

Local

COMPANY ANNOUNCEMENTS

Results of 2020 AGM



- All resolutions were passed by 100% of votes in favour except for:
 - Ordinary Resolution 4: remuneration of executive directors for the 30 Apr 20 yearend, 30% of shareholders voted against the resolution and 70% voted in favour.
- P9.30 (YTD: +3.68%) PE: 11.8 PB: 1.3 D/Y: 4.03% Mkt Cap: P2,331.8mn

Second Collaboration Agreement with Louis Vuitton and HB Antwerp for the Sethunya Diamond



- Lucara announced that it has entered into an agreement with Louis Vuitton, a luxury goods house and HB Antwerp, a European diamond manufacturing and technology company, for the purpose of collaborating on the planning, cutting and polishing of the exceptional 549ca. Sethunya diamond.
- Under the agreement the three entities will collaborate and plan the creation of the highest value polished diamonds from the 549ca. rough, which will be made available to Louis Vuitton exclusively.
- Lucara will be paid the purchase price based on the estimated polished outcome, determined by HB's scanning and planning technologies with a true-up paid on the actual achieved polished sales thereafter less a fee and the cost of manufacturing. Lucara will receive the purchase price based on the polished outcome no later than 4Q21.
- P5.12 (YTD: -61.47%) PE: N/A PB: 0.9 D/Y: 0.00% Mkt Cap: P2,032.1mn

Circular to Shareholders and Notice of Extraordinary General Meeting (EGM)



- Minergy released a circular to shareholders highlighting plans to issue ~P115mn of capital at P0.75/share, in order to:
 - Settle a portion of expensive funding facilities amounting to ~P63mn.
 - Raise working capital to stabilise operations through the ramp-up phase into steady state production amounting to ~P15mn.
 - Build a new, shorter road to the recently completed rail siding amounting to ~P27mn.
 - Secure additional water resources to support increased plant processing amounting to ~P10mn.
- Minergy further gave notice of an EGM to be held on 8 Dec 20 at 9.30am at its head office in Phakalane. Shareholders will vote on:
 - Resolution 1: A special resolution, to approve the placing of shares.
 - Resolution 2: A special resolution, to authorise directors to allot and issue the placing shares on a non-pre-emptive basis.
 - Resolution 3: An ordinary resolution, to approve directors to take such steps and signing all such documents as necessary to give effect to Resolutions 1 and 2 being passed at the EGM.
- P0.80 (YTD: -27.27%) PE: N/A PB: 8.7 D/Y: 0.00% Mkt Cap: P376.0mn

Results of 2020 Annual General Meeting (AGM)



- All resolutions were passed by 99.3% and above votes in favour.
- P2.20 (YTD: -22.81%) PE: 7.2 PB: 1.6 D/Y: 7.27% Mkt Cap: P5,596.1mn



Restoration of Full Fungibility and Cautionary Announcement

- SeedCo International (SCIL) announced that following the migration of its secondary listing from the Zimbabwe Stock Exchange to the Victoria Falls Stock Exchange, the Zimbabwean Minister of Finance and Economic Development restored full fungibility of SCIL shares.
- Shareholders were advised to exercise caution as SCIL is still pursuing the integration of the Zimbabwean operations, held in SeedCo Limited and international operations, held in SCIL.
- P2.50 (YTD: -16.67%) PE: 13.1 PB: 1.1 D/Y: 0.00% Mkt Cap: P953.6mn

Director's Dealings in Shares



- During the week associates of Turnstar Group Managing Director, Gulaam Abdoola, bought 10 000 Turnstar shares at P2.50/share.
- P2.50 (YTD: -11.03%) PE: 10.0 PB: 0.8 D/Y: 4.00% Mkt Cap: P1,430.4mn

Lifting of Travel Restrictions



- President Dr Mokgweetsi Eric Keabetswe Masisi announced that travel restrictions will be lifted in a phased manner:
 - On 9 Nov 20, air travel will resume at Sir Seretse Khama International airport in Gaborone, Kasane International Airport and Maun International Airport.
 - On 1 Dec 20, ground crossing will resume on at the commercial border points of Kazungula, Kazungula ferry, Ngoma, Ramokgwebana, Martin's Drift, Ramatlabama, Tlokwen, Mamuno, Pioneer and Mohebo.
 - On 1 Dec 20, air travel will resume at Phillip G. Matante International airport in Francistown.
- All arriving passengers will be expected to present a valid 72-hour negative COVID-19 Polymerase Chain Reaction (PCR) result from time of departure.
- Returning residents not meeting the requirement will undergo a mandatory 14-day quarantine at their own cost (as assessed by the local authority).
- Non-citizens not meeting the requirement will not be allowed entry into the country.
- Travellers exiting Botswana are expected to comply with travel regulations of their destination country at their own expense.

3Q20 Botswana Expectations Survey (BES)



- The Bank of Botswana (BoB) released the results of its 3Q20 BES:
 - Results suggest that firms are less pessimistic about economic activity in 3Q20 versus 2Q20.
 - COVID-19 containment measures have negatively affected business operations and firms anticipate that it will take more than 1 year from Sep20, for their businesses to recover from the impact of COVID-19.
 - Firms expect the economy to have zero growth for 2020, which is higher than the Ministry of Finance and Economic Development's forecast of an 8.9% contraction.
 - Firms expect the cost of credit to reduce across all markets mainly due to the need for affordable credit to stimulate economic activity in the wake of the adverse impact of COVID-19.
 - Both domestic and export-oriented firms perceived overall access to credit to be tight in 3Q20. Sources of funding remained largely unchanged, the most utilised being retained earnings (57%) followed by loans (32%).
 - Firms expect prices to rise marginally in 4Q20. Additionally, average inflation expectations for firms was 3.0% for 2020 and 3.1% for 2021.
 - Firms highlighted that accessing funding from international markets was perceived to be the major challenge to doing business in 3Q20, followed by unavailability of skilled labour.

GOVERNMENT BUDGET STRATEGY PAPER (BSP) 2021/22 – DEFICITS TO CONTINUE

P'Mn	2020/21 Estimated	2021/22 Forecast	2022/23 Forecast
Mineral revenue	10,463	15,698	17,993
Customs and excise revenue	16,223	16,591	17,629
Non-mineral income tax	11,435	13,072	14,709
VAT	7,818	10,224	13,128
BOB revenue	4,117	1,334	1,454
Other revenue and grants	2,253	1,850	1,939
Total revenue and grants	52,310	58,769	66,851
Personal emoluments and pensions	27,161	26,667	27,247
Other charges	11,196	10,411	10,411
Grants and subventions	15,782	15,783	15,873
Interest payments	1,427	2,141	2,854
Recurrent expenditure	55,566	55,001	56,386
Development expenditure	12,028	16,425	14,611
Net lending	-76	-76	-76
Total expenditure and net lending	67,518	71,350	70,921
Deficit	-15,208	-12,581	-4,070
% of GDP	-8.0%	-5.9%	-1.7%
GDP at Current Prices	190,466	212,371	232,844

- Government released its FY21/22 BSP. Government expects the economy to contract by 8.9% in 2020 driven by a decline in the mining sector.
- Budget deficit of P15.2bn (8.0% of GDP) expected in FY20/21 due to a halving in expected mineral revenues to P10.5bn and increased expenditure to combat the spread of COVID-19.
- For FY21/22, Government plans to increase its domestic revenue mobilization through raising some tax rates, reducing exemptions and allowances, improving tax compliance and revenue mobilization efficiency.
- The Economic Recovery and Transformation Plan (ERTP) will add P7.5bn of additional expenditure in FY21/22.
- Deficit of P12.6bn (5.9% of GDP) expected due to expected sluggish revenues growth.
- Government has placed a limit of 6.0% of GDP as a cap for the FY21/22 budget deficit.

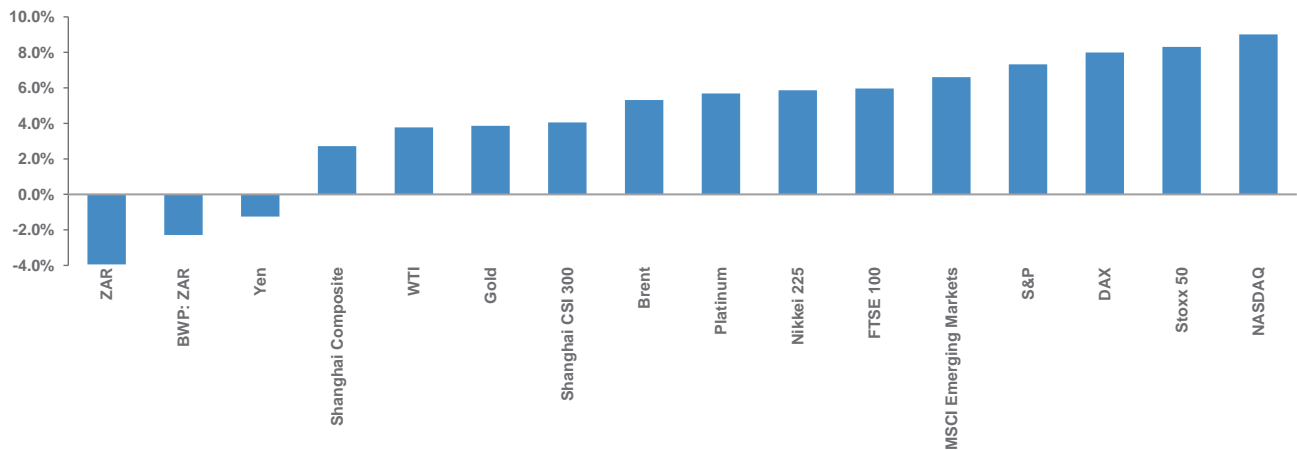
Regional SOUTH AFRICA

- Oct20 Absa Manufacturing PMI 60.9 v 58.5 (Sep20)
- Oct20 Standard Bank PMI 51.0 v 49.4 (Sep20)

ZAR PERFORMANCE

- The ZAR strengthened against the USD on the back of market expectations of a Joe Biden win in the Nov20 US Presidential elections.
- ZAR 15.60 (WTD: -3.94%) v 16.24 (30 Oct 20)

INTERNATIONAL SNAPSHOT – 6 NOV 20 WEEKLY PERFORMANCE



- Oct20 Final Manufacturing PMI 48.7 v 47.7 (Sep20)
- Sep20 Labour Cash Earnings y/y -0.9% v -1.1% (e) v -1.3% (Aug20)
- Japanese equities rose along with global equities on the expectation of a Joe Biden White House, Republican Senate and Democratic House which will negate the possibility of increased regulations and taxes from a Biden administration.
- Nikkei 225: 24,325 (WTD: +5.87%), Yen: 103.35 (WTD: -1.25%)



- Eurozone Oct20 Final Manufacturing PMI 54.8 v 54.4 (e) v 53.7 (Sep20)
- France Oct20 Final Manufacturing PMI 51.3 v 51.0 (e) v 51.2 (Sep20)
- Germany Oct20 Final Manufacturing PMI 58.2 v 58.0 (e) v 56.4 (Sep20)
- The Bank of England's Monetary Policy Committee (MPC) met and unanimously decided to leave its Bank Rate unchanged at 0.1%. The MPC further decided to increase its target stock of UK Government bond purchases by an additional £150bn.
- European equities were lifted by global investor enthusiasm surrounding the expected outcome of the US Presidential elections.
- DAX: 12,480 (WTD: +7.99%), Stoxx50: 3,204 (WTD: +8.31%), FTSE100: 5,910 (WTD: +5.97%)



- Oct20 Caixin Manufacturing PMI 53.6 v 52.8 (e) v 53.0 (Sep20)
- Oct20 Official Manufacturing PMI 51.4 v 51.3 (e) v 51.5 (Sep20)
- Chinese equities closed higher on increased investor risk-on sentiment fuelled by the projected outcome of the US elections.
- SHSZ300: 4,886 (WTD: +4.05%), SHCOMP: 3,312 (WTD: +2.72%)



- 31 Oct 20 Initial Jobless claims 751k v 735k (e) v 758k (24 Oct 20)
- Oct20 ΔNon-Farm Payrolls 638k v 580k (e) v 672k (Sep20)
 - Unemployment Rate 6.9% v 7.6% (e) v 7.9% (Sep20)
 - Labour Force Participation Rate 61.7% v 61.5% (e) v 61.4% (Sep20)
- The Federal Reserve Open Market Committee (FOMC) met and left interest rates unchanged at 0.00% - 0.25%. The FOMC also left the pace of its treasury security purchases unchanged.
- US equities rose on expectations that Joe Biden will win the Presidential election, Republicans will maintain their stronghold on the Senate and Democrats will maintain their majority in the House which will negate the possibility of increased regulations and taxes from a Biden administration.
- NASDAQ: 11,895 (WTD: +9.01%), S&P 500 3,509 (WTD: +7.32%)

COMMODITIES



- Δ US Crude Inventories -7,998k bbl. (30 Oct 20) v +582k bbl. (e) v +4,320k bbl. (23 Oct 20)
- Δ US Oil Rigs +4; 300 (6 Nov 20) v 296 (30 Oct 20)
- Δ North American Oil Rigs +4; 386 (6 Nov 20) v 382 (30 Oct 20)
- Global oil prices rose following the large and unexpected decline in US crude inventories highlighting better demand than the market expected.
 - WTI: \$37.14 (WTD: +3.77%)
 - Brent Crude: \$39.45 (WTD: +5.31%)



- Precious metals gained as the US Dollar weakened making the safe-have assets more attractive to investors.
 - Gold: \$1,951 (WTD: +3.86%)
 - Platinum: \$896 (WTD: +5.69%)



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1st Floor Exponential,
Plot 54351, CBD, Gaborone

PO Box 1253 ABG,
Sebele, Gaborone

T +267 3915 990
F +267 3915 980

www.kgoricapital.com

Directors KI Melamu, AM Ndzinge, S Noor, MS Sibanda
Reg No CO2012/8843

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