

# The Exchange Bulletin

## Chief Executive's Foreword



Greetings and welcome to the third edition of the NSE Newsletter.

One of the key lessons that enterprises have had to appreciate during this period is the importance of leveraging technology in distributing various products and services to their clients. As a market, our investments in technology have enabled us continue offering our services to our clients without any interruption.

We are making steps in supporting digital access to the market by investors. This year, we revamped our NSE App integrating more features to better support market access to the NSE. We have incorporated a ChatBot feature on the NSE App which will further enhance investor experience. As will be highlighted further in this bulletin, the NSE ChatBot is an artificial intelligence

powered assistant that provides a conversational interface that support investors as they conduct various transactions on the NSE.

As a company, we will continue to make various steps to support real time and direct access to the market by investors. The opportunity to greatly enhance participation on the market lies in our ability to make strategic steps anchored on technology and innovation.

In August 2020, we released our financial results for the period ended June 30, 2020 recording a strong performance in the wake of a challenging economic environment accelerated by the outbreak of the COVID-19 virus. Our performance in the first half of the year underscores our commitment to ensure the business continues to deliver value even during challenging times. Our profits and EBITDA grew by over 100% driven primarily by cost mitigation initiatives and an increase in profits from our associate company.

The quarter also marked the official handover of Chairmanship of the NSE from Mr. Samuel Kimani to Mr. Kiprono Kittony. Mr. Kittony who served as a director of the NSE from

2018 will steer the Group through an ambitious strategic plan aimed at positioning us as the leading financial transactions infrastructure Group in the region.

As we progress into the final stretch of the year, we are optimistic of increased investor participation in our market driven by improving investor sentiments as stocks gradually recoup losses incurred in the first half of the year.

I take this opportunity to wish you all the best and wish you a fruitful quarter as we continue working towards our vision of becoming the leading Exchange and investment partner of choice through providing efficient investment and capital raising services in Africa and Globally.

Enjoy your read.

**Geoffrey Odundo**  
Chief Executive

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# The NSE and Absa Bank Kenya Plc Host Webinar to Educate Kenyans On the Absa Newgold Etf

The NSE and Absa Bank Kenya PLC, the promoters of the Absa NewGold ETF hosted a webinar to inform investors on the benefits of the gold backed ETF on August 11, 2020.

The webinar dubbed *Investing in Gold; Hedging against a market fall with a gold investment* attracted over 3,700 participants. The webinar focused on highlighting gold as an alternative investment product for investors seeking to gain returns as well as safeguard against capital attrition especially in a challenging and uncertain economic environment.

The Absa NewGold ETF has witnessed a great performance this year driven by heightened demand by both domestic and foreign investors. Turnover for the Gold ETF has seen an increase of in excess of 12,000% as the end of the third quarter whilst the value of the Gold ETF has seen a remarkable 33% increase by the end of Q3.



## Investing in Gold

Hedging against a Market Fall with Gold Investment

The COVID-19 pandemic has greatly impacted all aspects of our lives, including how we invest. We have partnered with Absa to keep you informed on available investment opportunities to help you grow your wealth.

Join our panel of experts as they explore portfolio diversification through investing in gold.



**Mbithe Muema**  
Chief Executive Officer,  
Infalite Group



**Michael Mgwabe**  
Chief Executive Officer,  
NewGold Issuer (PFI) Limited



**Geoffery Odundo**  
Managing Director,  
Nairobi Securities Exchange



**Nahashon Mungai**  
Executive Director,  
Global Markets,  
Standard Investment Bank

DATE: TUESDAY, 11 AUGUST 2020    TIME: 2:00PM -3:30PM

To register for the webinar, please follow the steps below:

1. Visit [www.gotowebinar.com](http://www.gotowebinar.com)
2. On the top right menu, click join
3. Enter Webinar ID: 586-227-739
4. Enter your email address
5. Click Join

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## NSE Hosts its 66<sup>th</sup> Annual General Meeting

The NSE hosted its 66<sup>th</sup> Annual General Meeting of members on July 9, 2020. The AGM held via electronic means attracted over 1,000 shareholders.

During the meeting, the shareholders approved key decisions including a first and final dividend of Kshs. 0.08 per share in relation to the financial year ended December



Part of NSE Leadership and Management Team during the AGM.

31,2020 as well as the re-appointment of Ms. Risper Alaro, Ms. Nasim Devji, Mr. Hosea Kili and Ms. Isis Ny'ong'o to the Board Audit, Risk and Compliance Committee.

The virtual meeting was held following receipt of a letter of no objection to host a virtual AGM from the Capital Market Authority.



The former NSE chairman Mr. Samuel Kimani reads his statement to shareholders during the 66<sup>th</sup> AGM.

# NSE Profits after Tax increase by over 100% amid challenging economic conditions

The NSE announced its results for the six months ended June 30, 2020 on August 27, 2020. The Group recorded a strong performance on the back of a disconcerting macro-economic environment in Kenya and other global markets.

The Group's Profits after Tax increased by over 100% to Kshs. 110.6 Million up from Kshs.24.3 Million recorded over the same period last year. This was primarily driven by reduction in administrative expenses as well as an increase in the share of profits from associate investments.

The Group's interest and other investment income increased by 14.8% from Kshs. 47.2 Million to Kshs. 54.2 Million. Income from trading activities increased

marginally recording a 3.6% year on year growth to Kshs. 220.4 Million up from 212.7 Million.

Guided by a prudent cost optimization strategy, the Group achieved double digit reduction in key cost items such as staff and other expenses which reduced by 41.7% and 23% respectively. Equally, system related expenses reduced by a further 5.9% in the period under review.

The NSE Chief Executive, Mr. Geoffrey Odundo noted the impressive financial performance as a testament of the effectiveness of NSE's corporate contingency strategy, the resilience of the business and the confidence of investors and shareholders of the NSE.

## Launch of the NSE ChatBot

In line with the NSE's commitment to enhance ease and accessibility of the market by investors, the NSE launched the NSE ChatBot on September 22, 2020.

The Chatbot is an artificial intelligence powered assistant that provides a conversational interface that supports investors as they conduct various financial market transactions on the NSE.

Through the ChatBot, investors will access support when buying and selling stocks, tracking stock prices, generating statements and making funds transfers. Equally, the ChatBot will enable investors track their portfolio as well as allow them link their brokerage accounts with their mobile application.

Commenting on the launch, Mr. Geoffrey Odundo, NSE Chief Executive noted that, the launch of the ChatBot underscores NSE's commitment to continue offering various technology based solutions to ease the investment experience and encourage activity specifically among retail investors in Kenya.

The NSE 2020-2024 strategy focuses on leveraging on technology and innovation to enhance market participation among all our investors.



(From left) Ms. Rina Hicks, Operational Director, Faida Investment Bank and Mr. Irungu Wagemma, Head of Business Development, NSE demonstrate how the NSE ChatBot supports investors make various transactions.



# Strengthening Synergies

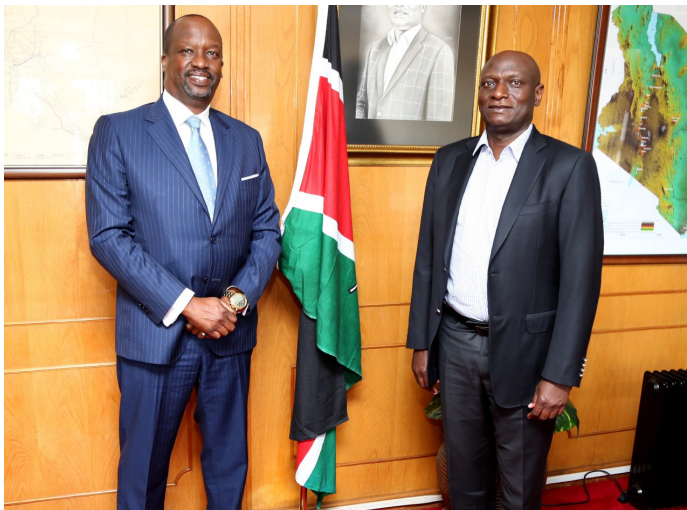
The NSE Chairman held a consultative meeting with the CS, Ministry of Energy Hon. Charles Keter on September 2, 2020.

Through a detailed memoranda presented to the CS, the NSE detailed opportunities for the energy sector to raise capital to fund key projects across the country.

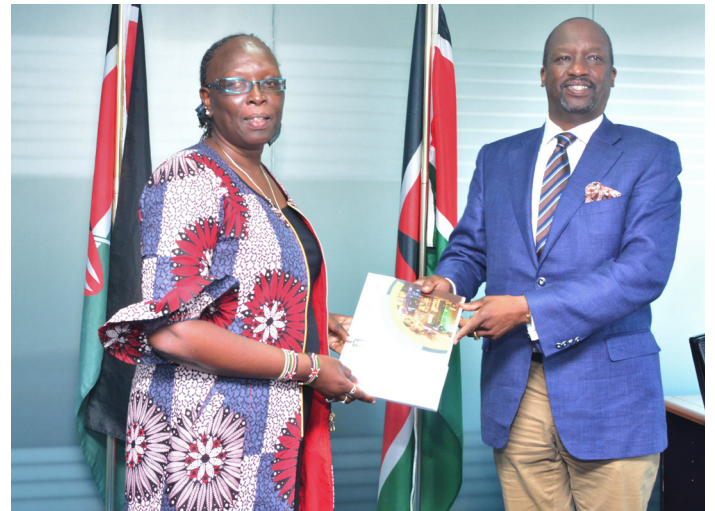
Similarly the NSE advocated for the Government, through the ministry to reduce its shareholding in some already listed State owned Enterprises to enhance liquidity in the market and expand opportunities for investors.

The NSE Chairman, Mr. Kiprono Kittony led a delegation from the NSE to a high level meeting with Ms. Betty Maina, Cabinet Secretary, Ministry of Industry and Trade on September 17, 2020.

The consultative meeting explored opportunities for collaboration between the NSE and the ministry in enhancing trade and investments in Kenya.



NSE Chairman, Mr. Kiprono Kittony (Left) with Hon. Charles Keter, Cabinet Secretary, Ministry of Energy (Right) following their consultative meeting



The NSE Chairman, Mr. Kiprono Kittony (Right) hands over a copy of the NSE Strategic Plan to Ms. Betty Maina, Cabinet Secretary, Ministry of Industry and Trade following a consultative meeting aimed at enhancing trade and investment in Kenya.



Meeting between the NSE and the Ministry that focused on various initiatives aimed at enhancing trade and investments.

# NSE Commemorates its Official Handover Of Chairmanship

The NSE commemorated the official handover of chairmanship from Mr. Sam Kimani to Mr. Kiprono Kittony on August 26, 2020. This followed the NSE's 66<sup>th</sup> Annual General Meeting held on July 9, 2020 during which Mr. Kimani stepped down as the Chairman of the NSE.

Mr. Kimani served as the Chairman of the NSE from June 6<sup>th</sup>, 2016 to July 13<sup>th</sup>, 2020 but remains on the Board of NSE as an Independent Non-Executive Director, in accordance with Articles 94 and 95 of the Company's Articles of Association.

The ceremony, marked by a bell ringing ceremony, was graced by the presence of the Cabinet Secretary, National Treasury, Hon. Amb. Ukur Yatani Kanacho who spoke of the importance of capital markets development and invited the NSE to step up its collaboration with the Government to embark on aggressive fundraising activities to enhance economic dividend as well as reduce the net domestic borrowing for the Government.



Hon. Amb. Ukur Yatani Kanacho Cabinet Secretary, National Treasury makes his remarks during the official handover of Chairmanship of the NSE.



NSE Chairman, Mr. Kiprono Kittony, EBS makes his remarks during the official handover ceremony of the Chairmanship of the NSE



# Upclose and Personal



**Lilian Gichuru**  
*Legal Manager, Nairobi Securities Exchange*

1. **What would we be surprised to know about you?**

I am very handy when it comes to farm work. I can milk cows, till land etc.

2. **You are an experienced corporate lawyer with a diverse portfolio of experience mostly focused on financial services. Tell us more about your journey and where you want to see yourself in the next five years?**

My legal journey began at Daly and Figgis Advocates, where I undertook my pupillage after completing studies at the Kenya School of Law. Upon admission to the Roll of Advocates, I continued serving the firm as an associate advocate before moving to Sanlam Kenya Plc. At Sanlam, I was exposed to various aspects of law, by virtue of being an in-house advocate supporting Sanlam Group, which has fully fledged subsidiaries with diverse strategic and operational needs. It was both an exciting and learning journey that gave me invaluable insights into the corporate world, and particularly the financial services world. It is actually against this background that I went back to school for an MBA.

I am grateful for the opportunity that I now have to serve the NSE in my current role supporting the legal and company secretarial function and I believe there are no limits as to how high I could scale the corporate ladder.

3. **If you had the opportunity to change roles with anyone at the NSE, who would that person be?**

I would probably shift roles with the Head of Human Resources. I am quite intrigued by matters HR, given the delicate balancing act that the role entails.

4. **What advice would you give young ladies starting their career?**

Trust the process. Rome was not built in a day. Consistently work hard, invest in yourself, it eventually all comes together. Most importantly, make God an integral part of your life and pray for His favour and guidance through the journey.

5. **Who inspires you most and why?**

Hon. Lady Justice Joyce Aluoch (Rtd) inspires me a lot for a number of reasons:

a. She is an accomplished woman of many firsts: She was the first Kenyan Judge to sit at the ICC in The Hague, where she was the Vice President of the Trial Division of the Court. She was also the first African to be feted with the Fletcher Award by the US Fletcher School of Law and Diplomacy. She established and served as the Inaugural Head of the Family Division of the High Court and simplified litigation in Family Law matters. Another of her firsts is that she was the First Chairperson of the Committee of African Union Experts on the Rights and Welfare of the Child and the Vice-Chairperson of the United Nations Committee on the Rights of the Child. Not to mention several other awards that she has received.

b. She started as a District Magistrate, which is the lowest rank of judicial officers in Kenya. She however gradually rose through the ranks to become a High Court Judge, a Court of Appeal Judge (at a time when the Court of Appeal was the highest court of the land) before eventually being appointed judge of the ICC. Hers is a journey that illustrates unwavering steadfastness, tenacity, consistency, and conduct that is above reproach.

c. She is a wife, a mother, a mother-in-law and a grandmother. It is incredible how she managed to balance her family and work, throughout her career life.

6. **Apart from studying and engaging in legal matters, what do you do to unwind?**

I enjoy baking and try out new recipes once in a while. I also enjoy spending time with my family: my little nephew keeps me quite busy.

7. **What are the top three things in your bucket list and why?**

a. Go on a hike on the Inca Trail in Machu Picchu, Peru. Machu Picchu is simply magical - a remote, crumbling city nestled on the slopes of the Andes mountains. I would also love to understand and appreciate the history of the indigenous Inca people.

b. Learn and go scuba diving. Being several meters below the water, is an intense adventure. You explore areas that are only within the reach of dare devils!

c. Swim between the North American and Eurasian tectonic plates in Iceland - because not every other day you get to see 2 continents at such close proximity.

8. **Assuming you were the President of Kenya for 48 hours, what would you focus on?**

I would ensure that the crisis at the judiciary is resolved. Financial autonomy to the judiciary is a critical aspect of judicial independence.

## The NSE Offers Premium Training Services in:

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- Corporate Governance
- Risk and Compliance
- Sacco Training

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