



Botswana Stock Exchange Limited

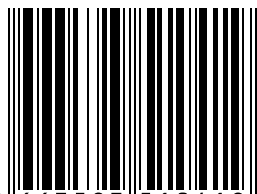
NEWS

ISSUE NO. 23 • JULY - SEPT 2023

SCALING UP THE GROWTH TRAJECTORY



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I would like to take this opportune moment to welcome you to the **23rd Edition of the BSE News!**



"

We continue to trot the growth path with our stakeholders through various collaborations to deepen the capital markets.

"

It is always a pleasure to witness the growth of the BSE as it strives to be a world-class securities exchange, delivering innovative products and services. The growth, discernible in the remarkable market performance over the years, recent milestones including the bourse's attainment of full membership in the World Federation of Exchanges (WFE), demonstrates that we operate a fair, orderly, neutral, yet globally competitive, market that adheres to international best practices.

We continue to trot the growth path with our stakeholders through various collaborations to deepen the capital markets. We sealed the second quarter on a high momentum, devoting our resources to the first-ever Investor Month, in the month of May, a market development initiative aimed at boosting and broadening the retail investor base. This initiative accorded prospective investors an opportunity to liaise with registered Brokers on the process and benefits of investing in BSE

listed products, as well as to position themselves as key market players.

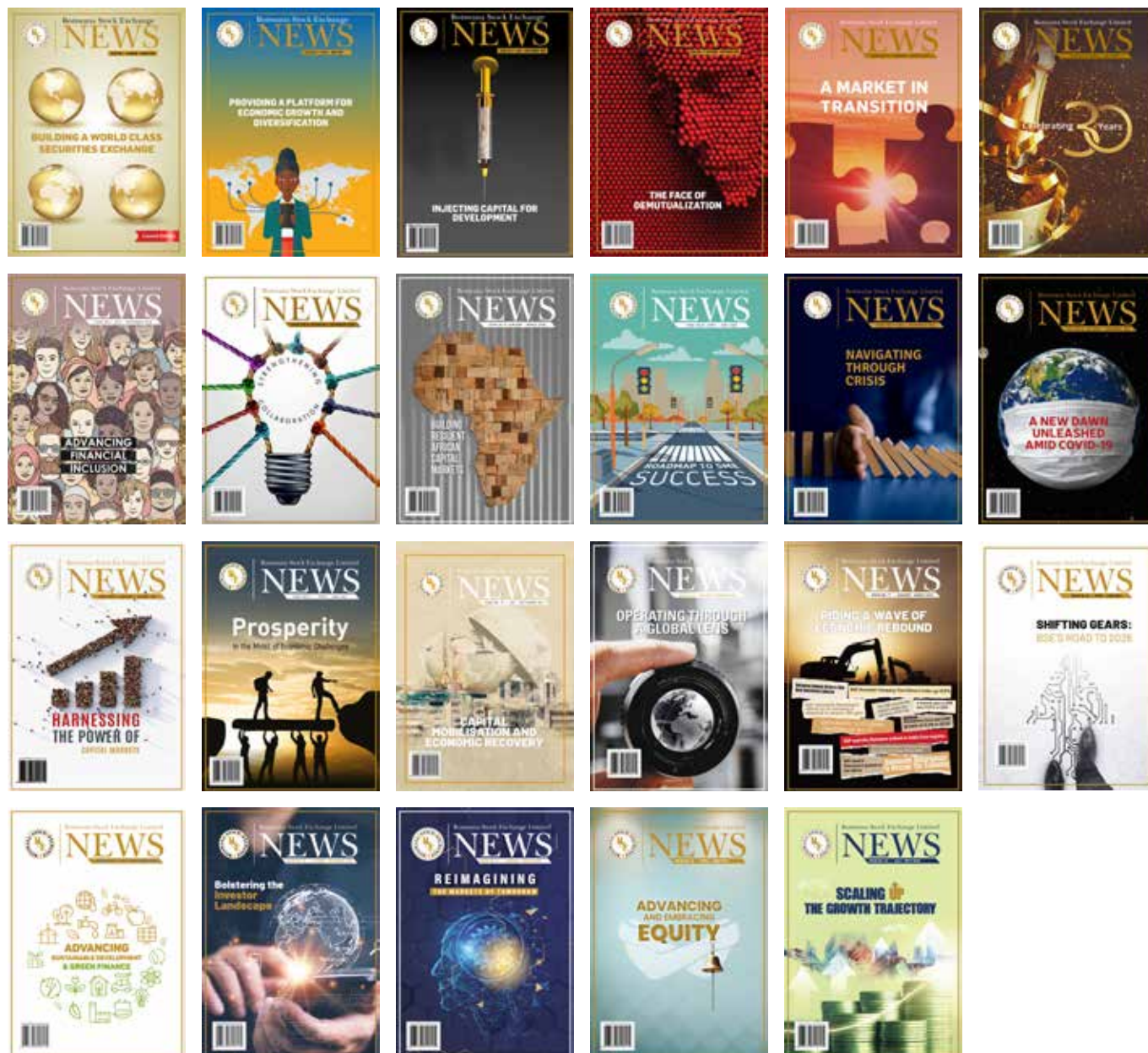
Pursuant to this, we successfully hosted the Inaugural BSE Tshipidi Investment Forum 2023, patronized by our guest of honour, Honourable Mmusi Kgafela, the Minister in the Ministry of Trade and Industry, who officiated and delivered the Keynote Address. The forum aimed to provide a platform and facilitate dialogue between institutional investors and prospective issuers, primarily graduates of the BSE Tshipidi Mentorship Program, on current opportunities and challenges pertinent to SME financing within Botswana's capital markets. I am certain that these collaborative efforts provide SMEs, potential investors and issuers with prospects to innovate financing solutions and leverage the capital market for investment and financing opportunities.

This edition of BSE News bears pertinent articles drawn across all facets of the industry. As we continue to make

history at the Exchange, we have taken this opportunity to equally reflect on our history and a few highlights of our earlier evolution. We have the honor of covering one of the forefathers of Botswana's investment landscape in a piece that incites innovation and creativity in deal making, emphasizes trust in financial transactions, integrity and humility in client services and buoys our aspirations to bring back the "good old days". This is the one piece that I believe everyone will find highly educational, and could inspire new perspectives going forward. I am excited to present to you this edition, inviting you to indulge in the knowledge and the memoirs!

"Your Partner in Wealth Creation"

Thapelo Tsheole
Chief Executive Officer



HIGHLIGHTS FROM THE PREVIOUS EDITION

- MARKET PERFORMANCE FOR THE PERIOD 1 JANUARY TO 31 MARCH 2023.
- HOW SUSTAINABILITY IS RE-IMAGINING THE MARKETS OF TOMORROW
- BOTSWANA'S FINANCIAL MARKETS MAY RECORD A SURGE IN CYBER ATTACKS
- ACUTE CORPORATE GOVERNANCE TACTICS - WHERE DO LISTED COMPANIES START?

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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



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Contributors in this edition:

Tshiamo Tabane and Koobonye Ramokopelwa

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MARKET PERFORMANCE REPORT

1ST JANUARY TO 30TH JUNE 2023



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BSE AND CSDB CUSTOMER FEEDBACK PROCEDURE



36-38

A MAN FOR THE MARKETS





Top Six Profitability Ratios Every Investor Should Know

Return on Equity (ROE)

$$\frac{\text{Net Income}}{\text{Shareholders Equity}} \times 100$$

Indicates how well a company is generating profits for its shareholders

Return on Assets (ROA)

$$\frac{\text{Net Income}}{\text{Total Assets}} \times 100$$

Indicates how profitable a company is in relation to its total assets.

Return on Capital Employed (ROCE)

$$\frac{\text{Earnings Before Interest \& Taxes}}{\text{Capital Employed}} \times 100$$

Indicates a company's market valuation in relation to its book value

Net Profit Margin (NPM)

$$\frac{\text{Net Income}}{\text{Net Sales}} \times 100$$

Indicates the proportion of revenue that finds its way into profits after meeting expenses.

Operating Profit Margin (OPM)

$$\frac{\text{Operating Profit}}{\text{Net Sales}} \times 100$$

Indicates the percentage of sales remaining after all costs and expenses, except interest and taxes

Earnings Per Share (EPS)

$$\frac{\text{Net Profit - Preferred Dividend}}{\text{Number of Equity Shares}} \times 100$$

Indicates how much money a company makes for each share held by equity shareholders.

Source: <https://www.instagram.com/p/Ctg0s0NS4li/?igshid=NTc4MTlwNjQ2YQ>



BOTSWANA STOCK EXCHANGE ATTAINS FULL MEMBERSHIP OF THE WORLD FEDERATION OF EXCHANGES

Botswana Stock Exchange (BSE) is pleased to inform its valued stakeholders that on 24th May 2023 in Tokyo, Japan, the Board of Directors of the World Federation of Exchanges (WFE) approved the BSE's application to become a Full Member of WFE. The BSE was an Affiliate of WFE since June 2016.

The WFE is the global industry association for exchanges and clearing houses, and is home to nearly 45,000 listed companies with a market capitalisation of over \$67.9 trillion. The WFE works with standard setters, policy makers, regulators and government organisation round the world to support and promote the development of fair, transparent, stable and efficient markets.

On 30th and 31st March, 2023 the BSE hosted the WFE Delegates for On-Site Inspection as part of the evaluation process. The Delegates met with BSE Management and also independently with key stakeholders who included the Ministry of Finance, Bank of Botswana, Non-Bank Financial Institutions Regulatory Authority, Sefalana

Holdings Limited and Motsvedi Securities. These meetings provided the Delegates an opportunity to independently assess the quality, depth and breadth of our market, the regulatory environment, the information technology infrastructure, risk management as well as Anti-Money Laundering practices, among others.

Commenting on this, the BSE CEO, Mr. Thapelo Tsheole said, "The application and evaluation processes for this membership status were very rigorous and could not have been entirely successful without the support from our stakeholders who interacted with the WFE Inspection Team. I am sincerely thankful for their cooperation and support. This achievement means that we have sufficiently demonstrated to the Board of Directors of WFE that we operate a fair, orderly and neutral market that protects the interests of all public participants. It attests that we are compliant with international best practices and are attractive in terms of our significance globally".

Being granted the Full Membership status is an important recognition for the BSE as the Exchange aims to integrate into global financial markets with its internationalization strategy. This strategy seeks to elevate the BSE to a world-class securities exchange that conforms to international best practices. The BSE will enjoy incremental benefits that will help the Exchange develop further.

Mr. Tsheole added "It is a vote of confidence on the integrity of our supervisory authorities, and our key stakeholder being the Ministry of Finance, in enabling a conducive environment for capital markets to thrive. It brings ample long term benefits for Botswana's economy including being able to attract more foreign capital inflows".

For more information, contact the following;

Product Development Department
productdev@bse.co.bw
(+267) 367440

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





PROCESS OF INVESTING IN SHARES

The first step to buying 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 certain standards such as acquiring appropriate qualification (such as Registered Persons Examinations or RPEs), experience and must comply with the BSE Member Rules.

The three (3) licensed BSE Brokers are:

1. Imara Capital Securities:
(+267) 318 8886 /
enquiriesbots@imara.com
2. Motswedi Securities:
(+267) 318 8627 /
motswedi@motswedi.co.bw
3. Stockbrokers Botswana:
(+267) 3957900 / info@sbb.bw

Kindly note the BSE operates and regulates the securities market, therefore one cannot purchase or sell shares directly through the BSE.

Before any order can be taken by the Broker, the investor has to open an account with a Broker through which the orders will be taken. A CSD account will also be opened. A CSD account is an account in which the investors shares will be held or secured and from which statements showing the holdings will be sent to the investor. Once a trading account and a CSD account have been opened, you can now place your order and buy shares.

When the Broker receives an order, it is relayed to the BSE to be executed in a system that collects orders from several other Brokers and matches them. The system is known as

the Automated Trading System (ATS). It is the Broker who does the actual buying and selling of shares on your behalf using the ATS.

Once the order has been executed, the Broker will confirm the trade to the client by sending a contract note that shows the name of the company in which shares have been bought, the number of shares, the price at which the shares were bought and the charges incurred in the transaction. Three days (3) after the trade has been executed, the shares will be credited in your CSD account and from that date on you will become a shareholder of the company in which you have bought the shares.

When you want to sell the shares, a similar process is followed. Brokers may be contacted by mail, telephone or personal visits. Note that the broker may require you pay first and produce proof of payment before placing an order to buy shares.

To comply with KYC guidelines, you will require the following to open a CSD account as an individual:

1. Certified Copy of ID/Valid Passport
2. Proof of Residence (Utility Bill/Lease Agreement/Affidavit)
3. Proof of Income (Payslip and/or Bank Statement)

To comply with KYC guidelines, you will require the following to open a CSD account as a company/corporate body:

1. Copy of Certificate of Incorporation & Copies of ID/Passport of the Directors
2. Proof of Address (Utility Bill/

Lease Agreement)

3. Proof of Income (Bank Statement)
4. Constitution or Resolution/Letter of Consent from the Board of Directors.

Kindly note that there is no set minimum amount that one should put aside for buying shares or any listed security. Share prices differ from one company to the next. You may go the BSE website or check the BSE Facebook page to view the Daily Market Report which shows how the shares of different companies traded that day and the prices in which they closed in. The total amount you can spend in buying shares is solely dependent on the share price of a particular company and the amount of shares you would like to purchase.

For more information on investing in shares, please contact the Market Development Department via e-mail on market@bse.co.bw.



All Brokers are required to meet certain standards such as acquiring appropriate qualification (such as Registered Persons Examinations or RPEs), experience and must comply with the BSE Member Rules.



BSE TSHIPIDI MENTORSHIP PROGRAMME 2023: **SESSION 1**



BOTSWANA STOCK EXCHANGE NEWS

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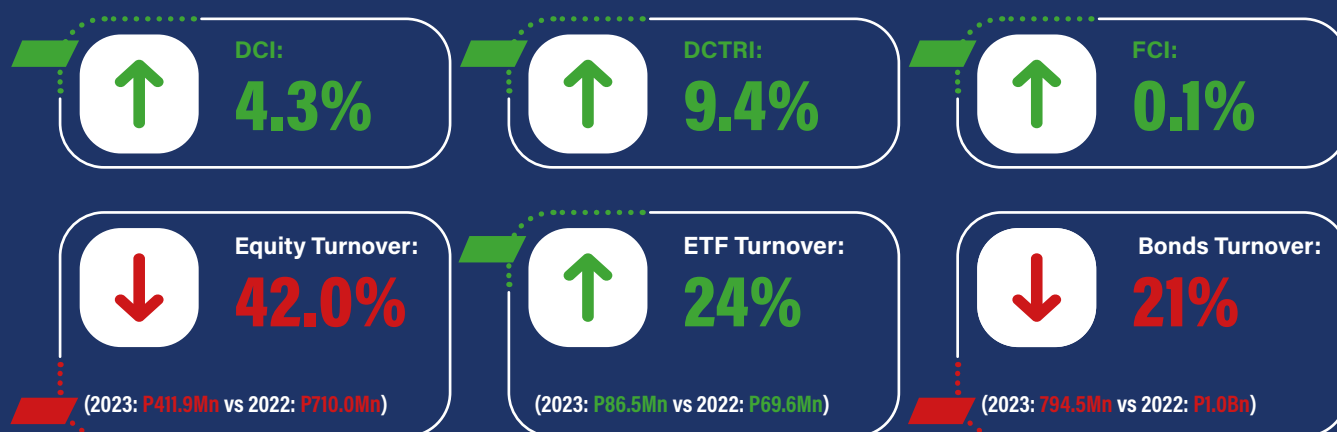
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- Botswana Stock Exchange, Plot 70667, Fairscaple Precinct, 4th Floor, Fairgrounds Office Park, Gaborone, Botswana
Tel: (+267) 367 4400
Fax: (+267) 318 0175
Email: info@bse.co.bw
Website: www.bse.co.bw



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Tel: +267 367 4400 • Fax: +267 318 0175 • Website: www.bse.co.bw
Physical Address: 4th Floor, Fairscape Precinct, Plot 70667, Fairgrounds Office Park



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Market Performance Report

FOR THE PERIOD 1ST JANUARY TO 30TH JUNE 2023



1. Equity Market Performance

1.1. Analysis of Equity Market Indices

During the period 1 January to 30 June 2023, the Domestic Company Index (DCI) appreciated by 4.3% in comparison to an increase of 2.5% during the corresponding period in 2022 and the Domestic Company Total Return Index (DCTRI) appreciated by

9.4% in comparison to 6.2% during the same period in 2022.

The Foreign Company Index (FCI) increased by 0.1% on a year-to-date basis in 2023 in comparison a marginal decrease of 0.1%

during the corresponding period in 2022.

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

Figure 1: Equity Market Performance Statistics

| | 1 Jan to 31 Mar 2023 (Q1 2023) | 1 Apr – 30 June 2023 (Q2 2023) ^{NOTE 1} | 1 Jan to 30 June 2023 (YTD 2023) |
|-------------------------------------|-----------------------------------|---|-------------------------------------|
| Index Performance | | | |
| DCI | 7,953.9 | 8,055.5 | 8,055.5 |
| % Change | 3.0 | 1.3 | 4.3 |
| DCTRI | 2,277.8 | 2,376.4 | 2,376.4 |
| % Change | 4.0 | 5.2 | 9.4 |
| FCI | 1,564.4 | 1,563.5 | 1,563.5 |
| % Change | 0.1 | (0.1) | 0.1 |
| Liquidity | | | |
| Turnover (P' Million) | 273.5 | 138.4 | 411.9 |
| Average Daily Turnover (P' Million) | 4.3 | 2.3 | 3.3 |
| No. of Shares Traded (Million) | 94.4 | 125.0 | 219.4 |
| Market Capitalization | | | |
| Domestic Companies (P' Million) | 42,287.5 | 42,855.6 | 42,855.6 |
| Foreign Companies (P' Million) | 349,104.9 | 349,002.3 | 349,002.3 |
| Total (P' Million) | 391,392.4 | 391,857.9 | 391,857.9 |
| Market Indicators | | | |
| P/E Ratio (times) | 13.3 | 9.3 | 9.3 |
| Dividend Yield (%) | 5.3 | 6.0 | 6.0 |
| Price/Book Value (times) | 1.3 | 1.3 | 1.3 |

1.2. Comparative Analysis of Equity Turnover

Trading activity during the review period in 2023 amounted to P411.9 Million in comparison to P710.0 Million in the corresponding period in 2022. Though lower than the amount recorded in 2022, current year-to-date turnover levels are above the 2020 (P363.8 Million) and 2021 (P292.6 Million) levels. Similarly, the Average Daily Turnover (ADT)

recorded in 2023 though lower than that in 2022 is significantly higher than in 2020 and 2021.

As shown in Figure 2 & Figure 3, during the corresponding period in 2022 a total equity turnover of P710.0 Million and a total volume of 327.1 Million shares traded were recorded. The

high level of turnover was due to two significantly high trades of P186.8 Million (23rd March 2022) and P142.9 Million (17th June 2022) that joined a series of record-breaking trade milestones in recent years. These include: P1.1 Billion (2021), P149.8 Million (2019), P458.6 Million (2018), P484.6 Million (2017) and P494.3 Million (2016).

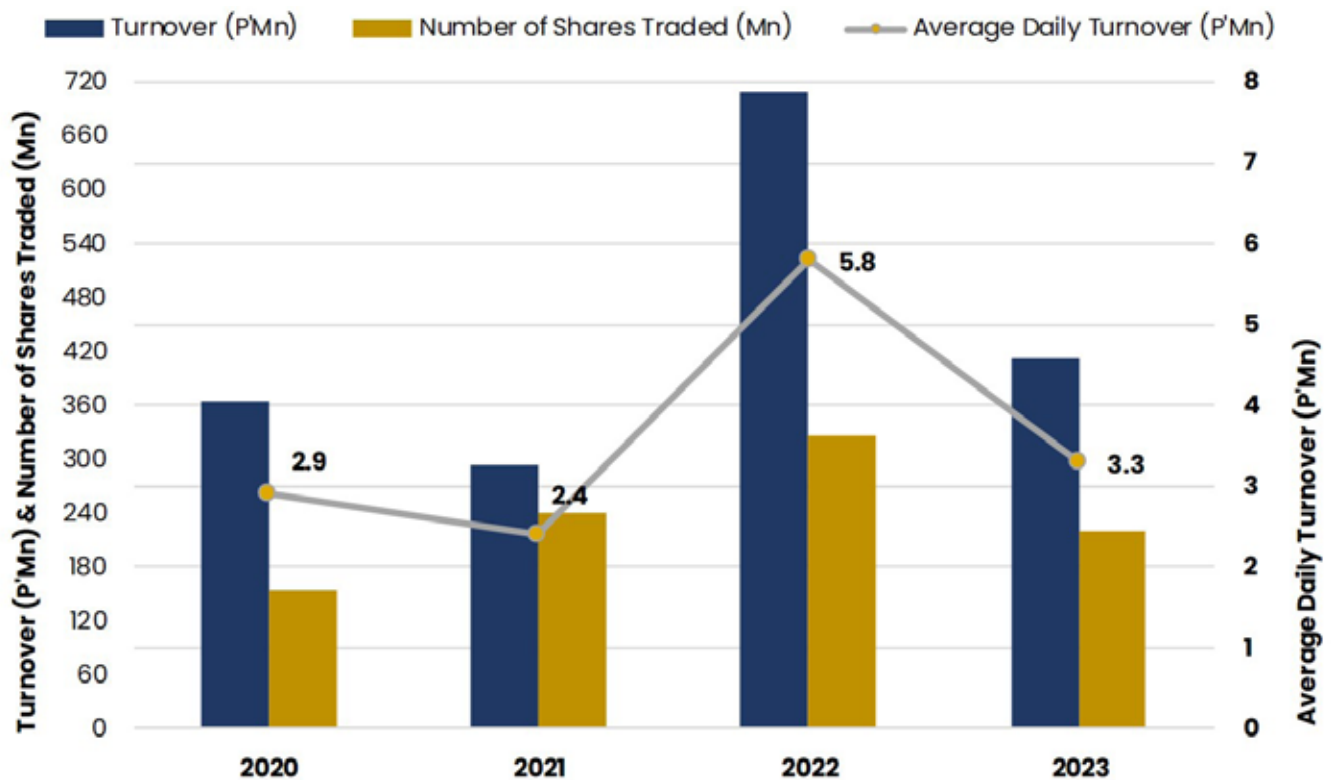
Market Performance Report for the Period 1ST January to 30TH June 2023 (cont'd)

Figure 2: Liquidity: 2020-2023

| Liquidity <small>NOTE 2</small> | 2020 | 2021 | 2022 | 2023 |
|-------------------------------------|-------|-------|-------|-------|
| Equity Turnover (P' Million) | 363.8 | 292.6 | 710.0 | 411.9 |
| Average Daily Turnover (P' Million) | 2.9 | 2.4 | 5.8 | 3.3 |
| No. of Shares Traded (Million) | 153.4 | 240.7 | 327.1 | 219.4 |

Note 2: Year to 30 June

Figure 3: Trend in Liquidity, Equities: Year-to-30 June



Source: BSE

1.3. Companies Ranked by Turnover

The top 3 traded companies during the period under review were Letlole La Rona (P157.1 Million), Far Property Company (P38.2 Million) and RDC Properties (P25.4 Million). The total turnover from these 3 companies accounted for 53.6% of total equity turnover, with the leading counter

Letlole La Rona accounting for 38.2% of total equity turnover.

In comparison to the same period in 2022, the top 3 traded companies accounted for 74.9% of total equity turnover with the leading counter Letshego accounting

for 59.9% (P425.4 Million) of total equity turnover.

The rankings of companies by turnover thus far in 2023 is shown in Figure 4.

Market Performance Report for the Period 1ST January to 30TH June 2023 (cont'd)

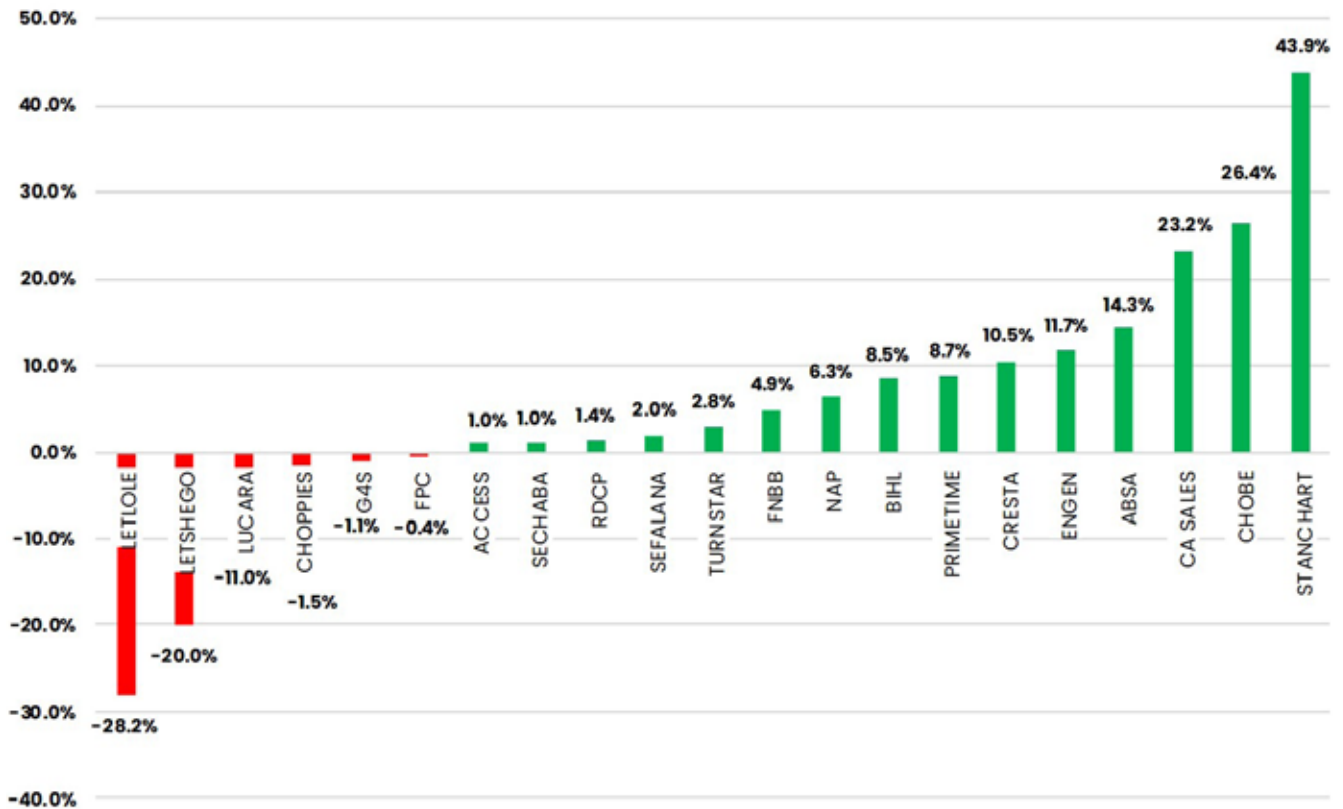
Figure 4: Companies Ranked by Turnover (BWP): Year-to-30 June 2023

| Company | Q1 | Q2 | Q3 |
|-----------------|-----------------------|-----------------------|-----------------------|
| | Turnover | Turnover | Turnover |
| LETLOLE | 109,658,904.47 | 47,445,308.44 | 157,104,212.91 |
| FPC | 25,862,743.20 | 12,368,144.84 | 38,230,888.04 |
| RDCP | 24,856,932.75 | 503,329.50 | 25,360,262.25 |
| BIHL | 11,768,585.97 | 10,432,919.33 | 22,201,505.30 |
| LETSHEGO | 2,163,288.22 | 17,691,107.62 | 19,854,395.84 |
| SECHABA | 14,199,167.75 | 5,040,605.07 | 19,239,772.82 |
| PRIMETIME | 17,480,694.86 | 105,369.88 | 17,586,064.74 |
| ACCESS | 10,595,952.57 | 6,483,682.78 | 17,079,635.35 |
| ABSA | 15,376,294.95 | 1,606,403.31 | 16,982,698.26 |
| FNBB | 9,268,957.65 | 6,069,103.95 | 15,338,061.60 |
| SEFALANA | 7,601,719.41 | 5,889,877.39 | 13,491,596.80 |
| CA SALES | 4,575,378.39 | 3,173,497.60 | 7,748,875.99 |
| SEED Co | 3,019,361.40 | 4,631,563.80 | 7,650,925.20 |
| TURNSTAR | 608,573.19 | 6,752,130.17 | 7,360,703.36 |
| NAP | 3,953,023.19 | 3,121,340.50 | 7,074,363.69 |
| BTCL | 4,760,619.21 | 1,885,249.68 | 6,645,868.89 |
| CRESTA | 2,569,276.50 | 233,750.35 | 2,803,026.85 |
| STANCHART | 393,352.60 | 2,107,944.51 | 2,501,297.11 |
| G4S | 1,946,440.48 | 170,300.00 | 2,116,740.48 |
| ENGEN | 1,004,563.03 | 709,103.65 | 1,713,666.68 |
| CHOBE | 795,477.56 | 557,249.68 | 1,352,727.24 |
| BBS | 643,649.00 | 274,751.04 | 918,400.04 |
| CHOPPIES RIGHTS | - | 662,063.26 | 662,063.26 |
| LUCARA | 30,888.55 | 447,712.22 | 478,600.77 |
| CHOPPIES | 259,208.67 | 26,843.05 | 286,051.72 |
| MINERGY | 81,590.00 | 968.00 | 82,558.00 |
| INVESTEC | 65,948.89 | - | 65,948.89 |
| TLOU | 4,000.00 | - | 4,000.00 |
| BOD | 280.00 | 2,430.40 | 2,710.40 |
| OLYMPIA | 1,374.36 | 1,181.44 | 2,555.80 |
| ANGLO | - | - | - |
| SHUMBA | - | - | - |
| TOTAL | 273,546,246.82 | 138,393,931.46 | 411,940,178.28 |

Source: BSE

Market Performance Report for the Period 1ST January to 30TH June 2023 (cont'd)

Figure 5: Share Price Performance: 1 January – 30 June 2023



Note 3: Companies that did not experience share price movement are excluded from graph

Figure 5 shows the share price performance of listed companies during the period under review. Of the 31 listed companies including BBS on the Serala OTC Board, 6 depreciated in share price,

15 appreciated in share price while 10 experienced no share price change.

The top three gainers over the 1 January to 30 June period were StanChart with a

43.9% growth in share price, followed by Chobe and CA Sales with gains of 26.4% and 23.2% respectively. Letlole La Rona experienced the largest decline in share price of 28.2%.

1.4. Investor Contribution to Equity Turnover

As can be observed in Figure 6, local companies contributed 69.8% to total equity turnover or P287.7 Million in monetary terms while local individuals

contributed 5.2% during this period or P21.6 Million in monetary terms. Foreign companies contributed 23.3% or P95.8 Million to total equity turnover

while foreign individuals and brokers contributed 1.6% (P6.5 Million) and 0.1% (P0.37 Million) respectively.

Figure 6: Investor Contribution to Turnover: 1 January – 30 June 2023

| Investor Category | Turnover (Pula) | Equity Turnover Contribution |
|---------------------|-----------------------|------------------------------|
| Foreign Companies | 95,783,353.13 | 23.3% |
| Foreign Individuals | 6,484,175.76 | 1.6% |
| Local Individuals | 21,579,930.96 | 5.2% |
| Local Companies | 287,724,853.40 | 69.8% |
| Brokers | 367,865.05 | 0.1% |
| Total | 411,940,178.28 | 100.0% |

Source: CSDB

Market Performance Report for the Period 1ST January to 30TH June 2023 (cont'd)

2. Exchange Traded Funds (ETFs) Market

During the period under review, trading activity on the ETFs Market has been phenomenal. Total ETF turnover amounted to P86.5 Million, an increase of approximately 24% from P69.6 Million registered during the corresponding period in 2022. This was recorded from 353,541

units traded thus far in comparison to 522,564 units during the same period in 2022.

The NewGold ETF gained 13.4% while the Satrix ILBI ETF and ADBF ETF lost 1.6% and 9.6% respectively in 2023.

Figure 7 summarises the comparable ETF performance for 2022 and 2023 on a year-to-date basis.

Figure 7: Performance of ETFs: Year-to- 30 June

| ETF | | Turnover (P'Mn) | Units Traded | Price Change (%) |
|--------------|------|-----------------|-----------------|------------------|
| NewGold | 2023 | 86.3 | 351,584 | 13.4 |
| NewPlat | | - | - | - |
| STXILF | | 0.06 | 910 | (1.6) |
| NewPall | | - | - | - |
| ADBF | | 0.10 | 1,047 | (9.6) |
| Total | | 86.5 | 353,541 | |
| NewGold | 2022 | 31.4 | 158,523 | 2.4 |
| NewPlat | | 38.1 | 360,001 | (5.4) |
| STXILF | | 0.0417 | 658 | 7.7 |
| NewPall | | 0.0021 | 8 | 6.5 |
| ADBF | | Not listed | Not listed | Not listed |
| Total | | 69.6* | 522,564* | |

* 2022 total figures include the trades from delisted ETFs

3. Bond Market Performance

As can be observed in Figure 8 the value of bonds traded during the review period was P794.5 Million compared to P1.0 Billion traded

during the same period in 2022. As at end of June 2023, there were 7 Government Bonds, 37 Corporate Bonds and 2 Commercial

Papers listed on the BSE with a total market capitalisation of approximately P24.7 Billion.

Figure 8: Analysis of Bond Market Performance

| Category | 2022 | 2023 |
|--------------------------------------|----------------|--------------|
| Liquidity (P'Mn) | | |
| Government Bonds | 955.3 | 765.1 |
| Corporate Bonds | 50.1 | 29.3 |
| Commercial Paper | - | - |
| Total | 1,005.4 | 794.5 |
| Market Capitalization (P'Bn) | | |
| Government Bonds | 19.5 | 20.5 |
| Corporate Bonds | 5.1 | 4.1 |
| Commercial Paper | 0.1 | 0.1 |
| Total | 24.7 | 24.7 |
| Number of Bonds Listed | | |
| Government Bonds | 7 | 7 |
| Corporate Bonds | 32 | 37 |
| Commercial Paper | 1 | 2 |
| Total | 40 | 46 |

Source: BSE



COMPULSORY DEMATERIALIZATION OF SHARES



Reference is made to Directive 1 of 2014 by the Non-Bank Financial Institutions Regulatory Authority (NBFIRA), which compels shareholders who still hold physical share certificates to open a Central Securities Depository (CSD) account and deposit their shareholding in an electronic account.

Those who still have physical share certificates are urged to contact the following Botswana Stock Exchange- registered brokers for

assistance with the dematerialization process. This process entails account opening and transfer of shares from the physical register to the CSD account.

- **Stockbrokers Botswana**
Tel: +267 3957900 Email: info@sbb.bw
- **Imara Capital Securities**
Tel: +267 3188886
Email: icssales@imara.com

- **Motswedi Securities**
Tel: +267 3188627
Email: +info@motswedi.co.bw

For any queries or further assistance related to dematerialization, please reach out to the Central Securities Depository Company of Botswana at csd@bse.co.bw or on 3674400/11/12.

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



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

FSC warns of risks to Botswana's Financial Markets



FSC WARNS OF RISKS TO BOTSWANA'S FINANCIAL MARKETS

By Tshiamo Tabane

The Financial Stability Council (FSC) a statutory body led by the Governor of the Bank of Botswana, recently warned that the domestic financial markets are exposed to some risks and noted that globally, risks to financial stability have increased.

The Council consists of five members being the Governor of the Bank of Botswana (Chairperson), Permanent Secretary of the Ministry of Finance, Non Bank Financial Regulatory Authority (NBFIRA) CEO, Director General of Financial Intelligence Agency and Director of Deposit Insurance Scheme for Botswana (DISB) while the Chief Executive Officer, Botswana Stock Exchange Limited is an observer. In a statement the Council noted that its members met on May 5, 2023, to deliberate on domestic financial stability developments including financial sector performance and regulatory issues, as well as evaluation of the impact of

current and prospective regional and global financial developments. The Council stated that following its deliberations it concluded that while the domestic financial sector is currently robust, there are risks that threaten financial stability in the domestic financial market. "Following the deliberations, the Financial Stability Council concluded that the domestic financial system remains resilient and robust, and continues to be safe and sound, as well as unconstrained in providing and growing the range of financial services to support the economy but the high interest rates and constrained supply of credit globally (tightening of financial conditions), elevated inflation, uncertain economic prospects and geopolitical risks pose a risk to domestic financial stability," said the Council in the statement.

The Council stated that its recent assessment shows that since its last meeting in November 2022, risks to financial

stability have increased. "Globally, risks to financial stability have increased since the last meeting of the FSC in November 2022 on account of subdued and fragile global economic performance, high inflation, and resultant tighter global financial conditions (increase in interest rate or borrowing costs), as well as the risk of reversal of global economic integration (geo-economic fragmentation). Notably, the tighter financial conditions contributed to acute stress for financial institutions that, hitherto, were sustained by a low interest rate regime; thus, leading to recent cases of bank failures in the United States of America and Switzerland."

In a new report, the International Monetary Fund (IMF) warned that the financial markets in Botswana and other countries in Sub-Saharan Africa are exposed to risks as a result of deepening fragmentation in global economy, following US-led NATO war against Russia in Ukraine and trade war

FSC warns of risks to Botswana's Financial Markets (cont'd)



between US and China. Some local trade analysts have warned that the fragmentation of global economy leading to competing (US/ EU bloc and China bloc could result with Sub Saharan Africa losing markets for some of its export commodities. The IMF indicated that the rising geo-political tension among major economies is intensifying economic and financial fragmentation in the global economy. "Sub-Saharan Africa has benefited from the expansion of economic ties over the past two decades. The region has formed new economic ties with non-traditional partners in the past two decades. Riding on the tailwinds of China's globalization since the early 2000s, the value of exports from Sub-Saharan Africa to China increased tenfold over this period, largely driven by oil exports, according IMF adding that China has also emerged as an important source of external financing. The US and EU still supply most of the region's foreign direct investment (FDI) stock, with China accounting for only 6 percent of it as of end-2020." IMF recommended that countries in Sub-Saharan Africa should deepen domestic financial markets. FSC indicated that there is a need for awareness of financial stability considerations in the formulation of monetary policies and added that potent and effective bank and crisis resolution frameworks are important in making of the policies. "Notwithstanding, the global financial system remains stable and resilient anchored by robust supervisory frameworks."

According to FSC other risks to financial stability relates to weak and uncertain economic growth prospects for Sub-Saharan Africa, as well as the inclusion of Nigeria and

South Africa (two of the biggest economies) in the list of jurisdictions under increased monitoring grey-listing by the Financial Action Task Force (FATF) in February 2023. "It is noted, however, that this grey-listing does not result in immediate economic and financial stability implications for Botswana. Nevertheless, in the context of extensive economic links between Botswana and South Africa, it is important to sustain adherence to the applicable Anti-Money Laundering/ Counter Financing of Terrorism/Counter Proliferation Financing (AML/CFT/CFP) requirements as both countries strive to ultimately maintain full compliance. It is observed that full compliance ultimately augurs well for growth prospects engendered by trade opportunities, as well as legitimate and beneficial financial flows."

The Council meanwhile indicated that financial vulnerabilities and risks to domestic financial markets are currently contained and mitigated by resilience and effectiveness of the financial system in providing financial services to the economy. "Domestically, the resilience and effectiveness of the financial system in providing financial services to the economy is anchored on strong capital and liquidity buffers, profitability, as well as an enabling and robust regulatory environment. The macroeconomic environment is also conducive for financial stability, underpinned by positive economic fundamentals and effective macroeconomic policy frameworks. Accordingly, financial sector vulnerabilities remain generally contained and risks mitigated." According to the Council there is a strong macro-financial linkages between

banks, non-bank financial institutions (NBFIs), the non-financial sector (Government, corporates and households) and external sector. The Council indicated that the linkages have the potential for contagion risk; where a weakness in one of the elements of the financial system cascades to others. "However, effective prudential regulation and supervision, and the strong liquidity and capital positions across the financial system, continue to mitigate this risk."

The Council noted that the growth domestic credit poses less risk to the financial sector. "For the banking system, domestic credit growth remains moderate and commensurate with the rate of increase in gross domestic product (GDP), thus posing minimal risk to financial stability. Household debt continues to drive bank credit, accounting for 67 percent of total credit in February 2023. Nevertheless, at 21.3 percent of GDP, the level of household debt in Botswana is relatively modest, while the ratio of non-performing loans to total loans was low at 3.8 percent in December 2022." According to the Council the Non Bank Financial Institutions (NBFI) sector continues to grow in a sound and sustainable manner as indicated by adequate capital and solvency ratios as well as profitability. "There is some notable recovery in the domestic capital market, reflected in the appreciation of key market indices, while financial market infrastructures remain stable and robust. Important market developments include increasing digitalization of the financial system that encompasses enhanced accessibility of financial services. In this regard a commensurate level of investment on cyber-crime mitigation strategies, including security of systems and public awareness campaigns, is necessary to prevent the use of digital channels for fraudulent purposes."

It further noted that the promulgation of the Bank of Botswana (Amendment) Act, 2022 (the Act) strengthens maintenance of financial stability. Specifically, the Act gives legal backing for the Bank of Botswana's financial stability responsibility, which ranks second to price stability. The Act also elevates the FSC to a statutory body, thus legally enabling its collaborative and monitoring roles, as well policy responses and enforcement. Furthermore, the Act extends the breadth of domestic financial safety nets by establishing a Deposit Insurance Scheme for Botswana (DISB). The DISB will cover a pre-specified level of deposits against losses in-case of failure of member financial institutions.

FSC noted that it affirms its commitment to maintaining adequate frameworks for monitoring financial sector developments and vulnerabilities, ensuring the maintenance of risk mitigation arrangements, responding appropriately to threats to financial stability and contributing to related legal, policy and institutional improvements.



New Botswana Stock Exchange and CISI collaboration heralds boost for Botswana capital markets

By Lora Benson | Jun 07, 2023

“This is an important partnership for our market as we strive to raise the levels of financial literacy by providing professional, globally recognised financial markets programmes. It is also a crucial contribution to the country's strategy on fostering a Knowledge-Based Economy.”

The Chartered Institute for Securities & Investment (CISI) has announced a new partnership with the Botswana Stock Exchange (BSE). The partnership provides scope for the CISI and BSE to work together to enhance and promote professional standards in Botswana's financial services sector by offering the CISI's International Introduction to Securities & Investment qualification.

BSE will adopt the CISI's International Introduction to Securities & Investment qualification as one of the core certifications for the Botswana capital market. This allows practitioners to obtain a globally portable professional benchmark.

The CISI has been an Associate member of African Securities Exchanges Association (ASEA) since 2016, promoting professionalism and developing channels for capacity building in the capital markets profession in Africa. ASEA members can access CISI's Continuing Professional Development (CPD) resources and CISI membership.

Mr. Thapelo Tsheole, BSE CEO became President of ASEA in December 2022. The collaboration between CISI and BSE is of key strategic importance for the development

of the financial services sector in Botswana and the broader African capital markets. This alliance represents a significant step towards strengthening professional standards, fostering knowledge and expanding opportunities for practitioners in the region.

Thapelo Tsheole, BSE CEO (right) said: “This is an important partnership for our market as we strive to raise the levels of financial literacy by providing professional, globally recognised financial markets programmes. It is also a crucial contribution to the country's strategy on fostering a Knowledge-Based Economy. I hope to see not just the practitioners, but the students and the general public taking up this programme to elevate their knowledge, skills and professionalism that could make the financial markets more vibrant and be impactful to the long-term development of the capital market.”

Kevin Moore, Chartered FCSI, CISI Global Business Development Director said: “We are delighted to be partnering with the Botswana Stock Exchange and supporting their journey towards raising professionalism for financial services practitioners. The success of a thriving market hinges on qualified and skilled professionals. We look forward to working with



BSE to cultivate a culture of excellence and ensure the growth and sustainability of the Botswana capital market.”

The CISI is an educational charity and global professional membership body for those working in capital markets, wealth management and financial planning. The Botswana Stock Exchange, formed in 1989, is Botswana's sole stock exchange with responsibility to operate and regulate the securities market.

For further information on the Chartered Institute for Securities & Investment contact **Lora Benson +44 20 7645 0662/ +44 7801 521034 or lora.benson@cisi.org**

For further information on the Botswana Stock Exchange contact: Kopano Bolokwe, Head of Product Development Department, productdev@bse.co.bw, Tel: +267 3674400.

GOVERNMENT REITERATES COMMITMENT TO FURTHER DEVELOP THE BOND MARKET

By Koobonye Ramokopelwa

The Finance Minister, Peggy Serame has reiterated Government's long standing support for the development of a vibrant bond market which is key to the country's socio-economic advancement.

There are initiatives that Government has lately been coming up with to bolster the bond market, which among others include the issuance of more bonds along the yield curve, the recently launched Government Borrowing Strategy (GBS) as well as strategic collaborations with the International Monetary Fund (IMF) with regards to the technical aspects of the development of the market.

"It is indisputable that our bond market had garnered tremendous growth over the 20 year-long sustained presence of Government debt securities. This illustrates Government's commitment to the overall development of our capital market. The announcement of new legal instruments and formation of regulatory bodies, acquisition of improved financial market infrastructure, expansion in terms of quantum of issuance, increased frequency of issuance, diversity of market participants as well as instruments over these years, are some noteworthy successes," said the Finance Minister when officially launching the GBS and the Auction Calendar for the 2023/2024 financial year on 13 June, 2023 at Bank of Botswana. According to Serame, despite the impressive achievements in the domestic bond market, the domestic capital market is still facing challenges that we collectively have to surmount. The secondary market for Government securities is still characterised by lack of liquidity, stemming from a high degree of instrument fragmentation as well as a relatively narrow investor base. The results of this structural feature is the payment of a premium by issuers (and ultimately the taxpayer) to investors, to compensate them for the risk of holding relatively illiquid securities.

"Therefore, Government with the invaluable assistance from our multilateral development partners such as the IMF is actively engaged in identifying deficiencies and implementing reforms in the various sub-sectors of the domestic bond market. A Local Currency Bond Market Technical Mission was conducted by the IMF back in August 2022. The Mission identified several potential areas for improvement across all the building blocks of the domestic bond market, including money market transparency, legal framework for repo transactions, primary market pricing and predictability of issuance, secondary market liquidity and depth, investor relations management, as well as clearing and settlement risks associated with our financial market infrastructure

are some of the crucial potential areas for reform," state the Minister. The IMF officials further observed that, there is significant scope to make progress on the authorities' goal to shift funding from non- concessional external borrowing to the domestic bond market. This shift in the composition of borrowing would also facilitate the building of a robust yield curve and increased depth in benchmark bond issuance.

"Further improvements in the domestic debt market and in demand for benchmark securities will require implementing primary market reforms, and once these reforms are completed, a commitment by the authorities to allow rates to be determined competitively in auctions. Improved auction rules, including how to deal with outlier bids, and an overhaul of the primary dealer agreement, would alleviate critical bottlenecks to market development. Moreover, measures to enhance communication with market participants will be invaluable to increase transparency and investor appetite, especially non-bank financial institutions as well non-resident demand for domestic government securities," said IMF. The endeavour to develop and launch a borrowing strategy by Government, which has taken into account the current economic landscape underscores the importance and the need to enhance transparency and accountability in the management of public debt. "Over the medium-term, external as well as domestic debt financing instruments will be a prominent feature of the fiscal budget, as Government continues to roll out the post-pandemic Economic Recovery Plan as well as the Transitional National Development Plan," promised Serame.

Botswana Government started issuing bonds way back in March 2003, in accordance with the then Stock, Bonds and Treasury Bills Act, 1976 (later to be re-enacted with amendments, as the Stock, Bonds and Treasury Bills Act, 2005). This issuance was initially quite modest, constituting three bonds with maturities of two years, five years and twelve years. BW002, with a five-year maturity, was the first ever Government Bond, issued in March 2003, and was followed by BW003 (12 years) and BW001 (2 years), in the next two months. In 2004, the Bond Issuance Note Programme was formalised, enabling the issuance of both Government bonds and Treasury Bills, up to a limit of P5 billion. The objective of this Programme was primarily to support the development of the domestic capital market, given that Government was generally running budget surpluses and did not need to borrow to finance its spending.

Issuances under the Programme reached the limit in September 2010, after which Parliament approved the raising of the limit

from P5 billion to P15 billion in February 2011. Under the expanded Bond Issuance Programme, bonds with maturities as long as 18 and 25 years were issued. This was particularly useful in the pricing of corporate bonds with similar maturities, and to investors, specifically pension funds and insurance companies, who preferred longer dated securities to match the duration of their longer term liabilities. The extension of bond maturities meant that the risk-free yield curve, which is based on the pricing of government securities, now covered a full spectrum of bond durations needed by the domestic capital market.

The upper limit on the P15 billion Bond Issuance Programme was doubled to P30 billion, following Parliamentary approval in September 2020 when the domestic debt outstanding had reached the upper limit of P15 billion. "This assisted with interventions by Government to address the economic and financial disruption brought on by the COVID-19 pandemic, as the proceeds from borrowing were used to finance the budget," noted the Finance Minister. Some of the major projects that Government has used proceeds from issuance of bonds include, the construction of the Botswana International University of Science and Technology (BIUST) and the University of Botswana Medical School.

Over the years, the Botswana Bond Market Association (BBMA) has praised Government for the support aimed at developing the bond market. Furthermore, the Association, comprising of bond market participants as members, and the Botswana Stock Exchange (BSE) as its Secretariat, has through its recent Strategy called the Botswana Bond Market Development Strategy for 2022-2026, commended Government and made some recommendations which, they believe, can further contribute to the development of the bond market. The Association has among others, commended Government, for strengthening the risk free yield curve and the transparency of its issuances. "Since the previous Botswana Bond Market Development Strategy of 2010, Government has introduced new tenors across the curve, as well as in the money market space with new T-Bills and Certificates. Bank of Botswana has transitioned to monthly auctions with the annual calendar made publicly available. Increased issuances and frequency of issuances have helped close up some of the gaps and avail instruments on a continuous basis."

The Association further advised that, "Progressively, there has to be consistent issuance along key maturity points to maintain a robust yield curve. Having more tenors and issuance across different

Government Reiterates Commitment To Further Develop The Bond Market (cont'd)

maturity points will allow the market to derive a more useful yield curve and facilitate the pricing of other products such as corporate bonds. The risk-free yield curve currently has some wide gaps therefore there is need to consider issuing 2years, 3years, 5years, 7years, 10years, 15years bonds, 20 years and beyond," said the BBMA.

BBMA has applauded the establishment of a benchmark index that is independent, with clearly defined index rules and methodology, replicable and published timely, emphasizing that it is crucial for the development of the bond market. The index is currently computed and published by the BSE. "The Botswana Bond Index Series (BBIS) is crucial in performance reporting, performance management, among others. It has gone a long way complementing the availability of almost real-time fair values for listed bonds, which is beneficial for market practitioners", said the Association which has previously joined hands with BSE to host several bond market conferences and roundtables.

In its new Strategy for 2022-2026 which has been informed by extensive engagements with bond market participants and stakeholders, the Association will be focusing on 3 Strategic Goals; (1) Issuances – to expand the product offering, diversity and number of issuers; (2) Participation and Awareness – programmes to facilitate skills transfer, financial literacy and access to market data; and (3) Partnerships – to increase the BBMA visibility in the global securities market.

In an interview, Kopano Bolokwe, Head of Product Development at BSE who is also the BBMA Secretary General remarked, "The BBMA has established a functional relationship with Bank of Botswana and this places the BBMA in a pole position to adequately lobby Government for issuances of non-conventional bonds such as infrastructure bonds, retail savings bonds, inflation-linked bonds and sustainable bonds as per our Strategy. In addition, we want to take this conversation to key decision makers within State-Owned Enterprises (SOEs), to educate them and encourage them to wean themselves off Government subvention and establish presence in the bond market as we saw with Botswana Savings Bank (BSB) quite recently".

In December 2022, BSB registered a P1 Billion Note Programme with the BSE, and successfully entered the BSE bond market by issuing bonds and short-term debt instruments - Commercial Papers - totalling just over P192 Million. This was hugely ululated by the BSE, which has recently launched its Commercial Paper listings requirements, as it helped resuscitate the short term debt securities market, adding onto the prevailing issuances by RDC Properties. According to the BSE, Commercial Paper is a short-term debt instrument, with maturities ranging from 30 days to 365 days, that is predominantly issued to investors to raise finance for accounts payables, inventories, short term liabilities. It is one of the widely used instrument in raising working capital.

Against this background, the BSE has hailed Commercial Paper as a viable instrument for balance sheet optimisation, adding that, "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".

Indeed, a momentous time for Botswana bond market as various stakeholders converge to foster a conducive environment for the domestic bond market to thrive. The ACI Botswana Financial Markets Association Representative, when speaking at the official launch summed it impressively quoting the saying that, "When we marvel and stand in awe of skyscrapers and meticulously constructed architecture, all we can see with the naked eye are beautifully painted structures with endless heights. But what we do not see underground is the foundation that will stand the test of time". On this occasion, the foundation being the monumental launch of the 2023/24 Government Borrowing Strategy and Auction Calendar.

GOVERNMENT BORROWING STRATEGY FOR FISCAL YEAR 2023-24



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Fbc Re (Botswana) Pty Ltd
You Matter Most



AMENDMENTS TO THE CENTRAL SECURITIES DEPOSITORY BOTSWANA (CSDB) FEES STRUCTURE

Members of the public are hereby informed that the Central Securities Depository Botswana (CSDB) has received approval for the amendments of the CSDB fees structure from the Non-Bank Financial Institutions Regulatory Authority (NBFIRA). This approval was granted following a review which included

a benchmarking exercise with other regional and Africa Middle-East (AMEDA) Depositories to realign the CSDB fees to the services rendered.

The revised CSDB fees structure will become effective 1st November, 2023. Hence, the public

is therefore advised to visit the Botswana Stock Exchange (BSE) website (www.bse.co.bw) to access the amended CSDB fees structure.

For more information, please contacting the CSDB at csd@bse.co.bw or on 3674400/11/12

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



FINANCIAL INCLUSION

FOR LOW-INCOME HOUSEHOLDS IN BOTSWANA

By Tshiamo Tabane

“Improving their financial inclusion has been shown to enhance their empowerment, reduce income inequality and poverty and promote economic development through the promotion of small businesses. It is clear from this study that there is a need for creation of more microfinance products and services tailor-made for low-income earners by banks and other financial institutions to advance financial inclusion in Botswana. This will ensure inclusive economic growth for citizens.”

Financial inclusion occurs when the financial sector broadens access to financial services and products such as loans, savings, insurance and money transfers.

The Global Findex Database shows that globally, financial inclusion is improving with recent figures showing that since 2011 over 1.2 billion financially excluded people opened bank accounts to facilitate savings and money transfers.

Commenting on the status of financial inclusion in Botswana, local researcher in Bank of Botswana recent research bulletin noted that financial inclusion in Botswana also improved over the years. In the March 2023 research bulletin, the researcher Lorato Mochankana indicated that Botswana government launched its first financial inclusion roadmap in 2015 and the roadmap, according to the researcher focused on making access to financial products and services possible. The researcher stated that the road map premised on “Making Access Possible (MAP)”; is a multi-country financial inclusion initiative initiated by the Centre for Financial Regulation and Inclusion (Cenfri) in partnership with the United Nations Capital Development Fund (UNCDF) and FinMark Trust, to support countries in developing national financial inclusion roadmaps from an evidence-based perspective. “The MAP research concluded that further extension of credit to marginalized populations such as women and low-income earners is likely to come from non-bank financial services providers than banks. It concluded that banks have not shown much interest in extending products beyond their current target markets,

Financial inclusion for low-income households in Botswana (cont'd)

therefore meeting financial inclusion priorities is likely to be driven more by non-bank financial service providers such as Micro-Finance Institutions," said the researcher.

In Botswana microfinance is not common as there is only one institution which exclusively offers both credit and savings services to low income women, the Women Finance House Botswana (WFHB). The WFHB has been in operation since 1995 as a Non-Governmental Organization offering financial services to low-income businesswomen and the main goals of the institution are to promote financial inclusion of women, alleviate poverty, empower women and promote micro-to-small businesses owned by women, according to the researcher. The WFHB started with offering financial services to women in Gaborone only but gradually extended to the greater Gaborone area and recently, some villages and towns across Botswana namely Serowe, Mochudi, Palapye, Mahalapye, Lobatse, Good Hope, Thamaga, Kanye, Gabane, Moshupa, Letlhakeng, Salajwe, Takatokwane, Maboane, Ditshegwane, Lerale, Sefhare, and Jwaneng. The WFHB is under the regulatory purview of the Bank of Botswana, according to the researcher.

According to the researcher, the number of members of the WFHB increased significantly since its inception. "This same trend is observed in the usage of the financial services provided. First, regarding the loan facility, in 2005, the total value of loans disbursed was around P500 000. Five years later in 2010, the total value of loans disbursed was around P2 million, and in 2020 it was around P2.2 million. This shows good growth in the loan portfolio of the WFHB. The average loan disbursement was around P5 000 per group, and the total amount of loan disbursed since inception is around P33 million. The growth in the loan book translates to an increase in the number of small women-owned businesses assisted." The researcher stated that similar to the credit facility, the savings accounts have also been widely received by women as reflected by the growth in members and the total amount in savings over the years. "The number of savers (including members with a credit facility) has grown substantially from just around 200 in 2000, to almost 12 000 in 2020. Similarly, the total amount of savings continues to grow every year. In 2000, there was around P44 000 in savings, which increased to over P1 million in 2010 and in 2020, the value of total savings was almost P4 million."

Other micro-credit institutions that provide credit to low income households include Kgetsi Ya Tsie, Kuru Development Trust, Emang Basadi, Mabogo Dinku and some cooperatives. Institutions such as Botswana Savings Bank, Citizen Entrepreneurial Development Agency (CEDA) and Botswana Post Services also provide microcredit to low-income societies. The researcher stated that furthermore, just like in other countries, Botswana has made significant progress in the use of financial technology to advance financial inclusion. "There is collaboration between mobile money providers and banks



to provide electronic money services such as Mascom MyZaka by Mascom, Smega by BTC Mobile and Orange money by Orange Botswana. These services can be used by anyone who has a cell phone to make payments and to save, hence promote financial inclusion."

According to the researcher, the increase in the uptake of formal financial services is attributable to an increase in the uptake of mobile money products and services over the years. "In 2020, 2 percent of the financially included used informal services, which reflects a significant role played by the informal sector in financial service provision. Informal financial services in developing countries such as Botswana provide a point of entry to the financial system for low-income individuals and households."

Some studies however noted that while financial inclusion in the country improved, low income households and their small enterprises continue to face challenges in accessing some formal financial products and services. In a study conducted in 2012, the World Bank indicated that despite the continued growth and the development of financial systems globally, there are still some segments of the population which are excluded from the formal financial system and added that the financially excluded population usually comprises of women, low-income earners and rural dwellers. In a study report published in 2010, University of Botswana researcher Professor Emmanuel Botlhale noted that in Botswana commercial banks dominate the financial sector and added that the banks focus primarily on salaried high-income earners and middle class population and exclude low income households. Some of the major factors that results with the exclusion low income households are that low income earners are normally unemployed or engaged in small, micro and medium enterprises and earn less and shortage of assets such as land which can be used as

collateral at formal financial institutions, according to some studies. Broadening access to the services and products may help reduce income inequality, as it ensures that low income earners and small enterprises owned by low income households have better access to financial products and services to support their economic activity and needs.

The researcher in the Bank of Botswana research bulletin stated that low income household financial inclusion is important. "Improving their financial inclusion has been shown to enhance their empowerment, reduce income inequality and poverty and promote economic development through the promotion of small businesses. It is clear from this study that there is a need for creation of more microfinance products and services tailor-made for low-income earners by banks and other financial institutions to advance financial inclusion in Botswana. This will ensure inclusive economic growth for citizens." The researcher noted that financial inclusion can lead to resilient banks, in the sense that if more banks receive bank deposits, they could have a more solid funding base especially in periods of stress. "The resilience of banks depends, in part, on whether they have stable funding sources. Financial inclusion also provides diversified loan portfolios for banks. Additionally, financial stability can be expected as financial activities move from unregulated institutions to the regulated ones. On the other hand, higher access to credit could raise non-performing loans in banks and, thus be detrimental to financial stability. High quality banking supervision can mitigate the credit risk, thus ensuring that increased access to credit yields the envisaged benefits."

The International Monetary Fund added that, the United Nations Sustainable Development Goals (SDGs) also consider financial inclusion as a key factor in the drive to end poverty by 2030.



BOTSWANA STOCK EXCHANGE LIMITED PAYS THE SECOND DIVIDEND TO SHAREHOLDERS

As of the 2nd August 2018, Botswana Stock Exchange (BSE) fully demutualized following its conversion from a mutual exchange to a company incorporated under and in terms of the Companies Act, being the date of registration of Botswana Stock Exchange Limited (BSEL) by the Companies and Intellectual Property Authority (CIPA).

The demutualization, which was governed by the Transition Act, No. 2 of 2015, is a process of transforming from a member owned, not-for-profit, entity to a for-profit, investor-owned corporation which involves changing the legal status, structure and governance

of an entity. This involved the separation of the ownership of the Exchange from the right to trade on the Exchange. The BSEL is now owned by Government of the Republic of Botswana (76.3%), Motsvedi Securities (4.32%), Imara Capital Securities (5.75%), African Alliance Botswana Securities Limited (2.88%), Stockbrokers Botswana (5.75%) and the BSEL Staff through the BSEL Employee Share Ownership Plan (5.0%).

In 2019, the BSEL developed a Residual Dividend Policy to guide the determination, declaration and payment of dividends to shareholders. The first dividend was declared

for the financial year ended 31 December 2021, and was paid to shareholders following the Extraordinary General Meeting held on 23 September 2022. The second dividend was declared for the financial year ended 31 December 2022, and was paid to shareholders following the Annual General Meeting held on 25 May 2023. The dividends on both years represent approximately 15% of net profits.

Below is a snapshot of the profitability of the BSEL and the dividends paid in 2021 and 2022.

| Financial Year Ended | 31-12-2021 | 31-12-2022 |
|-----------------------|-------------|-------------|
| Net Profits (Pula) | P10,576,352 | P11,956,813 |
| Dividends Paid | P1,586,453 | P1,870,000 |
| % Change in Pay - out | - | 17.8% |
| Number of Shares | 35,600,000 | 35,600,000 |
| Dividends/Share (DPS) | P0.045 | P0.05 |

Historically, BSEL was supported financially by Government of Republic of Botswana through a Government subvention until 2017. In 2018, the BSEL stopped receiving the subvention as demutualization commenced. Thus, the support by Government has been the major driving force behind some significant developments that have propelled the BSEL to become a competitive player in the global capital markets space.

Government assisted with the capital expenditure of the key information technology investments such as the Central Securities Depository system and the Automated Trading System. Government also funded social impact activities to increase investor and issuer participation on

the Exchange which included country-wide public awareness and education initiatives, and most importantly the formulation of enabling policies for the BSEL, and the capital market industry at large, to thrive. These have since increased Botswana's attractiveness and competitiveness in the global securities industry.

Commenting on this, the BSE CEO, Mr. Thapelo Tsheole said, "The financial viability of the Exchange, in addition to the Exchange being a public good, is a crucial priority for stakeholders of BSEL. Hence, it was necessary to wean ourselves from Government subvention, be sustainably financially independent and optimise our asset base to generate positive returns on

capital invested. It is pleasing, therefore, that we continue to deliver strong financial performance that enables the company to reward its shareholders. We intend to undertake a self-listing of the BSEL in 2024 and explore various strategic and commercial opportunities that could increase long term shareholder value, in line with our 2022-2026 Corporate Strategy".

For more information, contact the following;

Product Development Department
Botswana Stock Exchange
productdev@bse.co.bw
(+267) 3674400



BOTSWANA STOCK EXCHANGE

AELP will stimulate Intra-African flows and provide opportunities for investors and trading participants in over 22 African countries

Thapelo Tsheole
President
African Securities Exchanges Association



BY AFRICA FOR AFRICA

- 01** | Complements existing trading methods in Africa.
- 02** | Facilitates the flow of orders, information and investment across Africa.
- 03** | Fostering continental collaboration.
- 04** | Promotes harmonization between Africa countries.



SOLVING AFRICA'S INVESTMENT CHALLENGES





BSE Employee Profile

Mr. Tebogo Lehubitsa

responsibilities include, but are not limited to, providing transport services to management and guests to and from various destinations, ensuring maintenance of BSE fleet, collecting and delivering mail and providing general messenger duties.

His dedication and commitment to his duties has earned him recognition from the CEO, who afforded him with the opportunity to participate in high level meetings such as the 2019 "Building African Financial Markets (BAFM) seminars held under the theme "Human Capital: A cornerstone for Competitive African Capital Markets" in Abidjan Côté D'Ivoire and the ASEA annual conference held in Kasane, Botswana. Mr. Lehubitsa explained that to deliver exceptional service, it takes a lot of commitment, accountability, patience and trustworthiness. He expressed gratitude and delight for being recognized for his efforts and input at the BSE and for being allowed to participate in different committees that aim to improve staff welfare.

resilience as missed opportunities are the costliest in life.

He emphasizes the significance of embracing the different opportunities such as attachments, internships and short-term contracts as they are the foundation for personal and career growth and development.

Apart from being a competent professional, Mr. Lehubitsa is a husband, and a father to three (3) children. He firmly believes in the beauty of love and will soon be celebrating his 18th anniversary in marriage in August 2023. His 5 – year plan is to pursue a qualification in office administration and management. This qualification aligns with both his professional and personal aspirations and will accord him the opportunity to develop his career as well as build and grow his family's livelihood.

Mr. Tebogo Lehubitsa "Slim Dogg" as he mostly prefers to be called, is a proficient employee of the BSE with over 13 years of service in the Exchange. He works as a Driver/Messenger in the Department of Finance and Administration, where he supports the entire organization with administrative and logistical services.

Mr. Lehubitsa hails from Molepolole, where he attended his primary to junior secondary school, completing his senior secondary education in Gaborone. He joined the BSE in 2009 and has since served with passion and great competence in his area of employment. Mr. Lehubitsa provides excellent service even beyond the scope of his work, for the greater good of the BSE.

Before joining the BSE, Mr. Lehubitsa worked for Southern Africa Media Development Fund (SAMDEF) in a position equivalent to his current one. SAMDEF is a company involved in financing private media companies in SADC region. His earlier experience at both SAMDEF and the BSE is evidenced in the way he continues to execute his duties. His

"I have been at the BSE for some years and what I admire the most about the BSE is its culture and the role it plays in the financial services industry, including the general economy," said Slim Dogg as he is affectionately ululated by his colleagues. He commended the BSE for fostering a culture that provides employees the platform and opportunity to develop professionally and personally.

In the interview with BSE News, Mr. Lehubitsa highlighted that he is keen on giving advice to young people from his personal experiences, years of working experience and general outlook in life as he interacts with them. He encourages young people to recognize and seize current opportunities, and to further develop perseverance, determination and

"I have been at the BSE for some years and what I admire the most about the BSE is its culture and the role it plays in the financial services industry, including the general economy."



BSE LAUNCHES THE HEAD OFFICE BUILDING PROJECT

The Botswana Stock Exchange on 5 July 2023, launched a multi million project to construct its new headquarters in the Central Business District (CBD), Gaborone Plot 54389.

The purpose of this engagement was to update stakeholders on the BSE's construction plans and the long-term value of this project with respect to revenue generation for the Exchange.

The Guest of Honour was the Permanent Secretary at the Minister of Finance, Dr. Wilfred J. Mandlebe, who delivered the Official Launch Remarks on behalf of the Minister of Finance, Hon. Peggy O. Serame.

The iconic building planned to be seven storeys high, with the BSE occupying one floor and leasing out the remaining space to tenants who offer complimentary services will enable

Botswana to have easy access to the BSE and it is anticipated to create employment for those in the construction business and related industries.

The project is intended to commence during the 4th Quarter of 2023 and envisaged to be ready for occupancy by the end of 2025.





BSE CEO, MR. THAPELO TSHEOLE, PARTICIPATES AT THE US-AFRICA BUSINESS SUMMIT 2023

The Botswana Stock Exchange (BSE) is pleased to inform valued stakeholders that our CEO, Mr. Thapelo Tsheole, facilitated a presentation titled, 'Botswana Financial Services Sector – Capital Markets' on July 13th, at the US-Africa Business Summit 2023.

In his presentation, the CEO unpacked the intricate connection between Botswana's Capital Market and its role in our financial services sector and cast a light on how

Botswana's capital market acts as a catalyst for economic growth by providing businesses with avenues for raising capital and investors with opportunities for wealth creation. In addition, the presentation enabled attendees to explore the symbiotic relationship between our local capital market and the financial services sector, as banks, insurance companies, and other financial institutions leverage the capital market's infrastructure to offer diverse financial products and services.

Lastly, the CEO also provided insights into how this relationship fosters innovation, drives entrepreneurship, and promotes the overall development of Botswana's financial ecosystem.

For more information, please visit the official US-Africa Business Summit 2023 website: www.usafricabizsummit.com



OUR MISSION

To drive sustainable economic growth by providing a gateway for raising capital and accessing investment opportunities for the benefit of issuers, investors and stakeholders.



OUR VISION

To be a world-class securities exchange delivering innovative products and services



OUR VALUES

Be a Thinker: Innovation
Engage Boldly: Assertiveness, Communication
Winning Together: Teamwork
Act like an Owner: Commercial Focus
Do the Right Thing: Integrity, Efficiency, Sustainability

International Affiliates:

- **Secretariat & Chairmanship:** Committee of SADC Stock Exchanges (CoSSE)
- **Presidency:** African Securities Exchanges Association (ASEA) – which has 28 members representing 32 African countries
- **Participating Member:** African Exchanges Linkage Project - \$1.5 Trillion, 1,500 companies, 16 countries, 9 stock exchanges, 30+ stockbrokers
- **Full Member:** World Federation of Exchanges (WFE)
- **Partner Exchange:** UN Sustainable Stock Exchange (SSE) Initiative
- **Recognised Stock Exchange:** UK's HMRC



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 Celebrates June 16

On June 16, 2023, the BSE joined the African continent in commemorating the day of the African Child. The commemoration, traced back to the 1976 Soweto uprising, triggered by the adoption of Afrikaans as a language of instruction in schools and various factors including the Apartheid government's

implementation of the Bantu Education Act in 1953. This day honors the students who were slain in Soweto on June 16, 1976 for resisting Apartheid, and is now observed across the African Continent as a day of reflection and advocacy on the issues facing many African children and Youth.

During this commemoration, the BSE embraced the "back to school" theme, to recognize and celebrate the significant role played by African youth in the capital markets and the economy as a whole.



BSE LISTED COMPANIES BY SECTOR

Financial Services and Insurance



Security Services



Retail and Wholesale



Property



Banking



Energy



Agriculture



Telecommunications



Mining



Tourism





OBJECTIVES & STRUCTURE OF BSE TSHIPIDI MENTORSHIP PROGRAM

The objective of the Tshipidi Mentorship Program (TMP) is to provide practical training to potential issuers through a comprehensive and interactive program that covers the key themes necessary to position a company to list on the BSE. The program is administered by the experts within the listing ecosystem and seeks to bring the potential issuers closer to the listings advisers, investors and leaders of already listed companies.

The inception of this program is largely attributed to the fact that SMEs in Botswana do not operate as corporates across various elements and structures. As such, there is an opportunity within the private sector to assist SMEs to "corporate" thus preparing them to leverage off platforms such as the Exchange for growth. Therefore, as a strategic initiative, the BSE decided to set up this mentorship program in a bid to assist SMEs to strategize, corporatize and acclimatize in order to list to access equity finance and expand operations. The structure of the program entails a thorough

needs assessment of each company, practical training offered by industry experts with regards to key elements of corporatization, capital structure and commercial law and training on regulations and governance requirements. Further, advisers in the listings ecosystem provide an overview of their roles in the listings process and provide a high-level orientation on how applicants can prepare for a listing.

Benefits of TMP

The TMP will be beneficial in the following ways:

- Practical insights, knowledge and feedback from institutional investors about what they look for, and how the company should look like, for them to invest in IPOs.
- Increased awareness of the BSE listing requirements by potential issuers as well as applied knowledge of the same.

- Creation of an intimate network of advisers and progressive access advisers and CEOs of listed companies.
- The companies will graduate with improved governance structures and better knowledge of articulating their business strategy.
- Increased visibility to the public through BSE marketing platforms.
- Knowledge of packaging and articulating prospectus which necessary to apply for a listing.
- Will generate a pipeline of companies that can be further nurtured for eventual listing.

For more information on the Tshipidi Mentorship Program (TMP), please e-mail us at mentorship@bse.co.bw or call the BSE on **(+267) 3674400**.

DON'T MISS THE LATEST 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 Announcement, Prospectuses, Pre-listing Statements and Circular as per the BSE Listings Requirements.

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

The cost of the X-News service is **BWP4,000.00** (local fee) and **US800** (international fee) per year. Renewals for the service are conducted every year on or before December 31st.

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



SUBSCRIBE NOW!

A MAN FOR THE MARKETS



In Botswana's financial markets, one man is notably venerated as an elder statesman of the trade. It's an honour that Martin Makgatlhe has earned. For a man who has been in the markets since day one, few, if any, would question his revered status.

While he is held in high regard as one of the pioneers in the field, what is less known is that it very nearly didn't turn out this way. If his dream had come true, he would have gone to medical school and for a while that's where his path seemed to lead; excelling in the sciences at secondary school, in St. Joseph's College, and capping that with A'Levels in the United Kingdom. But then the lane curved in a different direction. His grades didn't secure him a place at medical school, and so he settled for second choice. "It was always a toss between economics and medicine; medicine because I had a passion for it, and economics because I thought I could make money," he explains. "When my first choice didn't come through then I went for the money."

Well, it was not exactly a choice without outside influence. The late Titus Madisa was Executive Chairman of Botswana Meat Commission (BMC), at the time one of the country's handful top corporates. Whenever the Makgatlhe's visited his home, he looked the epitome of success. He was an economist and one of the select few of that era. He certainly left a lasting impression that inspired one boy's life path. Reading for an economics degree at University of Botswana, he immersed himself in his studies. As well as scoring top marks, he also tutored first year

students in economics. He clearly caught the attention of someone further up the department's hierarchy because while in third year, with a full academic year before completion of his studies, an offer landed on his lap: to join the university's teaching team as a Staff Development Fellow at the end of his programme. As it turned out, the university was not the only suitor. Bank of Botswana, where he temped in the research department each vacation, also made an offer just before the end of his final year. When decision time came, he settled for the most unlikely choice – and it was neither of the two.

First, some background.

The first tentative steps towards establishment of a stock exchange in Botswana were taken in 1989. The launch date for what was then known as the Botswana Share Market was June 19th of that year. There were only five (One. Two. Three. Four. Five) listed companies on the share market. All these entities had already issued shares to the public, and so they were listed by introduction. Coordinating all this was a newly established firm – Stockbrokers Botswana. The company was a joint venture between Botswana Development Corporation (BDC), which was the majority shareholder, together with Standard Chartered Bank, Barclays Bank, and a technical partner from Zimbabwe that was called Edwards and Co. It was a well-thought relationship since BDC was an investment arm of government, while the involvement of the two banks was critical because they represented the private sector. The banks also became part of the initial companies that were listed.

Nineteen-eighty-nine was also the year that Makgatlhe completed his studies, and with it came a third job offer. It was from Stockbrokers Botswana, which had only one employee that happened to be the man who had been specifically brought in to set up and run the business – Bill Picken. When Makgatlhe made what must have appeared an improbable decision to settle for this offer, he became the company's employee number two. The duo shared an office, initially on the third floor of Botswana Building Society (BBS) head office and later at Barclays House. For reasons we shall see later, when one had a meeting the other excused himself,

either to check mail at the nearby post office or some other mundane activity to pass time. Looking back now, Makgatlhe's assessment is that what was being done was an experiment.

"When we started, I think government was not too sure as to what would happen. It was the time when real interest rates were negative, so people were not saving; instead, they were borrowing for consumption. So, government decided to come up with something that would encourage people to save and invest. That's when they came up with the idea of establishing stock exchange, or a share market as it was called then," he recalls. It was an experiment, indeed. Just picture this: the market itself was quite small by any measure (with just five companies), the investor pool was equally modest, the market was run on truly informal basis as there was not even a Stock Exchange Act at the time (which is why it wasn't called a stock exchange), and it was actually run under the Ministry of Finance. Given this environment, when Stockbrokers Botswana was set up, it was with the understanding that the company would also develop the institution of the stock exchange. It was the age of innocence. Now, here is an eye popper. As well as being a broker, Stockbrokers also managed the exchange – at the same time developing its own listing rules as a self-regulatory organisation! In today's world, such a setup is obviously inconceivable. In fact, today it would be written off as a recipe for disaster and a non-starter. But back then, it wasn't. Why?

"What made it work was trust," Makgatlhe observes. "It was a smaller community between the issuers, the exchange, stockbroking firm and the investors. We all realised that we needed each other to make this thing work, particularly because we were showing quite a lot of results. The investors, the brokers, the issuers – we were all held together by a common goal to grow this thing so that everybody, particularly the investors, could make money out of it." Here is how the office operated. As the dealer, Makgatlhe's role was the broker in the relationship. Picken – his boss – was the exchange. The demarcation line was respected, which was why when Picken had a meeting, it was understood to be a meeting of the exchange, and the broker had to leave

A Man for the Markets (cont'd)

the room. When there was a meeting of Makgatle's side of the business, the boss dutifully excused himself.

"There was never a thought that we could use that information and latitude to regulate ourselves for anything other than for the business itself. If I had been unscrupulous, I'd probably be richer than Bill Gates because I was alone and doing everything," he quips. That bit about being richer than the Microsoft co-founder is obviously tongue-in-cheek, but if you really consider it, if it were someone else of lesser moral fibre in that position, the plot may have very well went differently. Everything fell on Makgatle's desk – from dealing to the back-office function. And the whole lot was manual, including a ledger book he kept that recorded such information as when the share orders were received, from who, when they were traded, amounts paid, share certificates issued and the certificates' numbers.

"Today there is CSD (Central Securities Depository)," he reflects. "I was the CSD and the ATS (Automated Trading System) all at once. I did everything from talking to the client, getting an order, to executing the order and settling it – I was involved throughout that value chain." He relates an anecdote to illustrate what he's been describing about the operation – from the trust factor to the multitasking. So, one Friday afternoon this gentleman walks in, and finds Makgatle alone in the office. Very modestly dressed and absolutely nothing visibly remarkable about him, the man proceeds to enquire about the workings and performance of the market. Typical day at the office in a country where the stock market was a novelty – so Makgatle went through the drill, explaining how it all worked as well as the opportunities and benefits. Head nodding thoughtfully, the man enquires about the shares in one company he appeared particularly interested in, and the broker confirmed availability of stocks.

"Then he took out a chequebook, filled in the date, signed one leaf and handed it to me with a firm instruction not to exceed P500, 000 – commission included – five hundred thousand pula!! I didn't know him before then; I was meeting him for the first time. This was a crucial lesson; never judge anyone at face value and fail to give them attention. Here was this man, seemingly a simple guy, who had just left me with a signed blank cheque. So, I bought and after buying, I filled in the cheque 'pay Stockbrokers Botswana' and wrote down the amount in my own handwriting. It was

a first-time experience, writing a P500, 000 cheque! That was how life was. He had no reason to suspect that I could even write the cheque to myself," he states. It was the era of laying the ground, with very few institutional investors. In fact, the two prominent institutional investors, at the time, were the Debswana Pension Fund and the Motor Vehicle Accident Fund, way before the advent of the Botswana Public Officers Pension Fund. On the other hand, quite interestingly, there was a decent roll of high-net-worth individual clients. What further increased the individual client base was the shareholder list of the pioneering five companies. With a lot of stakeholder engagement and public awareness, especially when there was an Initial Public Offering (IPO), public interest grew – perhaps spurred in no small measure by the fact that the entities being listed were all blue chips.

"There was never a thought that we could use that information and latitude to regulate ourselves for anything other than for the business itself. If I had been unscrupulous, I'd probably be richer than Bill Gates because I was alone and doing everything"

There is an interesting story behind how one of the initial five, Sechaba, got to be listed. It came out of Sechaba Investment Trust (SIT), which was a closed end investment trust of BDC with interests in a number of entities such as Botswana Insurance Holdings Limited (BIHL), Kgalagadi Breweries Limited (KBL), and Botswana Breweries Limited (BBL). It was intended to list the different components of SIT, but when it came to the breweries business, South African Breweries (SAB), which was the majority shareholder, refused to dilute its stake in what was a crown jewel, and

was not supportive of the deal. Therefore, brains were racked and a clever alternative route unearthed – and that was to list SIT's shareholding in BBL and KBL under a new enterprise purposefully created for the mission, which got to be named Sechaba Breweries, and is to this day still named as such on the BSE.

After six years, other young professionals had come onboard, and Stockbrokers Botswana had found its feet, as had the market it was set up to develop, which was showing positive prospects. Makgatle felt his time at the company was up, and wanted to explore what lay beyond the horizon from his window at fifth floor, Barclays House. And there was a new player in town – a harbinger for new possibilities and new beginnings. In 1995 Investec Group was just setting up shop in Botswana. Dr. Loftus Ndzingi, who had been Director of Research at Bank of Botswana, had been recruited to establish the local subsidiary. Soon afterwards Makgatle came over – almost a déjà vu of the time in 1989 when he joined another founding CEO. "I joined on the asset management side, where I found there were no assets under management; nothing at all. In 1998, I set up the stockbroking division of the group," he says. The new development he initiated within Investec had profound implications for the trading environment – and the impact was especially felt across town at fifth floor, Barclays House.

The net effect was that since there was now another broker in the picture, Stockbrokers Botswana could no longer hold the dual role of broker and exchange. Consequently, the function of stock exchange had to be housed elsewhere. So, the Botswana Share Market was contracted out to Ernst and Young. Clearly, by now it was apparent that a stock exchange was viable. The experiment could not run forever, and there was noticeable movement in Government Enclave, essentially between the Ministry of Finance and Development Planning and the Attorney General's Chambers, who were working on the draft of an Act of Parliament to establish a stock exchange. When Parliament passed the Act in November 1995, and President Sir Ketumile Masire signed it into law, the Botswana Share Market formally became the Botswana Stock Exchange.

Unbeknown to Makgatle, a strategic review was being thrashed out high up the ladder at Investec, and when it was set in motion it would alter his career course. The silver lining, however, was that it would cause him to be the captain of his

A Man for the Markets (cont'd)

own ship. But his employer had to make the first move(ment). Major corporations were repositioning as the turn of the century approached. Similarly, as part of its own strategic refocus, the Investec Group started to disinvest out of a lot of jurisdictions in Africa to concentrate in Europe, Far East and the United States. In line with that vision, the company shut down most of its activities in Botswana, remaining only with Investec Asset Management. The company's private bank was sold to Stanbic Bank. Reading the tea leaves quickly, Makgatlhe made his own move.

"To pre-empt being sold off alongside the furniture, I offered to buy the securities business," he says, making light of what must have been a period of uncertainty even for a consummate bright star who wouldn't struggle to land an alternative job. His preposition was successful, and in 2000 he bought the company he had set up two years earlier – certainly not a bad way to enter a new millennium, though a very risky decision at the time as he was newly married. "Had it not been for the support from my wife, we certainly wouldn't be having this interview," he chuckles. He renamed it Motswedi Securities. In a way, Makgatlhe had come full circle; Motswedi sat alongside his first employer Stockbrokers Botswana (which

has also since been acquired by new shareholders) as the only two brokers in town. That, however, would be altered a while later when other brokers entered the market. He's been in the cockpit since he acquired the business 23 years back, but he's never flown solo – and does not intend to. Ever. Though Motswedi is family-owned, a decision was made very early on that it would be run with the same level of professionalism that was in place when it was still part of the Investec Group. There are independent non-executive directors on the board, one of whom is the Chairman, as we take compliance and governance seriously.

"There is no difference between Motswedi and any other private sector company or major corporation in terms of how it is run," he says "We have the same level of professionalism, and governance structures." In the 34 years that Makgatlhe has been doing this, he has unquestionably accumulated a lot of wisdom, but you somehow get a sense that if he were to list three factors that underpin success in this business they would be – in order of importance – relationships, relationships, and relationships. "This thing is about relationships," he states. "For me, relationships with my clients are very important. And you work on it on a daily basis. You need to manage relationships and your own expectations." Makgatlhe's

professional life does not only revolve around stocks and deals. He has been, and still sits, on boards of various entities even outside the capital markets. These include BBS, Botswana Post (where he was appointed Chairman at 40), Vision 2016 (Chairman), Vision 2036 Presidential Task Team, Letshego Botswana (Chairman), Sir Ketumile Masire Foundation, and of course, Botswana Stock Exchange. Recently, he was appointed to chair Botswana Oil.

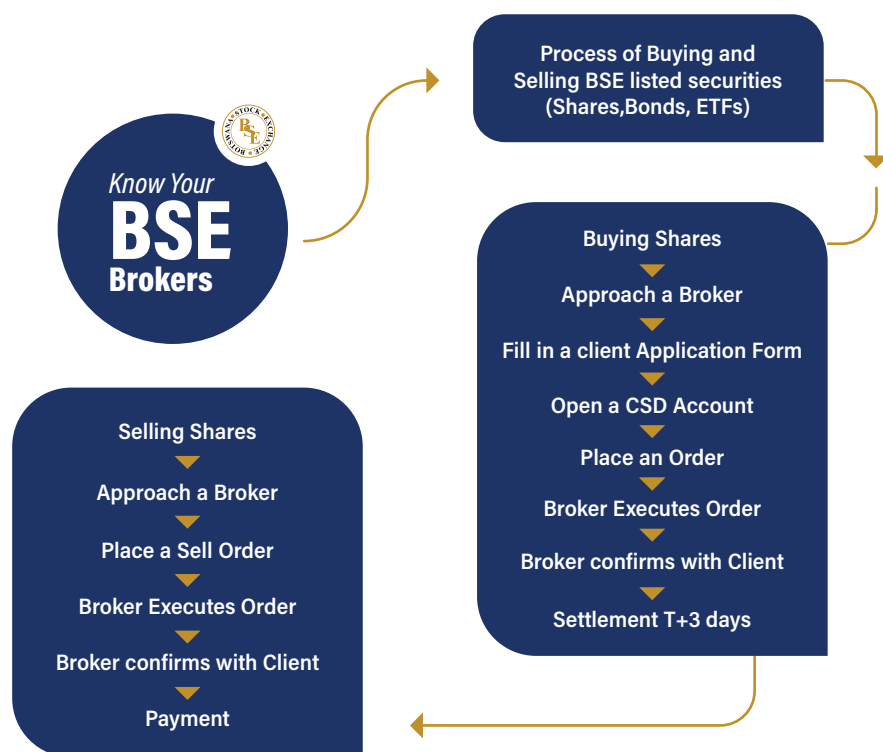
As the conversation steers towards succession, he counts his blessings. The first is that he has a very good team at Motswedi. Then he mentions his two daughters – both at university outside the country. "The first one, given the course she is studying, may end up in this industry. Whether or not she will want to take over is a decision she will have to make, but she would have to go through the ranks; she won't be anointed, so to speak. So, in terms of succession, right now I have a very good team at Motswedi, and I have a daughter who has at least shown interest that she might want to join the industry. She might even buy me out, I don't know. The second one has chosen a career path similar to her mother, in Information and Technology, and I am impressed she is vastly interested in financial markets technology or fintech – it gives me hope they could do things out of the ordinary when the time comes."



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) 395 7900
Fax: (+267) 395 7901
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.



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.

MARKET DEVELOPMENT INITIATIVES



Investor Month

Between 2nd May to 23rd May, 2023, the Botswana Stock Exchange (BSE) conducted the first-ever Investor Month. This strategic market development initiative driven at increasing and diversifying the retail investor base. During this Month, prospective investors were invited to the BSE offices to liaise with registered Brokers on the process and benefits of investing in BSE listed products.

In addition, this initiative availed an opportunity for current investors to address matters of dematerialization, KYC compliance and in other issues pertinent to their respective queries. This initiative also served as an educational platform to sensitize the general public about the operations of the BSE and its role as a key contributor to Botswana's economy. The month-long initiative was well attended by members of the public having received and assisted over three-hundred (300) locals and foreigners.



SME FINANCING THROUGH THE BOTSWANA STOCK EXCHANGE: BSE TSHIPIDI INVESTMENT FORUM:

▪ Background

Small and Medium Enterprises (SMEs) play a vital role in fostering economic growth, innovation, and job creation. However, one of the significant challenges faced by SMEs is accessing adequate financing to support their business operations and expansion plans. While traditional forms of financing, such as bank loans, remain essential, SMEs can greatly benefit from accessing financing through the stock market.

In addition to financial constraints stifling the growth of SMEs, one (1) of the key challenges facing SMEs in Botswana today is the lack of 'corporatization' on various levels. As a corporation, SMEs can have greater access to various sources of capital, such as equity financing, bank loans, venture capital, and even public investment through stock offerings. Investors are often more willing to invest in a corporation than in an unincorporated business due to

the legal protections and transparency associated with a corporate structure. Without adopting best business practice, SMEs in Botswana are at a risk of failing or never growing beyond SME status due to business processes inefficiencies, lack of transparency which may prohibit investor participation, limited execution of company strategy due to lack of oversight from governance structures, and so forth. To address these issues, the Botswana Stock Exchange (BSE) took a deliberate decision to establish and introduce the **BSE Tshipidi Mentorship Program (TMP) in 2019**.

The TMP was introduced primarily to sensitize and educate the private sector on the listings value proposition and process. In addition, this Program was established to address the lack of corporatization from SMEs with aspirations of accessing equity or debt finance from the market. Hence, it serves as a way of grooming companies that could potentially raise capital, improve governance and leverage from the BSE as a springboard for growth. The objective of the Program is to provide practical training through a comprehensive and interactive program that covers the key themes necessary to prepare and position a company to list on the BSE. This training is offered by industry experts (advisors in the listings

ecosystem) with regards to key elements of corporatization, capital structure, financial reporting, commercial law, listing requirements and corporate governance. In terms of facilitation, the TMP is conducted over a three (3) months period, with each month allocated a single day of facilitation.

Since the establishment of the Program, the BSE has hosted a total of forty-seven (47) companies - seventeen (17) companies in 2019, eleven (11) companies in 2021 and twenty (20) companies in 2022. These companies represent a host of sectors that have included energy, financial services, property, mining, manufacturing, agriculture, education, ICT, retail, amongst a few.

▪ BSE Tshipidi Investment Forum:

Despite the success of the TMP, in recent times, a number of TMP graduates have relayed their dismay at a lack of support exhibited by institutional investors in their bid to solicit equity or debt finance. This is attributed mainly to the risk perception associated with these enterprises as institutional investors often perceive SMEs as higher-risk investments compared to larger, more established companies. In most cases,

Market Development Initiatives (cont'd)

SMEs may lack a proven track record, have limited financial resources, and face a higher likelihood of failure. Hence, institutional investors, who manage large funds and have fiduciary responsibilities, may prefer to allocate their capital to more stable companies & other forms of investments.

Due to this market problem, the BSE resolved to host the Tshipidi Investment Forum on 6th June, 2023 to facilitate these discussions by inviting all the key players in one (1) room to converse on challenges and opportunities for SME financing through capital markets in Botswana. Not only was the conversation centered on allocation of funds from institutional investors to support SMEs, but it also availed an opportunity to hear insights from the private sector on probable solutions at attaining equity or debt financing. The facilitation of this Forum included a series of presentations, panel discussions and addresses. It was attended by over one-hundred (100) delegates who included previous cohorts of the BSE Tshipidi Mentorship Program, listed companies, market participants, government official and members of the media. The Guest of Honour was the Minister of Trade & Industry, Hon. Mmusi Kgafela, who officiated and delivered the Keynote Address.

In his address, the Minister conveyed his support for the private sector and assured SME owners of Government's commitment in producing a nurturing landscape for growth, "The role of Government in stimulating economic development remains a national priority. From my Ministry's standpoint, we will continue with our efforts to create a conducive environment for the promotion of investment and development of sustainable industries, with a view of diversifying and growing the economy, creating wealth and employment, so that there is prosperity for all. As such, we will continue to foster collaboration with relevant stakeholders to ease the process of doing business in Botswana. This will, evidently, not only serve to grow Botswana's private sector, but also promote Foreign Direct Investment."

Subsequent to the Minister's address, the BSE conducted an engaging panel discussion with listed companies to share their experiences with respect to the listing journey and to highlight challenges and opportunities of soliciting financing from the market, titled, '**From Private to Public**'. This panel was moderated by the BSE Head of Listings & Trading, Mr. Tsametshe Mmolai with the following panel;

- Mr. Lesego Keitsile, Head of Investments, Letlole La Rona Limited
- Mr. Ramachandran Ottapathu, CEO, Choppies Enterprises Limited

- Mr. Gulaam Husain Abdoola, MD, Turnstar Holdings Limited
- Chandra Chauhan, MD, Sefalana Holding Company Limited

As a general theme, the panelists mainly highlighted that the decision to list a company on the stock exchange brings significant benefits. It provides access to capital, enhances credibility, promotes liquidity, attracts talent, and strengthens brand recognition. However, it is important to carefully evaluate the associated costs, compliance requirements, and long-term strategic implications. A thorough analysis of the company's goals and objectives should be undertaken before embarking on this path. Nonetheless, for many businesses, the advantages of a stock exchange listing far outweigh the challenges, opening doors to new horizons of growth and success. The second panel discussion that was conducted was titled, 'Private Sector Participation in Botswana's Capital Market'. This panel discussion sought to unpack challenges facing SME financing in Botswana and was moderated by BSE Head of Market Development, Ms. Thapelo Moribame. This discussion consisted of the following panelists (TMP Graduates);

- Mr. Carlos Sebina, MD, Destiny Car Rentals
- Ms. Sandra Manhota, CEO, FIMA Enterprises
- Mr. Percy Raditladi, MD, Homec Investments
- Mr. Thabo Molefe, MD, Earth Vitamins
- Mr. Barolong Mouwane, Co-Founder, Kalafhi Group of Companies

In relaying their sentiments, the TMP graduates were of the view that institutional investors tend to prioritize larger and more established companies that offer higher returns and lower risks. SMEs, on the other hand, are perceived as riskier investments due to their limited track record and smaller scale. In addition, they also highlighted that Botswana's financial ecosystem may lack sufficient mechanisms to support SME financing. The infrastructure for assessing creditworthiness, collateral requirements, and regulatory frameworks might be perceived as inadequate or uncertain, leading to hesitancy among institutional investors. To address this issue, it is crucial for Botswana's government and relevant stakeholders to work together to create a more supportive environment for SME financing. This could involve implementing policies and regulations that incentivize institutional investors to invest in SMEs, improving access to credit information, enhancing financial literacy among SMEs, and promoting

public-private partnerships to provide alternative financing options. For the last panel discussion, the BSE invited institutional investors (assets managers) to deliberate on "**SME Development Through the Stock Market**". This session was introduced to discuss the role of asset managers in Botswana's capital markets and it was moderated by the BSE Head of Product Development, Mr. Kopano Bolokwe, with the following panelists;

- Ms. Ntsoaki Rampa, Investment Analyst, Allan Gray
- Mr. Alphonse Ndzingi, MD, Kgori Capital
- Mr. Martinus Seboni, MD, Ninety-One
- Ms. Clair Mathe-Lisenda, CEO, BIFM

In deliberating on this matter, our panelists highlighted that generally, asset managers have to adhere to certain investment restrictions or mandates to ensure financial stability, protect investors, or achieve specific policy objectives. These mandates can be designed to guide the allocation of investments and manage risk within the financial system. In addition, these mandates typically cover areas such as risk management, investment strategies, disclosure requirements, and reporting standards. By enforcing these mandates, Botswana aims to maintain a robust and trustworthy financial system while safeguarding the interests of investors in the country. In closing, all panelists agreed that SME support through the capital markets is vital for the survival due to the lost cost of raising capital. Hence, they will continue to work with relevant stakeholders and the Government at large at proposing solutions to address this challenge. Thus, empowering Botswana and contributing towards the growth of Botswana's Economy.

In addition to the interactive panel discussions, two (2) presentations were delivered by the BSE CEO, Mr. Thapelo Tsheole and the Botswana Public Officers Pension Funds (BPOPF) CEO, Mr. Moemedi Malindah, on '**Capital-Raising at the BSE**' and '**Allocation of Funds with Asset Managers**'. Both presentations served to provide an overview of the opportunities that lay within capital markets from the perspective of the BSE and the largest pension fund in Botswana, BPOPF. The other distinguished speakers included BSE Board Member, Mr. Norman Moleele, who delivered the Welcome Remarks and BSE Board Members, Mrs. Itumeleng Mareko, who delivered the Closing Remarks.

Market Development Initiatives (cont'd)



1. BSE Board Member, Mr. Norman Moleele, delivering the Welcome Remarks
2. BSE CEO, Mr. Thapelo Tsheole, delivering a presentation titled, 'Capital-Raising at the BSE'
3. Minister of Trade & Industry, Hon. Mmusi Kgafela delivering the Keynote Address
4. (Left to Right) Permanent Secretary to the Ministry of Trade & Industry, Ms. Malebogo Morakaladi, BSE Board Member, Mr. Norman Moleele, Minister of Trade & Industry, Hon. Mmusi Kgafela BSE CEO, Mr. Thapelo Tsheole and BSE Board Member, Mrs. Itumeleng Mareko
5. BSE Market Development Specialist, Mr. Kgotla Segwe, serving as the Master of Ceremonies and guiding proceedings

6. (Left to Right) BSE Head of Listings & Trading, Mr. Tsametshe Mmolai (moderator), Sefalana Holding Company Limited Managing Director, Mr. Chandra Chauhan, Turnstar Holdings Limited Managing Director, Mr. Gulaam Husain Abdoola, Choppies Enterprises Limited CEO, Mr. Ramachandran Ottapathu and Letlole La Rona Head of Investments, Ms. Lesego Keitsile,
7. BSE Board Member, Mrs. Itumeleng Mareko, delivering the Closing Remarks
8. Botswana Public Officers Pension Funds CEO, Mr. Moemedi Malindah delivering a presentation titled, 'Allocation of Funds with Asset Managers'
9. (Left to Right) BSE Head of Market Development, Ms. Thapelo Moribame (moderator), FIMA Enterprises CEO, Ms. Sandra Manhota, Homec Investments

- Managing Director, Mr. Percy Raditladi, Earth Vitamins Managing Director, Mr. Thabo Molefe, Destiny Car Rentals Managing Director, Mr. Carlos Sebina and Kalafhi Group of Companies Managing Director, Mr. Barolong Mouwane
10. (Left to Right) BSE Head of Product Development, Mr. Kopano Bolokwe, Allan Gray Botswana Investment Analyst, Ntsoaki Rampa, Kgori Capital Managing Director, Mr. Alphonse Ndzingo, BIFM CEO, Ms. Clair Mathe-Lisenda and Ninety-One Botswana Managing Director, Mr. Martinus Seboni



FINANCIAL INCLUSION

"Financial inclusion is the concept of ensuring that the mass majority are availed of economic and financial products and services to meet their needs. Hence, as the BSE, it is our obligation to pursue strategies that will enable the general public to access our various offerings in terms of investment options for retail clients and capital-raising opportunities for prospective issuers. In time, such endeavours will contribute towards the overall growth of our economy."

..... BSE Board Member, Mrs. Itumeleng Mareko

THE SUSTAINABLE/GREEN BONDS ISSUANCE PROCESS AND THE SUPPORT PROVIDED TO VARIOUS MARKET PARTICIPANTS BY COSSE AND FSD AFRICA



Many countries are experiencing the devastating effects of climate change, which poses a threat to investments and the countries' economic growth. In this context, the Committee of SADC Stock Exchanges (CoSSE) in partnership with FSD Africa launched the SADC Green Bond Programme to accelerate the uptake of sustainable/green bonds as a tool for SADC member countries to tap into the local and international markets to finance sustainable and green projects and assets.

By definition, a sustainable Bond is a collective term that CoSSE uses to describe debt instruments that in addition to financial returns, deliver environmental and social benefits. Green, Climate, Blue, Social, Gender, Sustainability and Sustainability-Linked Bonds are subcategories of sustainable bonds that may be issued by companies, sovereigns and sub-sovereigns. Sustainable Bond market has grown exponentially over the past ten (10) years as investors acknowledge that climate and other environmental and social risks can impact investment performance. Sustainable bonds, as envisioned by the SADC Stock Exchanges, are one tool that can provide African companies and projects with an opportunity to leverage private capital at scale towards building more climate-resilient and sustainable economies.

Green Bond Issuance Overview

To assure the credibility of the label to investors, the issue of a Green Bond necessitates additional measures beyond the standard bond issuing process. These measures provide investors with the transparency and disclosure on what is being financed by the green bond, as well as ensuring compliance with international best practices.

Preparation- Pre-Issuance Phase

The following steps are involved in the pre-issuance of the green bond:

Step 1: Identify qualifying green projects and assets

The key feature of a Green Bond is that the

proceeds are solely used for eligible green projects or assets. The 'greenness' of a company does not matter - it's about the physical assets or projects. References that list out eligible project categories that can be considered for a green bond and help guide the identification process can be found in the GBP's, the Climate Bonds Taxonomy or the EU Taxonomy.

Step 2 - Develop a Green Bond Framework

The green bond framework sets out the issuer's policies and internal procedures governing the issuance of the Green Bond - See Section 4 for full details

Step 3 - Arrange an independent verification

A credible independent review and verification is a requirement and protects the issuer's reputation while providing investors with assurance. The verification process is typically performed by an external reviewer, who assesses the list of projects using the Climate Bonds Standard for Certification or the Green Bond Principles in the case of a Second Party Opinion.³ The verifier can also assist with identifying green assets.

Step 4 - Issue your Green Bond

The normal steps for issuing a vanilla bond applies:

- Structure the bond working with an investment bank or advisor
- Prepare bond documentation i.e. Information Memorandum
- Seek the required regulatory approval
- Market the Green Bond

Post-Issuance

For Certified bonds, the issuer must issue a post-issuance report signed off by an independent verifier. The post-issuance report is a one-off report which confirms that the proceeds have been applied and the systems (documentation, processes, systems, etc.) have been setup as described in the pre-issuance Green Bond pipeline of issuers.

Support provided to various market participants by CoSSE and FSD Africa

Exchanges and Regulators: Support for

development of guidelines, policies and regulations - to enable the issuance and listing of sustainable bonds and other related products in the SADC region. For an overview of how to incorporate Sustainable Bond requirements in the listing rules and guidelines, go to the CoSSE Sustainable Bond Guidelines: <https://www.cosse.africa/sadc-guidelines-for-sustainability-bond/>

Potential Issuers of Green/Sustainable Bonds:

Identification of the Sustainable Bond project pipeline and support for Sustainable Bond issuance, such as initial review of green project eligibility, drafting of the Green Bond Framework and engaging the Green Bond External Verifiers. For an overview of the issuance process, go to the FSD Africa Green Bond Toolkit: https://www.fsdafrica.org/wp-content/uploads/2020/08/Africa_GBToolkit_Eng_FINAL.pdf

Institutional Investors Including their Advisors:

Sustainable Bond training and workshops for the institutional investment community to enhance detailed understanding and investment in Green and Sustainable Bonds.

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 3674421, or email us at cossesecretariat@bse.co.bw.

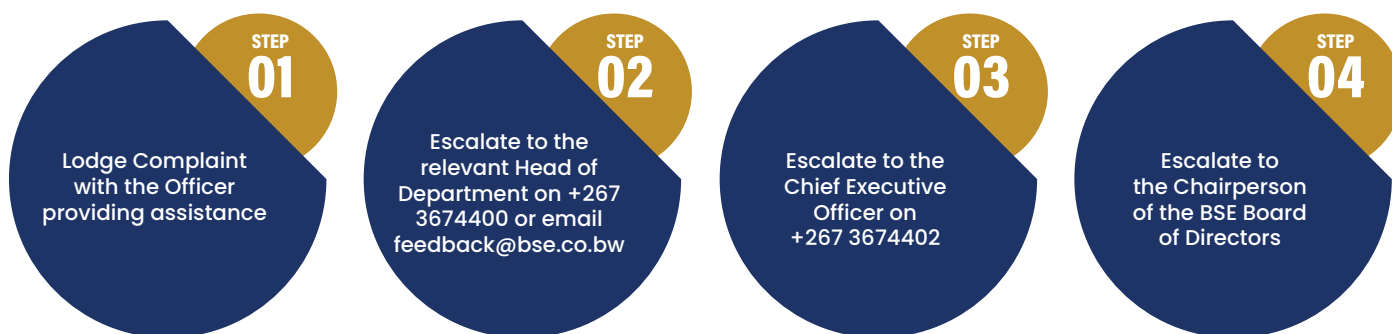




BOTSWANA STOCK EXCHANGE LIMITED (BSE) AND CENTRAL SECURITIES DEPOSITORY BOTSWANA (CSDB) CUSTOMER FEEDBACK PROCEDURE

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;





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

95.20 ▲ 0.07 % | Index: **BBIF**

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.

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