

The Exchange Bulletin

Chief Executive's Foreword



Greetings

Welcome to the latest edition of The Exchange Bulletin.

The year 2020 presented one of the most challenging operating environments for players both in the local and global economy. The outbreak and spread of COVID-19 accelerated a worldwide health crisis which triggered the worst global recession since the Second World War.

The outbreak exerted significant pressures to an already ailing global and domestic economy evidenced by the sharp decline in the global economy to -4.4% .

Kenya's GDP growth inched down to 1% from the 6% forecasted before the outbreak of the pandemic driven by reduction in remittances from key

economic sectors notably transport, tourism, agriculture and export as partial lockdowns, supply chain disruptions coupled with interruption in the labour market had a severe impact on the economy.

Despite the challenging operating environment, market performance remained resilient. Equity turnover saw a marginal 3.34% Year-on-Year decline to Kshs. 148.3 Billion compared to Kshs.153.8 Billion recorded over a similar period last year. The bond market posted an increase in turnover of 6.08% to Kshs. 691 Billion Year-on-Year up from Kshs.651.7 Billion recorded in the year 2019.

We were able to achieve key accomplishments in the year that just ended. Notably, we finalized and received authorization to operationalize the Unquoted Securities Platform (USP), a market infrastructure to facilitate the trading, clearing and settlement of securities of unquoted companies. The USP will offer issuers an opportunity to access the capital markets for long term funding through private placements.

Equally, the USP will enable companies that are not quoted and have a register of shareholders to

access accurate market valuation and increase liquidity of their shares while increasing transparency as well as access to information for investors as prices will be published daily. Revamping the NSE App and launching the Chatbot, Enhancing relations with Government, Corporates, Market Players and other key stakeholders in an effort to spur listings, and launch of the NSE Academy are some of our recent notable achievements we have had.

As we get into 2021, I am optimistic of a better performance. We continue to enhance our offerings to issuers and investors in keeping with global trends and to address the ever changing needs of our customers. Our critical focus is the listing of large cap companies while also bringing Small and Medium-sized Enterprises to our market which we are confident will help increase market liquidity as well as offer more options to investors and uplift the real economy.

I look forward to working closely with all our stakeholders to achieve the vision of the NSE.

Geoffrey Odundo
Chief Executive

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NSE Admits Kawsar Auto Spares Onto the NSE Ibuka Program

The NSE admitted Kawsar Auto Spares Limited onto its premium incubation and acceleration program, Ibuka on October 27, 2020. The admission followed a rigorous evaluation and vetting process that resulted in Kawsar Auto Spares becoming the 25th company to join the program.

Kawsar Auto Spares is a leading motor vehicle spare parts dealer in Mombasa, Kenya; specializing in automotive spare parts, automotive batteries and lubricants. Its growth over the years can be attributed to its visionary and dynamic leadership which took full advantage of the technological advances made in the motor vehicle spare parts industry that propelled it to a level far beyond its competition.

The NSE Board Vice Chairman Mr. Bob Karina noted that the enrollment is a key milestone and will commence Kawsar's prospective listing and growth journey. The program will prepare Kawsar as it launches its next phase of growth across its various business segments and markets.



(From Left) Mr. Bob Karina, Board Vice Chairman, NSE hands over an Ibuka Admission Certificate to Kawsar Auto Spares Limited Management team following their admission to the Program

NSE Admits Appropriate Designs Limited onto the NSE Ibuka Program

On November 18, 2020, Appropriate Designs Limited, joined the Incubator Board of the Ibuka program becoming the 26th company to join the program.

Appropriate Designs Limited is a full-service interior design company offering a broad range of services in both residential and commercial design. Founded in 2014, Appropriate Designs Limited has grown in leaps and bounds undertaking medium to large scale projects in design, architectural services as well as real estate.

The admission of Appropriate Designs Limited admission onto the Ibuka Program is a testament of the firm's commitment to seek ways to enhance its growth and development as it seeks to launch its next phase of growth.

Nse Launches The Nse Digital Academy



In pursuit of its commitment to enhance investor education, the NSE launched a premium digital learning platform called the NSE Digital Academy on November 25, 2020. The NSE Digital Academy will leverage on technology incorporating a fully automated Learning Management System that will support virtual training and certification as well as a trading simulator which will offer participants the opportunity to have a virtual trading experience.

The Academy will provide basic and advanced investment certifications across various areas in finance and investments, securities trading technology, corporate governance among others to users. Users will equally have the opportunity to access learning materials including audio and video content to enhance understanding of various subjects.

The trading simulator will provide a stock trading simulation platform where users will have a virtual trading experience, learning how to invest and build portfolios using stock price information provided by the NSE Automated Trading System.

The launch of this Academy will increase NSE's public education touch points enabling the NSE reach more clients, enhance market knowledge and awareness, build capacity as well as drive retail and institutional participation on the NSE.

NSE Participates in the ICIFA 2020 Virtual Conference

The NSE participated in the 2020 Institute of Certified Investment and Financial Analysts (ICIFA) Virtual Conference held on November 12th and 13th 2020. The conference themed 'Fostering Creativity and Innovation in the Investment and Finance Industry' sought to delve into key areas and ways to foster and drive innovation in the investment and finance industry.

The conference provided a platform to highlight ways of fostering innovation in the Investment and Finance Industry; discussing initiatives aimed at promoting innovative financial inclusion in the investment industry; discussing the evolving needs of (Individual; Institutional; and Foreign) Investors in a digital economy; promoting smart techniques in financial forecasting and analysis in the Investment Industry; and promoting ethical practice, efficiency and productivity of Investment and Finance professionals.

The NSE was represented in the forum by Mr. Jackson Kiminje, the Training & Public Education Manger, NSE who was amongst the panelists analyzing Kenya's investment literacy levels and needs, focusing on

opportunities and areas of improvement in respect to financial literacy in Kenya. The Chief Executive, Mr. Geoffrey Odundo, also made a presentation on 'Perspectives for Kenya's Investment Industry Focused on Creativity and Innovation.'

ICIFA
INSTITUTE OF CERTIFIED INVESTMENT AND FINANCIAL ANALYSTS

3RD ANNUAL VIRTUAL CONFERENCE 2020

Theme: **Fostering Creativity and Innovation in the Investment and Finance Industry**

20 CPDs | 12th – 13th November 2020

OBJECTIVES

- To identify ways of fostering innovation in the investment and finance industry;
- To discuss ways of promoting innovative financial inclusion in the investment industry;
- To discuss the evolving needs of individual, institutional, and foreign investors in a digital economy;
- To promote smart techniques in financial forecasting and analysis in the investment industry;
- To promote ethical practice, efficiency and productivity of investment and finance professionals.

CHARGES
Charges for the Annual Conference are as provided below:
Associate Members Kshs. 20,000 | Full Members Kshs. 25,000 | Non-Members Kshs. 15,000

MODE OF PAYMENT
MPESA: Paybill 593226; Account Number: Membership No. or ID number for non-members.
Payment may also be made to the account: NCA BANK, Account Name: Institute of Certified Investment and Financial Analysts, Account Number: 1002054295

TARGET GROUPS
Professional & Regulatory Bodies; Chief Investment Officers; CEOs and CFOs; Chief Risk & Compliance Officers; Investment Bankers & Stock Brokers; Investment and Financial Analysts; Public Sector Entities; National & County Governments; Policy Makers; Economists; Fund Managers; SACCOs; Investment Clubs and groups; Private Equity Practitioners; Insurance & Pension Scheme Funds; Real Estate Practitioners.

SPEAKERS

- Mr. Jeffrey Mwangi, CEO, NSE
- Mr. Zephaniah Mwangi, CEO, NSE
- Mr. Stephen Mwangi, CEO, NSE
- Mr. Geoffrey Odundo, CEO, NSE
- Mr. Charles Mwangi, CEO, NSE
- Mr. Peter Mwangi, CEO, NSE
- Mr. John Mwangi, CEO, NSE
- Mr. David Mwangi, CEO, NSE
- Mr. James Mwangi, CEO, NSE
- Mr. Joseph Mwangi, CEO, NSE
- Mr. Peter Mwangi, CEO, NSE
- Mr. John Mwangi, CEO, NSE
- Mr. David Mwangi, CEO, NSE
- Mr. James Mwangi, CEO, NSE
- Mr. Joseph Mwangi, CEO, NSE

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Bell Ringing Ceremony to Commemorate the Listing of Additional New Shares of Nairobi Business Ventures

Nairobi Business Ventures (NBV) held a Bell Ringing Ceremony on November 30, 2020 to commemorate the listing of an additional 415 million shares on the NSE. This followed the successful completion of its restructuring process and the subsequent onboarding of Delta International (FZE) as strategic investors.

Following the onboarding, that saw the Dubai-based Delta International FZE invest Kshs. 83 million into the company in early November 2020, NBV will now focus

on manufacturing, importing, and selling raw materials used by cement and steel processors and other companies in the infrastructure sector.

NBV was first established as a leather products retail chain operating under the brand name “K Shoe” but made a strategic decision to exit the retail businesses.



Mr. Vasu Abutola, Chairman, Nairobi Business Ventures (second from left) is joined by NSE Chief Executive Mr. Geoffrey Oundo (Left), Mr. Kiprono Kittony, Board Chairman,(second right) NSE and Mr. Sridhar Natajaran (right) as he rings the bell to commemorate listing of additional shares.

NSE Partners with the Capital Markets Authority for the National Capital Markets SME Forum 2020



The NSE and the Capital Markets Authority (CMA) jointly held a National Capital Markets SME Forum on December 11, 2020. The forum which was aimed at presenting the key opportunities in the capital market for

market based financing for Small and Medium Sized SMEs in Kenya attracted over 150 SMEs.

The forum is part of a series of engagements to raise awareness on opportunities to grow, raise capital as well as unlock potential for companies through the capital markets.

Homeboyz Entertainment Plc Lists on the Nairobi Securities Exchange

On December 21, 2020, Homeboyz Entertainment Plc listed on the Growth Enterprise Market Segment of the NSE Plc; becoming the first entertainment company to join the region's largest Securities Exchange. Homeboyz Entertainment Plc listed by introduction, 63,200,000 ordinary shares at a listing price of Kshs. 4.66.

Founded in 1995, Homeboyz Entertainment Plc is East Africa's largest and most influential entertainment company with business interests in events management and production, public relations, sports, live TV production as well as training.

Currently maintaining industry leadership supported by a well-diversified revenue base, a strong millennial and youth appeal as well as key strategic partnerships, Homeboyz Entertainment has maintained a strong revenue position in the past recording annual revenues in excess of Kshs. 300 million.

Mr. Kiprono Kittony, Board Chairman, NSE commended Homeboyz Entertainment Plc for tapping into the Capital Markets to accelerate its growth in line with its strategic priorities.

On his part, the NSE Chief Executive Mr. Geoffrey Odundo, noted that the listing of Homeboyz Entertainment Plc was a promising development in the country. It gives credence to NSE's commitment to support companies explore the NSE as an avenue to raise capital as well as offer investors an opportunity to participate in their respective growth and development.



Mike Rabar, Homeboyz Entertainment Plc Chief Executive shares his remarks during the company's listing ceremony

Gender Diversity and Inclusion

NSE joins 30% club

NSE joins 30% club to increase gender diversity in boards and senior management within the workplace, cementing its commitment to enhance gender equality in corporate leadership in Kenya.

By joining the 30% club, the NSE will champion for at least 30% representation of women on boards and senior management of companies listed on the NSE and within the larger Capital Markets.



(Left) Mr. Geoffrey Odundo, Chief Executive, NSE and Ms. Zuhura Ogada CEO, New Revenue Solutions Africa (right)

Ring the Bell for Gender Equality

The Nairobi Securities Exchange (NSE) in partnership with Global Compact Network Kenya, UN Women Kenya and International Finance Corporate (IFC) Africa joined over 100 stock exchanges globally to Ring the Bell for Gender Equality in commemoration of the International Women's Day on 11th March, 2021.

The event, held for the sixth consecutive year, aims to encourage the private sector to scale-up efforts to achieve gender equality in their markets, industries and organizations by adopting and implementing the Women's Empowerment Principles (WEPs).

The event was graced by Prof. Margaret Kobia, Cabinet Secretary, Ministry of Public Service, and Gender Affairs who gave assurance of the Governments' support towards gender equality.



From left to right Ms. Mary Mulili, Executive Director, UBA Bank Kenya, Prof. Margaret Kobia, Cabinet Secretary, Ministry of Public Affairs and Gender, Geoffrey Odundo, Chief Executive NSE (centre), Ms. Elizabeth Obando, WEE Team Leader, UN Women, Ms. Carole Karuga, CEO KEPSA (far right)

NSE Automation Journey

- 1 The NSE completes the integration of its bond system with Refinitiv's Fixed Income Call Outs application (FICO), an automated workflow that facilitates negotiations and agreements of fixed income bonds trading terms among Kenyan banks, brokerage firms and the Central Securities Depository (CSD).
- 2 The Exchange launched the Unquoted Securities Platform (USP), a market infrastructure to facilitate the trading, clearing and settlement of securities of unquoted companies, following approval granted by the Capital Markets Authority. The USP will offer issuers an opportunity to access the capital markets for long term funding through private placements whilst enjoying flexibility in listing requirements and obligations. Equally, the USP will enable companies that are not quoted and have a register of shareholders to enjoy price discovery and increase liquidity of their shares. Additionally, the platform will increase transparency as well as access to information for investors as prices will be published daily
- 3 The NSE announced the introduction of real-time Derivatives Market data on the Elektron Real Time platform offered by Refinitiv. Elektron Real Time will provide investors level 1 real-time updates on the NSE's single stock futures and index futures products. The market data integration went live on Monday, 22nd February, 2021.
- 4 New Broker Network - The Nairobi Securities Exchange (NSE) successfully transitioned to a new state of the art broker connectivity solution powered by Safaricom as the technology partner on 1st February, 2021.
- 5 Appointment of SCL Advisory Ltd to assist in expanding its portfolio of information products and services to clients across major investment markets across the globe as well as generate further value from existing and new data sets.

Acorn Holdings Ltd quoted its Income and Development Real Estate Investments Trusts on the Unquoted Securities Platform. The quoting makes Acorn the first company to tap into the market infrastructure for the trading of shares of unquoted companies.

Upclose and Personal



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

Not sure it counts as a surprise but most people don't know that I used to live in Malindi before my family moved to Mombasa. So the Coast in general is pretty nostalgic for me.

2. What motivates you to get up in the morning?

My alarm and knowing that my work in the Derivatives team is helping to shape a brand new market.

3. You joined the Derivatives team after working in a similar market in South Africa. How has your transition been and what is your outlook for the Kenyan market?

The most amusing thing to me about being a part of the Derivatives market in Kenya after working in the SA market is that I used to joke that one day I would come back home to teach people about derivatives. So I've enjoyed the transition and being a part of the Derivatives team and a part of the Exchange itself.

I think the Kenyan market will do well. Looking at areas such as Fintech, we've shown that we can embrace new ways of doing things and be at the forefront both regionally and on the continent. I see no reason why this shouldn't extend to capital markets as well. As we introduce more sophisticated products and continue improving access to the market for everyone we will create more and opportunity for everyone.

The SA market is a lot further ahead but they also began trading derivatives as early as the 90's, so I believe we will get there too.

4. Best advice you can give to an individual wishing to join the Derivatives space?

Well, firstly, the market is open to everyone and NSE derivatives aren't complicated. You can learn everything you need to know through the NSE as well as material online. I didn't have to get a "derivatives degree" to get here.

From a trading and investing point of view, I'd say take advantage of new markets and products that come your way. There are always opportunities to make a profit and gain experience in the market. Reach out to your broker and open a derivatives account if you don't already have one and take advantage of the research and analysis they give to their clients.

5. Who inspires you most and why?

The Geoff that I was yesterday, last week, or 10 years ago.

I think we often forget to look back on our journey and on our growth. Appreciating what I've experienced so far especially in relation to where I began inspires me to be better than I was yesterday.

6. Top three things in your bucket list?

Skydiving, early retirement, and some more skydiving. In that order.

7. What are your favorite unwinding hobbies?

Maybe another surprising thing about me. I don't have as much time for it as I used to but I'm still an avid gamer so my PlayStation is a prized possession.

The NSE Offers Premium Training Services in:

- Trading and Investments
- Trading Systems and Technology
- Corporate Governance
- Risk and Compliance
- Sacco Training

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