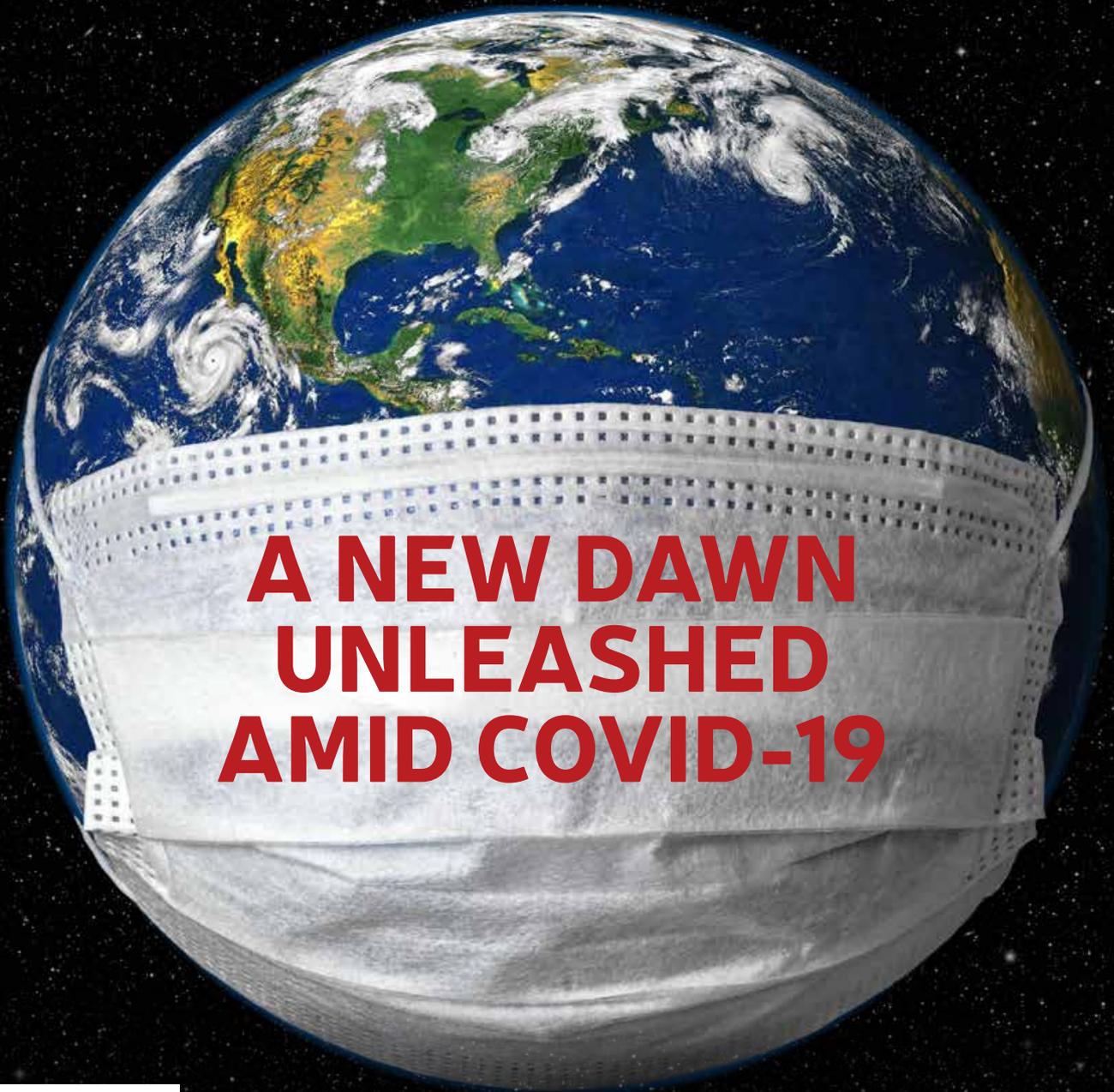




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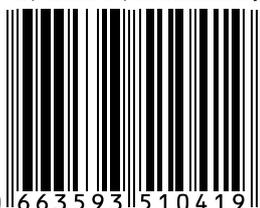
# NEWS

ISSUE NO.12 • OCTOBER - DECEMBER 2020



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**We are proud to present to you the 12<sup>th</sup> edition of BSE News and the last for 2020!**

**As the COVID-19 pandemic evolves, we derive pleasure in keeping you updated about market activity and providing insights and perspectives pertinent to your actions in this crisis, particularly with respect to the economy and the capital market.**

More often than not, crises are silver-lined with opportunity. Our disposition at the BSE is to consistently unearth and explore the room for improvement that usually comes with setbacks such as the COVID-19 pandemic. To this end, we ask ourselves these two important questions on a continuing basis: (1) what can we leverage within our control to facilitate compliance and access to market without compromising the operations of a fair and efficient market; and (2) what can we do to highlight methods that our stakeholders can pursue to ease the pressure of the pandemic on their performance. The resolves around these questions have proven very beneficial to bringing the market closer to our customers, raising confidence and promoting market integrity.

Following the publication and elaborate coverage of our COVID-19 flagship paper titled **“How Companies Can Utilize the Stock Exchange During and Post-COVID-19 Pandemic”** which also featured in the 11<sup>th</sup> edition of BSE News, we

commissioned virtual meetings with issuers to discuss and understand (a) the impact of COVID-19 on their business activities; (b) their experiences as listed entities; (c) discuss regulatory issues, and (d) market development issues and the efficiency of our communication with them. Thus far, we have interacted with close to 70% of our issuers and this has been well received from their end as, usually, it is uncommon for a regulator to initiate a sincere and open forum to share insights and receive perspectives from its subjects. While it is noticeable from the public announcements that the issuers have released through X-News that the business landscape has dipped to some extent, it is comforting that majority of the businesses are utilizing this opportunity to beef up their war chests through corporate actions, improve solvency, restructure their operations and explore new models of service delivery that have been necessitated by the pandemic.

The domestic economy showed signs of resilience in the first quarter of 2020 registering a year-on year growth of 2.6% but contracted by 24.8% in the second quarter of 2020. Despite this trajectory, the economy is forecast to decline by 8.9% in 2020 which is better than an earlier forecast of a 13.1% contraction,

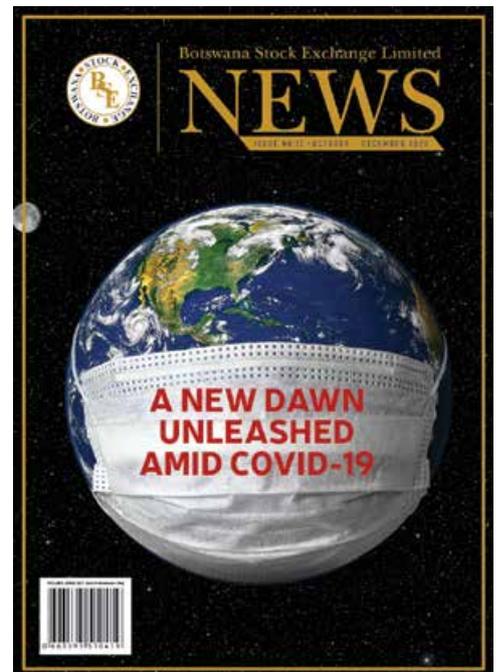
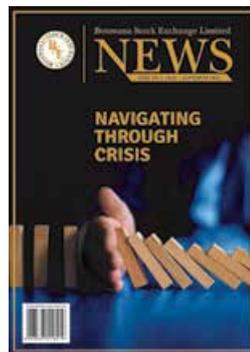
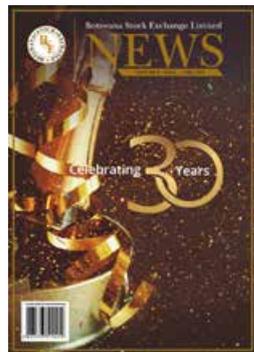
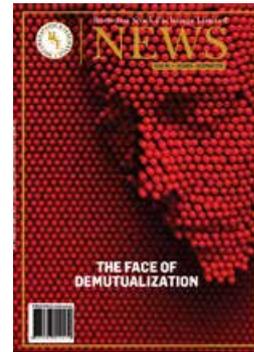
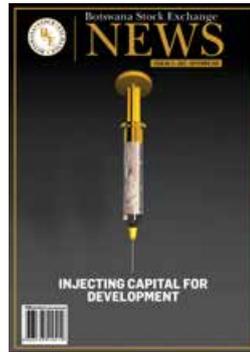
before rebounding to growth of 7.7% in 2021. In a similar fashion BSE started the year a lot more resilient relative to international markets closing quarter 1 of 2020 with a marginal 0.1% slide. Markets have since changed and rapidly factored in the events of COVID-19. The FTSE ASEA Pan Africa Index ex South Africa is down 12.8% in US Dollar terms against the DCI's decline of 12.4% in US Dollar terms. Against this background, global IPOs are down 42.7% with Europe, Middle East and Africa (EMEA) region experiencing a knock of 29.5%. The BSE hasn't listed any company yet thus far in the year, but there are indications that several unlisted candidates are utilising this opportunity to restructure and prepare for listing in the year ahead. On the fixed income space, the bond market is expected to be boosted significantly by the recently approved increase of the Government Bond Issuance Programme from P15 billion to P30 billion. This increase comes with frequency of auctions, among others, and we also expect to see diversity in the type of instruments to be issued.

As this is the last edition for 2020, it is an honour to take this opportunity to thank our stakeholders for the enormous support with respect to the contribution to, and advertising in, this Magazine even in challenging times. Gratitude also goes to our loyal audience. Lastly, I wish you safe holidays as we enter the festive season. Let it be known to you that we stand with you in the pursuit of, and hope for, a better quality of life in the year 2021.

Happy reading.

**‘Your Partner in Wealth Creation’**

**Thapelo Tsheole**  
Chief Executive Officer



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# Know Your Stock Market Terms



**Triple-A (AAA) Bond** - AAA is the highest possible rating that may be assigned to an issuer's bonds by any of the major credit rating agencies. AAA-rated bonds have a high degree of creditworthiness because their issuers are easily able to meet financial commitments and have the lowest risk of default.

**Base Currency** - Currency of the country in which an investor is based.

**Carry Trade** - A trading strategy that involves borrowing at a low-interest rate and investing in an asset that provides a higher rate of return.

**Corporate Bond** - A bond issued by a corporation (as opposed to a government) promising regular payments on a specified date or range of dates and a final capital payment at redemption.

**Derivative** - A financial instrument whose value is dependent on the value of an underlying index, currency, commodity or other asset.

**Hyperinflation** - A rapid, excessive, and out-of-control general price increases in the economy.

**Leveraged Buyout** - The use of borrowed money, usually from private equity investors, to purchase a company. A leveraged management buyout (LMBO) is the purchase of a company, using leverage, by the company's management.

**Prime Rate** - Or prime lending rate is the minimum interest rate at which money may be borrowed commercially.

**Leveraged Buyout (LBO)** - This financial transaction involves acquiring a company through borrowed money. The buying party does not have to put their own capital at risk, and instead has leveraged capital from other sources.

**Qualitative Analysis** - Assessing the value of an investment by examining mainly non-numeric characteristics such as management, people, process, etc.

**Value at Risk (VaR)** - A measure of the risk of loss for investments. It estimates how much a set of investments might lose (with a given probability), given normal market conditions, in a set time period such as a day.

**Voting Rights** - Entitlement of an ordinary shareholder to participate in the running of a company by voting on resolutions.

**Voting Shares** - Shares that give the shareholder the right to vote at company meetings. For example, on the election of directors.

**Source: Dictionary of Finance & Investment Terms**

# COVID-19 RESTRICTIONS AND ECONOMIC GROWTH IN BOTSWANA

**Declared a pandemic by the World Health Organisation (WHO) on 11 March 2020, COVID-19 has become a global emergency, given its impact on the global population and economy. To date, there have been more than 841, 000 Corona related deaths, 17.3 million recoveries and about 25 million cases across the world. The tight restrictions on movements, lockdowns and social distancing measures imposed by governments across the world to halt the spread of the disease have brought the world economic activity to a near-standstill.**

Despite the extraordinary efforts of governments to counter the downturn with fiscal and monetary policy support, a persistent and prolonged disruption to economic activities might cause the worst global economic recession since World War II. According to the World Bank projections, the world economy will fall by 8% in 2020.

Some of the direct and indirect effects of the COVID-19 outbreak and its persistence over a long horizon include: long term damage on the economy through lower investment, an erosion of human capital and fragmentation of global trade and supply linkages. Estimates from the World Bank suggest that economic activity among industrialised countries will contract by 7% in 2020 while emerging and developing economies are projected to fall by 2.5%. These downturns will reverse years of progress towards sustainable development goals as

millions of people around the world lose their jobs.

The International Labour Organisation (ILO) estimates suggest that the pandemic has resulted in about 5.4% loss in global working hours relative to 2019 in the first quarter of 2020, which is equivalent to a loss of about 155 million full-time jobs. ILO projections also show that global working hour losses relative to 2019 will reach 14%, which is equivalent to 400 million full-time jobs. At the same time the current global economic conditions and uncertainty is expected to tip tens of millions of people into extreme poverty.

Africa has not been able to escape the spread of Coronavirus. Africa has so far recorded a total of 1,2 million positive cases, which is around 5% of world coronavirus cases, around 29, 000 deaths and more than 239, 000 active cases.

Despite the majority of African countries already registering a slowdown in the number of new cases, the pandemic is expected to have a long lasting effect on critical sectors of the African economies. Some key sectors of the African economy, tourism, air transport, oil and mining industry have already taken a hit. According to the World Bank, the pandemic has initiated the region's first recession in 25 years, with Sub-Saharan Africa's economic growth projected to decline from 2.4% in 2019 to between -2.1 to -5.1% in 2020.

## Botswana Economic Outlook

Botswana has not been able to isolate itself from both the spread of the disease and its effect on the economy. The pandemic has put a stop to the impressive recovery following the 2007 world economic recession. Botswana's economy achieved a growth rate of 3.5% in 2019 after averaging 4% between 2016 and 2018. The impressive growth was attributed to recovery in diamond production following a rebound in global diamond demand.

The economy was projected to rise to 4.2% in 2020 and a further 5.1% in 2021. The global slowdown in demand, prolonged international travel restrictions and increased trade restrictions will have a long

lasting and profound effect on Botswana's economy particularly the diamond and the tourism sector. Several sources have also predicted an economic slowdown in Botswana due to COVID-19. According to the IMF, Botswana -a resource based economy- will experience a 5.4% contraction in 2020. Similarly, Moody projects Botswana economy to grow by -7% while the government of Botswana projects a much larger contraction at 8.9%. These forecasts, however, were made under the assumption that the lockdowns will not prolong beyond the second quarter of 2020.

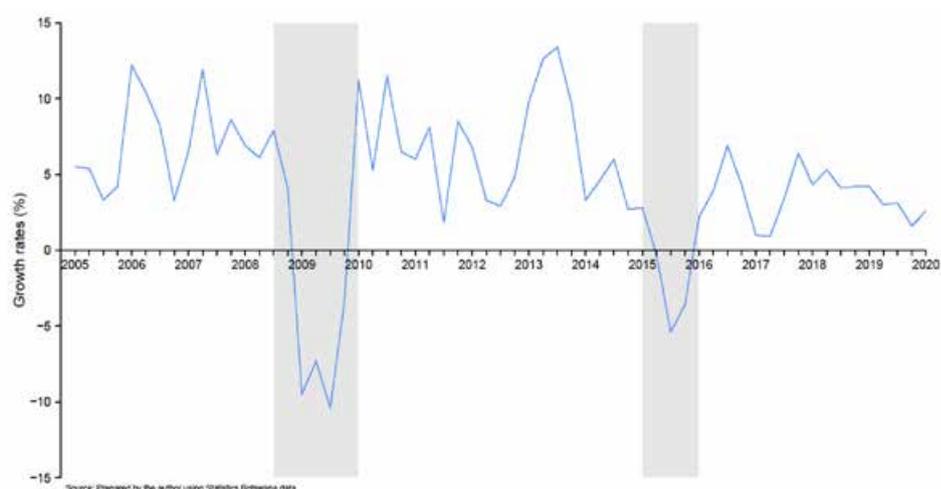
This article seeks to quantify the impact of COVID-19 on Botswana economic growth through an assessment of sectoral effects. For the purpose of projections, in the best case scenario it is assumed that there will be no more lockdowns imposed domestically and that the state of emergency will end as planned. On the other hand, the worst case scenario assumes a surge in COVID-19 cases, ultimately causing the government to impose lockdowns and shutdowns in some sectors of the economy and extend the state of emergency. Our simulations suggest that the overall effects of COVID-19 on Botswana's economy are larger than those predicted by other sources. The global supply and demand shocks coupled with commodity slump and a complete halt in international arrivals (tourism) will drive Botswana into a worst economic meltdown. It is projected that Botswana's GDP will contract by 14.7% to 19.5%.

### Botswana Economy Record a Positive Growth in 2020Q1

Information from Statistics Botswana suggests that Botswana recorded a positive growth in 2020Q1, despite the outbreak and spread of COVID-19 in China, UK and America. The economy grew by 2.6% between 2019Q4 and 2020Q1, a growth rate that is one percentage point larger than 2019Q4 growth and two percentage points lower than growth rate in 2019Q1 (see Figure 1). Figure 1

shows that between 2005 and 2019, Botswana recorded the lowest rate of economic growth (-10.4%) in 2009Q3 following the 2007-2008 World economic recession. The economy quickly recovered, getting to positive growth rates in first quarter of 2010 and reaching a high of 13.4% in 2013Q4. The positive growth rates were not sustained. In 2015Q2, Botswana economic growth rates contracted to 5.4%.

**Figure 1:** Botswana's Quarterly Economic Growth Rates (2005 - 2020)



Despite the overall growth in GDP in 2020Q1, the mining sector, with the diamond sales contributing between 70-80% of Botswana's exports revenue and about 15.2% to the country's GDP, contracted by 6.1% in 2020Q1. The contraction in the mining sector is attributed to the global demand slowdown due to international travel restrictions and other health protocols. At the same time, taxes on imports fell by 4.5%. The finance and business services sector, with a value added

contribution to GDP of 14.5%, continue to register impressive growth rates. In 2020Q1, the sector grew by 6.2% while trade, hotels and restaurant grew by 4.4% (see Table 1). All other sector registered a positive growth; however, their contribution to country's GDP is very small. For instance one of the sectors that registered an impressive growth rate is the water and electricity at 13.4% but only contributes 1% to total GDP (see Figure 2).

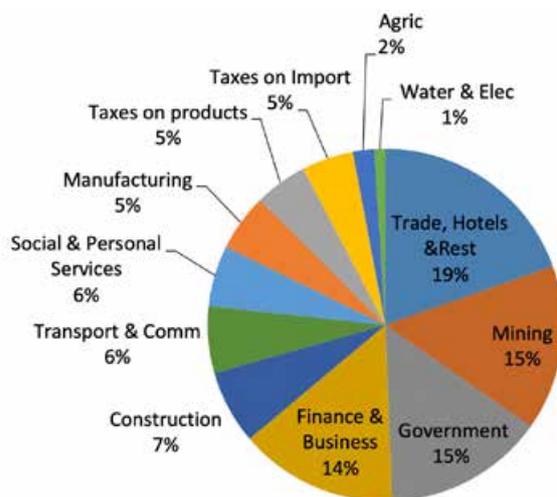
● Feature

## COVID-19 RESTRICTIONS AND ECONOMIC GROWTH IN BOTSWANA >>

Sector	GDP growth rate (%)	Sector	GDP growth rate (%)
Agriculture	-0.6	Finance	6.2
Mining	-6.1	General government	4.1
Manufacturing	3.5	Social and personal services	2.8
Water and electricity	13.4	Value added	3.0
Construction	3.2	Taxes on imports	-4.5
Trade, Hotel and Restaurant	4.4	Other taxes on products	3.9
Transport and communication	2.6	Subsidies	5.0

Source: Statistics Botswana

**Figure 2:** Contribution of Gross Value Added to GDP by Economic activity (2019)



Source: Prepared by the Author using Statistics Botswana data

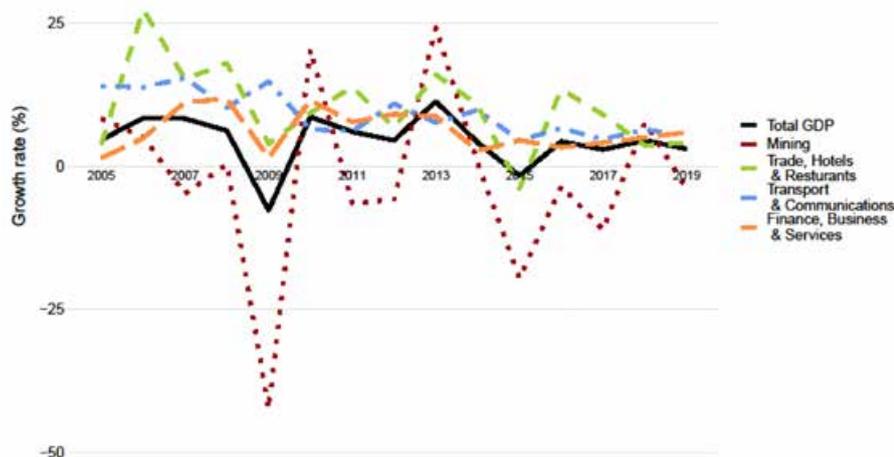
### COVID-19 Sectoral Effects and Adjustment

Mining - According to the Central Bank of Botswana, an immediate impact of the coronavirus and global travel restrictions on the Botswana economy was a 68% fall in rough diamonds exports in the

second quarter of the year. Exports of diamonds from Debswana stood at \$293 million in the second quarter of 2020, down from \$916 million in the preceding period. Information from Bank of Botswana also shows that there were no diamonds exports in May while

only \$20 million worth of diamond were exported in June. Based on the World Trade Organisation (WTO) projections, the world trade is expected to fall between 13% and 32%. The WTO arrived at the 13% figure under the assumption that the COVID-19 protocols will be short-lived and the 32% being the worst case scenario. However, in this analysis we expect the effect of Coronavirus on mining to be more than what was experienced during the 2007-2008 global economic recession. It is estimated that the mining sector will shrink by 45% and 60% in the baseline and the worst case scenario respectively. The best case scenario is modelled around the 2009 42.4% slump in the mining sector following the 2007 global economic recession, the mining sector contracted by 42.4% in 2009.

**Figure 3:** Botswana Annual Growth Rate (2005 - 2019) for selected sectors



Source: Prepared by the Author using Statistics Botswana data

### Trade, Hotels and Restaurants

- Existing evidence suggests that the tourism industry, Botswana's second largest revenue earner after diamonds, recorded about 72% revenue loss in March following the enactment of COVID-19 lockdown protocols and the six months State of Emergency rules. The current tourism business strategy of high dependency on the international market has made the sector vulnerable to the effects of the pandemic. Given the current high value-low impact business strategy in the tourism sector which has resulted in low levels of domestic tourism, the COVID-19 health protocols which includes restricted international travel, will weigh heavily on the sector. The extended lockdowns are expected to have far reaching repercussions

on the travel and tour services, which contributes about 60% to the Botswana's tourism. Taking all this information into consideration, it is projected that the trade, hotels and restaurant sector will contract by 55% in the best case scenario and 70% in the pessimistic case scenario.

<sup>2</sup> A snap study following the initial lockdown in March conducted by the Local Enterprises Agency concluded that tourism businesses lost about 72% of their revenue due to the imposed international restrictions and domestic lockdown.

<sup>3</sup> There is very minimal domestic tourism in Botswana, with about 84% of tourist arrivals in Botswana from Africa and the remaining 16% from countries such as United States, Germany, and the UK. However, revenue derived from overseas tourist far outweighs those from the continent.

the finance and business sector as enterprises won't be able to service their loans. On the other

hand, the analysis foresees a rise in unemployment and majority of workers will be retrenched following the end of the six months state of emergency. The sectors that are likely to retrench include the tourism sector, diamond mines which are forced to lower their productions as the global demand continues to collapse. This will ultimately have spillover effects on the finance and business sector and informal sector. Hence growth in the finance and business sector is expected to slow down from 5.9% recorded in 2019 to 4.5% in 2020 and to a further 2% under the worst case scenario.

### Transport and Communication Sector

- Another sector that is expected to benefit from the current COVID-19 protocols of social distancing and domestic lockdowns is the telecommunication sector. The sector is critical to keeping business, governments and societies running. This is evidence by the data gathered from Botswana Communications Regulatory Authority, which shows that an immediate impact of the first lockdown in March on the telecommunication sector was a 62% and 58% increase in prepaid and postpaid data traffic respectively between March 2020 and June 2020. The surge in data usage was due to increased demand as online schooling and online work became a norm during the lockdowns.

The contraction of this sector will have negative ripple effects on critical sectors of the economy, including

## COVID-19 RESTRICTIONS AND ECONOMIC GROWTH IN BOTSWANA >>

The growth of the communication sector will definitely put pressure on the transport and communication to grow, given the fact that the transport sector was treated as essential service. It is therefore expected that the transport and communication sector will grow by 10% in 2020 from about 6% in 2019.

While agriculture markets are well supplied globally, trade restrictions and supply chains disruptions due to high number of COVID-19 positive cases among cross boarder truck drivers has raised food security issues in Botswana. This however, is expected to exert pressure on the domestic agriculture to increase their production to meet the domestic demand. Hence, the agricultural sector is expected to gain from this restriction and ultimately experience a 5% growth.

Overall COVID-19 will have a profound effect on Botswana economy. The impact is expected to be larger than the 2007 economic recession impact. Secondly, the impact of COVID-19 on Botswana will have longer lasting effect with the economy expected to get to positive growth rates in 2022. It is projected that the economy will shrink between 14.7% and 19.5%.

### Conclusion and Policy Recommendations

As the world continues to put precautionary measures to slowdown the spread of COVID-19, the unintended consequences have put a strain on the world economy. Many economies have succumbed to the pandemic. These persistent disruptions to the economy might cause the worst global economic recession since World War II.

Responding to the effects of the pandemic on the economy, the government of Botswana set a 2 billion Pula COVID-19 relief fund. The fund aimed at stabilizing business through provision of wage subsidies, tax deferrals and government guaranteed loans. Despite, these impressive fiscal and monetary policy efforts to counter the downturn, the pandemic have revealed the vulnerability of Botswana's economy.

Apart from the surge in COVID-19 positive cases that are likely to put strain on the already weak health care system, the health protocols put in place to reduce the spread of the virus will have ever lasting and profound implication on Botswana's critical sectors of the economy. The tourism sector, which had ultimately come to a halt, is expected to contract by 55-70% in 2020. On the other hand, the mining sector will shrink by 45-60%. On the other hand, the diamond sector, which contributes more than 80% to export revenue,

has been severely hit. The sales of rough diamonds in the second quarter of 2019 fell by 68% from \$196 in the first quarter of 2020 to \$293 million. The slowdown in these sectors is expected spill negative effects into other sectors of the economy, specifically the finance and general government. Other sectors that have been adversely affected by the pandemic include the entertainment industry, creative industry and informal sector.

The overall effect of COVID-19 on Botswana economy is projected to be larger than the Moody, IMF and the Government of Botswana estimates. It is projected that Botswana's GDP will contract by 14.7-19.5%.

As the State of Emergency, which was instituted by the President of Botswana through the Parliament to protect jobs, near end, the effects of the pandemic on employment is yet to be experienced. It is anticipated that following the end of SoE, there will be massive retrenchments by the tourism industry and the mining sector while some workers will be put on forced unpaid leaves. An event that will adversely affect the finance and business sector, as majority of these people would not be able to service their loans. On the other hand, the government, the largest employer, is expected to freeze employment as a measure to maintain the wage bill against falling revenue.



Clearly the COVID-19 has shown the vulnerability of Botswana's economic sectors, which are mostly modelled around high-value low impact. The COVID-19 has strengthened the need for Botswana to pay attention to its economic diversification and transformation strategy. The diversification drive should implement policies aimed at creating value in critical sectors of the economy such as sports, entertainment and creative industry which has a potential to generate employment for majority of youths and contribute a significantly to the GDP. Botswana should also put in place necessary transformation strategies to resurrect the tourism

sector, a sector that contribute extensively to the growth of SMMEs and the informal sector.

The transformation agenda should develop proper strategies to protect these sectors against future pandemics. Importantly there is a need to promote domestic tourism, which to date has received less attention due to exuberant prices and exclusive nature of the High-Value –Low impact tourism policy in Botswana.

Botswana should revisit its digitisation policy and develop clear strategies and timeliness on how best the country can benefit from digital economy. To date the country has invested heavily on undersea

cables but not much can be said on its beneficitation from these investments. The ICT sector has the potential to transform Botswana economy through increased productivity, efficiency and innovation. However, the potential of this sector can only be realised if the necessary infrastructure, educational strategies and policies are put in place.

**By Dr. Onkokame Motobi**

*Lecturer at University of Botswana, Department of Economics and an Associate Researcher at Research ICT Africa, Cape Town*

## ● Company Focus



## BancABC's DECADE LONG HISTORY OF EMPOWERING THE PEOPLE OF BOTSWANA THROUGH TAILORED FINANCIAL SOLUTIONS

In the ten years since it officially entered the commercial banking market, BancABC Botswana has successfully grown to become the fourth most profitable bank in Botswana, with the third-highest bank valuation on the Botswana Stock Exchange (BSE). The Bank has made great strides towards its vision of becoming a trusted local bank in Botswana. Post listing on the BSE in December 2018, BancABC has continued to implement a customer-centric approach that addresses the unique needs of local banking clients, while ensuring positioning for sustainable growth.

### Strengthening Digital Capabilities to Drive Growth

Since his appointment in August 2017, Managing Director Kgotso Bannalotlhe has spearheaded BancABC's transformational journey. In 2019, under his leadership, the Bank implemented the "Changing for You" campaign, which was inspired by the need to find solutions to address shifting customer needs, while also improving on the quality of service at the Bank's various access points. Under the new strategy, BancABC prioritised upgrades to its core system infrastructure and introduced Sales and Service Centres at four new sites across the country, as well as improving

its digital capabilities. The Bank has brought into operation P100m of investments into improving its customer value proposition in the last two years, with only a smaller additional investment spend expected in the next 12 months to round out key propositions.

*"The Board is proud of what the Bank has achieved thus far, particularly from a strategic execution milestones perspective. As part of the Bank's transformation journey, we have made significant investments towards improving our employee experience, digital banking solutions while focusing our efforts towards addressing key governance, accountability and risk issues to ensure we deliver shareholder value in both the medium and long term,"* said, Lorato Moseithanyane, Board Chairlady.

As a part of their digital strategy, BancABC launched the SaruMoney app and USSD platform for retail banking clients. This mobile banking channel boasts increased security features which allow customers to perform a range of banking transactions, ensuring the safe, accessible, reliable, and universal movement of funds. The channel has a self-registration option, which allows customers to begin using the services without having to visit a branch, thus

reducing the risk of exposure to Covid-19 and promoting social distancing practices. The Bank is planning on additional functionality to this platform in the year ahead.

The BancOnline platform is specially designed for large Corporate and SME customers. It is an enterprise grade digital banking platform, designed for complete in the office banking experience for Commercial Banking clients. The platform enables businesses to perform various transactions such as funds transfers, cross border payments, salaries payments, as well as other business transactions. The 24/7 online platform ensures that business account holders can manage their funds more conveniently and efficiently from any location. BancOnline has helped spur growth in BancABC's transactional volumes, further entrenching the Bank as Botswana's bank of choice. The Bank has reviewed the offering relative to its larger peers and believes the platform offers the best digital banking experience for corporates in Botswana.

*"We realised that there was significant room for improvement in our digital and transactional banking platforms. And we have found that our decision to begin laying the foundation for a transition to digital delivery as a primary engagement channel for*

*our clients, has been extremely beneficial for both the Bank, as well as our customer base, especially during the Covid-19 pandemic,”* says Bannalotlhe.

### **Inclusive Financial Solutions**

BancABC prides itself on being a bank that prioritises the people of Botswana, and as such, its products and services are relevant to customers' needs. In an effort to make banking products and services more inclusive for the people of Botswana, the Bank created the most affordable current account in the market, the 'Fresh Payroll' Account. This entry-level account was designed specifically for those in the P0 - P4999 salary range, and at only P5.67 in monthly costs, the Fresh Payroll Account is cheaper than a can of Coca Cola.

Bannalotlhe says *“We understand that affordability is a huge determining factor for many clients and to promote financial inclusion, we wanted to create a product offering that would help us tap into markets that aren't usually catered for. But we are also clear that inclusive banking doesn't mean less banking.”*

### **Empowering Local Businesses to Strengthen the Economy**

BancABC has built a strong reputation as one of the top banks for SME clients. Being previously named the Best SME Bank by the

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Global Banking & Finance Review, BancABC found that it needed to adapt its approach to SME funding and is actively pursuing an innovative partner model, where its partnerships with various companies will enable BancABC to provide SME clients with access to other services outside of the bank's expertise thus limiting the financial burden on SMEs.

### **Strategic Partnerships that Improve Customer Experience**

BancABC's competitive Prepaid Card proposition led to the Bank's selection as the partner of choice for the Government of Botswana, which resulted in the launch of the Pula Card in 2018. The Pula Card enables holders to withdraw cash or transact across all Visa automated teller machines and point of sale machines worldwide, thus improving service delivery and providing access to payments anytime, anywhere without having to travel long distances or wait in long queues.

Mosetlhanyane adds that *“The Bank continues to seek opportunities to build long-lasting, mutually beneficial relationships with various stakeholders. These types of partnerships not only benefit our customer base but also help enhance the Bank's credibility and extending our reach in the market.”*

Bannalotlhe also credits the culture of collaboration at BancABC, as a critical element to the Bank's successful implementation of its roadmap. “We have a relatively young workforce, with 65% of our employees being millennials, and I am surrounded by some of the most talented minds in the African banking sector. Collaboration and knowledge sharing has always been a key component of our culture as Africans, and I believe that is how we have been able to significantly improve the sustainability of this business, as we continue to invent and reinvent financial solutions that empower our customers to fulfil their dreams at every stage of their life and business journey.”

● Corporate Strategy

# SIGNIFICANT MILESTONES OF THE BSE CORPORATE STRATEGY

**2017:** Hosting the Inaugural BSE Listings and Investment Conference.



**2018:** Demutualization of the BSE from a mutual exchange to a company incorporated under and in terms of the Companies Act.

**2018:** Her Majesty's Revenue & Customs (HMRC) designates the BSE as a Recognised Stock Exchange.

**2019:** Celebrating 30 years in operation.



**2019:** Establishment of the Tshipidi SME Board with the first ever Tshipidi Mentorship Program conducted.



**2019:** Winning the Best Educational Initiative Africa Award at the Structured Retail Products Africa Awards for the BSE's Annual Senior Secondary Schools Finance & Investment Competition.



**2019:** BSE enters into a Memorandum of Understanding with Zimbabwe Stock Exchange (ZSE) to promote dual listings.

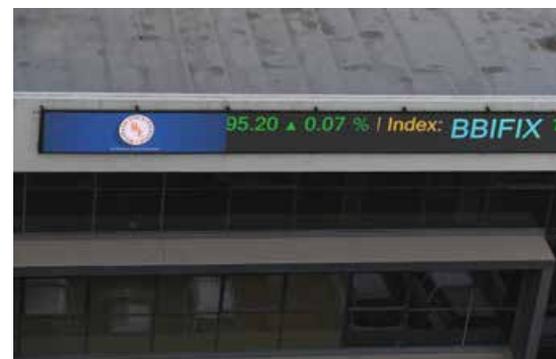


**2019:** Hosts of the 23rd Annual African Securities Exchanges Association Conference and Annual General Meeting in Kasane.



**2020:** Launch of the revamped BSE website and new mobile application.

**2020:** Installing the first ever stock market data display screen in Gaborone central business district.



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# BSE 2017 - 2021 Strategy Targets

In line with the objectives of the BSE, the corporate strategy clearly outlines how the BSE will embrace technology and innovation, as well as increase the current product offering, and the number of issuers and investors.

The targets outlined in the strategy are:

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



# MARKET PERFORMANCE

## REPORT FOR THE PERIOD 1<sup>st</sup> JANUARY TO 31<sup>st</sup> AUGUST 2020

### 1. EQUITY MARKET PERFORMANCE

#### 1.1. Analysis of Equity Indices

During the period 1 January to 31st August 2020 the Domestic Company Index (DCI) depreciated by 5.9% in comparison to a decline of 5.8% during the same period in 2019 while the DCI Total Return Index (DCTRI) depreciated by 2.4% in comparison to a decline of 2.6% in the corresponding 2019 period.

The Foreign Company Index (FCI) depreciated by 0.8% on a year to date basis in 2020 compared to a decline of 0.4% over the same period in 2019.

A synopsis of the overall performance of the market is presented in Figure 1.

**Figure 1:** Equity Market Performance Statistics

Sector	Quarter 1	Quarter 1	July 2020	August 2020	1 Jan to 31 August
<b>Index Performance</b>					
DCI	7,487.64	7,159.66	7,096.29	7,054.96	7,054.96
% Change	(0.1)	(4.4)	(0.9)	(0.6)	(5.9)
DCTRI	1,737.35	1,702.18	1,688.26	1,686.08	1,686.08
% Change	0.6	(2.0)	(0.8)	(0.1)	(2.4)
FCI	1,551.35	1,551.35	1,550.11	1,550.04	1,551.04
% Change	(0.7)	-	(0.1)	(0.0)	(0.8)
<b>Liquidity</b>					
Turnover (P' Million)	185.0	178.7	41.5	77.9	483.3
Average Daily Turnover (P' Million)	3.0	3.4	2.1	3.7	2.9
No. of Shares Traded (Million)	81.7	71.7	21.4	99.4	274.3
<b>Market Capitalization</b>					
Domestic Companies (P' Million)	38,716	37,025	36,698	36,484	36,484
Foreign Companies (P' Million)	356,918	356,421	356,231	356,217	356,217
Total (P' Million)	395,633	393,446	392,929	392,701	392,701
<b>Market Indicators <sup>Note 1</sup></b>					
P/E Ratio (times)	11.9	10.7	10.8	10.8	10.8
Dividend Yield (%)	6.2	5.8	5.2	4.9	4.9
Price/Book Value (times)	1.4	1.4	1.5	1.5	1.5

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

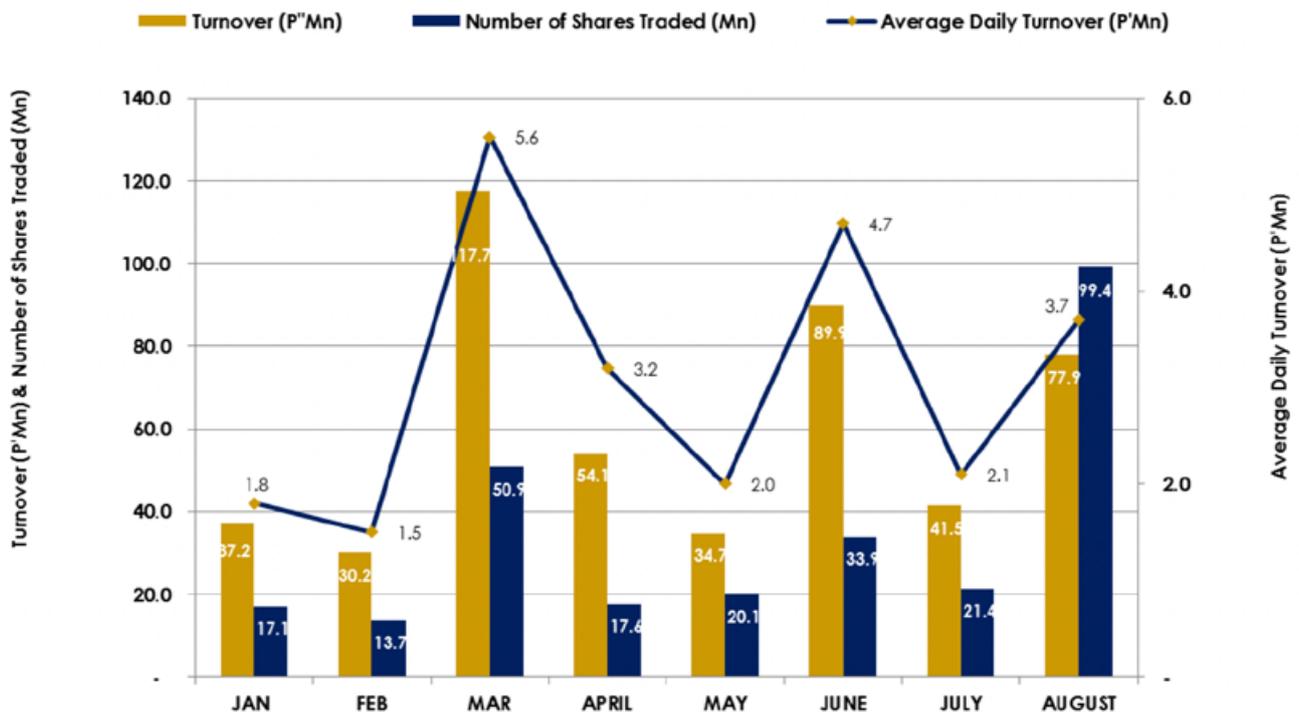
## ● Market Performance

### MARKET PERFORMANCE REPORT FOR THE PERIOD 1<sup>st</sup> JANUARY TO 31<sup>st</sup> AUGUST 2020 >>

#### 1.2. Analysis of Equity Turnover

Trading activity during the period under review was lower in 2020 in comparison to the corresponding 2019 period. As at the end of August 2020, the BSE had recorded total equity turnover of P483.3 Million from traded volumes of 274.3 Million shares. On a monthly basis, the month of March experienced the highest turnover of P117.7 Million over 50.9 Million traded shares followed by June with turnover of P89.9 Million over 33.9 Million traded shares. The month of August had the most traded number of shares at 99.4 Million generating the third highest monthly turnover of P77.9 Million. A monthly breakdown of turnover levels is shown in Figure 2.

**Figure 2:** Monthly Equity Turnover



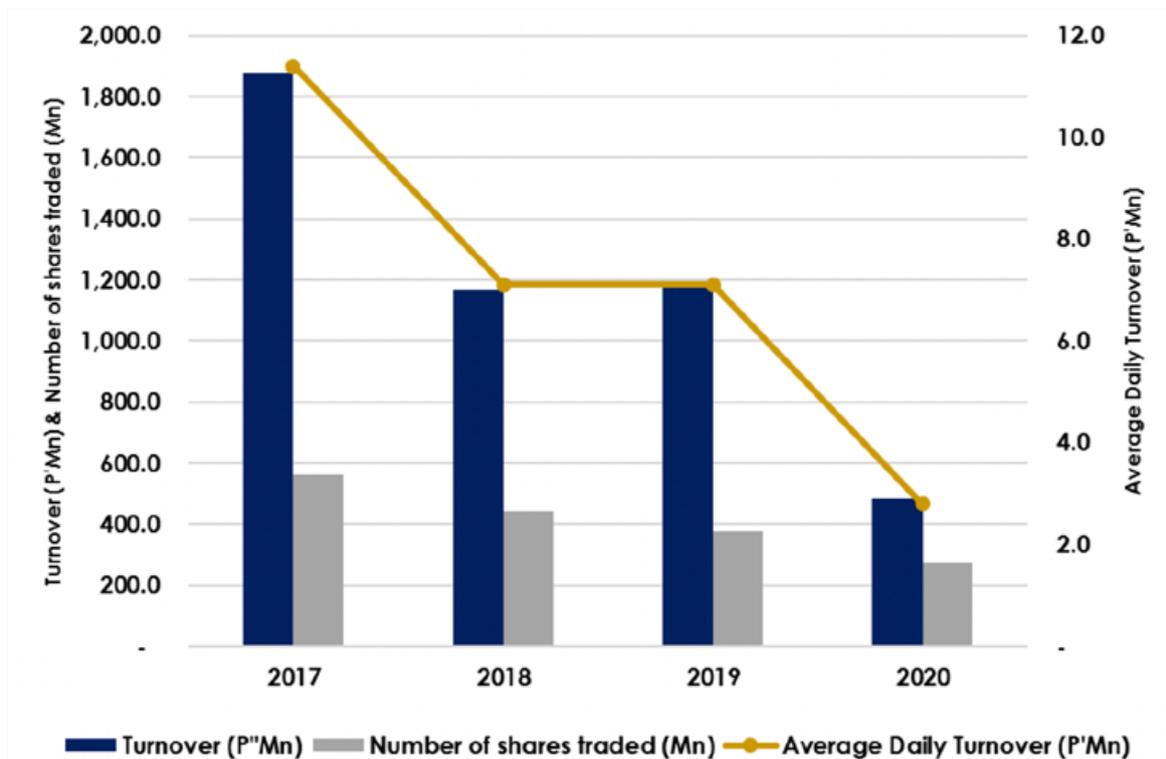
During the corresponding eight-month period in 2019, the BSE had registered a turnover of P1,175.4 Million and a total volume of 378.2 Million shares traded (see Figure 3 & Figure 4). Therefore, the 2020 turnover amounts to a 59% decline over the same period in 2019.

**Figure 3:** Liquidity, Year-to-August: 2017-2020

Liquidity Note	2017	2018	2019	2020
Turnover (P' Million)	1,879.8	1,166.8	1,175.4	483.3
Average Daily Turnover (P' Million)	11.4	7.1	7.1	2.9
No. of Shares Traded (Million)	561.3	443.6	378.2	274.3

Note: Year to 31 August

**Figure 4:** Trend in Liquidity, Equities: Year-to-August



Note: Year to 31 August

During the period under review, the top 3 traded companies in terms of value were Letshego (P122.7 Million), Sechaba (P69.1 Million), and FNBB (P59.2 Million). Total turnover from these three companies (P251 Million) accounted for 52% of total equity turnover, with the leading counter (Letshego) accounting for 25% of total equity turnover. In comparison to the same period (Year-to-August 2019) the top 3 traded companies accounted for 54% of total equity turnover with the leading counter accounting for 24% of total turnover. The rankings of companies by turnover thus far in 2020 is shown in Figure 5.

Figure 6 shows the share price performance by companies during the period under review. Of the 32 listed companies, 21 experienced share price declines, 3 companies experienced share price increases while 8 had no share price changes. The top three companies that have had share price increases were Sefalana, Letlole and Cresta, which gained 3.7%, 1.8% and 0.7% respectively.

The bottom three companies that experienced share price declines were Lucara, Minergy and FNBB which declined by 49.7%, 22.7%, and 17.5% respectively

## ● Market Performance

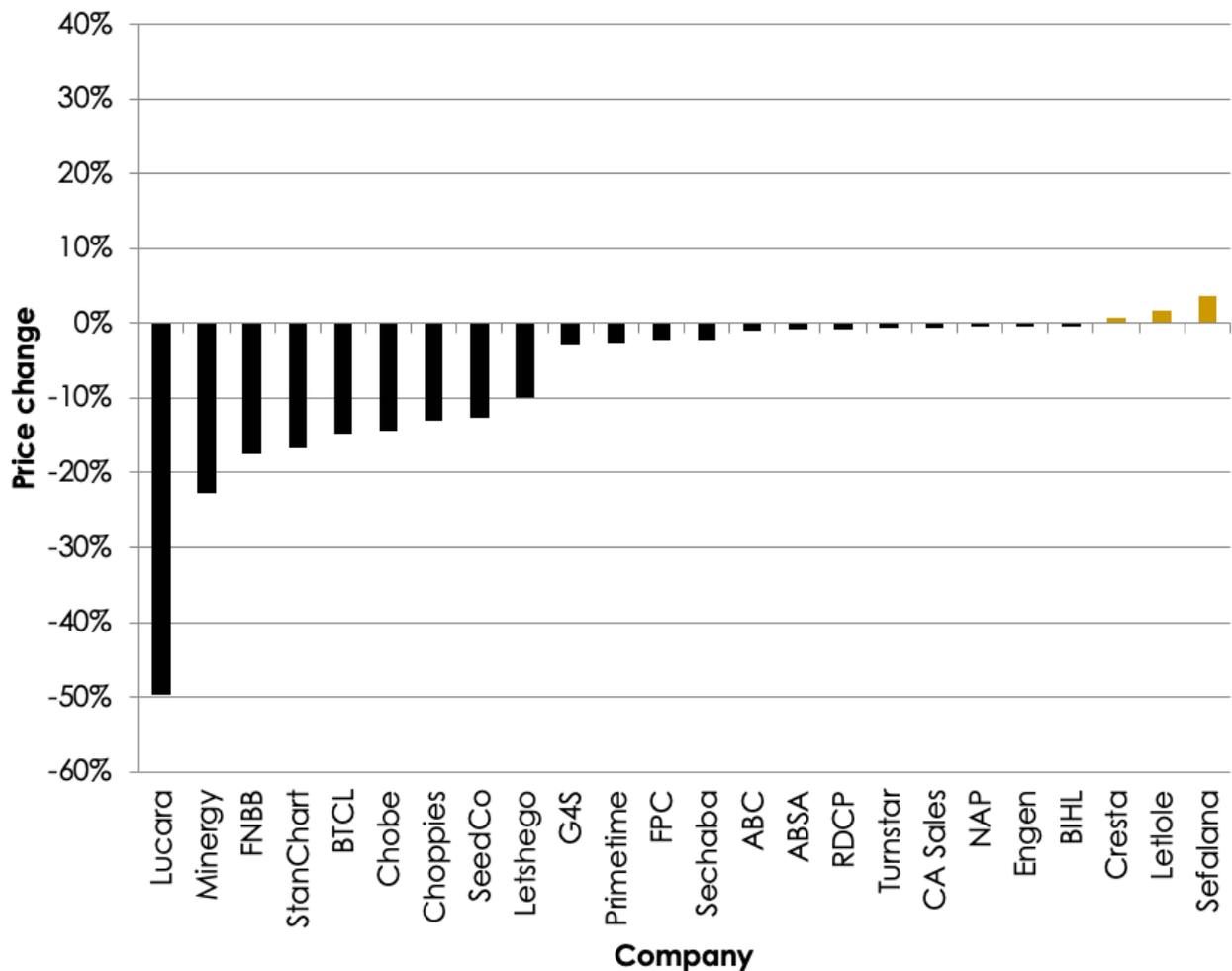
### MARKET PERFORMANCE REPORT FOR THE PERIOD 1<sup>st</sup> JANUARY TO 31<sup>st</sup> AUGUST 2020 >>

**Figure 5:** Companies Ranked by Turnover (BWP): Year-to-August 2020

COMPANY	Q1 Turnover	Q2 Turnover	JULY Turnover	AUGUST Turnover	TOTAL Turnover
LETSHEGO	41,825,194	19,011,749	4,691,474	57,171,693	122,700,111
SECHABA	39,328,554	29,426,131	312,401	7,075	69,074,162
FNBB	32,101,581	23,806,929	908,046	2,367,377	59,183,933
ABSA	7,774,530	27,706,936	3,410,387	7,399,242	46,291,093
BIHL	14,124,880	14,689,500	546,683	215,756	29,576,818
SEFALANA	8,441,680	3,586,503	13,121,539	1,544,220	26,693,942
CHOBE	4,101,367	5,188,025	2,089,247	4,075,511	15,454,149
NAP	7,059,504	7,561,826	99,016	507,110	15,227,456
LETLOLE	12,139,566	785,269	607,769	56,176	13,588,780
CA SALES	318,128	3,556,599	9,343,504	14,921	13,233,152
TURNSTAR	1,678,139	10,951,161	5,001	-	12,634,302
ENGEN	3,534,552	7,972,632	817,923	114,780	12,439,887
STANCHART	408,268	8,292,115	139,737	1,812,949	10,653,069
MINERGY	17,710	9,523,256	49,682	2,620	9,593,268
CHOPPIES	-	-	4,939,080	2,424,566	7,363,647
BTCL	4,734,905	1,502,419	390,276	131,273	6,758,872
RDCP	4,386,827	503,828	4,420	55,862	4,950,936
PRIMETIME	2,062,231	1,909,052	-	12,696	3,983,978
ABC	333,237	1,105,400	-	-	1,438,637
CRESTA	480,616	871,740	-	5,534	1,357,889
FPC	52,308	535,680	-	-	587,988
G4S	127,299	23,800	-	1,360	152,459
SEED Co	4,700	126,370	-	-	131,070
SHUMBA	-	99,001	2,937	3,037	104,976
TLOU	218	-	55,752	-	55,970
LUCARA	13,280	-	-	-	13,280
BOD	65	-	-	6,684	6,749
OLYMPIA	-	-	-	136	136
A-CAP	-	-	-	-	-
AFINITAS	-	-	-	-	-
ANGLO	-	-	-	-	-
INVESTEC	-	-	-	-	-
<b>TOTAL</b>	<b>185,049,339</b>	<b>178,735,921</b>	<b>41,534,874</b>	<b>77,930,576</b>	<b>483,250,709</b>

During the corresponding eight-month period in 2019, the BSE had registered a turnover of P1,175.4 Million and a total volume of 378.2 Million shares traded (see Figure 3 & Figure 4). Therefore, the 2020 turnover amounts to a 59% decline over the same period in 2019.

**Figure 6:** Share Price Performance: 1 January – 31 August 2020



Note : Companies that did not experience share price movement are not included in the graph.

### 1.3. Investor Contribution to Equity Turnover

As can be observed in Figure 7, local companies contributed 57.3% to total turnover or P277.1 Million in monetary terms while local individuals contributed 6.6% of total turnover recorded during this period or P32.0 Million in monetary terms. Foreign companies contributed 31.1% or P150.1 Million to equity turnover while foreign individuals and brokers contributed 4.8% (P23.3 Million) and 0.2% (P0.8 Million) to equity turnover respectively. Figure 8 shows the analysis of investor contribution to turnover during the first two quarters of the year and for the months of July and August 2020.

## ● Market Performance

### MARKET PERFORMANCE REPORT FOR THE PERIOD 1<sup>st</sup> JANUARY TO 31<sup>st</sup> AUGUST 2020 >>

**Figure 7:** Investor Contribution to Turnover: 1 January – 31 August 2020

Investor Category	Turnover (BWP)	% Contribution
Foreign Individuals	23,254,427.53	4.8%
Local Individuals	32,045,795.43	6.6%
Local Companies	277,071,768.12	57.3%
Brokers	819,065.80	0.2%
	<b>483,250,709.24</b>	<b>100.0%</b>

Source: CSDB

**Figure 8:** Investor Contribution to Turnover (%): Q1, Q2, July & August 2020

Investor Category	2020			
	Quarter 1	Quarter 2	July	August
Foreign Companies	28.3	24.5	13.0	62.2
Foreign Individuals	0.9	3.0	3.2	18.9
Local Individuals	7.3	5.4	11.4	5.3
Local Companies	63.3	66.9	71.6	13.5
Brokers	0.1	0.1	0.8	0.0
<b>TOTAL</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: CSDB

## 2. PERFORMANCE OF EXCHANGE TRADED FUNDS (ETFs)

Activity in ETFs continued to rise in the period under review relative to the 2019 corresponding period. ETF turnover thus far in 2020 amounted to P98.8 Million, a 21% increase from the P81.4 Million generated during the same period in 2019. The number of units traded increased from 0.70 Million units in 2019 to 0.73 Million units in 2020.

As for price returns, the NewGold ETF price gained 42.9% while NewPlat and NewFunds ETF prices declined 7.5% and 10.7% respectively.

Figure 9 summarises the comparable ETF performance for 2019 and 2020 on a year to date basis.

**Figure 9:** Performance of ETFs: Year-to-August

Indicator	1 Jan – 31 August 2019			1 Jan – 31 August 2020		
	NewGold	NewPlat	NewFunds	NewGold	NewPlat	NewFunds
Turnover (P 'Million)	55.1	26.3	0.014	59.0	39.7	0.007
Units Traded	400,537	302,362	227	343,083	381,878	154
Price Change	<b>27.4%</b>	<b>3.3%</b>	<b>5.8%</b>	<b>42.9%</b>	<b>-7.5%</b>	<b>-10.7%</b>

### 3. BOND MARKET PERFORMANCE

The value of bonds traded during the year-to-August 2020 period was P834.19 Million compared to P666.84 Million traded during the same period in 2019. On the back of Government bonds' re-openings and corporate issuances, the market capitalisation of listed bonds increased to P19.3 Billion during the period.

**Figure 10:** Analysis of the Bond Market Performance

Sector	1 Jan – 31 August 2019	1 Jan – 31 August 2020
<b>Value Traded (P'Mn)</b>		
Corporate Bond Turnover (P' Mn)	27.90	1.64
Government Bond Turnover (P' Mn)	638.94	832.55
<b>TOTAL</b>	<b>666.84</b>	<b>834.19</b>
<b>Market Capitalisation ( P' Bn)</b>		
Corporate Bond Market Cap (P' Bn)	5.20	5.33
Government Bond Market Cap (P' Bn)	10.90	13.99
<b>TOTAL</b>	<b>16.11</b>	<b>19.32</b>
<b>Number of Bonds Listed</b>		
Government Bonds	7	7
Corporate Bonds	39	38
<b>TOTAL</b>	<b>46</b>	<b>45</b>

## ● Company Focus

# TRACING THE FOOTPRINT, EVALUATING THE LEGACY

➤ Brands play infinite games, no clear end or winning – global expert says

➤ Long term strategy is not good enough, infinite vision defines new value frontiers

➤ BTC drives digital and economic inclusion – seeks new heights in 4IR, IoT, Robotics and virtualization

➤ 40 years later, how has BTC fared against its strategic intent, purpose and cause?



BTC Managing Director, Mr. Anthony Masunga

**To understand the present, history can never be ignored. It has to be respected. To cast judgment on any legacy and measure its success, the tides of time have to be consulted.**

**1980 was one of Southern Africa's worst periods - political turmoil, economic anxiety and instability. Our home seemed the only oasis of hope for the entire regional block.**

To the south, neighbouring South Africa was still mired in the cruel height of apartheid. To the north-east, Zimbabwe was gaining its independence but slowly degenerating into civil war between the political elite battling for the new rule along tribal lines. Namibia to the West was still 10 years away from breaking the jaws of war and gaining its independence. Mozambique had hope but was way too far geographically to offer immediate solace to the nation's anxiety.

Botswana, a young nation led by technocrats and legislators crafted and passed the BTC Act of 1980. A seed was planted with a simple adage "to provide telecommunications services to all citizens" regardless of geography, creed, race. The telco concept was designed for the benefit of all Botswana. Given this heritage, this legacy has to be tested against time, relevance, global trends, its strategic intent, leadership and the impact it has had in communities it vowed to serve.

Global disruptor and visionary Simon Sinek in his 'Infinite Games' publication argues that brands fail because their strategic intents are not daring enough. In many instances, he notes, they are premised on products rather than the dynamic reflexes of the consumer patterns, behavior and needs - current and anticipated.

Has BTC's purpose and cause catapulted it into the company of the future or is it still caught in its historic mandate? How has BTC measured, followed and met the consumer complexity in the last 40 years? How has the leadership fared in daring to dream and see beyond today?

**The current fruits of the telco giant can be traced back to the previous and current leadership of Anthony Masunga who foresaw the need for a significant transition, from a traditional telecommunications company to an organization that embraces a strong innovation impetus.**

Throughout his journey, from Head of Product Development, General Manager of the Mobile Business, and Chief Operations Officer right through to his appointment as Managing Director, Anthony oversaw the transition of BTC from fixed telephony to a converged telecommunications operator offering fixed, mobile and ICT solutions. Leading up to the historic listing which created a financial inclusion platform for citizens breaking all sorts of records and feats for retail investors.

The previous and current leadership led by Masunga and his team have ensured that BTC touches all the economic sectors in all parts of the country anchored by its wide network coverage and fast internet speeds. From the Nteletsa Project in 1999, which brought service to previously underserved remote areas, to the launch of its mobile business unit in 2008, to being Botswana's leading network with over 400 4.5G sites, enveloping all corners of the country not just major towns and cities, this has indeed been a fulfilling journey.

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## ● Company Focus

In 2016, the listing of BTC on the Botswana Stock Exchange (BSE), was a watershed moment in economic inclusion, bringing more than 50,000 Batswana to the BSE and into BTC ownership. This resulted in the largest and broadest shareholder spread for a listed company in Botswana. Further, BTC has been one of the companies with the highest dividend yields on the stock exchange since listing. Investors could bank on a solid entity backed by institutions, retail shareholders and government. The financial fulcrum resulted in a corporation with a robust network infrastructure, which is now a national strategic asset for digital inclusion and economic transformation.

While giving back millions through its Corporate Social Investment programme delivered through the BTC Foundation, the Company's strategic direction and vision have remodeled internet consumption for remote sectors out of reach of main grids and regular networks. Furthermore, the introduction of VSAT technologies to an already robust network infrastructure has meant that customers are connected anywhere and everywhere. The ground is leveled with VSAT because of satellite connectivity. No one should be left behind. Farmers and hoteliers deep in the Okavango Delta and the vast Botswana, have benefited immensely from the innovation. Market access, finance, bookings and strategy have all been made easy through BTC's presence in hostile terrains perceived unthinkable by mainstream networks. Those in major cities enjoy fibre to homes which reach up to 100 Mbps.

Another first for BTC's greatest feats was when the Managing Director stood at the earth station and launched the Data Centre. The facility certified by the global data centre standard bearer – Uptime Institute was a first for the Botswana market. "BTC's Data Centre is the first and only Uptime Tier 2 Certified Data Centre in Botswana with assurance of resilience and availability. The facility houses BTC's mission critical IT infrastructure and applications as well as act as a colocation facility for our customers," noted Masunga. The innovation delivers world-class cloud services to BTC customers and the market.

It increases agility and simplification of IT operations. Customers have access to computer, storage and software defined network resources on demand through the company's Cloud Management Platform. This has been enhanced by the recent Microsoft partnership for cloud services. The strategic link means BTC is ready to host all the data in Botswana many times over with world-class security and standards.

From its humble beginnings, the telco-giant's evolution and milestones from fixed telephony to mobile, fibre and cloud, today sets an explosion of connectivity for Botswana's economy. The main economic sectors tap onto the rich network for business continuity in fluid seamless coverage. Education has become a new gainer in digital inclusion. BTC packages for students 'everywhere the sun touches' means universal access to education, learning and training. BTC is unchallenged in universal coverage for all Batswana. Its investments in infrastructure and its human capital have delivered an economic solution for the country and all Batswana. Today BTC's infrastructure is the backbone of a possible national digital transformation strategy, it envelopes Botswana beyond the eastern corridor to the hostile terrains where no other network would explore. The investments that have gone into the BTC network and digital transformation are a solid foundation for the future of trade and doing business in the Big Data era and 4IR. This drive has created a strategic national asset upon which Botswana's next value frontier is premised.

Under the stewardship of Masunga, BTC has now completed a digitalisation journey and evolved to partner with Government as the nation transitions to a Knowledge-Based Economy. The local telco has demonstrated its agility pushing over a billion in revenues, having one of the highest yields on the local bourse and driving digital inclusion for all. This is fertile ground for Botswana's competitive strategy and alternative route outside the seasonal diamond sparkle.

"Our innovations in the last generation and over the last decade have driven unique solutions for our customers, both

retail and corporate. Our network remains stable and is an enabler for all. Our offerings are tailored for every Mofswana, wherever they may be, because our primary purpose is to provide seamless connectivity experience and to ensure that our customers live connected. Our brand shines bright and green in all corners of our republic not just major towns and cities," says Anthony Masunga, BTC Managing Director.

Botswana, with its over 2 million population should lurch and capitalize on our existing digital infrastructure and international partnerships to drive the next chapter and reach new horizons of its economic diversification strategy.

**"BTC accepted the challenge and lived up to its promises. The Botswana Innovation Hub, BIUST, BTC and other think tanks should be able to drive and propel the next chapter of the republic. We house enough expertise to drive new revenues for the country not just by creating new features, attributes and benefits for the local and regional consumer but the whole world.**

Companies that are worth more than trillions of US dollars today are on digital platforms for good reason. We have a local company which has invested millions on infrastructure development. Where are the young digital masterminds? They can capitalise on the current resources for the next Estonia and Silicon Valley," says a local innovation expert.

The telco has emerged as a true reflection of resilience, aspirations of its citizens and the government through its endearing leadership. It has indeed stood the critical test of time making it stronger and well poised as the company of the future. Masunga has done well to adopt an ambitious agenda with his team which has brought to live the vision born 40 years ago inside the Parliament of a young nation.



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## ● Opening Bell Ceremony

# SEPTEMBER OPENING BELL

## - LAUNCH OF THE BSE WEBSITE, MOBILE APP AND STOCK MARKET TICKER

Themed “**Bridging the Technology Gap - Launch of the BSE Website, Mobile App and Stock Market Ticker**”, the Exchange held a virtually live streamed Opening Bell Ceremony to commemorate the launch of the newly designed BSE website, mobile app and stock market ticker.

The Guest of Honour to launch these platforms was the Mayor of Gaborone, His Worship Father Maphongo, who was also joined by the Chairperson of the Central Securities Depository of Botswana (CSDB), Mr. Basimane Bogopa who delivered the Welcome Remarks and the Chairperson of the BSE, Lieutenant General Tebogo C. Masire.

Due to the health restrictions surrounding the current COVID-19 pandemic, this event was only attended by members of the media from various, local media houses. In his opening, CSDB Chairperson, Mr. Basimane Bogopa, applauded the BSE in introducing these technological advancements to the market -

“We are delighted to announce the completion and launch of three (3) very critical advancements that will aim to assist with accessibility of information regarding our local capital markets for our current and prospective clients”.



*CSDB Chairperson, Mr. Basimane Bogopa delivering the Welcome Remarks.*

In his speech, he highlighted a number of notable features that have been adopted on the BSE website and mobile app such as a stock market ticker displaying real-time price and indices movements, a watch list function to monitor selected securities, an optimized search engine for easy navigation and integrated social media buttons, amongst others. Further to his speech, Mr. Bogopa remarked on the excitement from various stakeholders surrounding the introduction the BSE stock market ticker, a first of its kind in Botswana.

One (1) of these display screen has been strategically placed alongside the busiest road in the Gaborone Central Business District area, while

the other screen has been placed by the reception area in the BSE office.

In addition, he said,

“both of these screens are tasked with providing real-time market information that will include price & indices movements, X-News announcements, turnover level, volume and other relevant market information. Information displayed from both screens will assist investors and various stakeholders to stay abreast of the rapidly changing financial market conditions as we would like to position the Exchange at the forefront of information dissemination and encourage transparency”.



*The Mayor of Gaborone, His Worship Father Maphongo, delivering the Official Remarks and launching the BSE website, mobile app & stock market ticker.*

For his part, the Mayor of Gaborone, emphasised how important it is to recognise the role that the BSE plays in economic development and how the flow of information has become critical in developing the market -

“Most of the listed entities on the BSE are household names from major sectors such as retail, banking, ICT, property and tourism, among a few. The growth of these entities through accessing equity or debt finance from the BSE has paved the way for significant changes such as improved productivity, increase in job creation for Batswana, improvements in infrastructure (better roads, buildings, ICT, etc.), increase in household income, and

implementation of technological innovative ideas, among others. Essentially, these are the paramount reasons are why the BSE has been an instrumental player in growing Botswana’s economy and assisting us to transform into a middle-income status country. But, without having to state the obvious, the flow of information has been key towards assisting individuals and corporates to make informed, investment decisions about their personal or business choices. Hence, I am delighted that the national stock exchange has lived by their mandate to promote efficient transparency in the market by launching these three (3) platforms”.

Further to these remarks, there was a comprehensive presentation facilitated by the BSE Head of Information Technology who demonstrated different new functions that have been incorporated in the new BSE website and shown how they complement the new mobile app. This application can be downloaded on the App Store and Google Playstore and is specifically tailor-made for users who want to access market information on-the-go.

● Opening Bell Ceremony

**SEPTEMBER OPENING BELL** - LAUNCH OF THE BSE WEBSITE, MOBILE APP AND STOCK MARKET TICKER >>



BSE Head of Information Technology, Mr. Kopano Mogorosi demonstrating the functionalities of the revamped BSE website and mobile app.

BSE CEO, Mr. Thapelo Tsheole delivering the Market Updates.



Official Bell Ringing (Left to Right) - BSE Chairperson, Lt. Gen. Tebogo C. Masire, the Mayor of Gaborone, His Worship Father Maphongo and CSDB Chairperson, Mr. Basimane Bogopa.

# INTRODUCING

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# TUNE INTO BSE RADIO SHOWS



## TOPICS OF THE YEAR

### 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
- Dividends
- Listing Requirements

### 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

- Importance of Financial Literacy.
- The Role of the Stockbroker.
- Monitoring Your Investment.
- FAQs at the BSE.

## CATCH US ON ANY OF OUR RADIO SHOWS

<b>Monday 0630-0635 RB1</b> <i>Sefalana sa Papadi</i>	<b>Thursday 1430-1445 RB2</b> <i>Understanding Stock Markets</i>
<b>Friday 1610-1615 RB2</b> <i>Automatic Drive</i>	<b>Friday 1730-1735 RB2</b> <i>Tsele le Tsele</i>

# ASSET AND INVESTMENT MANAGERS RESPONSE TO COVID-19

**What actions will protect the future of the asset management industry?**

**Covid-19 continues to take its toll on financial markets, presenting major challenges for asset managers, from active funds to passive investments. With the effects of the crisis likely to be felt for several years ahead, how can asset managers adapt to this “new normal” and begin to prepare for future challenges?**

The COVID-19 pandemic has now spanned three quarters of the year, and in its wake, there has been valuable lessons, particularly for asset and investment managers; navigating between periods of high volatility to uncovering new opportunities in the “new normal.”

In the past nine months since Covid-19 came to prominence, there has been an avalanche of data, with the pendulum constantly swinging between grim and positive news. Beyond the dreadful daily tally of coronavirus infections and deaths, the economic and market data is being scrutinised like never before,

tracking the pandemic’s impact on businesses and individuals.

For instance, the capital markets experienced high volatility in the first quarter of the year, with equity markets roiled by the external shock of the global pandemic, thus changing the way markets digest new information and adjust accordingly. Already, asset and investment managers’ risk management, management reporting and investor services functions are already experiencing a strain.

The volume of customer questions and concerns regarding asset exposure to affected regions, asset classes and sectors could continue or even increase. The managers are hard at work piecing together the high frequency data, and at the same time, interpreting the information to their concerned clients who need assurance during uncertain times.

Though markets have since rebounded from periods of high volatility, clawing back losses in the second quarter and poised to finish the third quarter with

a strong recovery, it only tells half the story. Uncertainty will continue until a cure is found and nobody really knows the long-term implications of the pandemic, creating further anxieties. The potential for significant market volatility could be in play for weeks or months as more data trickles in. The investment industry agrees that it is a challenging time to be an investor.

## **What could the future hold?**

Just like other industries, asset managers are already facing a new normal as a result of the Covid-19 pandemic. Fund managers are taking a retrospective look at their strategies to re-evaluate their portfolios and ensure they are prepared for the months ahead, with high levels of volatility going forward.

In response to the crisis, asset and investment managers have put great emphasis on communication, sharing their perspective and insights with clients, even if it means doing it frequently than before. The global accounting firm PwC has suggested that asset managers share their

## ● Feature

# ASSET AND INVESTMENT MANAGERS RESPONSE TO COVID-19 >>

communication plan with clients to increase transparency during the crisis, while also engaging proactively with key stakeholders. It is not hard to see why communication with investors is considered critical amid uncertain times.

Geoffrey Okamoto, the first deputy managing director of the International Monetary Fund (IMF), notes that individuals and firms may change their risk perceptions permanently after a sharp and sudden loss of income. He adds that high uncertainty makes it harder still to predict the net impact of so many behaviour changes. In the long term, this could lead to deeper structural changes, where investments are held off or cancelled.

During these challenging times, taking responsibility for improving your clients' financial knowledge can bring big benefits for them and for your business, says financial capability expert Michael Collins of Brighthouse Financial Insights, on why building financial knowledge is so important now more than ever.

"There is a direct correlation between financial knowledge and participation in financial services," he explains. "People with higher levels of financial knowledge are more likely to save, invest, or be engaged in financial products than those with lower levels. They're also more likely to work with a financial professional."

Furthermore, with improved communication that keeps clients on the loop as Covid-19 plays itself out, timely and unconstrained information sharing influences the quality of the decisions they make, such as whether to save or to consume, and the type of financial products they buy.

Beyond enhanced communication plans, asset and investment managers have become aware that as the initial shock of the virus fizzles out, investor confidence and trust will slowly be restored but with conditions. Chiefly, the pandemic will increase attention to environmental, social, and governance (ESG) considerations. According to the CFA Institute, investors are increasingly applying these non-financial factors as part of their analysis process to identify material risks and growth opportunities.

ESG proponents have mounted a spirited counterattack on shareholder value theory, which was popularized in 1970 by Milton Friedman, who argued that companies' only social responsibility is to maximize shareholder value. Researchers at JPMorgan Chase & Co, the American multinational investment bank and financial services, say the COVID-19 crisis has not only brought on the greatest recession since World War II, but investors are also calling it the 21st century's first "sustainability" crisis and one that has renewed the focus on climate change, acting as a wake-up call for decision makers to prioritize a more sustainable approach to investment.

J.P. Morgan polled investors from 50 global institutions, representing a total of \$12.9 trillion in assets under management (AUM) on how they expected COVID-19 would impact the future of ESG investing. Some 71% of respondents responded that it was "rather likely," "likely," or "very likely" that the occurrence of a low probability / high impact risk, such as COVID-19, would increase awareness and actions globally to tackle high impact / high probability risks such as those related to climate change and biodiversity losses.

"We believe that pandemics and environmental risks are viewed as similar in terms of impact, representing an important wake-up call for decision makers. The impacts of the COVID-19 crisis on the real economy and the financial system highlight the limits of most forecasting models," wrote Jean-Xavier Hecker & Hugo Dubourg, Co-Heads of Sustainability & ESG Research at J.P. Morgan.

Besides the deaths and economic disruptions, Covid-19 has unleashed a new dawn for countries to extract efficiencies and optimizations in some sectors of the economy. Asset and investment managers are looking at the pandemic's impact on investment capital and where the focus should. So far, winners in the economy involved technology and healthcare companies. For countries like Botswana with nascent industries, it has become imperative to invest and build companies that will be resilient during crisis.

With 24 companies listed on the Botswana Stock Exchange's main board, the bourse is yet to attract more health and technology stocks. But on the wake of the pandemic and high commitments by the government to ramp up on citizen empowerment through support of local businesses, there is expectations that investors and entrepreneurs will zero in on the new opportunities that have been uncovered.

Other than getting support from the government, companies that ply their trade in technology and health are likely to become hot listings on the stock market, attracting the country's top institutional investors who have for years decried limited investment opportunities, and the emergence of previously unlisted sectors will bolster portfolio diversification.

As governments intervene to steady economies during the pandemic, this could come at a greater cost for countries with limited financial options. Due to the inherent risks of taking on large debts made attractive by low interest rates and later having difficulty to pay off the loans when interest rates rise in the future, asset and investment managers have called for greater coordination between the state and private sector for mutual assistance.

The Botswana government has since announced that the Economic Transformation and Recovery Plan (ETRP) and the eleventh National

Development Plan (NDP 11), which require over P40 billion, will mostly be funded through domestic mobilization of resources. In September, the country's Finance ministry requested for the government bond issuance programme to be doubled from the current P15 billion to P30 billion. The objective of the bond issuance programme is to assist with the development of the domestic capital markets by establishing a risk-free yield curve to facilitate wider bond issuance by both state-owned enterprises and private sector entities.

The collaboration between the government and the investment

industry will lead to improved liquidity on the BSE due to increased possibilities of acquiring new bonds, making it unnecessary for investors to buy and hold unto existing investments. The parties also agree that an important factor will be to increase the predictability and transparency in future borrowing requirements, which will further deepen opportunities in the domestic market.

**By Obonye Modiakgotla**

*Business reporter at Sunday Standard and The Telegraph*

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 <b>absa</b> 1989	 <b>FNB</b> 1990	 <b>BIHL GROUP</b> 1991	 <b>Group 4 Securicor</b> 1991
 <b>RDC</b> 1996	 <b>CHOUBE</b> <small>HOLDINGS LIMITED</small> 1999	 <b>Letshego</b> 2002	 <b>TURNSTAR</b> <small>HOLDINGS LIMITED</small> 2002
 <b>PRIME TIME</b> 2007	 <b>CRESTA</b> <small>Marakanelo Limited</small> 2010	 <b>NEW AFRICAN PROPERTIES</b> 2011	 <b>Lucara Diamond</b> 2011
 <b>BOTSWANA DIAMONDS PLC</b> 2011	 <b>Letlole La Rona Limited</b> 2011	 <b>CHOPPIES</b> <i>Great value for your money!</i> 2012	 <b>SHUMBA ENERGY</b> 2013
 <b>Afinitas</b> <small>LIMITED</small> 2015	 <b>FaR PROPERTY</b> 2016	 <b>btc</b> 2016	 <b>CA</b> 2017
 <b>TLOU ENERGY</b> 2017	 <b>minergy</b> <small>coal and energy</small> 2017	 <b>SEED-CO</b> 2018	 <b>BancABC</b> <small>part of atlasmara</small> 2018

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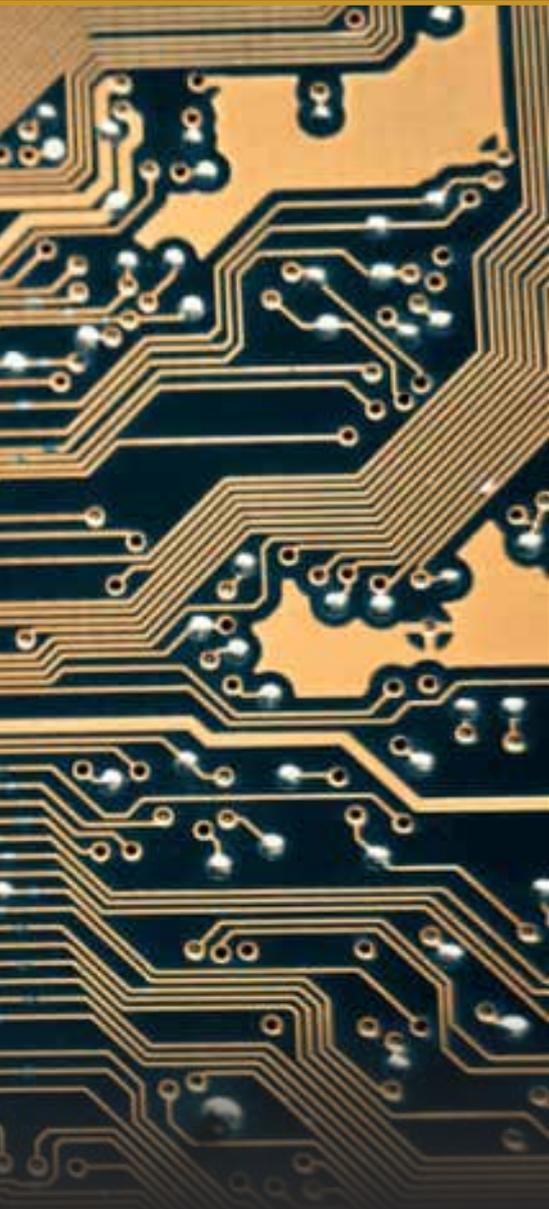
# ESCALATING CYBER-ATTACKS DURING COVID-19 OUTBREAK

**How does your company protect itself against cyber-crime?**

**The impact of COVID-19 has created a significant amount of change to our daily lives and how we work. These changes have in turn created increased cybersecurity risks for many companies around the world. This is particularly relevant in recent times as many companies have moved to remote working, including those who were not fully prepared for such a change.**

Botswana like the rest of the world was caught by surprise by the COVID-19 pandemic. The rapid speed at which the virus spreads and the fact that there is yet no vaccine or cure for the disease has meant that the government has had to devise extra ordinary measures to combat it, that including among others, extreme social distancing and lockdown.

In combating the spread of COVID-19, government has had to make emergency purchases of medical equipment and supplies to mitigate the virus and this in most instances done through local companies. To convey this into perspective, the impact of COVID-19 has created an increase in global demand for medical supplies and it is increasingly becoming obvious that there is a global



Hackers will always exploit a crisis, and the coronavirus outbreak is no different. As a category of cybercrime, phishing attacks are nothing new.

### What is a phishing attack?

In order to carry out a phishing attack, cyber criminals typically would send emails or messages that appear to come from a legitimate source such as a bank, well-known e-commerce provider or government institution. These messages regularly contain links or attachments that the user is asked or encouraged to open. These links or attachments then redirect the user to a manipulated website which is designed to retrieve the confidential information. Phishing scams may appear to be coming from organisations like the CDC (Centers for Disease Control) or the World Health Organization (WHO).

shortage as well, and this as a result is unfortunately where criminals are taking advantage and stealing from desperate and unsuspecting people, more especially business owners through a variety of scams. Such a risk warrants attention by companies as this could lead to potential adverse legal, financial and reputational consequences for organisations, on top of trying to deal with a global pandemic.

The scammers have designed emails that seem to derive from such outlets, but they do contain malicious phishing links or harmful attachments. There are also emails claiming to have a 'new' or 'updated' list of coronavirus cases in your area.

Unfortunately, the authenticity of these messages are becoming increasingly difficult to determine, leading more users to be deceived and reveal confidential information.

In the case of access data, entire systems can be compromised and, as such, it is critical that organisations seek to minimise the risk of these types of attacks happening.

Incoming emails can be identified as phishing emails if any of the following apply:

- Does the e-mail come from a fake email address?
- Is confidential data requested?
- Does the email contain a link to fake websites?
- Is the email characterised by linguistic inaccuracies (e.g. impersonal salutations) and spelling mistakes?
- Does the email demand unreasonably immediate action from you?

Further, it has been revealed that remote working can increase the risk of a successful ransomware attack significantly. This increase is due to a combination of weaker controls on home IT and a higher likelihood of users clicking on COVID-19 themed ransomware lure emails given levels of anxiety. Because most people are "locked up" in their homes with limited or restricted movement, spending more time on the internet is a result which makes them easy targets for cyber criminals.

## ● Technology

### ESCALATING CYBER-ATTACKS DURING COVID-19 OUTBREAK >>

Cyber-criminals will often send out phishing or spoofed emails imitating reputable organisations like the WHO or government entities like the Ministry of Health or BURS offering relief services to people affected by the COVID-19 pandemic. Usually, they would ask a user to click on a link in the email or ask them to download an attachment. These links or attachments are usually infected with viruses or ransomware which infect your computer or smartphone making it easy for criminals to steal your personal information.

Some current ransomware lures include:

- Information about vaccines, masks and short-supply commodities like hand sanitizer.
- Financial scams offering payment of government assistance during the economic shutdown.
- Free downloads for technology solutions in high demand, such as video and audio conferencing platforms.

#### So, where do we go from here?

##### Educate Staff on Cyber Threats

Help staff spot COVID-19 email attachments and website links that could contain ransomware, by

showing typical attack examples and providing tips on recognizing lures. Give staff a practical guide on what to do if their device is compromised. Reassure them about any personal threats received, provide details on whom to call and what to do with the infected device including disconnecting it from the internet.

Reinforce a no blame culture. It's more important that staff feel confident to report incidents and allow the organization to deal with the consequences.

#### Adapt to the New Normal

Some practical steps to consider when defending your system against ransomware during these unusual times:

- Encourage a stricter separation between personal and corporate devices, employees can use their own devices for personal email and browsing activity.
- Hang up immediately if you receive an anonymous phone call requesting remote access to your computer.
- Ensure that you have an up to date antivirus software installed in your computer and avoid clicking on pop-up or virus warning as it could be a scam.

- Be more cautious in the configuration of email phishing controls. Flag emails which are external to the organization, make it easy for employees to report suspicious emails (e.g. the report message add-in in Outlook), and use a COVID-19 community block list.

- Consider an additional archive copy of key servers and data sets that are stored off-line or in a form that can't be tampered with by a criminal who acquires domain administrator rights.

- Ransomware can overwrite incremental and other online backups. Take regular, full system backups of your servers, databases and file stores, and make sure you confirm the validity of those backups.

Lastly, as more organisations are operating from home due to the COVID -19 outbreak, their systems have been left vulnerable to cyberattacks as home networks are usually not secure. Companies should therefore provide secure mechanisms through which employees can access company resources remotely. These mechanisms should be secure and should have alert capabilities, such that when something goes wrong, technical support or IT security

operations can be notified of the anomaly immediately. Also, the access systems that employees use should have kill switches which would immediately terminate an employee's access to minimize the damage of a breach.

COVID-19 has fundamentally shifted the priorities of companies with respect to the ways in which they interact with their customers and employees. Digital Channels and Remote work are poised to become the norm rather than the

exception. As such, companies need to restructure their working environments to prioritize remote work and to make it possible for their customers to interact with them through digital channels.

This restructuring should be built in such a manner that any work that can be done remotely should be done remotely when circumstances dictate and that any business that can be concluded online should be completed online.

As an employee you need to be vigilant at all times. Criminals are relentlessly making all attempts to gain access to organizations' systems and if not vigilant, you may involuntarily become an enabler. Whenever you notice something suspicious, report it to technical support immediately.

**By Kopano Mogorosi**  
*BSE Head of Information  
Technology*



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● Feature

# GROW YOUR MONEY

## Investment Tips for our New Normal

**The outbreak of COVID-19 has dominated news headlines in recent months. The number of confirmed cases continues to rise across the globe raising concerns that the global economic impact could be profound.**

**Although the year 2020 has been a volatile year, if we look close enough, we will find a silver lining. In the midst of the pandemic, we have an opportunity to look for returns. Now, might be the best time to take a bold step and consider investing.**

Investing during this time can be intimidating to many and while experience plays an important role in investment success, it is not the only

element. Being prepared is the best option. It is therefore important that when making the decision to invest, you have knowledge and understanding of all the investment opportunities available to you, their pros and cons, and also what to look out for.

Let us start by understanding what investment is. Investment is the purchasing of assets such as securities that are not consumed today but are used in the future to create wealth. Investments help you meet your financial goals in life such as your child's higher education, your retirement and to build your wealth. Furthermore, investments are a form of savings and are the perfect example of saving in the right way. Investing also serves to grow your money fast and generally with higher returns compared to a bank savings account. In today's markets, you are exposed to numerous investment opportunities, allowing you to invest in a number of ways. This includes but is not limited to: shares, bonds, unit trusts, property market, vintage cars, farms, wine and even art, to name but a few.

Our team's extensive experience in the global investment space has been a journey of continued education in many ways. Over the years, we have come to learn that good investment advice is timeless, allowing one to sidestep some of the common traps that damage returns and jeopardise financial goals.

Below are 5 essential tips for investing to get you started.

- 1. Pay yourself first:** One of the key principles of personal finance, this refers to how to save money. This simply means it is important to spend what is left after saving rather than save what is left after spending. How can this be achieved? One way is to set up automatic transfers from your bank account to a savings account or investment account.
- 2. Beware of behavioural biases in investment decision making:** Irrational investor behaviours that can affect or unconsciously influence investment decision making. When making an investment, it is important to be aware of such behaviours and biases, such as:
  - **Confirmation bias** - when investors focus on information that confirms their previous beliefs. In this regard, the investor may become overconfident and make bad investment decisions.
  - **Loss-aversion bias** - where investors act to avoid realising a loss. This is also called "good money following bad money". You don't want to admit the loss on your initial investment and instead you hold on in hopes

that you will, one day, make it back to break-even or make a profit.

**3. Understand investment costs:** All investors, whether talking about stocks and bonds, unit trusts, insurance products or retirement funds involve costs that investors should research, understand and be aware of. It is important to look for investment products and solutions that have transparent fee structures so as to make a sound investment decision. One way to practice this is to always ask the service provider about the total in all costs and or implicit costs for early termination / cancellation and also look for products and solutions that have transparent fee structures. This will help you decide whether to invest or not.

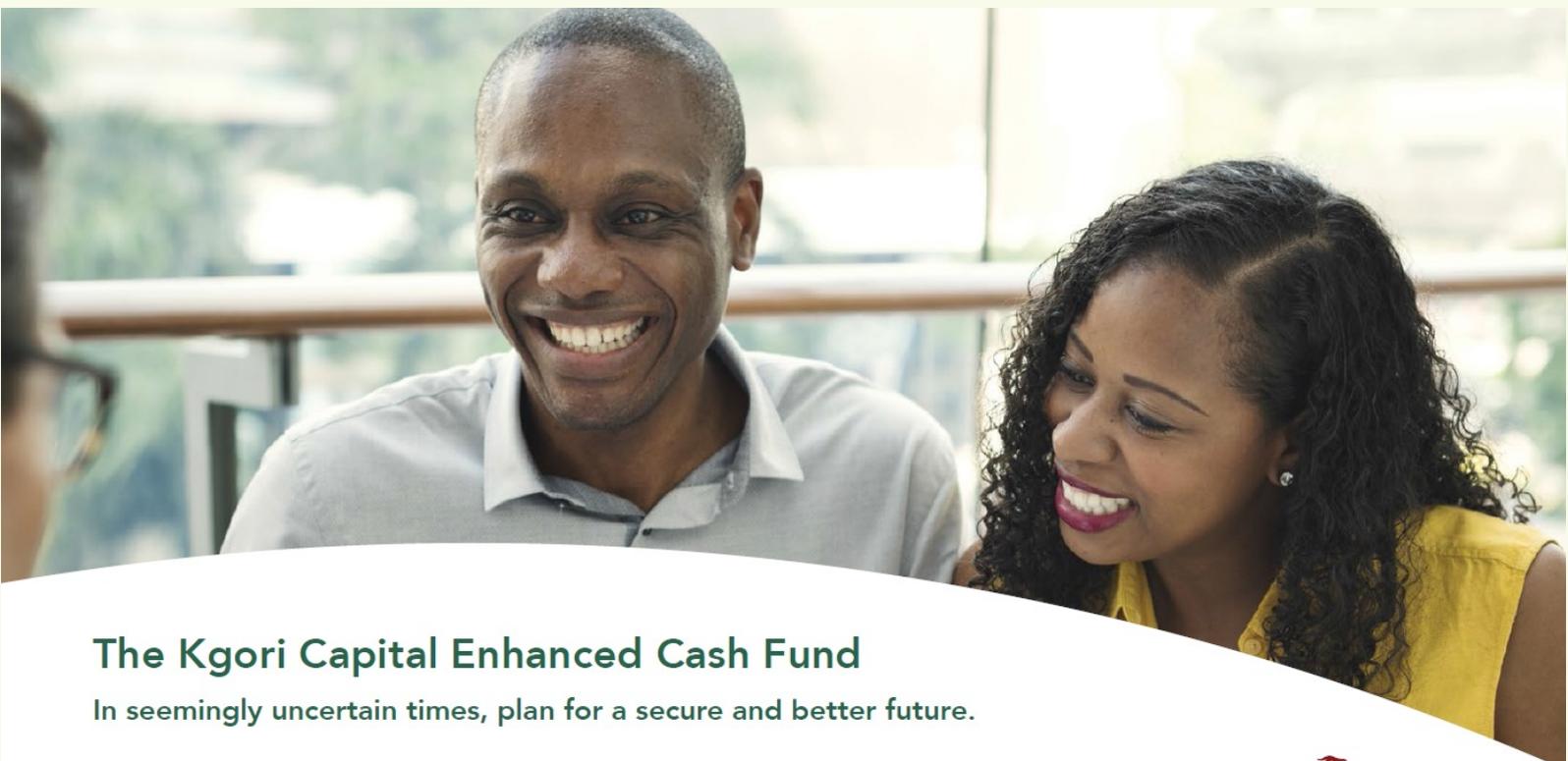
**4. Invest in what you know... and nothing more:** When investing in industries or markets you are familiar with, you are more likely to make informed choices. If an investor cannot make a reasonable understanding of how a company makes money and the main drivers that impact its industry, it is advisable to invest with caution. As Warren Buffet's personal investing rules say, "If you don't understand a business, don't buy it."

**5. Most news is noise, not news:** Every day, we are exposed to a number of financial news and headlines aimed at generating buzz and to trigger our emotions to do something. According to the 99-1 rule, 99% of investment actions we

take should be attributed to just 1% of the headlines we are exposed to. This means that investors should be very selective of the news they hear and eventually act upon.

If you are an investor or thinking about finding ways to capitalise on these changing times, with these tips, we hope that we have inspired you to take the first step toward investing in your future. It is our hope at Kgori Capital that you are now in a better position to make good investment choices and strategic moves to invest wisely and plan for your future financial wellbeing.

**By Alphonse Ndzingo**  
Managing Director at Kgori Capital



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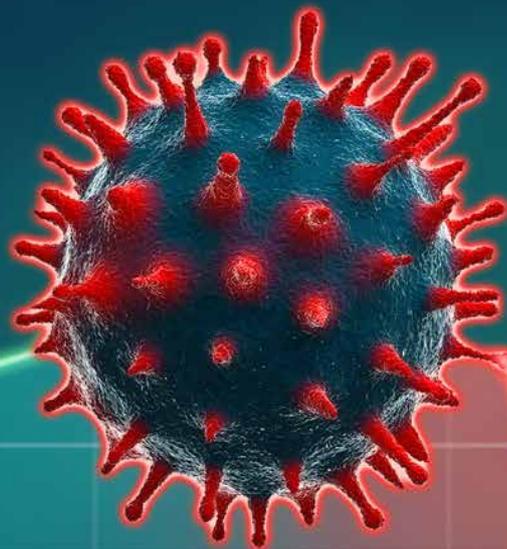
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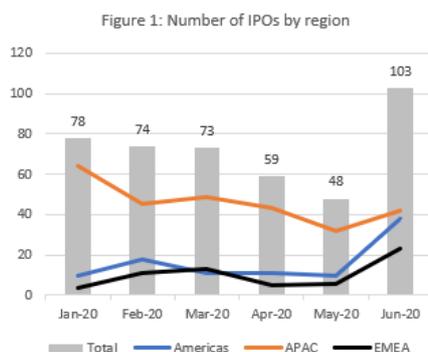
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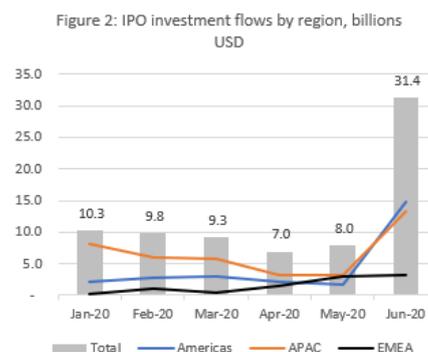
# IPOs DURING THE CORONA VIRUS PANDEMIC

In this article we look at the number of Initial Public Offerings (IPOs) and the investment flows they funneled to the underlying economies during January-June 2020, thus highlighting the important role of stock exchanges as a funding mechanism.

As Figure 1 shows, the number of IPOs at the beginning of 2020 went down every month, to then register a dramatic increase in June to 103 listings. This represents a 114.6% increase compared to May, which registered the lowest number of IPOs this year, and a 32.1% increase with respect to January. The aggregate number of IPOs listed in the first half of 2020 is comparable with the same period in 2019 when 521 IPOs were listed globally.



As we observe in Figure 2, the IPO investment flows also followed a downtrend in the first four months of the year. April saw the lowest levels of investment flows with 7.0 billion USD globally, but increased in May by 14.2% to 8.0 billion USD and more dramatically in June by 294% on May to 31.4 billion USD, mostly due to some very large



IPOs on Hong Kong Exchanges and Clearing, Nasdaq-US and LSE Group.

The capital raised globally in the first half of 2020 was comparable with the same period of the previous year (72.2 billion USD).

**Table 1:** Month by month change in the number of IPOs

Region	%change Feb/Jan	%change Mar/Feb	%change Apr/Mar	%change May/Apr	%change Jun/May
Americas	80.0%	-38.9%	0.0%	-9.1%	280.0%
APAC	-29.7%	8.9%	-12.2%	-25.6%	31.3%
EMEA	175.0%	18.2%	-61.5%	20.0%	283.3%
<b>Total</b>	<b>-5.1%</b>	<b>-1.4%</b>	<b>-19.2%</b>	<b>-18.6%</b>	<b>114.6%</b>

**Table 2:** Month on month change in the capital raised by IPOs

Region	%change Feb/Jan	%change Mar/Feb	%change Apr/Mar	%change May/Apr	%change Jun/May
Americas	36.0%	7.2%	-25.6%	-26.9%	805.3%
APAC	-26.5%	-3.3%	-42.9%	-1.0%	310.7%
EMEA	593.1%	-53.0%	196.7%	113.1%	3.0%
<b>Total</b>	<b>-5.0%</b>	<b>-5.5%</b>	<b>-24.7%</b>	<b>14.2%</b>	<b>294.1%</b>

From Table 3 we notice that, globally, the capital raised per listing also increased in June to 304.69 million USD, a 83.6% increase with respect to May, which means that June IPOs were significantly larger than previous months (except in Europe, the Middle East and Africa (EMEA), which hosted the largest IPOs in May).

**Table 3:** Capital raised per listing (million USD)

Region	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20
Americas	206.98	156.43	274.53	204.31	164.24	391.27
APAC	126.40	132.06	117.32	76.35	101.58	317.88
EMEA	37.29	93.97	37.37	288.23	511.79	137.57
<b>Total</b>	<b>132.16</b>	<b>132.32</b>	<b>126.77</b>	<b>118.16</b>	<b>165.91</b>	<b>304.69</b>

In Figure 3 we notice that the Asia-Pacific (APAC) region consistently had the highest monthly share of IPO listings. The APAC region also attracted the largest share of investment flows, except in June, when Americas registered the largest share of IPO investments, as shown in Figure 4.

● Research

# IPOs DURING THE CORONA VIRUS PANDEMIC >>

Figure 3: Share of IPO listings by region

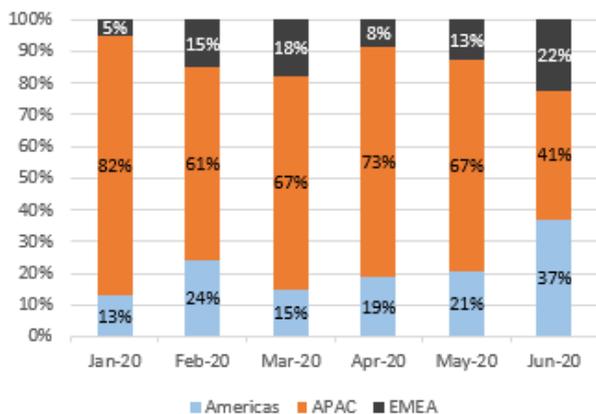
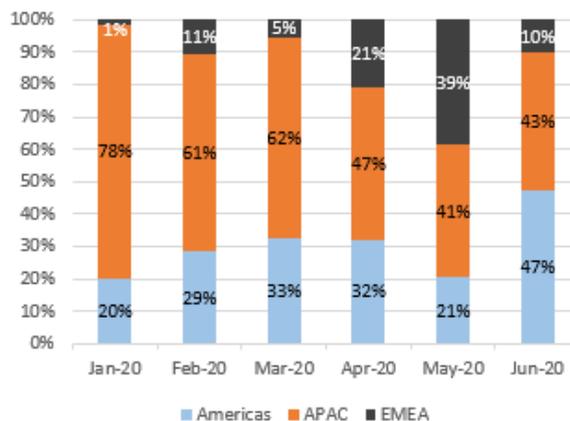


Figure 4: Share of IPO investment flows by region



At regional level, the trends in numbers of IPO and investment flows were mixed as shown in Figures 5-7, with June being a particularly good month for all three regions, with both higher numbers of IPOs and higher investment flows. In EMEA, some larger IPOs took place in April and May. The largest IPO of the region this year

was Royal Pharma (Nasdaq-US) which raised 2.2 billion USD in June. Other large June IPOs on the same exchange were Warner Music Group (1.9 billion USD) and ZoomInfo Technologies (0.9 billion USD).

In APAC region, Hong Kong Exchanges and Clearing hosted

JD.com (the largest IPO this year) and NetEase Inc which raised 4.5 and 3.1 billion USD respectively.

In EMEA, LSE Group listed China Pacific Insurance Group and Italian Filter Maker GVS in June raising 2 and respectively 0.6 billion USD.

Figure 5: Americas region



Figure 6: APAC region

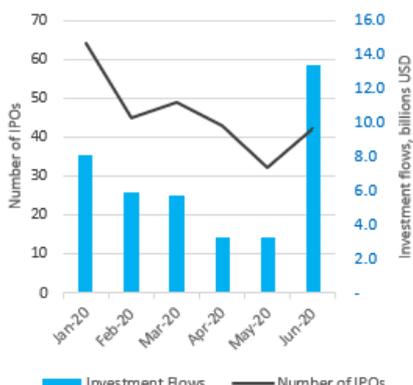
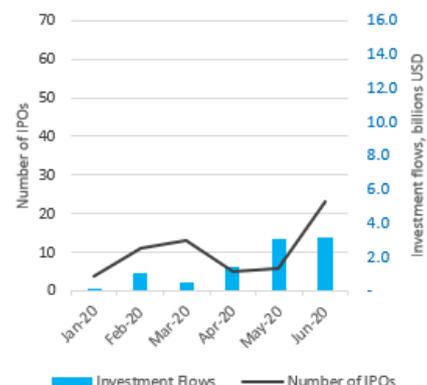


Figure 7: EMEA region



Source: World Federation of Exchanges

# What resilience lessons can we learn from COVID-19?

*One important learning is that Botswana should take a regional approach to its efforts to contain the pandemic.*

Covid-19 looks like it is here to stay, and we ought to learn to adapt to this new reality. The Botswana government is currently doing a great job at containing the virus but that is not enough if our neighbors are still struggling. By their very nature, pandemics span borders, and governments in the region should not only depend on isolated COVID-19 combat strategies but should also start planning to escalate to regional strategies and subsequently continental strategies.

## Did businesses adequately plan for the pandemic?

But what lessons can we learn from Covid-19 as individuals and businesses?

Could the business community have planned better for this pandemic—and did its existing business continuity plans readily accommodate pandemic planning?

Every pandemic has its own particular challenges, but we should integrate what they teach us into our future business continuity planning. After all, we live in a VUCA (volatile, uncertain, complex and ambiguous) world, so we need to have our plans in place to be able to respond to any type of disaster holistically.

Although the Covid-19 pandemic came as a wake-up call to businesses and governments, it too will come to

an end. But other threats and vulnerabilities are still out there, and businesses ought to revisit their plans to ensure that they are protected against those threats.

For example, the current disruption of petrol supply is currently threatening businesses and homesteads, and could ultimately threaten the government's efforts to contain the spread of COVID-19. As Botswana, how do we deal with the vulnerability created by our dependence on South Africa for all vital/ essential supplies now and in future? What plans do we need to put in place to guard against those vulnerabilities?

## How did businesses respond to the COVID-19 pandemic?

When the COVID-19 emergency broke, most businesses were able to quickly invoke their disaster recovery (DR) plans for the critical business functions to limit the impact at operational level. Many businesses focused on moving some staff from head offices to home to conform with social distancing regulations and to have a fallback position in the event of one of the sites having to close owing to a COVID-19 infection.

However, we all know that organizations had limited time to make the home environment conducive for work.

There just wasn't sufficient time to ensure everybody had connectivity and to allocate company PCs/laptops as well as training of staff on etiquette and cybersecurity. Some organisations also tried to implement technology to monitor staff productivity levels whilst working from home.

But will working from home become the new normal? Can companies really rely on working from home to build resilience into their businesses?

At ContinuitySA, we strongly believe that working from home should not replace a dedicated DR site but rather augment it. The resulting three-tier approach would mean that companies can split office staff between the primary site, the DR site and home. Such an approach is much more flexible and provides many options for companies. By con-

trast, relying just on working from home means that the company would have to invest in making their employees' homes resilient to ensure business continuity.

Are companies ready to make investments at employees' dwellings such as proper office furniture, standby power generators (diesel or renewable) and to commit to the opex associated with maintenance and fuel costs?

We have been rather fortunate to have had stable power and connectivity during lockdown with minimum disruptions—but what if we experienced extreme load shedding or power failures during the lockdown period? Of course, there are many reasons why we experienced minimum power disruptions but the obvious one would be less demand from heavy industry such as mines, which had scaled down their operations during lockdown.

We have also launched a cloud-based backup and replication service for small and medium enterprises (SMEs), which aims to make cutting-edge resilience available to organisations of all sizes. Cloud Connect recognises that the digital environment has now become mission-critical to businesses, and must be recoverable within the shortest possible time. At a time when companies are building work from home into their business-as-usual scenarios, Cloud Connect makes it easy and affordable to protect that all-important data.

COVID-19 will ultimately fade, but other threats remain. It remains imperative our business continuity plans are updated and regularly tested to ensure that our businesses are always ready to deal with any future disruptions.



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## ● Staff Welfare

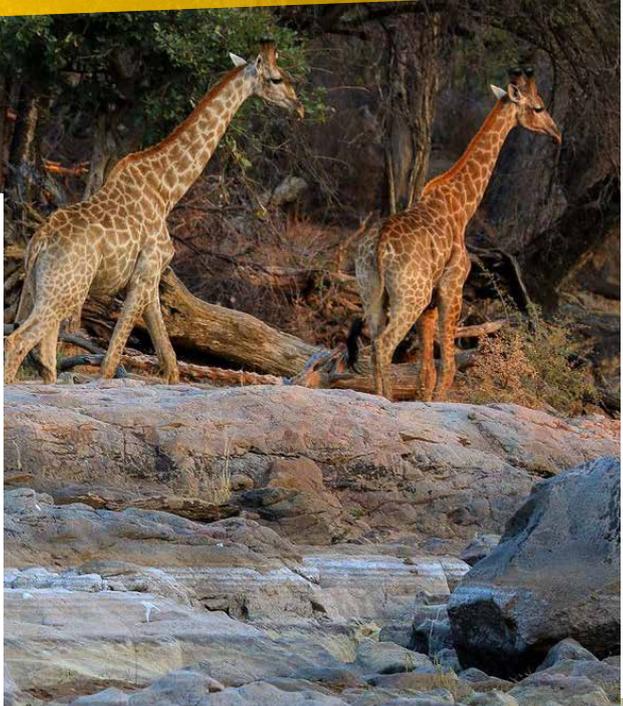


# BSE TEAM DELIGHTS IN A SAFARI RETREAT

As a way of continuously promoting well-being, team work and collaboration in the workplace, BSE held a staff retreat and team building excursion in the magnificent Tuli Block area of Botswana.

Paired with scenic game viewing activities, facilitating excellent communication, improving problem-solving and building a happy work force was the focus of the retreat.





## ● Investor Education

# WHY FINANCIAL LITERACY MATTERS

**As the COVID-19 pandemic continues to upend our lives, Batswana are facing issues they could not have imagined months ago. What started as a health threat quickly morphed into something much bigger, not just impacting our physical well-being but also wreaking havoc on our financial health as well.**

Reflecting on the pandemic, questions arise as to what role financial education plays in preparing people to face economic challenges, how it increases confidence to manage money during a crisis, and how it can lead to recovery as quickly as possible.

The growing complexity of financial markets make the need of financial literacy urgent. Decades ago, people were choosing between interest rates, different bank loans or savings plans. Currently, a variety of financial instruments for borrowing and saving with a large range of options make financial decisions more challenging. More and more workers are now making retirement-related investment decisions for example and as such, pensions is precisely, one of the subjects where efforts to improve financial literacy will have a major impact.

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.

While it is ideal to start educating our youth about money at an early age, the truth is that the learning cannot stop there. All of us, regardless of our age, race, ethnic background, gender or educational level, need to know how to effectively manage our money. It is part of being an independent and secure adult. Whether you are 21 and just starting out on your own, 30 and starting a family, or 65 and looking forward to retirement.

At Botswana Stock Exchange (BSE), we believe that financial literacy opens options and opportunities for all. Whether it is choosing what to study, which career to work towards, or learning about how to save and invest money later in life, understanding how finance works can help build a better future for us all.



“ We are currently engaging the Ministry of Education so that we can start teaching our kids about money, shares and financial literacy...” BSE CEO, Mr. Thapelo Tsheole in his update on Botswana’s capital market midst COVID-19 pandemic at Botswana Television’s (BTV) COVID-19 Update Program.

# ACCESS

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