance, financial decisions that can be unpleasantly affected include your skill of budgeting when living away from your parents, saving and investing, how to maximize the use of banking services, and many more.

The complexity of products and services that have also come about as a result of the evolution of technology and financial innovation makes the uninformed consumer to be more susceptible to fraud and mismanagement of funds.

Introducing finance at an earlier stage in the life of the youth does not only give primary and high school students content knowledge about personal finance, it also gives them opportunities to develop positive financial habits that they will carry on for life.

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