



Botswana Stock Exchange Limited

NEWS

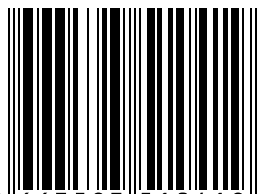
ISSUE NO. 21 • JANUARY - MARCH 2023

REIMAGINING

THE MARKETS OF TOMORROW



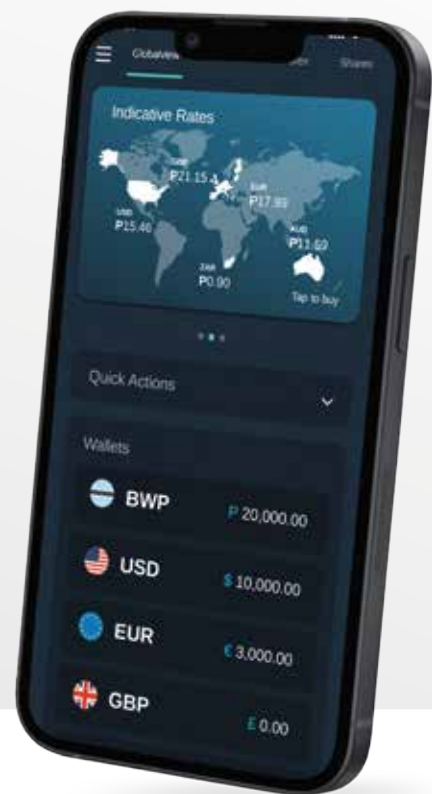
P25 (INCLUDING VAT) Sold In Botswana Only



0 663 593 510 419

TAKE YOUR MONEY HERE, THERE AND EVERYWHERE.

SEAMLESSLY SEND FOREX AROUND THE
WORLD, NO MATTER WHERE YOU BANK.



Get Shyft now

Shyft you and other users to send and receive major foreign currencies between each other safely and securely on your phone, from any location. So, **download Shyft** from your app store and get more of the world.

 **Shyft**

GET FOREX • GET SHARES • GET GLOBAL



Ts&Cs apply. For more information call +267 361 8024.

Stanbic Bank Botswana is a member of The Standard Bank Group, an authorised financial services and registered credit provider.

Welcome to the 21st Edition of the BSE News!



The past decade was characterized by phenomenal developments in financial markets infrastructure, particularly in our continent. The rapid adoption of electronic trading through automated trading systems, complemented by electronic share registers by way of clearing and settlement systems; the rise of online and mobile trading through applications; the strengthening and harmonization of payment systems; expansion of real-time exchange news services and real-time access to data repositories as well as adoption of surveillance capabilities. By and large, this new "normal" from this past decade has set an exceptional development trajectory for the coming years.

Progressively, capital markets are being interconnected and, in many parts, regulation is being harmonized to foster a conducive environment for integrated markets. In Africa, all these developments are far more important to scaling the continent's economic status, primarily as Africa has fully risen to the prospects of promoting intra-Africa trade through the implementation of the Agreement on the African Continental Free Trade Area (AfCFTA). At the core, the success of this benevolent Agreement lies in African financial and capital markets being operationally and sustainably efficient.

We are celebrating over 10 years of automated and electronic markets at the BSE, with particular reference to the Automated Trading System (ATS) we commissioned in August

2012. The ATS has immensely transformed the investment landscape and client experience in Botswana, increasing even the prospects for BSE to connect with other markets. Its advent terminated manual, floor-based trading, helping brokers to dedicate more time to client servicing, to best execution and ultimately to unlocking liquidity.

The ATS is interfaced with the electronic share registry, CSD system, and this enables real-time information transmission between the two systems to coordinate confirmation of holdings, trade execution and ultimate clearing and settlement in respective investor accounts. It was thus befitting that we incrementally upgrade this core technology infrastructure to increase usage of their capacity, as we did last year by introducing a new CSD system and by upgrading the ATS – and connecting the CSD system to the SWIFT network and to the RTGS system to achieve efficient settlement of transactions at Bank of Botswana. These developments are telling about the markets of tomorrow – markets which are far more de-risked from a financial stability point of view, highly reliable and poised for international connectivity – as is our medium to long term aspiration for the CSD system to connect with international depositories such as Euroclear and Clearstream.

The year 2023 has commenced with the appropriate tone and vitality. I had the honour of being conferred an important responsibility to lead, to break new grounds and to elevate African stock exchanges to a new frontier by being elected the President of the African Securities Exchanges Association (ASEA) at the Executive Committee meeting held in Abidjan, Cote d'Ivoire on 7 December 2022. This came at a time that the flagship African Exchanges Linkage Project (AELP) had just gone live, integrating African capital markets by enabling the trading of exchange-listed securities across 7 participating securities exchanges.

We look to the future with optimism, particularly as the BSE is to be connected to the AELP link platform

in 2023, to enable our local investors, through local brokers to access a close to \$2 trillion market comprising of 16 economies and 9 securities exchanges. It is an honour I have accepted with sincere gratitude to take to the next level what the previous Committee, under the stewardship of Dr. Edoh Kossi Amenounve, has by far achieved and laid a foundation for.

The story of Africa's vast potential is being re-written, the perceptions re-imagined and, undoubtedly, the risk-premium re-calibrated as these developments unfold. While we cannot predict the future, history teaches us the markets of tomorrow will be far more intricate and robust than we have experienced. We are at a point where we have not, in the continent, adequately exploited the capabilities associated with artificial intelligence, machine learning, robo-advisory and blockchain technology, among others, and perhaps these are next breakthroughs in the development curve of our capital markets.

In closing, let me take this opportunity to welcome you to a new year that evidently has shades of global uncertainty, but for which we are armored given the experience and lessons from the tumultuous recent years. We cherish the sustenance of stronger, resilient, and progressive capital markets, anchored by cooperation and coordination, and it is on this note, that I invite the regional stakeholder to the SADC Green Bond Programme Regional Workshop to be held in Kasane on 20-22 February 2023. This is a joint initiative between COSSE and FSD Africa to capacitate the regional capital market practitioners, regulators and intermediaries about sustainable bonds in order to ramp up issuances of these instruments across SADC stock exchanges.

"Your Partner in Wealth Creation"

Thapelo Tsheole

Chief Executive Officer



HIGHLIGHTS FROM THE PREVIOUS EDITION

- MARKET PERFORMANCE FOR THE PERIOD 1 JANUARY TO 31 AUGUST 2022
- THE BSE UNDERTAKES AN INVESTMENT ROADSHOW IN THE UNITED STATES OF AMERICA
- TSHIPIDI MENTORSHIP: AN UPSCALE PROGRAM TAILOR-MADE FOR YOUR BUSINESS
- INSIDE BSE'S JOURNEY TO BUILD A FINANCIALLY LITERATE NATION

Established in 2018

Published by:

The Botswana Stock Exchange Limited

Physical Address:

4th Floor, Fairscape Precinct, Plot 70667, Fairgrounds, Gaborone, Botswana

Postal Address:

Private Bag 00417, Gaborone, Botswana

Website:

www.bse.co.bw



Botswana Stock Exchange



@TheOfficialBSE

TO PLACE AN ADVERT

Call +267 3674400

or email news@bse.co.bw



Contents

| | |
|-------|--|
| 3 | FOREWORD |
| 6 | KNOW YOUR STOCK MARKET TERMS |
| 7 | FINSEF COMMERCIAL INSURANCE |
| 8 | INVESTING IN EXCHANGE TRADED FUNDS (ETFs) LIVE WEBINAR |
| 9 | BA ISAGO POSTGRADUATE PROGRAMMES |
| 10-11 | RMB: RENEWABLE ENERGY IS THE EXIGENCY OF OUR TIMES |
| 12-21 | MARKET PERFORMANCE REPORT FOR THE PERIOD 1 ST JANUARY 31 ST DECEMBER 2022 |
| 22 | ACCESS BSE EQUITY MARKET DATA |
| 23 | GEOPOLITICS: THE OIL TRADE WARS |
| 24 | INFORMATION ON THE BSE INVESTOR COMPENSATION FUND |
| 25 | BSE PRODUCTS |
| 26 | BSE LISTED EXCHANGE TRADED FUNDS |
| 27-28 | HOW SUSTAINABILITY IS REIMAGING THE MARKETS OF TOMORROW |
| 29-30 | BOTSWANA'S FINANCIAL MARKETS MAY RECORD A SURGE IN CYBER ATTACKS |
| 31 | BOTLHOLE LAW GROUP ADVERT |
| 31-32 | THE BSE REVIVES THE COMMERCIAL PAPER MARKET – LISTINGS INCREASE |
| 33 | ACUTE CORPORATE GOVERNANCE TACTICS – WHERE DO LISTED COMPANIES START? |
| 34-35 | KNOW YOUR BSE BROKERS |
| 36-37 | PROCESS OF LISTING ON THE BSE |
| 38 | BSE LISTED COMPANIES BY SECTOR |
| 39-41 | STOCKBROKERS BOTSWANA MARKET OUTLOOK FOR 2023 |
| 42 | ADVERTISE ON THE BSE DATA DISPLAY SCREEN |
| 43 | BSE PRESS RELEASE |
| 44-45 | AFRICAN EXCHANGES LINKAGE PROJECT (AELP): IMPLEMENTING PHASE 1 |
| 46-49 | MARKET DEVELOPMENT INITIATIVES |
| 50 | BSE SOCIAL MEDIA ICONS |
| 51 | BSE AND CSDB CUSTOMER FEEDBACK PROCEDURE |
| 52-53 | THE COMMITTEE OF SADC STOCK EXCHANGES (COSSE) STEERS THE MACROECONOMIC STABILITY AND FINANCIAL INTEGRATION PROJECT FINANCED BY THE AFRICAN DEVELOPMENT BANK (AFDB) |
| 54 | BSE X-NEWS SUBSCRIPTION |
| 55 | RMB: RAISING CAPITAL & RAISING COMMUNITIES |

Disclaimer: The BSE NEWS is a quarterly magazine published by the Botswana Stock Exchange (BSE). All rights reserved. No part of this publication may be reproduced, distributed, or transmitted in any form or by any means, including photocopying, recording, or other electronic or mechanical methods, without the prior written permission of the publisher, except in the case of brief quotations embodied in critical reviews and certain other non-commercial uses permitted by copyright law. The BSE worked with a team of contributors to compile this publication.

The content of this publication is made available on the terms and conditions that the publisher, editors, contributors and related parties;

- Shall have no responsibility for any action or omission by any other contributor, consultant, editor or related party;
- Disclaim any and all liability and responsibility to any person or party, be they a purchaser, reader, advertiser or consumer of this publication or not in regards to the consequences and outcomes of anything done or omitted being in reliance whether partly or solely on the contents of this publication and related website and products;
- Are not responsible in any way for the actions or results taken by any person, organization or any party on the basis of reading information, or contributions in this publication, website or related product.

For permission requests, write to the publisher.

Contributors in this edition:

Page

46

MARKET DEVELOPMENT INITIATIVES

Botswana Stock Exchange (BSE) CEO,
Mr. Thapelo Tsheole, Elected President
Of The African Securities Exchanges
Association (ASEA)



Page

36





KNOW YOUR STOCK MARKET TERMS

- **Arbitrage Strategy**

An arbitrage strategy is one that exploits differences in price that exist due to market inefficiencies, for example, buying an instrument on one market and simultaneously selling a similar instrument on another market.

- **An Asset Backed Security**

A security whose value and income payments are derived from and collateralized (or “backed”) by a specified pool of underlying assets which can be for instance mortgage or credit cards credits.

- **Circuit Breaker**

A circuit breaker is a mechanism employed by a market in order to temporarily suspend trading in certain conditions, including sudden, deep price falls. One aim of the use of circuit breakers is to prevent mass panic selling and to prevent associated herd behaviours.

- **Dealer**

A dealer is an entity that will buy and sell securities on their own account, acting as principal to transactions.

- **Hard Position Limit**

A hard position limit is a strict pre-defined limit on the amount of a given instrument that an entity can hold.

- **Improper Disclosure**

Improper disclosure is where an insider improperly discloses inside information to another person.

- **Interpositioning**

Interpositioning is where a broker adds another intermediary in a trade, even if not required. This increases commissions of the intermediary for which the original broker will generally also gain some form of benefit – e.g. through mutual interpositioning or other benefits. The client ultimately loses out by not receiving best execution.

- **Market Abuse**

Market abuse consists, inter alia, of market manipulation and insider dealing, which could arise from distributing false information, distorting prices or improper use of insider information.

- **Prospectus**

A prospectus is a document that describes a financial security for potential buyers. It provides investors with information about the security or offers concerned such as a description of the company's business and financial statements, a list of material properties and any other material information. In the context of an individual securities offering, such as an initial public offering, a prospectus is distributed by underwriters or brokerages to potential investors.

- **Secondary Listing**

A secondary listing is the listing of an issuer's shares on an exchange other than its primary exchange.

Source: https://ec.europa.eu/info/sites/default/files/glossary_en_1.pdf



COMMERCIAL INSURANCE

PROTECTING YOUR BUSINESS IS OUR BUSINESS:

- Fire
- Building Combined
- Business Interruption
- Public & Product Liability
- Workers' Compensation
- Group Personal Accident
- Group Life
- Theft
- Fidelity
- Goods in Transit
- Fleet Cover
- Machinery Breakdown
- Contractors All Risk

Specialised Commercial Insurance:

- Directors and Officers Liability
- Cyber Crime
- Livestock & Crop
- Political Riot
- Bond & Guarantees
- Aviations
- Travel
- Professional Indemnity

CUT YOUR PREMIUM, NOT THE COVER.



☎ (+267) 316 4650

📞 (+267) 74 729 255

✉ pg@finsef.com

f in finsef

@ finsefbw

FinSef Pty. Ltd, Insurance Brokers & Risk Consultants. Our offices are located in Gaborone and Francistown.
Terms & Conditions Apply.



Investing in Exchange Traded Funds (ETFs) Live Webinar

On 14th November 2022, the BSE held an educational webinar on "Investing in Exchange Traded Funds (ETFs)" on the Zoom platform between 09hrs00 and 11hrs00.

The main objective of the webinar was to improve awareness and financial literacy on ETFs among institutional market participants, retail investors and the general public. Over the past two years, the ETF Market in Botswana has achieved great strides, and the BSE remains committed to increasing product diversity and sensitising the market to new product offerings. During 2021, the BSE listed three new ETFs, thus breaking the record of the highest number of ETFs listed in one year on the bourse. The year 2022 featured another historic event – the cross-listing of the African Domestic Bond Fund (ADBF) ETF launched by the African Development Bank - in its efforts to strengthen African economies by reducing their dependency on foreign-currency-denominated debt. The ADBF ETF has been primarily listed on the Stock Exchange of Mauritius (SEM) since 2018 and offers exposure to bonds from ten African countries (including Botswana). Botswana is the first country to cross-list the ETF.

To commence the webinar, the BSE Chief Executive Officer, Mr. Thapelo Tsheole, delivered the welcome remarks, highlighting that the BSE will be hosting a series of ETF workshops geared towards different sectors or that are ETF specific. The BSE Head of Product Development, Mr. Kopano Bolokwe, introduced ETFs and provided a 12-year analysis of the Botswana ETF market since the first listing in 2010. He defined an ETF as, "an index fund or investment fund that tracks an index or the price of a commodity and trades like a share on an exchange". Mr. Kopano Bolokwe shared a brief description of the 7 ETFs currently listed on the bourse and their respective underlying assets - which is what the ETFs would track.

MCB Mauritius Head of Fixed Income and Currencies, Mr. Yadav Abhimanyu's presentation focused on the African Domestic Bond Fund ETF, giving an in-depth analysis of the

fund performance since inception and a comparison of the underlying index – the AFMI Bloomberg African Bond Index 25% Capped relative to its peers. Some key points from the presentation are:

- African local currency fixed income (unhedged) has outperformed its global fixed income peers over multiple periods;
- AFMI Bloomberg African Bond Index 25% Capped has a low correlation and lower volatility than its global peers;
- Since its inception (September 2018), the ADBF ETF has paid 8 dividends on a regular semi-annual basis.

The last presentation was delivered by Absa Group Head of Exchange Traded Products (ETP) and Chief Executive Officer of NewGold Issuer (RF) Limited, Mr. Michael Mgwaba. This was centred around the NewGold ETF and the attributes of Gold that favourably position it as a strategic asset and effective risk management tool during portfolio construction. Some key takeaways from the NewGold ETF presentation are:

- Gold is a liquid asset with liquidity often sourced during periods of stress in the markets and this is one of its major selling points;
- Investing in NewGold ETF is the same as investing in Gold and therefore the same benefits can be achieved;
- Investors can use NewGold ETF to manage the liquidity requirements of their portfolio investment;
- As Gold has a low to negative correlation to most asset classes, it is widely used as a risk management tool or effective diversifier;

Given its history of long-term attractive returns, many investors use Gold as a strategic asset.

For more information, please contact the Product Development Department at productdev@bse.co.bw or call (+267) 367 4400.



INVESTING IN EXCHANGE TRADED FUNDS (ETFs)



DATE: 14th November, 2022
TIME: 0900hrs - 1100hrs **PLATFORM:** Zoom

TARGETED AUDIENCE:
OPEN TO ALL

| TIME | ITEM | PRESENTER |
|-------------|--|---|
| 09:00-09:10 | Welcome Remarks | Mr. Thapelo Tsheole, CEO, BSE |
| 09:10-09:30 | Analysis: 12 years of ETFs on the BSE | Mr. Kopano Bolokwe, Head of Product Development, BSE |
| 09:30-10:00 | Understanding the African Domestic Bond Fund ETF | Mr. Abhimanyu Yadav, Head of Fixed Income & Currencies, MCB Investment Management |
| 10:00-10:30 | Portfolio Diversification Using ETFs | Mr. Michael Mgwaba, Head of Exchange Traded Products, Absa Group and CEO, NewGold Issuer (RF) Limited |
| 10:30-11:00 | Q & A | Mr. Kopano Bolokwe, Head of Product Development, BSE |

ZOOM LINK:

https://us02web.zoom.us/join/WN_nvWuZg64Raunjw_0Hr3lrQ

Meet Our Speakers



Mr. Thapelo Tsheole
Chief Executive Officer, BSE



Mr. Kopano Bolokwe
Head of Product Development, BSE



Mr. Abhimanyu Yadav
Head of Fixed Income & Currencies, MCB Investment Management



Mr. Michael Mgwaba
Head of Exchange Traded Products, Absa Group and Chief Executive Officer, NewGold Issuer (RF) Limited



SCHOOL OF GRADUATE STUDIES & RESEARCH

Postgraduate Programmes

| | |
|---|--------------------|
| Master of Business Administration | DURATION: 2 YEARS |
| Master of Commerce in Banking and Finance | DURATION: 2 YEARS |
| Master of Commerce in Strategic Marketing | DURATION: 2 YEARS |
| Master of Commerce in Economics | DURATION: 2 YEARS |
| Master of Educational Leadership and Management | DURATION: 2 YEARS |
| Master of Science in Ecotourism | DURATION: 2 YEARS |
| Postgraduate Diploma in Taxation | DURATION: 1 YEAR |
| Postgraduate Diploma in Educational Leadership and Management | DURATION: 1 YEAR |
| Postgraduate Certificate in Curriculum Design and Development | DURATION: 6 MONTHS |

Apply now!

January 2023 intake

For more information WhatsApp



75402288

Our Teams are ready to assist you with the application process. SMS "BIU" to any of the following numbers and we will call you back:

GABORONE CAMPUS

- | | |
|------------------------|----------|
| 1. Tsitsi Kamakama | 71570190 |
| 2. Malebogo Keseitse | 72294207 |
| 3. Bokamoso Tsebetsame | 75450720 |
| 4. Bonolo Ramoshibidu | 75089883 |

FRANCISTOWN CAMPUS

- | | |
|---------------------|----------|
| 1. Lucky Molato | 76564222 |
| 2. Unaludo Tshukudu | 72706275 |
| 3. Thato Seleke | 73688546 |

MAUN CAMPUS

- | | |
|------------------|----------|
| 1. Alfred Mozila | 74636377 |
|------------------|----------|



www.baisago.ac.bw



Accredited



EST. 2002



Renewable Energy is the Exigency of our Times



With a team of highly skilled infrastructure finance experts, First National Bank Botswana's Corporate Investment division, Rand Merchant Bank (RMB) pride itself in having executed large scale renewable projects across the region that have not only illuminated homes but have supported key industries to drive economic growth in multiple jurisdictions (BLURB)

MOEMEDI MOYO

Relationship Manager – RMB

In Mozambique, 2022 began in horror as Tropical Storm Ana and Tropical Cyclone Gombe made landfall in the Nampala Province, causing 99 deaths and leaving more than 160 000 homes destroyed. In the same year, the worst floods in history swept through KwaZulu Natal, South Africa, drowning homes and causing 435 deaths and damage to infrastructure. A heat dome in the northern part of Morocco caused record high temperatures, sparking a fire that engulfed the communities of Larache and Taza. Drought worsened the humanitarian crises and conflict in Ethiopia that displaced at least 2 million people while Botswana recorded a heatwave and experienced early winters.

According to Carbon Brief's analysis of disaster records, extreme weather events in Africa have killed at least 4,000 people and affected a further 19 million since the start of 2022. However, the impacts of African extreme events often go unrecorded – especially heatwaves – and so the true figures are likely to be much higher. If such messages weren't strong enough, the UN's climate change report by the Intergovernmental Panel on Climate Change (IPCC) said the unprecedented impacts of anthropogenic global warming could already be irreversible. So, what can be done?

Researchers from the University of Oxford suggest that three quarters of global greenhouse gasses come from energy alone – that includes producing electricity, fuelling cars and other transport, powering industry and heating homes. That is to say that for our posterity, the future of energy

needs to be greener. The world's shift to renewable energy has been slower than expected, albeit there are green shoots of renewable projects in Botswana and the global front, giving comfort that the wheels remain in motion.

Wind has now become the cheapest source of electricity, recycled cooking oil is powering planes, and green hydrogen could soon clean up transport and Industry. Biomass, such as the burning of wood, is fuelling old coal plants and owing to mass production, the price for solar panels has more than halved. Contrary to popular expectation, the transition from coal has significantly slowed down due to the global dependence on the fossil fuel to provide baseload power. Coal thermal generation will remain a significant part of the energy mix and a source of heat for homes. There is still a long way to go but not a great deal of time to make the necessary adjustments.

Perversely, the effects of climate change are stymying our ability to generate electricity. Consider hydropower plants at Zambia's Lake Kariba, which generates close to 70 percent of the country's electricity demand but is expected to operate at half generation capacity of 300MW because of the drop in water levels due to extreme drought. This is set to impact electricity supply to the business community and mines in the Copperbelt, and by virtue of the lake straddling the borders of Zambia and Zimbabwe, Zimbabwe is not spared the electricity shortage as the country is also expected to reduce its generation capacity at the South hydro station until

water flows into the lake. It is expected that the reduced generation capacity is set to affect electricity supply into the Southern Africa region. Botswana, as a net importer of electricity from South Africa and Zambia, will not be spared the impact.

Borrowing from global COP 27 held in Egypt, also known as the African COP, Botswana – like all other African countries – is a small carbon emission producer and the accelerated transition from fossil fuels to renewables leaves an undesired taste as African political leaders argue that the resource the continent is being asked to abandon could narrow the gap and help the continent's development to catch up with its global peers.

For Botswana, green transition is not an option in its scenarios but a key priority. According to a report by Bloomberg, Botswana's electricity at peak demand sits at 600MW and renewables currently generate only 6 percent of the demand. In line with Botswana's Integrated Resource Plan (IRP), the country is looking to self-sustain and add an additional generation input of approximately 795 megawatts into the grid by 2040, of which 61 percent will be from renewable generation. It is pleasing to note that most, if not all, of government-backed energy generation projects that are currently being developed or are being planned to be developed in the long term are renewable and include photovoltaic (PV), concentrated solar (CS) as well as wind.

That is not to say that Botswana has closed the door on fossil fuels as there

has been a recent announcement of an award for the only coal thermal energy generation project. The biggest question to be answered remains what has been the challenge in accelerating adoption of renewables in the context of Botswana?

In so far as the country has made significant strides in accelerating the adoption of renewables into the energy mix, many renewable sources remain in early stages of technological development, which means higher prices for equipment and installation. Worthy of note is that these costs will fall in time as equipment becomes mass produced, supply chains solidify, and technologies are perfected. Considering the favourable endowments such as the significant solar potential and advantageous wind power density, the sector has not been shy of challenges and has experienced increasing input costs that have slowed its pace as follows:

Land cost

Areas required by solar power plants, be that rooftop or ground-mounted, are significant. While solar power has some critical sustainability advantages over fossil-based thermal power (coal or natural gas based), one of the key drawbacks of solar is that it recovers energy from a relatively diffuse energy source, sunlight.

A 100MW thermal power plant, for instance, would require less than 10 percent of the total land area than a 100MW solar PV power plant would. That depends on the amount of kW of MW you would like to accommodate. A simple rule of thumb is to take 100 sqft for every 1kW of solar panels. Extrapolating this, a 1 MW solar PV power plant should require about 100000 sqft (1 hectare). With that said, land costs around substations are on the rise due to the bargaining power that landowners have as they get approached by various bidders looking for the closest point to connect to the grid to reduce power wheeling costs. Other costs that are incurred would include Environment Impact Assessment, soil testing and so on. An option to consider cutting down costs may be to go into long term lease agreements with the land board that will allow the solar farm owner to pay a unitary/rental fee in line with the Purchasing Power Agreement or lifespan of the solar panels.

Grid Connection

In electric power transmission, wheeling

is the transportation of electric power over transmission lines of the grid. The solar plant owner then pays the owner of the transmission line based on how much power is being moved and how congested the line is. These charges are called wheeling charges.

A solar PV plant owner who generates power cannot own the power transmission lines as only a connection point to the network or grid is required. However, post connection, the transmission infrastructure ownership is automatically transferred to Botswana Power Corporation (BPC). The solar plant owner is expected to construct the transmission power line from the solar plant to the connection point as specified by BPC, and this requires a significant capital outlay that is incurred before the commercialisation of power. The capex for the transmission line must be factored into the financing model, which at times may become uneconomic to pursue, given that there are specific connection points.

Runaway costs

According to the Cambridge Dictionary, runaway costs is the rapid increase in costs in a way that is not under control. Notably, as an effect of the COVID-19 pandemic coupled with the protracted Russia-Ukraine geopolitical war, there has been a rapid increase in inputs, including machinery and logistical costs at sea that have impacted the financing models and thus delayed implementation of some of projects. The majority of EPC contractors have had to put in place price control mechanisms to ensure that the scope and expected time to delivery are met.

The exciting news is that despite the inflation concerns due to the COVID-19 pandemic in China, solar panel prices continue to be on the decline. Erring on the side of caution, the International Energy Agency recently raised concerns that China manufactures over 80 percent of all the main elements needed for solar panels: polysilicon, ingots, wafers, cells and modules. This heavy concentration of the PV supply chain in one region of the world does not bode well for a secure, risk-free transition. Many hopes are on the Inflation Reduction Act (IRA), signed by US President Joe Biden into law in August of 2022, to spur the US solar industry. The IRA will provide financial incentives that encourage domestic manufacturing and deployment of solar technologies.

Hopefully Botswana can adopt the same and harness the benefits.

An accomplishment worth popping the cork on a bottle of carbonated bubbles is that individually in traditional Botswana, we have always incorporated renewables, i.e. the use of windmills to generate energy to draw water out boreholes, solar power lights to illuminate our homes and biogas generated from composite material used in cooking. Fast forward to today, there is a growing adoption of solar rooftop installation for both residential homes and commercial properties, truly its marvelously exciting not only because it is healthier, safer and cheaper but also because there are remarkable feats of engineering coming our way. Which begs the question of what are we doing to become part of the transition?

As a pan-African bank, Rand Merchant Bank has a full scope of understanding of challenges that Independent Power Producers are faced with. With a team of highly skilled infrastructure finance experts, we pride ourselves in having executed large scale renewable projects across the region that have not only illuminated homes but have supported key industries to drive economic growth in multiple jurisdictions. In Botswana we continue to walk the journey with several IPPs through provision of tailor-made solutions to manage currency and operational risk in a rapidly changing market. With RMB, IPPs' vision is made possible with the Bank as the lead arranger, funder and provider of a comprehensive debt package as well as cover any hedging requirements that may be required for their projects. We maintain traditional values whilst delivering innovative ideas.

Environments or Investments?

With our diverse talents, why not both!



While solar power has some critical sustainability advantages over fossil-based thermal power (coal or natural gas based), one of the key drawbacks of solar is that it recovers energy from a relatively diffuse energy source, sunlight.



MARKET PERFORMANCE REPORT FOR THE PERIOD 1ST JANUARY TO 31ST DECEMBER 2022

1.0 EXECUTIVE SUMMARY

Global IPO's fell by 45% following a record year in 2022, according to EY's Global IPO Trends 2022 Report. Under the high interest rate environment, investors reallocated their portfolios to less risky assets leading to depressed company valuations and this affected many companies prospective IPO plans, the Report states. Stock markets around the world were affected in a similar manner, registering extensive declines in market returns for the year.

As pipelines continue to build globally, many companies are waiting for a window to open with favourable conditions that support their IPO plans. This too can be observed in the local equity market. Though the year ended with no new equity listings, additional share issuances raised P47.1 Million and P135.3 Million on the domestic and foreign board respectively. Collectively, P182.4 Million was raised on the primary equity market. At least 14 companies have come forward to expression their intention to undertake an IPO, gather guidance and have made tangible attempts in appointing advisors to assist with, and prepare, for listing.

On the local bond market, corporates raised P405.7 Million and P120.7 Million through bonds and commercial paper respectively. Similarly, Government raised P8.9 Billion and P3.1 Billion through treasury bills and bonds. The listing of two new commercial papers marked the significant revival of the commercial paper market following the revision to the BSE Debt Listings Requirements to make provision for listing commercial paper. While here, it is worth noting that the number of commercial paper listings could have been as high as 17 papers, but remains 2 as one issuer misinterpreted the listings requirements and issued 15 papers off-market. The issuer is regularising the listings with the guidance of the BSE and the necessary sanctions have been considered as part of regularisation. The global trend in terms of IPOs in 2022 is widely felt across the African continent. The South African public market has experienced a streak of delistings, losing 27 companies in 2022 and JSE alone experiencing 25 delistings in 2022. In 2021, 24 companies delisted from the JSE. Over the last 5 years, only 71 IPOs have been carried out in Africa. In 2021, only 8 IPOs were completed in Africa, and only 4 IPOs in 2022. Returns in African markets were similarly dampened. The FTSE ASEA Pan

Africa Index ex. South African returned a negative 18.3% in 2022, very much in line with the tumultuous performance of global capital markets. The US equity benchmarks had their worst annual performance since 2008. The S&P 500, Nasdaq 100 and Dow Jones Industrials depreciated by 18.1%, 32.4% and 6.9% respectively in 2022.

The projections about the global economy are casting shadows on the recovery of the world economy, dampening the hopes for IPOs in the short term. The IMF forecasts global growth to slow down from 6.0% in 2021 to 3.2% in 2022 and 2.7% in 2023 (World Bank projects 1.7% for 2023). Advanced Economies are projected to grow by 2.4% and 1.1% in 2022 and 2023 respectively while Emerging Market and Developing Economies have growth estimations of 3.7% in both years.

This is notably the weakest growth profile since 2001 except for the global financial crisis and the acute phase of the COVID-19 pandemic and reflects significant slowdowns for the largest economies and stock markets in the world. Risk factors that could stunt growth include expectations of higher inflation before its descent, restrictive monetary policy, potential for the emergence of new COVID-19 variants and the ongoing Russia invasion of Ukraine. Historically, such events have proven to inspire increased volatility in the global financial markets.

Botswana's economy is anticipated to grow by 4.1% in 2022 and 4.0% in 2023, both above the Sub-Saharan economic growth projections of 3.6% and 3.7% in the respective years. This is primarily due to the growth-enhancing economic transformation reforms and supportive macroeconomic policies being implemented which include reforms to further improve the business environment, the vaccine rollout programme and other Government interventions against COVID-19. Third quarter real gross domestic product (GDP) increased by 6.3% compared to 8.9% growth registered in the corresponding period in 2021. This increase was mostly attributable to the expansion in output of the mining sector.

Inflation averaged 12.2% consistently remaining above the Central Bank's medium-term objective range of 3% – 6% with peak inflation registered at 14.6%

during August 2022. As at December 2022, inflation stood at 12.4%. The Monetary Policy Committee projects that inflation will continue to trend downwards and eventually fall within the Bank's objective range in the third quarter of 2024 due to the expected decline in global inflation and international commodity prices, the current monetary policy posture and the dissipating impact of the earlier increases in administered prices.

Against this broad-based slowdown and challenging domestic environment, the BSE performed exceptionally well in many fronts, details of which are elaborated in the next sections. From a technological perspective, the BSE launched the new Central Securities Depository (CSD) system, a new Automated Trading System (ATS) and the connectivity to the Society for Worldwide Interbank Financial Telecommunication (SWIFT) during September 2022. These advancements in technological infrastructure aim to improve the resilience of the market, network security, operational efficiencies and align with international best practice in order to make the BSE competitive in the global securities market.

The new CSD system has commissioned the settlement of market transactions on the BSE at Bank of Botswana (BoB) through the Botswana Interbank Settlement System (BISS) which, just like the CSD system, is linked to the SWIFT network – and this is known as Settlement in Central Bank, an inviable milestone in financial stability and elevating our capital market to international standards. In addition, the CSD system comprises of new functionalities and capabilities that expand its services and products such as the centralised custody for all securities in the market including government securities, Electronic Annual General Meetings (E-AGMs), among others. In due course, the system will provide customers remote access to their CSD accounts and statements. In due course, these functionalities will contribute meaningfully to the CSDB's commercial viability and profitability.

The new ATS is an upgrade of the ATS that was implemented in 2012. The salient features of the new ATS include an improved Request for Quotation (RFQ) mechanism which is popular for bond trading, a bond calculator, availability of micro auctions which can be used for market-making, as

Market Performance Report for the Period 1st January to 31st December 2022 (cont'd)

well as improved information dissemination capabilities. The new ATS and the CSD system are integrated.

Reflecting on these successes and the economic backdrop, it is worth relaying

sincere gratitude to the Board of Directors of BSEL and the shareholders for supporting the entrepreneurial mind-set of the Exchange, as demonstrated by unwavering for many projects, such as the development of the Headoffice, that seeks to live the

company's value of "commercial-focus". Given the extensive investment in growing the balance sheet, the next phase of growth will come from fully exploiting the capacity of the infrastructure and the company's asset base.

2.0 MARKET STATISTICS

Figure 1 presents a snapshot of the overall market indicating the number of listed instruments, the total market value and the trading activity observed across the four asset classes in 2022 and 2021.

Figure 1: General Market Statistics

| Asset Class | | Listed Instruments | Market Cap (P'Mn) | Turnover (P' Mn) |
|------------------|------|--------------------|-------------------|------------------|
| Equities | 2022 | 31* | 394,203.4 | 1,177.6 |
| Bonds | | 42 | 24,623.9 | 1,772.5 |
| Commercial Paper | | 2 | 120.7 | - |
| ETFs | | 7 | 1,280.8 | 122.3 |
| TOTAL | | 82 | 398,068.8 | 3,072.4 |
| Equities | 2021 | 31* | 390,365.8 | 1,816.0 |
| Bonds | | 42 | 22,984.1 | 2,550.3 |
| Commercial Paper | | 1 | 75.0 | - |
| ETFs | | 6 | 1,257.2 | 132.1 |
| TOTAL | | 80 | 414,682.1 | 4,498.4 |

Source: BSE

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

Market capitalization across all of the asset classes grew owing to additional share issuances in the equity market, re-openings of government bonds and new corporate bond, commercial paper and new Exchange Traded Fund (ETF) listings. A total turnover of approximately P3.1 Billion was recorded in 2022 compared to P4.5 Billion in 2021 as noted in Figure 1. Equity turnover in 2021 was significantly high and this was largely attributed to the historic transaction

regarding the acquisition of a majority stake of 78.15% in BancABC Botswana by Access Bank Plc amounting to approximately P1.1 Billion.

Bonds recorded a significant decline in turnover while ETFs trading was down by 7.4% in 2022. On the primary bond market, during the BoB auctions, Treasury Bills consistently outperformed Government bonds with P8.9 Billion and P3.1 Billion

allotted for the respective debt instruments during the year under review. This reflects the credit appetite among market participants through their inclination towards shorter term debt obligations. Inflation continued to soar reaching peak levels of 14.6% during August 2022, while interest rates increased during the first half of the year keeping a steady rate towards year end.

3. EQUITY MARKET PERFORMANCE

3.1. Equity Market Statistics

The performance of local equities surpassed the local economy's growth projections which were estimated at 4.1% according to the IMF's WEO report published in October 2022. The Domestic Company Index (DCI) appreciated by 10.2% in comparison to 1.9% during the same period in 2021 and the Domestic Company Total Return Index (DCTRI) appreciated by 18.4% relative to an

increase of 11.1% in the corresponding 2021 period. This improvement in performance reflects the continued recovery of the local equity market following the economic slump brought about by the pandemic. In 2021 leading to the earlier months of 2022, this recovery has been supported by the accommodative monetary conditions by the Central Bank and the implementation

of the Economic Recovery Transformation Plan (ERTP), among others.

It is pleasing to note that the rebound is also noticeable in foreign companies as the Foreign Company Index (FCI) has registered an increase of 0.8% in 2022 compared to an increase of 0.2% in 2021. This information is summarised in Figure 2.

Market Performance Report for the Period 1st January to 31st December 2022 (cont'd)

Figure 2: Equity Market Statistics

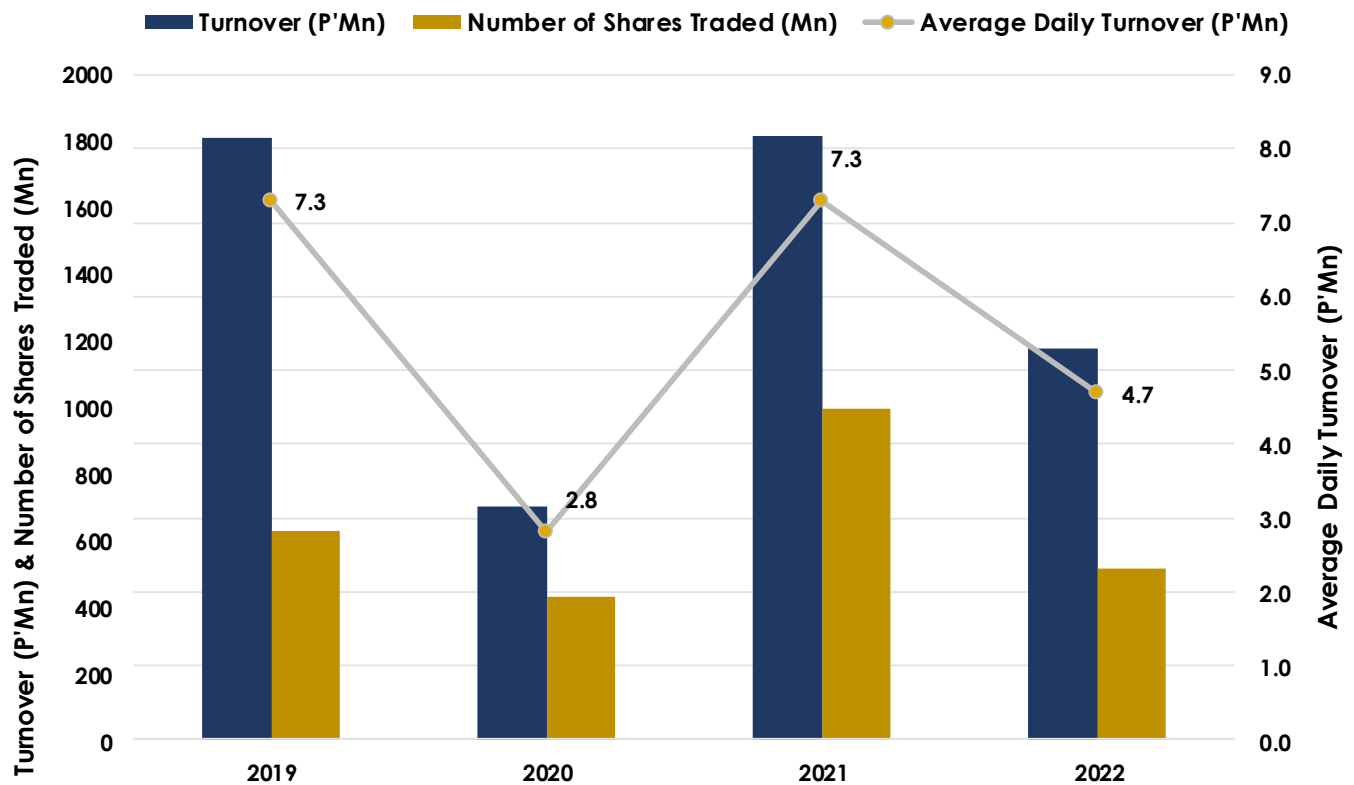
| | Indices Performance | | | | | |
|----------------------|------------------------------|------------------|------------------|------------------|------------------|------------------|
| | 2021 | 2022 | Q1 2022 | Q2 2022 | Q3 2022 | Q4 2022 |
| DCI | 7,242.6 | 7,726.4 | 7,242.6 | 7,182.5 | 7,401.8 | 7,726.4 |
| % Change | 3.3 | 10.2 | 3.3 | (0.8) | 3.1 | 4.4 |
| DCTRI | 1,929.3 | 2,191.3 | 1,929.3 | 1,964.3 | 2,064.2 | 2,191.3 |
| % Change | 4.3 | 18.4 | 4.3 | 1.8 | 5.1 | 6.2 |
| FCI | 1,548.9 | 1,562.7 | 1,548.9 | 1,548.1 | 1,561.4 | 1,562.7 |
| % Change | (0.0) | 0.8 | (0.0) | (0.1) | 0.9 | 0.1 |
| | Trading Activity (P'Mn) | | | | | |
| | 2021 | 2022 | Q1 2022 | Q2 2022 | Q3 2022 | Q4 2022 |
| Turnover | 1,816.0 | 1,177.6 | 407.8 | 302.2 | 172.3 | 295.4 |
| Volume | 997.2 | 513.3 | 177.6 | 149.5 | 78.3 | 107.9 |
| Avg. Daily Turnover | 7.3 | 4.7 | 6.6 | 5.0 | 2.8 | 4.7 |
| | Market Capitalization (P'Mn) | | | | | |
| | 2021 | 2022 | Q1 2022 | Q2 2022 | Q3 2022 | Q4 2022 |
| Domestic Companies | 37,209.4 | 41,069.3 | 38,452.2 | 38,141.9 | 39,311.6 | 41,069.3 |
| Foreign Companies | 353,156.4 | 353,134.1 | 349,890.7 | 349,698.6 | 352,760.7 | 353,134.1 |
| TOTAL | 390,365.8 | 394,203.4 | 388,342.9 | 387,840.5 | 392,072.3 | 394,203.4 |
| | Market Indicators | | | | | |
| | 2021 | 2022 | Q1 2022 | Q2 2022 | Q3 2022 | Q4 2022 |
| P/E Ratio (x) | 12.7 | 14.6 | 12.3 | 12.9 | 14.7 | 14.6 |
| Dividend Yield (%) | 5.2 | 4.9 | 4.9 | 5.3 | 5.0 | 4.9 |
| Price/Book Value (x) | 1.3 | 1.2 | 1.3 | 1.2 | 1.2 | 1.2 |

Source: BSE

Market Performance Report for the Period 1st January to 31st December 2022 (cont'd)

Figure 3 demonstrates the comparison in trading activity from 2019 to 2022.

Figure 3: Annual Trading Activity: 2019 - 2022



Source: BSE

3.2. Equity Market Statistics

Figure 4 ranks listed companies by their contribution to equity turnover or their trading activity in 2022. The top 3 traded companies during the period under review were Letshego (P499.9 Million), Letlole (P111.3 Million) and FNBB (P95.3 Million). The total turnover from these 3 companies accounted for 60.0% of total equity turnover, with the leading counter Letshego accounting for 42.5% of total equity turnover.

Letshego's considerable contribution to total equity turnover results from two significantly high trades of P183.0 Million on 23rd March 2022 and P142.7 Million on 17th June 2022 accounting for the two highest daily trades per counter in 2022.

In comparison to the same period in 2021, the top 3 traded companies accounted for 80.9% of total equity turnover with the leading counter Access accounting for 59.1% (P1.1 Billion) of total equity turnover. As mentioned in Section 2, Access Bank's significant contribution was largely attributed to the historic transaction regarding their acquisition of BancABC Botswana on 11th October 2021 which amounted to P1.1 Billion.



Market Performance Report for the Period 1st January to 31st December 2022 (cont'd)
Figure 4: Companies Ranked by Turnover on a Quarterly Basis: 2022

| Company | Q1 | Q2 | Q3 | Q4 | Total |
|--------------|-----------------------|-----------------------|-----------------------|-----------------------|-------------------------|
| | Turnover | Turnover | Turnover | Turnover | Turnover |
| LETSHEGO | 254,581,304.69 | 170,810,840.61 | 37,769,075.84 | 36,750,723.05 | 499,911,944.19 |
| LETLOLE | 124,640.98 | 42,125,970.47 | 1,056,113.55 | 67,962,442.53 | 111,269,167.53 |
| FNBB | 17,990,639.28 | 19,206,215.29 | 48,558,718.95 | 9,502,169.46 | 95,257,742.98 |
| SEFALANA | 46,470,989.25 | 9,505,475.05 | 4,518,890.38 | 22,866,303.43 | 83,361,658.11 |
| BIHL | 9,588,495.20 | 14,806,601.55 | 13,353,893.21 | 32,326,466.19 | 70,075,456.15 |
| CHOBE | 49,279,935.00 | 920,807.00 | 219,477.85 | 2,727,791.82 | 53,148,011.67 |
| CA SALES | 8,440,734.50 | 13,502,196.80 | 8,927,538.45 | 7,501,117.20 | 38,371,586.95 |
| SECHABA | 548,635.85 | 3,249,157.79 | 3,531,786.95 | 23,733,208.96 | 31,062,789.55 |
| NAP | 516,393.36 | 3,792,582.87 | 2,322,232.84 | 21,786,172.54 | 28,417,381.61 |
| PRIMETIME | 157,451.00 | 1,770,615.58 | 1,142,752.55 | 24,824,354.20 | 27,895,173.33 |
| ABSA | 6,252,260.24 | 7,124,849.14 | 3,537,988.56 | 7,187,533.02 | 24,102,630.96 |
| TURNSTAR | 1,124,325.34 | 1,619,574.55 | 15,855,839.98 | 3,545,952.62 | 22,145,692.49 |
| BTCL | 3,391,820.34 | 2,570,327.16 | 3,269,729.68 | 10,729,365.33 | 19,961,242.51 |
| STANCHART | 960,052.85 | 1,892,135.00 | 16,612,051.99 | 389,941.91 | 19,854,181.75 |
| SEED Co | 15,006.60 | 23,382.00 | 1,493,240.40 | 15,091,752.60 | 16,623,381.60 |
| ACCESS | 1,368,585.90 | 1,966,541.94 | 1,763,102.88 | 3,078,268.82 | 8,176,499.54 |
| ENGEN | 532,201.58 | 2,117,408.38 | 1,628,848.40 | 2,153,019.39 | 6,431,477.75 |
| CHOPPIES | 252,728.94 | 3,887,195.88 | 170,013.56 | 1,461,676.82 | 5,771,615.20 |
| RDCP | 927,674.25 | 453,304.79 | 2,607,635.46 | 918,030.50 | 4,906,645.00 |
| LUCARA | 3,830,772.80 | 24,915.10 | 695,176.18 | 15,797.40 | 4,566,661.48 |
| CRESTA | 159,243.89 | 36,426.96 | 1,173,567.60 | 392,810.75 | 1,762,049.20 |
| BBS | 273,153.24 | 66,503.78 | 1,027,477.58 | 268,023.33 | 1,635,157.93 |
| G4S | 516,815.10 | 458,912.20 | 242,721.45 | 118,216.50 | 1,336,665.25 |
| FPC | 469,807.10 | 2,400.00 | 140,757.60 | 1,896.00 | 614,860.70 |
| MINERGY | 256.50 | - | 549,497.50 | 3,539.60 | 553,293.60 |
| OLYMPIA | - | 161,710.64 | 311.48 | - | 162,022.12 |
| SHUMBA | - | 70,949.70 | 65,103.30 | 2,547.00 | 138,600.00 |
| INVESTEC | - | - | 51,048.27 | 22,130.50 | 73,178.77 |
| BOD | 15,201.16 | 6,376.12 | 1,443.90 | 2,101.40 | 25,122.58 |
| TLOU | 4,000.00 | - | - | 364.00 | 4,364.00 |
| ANGLO | - | - | - | - | - |
| TOTAL | 407,793,124.94 | 302,173,376.35 | 172,286,036.34 | 295,363,716.87 | 1,177,616,254.50 |

Source: BSE

Figure 5 shows the share price performance of listed companies during the period under review. Of the 31 listed companies, including BBS registered on the Serala OTC Board, 9 depreciated in share price, 17 appreciated

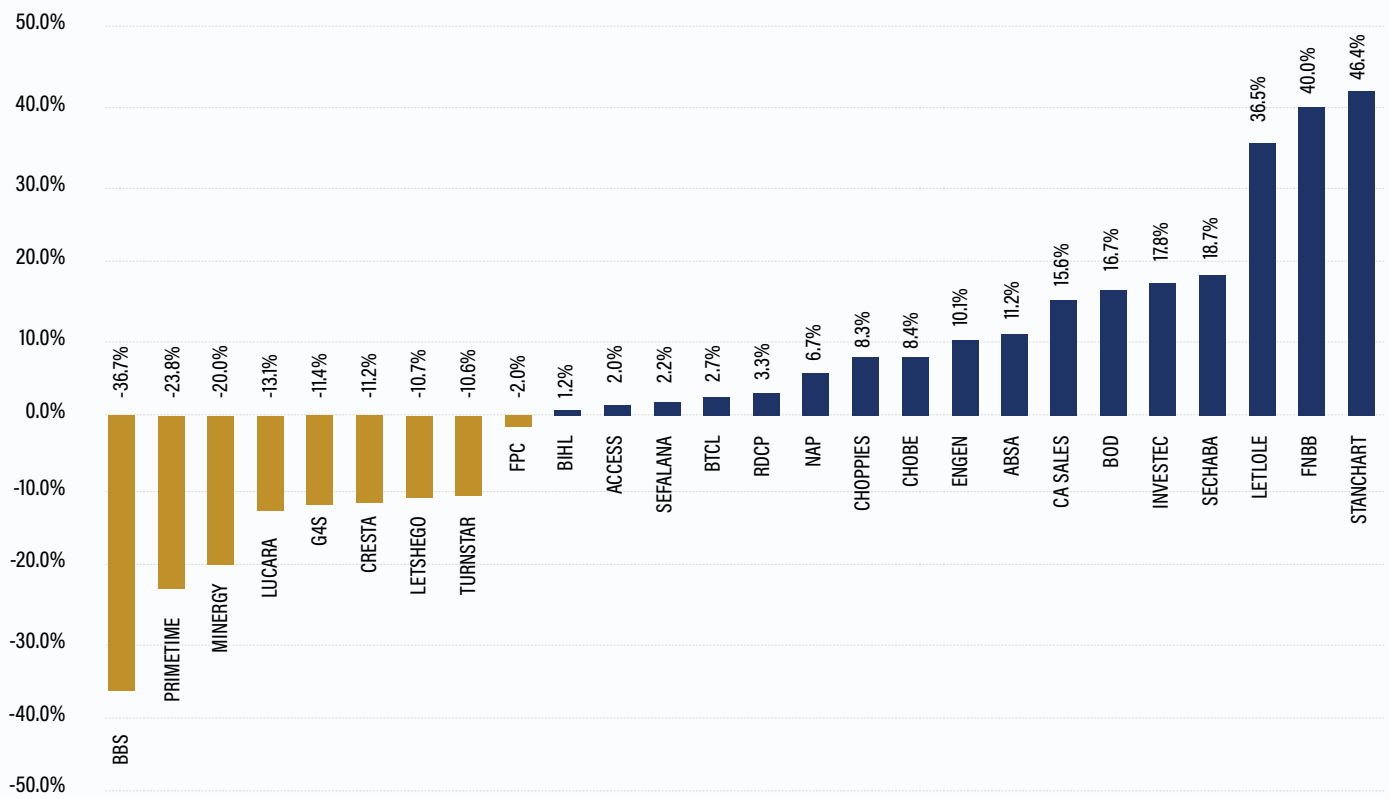
in share price while 5 experienced no share price change.

The top gainer was Stanchart with an appreciation of 46.4%, followed by FNBB and Letlole with gains of 40.0% and 36.5%

respectively. BBS experienced the biggest decline in share price of 36.7% followed by PrimeTime and Minergy with declines of 23.8% and 20.0% respectively.

Market Performance Report for the Period 1st January to 31st December 2022 (cont'd)

Figure 5: Share Price Changes (%): 2022



Note : Companies that did not experience share price movement are excluded from graph

Source: BSE

3.3 Investor Contribution to Equity Turnover

As can be observed in Figure 6 local companies contributed 61.3% to total equity turnover or P721.5 Million in monetary terms while local individuals contributed 4.3% or P50.9 Million in monetary terms during the period under review. Foreign companies contributed 30.1% or P354.4 Million to total equity turnover while foreign individuals and brokers contributed 4.3% (P50.4 Million) and 0.0% (P0.4 Million) to equity turnover respectively.

Figure 6: Investor Contribution to Turnover: 1 January - 31 December 2022

| Investor Category | Turnover (Pula) | Equity Turnover Contribution | |
|---------------------|-------------------------|------------------------------|---------------|
| | | 2022 | 2021 |
| Foreign Companies | 354,434,102.12 | 30.1% | 36.8% |
| Foreign Individuals | 50,442,380.18 | 4.3% | 2.0% |
| Local Individuals | 50,858,849.93 | 4.3% | 2.5% |
| Local Companies | 721,515,162.74 | 61.3% | 58.7% |
| Brokers | 365,759.53 | 0.0% | 0.0% |
| Total | 1,177,616,254.50 | 100.0% | 100.0% |

Source: CSDB

Market Performance Report for the Period 1st January to 31st December 2022 (cont'd)

4.0 PRIMARY MARKET

Equity market primary activity decreased in 2022 as less companies opted to finance their business operations through equity, ranking it third as a source of finance following retained earnings and

loans, according to the March, June and September 2022 editions of BoB's Business Expectations Survey. Capital raised by domestic companies in 2022 amounted to P471 Million, while that raised by foreign

companies amounted to P135.3 Million as presented in Figure 7. In total, P182.4 Million was raised through corporate actions in 2022 compared to P752.9 Million in 2021.

Figure 6: Investor Contribution to Turnover: 1 January – 31 December 2022

| Domestic Companies | Amount (P'Mn) | Foreign Companies | Amount (P'Mn) |
|----------------------------|---------------|----------------------------|---------------|
| Far Property | 33.0 | BOD | 10.9 |
| Letshego | 8.9 | CA Sales | 50.0 |
| Primetime | 5.2 | Lucara | 3.0 |
| | | Tlou Energy | 71.4 |
| TOTAL RAISED (2022) | 471 | TOTAL RAISED (2022) | 135.3 |
| TOTAL RAISED (2021) | 259.8 | TOTAL RAISED (2021) | 493.1 |

Source: BSE

On the bond market, BoB continued to issue additional tranches of existing bonds through the monthly auctions, helping Government raise P3.1 Billion through bonds, an amount higher than the P2.7 Billion raised in 2021. In addition, as previously mentioned, Government raised P8.9 Billion through the issuance of treasury bills and a total of P12.0 Billion was raised which comprised of bonds and bills in 2022. In the corporate bond market, six new bonds were listed, raising P405.7 Million compared to P488.0 Million raised in 2021.

The highlight is the commercial paper market's continuous expansion with one paper listed in 2021 and two listed in December 2022. Prior to this, the last prevalent paper on the Exchange matured in 2004 and there were no listings of this kind until December 2021. The two new listed papers in 2022 raised P120.7 Million in comparison to P75.0 Million in 2021.

The BSE continues to be pivotal to both the public and private sector in supporting capital formation and allocation in Botswana's economic recovery and transformation plan. The recent revision of the BSE Debt Listings Requirements introduced the rules for listing Commercial Paper and mandates that all issuances under a BSE-approved Programme Memorandum shall be listed. The main rationale is to leverage the BSE's regulatory environment to enhance financial stability, provide safety and custody of assets,

increase transparency, data and access to pricing and valuation in respect of assets belonging to the public.

The Government is expected to remain active in the domestic bond market and tap into the P30 Bn Bond Programme to issue more bonds on the BSE. Similarly, Government will be implementing the SOE Rationalisation Strategy that will strengthen corporate governance and practises of SOE, hopefully translating into better financial performance, readiness and attractiveness of SOEs when accessing debt markets, ultimately weaning them from Government grants and subventions.

It is already evident that SOEs are heeding the call as Botswana Savings Bank (BSB) debut in the capital markets by registering a P1.0 Billion Domestic Note Programme in 2022 from which it has raised P110.05 Million. This is likely to inspire confidence in more SOEs and serve as a demonstration that capital markets are a viable source of long terms capital accessible through different types of instruments.

With regard to redemptions, four bonds were redeemed at maturity in 2022 being DPCF006, FNBB006, BDCL002 and RDGP004 which were issued by Debt Participation Capital Funding, First National Bank Botswana, Botswana Development Corporation and RDC Properties respectively. In addition, three bonds were redeemed early; two issued by Stanbic

Bank Botswana- SBBL066 and SBBL067 and one foreign bond worth P1.5 Billion by Investec Limited – INB001.



Market Performance Report for the Period 1st January to 31st December 2022 (cont'd)

A summary of bond market primary market activity is presented in Figure 8.

Figure 8: Bond Market Primary Activity - Issuances: 2022

| Government Bonds | Amount (P'Mn) | Corporate Bonds | Amount (P'Mn) | Commercial Bonds | Amount (P'Mn) |
|----------------------------|----------------|----------------------------|---------------|----------------------------|---------------|
| BOTSGB0325 | 23.0 | SBBL072 | 105.7 | BSB-CRB-1223-01 | 20.1 |
| BOTSGB0931 | 1,218.0 | SBBL073 | 110.0 | RDGP-CRB-1223-05 | 100.6 |
| BOTSGB0640 | 678.0 | SBBL074 | 50.0 | | |
| BOTSGB0623 | - | SBBL075 | 50.0 | | |
| BOTSGB0943 | - | BSB-CRB-1224-02 | 30.0 | | |
| BOTSGB0527 | 730.0 | BSB-CRB-1227-03 | 60.0 | | |
| TOTAL RAISED (2022) | 3,063.0 | TOTAL RAISED (2022) | 405.7 | TOTAL RAISED (2022) | 120.7 |
| TOTAL RAISED (2021) | 2,728.0 | TOTAL RAISED (2021) | 488.0 | TOTAL RAISED (2021) | 75.0 |

Source: BSE

5.0 BOND MARKET PERFORMANCE

Trading activity during the year under review amounted to approximately P1.9 Billion in comparison to P2.6 Billion traded during the corresponding period in 2021. This was mainly on account of trading activity in Government bonds which accounted for 94% of total turnover. Corporate bond trading activity amounted to P124.0 Million, relative to P440.5 Million during 2021.

As at end of December 2022, the market capitalisation of the 44 listed bonds (including commercial paper) stood at P24.7 Billion.

Figure 9: Analysis of Bond Market Performance

| Category | 2021 | 2022 |
|--------------------------------------|----------------|----------------|
| Liquidity (P'Mn) | | |
| Government Bonds | 2,109.8 | 1,771.4 |
| Corporate Bonds ^{NOTE 1} | 440.5 | 124.0 |
| Commercial Paper | - | - |
| TOTAL | 2,550.3 | 1,895.4 |
| Market Capitalization (P'Bn) | | |
| Government Bonds | 17.7 | 20.7 |
| Corporate Bonds | 5.3 | 3.9 |
| Commercial Paper | 0.1 | 0.1 |
| TOTAL | 23.1 | 24.7 |
| Number Of Bonds Listed | | |
| Government Bonds | 7 | 7 |
| Corporate Bonds | 35 | 35 |
| Commercial Paper | 1 | 2 |
| TOTAL | 43 | 44 |

Source: BSE



6.0 THE EXCHANGE TRADED FUND (ETF) MARKET

6.1. Listing of the African Domestic Bond Fund Exchange Traded Fund

During September 2022 the African Domestic Bond Fund ETF (ADBF ETF) listed on the BSE taking the number of listed ETFs to seven.

The African Development Bank (AfDB) in partnership with MCB Investment Management Co. Limited launched the

ADBF ETF domiciled in Mauritius, that provides access to local currency African fixed income markets in a cost-efficient, liquid and transparent manner. The AfDB acts as an anchor investor and sponsor, with a view to promote local currency finance and contribute to the development of local currency capital markets across the

African continent.

The ADBF ETF tracks the performance of the AfDB Bloomberg African Bond Index 25% Capped, before fees and expenses. It is primary listed on the Stock Exchange of Mauritius denominated in USD and secondary listed on the BSE in BWP.

6.2. Analysis of ETF Market Performance

The turnover recorded in 2022 amounted to P122.3 Mn in comparison to P132.1 Mn generated during the same period in 2021. Though the value traded declined by 8%, the volume traded increased by 7% and 783,050 units were traded in 2022 in comparison to 735,036 units in 2021.

Figure 10: ETF Market Statistics: 2021 and 2022

| ETF | | Turnover (P'Mn) | Units Traded | Price Change (%) |
|----------|------|-----------------|--------------|------------------|
| NewGold | 2022 | 83.1 | 409,638 | 71 |
| NewPlat | | 38.1 | 360,001 | (5.4) |
| NewFunds | | 0.059 | 934 | 6.0 |
| NewPall | | 0.002 | 8 | 6.5 |
| BASBI | | 0.015 | 178 | 5.0 |
| BAMIB50 | | 0.017 | 3,196 | (26.1) |
| ADBF | | 1.1 | 9,095 | (9.5) |
| NewGold | 2021 | 120.3 | 618,199 | 4.3 |
| NewPlat | | 11.6 | 97,049 | 16.0 |
| NewFunds | | 0.042 | 726 | 12.7 |
| NewPall | | - | - | - |
| BASBI | | 0.045 | 565 | 6.1 |
| BAMIB50 | | 0.117 | 18,497 | 5.5 |

Source: BSE

7.0 STRATEGIC ACHIEVEMENTS FOR 2022



The BSE delivered sterling performance in the strategic initiatives of the 2022 strategic plan:

- Implemented Investor Compensation Fund
- Secured Equity Partner for BSE Headoffice
- Upgraded the Automated Trading System
- New Central Securities Depository system launched
- CSD system connection to SWIFT completed
- Achieved Settlement in Central Bank Money
- BSE Investments achieved 6.5%, exceeding target
- Cybersecurity Strategy
- African Domestic Bond Fund ETF listed, backed by African Development Bank, a triple-A Rated Institution
- Commercial Paper market revived, 2 new listings
- Conducive regulatory framework - reduced listing fees for Commercial Paper
- DCI and DCTRI increased by 10.2% and 18.4% respectively
- A Hybrid Bond Trading Model Agreed with BoB
- National Single CSD milestone achieved - custody of all instruments at CSDB
- Increased number of entities being offered secretarial services by CSDB
- BSE Limited paid a Dividend for the first time to Shareholders
- BSE CEO elected ASEA President
- BSE retained COSSE Secretariat and Chairmanship
- BSE admitted into the African Exchanges Linkages Project
- International Partnerships (CNBC, Forbes, Nasdaq)
- First ever international roadshows (USA, Dubai)
- Introduced Botswana Depository Receipts regulation
- 20 companies in the Tshipidi Mentorship Programme graduated, conceptualisation of Tshipidi SMME Fund

8.0 OUTLOOK FOR 2023

Following the launch of the new CSD system and ATS in September 2022, the BSE anticipates to materially reap the benefits of the investment in technological infrastructure including the virtual stock market simulator scheduled to launch in 2023. These will transform the landscape in major ways, stimulate investor activity and allow for the introduction of new services and products. For the first time in the history of the Exchange, retail investors will begin to trade bonds electronically on the BSE through the ATS. In addition, we anticipate an increase in participation across various products, the reach of the market and overall education levels about the stock market.

As a corporate entity we have adopted King IV to strengthen our governance, and we expect to complete the process of demutualisation by undertaking a self-listing of BSE Limited on the BSE platform in 2023. This milestone is expected to enhance foreign investor and issuer trust on the organisation, and will complement our internationalisation strategy where we intend to aggressively move into the global community to attract issuers and investors. Considering the current economic climate with and the short to medium term risks, we project an enabling environment that would be very supportive of our 2022 – 2026 strategy.

Considering the current economic climate with and the short to medium term risks,

we project an enabling environment that would be very supportive of our 2022 – 2026 strategy.





ACCESS

BSE EQUITY MARKET DATA

Gaining market insights has never been easier.

The BSE offers a wide variety of market data packages for a holistic view of the market and enhanced investment decision-making through insights into the growth, liquidity and performance of BSE listed instruments.

For more information, please email the Product Development Department at productdev@bse.co.bw or call (+267) 367 4400



Botswana Stock Exchange



@TheOfficialBSE



Botswana Stock Exchange



Botswana Stock Exchange



@theofficialbse1

www.bse.co.bw

'Your Partner in Wealth Creation'

Geopolitics: The Oil Trade Wars

By Chilo Ketlhoafetse

The year 2022 has since seen a tragic shift in world peace and order, whilst many economies recovering from the covid-19 global pandemic to the ongoing Russia-Ukraine war which has world leaders at crossroads with one another. Most of the effects of this are being felt across many business communities and many households as the cost of living have risen sharply both within developed and developing economies. While bracing ourselves for the new year, 2023 has already kicked off quite a lot, and it's only fair to anticipate what the year may hold for us and best take measures that would build a sound economy and sustainable business environment locally.

To place context, at the close of 2022, Chinese leader Xi Jinping had been on a state visit to Saudi Arabia for summits that have cemented around 34 energy and investment deals, and this contrasts the visit by the US President, Joe Biden earlier in July and this may be perceived a sign of displeasure between the west and the middle-east; however, some see this as a relationship being cemented from many years of trade between the two economies.

The worry that comes from this newly strengthened relationship is that America is at the worry about its oil diplomacy with the middle east and what this could mean for the rest of the world. Feeding into this has been the New Development Banks of 'BRICS' who have a sole mandate of 'de-dollarizing' the global financial markets by reducing the reliance on the need for the US Dollar as the currency used for trading oil and other commodities, forex reserves, trade agreements and dollar-denominated assets; as such the BRICS are building their own reserve currency built on gold and other commodities like uranium, copper & graphite; eventually building their own financial infrastructure.

The dollar took a hit in the same month when Egypt joined this campaign, Saudi Arabia and Turkey have also applied for membership as it is believed that the US strong-arms its global dominance and foreign policy goals since the dollar is built on debt, which many countries use to build their economies, as such these nations

are on a campaign to cripple this power struggle, hence why the visit by the Chinese to the Middle-east may be a bit alarming as the 5 economies already account for nearly 40% of world GDP with the aim being 50%. When the war in Ukraine started, Saudi Arabia had warned the US and the European Union to not impose sanctions on Russia, but the US did not listen and went ahead with the sanctions without any consideration of how the middle east would respond to this and the relationship would continue unabated (continuing to buy their oil while receiving military aid), but this is considered by many economists as a failure by the Biden Administration of the highest order as they would not be able to secure low-cost oil and this will be a game changer. In a publication by the World Economic Forum, analysts from JP Morgan have issued a warning that the US is in for a recession with a failure to control inflation and eroded consumer purchasing power.

Further shivers to our spines over concerns about economic stagnations next year and stock markets around the world are beginning to take a hit. Further to this, G7 countries are placing financial pressure on Russia as the brutal war in Ukraine took its 10th month by issuing an oil embargo (exports to Europe banned) accompanied by a new price cap on Russian crude designed to limit Russia's revenues but this leaves the financial markets at such a worry from how Moscow will respond to this. One of the anticipated responses as the Russian President refuses to cooperate is to then accept gold instead of dollars for his oil, additionally limiting oil production but ensuring there is enough demand such that production does not shut down.

If this happens, we will see the price of gold double worldwide to \$3600 an ounce [we are not saying this will happen, but it is a possibility]. If this occurs non the less, it will cripple many western banks as banks active in the paper gold market would face a liquidity shortfall with the gold back as a settlement medium and this would be financial Armageddon and resulting in printing money that the west does not have, and this comes at a time where oil reserves in the US are depleted and would need to be refilled with Russian oil.

The biggest question is if the US goes back into a global recession, what would this mean for African economies? In a publication for the United Nations and Business insider Africa, it has noted that the African economy, which is still developing, cannot afford to take such a hit given the rising inflation, low exports, and increased cost of living. As explained by the above scenarios, African economies that are heavily reliant on imports of commodities will struggle as these would have their prices skyrocket and this crisis will undermine decades of progress. CNN Business analysts assert though that even if a recession does not come to light, a lot of African countries would still feel the pinch of high inflation, unemployment, increased interest rates and so forth throughout the year 2023 and probably beyond this.

Financial institutions in Botswana and Africa as a whole need to brace themselves for the likely recession, the days of treating the dollar as a haven are now being numbered as turbulent times are coming for investors. As inflation remains at an all-time high, borrowing will continue to be expensive as central banks raise interest rates to curb the increasing inflation. For many financial institutions, portfolio diversification will play a crucial role in protecting wealth and hopefully opportunities for growth given the various asset classes, regions, sectors, and currencies; this speaks to public interest entities including pension funds and asset management firms as there would be an understanding that some sectors are recession resistant such as foods, energy, and financial services, so this may pose an opportunity to become sustainable.

The silver lining this time around is that we know it's coming, so we can prepare well for it to protect our money.

Chilo Ketlhoafetse is a Chartered Accountant and Seasoned Finance Specialist focusing on economic issues affecting the local business environment.

Commentary and interactions can be sent to ctketlhoafetse@gmail.com and Twitter [@chilo_ket](https://twitter.com/chilo_ket).
[The End]

Information on the **BSE INVESTOR** Compensation Fund



What is an Investor Compensation Fund?

- A Compensation Fund concerning financial markets is a rescue fund established to grant investors compensation for financial losses suffered due to a Participant's failure to meet their contractual obligations.

What is the purpose of the Investor Compensation Fund?

- To grant compensation to clients for losses suffered because of non-fulfilment of contractual obligations due to dishonesty, insolvency, default, or liquidation of a Participant;
- To protect securities investors' investment interests.
- To ensure financial integrity in the securities market in Botswana.
- To enhance investors' confidence in the securities market of Botswana.

What is the scope of Investor Compensation Fund?

- The Investor Compensation Fund covers transactions and dealings of securities traded on the BSE.
- Where a claimant suffers loss arising from a contractual or statutory obligation placed on any other participant besides a Member as defined under the Rules.

NB: The Investor Compensation Fund DOES NOT COVER default obligations, shortfalls, deficiencies and/or any other defaults during the clearing and settlement of trade transactions by CSDB. This type of protection is provided by the Settlement Guarantee Fund Rules.

Who is eligible to claim from the Investor Compensation Fund?

- All securities' investors, with eligible claims in terms of the Rules, excluding institutional investors, who have suffered loss because of a Participant's failure to meet their contractual obligations.

What is a legitimate claim?

A Claim that proves:

- that the claimant has suffered loss and the loss was a direct result of malpractice, negligence, or error on the part of the Participant;
- that the claimant has suffered loss and the loss was a direct result of insolvency on the part of the Participant;
- that the claimant gave money or property or authority to a Participant or a person who the claimant believed was a Participant or acting on behalf of the Participant;

- proof that the money or property or authority was given to the Participant in connection with effecting a transaction covered by the provisions of the Members Rules, the Equity Listings Requirements, Automated Trading System Debt Trading Requirements and other applicable Rules and Requirements relating to transactions effected through the Exchange.

How to make a claim from the Investor Compensation Fund

- Make an application addressed to the Chief Executive Officer of the BSE through the prescribed application form within 3 years from the date of default.

Ensure the application contains the following:

- the names of the parties involved
 - addresses of the parties involved
 - the details of the transaction
- If an investor is successful, their claim will be paid within 6 months from the date of application.

What are the grounds for rejecting a claim?

- If the investor has contributed in any way to the financial difficulties of the Participant in default.
- If the application is found to contain any inaccuracy or omission, unless this is clearly immaterial or is shown by the investor to be wholly innocent; or
- Where the investor has so conducted himself in his dealings with a Participant in default, as to be in breach of applicable law or regulations, including these Rules.



BSE PRODUCTS

At present, products that can be listed and accessed by investors on the BSE include Shares, Bonds, Exchange Traded Funds (ETFs), Botswana Depository Receipts (BDRs) and Commercial Paper (CP). These products have different risk profiles offering different returns to satisfy the needs of various investors.

| BSE Listed Products | | Benefits |
|---------------------|---|---|
| 1 | Shares are intangible assets that represent ownership in a company. | <ul style="list-style-type: none"> ☑ An investor has a claim to the profits of the company through dividend payments ☑ As a shareholder, you have the right to vote matters that are pertinent to the performance of the company. This is usually during a company's Annual General Meeting (AGM) ☑ Profits by benefitting from capital gains (share price appreciation) ☑ Ease of buying and selling through the assistance of BSE licensed Brokers |
| 2 | A Bond is a fixed-income instrument that represents a loan agreement made by an investor to a borrower. | <ul style="list-style-type: none"> ☑ Receives regular cash flow through interest payments ☑ Compared to shares, bonds are a safer investment option because the principle amount is paid back once the bonds matures ☑ Bondholders have a higher claim on the issuer's assets in case of bankruptcy. |
| 3 | Exchange Traded Funds (ETFs) are instruments that track an index, price of a commodity or basket of assets and are listed on an Exchange. The instrument is backed by the underlying assets. | <ul style="list-style-type: none"> ☑ Diversification - ETFs give you an efficient way to diversify your portfolio, without having to select individual stocks or bonds. They cover most major asset classes and sectors, offering you a broad selection ☑ Transparent - ETFs assume the risks of the underlying asset ☑ Cost Effective - Low management fees, no upfront fees or exit charges ☑ Liquid - Availability of Market-Makers ensure that there is constant tradability of ETFs ☑ Secure - ETFs are regulated & governed by the BSE Listings Requirements ☑ Trading Flexibility - ETFs are very versatile, letting you easily move money between specific asset classes, like stocks, bonds, or commodities. ☑ They trade like stocks, meaning you can trade them anytime during market hours. ☑ All commodity ETFs (NewGold ETF, NewPlat ETF & NewPalladium ETF) comply with Shariah Law |
| 4 | Botswana Depository Receipts (BDRs) - A Depository Receipt is an investment instrument that represents shares of a foreign company. | <ul style="list-style-type: none"> ☑ BDRs offer local investors access to global investment opportunities without having to bear most of the trading and custodial costs which are normally associated with such cross-border transactions ☑ Investors are buying shares of a foreign listed company in their local market, of which they are aware of the processes and are familiar with trading, clearance and settlement procedures ☑ BDRs facilitate diversification into non-Botswana securities without many of the obstacles investors may have in purchasing and holding securities outside of the local market ☑ BDRs allow easy comparison to securities or similar companies trading on the BSE ☑ Distributions such as dividends can be paid out in foreign currency and the BDR itself can be listed and traded in foreign currency ☑ Right to receive distributions such as dividends accruing to the underlying shares represented by the BDRs ☑ BDRs enhance accessibility of research and of price and trading information of the underlying security ☑ Ability to exercise the voting rights directly under Sponsored BDR programs |
| 5 | Commercial Paper (CP) - Is a short-term debt instrument issues with a tenor of less than 1 year and it is primarily used to raise working capital for shorter periods of time. | <ul style="list-style-type: none"> ☑ CP can be issued at short-notice ☑ CP diversifies the funding base for a corporation ☑ CP is often cheaper than equivalent bank funding ☑ CP programs can be arranged to provide borrowings of various maturities ☑ For investors yields on CP are market-determined and are often high than instruments of similar maturities |

DISCLAIMER FOR INVESTING: All forms of investment involve an element of risk. Past performance is not a guarantee of future returns, as such, information provided should not be misconstrued as financial advice.

To invest in any BSE Products, please contact any of the below BSE licensed brokers:

- Imara Capital Securities: **(+267) 3188886/ enquiriesbots@imara.com**
- Motswedi Securities: **(+267) 3188627/ motswedi@motswedi.co.bw**
- Stockbrokers Botswana: **(+267) 3957900/ info@sbb.bw**

For information on BSE Products, please contact the BSE at **marketdev@bse.co.bw** or **+267 3674400**.



BSE LISTED EXCHANGE TRADED FUNDS:

The Botswana Stock Exchange (BSE) has a wide array of Exchange Traded Funds that can suit the different needs of the investors. Exchange Traded Funds (ETFs) are instruments that track an index, price of a commodity or basket of assets and are listed on an Exchange. The instrument is backed by the underlying assets. Currently, the BSE has six (6) ETFs; NewGold ETF, NewPlat ETF, NewFunds Inflation-Linked Bond Index ETF, Cloud Atlas S&P African Sovereign Bond ETF, Cloud Atlas AMI Big50 excluding South Africa ETF and NewPalladium ETF.

1. NewGold ETF - It is part of the ABSA Capital Commodity ETFs range. It was listed on the BSE in July 2010, making it the first ETF in Africa outside of South Africa. The NewGold ETF offers the opportunity to invest in gold bullion, as it tracks the Rand price of gold. The debentures are fully backed by physical gold bullion with each debenture approximately equivalent to 1/100th of a fine troy ounce of gold bullion, which is held with a secure depository on behalf of investors. It is one of the simplest and cost-effective way of directly investing in actual gold.

2. NewPlat ETF - It is part of the ABSA Capital Commodity ETFs range. It was listed on the BSE in August 2014. The NewPlat ETF offers the opportunity to invest in platinum bullion, as it tracks the Rand price of platinum. The debentures are fully backed by physical platinum bullion with each debenture approximately equivalent to 1/100th of a fine troy ounce of platinum bullion, which is held with a secure depository on behalf of investors. It is one of the simplest and most cost-effective method to invest in physical platinum bullion.

3. NewFunds Inflation-Linked Bond Index ETF - It is part of the Absa Capital range of ETFs. It listed on the BSE in November 2015. It tracks total returns of Absa South African Government Inflation-Linked Bond Index, consisting of bonds issued by the South African Government which are linked to the South African Consumer Price Index or inflation. The ETF declares coupon distributions monthly and these are reinvested in the fund.

4. Cloud Atlas S&P African Sovereign Bond ETF (BASBI) - The portfolio tracks the S&P Africa Hard Currency Sovereign Bond Select Index (USD) consisting of African Sovereign Bonds denominated in Euros, Japanese Yen and US Dollars from the African countries with a credit rating above B-, currently: Egypt, Ghana, Kenya, Morocco, Namibia, Nigeria, and South Africa.

5. Cloud Atlas AMI Big50 excluding-South Africa ETF (BAMIB50) - The portfolio tracks the AMI Big50 ex-South Africa Index and offers investors exposure to the top 50 primary listed companies in various African countries except South Africa. The portfolio is designed to reflect a liquid basket of constituents for investors looking for Pan African exposure without the hassles of deciding what to buy. It provides investors the exposure to Africa's growth potential and gives investors attractive valuations in Africa's equity markets. The portfolio consists of stocks in Botswana, BRVM (Ivory Coast), Egypt, Ghana, Kenya, Mauritius, Morocco, Nigeria and Tunisia.

6. NewPalladium ETF - It is a part of the ABSA Capital Commodity ETFs Range. It was listed on the BSE in November, 2021. The NewPalladium ETF offers the opportunity to invest in palladium bullion, as it tracks the Rand price of palladium. The debentures are fully backed by physical palladium bullion with each debenture approximately equivalent to 1/100th of a fine troy ounce of palladium bullion, which is held with a secure depository on behalf of investors. It is one of the simplest and most cost-effective method to invest in physical palladium bullion.

Benefits of Investing in ETFs

- 1. Diversification** - ETFs give you an efficient way to diversify your portfolio, without having to select individual stocks or bonds. They cover most major asset classes and sectors, offering you a broad selection.
- 2. Transparent** - You know exactly what the underlying asset is
- 3. Cost Effective** - Low management fees, no upfront fees or exit charges
- 4. Liquid** - Availability of Market-Makers ensure that there is constant tradability of ETFs
- 5. Secure** - ETFs are regulated & governed by the BSE Listings Requirements
- 6. Trading Flexibility** - ETFs are very versatile, letting you easily move money between specific asset classes, like stocks, bonds, or commodities. They trade like stocks, meaning you can trade them anytime during market hours.
- 7.** All Commodity ETFs (NewGold ETF, NewPlat ETF & NewPalladium ETF) comply with Shariah Law.

DISCLAIMER FOR INVESTING: All forms of investment involve an element of risk. Past performance is not a guarantee of future returns, as such, information provided should not be misconstrued as financial advice.

To invest in any of the BSE listed ETFs, please contact any of the below BSE licensed brokers:

- Imara Capital Securities: (+267) 3188886/ enquiriesbots@imara.com
- Motswedi Securities: (+267) 3188627/ motswedi@motswedi.co.bw
- Stockbrokers Botswana: (+267) 3957900/ info@sbb.bw

For more information on ETFs, please contact the BSE at marketdev@bse.co.bw or +267 3674400.



How Sustainability Is Reimagining The Markets Of Tomorrow

By Portia Nkani

Sustainability is often linked to risks, costs, and obligations, whereas the positive side also presents one of the greatest opportunities for growth in the history of business. Putting the customer first is not exactly a new concept, but it has never been more crucial than it is now. The future gives us something to ponder, writes Portia Nkani.

Today, the world stands on the brink of a technological upheaval that will essentially alter the way we live, work and relate to one another. For business leaders, now is the time to reimagine, explore, innovate and accelerate a shift into the future. The past two years have been the most difficult for many companies globally as Covid-19 hit in early 2020, affecting businesses negatively, the impact of which continues to be felt. However, business leaders remained resolute in executing the response plan, ensuring business continuity and safeguarding the lives of their most valuable assets, the people involved.

Sustainability has roared to the forefront of corporate priorities. Customers, employees, investors, business partners, and civil society are pressuring corporate management and boards to place sustainability at the top of their corporate agendas. From a Communications and Brands point of view, Incepta Communications Managing Director Thabo Majola, who is a Communications Expert and Brand Strategist, said sustainability into the future presents corporate companies with a huge opportunity to increase their relevance in society as they can use sustainability as an anchor to build their brand purpose. The Botswana citizen-owned Incepta Communications, Branding and Strategy Agency serves corporate clients of different sectors, with some listed on the Botswana Stock Exchange. According to Majola, a brand's purpose is essentially its reason for being beyond making money. "It is a framework that guides business decisions and thought processes. It is important to not confuse this with a 'brand promise'. A brand promise may give the buyer an idea of what to expect from the product or service, but the brand purpose goes way beyond that," he explained.

He, therefore, highlighted that, "sustainability will drive transformation as a growing number of conscious consumers are changing the way the market works by choosing to purchase or do business with companies that are aligned to what they value or expect." Some key transformation outcomes may include: using sustainability as a thrust behind their brand purpose will add value to their customers' lives and society as the shift from profitability to impact is driving the discussions. Companies must illustrate that they are bigger than just turning a profit which will lead to them solving a lot of societal challenges. Sustainability will also assist companies build a more emotional relationship between their brand and its consumer, which in turn, helps to boost loyalty, which ultimately boosts profitability, and companies will be able to differentiate their brands from competitors based on the problems they are solving beyond the profits. In addition, Choppies Enterprises' Chief Executive Officer, Ramachandran Ottapathu, shared that sustainability will become a powerful value proposition to increasingly conscious customers and industry participants as the retailers and players in the extended ecosystem. Sustainability in the retail sector, he said, "will be driven both from demand forces, that is- customers choosing to be conscious, as well as from the supply side forces where for instance, farmers choosing to opt for green farming; and charging appropriately. Sustainability will also play an increasing role in the input parameters, such as the move towards solar energy or other forms of renewable energy and in components of the supply chain."

Opportunities From Tomorrow's New Technological Advancements

In his book Future Shock, Alvin Toffler identified the watershed of a new post-industrial age, indicating the enormous structural change happening in the global economy and the acceleration of technological advances towards a 'super-industrial society' in an information era. 50 years later, much of what he predicted

How Sustainability Is Reimagining The Markets Of Tomorrow (cont'd)

is coming true. Even with its severe negative impact, Covid-19 has presented a larger opportunity for technological advancement. Technology has revolutionised the world and daily lives, making it easier, faster and more amusing. Technology has effectively become another factor of production. From a communications point of view, Majola calls it the 'digital-first' generation, adding that, "business leaders face significant challenges to ensure their companies thrive in an environment where digital technologies have become critical to their brand, acquisition of new customers and increased revenue growth.

Digital technology has changed what people term "media." The influence of new technology on media is apparent since a media company is not necessarily a news platform anymore but now a company that helps pass information across the globe, including social media platforms like Facebook and Twitter." Consumers are no longer waiting for brands to guide them but are instead taking an active role in creating and curating content. This has made it very difficult for companies to control the conversations. Against the backdrop of these developments, Majola believes that the companies that will thrive in the future will embrace the elements driving the digital revolution in Botswana and ensure that they have a strategic solution that considers them. In the Retail sector – the opportunities made possible by the fourth industrial revolution (4IR) would be in the space of Artificial Intelligence, Blockchain, Cloud computing, Data analytics (ABCD) and the Internet of Things (IoT). These ABCDI technologies will not only enable the various players in the retail sector to understand each other better but also help all the players in the retail sector grow.

According to Ottapathu, organisations in the retail sector will need to understand these ABCDI technologies and will then need to leverage them towards better servicing their customers' needs. "This will require organisations to not only adopt the technology, but also to reskill/upskill their teams towards tech. Our view is that the next decade will be all about the adoption of the ABCD technologies in the Retail industry, aimed at improved customer experience and value, as well as an expectation that retail will carry its weight, and more, towards realising the social, economic, and environmental outcomes that the society demands," he added. The BSE-listed Botswana Telecommunication Corporation Limited (BTCL), a converged telecommunications operator, 2022 embarked on an ambitious Digital Transformation and Digital Experience programme to transform the organisation. The telecommunication giant, on its 3-year strategy (2020-2023) focusing on cultural transformation, digitalisation and growth, aims to provide exceptional customer-focused digital solutions that will transform Botswana and selected Sub-Saharan markets. In its latest annual report for the financial year 2021/22, BTCL's Managing Director, Anthony Masunga, highlighted that the resilience during the challenging period under review bore testament to the relevance of the company's strategy as it positions the company to continue to deliver future-thinking solutions to our customers. This strategy, Masunga said, requires the company to provide superior digital services riding on its robust 4.5G and fibre networks, as well as its world-class Data Centre. "This is what the Botswana economy requires of us, and we remain committed to the challenge. By embracing the digital future, we can also contribute meaningfully to the 4IR aspirations of the country," he noted.

How Markets Are Changing

During the previous two years, many economies witnessed accelerated innovation across a wide spectrum of industries as many companies scrambled to be future-ready, flexible and adaptive. They have had to improve their capabilities and develop

new products and services to address the constantly-changing needs of the customer. According to the 2022 Edelman Trust Barometer, which consisted of 30-minute online interviews conducted in 28 countries between November 1 and November 24 2021, with more than 36,000 respondents, consumers believe that societal leadership should now become a core function of the business. The survey clearly outlines that business is one of the most trusted stakeholders and that 67% of the respondents highlighted that they believe businesses should take the lead in solving societal problems as they are better-placed to successfully execute plans and strategies that yield results.

In the conventional views, business was seen as purely existing to make profits, however, that viewpoint has changed significantly in the new disrupted world. Majola's view as a communication strategist suggests that there is an expectation that companies should embrace sustainable transformation and solve societal challenges while making profits. Making profits is a by-product of making a positive impact on society. According to the 2019 Experience 2030 survey compiled by Futurum Research, focusing on Europe, the Middle East and Africa (EMEA): brands that succeed in the coming decade must put aside their preferences and biases and deliver the services, features and technologies that customers seek. Brands must be agile and adaptive to ever-evolving consumer needs. They must reimagine their customer operating models and technology to act with accuracy, agility and empathy. Smart technologies have enabled consumers to become digital, as the digital usage in the research shows that in 2019 households with 3 or more mobile phones were at 32% and expected to grow to 43% in the next 5-10yrs. Households with 2 or more smart devices were at 37% and expected to grow to 56% in 5-10yrs; households with 3 or more wearable devices were at 14% and expected to grow to 49% in 5-10yrs.

EMEA consumers have also embraced the online lifestyle: from social sites to banking to government engagement, consumers are now using digital apps and going online for everything and plan to do a lot more in future. From the research, (for 3 times or more per week)-50% search for product information, 41% search for services, 62% search for information on government, community or local events, 30% order food or groceries, whilst 23% regularly use 3 or more financial or banking apps to help manage their money.



"It is a framework that guides business decisions and thought processes. It is important to not confuse this with a 'brand promise'. A brand promise may give the buyer an idea of what to expect from the product or service, but the brand purpose goes way beyond that."

Botswana's Financial Markets may record a surge in cyber Attacks

Tshiamo Tabane

Bank of Botswana has warned that cyber-attacks resulting with loss of money in the domestic financial markets may increase as the banking sector is improving digitalisation.

In the recent reports on the domestic financial markets, the Central Bank noted that the financial services sector, including commercial banks accelerated digital transformation, following COVID 19 which heightened demand for online services. In the recent report prepared by the Bank of Botswana (BoB) in collaboration with the Ministry of Finance (MoF), the Non-Bank Financial Institutions Regulatory Authority (NBFIRA), the Financial Intelligence Agency (FIA) and the Botswana Stock Exchange Limited (BSEL), it emerged that the capital market in Botswana managed to withstand the COVID-19-induced disruptions, with minimal interruptions to operations, as companies utilized digital platforms for service provision. The report on the status of the domestic financial markets was approved for publication by the Financial Stability Council (FSC), a multi-agency body launched in 2019 to collaborate and exchange information on financial stability

issues affecting Botswana's financial system. FSC is comprised of Chief Executive Officers from MoF, the Bank, NBFIRA and FIA.

In the report, Bank of Botswana, the Ministry of Finance, the Non-Bank Financial Institutions Regulatory Authority, the Financial Intelligence Agency (FIA) and the Botswana Stock Exchange Limited (BSEL) warned that there are emerging risks pertaining to cybercrime because of increased digitalisation. "Digitisation of the capital market may generate cyber related risk," said the entities in the report. The entities said "to avert these vulnerabilities, industry players need to invest in cyber and information security, as well as enhance due diligence and scrutiny when handling business transactions, in order to ensure the safety and integrity of the capital market, and the overall stability of the financial system."

In the recent 2021 banking supervision annual report released in 2022, BoB said; "For the ensuing 12 months, operational risk is expected to trend upwards, mainly influenced by expanding digitalisation of operations by banks, which increased susceptibility to cyber-crime risks." The Bank stated that in its bid to minimize incidents of cyber fraud in the banking sector, in 2021, the Basel Committee on Banking Supervision (BCBS) issued new and revised guidelines and standards for the regulation and supervision of banks and banking groups. "Principles for Operational Resilience on March 31, 2021 aim to strengthen the ability of banks to withstand operational risk-related events that could cause significant operational failures or wide-scale disruptions in financial markets, such as cyber incidents. Changes such as increased modes of digital payments have made it more essential to have resilient and accessible central bank-operated payment infrastructures that are able to withstand a wide range of shocks, including cyber-attacks," said the BoB.

In their latest annual reports local commercial banks also emphasized that incidents of cyber attacks in the financial markets are highly likely to increase due to increasing digitalization in the banking sector. In the 2021 annual report released in 2022, the biggest bank by market share, in this country, First National Bank of Botswana stated that there is growth in use of digital channels with recent figures showing that overall volume of its customer transactions on the bank's digital and self-service channels increased by 25% in 2021, while those conducted at the

Botswana's Financial Markets may record a Surge in Cyber Attacks (cont'd)

branches declined by 13%. The Bank added that FNB App utilisation volumes increased from 16.4 million in 2020 to 63.7 million in 2021. "The statistics demonstrates the surge in usage across our digital channels over the past two years. It also reflects new digitally-driven trends in the way people bank – from the shift to self-service channels to the growth in broad based access to financial services," said the bank which added that it will continue to develop, automate, optimise, and digitise new products, services and solutions so that new to bank and existing customers have access to its services, enhance customer experience and mitigate cyber risks. "By making banks more efficient, digitization will continue to improve the speed and convenience of customer service, and this will drive further growth in the adoption of digital technology. But rapid digitisation of services also highlights the risks of escalating cybercrime," said the bank.

The commercial bank stated that no cyber fraud was detected during 2021 but noted that phishing attempts remain a constant cyber threat and are monitored daily. The bank added that investment in infrastructure especially in the bank's cyber security measures remains key objective to facilitate digitalisation and self-service initiatives that are both efficient and secure for customers.

The bank stated that it has policies to ensure responsible use of technology resources and added that the policies require employees to adhere to practices that protect information resources and mitigate exposures to threats such as cybercrime, loss of IT equipment, leakage and in-appropriate access to privileged information. "Cyber security audits are conducted to verify adequacy of controls.

Employees are trained to counter phishing and other cyber risks," said the bank.

According to cyber security expert from UpGuard, an Australian cyber security company, phishing is a way of tricking bank users to reveal their log in details or confidential information such as email log in credential or pins used for drawing cash at Automated Teller Machines. "The most common form of phishing is email phishing, where an email posing as legitimate communication is sent to victims. Interacting with any of the infected links or attachments in phishing emails could initiate the installation of malware on the target computer system, or load a counterfeit web page that harvests login credentials. To the unsuspecting recipient, these scam emails seem very convincing, especially when they're presented with a sense of urgency," said the cyber security expert Edward Kost, in the recent company's review of cyber security issues in the banking sector.

"The commercial bank stated that no cyber fraud was detected during 2021 but noted that phishing attempts remain a constant cyber threat and are monitored daily."

Commenting on cyber security issues, another local commercial banking company, ABSA Bank Botswana stated that heightened cyber risks are expected for the foreseeable future. "There is a risk of increasing opportunistic cybercrime, combined with rising sophistication of

criminal activity, impacting customers and the bank," said the Bank. The Bank stated that in its bid to manage cyber risks it will continue to maintain focus on operational resilience and proactively identify and mitigate risks, continue to invest in security platforms and further strengthen controls to secure customer information and improve customer awareness campaigns regarding cyber security issues.

In the recent National Cyber security Strategy, the Ministry of Communications, Knowledge and Technology stated that a number of new and major risks exist in cyberspace such as: organised crime in cyberspace, hacktivism, cyber-attacks, unplanned disruptions to network integrity and security due to human errors or factors, cyber terrorism, abuse of personal data and loss of money or data due to activities in cyberspace. The Ministry stated that with the increase in sophistication of these cyber threats, risks, and cybercrime over the years, the necessity of developing a coherent approach to effectively detect, prevent and mitigate both current and future cyber threats arises, hence the motivation to develop a National Cyber security Strategy for Botswana. The strategy, according to the Ministry, will help initiate a systematic national programme to defend cyberspace from threats irrespective of their origin. "Critically, the strategy prioritises cyber threats and risks as well as allocation of responsibilities, to ensure that all relevant stakeholders accept responsibility for and take appropriate steps to enhance cyber security. As a result, the strategy aims to improve security by creating stakeholder's awareness on relevant risks, preventive measures and effective responses," said the Ministry.

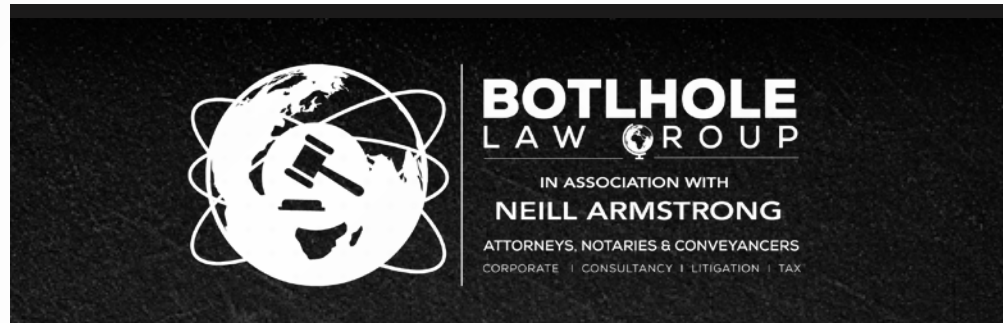


The BSE Revives The Commercial Paper Market – Listings Increase

At the commencement of 2022, the BSE embarked on a new 5-year strategy to increase the number of listed securities, and increase diversity in the listed asset classes. Debt instruments, in respect of bonds, have grown phenomenally over the years owing to the various initiatives around the development of the Botswana bond market. Two of the key successes have been the listing of the first ever US Dollar denominated bond which was also the highest ever in terms of the amount outstanding by a private sector issuer, Investec Limited, (close to P1.5 Billion), and the second was the debut of the Kalahari Bond, issued by the International Finance Corporation (IFC), the first ever Supranational bond on the BSE.

The IFC bond issuance was a critical milestone given the rigor of the processes that IFC undertakes pre-issuance. It was a positive statement about the trust in the operations and the integrity of our market by all regulators including the BSE, Bank of Botswana and Non-Bank Financial Institutions Regulatory Authority, a vote of confidence about the robustness of the BSE's trading, custody, clearing and settlement infrastructure and an indication that the BSE's regulatory framework, being the listings requirements are aligned to international best practise. The strategy to increase debt listings has propelled the development and resuscitation of other types of debt securities, including Asset-Backed Securities. Historically, the debt market has been dominated by long dated bonds issued by both Government and Corporates, with no short-dated debt securities. On that note, Commercial Paper, which is one of the highly used instruments in day-to-day business finance presented a compelling opportunity to broaden the options and offerings on the BSE, for both potential issuers and investors.

According to the BSE's records, the last Commercial Paper on the Exchange matured in 2004, and there hasn't been any more listing of the same until December 2021. On 14 December 2022, two more Commercial Papers were listed on the BSE, taking the number of the so-far issued Commercial Papers to 3 in a space of a year. These are critical successes in the development of the Botswana bond market as these issues come from private sector companies as well as a Government



Botlhole Law Group [In Association with Neill Armstrong], is a 100% citizen owned Law Firm and one of the leading specialist in financial services law and technology and cyber law. Our multi-skilled attorneys command a combined experience of over fifty (50) years, which guarantees that we are able to respond to Clients' requirements in respect of each of our specialist practice areas.

Our Consultant, Neill Armstrong, has been consistently listed as a top-ranked corporate lawyer in Botswana by Chambers and Partners and he has been called 'the grandfather of corporate lawyers in Botswana'. We have extensive experience in tax and corporate structuring, capital raises including in the Botswana Stock Exchange, governance, joint ventures, mergers and acquisitions and in the fields of financial services law, corporate law, commercial and business law including the commercial and regulatory regimes in Botswana.

Contact us in respect of any of our specialist practice areas:

- Corporate and commercial law
- Banking and finance
- Corporate finance
- Projects and project finance
- Pension and investment law
- Private equity
- Insolvency and business rescue
- Tax law
- AML/CFT
- Employment and labour law
- Fintech
- Privacy, data protection & cybersecurity
- Public procurement
- Mining & Minerals law
- Competition law
- Litigation & Debt recovery
- Legislative drafting
- Land & Property law

GET IN TOUCH

6th Floor, Exponential Building
Plot 54351, New CBD, Gaborone, Botswana
Tel : (+267) 316 7668 / 73470462
Email: info@botholelawgroup.co.bw

backed commercial entity. The highlight of the recent issuances is the Commercial Paper listing by Botswana Savings Bank (BSB) with has a nominal value of P20.05 Million, and is part of the Bank's recently approved P1.0 Billion Medium Term Note Programme from which they also issued

two bonds, raising a total of P100.05 Million in their first appearance on the BSE. RDC Properties, which also listed a paper on the 14 December, was making a comeback, raising P100.6 Million through Commercial Paper, having initially raised P75 Million with their first listed Commercial

The BSE Revives The Commercial Paper Market - Listings Increase (cont'd)

Paper in December 2021.

By and large, the Commercial Paper market is being revived and has potential for increased activity. One of the drivers of this instrument is the recent revision of the BSE Debt Listings Requirements which introduced the rules for listing Commercial Paper, for which an abridged Guide has been developed to support awareness about these rules and the product. In addition, the revised rules mandate that all issuances under a BSE-approved Programme Memorandum shall be listed, the main rationale being to leverage the BSE's regulatory environment to enhance financial stability, provide safety and custody of assets, increase transparency, data and access to pricing and valuation in respect of assets belonging to the public. While Commercial Paper has existed off-market, away from the BSE, these developments present a persuasive proposition for issuers to list the instrument on the BSE, and for investors to support these listings due to enhanced regulatory oversight.

What is Commercial Paper?

Commercial Paper is a form of unsecured, short-term debt that is usually issued at a discount from face value and paid in full at maturity. It is a debt instrument that is used to raise finance for shorter periods of time, and this is the main difference between Commercial Paper and a bond. The capital raised is usually used for the financing of accounts payables, inventories and other short-term liabilities as the maturities usually range between 30 and 365 days. Thus, it is one of the most widely instrument in raising working capital, and has the following important benefits.

First, Commercial Paper can be issued at short-notice as per the timetable for issuing debt securities on the BSE. While there are various methods of issuing the Paper, such as an offer to the public and private placement, most issuances come by way of private placement – a private offering to a small number of selected investors. Mainly, this could be due to the reasons that the issuer or borrower has an established base of potential lenders who equally have taken time to understand the borrower's credentials and are amenable to quick turnaround times with respect to providing the funding.

Second, Commercial Paper is an alternative to other forms of short-term financing such as those from the commercial banks, development banks or development finance institutions. This enables a borrower to diversify their funding base away from traditional sources and optimise their balance sheet. From past interactions, issuers have mentioned that by listing instruments on the BSE, they tend to get competitive pricing for their listed borrowings due to compliance with standards around disclosure of financial information and general transparency about the operations of the business which help the lenders to extensively analyse the credit-risk and price it accordingly.

Third, Commercial Paper listings are cheaper than the bond listings in so far as the BSE's initial listing and annual listing fees are concerned. Where a Commercial Paper is issued under an existing Medium Term Note Programme approved by the BSE, as is the case with the issuances by RDC Properties and BSB, there are no initial listing fees associated with the subsequent issuances or tranches. This is because the BSE charges fees based on the size of the Programme, and these fees are accounted for at the time an application to approve the Programme is made. Should the

issuer decide to create a separate Commercial Paper Programme the initial listing fee is 0.01 percent of the value of that Programme subject to a minimum of P5,000 and a maximum of P10,000. This compares favourably to bonds, where the fee is 0.0175 percent of the value of the Programme, subject to a minimum of P60,000 and a maximum of P150,000. In addition, the BSE charges a lower documentation review fee of P20,000 compared to P40,000 in respect of bonds, and these are some of the favourable incentives for promoting the issuance of Commercial Paper.

Fourth and last, though the benefits are not exhaustive, Commercial Paper can be arranged or structured to be of any maturity within the provisions of the Commercial Paper rules which require that the tenor should be a minimum of 30 days and maximum of 365 days. This means an issuer can issue various Papers in a year, Papers of varying maturities, as well as roll over existing Papers several times in a year. This provides increased flexibility and convenience in accessing short-term funding. It is widely known that Botswana has deeper pools of long-term contractual savings, especially from institutional investors such as pension funds, insurance companies and investment funds. Investment funds with a liquidity driven short-term focus such as professionally managed Money Market Funds or Liquidity Funds, which are structured as Unit Trusts, are some of the key investors in Commercial Paper. These are funds which are looking for instruments that mature in a shorter period of time, behave like more or less like cash, and it is readily easy to enter and exit the positions. A listed Commercial Paper carries the credential of improved liquidity due to the ease of entry and exit as it is in the public market where all its information including pricing is visible to the wider public and the investor community.

Government continues to iterate its intention to wean State-Owned Enterprises from Government subvention, and encourages them to access the capital market for funding. Commercial Paper provides the flexibility to access public funding with improved convenience relative to issuing a long dated instrument such as a bond. Similarly, the private sector entities with or without any existing BSE-approved Note Programmes now have the advantage of balance sheet optimisation by exploring the right mix of short and long dated instruments. Over and above that, they can establish separate Commercial Paper Programmes to specifically issue this instrument, for which there is established demand.

From a capital market development perspective, the revival of the Commercial Paper market and the increase in listings is an important precursor to the growth of the money market sector of the investment management industry. The more instruments are available, the better we will be able to create a robust money market yield curve and benchmark pricing for short-dated investment instruments. This pricing could be a useful feeder for determining the rates of returns for investment product such as fixed deposit accounts of different maturities and the expected investment returns of various Money Market Funds.

The BSE's Daily Market Report has been re-designed to reflect a section or listing board for Commercial Paper where information about listed Commercial Paper is publicly available. In addition, the Medium Term Note Programmes of the entities that have issued Commercial Paper have been publicly published and are also available from the BSE.



ACUTE CORPORATE GOVERNANCE TACTICS

– Where do Listed Companies Start?

Dumisani F. Ntini

Governance & Strategy Practitioner

The commencement of a new year calls for chief guardians and boards of executives to revisit their corporate strategies and fashion their governance frameworks anew, in line with international best practice, practice which constantly adapts to the shifting dynamics of our global village. A remembrance of the importance of governance considerations in the smooth functioning of corporate cogwheels and operational longevity for going concerns is of the utmost importance if profitability and sustainability are to be maintained. The scale of performance is not necessarily of import in this regard. What 2023 wishes to witness is a corporate, non-governmental and state-owned entity spectrum that can solidly exhibit an adherence to global best practice and the betterment of community/society, as well as the environment simultaneously. This compels us to consider a few fundamental facets in relation to this.

The development of markets (beyond just capital), coupled with the increased enlightenment on financial and societal issues by the wide range of economic and stakeholder actors today, has heightened the requirement for institutions and corporate bodies to clearly exhibit their commitment to corporate governance as well as the safeguarding of stakeholder interests. Of primary importance is the exhibition by corporate agents of their fundamental comprehension of the overall concept of corporate governance. To simplify this and for purposes of our article, we will term corporate governance as the set of systems and procedures by which corporates, non-profits and governmental institutions are controlled and directed. Directorship forms the starting point of this attempt to both consider and exhibit good governance principles. Where overall corporate governance is concerned, directors' primary duty entails the influencing, motivation and superintending of actors within the organisational hierarchy as stipulated by the relative formulated internal policies. The control aspect, on the other hand, can be considered from the perspective of ownership (e.g., shareholding for companies, stewardship for non-profits, as well as statutory custodianship for parastatals) and furthermore from the perspective of measurement, monitoring, recourse, and correction of organisational performance relating to the firm's strategy.

The commitment to robust, high-quality governance can start with the formulation of an organisational governance Charter, specifically outlining the roles and responsibilities of authority within the establishment. Depending on the nature of the organisation, Boards of Directors and Chief Executive Officers may agree upon the inherent stipulations, limits, and overall content of the Charter. This must be guided by existing legislation including the Companies Act, any Stock Exchange stipulations, the King Corporate Governance Code and any other pertinent statutory instruments (for instance for parastatals established by Acts of

Parliament). The Charter can further outline or include provisions on the protection of shareholder rights and how equal treatment can be ensured for fairness. The Charter must also speak to the issue of authority distribution between Shareholders, Boards of Directors and Executives. Charters are furthermore crucial in that they can present an outline of information disclosure and transparency with respect to developments within the organisation. This can then be considered, by the entity seeking to demonstrate commitment, as its fundamental document.

In likeness to Bills and Acts of Parliament that tend to have Regulations that 'put flesh on the bones' the Charter can be supplemented by a Code of Ethics document or Conditions of Service document depending on the nature of the organisation. This may outline conduct of those governed by the Boards and CEOs and may touch on other policy documents relating to the overall functioning of the organisation. Documents of this nature may include information on the appointment, roles and responsibilities of designated officials who will be responsible for compliance and monitoring of matters material to the sustainability of the establishment. Another crucial document pivotal for reflection of commitment (and timely, considering that the year has just commenced) is the Annual Calendar of Events. Having set all events of import to accomplishment of the organisation's objectives on the calendar, efficiency is enhanced, and a document will exist for purposes of Board and Executive accountability throughout the year.

As we appreciate that a wide range of documents can be formulated based on those mentioned herein, there are two overly key elements that organisations must strive to include in their overall corporate governance frameworks as they attempt to demonstrate their commitment. The first issue that must not be disregarded is that of disclosure. We reiterate its importance as cited under the information relating to the Charter. In annual reports, communication to stakeholders and on websites, it is advisable for firms to disclose the extent to which they are complying to set corporate governance policies and procedures. Secondly, light must be shed on the aspect of delegation of duties and responsibilities, in the form of establishment of Committees, tasked with oversight of various spheres including Audit, Information Technology, Compensation, Health, Safety and Environment, as well as Conflict. Overall, the formulation of and adherence to documentation linked with the facets outlined above can aid significantly in reflecting a commitment to corporate governance.

The views and opinions expressed in this article are those of the author, Dumisani F. Ntini - Governance and Strategy Practitioner. Contact dntini@governancegroup.org.

KNOW YOUR BSE BROKERS

The first step to buying and selling shares is approaching a licensed BSE Broker. Brokers are licensed agents given authorisation to buy and sell shares on your behalf as an investor. Over and above facilitating the transaction (buying or selling) of shares, Brokers also provide financial advice on which stock to buy or sell. All Brokers are required to meet specific standards such as acquiring appropriate qualification (e.g. Registered Persons Examinations or RPEs), experience and must comply with the BSE Member Rules.



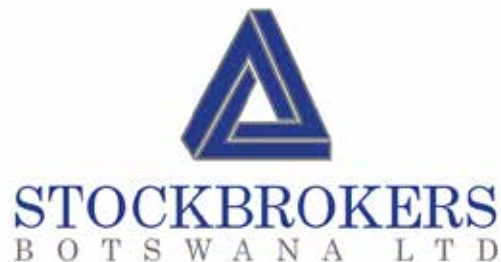
The three licensed BSE Brokers are:

▪ Stockbrokers Botswana

Acting CEO: Mr. Kennedy Kgomanyane
Tel: (+267) 3957 900
Fax: (+267) 3957 901
Email: info@sbb.bw
Website: www.stockbrokersbotswana.co.bw

Stockbrokers Botswana is a registered member of the BSE and provides stockbroking services that cover a wide range of products listed on the BSE, including equities, bonds, and Exchange Traded Funds. Established in 1989 as the first stockbroking firm, the company has been instrumental in developing Botswana's capital market. In addition, the company has established strong and lasting relationships

with domestic institutional and individual investors and the largest active emerging market investors in the SADC region.



▪ Imara Capital Securities

CEO: Mr. Gregory Matsake
Tel: (+267) 318 8886
Fax: (+267) 318 8887
Email: enquiriesbots@imara.com
Website: www.imara.com

Imara Capital Securities (Pty) Ltd (formerly Capital Securities) was established in 1999 and started stockbroking operations in March 2000 as part of the Capital Group of companies. Imara Capital Securities became a part of the Imara Group of companies following Imara Holdings Ltd,

the Pan- African financial services provider's purchase of a majority stake in the company.



▪ Motswedi Securities

CEO: Mr. Martin Makgatlhe
Tel: (+267) 318 8627
Fax: (+267) 318 8629
Email: motswedi@motswedi.co.bw
Website: www.motswedi.co.bw

Motswedi Securities is a leading Botswana citizen-owned stock brokerage firm. Formerly known as Investec Securities (Botswana) (Pty) Limited, Motswedi Securities were the second stock brokerage firm registered in Botswana, with trading activities commencing in 1998.

As member of the BSE, they offer quality service to individuals and institutions who seek to gain wealth by:

- Trading of listed equities, primarily on the Botswana Stock Exchange.
- Trading other BSE listed securities such as

corporate and Botswana Government bonds and ETFs.

- Providing clients with research on market performance.

On the primary issuance side, they pride themselves in having brought many quality listings to the BSE and continue to do so at present





Process Of Listing On The BSE

Listing a company on the BSE begins with appointing a Sponsor among one of the licensed brokers. All submissions and applications to the BSE for a listing, are submitted through a Sponsoring Broker.

The Sponsor also assists the applicant with assembling a team of advisors who will be involved in the process of listing, and these include:

- Lawyers;
- Reporting accountants;
- Corporate finance experts;
- Auditors

Step 1:

Issuer meets with and appoints a Sponsor whose duty is to facilitate the listing process, acting as a conduit between the issuer and the BSE.

Step 2:

Sponsor assists the issuer in appointing a team of advisors on the transaction, including lawyers, reporting accountants, auditors, corporate finance advisers, etc.

Step 3:

Issuer makes the first submission to the BSE through the Sponsor. BSE evaluates the application and responds within five working days.

Step 4:

If there are amendments to be made to the first submission, the issuer is required to re-submit the application. Again, the BSE responds within five working days from the date of each re-submission.

- If the Issuer applies for waivers in respect of the Equity Listing Requirements, the application and recommendation shall be made to the BSE Board, and a response from the Board will respond within an additional five working days.
- This submission and evaluation processes are repeated until the submission is compliant with the BSE Listings Requirements.

Step 5:

Once the submission is fully compliant, the Issuer submits the final documents for formal consideration. BSE responds within two working days of the submission with a formal approval to list.

Step 6:

BSE Board's provisional approval is obtained. A provisional listing approval is a "green light" for the applicant to commence the offer process while working towards satisfying conditional requirements, if any, to earn a permanent listing.

- After a provisional approval of listing has been granted, the

applicant will have to undertake a series of events in order to issue the shares. The applicant is expected to adhere to the time table of events outlined in the BSE Equity Listings Requirements.

- Simultaneously, following provisional approval, the administrative processes are instituted in preparation for the listing. These include, but are not limited to, transfer secretary administration and internal BSE system administration to create the security and prepare for listing.

Step 7:

The listing takes place on the BSE, and the security begins to trade on the effective listing date.

Step 8:

The Issuer is required to maintain compliance with the BSE Listings Requirements on an on-going basis once listed.

For more information on the process of listing on the BSE, please contact the Market Development Department via e-mail at **marketdev@bse.co.bw**.



www.bse.co.bw

**A GUIDE TO LISTING ON THE
BOTSWANA STOCK EXCHANGE
(EQUITY SECURITIES)**

Guide to Listing on the BSE booklet can be accessed on the BSE website - www.bse.co.bw

Various Methods of Listing on the Botswana Stock Exchange

Introduction:

This is a method of listing a company without the company offering new or existing shares to the public. A company will use this method if the required number of shareholders already complies with the BSE Equity Listings Requirements. With this method, there is no capital inflow to the company or its shareholders arising from the listing.

Offer for Sale:

An offer for sale is a method of listing where existing shareholders of a company invite the public to subscribe to their shares already in issue. Offer for sale does not result in new issuance of shares but rather, already existing shareholders re-sell some of the shares they hold. This, is usually done to restructure the company shareholding so that the company can meet the public float or shareholding requirements of the BSE. It can also be used as an avenue for founding shareholders to cash in on their investment by reducing their shareholding in the company.

Offer for Subscription:

This is an invitation by the company to the public to subscribe for shares in the company. With this method, the company issues new shares and sells them to new investors other than its existing shareholders. This way the

shareholding structure of a company is adjusted and the proceeds from the transaction accrue to the company as equity capital. This is employed by companies that list in order to raise capital to expand their operations.

Placing:

Placing is a method of listing a company that involves marketing shares already in issue but not listed, to specified investors and does not involve an offer to the public or existing shareholders. It differs from Offer for Sale and Offer for Subscription in that the shares are offered to a select group of investors and not to the general public. Usually, placing is undertaken through a private placement with institutional investors as opposed to an Initial Public Offering (IPO).

Initial Public Offering:

An IPO is when the securities of a company are offered to the public for the first time.

Private Placement:

Private placement is an offer of securities to a small number of select and private investors as a way of raising capital.



BSE's NEW WEBSITE AND MOBILE APPLICATION

DID YOU KNOW?

The Botswana Stock Exchange (BSE) has a newly designed website and mobile application. A new website was necessary to create a more user-friendly, browsing experience for current and prospective clients with respect to accessing market information.

Some of the notable new features of this site include a stock market ticker displaying real-time price & indices movements, a watchlist function to monitor selected securities, an optimized search engine for easy navigation and integrated social media buttons, amongst others.

To coincide with new website, the BSE also introduced a mobile application to suit the needs of clients-on-the-go in accessing market information and interacting with the Exchange. The mobile app carries most of the features that are part of the website and will act as an easier channel for users to buy customized data to meet their diverse requirements. The mobile app can be downloaded from the App Store & Google Play Store.

Given their modernized look and feel, as well as the interactive functionalities, the new website and the mobile app are expected to significantly increase the visibility of the BSE, including listed companies, products and services, the reach of market data and the vibrancy in the stock market.



URL: www.bse.co.bw

For more information on the BSE website and mobile application, please contact the Market Development Department via
e-mail on: marketdev@bse.co.bw

BSE LISTED COMPANIES BY SECTOR

Financial Services and Insurance



Investec



Letshego

Security Services



Retail and Wholesale



SECHABA BREWERY
HOLDINGS LIMITED



Property



Letlole La Rona Limited



Banking



Energy



Agriculture



Telecommunications



Live connected.

Mining



Tourism



SBB Market Outlook for 2023



Stockbrokers Botswana Ltd.

OUTLOOK FOR 2023

2022 was a tumultuous year for the world economy and this came as a shock for many market participants who anticipated continued recovery from 2021. Following the historic volatility of 2020 and 2021, which saw a deep global downturn and then a strong global rebound, 2022 was supposed to be the year of continued recovery. The year brought a wave of uncertainty with multiple adverse shocks. This was headlined by geopolitical tensions from the Russia-Ukraine war, rising inflation, supply and demand issues and uncertainty of a new COVID-19 variant. Higher inflation forced the hand of many central banks from easing to embarking on one of the most dramatic periods of global tightening. In Botswana alone the Monetary Policy Committee (MPC) of the Bank of Botswana increased the Monetary Policy Rate on two separate occasions by 50 basis points. Similar uncertainties that plagued the global macro economy with regards to high inflation are; volatility of energy and commodity prices, and the possibility of new COVID-19 variants.

Botswana is expected to grow 4.0% in 2023 compared to 4.1% according to the IMF in 2022. According to the Bank of Botswana Expectations survey for December 2022, firms are pessimistic about business conditions in the first quarter of 2023 but expect improvements towards the end of the year. This is in line with our expectations as our outlook entails global growth declining further with expected recession in the US and some parts of Europe, which could affect the domestic economy. The latter part of the year could be a bit more encouraging as falling inflation and the easing of tight monetary policy should allow for a steady recovery.

Inflation is still relatively high at 12.4% (December 2022) but at least many of the key drivers over the past year are now retreating with most commodity prices being down compared to a year ago. We expect inflation to remain well above the Bank of Botswana's objective range (3%-6%) but a gradual decline should occur throughout the year. Forecasted inflation by the MPC for 2023 are as follows (Q1|11.2%, Q2|8.8%, Q3|6.3%, Q4|7.3%). Central banks have maintained their rate hike bias and we anticipate that with a slow down of growth in the economy an end to the hiking cycle should take place midway 2023 followed by rate cuts in some regions

which should allow for a modest recovery towards the end of 2023.

With the ease of COVID-19 restrictions in Botswana, consumption is likely to slowly grow particularly benefiting the service industry. The macroeconomic prospects look positive for 2023 with a possible recession expected to be short lived. What could seem like a difficult first half of the new year many translate to positive prospects for both the economy and the stock market.

Risks to our outlook include:

1. Core elements of headline inflation to remain sticky causing central banks to continuously hike rates causing an uneasy equity market and depressed valuations of companies in the DCI.
2. The situation with the Russia-Ukraine war deteriorates further.
3. Credit markets fall sharper and remain under pressure for longer as economic conditions worsen.
4. New variants of COVID-19 begin to arise dampening the anticipated resurgence of the services industry.

THE BANKING SECTOR

The Botswana banking sector is entering a challenging phase as major banks are still recovering from the effects of COVID-19 and a very volatile 2022. Although most banks recorded higher than expected profits albeit from a low base in 2021, the aim is to have key metrics above pre-covid levels. Uncertainty over conflict between Russia and Ukraine will still bring volatility to economic and financial activities via rising inflation, food and energy prices, and supply chain disruptions. These spill over effects may limit the banks' ability to increase their loan book. Looking into 2023 Bank of Botswana will continue to make efforts to bring inflation down to its medium term objective range of 3%-6%.

Looking forward to 2023 we expect bank liquidity and bank deposits to improve, as the central bank will look to ease the frequency of rate hikes coupled with continued adoption of digital banking. Credit growth may only increase in line with expected positive macroeconomic performance in the second half of the year. Non-interest income should always be a key focus for banks to grow if we are anticipating most central banks to cut rates

towards the end of the year. A key point to look at is how much banks set aside in reserves for a possible recession.

FNBB performed well on the DCI index in 2022 closing the year at P3.50 (P2.50; 2021). FNBB will continue to digitize manual intensive processes, which has proved to be successful for them in previous years. According to their June 2022 integrated report ROE was 25% along with a 2% growth in deposits on the retail side and a 13% growth in deposits on the commercial side. Despite tough economic conditions in 2022, profit as per their financials for the group was P926.74 million, up from P685.18 million the previous year. As we look ahead FNBB's strong capital and loyal customer base will help them navigate through an uncertain 2023. Although the balance sheet experienced a marginal decline of 2% year on year albeit from a special dividend payment, the balance sheet should improve with solid capitalization and sound asset quality.

Standard Chartered half year unaudited results for 2022 showed that their consumer, private and business banking segment was able to deliver 2% income growth Y-O-Y.



Customer deposits were up 4% Y-O-Y to P12.8 billion. Their continued sustained cost discipline across all functions will bode well for the bank given the continued competition within the banking sector. Standard Chartered launched a new foreign exchange delivery capability for the Chinese Yuan in March 2022. As of 19th January 2023 Stanchart stock price is P2.91, an increase of 48.5% from the same period last year. We are optimistic that they can continue to present positive results through tough market conditions although there might be a slowdown in the gain of the stock price given an expectation of a worldwide recession.

We expect **Access Bank** to complete the remaining elements of the integration, following the purchase of BancAbc. It's Capital Adequacy Ratio of 20% as per their half year unaudited results for 2022 is well above the internal and regulatory minimum capital adequacy ratios.

ABSA bank provided a strong performance on their interim results in 2022 with a growth of 36% in profit before tax year on year. Net interest income increased by 8%, which could be attributed to the improving balance sheet and combined with the increase in the monetary policy rate. Looking ahead to 2023 we expect ABSA to continue its continued recovery from the COVID pandemic along with enhancing their digital platforms and new solutions that provide customers with convenience.

THE RETAIL SERVICES SECTOR

The retail sector for the most part is dependent on household consumption. 2022 was an unpredictable and unwanted burden on consumer spending as commodity prices were volatile, which affected their purchasing power. We anticipate that in 2023 real household spending will slightly improve as compared to 2022. This should favour retail companies who continue to look for growth opportunities. In the quarterly Business Expectations Survey (December 2022) it shows that the companies in the retail sector are optimistic about economic prospects for 2023. Uncertainty with inflation and the possibility of new COVID-19 variants has not affected the performance of the two counters on the stock exchange. We expect the retail sector to adapt to the risky conditions, which would possibly present themselves in 2023.

Choppies has seen a 13.3% increase in group retail sales compared to the previous

year (2021), as per the last audited financial statements. Despite tough conditions Choppies was able to increase its retail sales with an increase in share of sales in both Zambia and Zimbabwe. This is positive as there is not any overreliance on the Botswana market to contribute heavily to the group revenue and group operating profit. We expect continued efforts in 2023 for Choppies to expand its stores to the rest of Africa. Despite an uneasy environment in 2022, **Sefalana** was able to increase its revenue, profit for the year, earnings per share and total assets compared to the previous year. Sefalana is currently the leader in the fast moving consumer goods market in Botswana, Namibia and Lesotho and we expect this to continue in 2023 given their desire to expand their property portfolio in the coming years. Average annual growth rate over the 10 year period has been 14% which is currently above the inflation rate.

The FMCG sector has previously accounted for over 70% of total revenue, which is now down to 53% of total group revenue. The debt-to-equity ratio of 5% ensures strength in the balance sheet. The groups downside risk has always been their over reliance on government tenders such as the beverages division being heavily dependent on the manufacturing and supply of milk to government for the children's feeding scheme. This downside risk will still be a factor to consider for investors in 2023. Expansion of stores in other suitable locations is a goal of Sefalana but we expect this to be done with caution given the current economic environment.

THE FINANCIAL SERVICES SECTOR

The financial services industry has demonstrated its ability to navigate unprecedented levels of uncertainty over the past two years. The key area of focus for financial services firms should be talent, technology, risk and purpose. Weakening economic output, interest rate changes, and international political tensions will prove challenging for financial services firms but not as tough as 2022. **BIHL** was one of the top traded counter's in 2022 with roughly P42 million in turnover. We expect turnover on the Botswana Stock Exchange to remain high as they make improvements on their client offerings, ecosystem development and digital enablement.

Uncertainty over new variants of COVID-19 will continue to be a key risk area in 2023, as the number of claims will remain uncertain. Net premium income declined by 7% to

P1.56 billion, as at the recently presented financial statements. We don't expect this number to change either up or down significantly, as there is an expectation for inflation to steadily ease up during the next four quarters.

In 2022 BIHL asset management subsidiary BIFM launched the private debt fund and we expect similar offerings in 2023. Synergies from the associate companies are expected to remain key in enhancing the groups profitability. **Letshego** was the highest traded counter on the Botswana Stock Exchange for the year 2022. The expected credit losses increased by 8.7% to P613 million in June 2022 from P564 million in December 2021. With tightening macroeconomic conditions in 2022 we expect a slight reduction in expected credit losses for 2023 given that inflation pressures should ease up for central banks.

Letshego continues to make an effort on focused digital investments which provides an avenue for higher income. We don't anticipate this slowing down in 2023 as digital adoption trends are increasing. Interest income for H1 2022 was P1.6 billion compared to H1 2021 at P1.51 billion (6% increase Y-O-Y). We expect similar momentum for the first half of 2023 with the ease of most COVID restrictions, however there is some risk to the forecast due to the uncertainty of future interest rate changes by the MPC. Total income for H1 2022 was P1.9 billion; again we anticipate an improvement of this figure but still keeping in mind the geopolitical tensions in Ukraine and the effects they have on commodity prices and interest rates.

THE BEVERAGES SECTOR

Sechaba in the half year unaudited report (June 2022) shows that sales volumes increased with KBL volumes increasing by 34% from P545.1 million the previous year to P732.1 million whilst CCBB volumes increased by 2% from P504.4 million the previous year to P515.8 million. They also saw an increase in profit after tax compared to same period the previous year. The margins are expected to keep improving in 2023 with the ease of COVID-19 restrictions along with the forecasted 4.3% growth in the domestic economy. Possible headwinds for the counter may include inflation and the continued geopolitical tensions between Ukraine and Russia.

THE TOURISM SECTOR

In 2022 the tourism sector was highlighted by the continued ease of local travel

restrictions and inflation. The IMF has projected that global growth is set to slow down to 2.7% in 2023 from 3.2% in 2022. This slowdown could also translate to a slowdown in traveling. We anticipate a solid full year positive performance for the tourism sector although according to the UN World Tourism Organisation, Botswana's recovery in this sector is lagging international trends. Looking at the unaudited half year report for Chobe revenue of around P234 million is considerably higher than the previous period of P49 million.

This is reflective of the ease of travel restrictions. We anticipate that with the continued containment of any new COVID-19 variants that revenue will continue to improve. Cresta's 2022 unaudited half year report shows a profit of P9.44 million, which is an increase from the previous financial year in which the counter registered a loss of P35.25 million.

THE PROPERTY SECTOR

As we move into 2023, there continues to be a mix of factors affecting the Botswana property market. While the country's economic and financial outlook faces many challenges, in the coming year there are some bright spots to look forward to. With interest rate hikes and rising inflation causing a slowdown, these conditions continue to create a level of uncertainty in the marketplace. Moving forward the market in general will depend on the effects of interest rate hikes. Continued interest rate hikes would create uncertainty to investor demand and construction costs could be a challenge for companies that are looking to expand. Low vacancy rates across most counters indicates that there continues to be strong demand for new developments.

Letlole posted strong results as per their integrated June 2022 report. The counter maintained itself as the single largest owner of industrial properties in Botswana. Profit after tax was up from the previous year to P99 million and their investment portfolio grew to P1.2 billion. Redevelopment of a property in one of the prime industrial locations in Gaborone will bring an additional 2000 sqm to the existing portfolio. One of their critical future focus areas is digitization as this will deliver significant time and cost efficiencies to their business. With uncertainty in the economy, vacancy occupation in the industrial buildings could pose a problem. Moving forward we anticipate strong results from the counter.

Primetime posted a resilient set of results for their 2022 year end reporting period. Although the property sector is still in recovery from the pandemic's aftershocks, rental income and contractual lease revenues from Botswana, Zambia and South Africa all increased compared to the same period in 2021. The vacancy rate of 2% is lower than the 3% from 2021. Although the Zambian market is volatile, we expect this to be hedged with the two properties acquired in South Africa which have a strong corporate tenant base.

There is, however, a positive sentiment in all markets which should bode well for their vacancy rates and loan to value ratio. **RDCP** has a diversified portfolio with operations in Botswana, Croatia, South Africa, USA, Mozambique and Madagascar. According to their half year ended June 2022 results, their Botswana portfolio, except for their hospitality assets, performed well within budget with a positive leasing activity and collections. Vacancies have reduced by 22% and net revenues are 2.8% ahead of budget in the tower portfolio.

The revenue increased by 244% to P249.7 million compared to the same period the previous year, this is due to a one time acquisition of Tower Property Fund (Ltd). We expect the revenue to grow although not at the same rate given that the rate of recovery from COVID-19 should not be as high compared to the previous year. Given its well diversified portfolio in different markets we expect a better performance in 2023 for RDCP.

NAP net asset value was at its highest since 2020. New acquisitions to the total asset value of P63 million in Ghanzi, Maun and Ramotswa in 2022 increased the regional Botswana exposure outside Gaborone. These acquisitions are expected to enhance NAP's profit's moving forward with more than 90% of rentals flowing from listed and multi-national tenants. Uncertainty in the financial markets could affect the rental payments from the tenants. However, this should not pose as a major issue, as most of the tenants are either listed or multinational tenants.

The increase in vacancies during the year as per their recent financial statements could prove problematic moving forward as a recession is anticipated in most major markets. The Far Property revenue and value of the portfolio is higher compared to the previous year but still below pre-pandemic levels. The key for its success is directly related to the performance of

the retail sector. Group vacancy level is at an acceptable level of 10%. The portfolio largely consists of retail and industrial properties.

THE TECHNOLOGY SECTOR

BTCL had a rough 2022. Revenue from contracts declined 2% compared to the previous year. BTCL have employed a 3 year strategy on strengthening the core business, which might not bear fruit in 2023. Given BTCL's continued level of capital expenditure, we anticipate a continued slowdown in dividends to shareholders. The retrenchment exercise cost around P67 million in addition to copper cable theft, which cost around P29 million. Going forward we anticipate that the prospects on BTCL will focus on their ability to get their costs under control and the efficiency in their ability to execute the strengthening of their core business.

"Botswana is expected to grow 4.0% in 2023 compared to 4.1% according to the IMF in 2022. According to the Bank of Botswana Expectations survey for December 2022, firms are pessimistic about business conditions in the first quarter of 2023 but expect improvements towards the end of the year."



Plot 67978, Ground Floor,
East Wing Mokolwane House,
Fairgrounds



Private Bag 00113, Gaborone



Tel: +267 3957900
Fax: +267 3957901



www.stockbrokersbotswana.co.bw



95.20 ▲ 0.07 % | Index: BBIFI

Advertise on the BSE Data Display Screen

Showcase your brand in the heart of Gaborone's Central Business District and create a memorable impression in the minds of your target market with the BSE's Data Display Screen.

First of its kind in Botswana. A stock market data display screen is an important tool in displaying real-time market information by securities exchanges across the world. On this data display screen, you will find information on:

- Daily price movements of BSE listed securities.
- BSE indices.
- Live streamed events hosted by BSE.
- Market updates and announcements by listed companies.

Advertise and get;

- A 30 seconds maximum static or video advert for BWP2,500
- Unlimited advertising possibilities.
- An increase in your audience engagement.
- Adverts displayed on a high quality LED Data Display Screen which can't be missed.

To place an advert

call (+267) 3674400 or email news@bse.co.bw



BOTSWANA STOCK EXCHANGE

PRESS RELEASE

BOTSWANA STOCK EXCHANGE ADMITTED INTO THE AFRICAN EXCHANGES LINKAGE PROJECT

Botswana Stock Exchange (BSE) is pleased to inform valued stakeholders, the African Exchanges Linkage Project (AELP) by the African Securities Exchanges Association (ASEA) Executive Committee (EXCo) and AELP Steering Committee at a Ceremony in Douala, Cameroon.

The AELP is a co-initiative of ASEA and the African Development Bank (AfDB) who are the sponsors of the project. The Project is designed to facilitate cross-border investment flows and investor participation through increased liquidity and securities trading and settlement. Lastly, the Project is expected to lead to innovation in services and investment products, improve knowledge sharing and make it possible to establish real business partnerships among stakeholders leading to greater financial markets integration across Africa.

The BSE admission follows the second phase of the project after the second phase of the project after the initial phase created linkages among seven (7) African capital markets that represent about 90% of Africa's market capitalization being: Nairobi Securities Exchange (NSE), Johannesburg Stock Exchange (JSE), Casablanca Stock Exchange (CSE), The Nigerian Stock Exchange (NiSE), Stock Exchange of Mauritius (SEM), The Egyptian Exchange (EGX) and Bourse Régionale des Valeurs Mobilières (BRVM).

To be admitted into the Project, the BSE followed a rigorous application process for admission where the Exchange

had to demonstrate, and successfully so, its legal authority and ability subject to its local laws and regulations to meet the required provisions.

Commenting on this milestone, the BSE CEO, Mr. Thapelo Tsheole said, **"The AELP is a transformational initiative that is set to revolutionize and harmonize the trading of securities amongst participating exchanges in the Sub-Saharan Region. Hence, as the BSE, we took the immediate decision to join the original seven (7) participating Exchanges to stimulate easier cross-border trading in our market and similarly, also provide a gateway to other regional markets for our local investors. As a key strategic initiative by ASEA, I am confident that will have a positive effect on liquidity levels across African markets and lastly, this will serve as a value proposition to attract investment inflows into Africa. Therefore, I would like to thank the ASEA EXCo for admitting the BSE into this wonderful Project."**

For more information, contact the following;

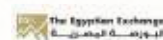
Market Development Department
Botswana Stock Exchange
marketdev@bse.co.bw
(+267) 3674400

4th Floor | Plot 70667 | Fairscape Precinct, Fairgrounds Office Park
P/Bag 00417, Gaborone Botswana | Tel: +267 367 4400
Fax: +267 318 0175 | info@bse.co.bw | www.bse.co.bw



African Exchanges Linkage Project (AELP): Implementing Phase 1

Led and co-founded by:



Stock Exchange of Mauritius

Coordinated by:



Supported by:



Project Overview

The African Exchanges Linkage Project (AELP) is a flagship project of the African Securities Exchanges Association (ASEA) and the African Development Bank (AfDB) to facilitate cross-border trading of securities in Africa. Phase 1 is financed by a grant from the Korea Africa Economic Cooperation (KOAFEC) Trust Fund administered by the AfDB.

To address the liquidity challenge facing African capital markets,

the AELP aims to support cross-border investment flows amongst participating securities Exchanges.

The Project's primary objectives are:

- Facilitate and stimulate cross-border securities trading by sending client orders from a stockbroker on one Exchange to a sponsoring stockbroker on another Exchange for execution.
- Enable free flow of trading

information among market participants.

- Support the creation of products and securities on the linked Exchanges and drive innovation in investment services.
- Build capacity on cross-border trading for capital market stakeholders.
- Build capacity for regulatory and policy formulation and standards harmonization.

African Securities Exchanges Association

The main objective of ASEA is to unlock the potential of African capital markets and enhance the development and global competitiveness of member exchanges.

- The African Securities Exchanges Association (ASEA) is the premier association of securities exchanges in Africa, made up of 26 African exchanges that have come together with the aim of developing member exchanges and providing a platform for networking. The Association was established in 1993.
- Find out more www.african-exchanges.org



Our Mission

To engage African capital market ecosystems in order to foster capital mobilization, promote sustainability, and enhance financial inclusion for the benefit of Africa's economic development.

Project Overview AELP Exchanges

In its initial phase 1, the Project creates linkages between 7 African capital markets in 4 regions that represent >90% of Africa's market capitalization. Phase 2 will integrate additional exchanges

| No | Phase 1 Exchanges | Country |
|----|---|---|
| 1 | Bourse Régionale des Valeurs Mobilières | Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal and Togo (WAEMU Region) |
| 2 | Casablanca Stock Exchange | Morocco |
| 3 | Johannesburg Stock Exchange | South Africa |
| 4 | Nairobi Securities Exchange | Kenya |
| 5 | The Nigerian Exchange | Nigeria |
| 6 | Stock Exchange of Mauritius | Mauritius |
| 7 | The Egyptian Exchange | Egypt |
| No | Phase 2 Exchanges | Country |
| 8 | Botswana Stock Exchange | Botswana |
| 9 | Ghana Stock Exchange | Ghana |

AELP: Unlocking Opportunities in African Markets

Connecting African Markets

9 Securities Exchanges

16
Countries

\$1.5

Trillion Equity market capitalization
(31 December 2021)

Providing Diverse Products

Equities

Bonds

ETFs

Derivatives

REITs

Funds

and more..

Access to Africa's largest companies



Operational Framework

| Securities Stay on Host Exchange | Sponsored Access | Information | Clearing and settlement on host market | Payment and CSDs |
|--|---|---|--|---|
| <ul style="list-style-type: none"> Securities remain listed on Host Exchange. They comply to that market's existing listing requirements, rules and regulations. All listed securities are "African Listed Securities" | <ul style="list-style-type: none"> Order-routing system sends orders from broker on one Exchange to sponsoring broker on host Exchange Sponsoring broker puts order into host Exchange's automated trading system ATS | <ul style="list-style-type: none"> Live Data Aim - traders see live order-books across the markets Other information-sharing, including research, is also key to cross-border flows | <ul style="list-style-type: none"> Sponsoring broker clears and settles trades in the host market using local currency Sponsoring broker responsible for complying with host market rules and practice | <ul style="list-style-type: none"> Payment through bank transfers remains separate Stocks are held on host market CSD (the market where the trade was executed) Custodians and sub-custodians are key for institutional clients. |

MARKET DEVELOPMENT INITIATIVES

01

BOTSWANA STOCK EXCHANGE (BSE) CEO, MR. THAPELO TSHEOLE, ELECTED PRESIDENT OF THE AFRICAN SECURITIES EXCHANGES ASSOCIATION (ASEA)

On 7th December, 2022 the African Securities Exchanges Association (ASEA) Executive Committee elected the Botswana Stock Exchange (BSE) CEO, Mr. Thapelo Tsheole, to be President of the Association during their annual general meeting which preceded the 25th Edition of the ASEA General Meeting & Conference in Abidjan, Ivory Coast under the theme, 'African Capital Markets: Game Changers for Long Term Development'.

Mr. Tsheole assumed the role of Presidency from Dr. Edoh Kossi Amenounve, CEO of The Bourse Régionale des Valeurs Mobilières, who was the President of ASEA from November 2019 to December, 2022. In addition to this appointment, the Executive Committee also elected Mr. Celestin Rwabukumba, CEO of the Rwanda Stock Exchange, to the role of Vice President taking over from the current President, Mr. Tsheole.

The African Securities Exchanges Association (ASEA) is the Premier Association of the twenty-five (26) securities exchanges in Africa who have come together with the aim of developing Member Exchanges and providing a platform for networking. ASEA was established in 1993 and works closely with its Members to unlock the potential of the African Capital Markets.

Commenting on this election, Mr. Tsheole, Thanked his predecessor Dr. Amenounve and ASEA members for their resounding support and confidence in his leadership. He promised to lead ASEA to success by increasing the size of the market and introducing new initiatives that will develop African capital markets.

02

BOTSWANA STOCK EXCHANGE (BSE) COMMEMORATES WORLD INVESTOR WEEK 2022 DURING THE OCTOBER 2022 BSE OPENING BELL CEREMONY

On 6th October, 2022, the Botswana Stock Exchange held a commemorative Opening Bell Ceremony to celebrate World Investor Week 2022 which is a week-long, global campaign to raise awareness about the importance of investor education and protection. This year, for the fourth year in a row, International Organization of Securities Commissions (IOSCO) and The World Federation of Exchanges (WFE) are working in partnership on the 'Ring the Bell for Financial Literacy' campaign.

As such, the BSE facilitated an engaging discussion with Senior Secondary Schools domiciled in Gaborone on the 'State of Financial Literacy in Botswana'. During this engagement, the BSE invited Naledi Senior Secondary School, St. Joseph's College and Gaborone Senior Secondary School to nominate students to participate in a panel discussion that focused on the challenges of promoting financial literacy and the probable solutions that African countries can adopt to increase financial literacy levels.

The participating students were;

1. Mr. Precasto Lefiri - Gaborone Senior Secondary School
2. Ms. Ntompe Debbie - St. Joseph's College
3. Mr. Kevin Nzala - Naledi Senior Secondary School

The BSE invited various stakeholders and the student community at all levels. One-Hundred (100) people were in attendance including lecturers, school heads, parents, teachers, students at all levels, members of the media and public.

Delivering the Welcome Remarks was BSE Accountant, Ms. Refilwe Ponatshego, Moderator for the panel discussion was BSE Market Development Specialist, Mr. Kgotla Segwe and delivering the Vote of Thanks was BSE Legal Specialist, Ms. Neo Mosimanyana. The Master of Ceremony was BSE Product Development Specialist, Ms. Otsile Pilane.

Continues on page 31.



World Investor Week 2022



01



02

BSE Opening Bell Ceremony



03



04



05



06



07



08



09

Botswana Stock Exchange (BSE) Commemorates World Investor Week 2022 During The October 2022 BSE Opening Bell Ceremony

1. Master of Ceremony - BSE Product Development Specialist, Ms. Otsile Pilane
2. BSE Accountant, Ms. Refilwe Ponatshego, delivering the Welcome Remarks
3. (Left to Right) BSE Legal Specialist, Ms. Neo Mosimanyane, BSE Accountant Ms. Refilwe Ponatshego, BSE Product Development Specialist, Ms. Otsile Pilane
4. BSE Legal Specialist, Ms. Neo Mosimanyane delivering the Vote of Thanks
5. BSE Market Development Specialist, Mr. Kgotla Segwe moderating a session on 'The State of Financial Literacy in Botswana'
6. Panelists (left to right) - Mr. Precasto Lefiri from Gaborone Senior Secondary School, Ms. Ntomphe Debbie from St. Joseph's College and Mr. Kevin Nzala from Naledi Senior Secondary School
7. Official Bell Ringing (Left to Right) - Mr. Precasto Lefiri from Gaborone Senior Secondary School, Ms. Ntomphe Debbie from St. Joseph's College, BSE CEO, Mr. Thapelo Tsheole and Mr. Kevin Nzala from Naledi Senior Secondary School
8. Group Picture with the CEO, Mr. Thapelo Tsheole
9. Members of the Audience

03 METHODS OF RAISING ADDITIONAL CAPITAL AFTER LISTING ON THE BSE

A listed company may need to raise additional capital to fund expansion and other strategic investments. There are various corporate actions that may be undertaken to achieve this.

Rights Issue

A right issue is an offer by the issuer to existing shareholders to subscribe for additional shares in the company, usually at a discount to the prevailing market price, in proportion to their existing shareholdings. A rights issue can be renounceable or non-renounceable. In a renounceable right issue, the existing shareholders can take one of 3 following actions:

1. Exercise the rights and take up the extra shares;
2. Sell their rights on the BSE; or
3. Or forgo exercising their rights to take up more shares.

In a non-renounceable rights issue, rights to take up more shares by existing shareholders must be exercised and are not transferable. Therefore, in a non-renounceable right issue the existing shareholders can either exercise the rights to take up more shares or forgo their rights altogether.

Issue for cash

An issue for cash is an issue of securities in exchange for cash. This includes an issue of shares to settle a liability, settle expenses (e.g. advisor's fee), obligations or commitments and excludes an issue of shares to make an acquisition. An issue for cash has to take into account the shareholders pre-emptive rights and as such it has to be preceded by an approval by the existing shareholders through a special resolution.



04 BOTSWANA STOCK EXCHANGE (BSE) CELEBRATES EXCELLENCE

The Botswana Stock Exchange (BSE) congratulates the Head of Market Development, Ms. Thapelo Moribame, Head of Information Technology, Mr. Kopano Mogorosi and Head of Legal Services & Board Secretary, Ms. Gorata Tlhale Dibotelo for completing the Executive Development Programme (EDP) with the Stellenbosch Business School and Graduating.

"We wish them the best in their leadership journey!"



(Left to Right) BSE Head of Legal Services & Board Secretary, Ms. Gorata Tlhale Dibotelo, BSE Head of Information Technology, Mr. Kopano Mogorosi & BSE Head of Market Development, Ms. Thapelo Moribame

05

AFRICAN EXCHANGES LINKAGE PROJECT (AELP) GOES LIVE ON CROSS-BORDER TRADING

On 18th November, 2022, the African Exchanges Linkage Project (AELP) went live on integrating African capital markets by facilitating cross-border trading and free movement of investments on the continent through the AELP Link platform. The go-live commenced when the platform was officially launched at 0000 UTC. The interconnectivity platform enables the trading of exchange-listed securities across seven (7) participating securities exchanges.

The AELP, a flagship project of the African Securities Exchanges Association (ASEA) and the African Development Bank (AfDB) is aimed at facilitating cross-border trading among seven participating Exchanges and select broker firms. The AELP Phase 1 is funded by a grant from the Korea-Africa Economic Cooperation (KOAPEC) Trust Fund managed by the African Development Bank. In July 2021, ASEA signed a contract with DirectFN Ltd for the design and implementation of the AELP Link trading system in the seven (7) markets. The Link which is hosted on the Oracle Cloud Infrastructure (OCI) has been designed to integrate with exchange

and broker trading systems, and is available in English, French and Arabic. It aggregates live market data from the Exchanges and enables brokers to access information and see the market depth and liquidity of the foreign market of interest.

Stockbrokers and Securities Dealers are critical stakeholders in the Linkage process. Through the coordination of the Exchanges and the African Stockbrokers and Securities Dealers Association (ASSDA), each exchange will connect stockbrokers or securities dealers to the AELP Link.

Future phases of the project may include automated cross-border payment systems, participation of additional ASEA member Exchanges and their respective brokers and additional brokers from the current participating Exchanges after the pilot phase. Botswana Stock Exchange (BSE) and Ghana Stock Exchange (GSE) will kick off Phase 2 of the AELP with technical connectivity to the Link expected to commence in 2023.



Representatives of the African Securities Exchanges Association, the African Development Bank and other partners at the launch of the African Exchanges Linkage Project Link Trading Platform in Abidjan.

06

BOTSWANA STOCK EXCHANGE (BSE) PRODUCES EDUCATIONAL VIDEOS FOR THE GENERAL PUBLIC

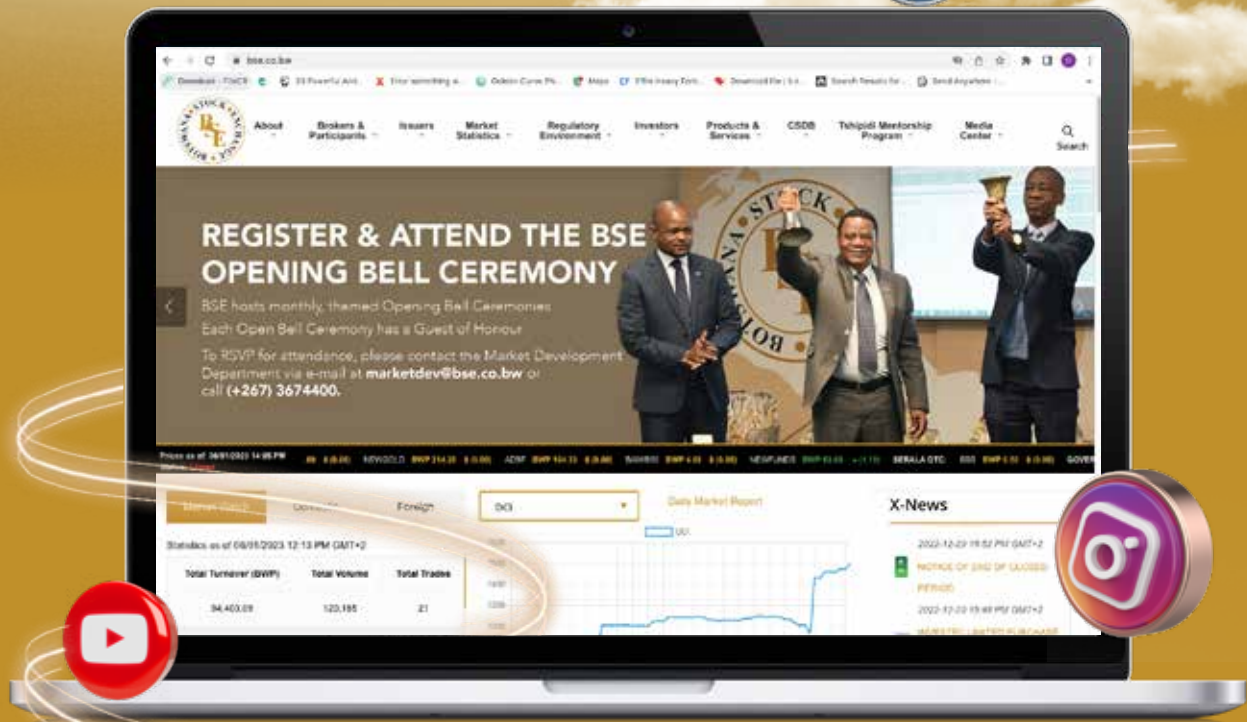
In a bid to sensitise the general public about the products and services being offered by the BSE, the Exchange has produced a series of animated, educational videos with various stock market-related topics.

The overall aim of these videos is to reach out to a greater demographic by using visuals as learning aids to deliver the message. These videos can be accessed on the BSE website (www.bse.co.bw) or the BSE YouTube Channel.

Links to these videos;

1. Overview of the Botswana StockExchange:
<https://www.youtube.com/watch?v=ZeKfAdmIWa0&t=5s>
2. Role of the Brokers & Process of Investing:
<https://www.youtube.com/watch?v=IQqGXwzXdkI>
3. Investing In Shares at the Botswana Stock Exchange:
<https://www.youtube.com/watch?v=VfqvcYBhoDY&t=1s>

Should you require additional information or educational material for your review, please contact the Market Development Department via e-mail on marketdev@bse.co.bw



BSE Social Media Icons

By being a disclosure-based entity, the Botswana Stock Exchange (BSE) advocates for open channels of communication and information dissemination with all our stakeholders. As such, the BSE is always active on the following social media platforms to engage with the followers around the world;



Botswana Stock Exchange



@TheOfficialBSE



BOTSWANA STOCK EXCHANGE LIMITED (BSE) AND CENTRAL SECURITIES DEPOSITORY BOTSWANA (CSDB) CUSTOMER FEEDBACK PROCEDURE

At the Botswana Stock Exchange Limited, and Central Securities Depository Botswana we welcome feedback from our valued customers who believe that proper service, rules and regulations were followed, or not followed. Feedback of a regulatory nature will be escalated to the relevant authority. Feedback about our various programs and members can be submitted as below;

Lodge Complaint
with the Officer
providing assistance



Escalate to the
Chief Executive Officer on
+267 3674402



Escalate to the relevant
Head of Department on
+267 3674400 or email
feedback@bse.co.bw



Escalate to the
Chairperson of the BSE
Board of Directors

The Committee of SADC Stock Exchanges (COSSE) Steers The Macroeconomic Stability and Financial Integration Project Financed by the African Development Bank (AFDB)

By Keneilwe Connie Baitshenyetsi, CoSSE Coordinator



The Macroeconomic Stability and Financial Integration Project, supported by the AFDB, focuses on the innovative strategies that Member Exchanges are or could use in light of economic challenges and uncertainties while considering how themes like sustainability, technology, and cyber security can be conduits to resilience and sustained productivity.

In addition to other cutting-edge market development initiatives, the Committee of SADC Stock Exchanges (CoSSE) developed the current Macroeconomic Stability and Financial Integration project regionally, to strengthen SADC's ability to carry out the macroeconomic convergence program and integrate the stock exchanges, which will ultimately help mobilize resources for regional projects and programmes.

Precisely, the projects goal is two pronged; improving macroeconomic stability and convergence of SADC region, and supporting the regions integrated financial markets in order to enable the most effective distribution of savings and investments.

As envisioned by the CoSSE and the funding partner AFDB, The First Component of Macroeconomic Convergence supports operationalization of the macroeconomic statistics database, improves regional and national macroeconomic research capabilities, strengthen macroeconomic surveillance by addressing capacity gaps in statistics, and mainstreams macroeconomic convergence targets into domestic policies of member countries.

Equally, the second element of financial market integration will help operationalize stock exchange interconnectivity through a hub-and-spoke platform and harmonize listing standards, among other things.

In line with the theme of sustainability as we "re-imagine the markets of tomorrow," the

sustainability of the proposed project is based on the SADC strengthening its economic governance through convergence on stability-oriented macroeconomic policies and developing its capital markets through integration of stock exchanges, with an overall goal of supporting projects that are essential to deepening regional integration.

The robust institutional and legal framework that SADC has established through the Protocol of Finance and Investment, which aims to promote the harmonization of the financial and investment policies of the state parties, encompasses the institutional sustainability of the project. This ensures that changes to financial and investment policies in one state party do not necessitate undesirable adjustments in other state parties.

The financial sustainability of the project depends on its ability to finance upstream initiatives such as the interconnectivity project's operationalization, which will direct and inform SADC's efforts to improve its economic governance. The considerable investment made in the SADC region's stock exchange operationalization will ultimately help to mobilize sustainable resources through the capital market. The initiative also adheres to a framework for international cooperation on development that is an essential component of a new, inclusive development agenda and recognizes the participation of the private sector and other actors based on shared values, commitments, and common objectives.

According to The World Economic Forum, it is estimated that if global temperatures rise by 3.2°C, the global economy might lose up to 18% of its GDP by 2050, while The Middle East and Africa will experience a decline of 4.7% if temperature increases remain below 2°C and 27.6°C in the worst-case scenario. It is against this backdrop that the proposed project is tailored not to have a detrimental impact on the environment given that its operations are restricted to technical support, investigations, and capacity building, therefore abating the possible effects of climate change.

Due to its nature, the project's operation is not subject to any physical dangers related to the environment; rather, it will seize the chance to meet its objectives by aligning macroeconomic and climate change policies. In accordance with the SADC Climate Change Strategy and Action Plan of 2015, this will significantly help the SADC Secretariat enhance macroeconomic governance and oversight as it builds climate resilience and makes the transition to a low-carbon economy. To strengthen the role of the central banks in integrating climate financing risk in creating climate-resilient economies, green capital markets will be developed, private capital will be catalyzed, and harmonization and mainstreaming of climate change will be included in the system of national accounting, while capacity building will be expanded to CCBG and CoSSE.

It is also worth noting that the Macroeconomic Stability and Financial Integration Project's collaborative nature makes it vital to strengthen the capacity of participating exchanges and brokers in order to use the SADC's interconnectivity system and technology. Considering this, the CoSSE and FSD Africa will organize a conference on regional capacity building in Kasane in January 2023. The conference's agenda and material will be divided into sections based on the institutions and goals

of each group, such as advisors, issuers, and other intermediaries; regulators and exchanges; central banks and ministries.

Through collaboration and cooperation between CoSSE Member states and the relevant stakeholders, the project's enhanced ability to mobilize resources for local industry and infrastructure initiatives is intended to promote regional economic integration. The Committee of SADC Stock Exchanges therefore calls for nations to join them in making this Project a success as it intends to contribute to the creation of local initiatives that will promote regional economic development and, ultimately, lessen poverty.

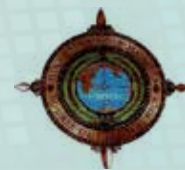
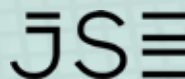
About CoSSE

Formed in 1997, CoSSE is a collective and cooperative body of the 14 stock exchanges in the Southern African Development Community (SADC) region. CoSSE is mandated to accelerate the development of the SADC capital markets through cooperation and collaboration between SADC stock exchanges and other key SADC

institutions and stakeholders. The Botswana Stock Exchange hosts the CoSSE Secretariat, which has close working relations with the SADC Secretariat, and SADC Structures such as the Committee of Central Bank of Governors (CCBG), Committee of Insurance, Securities and Non-Banking Financial Authorities (CISNA), the Committee of Ministers of Finance and Investment (CoMFI) and the Committee of Senior Treasury Officials (CoSTO).

For More Information About CoSSE

Visit our website at www.cosse.africa, or contact the Secretariat via telephone at (+267) 367 4421, or email us at cossesecretariat@bse.co.bw





Dont miss the latest
NEWS!

Subscribe

BSE NEWS SERVICE X-NEWS

X-News is an information portal that provides real-time information on BSE listed companies to the market. Information made available on X-News include, all Press Announcements, Prospectuses, Pre-listing Statements and Circulars as per the BSE Listings Requirements.

Subscribers to the X-News Service are afforded the luxury of receiving the latest market news updates. All news updates on the service are sent to subscribers, therefore assisting investors to make informed, financial decisions.

The cost of the X-News Service is BWP5,000 (local fee) and USD800 (international fee) per year. Renewals for the service are conducted every year on or before December 31st.

*For more information,
please contact the Product Development at
productdev@bse.co.bw
or call (+267) 367 4418*



RMB

RAISING CAPITAL **AND** RAISING COMMUNITIES

Talent is how we do both for our clients.

Your business is not one dimensional and neither is our approach. Our diverse talent looks at things from both sides to consider solutions that help you thrive.

Traditional values. Innovative ideas.

RMB Botswana is an authorised financial services provider and a division of FNB Botswana Limited

BECOME A BSE REGISTERED ADVISER

Only Advisers approved by the BSE and recorded on the 'BSE Register for Registered Advisers' may act as an adviser for an issuer for listing related matters or an applicant applying to list on the BSE.

- Sponsors and Sponsoring Brokers
- Legal Advisers
- Property Valuers
- Reporting Accountants
- Auditors
- Corporate Finance Advisers

For more information, please email the Listings and Trading Department at listings@bse.co.bw or call (+267) 367 4400

FOLLOW US ON



Your Partner in Wealth Creation

www.bse.co.bw