Capital Markets
INDUSTRY REPORT
2020/21

Capital Markets Authority

Protecting Your Investments

Capital Markets Authority

Protecting Your Investments

Vision

To be an innovative, efficient and trusted regulator

01

Mission

To foster a transparent, accessible and effective capital market in Uganda

02

Core Values

- **Integrity:** We act ethically and work in the public interest, treating people fairly and honestly
- **Teamwork:** We support and promote collaboration among the CMA team and with external stakeholders
- **Accountability:** We strive to live up to the aspirations of our mission so as to deliver quality services and promote the best interest of our stakeholders
- **Excellence:** We strive to pursue and deliver the highest quality of service to our stakeholders

03

CORPORATE INFORMATION

Profile: The Capital Markets Authority (CMA) is an autonomous body that was established in 1996, by the CMA Act, Cap 84. The Authority is responsible for promoting, developing and regulating the capital markets industry in Uganda, with the overall objectives of investor protection and market efficiency.

CMA plays a significant role in regional and international cooperation and is a member of the East African Securities Regulatory Authorities (EASRA) and the International Organisation of Securities Commissions (IOSCO).

Functions of the Authority

The CMA Act prescribes the following as the functions of the Authority:

1. To approve prospectuses and other offering documents under which securities are offered to the public and to approve information memorandum;
2. To develop all aspects of the capital markets with particular emphasis on the removal of impediments to, and the creation of incentives for long term investments in productive enterprise;
3. To create, maintain and regulate, through implementation of a system in which the market participants are self-regulatory to the maximum practicable extent, of a market in which securities can be issued and traded in an orderly, fair and efficient manner;
4. To cooperate with, provide information to, conduct any investigation or inquiry for, or otherwise assist any foreign regulatory authority in the performance of its duties;
5. To implement regional and international standards and best practice in securities markets, securities regulation and supervision;
6. To protect investor interests; and
7. To operate the Investor Compensation Fund established by section 81.

CMA executes its legal mandate with the following objectives:

1. Promoting confidence in the capital markets
2. Ensuring honesty and transparency in capital markets transactions
3. Carrying out investor education
4. Protecting investors; and
5. Reducing systemic risk

Table of Contents

Table of Contents

List of Tables

List of Figures

Table of Contents

List of Abbreviations

ALSI	All Share Index
AUM	Assets Under Management
BATU	British American Tobacco Uganda
BOBU	Bank of Baroda Uganda
BOU	Bank of Uganda
CBR	Central Bank Rate
CEO	Chief Executive Officer
CENT	Centum Investment Company Limited
CFO	Chief Finance Officer
CIS	Collective Investment Scheme
CMA	Capital Markets Authority
CQCIL	Cipla Quality Chemicals Limited
DFCU	Development Finance Corporation of Uganda
DPS	Dividend Per Share
FY	Financial Year
FSD	Financial Sector Deepening
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
IPO	Initial Public Offering
LCI	Local Counter Index
NIC	National Insurance Corporation
NSE	Nairobi Securities Exchange
NVL	New Vision Limited
ROA	Return on Assets
ROE	Return on Equity
RSE	Rwanda Stock Exchange
SBU	Stanbic Bank Uganda
SCD	Securities Central Depository
UBOS	Uganda Bureau of Statistics
UCL	Uganda Clays Limited
UGX	Uganda Shillings
USD	United States of America Dollar
USE	Uganda Securities Exchange
182D T-bill	182 Day Treasury Bill

Glossary of Terms Used

Assets Under Management	The total market value of the investments or assets that an entity manages on behalf of clients.
Balanced Fund	A CIS fund comprised of short, medium and long term interest-bearing investments plus equities.
CIS Manager	A licensed firm that markets and sells CIS units to potential investors. The role of the CIS manager is to decide, within the rules of the trust and the various regulations, which investments are included within the unit trust.
Collective Investment Scheme	An investment product that allows an investor to pool savings with other investors, creating a large pool of funds to be invested on their behalf by a professional CIS manager.
Corporate Bond	A security issued by a non-government entity borrowing from the public for a certain period of time, making periodic interest payments and repaying the principal amount borrowed at the end of the term.
Equity Fund	A CIS fund comprised of investments in only shares.
Initial Public Offering	A new issue of securities for the first time to the public.
Investment Adviser	A licenced person that carries out a business of advising other persons on securities as part of a regular business, issues or publishes, analyses or reports on securities.
Money Market Fund	A CIS fund containing short and medium-term interest-bearing investments of 36 months or less.
Market Capitalization	The total market value of a company's outstanding shares or other securities in issue.
Rights Issue	The issue of new ordinary shares to a company's shareholders in proportion to each shareholder's existing shareholding, usually at a price discounted to that prevailing in the market.
Stock broker	A licensed firm that buys and sells securities as an agent on behalf of clients and earns a commission.
Treasury Bill	A security issued by a government to borrow money from the public for one year or less. In Uganda, these are issued in tenors of 91-days, 182-days, and 364-days.
Treasury Bond	A security issued by a government to borrow money from the public for more than one year. These are issued in tenors of 2 years, 3 years, 5 years, 10 years, and 15 years.
Umbrella Fund	A CIS fund with any number of constituent parts (sub-funds), providing the opportunity for unit holders to switch all or part of their investment from one part to another.

Foreword

It is my pleasure to present the 2020/21 Capital Markets Industry Report that highlights the performance and the key developments in Uganda's capital markets. The principal aim of the Annual Capital Markets Industry Report is to disseminate information on the activities and performance of Uganda's capital markets. This industry report focuses on the period from 1st July 2020 to 30th June 2021.

The 2020/21 Capital Markets Annual Industry Report is the second edition in the series since the inaugural report for the financial year 2019/20. The report provides insights into the Authority's activities in regulating and developing the capital markets. With regards to statistical data, comparisons are made for the preceding years to provide the reader with an overview of evolving trends within the capital markets. In order to ease access, the 2020/21 Annual Industry Report has been published on the Authority's website (www.cmauganda.co.ug).

The Authority welcomes comments on the content of the publication from all stakeholders in order to better serve their information needs. The Board, Management and Staff of the Capital Markets Authority (CMA) convey their gratitude and appreciation to all stakeholders for their support and co-operation during the data collection, compilation and publication processes. These include approved capital markets intermediaries, The Ministry of Finance, Planning and Economic Development, as well as other Government agencies and institutions.

Finally, appreciation goes to the Board of Directors for the guidance they continuously gave in the development of this publication and without a doubt, CMA staff for their contribution to the successful production of this document.

The Report highlights the performance and the key developments in Uganda's capital markets

The Report focuses on the period from 1st July 2020 to 30th June 2021.

Authority welcomes comments on the content of the publication... to better serve their information needs

Keith Kalyegira
Chief Executive Officer

Disclaimer

While all care has been taken in the preparation of this Industry Report, the Capital Markets Authority (CMA) does not, in any way, warrant expressly the accuracy and completeness of the contents of this document. CMA shall not be liable for any loss or damage (including, without limitation, damages for loss of business or loss of profits) arising in contract, tort or otherwise suffered by any person/entity relying on the information contained in this Industry Report or arising from any shortcoming, defect or inaccuracy, through inadvertence or otherwise.

The contents of this Industry Report are meant for information purposes only. The statistics collected through statutory returns and other submissions have been prepared for a general overview. CMA is in no way providing financial or other professional advice through this report and none of its contents should be interpreted or relied on as such. Readers should consult their investment advisors for guidance.

Any discrepancy may be brought to the notice of the Authority through email: research@cmauganda.co.ug.

The Capital Markets Authority reserves the right to revise/amend any information published in this Industry Report.

Research Team

Dickson Ssembuya
Director Research and Market Development

Terrence Jason Tumwine
Senior Research Officer

Dreck Murozi
Research Officer

Amon Olive Ojom
Research Officer

Samuel Sanya
Public Education Officer

The Year 2020/21 in Brief

Collective Investment Schemes AUM

UGX 731.9 Bn

FY 2020/21
UGX 731.9 Bn

FY 2019/20
UGX 388.5 Bn

88.4%

Total AUM for CIS managers at the end of the FY 2020/21 was UGX 731.9 Billion (2019/20: UGX 388.5 Billion) - Up 88.4%

Fund Managers' AUM

UGX 4 Trn

FY 2020/21
UGX 4 Trillion

FY 2019/20
UGX 3.5 Trillion

14.5%

Total AUM for Fund Managers at the end of the FY 2020/21 was UGX 4 Trillion (2019/20: UGX 3.5 Trillion) - Up 14.5%

Domestic Market Capitalization

UGX 4.33 Trn

FY 2020/21
UGX 4.33 Trillion

FY 2019/20
UGX 4.27 Trillion

1.5%

Domestic Market Capitalization closed the FY 2020/21 at UGX 4.33 Trillion (2019/20: UGX 4.27 Trillion) - Up 1.5%

Total Market Capitalization

UGX 20.8 Trn

FY 2020/21
UGX 20.8 Trillion

FY 2019/20
UGX 19.1 Trillion

9.2%

Total Market Capitalization closed the FY 2020/21 at UGX 20.8 Trillion (2019/20: UGX 19.1 Trillion) - Up 9.2%

USE Local Counter Index

344.8 Points

FY 2020/21
344.8 points

FY 2019/20
339.2 points

1.6%

USE LCI closed the FY 2020/21 at 344.8 points (2019/20: 339.2 points) - Up 1.6%

USE All Share Index

1,498.2 Points

FY 2020/21
1,498.2 points

FY 2019/20
1,369.84 points

9.4%

USE ALSI closed the FY 2020/21 at 1,498.2 points (2019/20: 1,369.84 points) - Up 9.4%

Equity Turnover

UGX 17.3 Bn

FY 2020/21
UGX 17.3 Billion

FY 2019/20
UGX 115.4 Billion

85%

Total equity turnover in the FY 2020/21 was UGX 17.3 Billion (2019/20: UGX 115.4 Billion) - Down 85%

Board Members

Board Members

Jacqueline Kobusingye Opondo
Board Chairperson

Mercy K. Kainobwisho
Registrar General

Saul Sseremba
Represents Uganda Insurance Institute

Nelson Nerima
Represents Uganda Law Society

Dr. Martin Francis Kyeyune
Represents Uganda Manufacturers Association

Joseph Enyimu
Represents the Permanent Secretary/ Secretary to the Treasury - Ministry of Finance, Planning & Economic Development

Irene Lugayizi
Represents the Solicitor General

David Sajjabi
Represents the Governor, Bank of Uganda

Fabian Kasi
Represents the Uganda Bankers Association

Mohammed Kaliisa
Represents the Uganda National Chamber of Commerce and Industry

Keith Kalyegira
Chief Executive Officer

Top Management

Keith Kalyegira
Chief Executive Officer

Rosette Comfort Kania
Director, Market Supervision

Miriam Ekirapa Musaali
Director, Legal & Board Affairs

Dickson Ssembuya
Director, Research and Market Development

Executive Summary

Provisional estimates from the Uganda Bureau of Statistics (UBoS) indicate that a modest recovery in economic activity was realized in the financial year 2020/21, supported by the gradual easing of the lockdown amidst accommodative monetary, expansionary fiscal and liquidity support financial policies.

GDP data shows that the economy expanded in real terms by 3.3% during the financial year 2020/21 from 3% in the financial year 2019/20, growing from UGX 126 trillion in the financial year 2019/20 to UGX 131 trillion in the financial year 2020/21.

A closer look at Uganda's macro economy indicates that annual average Headline Inflation for the FY 2020/21 was recorded at 2.5%, compared to 2.3% that was recorded for the FY 2019/20. This is lower than the Sub-Saharan average of 3.3% in a similar period. The increase in annual average Headline Inflation was driven by a rise in annual average Core Inflation that was recorded at 3.5% for FY 2020/21, compared to 2.3% recorded in FY 2019/20.

Moving on to the performance of the capital markets

At the end of the financial year 2020/21, Collective Investment Scheme (CIS) Managers had UGX 731.9 billion in Assets Under Management (AUM). This represented an increase of 88.4% from UGX 388.5 billion at the close of the previous financial year. The growth in AUM can be attributed to increased awareness of CIS among local investors, which has seen more Ugandans open CIS accounts and save through them. Additionally, fixed income assets, which make up the bulk of AUM experienced growth in the period under review.

On the other hand, the total AUM by fund managers licensed by CMA stood at UGX 4 trillion at the end of the financial year 2020/21. This was a growth of 14.5% from UGX 3.5 trillion at the end of the financial year 2019/20. The increase in AUM can be partly credited to the growth in retirement benefit schemes' member contributions and an increase in the value of underlying assets.

There were no new equity listings or de-listings during the period under review. Domestic market capitalization, that represents the value of locally listed counters closed higher at UGX 4.33 trillion, representing a gain of 1.5%, from UGX 4.27 trillion at the end of the FY 2019/20.

This was mainly due to share price gains registered on locally listed counters Stanbic Uganda Holdings Limited (10.4%) and Bank of Baroda Uganda (9.1%). The increase in share prices can be attributed to, among other things, demand outstripping supply during the period under review. Additionally, the rally of the two bank stocks can be credited to the stellar performance of the two companies in 2020 despite the Covid-19 pandemic disruptions.

GDP 3.3%

UGX 131 trn

the economy expanded in real terms by 3.3% during the financial year 2020/21 from 3% in the financial year 2019/20

2.5%

Annual average Headline Inflation for the FY 2020/21 was recorded at 2.5%, compared to 2.3% that was recorded for the FY 2019/20.

Collective Investment Scheme (CIS) Managers had UGX 731.9 billion in Assets Under Management (AUM)

88.4%

$

Total AUM by fund managers licensed by CMA stood at UGX 4 trillion at the end of the financial year 2020/21

14.5%

Despite that, domestic market capitalization, when measured as a percentage of GDP, fell from 3.4% at the end of the financial year 2019/20 to 3.3% at the close of the financial year 2020/21. This was due to the fact that GDP growth outpaced the growth in the domestic market capitalization.

Equity turnover, which accounts for the total value of shares traded, fell by 85% to UGX 17.3 billion in the financial year 2020/21 from UGX 115.4 billion recorded in the financial year 2019/20. Average turnover per day decreased to UGX 70.9 million in the FY 2020/21, from UGX 466.3 million recorded in the previous financial year.

The dip in market activity can be attributed to among other things, muted participation from both domestic investors and off-shore investors (who usually account for over 80% of turnover at the USE) due to the risk associated with the uncertainty generated by the Covid-19 pandemic.

The Global Perspective

According to the World Bank's Global Economic Prospects report published in June 2021, growth in Sub-Saharan Africa is forecast to resume at a modest pace, reflecting improved external demand and resilient commodity prices, but will remain below the pre-pandemic average. The output is expected to expand by a modest 2.8% in 2021 and 3.3% next year.

According to the Bank of Uganda, economic recovery had been hampered by the second Covid-19 wave and the associated containment measures that were announced in early June 2021. The Central Bank further noted that the Covid-19 restrictive measures that remained in place will continue to weigh down economic activity, with economic growth projected in the range of 3.5 – 4% in the financial year 2021/22. The economic growth outlook is, however, highly conditional on, among other things, the timeline of the worldwide vaccines rollout and the course of the virus, its new variants and waves.

In the short term, capital markets activity in the public equity markets is likely to come under pressure from muted participation by domestic and off-shore investors due to another round of lockdown measures that were announced in early June 2021 amidst rising Covid-19 case numbers. However, in the medium term, market activity is expected to recover driven by, among other things, the gradual strengthening of the economy as restrictive measures that were put in place to contain the Covid-19 pandemic are eased, albeit at a subdued pace.

In addition, the anticipated listing of MTN Uganda on the USE in the financial year 2021/22 is expected to spur market activity. It is also important to note that during uncertain economic times like these, investors usually seek to preserve their savings and capital hence we anticipate that some will turn to safer assets like Collective Investment Schemes and Fixed Income instruments like Government securities.

Looking ahead, over the twelve-month period from 1st July 2021 to 30th June 2022, the Capital Markets Authority will focus on the following key initiatives: increasing liquidity in the debt capital markets; reviewing the CIS framework to ease market access by intermediaries and strengthen controls; operationalization of the Deal Flow Facility in conjunction with FSD Uganda and the European Union; advancing policies to strengthen domestic institutional investor participation in the capital markets; and reviewing the rules governing the commodity exchange sub-sector to facilitate the approval process for commodity exchanges.

1.5% **Domestic market capitalization,** that represents the value of locally listed counters closed higher at UGX 4.33 trillion

↓85% **Equity turnover,** which accounts for the total value of shares traded, fell to UGX 17.3 billion in the financial year 2020/21

↑3.3% **Global Perspective,** The output is expected to expand by a modest 2.8% in 2021 and 3.3% next year.

CHAPTER ONE

1.0 Introduction

1.1 Overview of the Capital Markets, Role in the Economy and the Need for Regulation

The capital markets are venues where those with individual or group savings can provide long term capital to government and corporations that are in need of capital. These markets make it possible for governments and companies with productive ideas but with insufficient capital to access capital from those individuals and institutions with excess capital. In the capital markets, savers buy financial instruments known as securities in exchange for capital. These financial instruments usually have a term that exceeds one year. To ensure consumers of financial products are protected, and public confidence is maintained at all times, it is important that fit and proper persons, capable of professionally and ethically undertaking the role of financial intermediation, are licensed and regulated. Effective regulation seeks to address the issues that may erode public confidence and participation in securities markets.

1.2 The Capital Markets Authority

The Capital Markets Authority (CMA) is an autonomous body that was established in 1996, by the CMA Act, Cap 84. The Authority is responsible for promoting, developing and regulating the capital markets industry in Uganda, with the overall objectives of investor protection and market efficiency. CMA is governed by a Board of Directors appointed by the Minister of Finance, Planning, and Economic Development. The CMA Act prescribes the following as the functions of the Authority:

- Approval of prospectuses and other offering documents under which securities are offered to the public;
- Development of all aspects of the capital markets with particular emphasis on the removal of impediments to, and the creation of incentives for long term investments in productive enterprises;
- Creation, maintenance and regulation, through the implementation of a system in which the market participants are self-regulatory to the maximum practicable extent, of a market in which securities can be issued and traded in an orderly, fair and efficient manner;
- Cooperation with, provision of information to, conducting any investigation or inquiry for, or otherwise assisting any foreign regulatory authority in the performance of its duties;
- Implementation of regional and international standards and best practices in securities markets, securities regulation and supervision;
- Protection of investors; and
- Operation of an Investor Compensation Fund.

CMA executes its legal mandate with the following objectives:

- Promoting confidence in the capital markets;
- Ensuring honesty and transparency in capital markets transactions;
- Carrying out investor education;
- Protecting investors; and
- Reducing systemic risk.

1.3 The CMA Annual Industry Report

The annual capital markets industry report covers activities, developments and performance of Uganda's capital markets industry. The industry report aims at providing insights into the domestic capital markets performance and related activities taking note of global and regional developments. This industry report focuses on the period 1st July 2020 to 30th June 2021.

1.4 Macroeconomic Context for the Industry Report

This section reviews the key macro-economic indicators which include: Global Economic Growth, Domestic Economic Growth, Gross Domestic Savings, Inflation, Exchange Rate, Central Bank Rate and Treasury Bill Rates. Financial markets exist to facilitate the allocation of financial resources across the different sectors of the economy between surplus spending and deficit spending economic units.

They make it possible for individuals and companies with productive ideas but with insufficient capital to access capital from those individuals and institutions with excess capital. To this end, a sound macroeconomic environment enables the capital markets to fulfil an important role in the economy by channeling savings into financial instruments (securities) issued by entities that need capital.

1.4.1 Global Economic Growth

After a 3.5% contraction caused by the Covid-19 pandemic in 2020, global economic activity has gained significant momentum; however, it remains well below pre-pandemic projections. The world economy is experiencing a robust but uneven recovery, with many emerging market and developing economies facing obstacles to accessing vaccines. The World Bank Global Economic Prospects report, notes that global growth is set to reach 5.6% in 2021, in part, underpinned by steady but highly unequal vaccine access.

Growth is concentrated in a few major economies, with most emerging market and developing economies (EMDEs) lagging behind. Estimates indicate that close to 90% of advanced economies are expected to regain their pre-pandemic per capita income levels by 2022, while only about one-third of EMDEs are expected to do so. Notwithstanding the unequal vaccine access, the World Bank report further notes that the recovery is envisioned to continue into 2022, with global growth moderating to 4.3%. Still, by 2022, global GDP is expected to remain 1.8% below pre-pandemic projections.

The global outlook remains highly uncertain, with substantial risks around the path of the pandemic and the possibility of financial stress amid large debt loads. It is notable that controlling the pandemic at the global level will require more equitable vaccine distribution, especially for low-income countries.

1.4.2 Domestic Economic Growth

Provisional estimates from the Uganda Bureau of Statistics (UBoS) indicate that a modest recovery in economic activity was realized in the financial year 2020/21, supported by the gradual easing of the lockdown, amidst accommodative monetary, expansionary fiscal and liquidity support financial policies. The GDP data shows that the economy expanded by 3.3% during the financial year 2020/21 from 3% in the financial year 2019/20. The size of the economy in real terms increased by 3.3% on an annualized basis from UGX 126 trillion in the financial year 2019/20 to UGX 131 trillion in the financial year 2020/21.

In terms of performance by sector, most of the growth was mainly driven by the industrial sector which grew by 3.4% during the financial year 2020/21 from 3.3% in the same period of the previous year. This was attributed to a strong performance by the manufacturing sub-sector, whose activities expanded by 2.1% from 1.3% during the financial year 2019/20.

On the other hand, the services sector - which has been the most affected by the pandemic restrictions grew by 2.5% in the FY 2020/21, the same rate as the previous financial year, supported by strong growth in health-related activities. The agricultural, forestry and fishing sector grew by 3.5% in the financial year 2020/21 compared to a 4.8% growth registered in the financial year 2019/20.

Table I: GDP Statistics (2016/17 – 2020/21)

	2016/17	2017/18	2018/19	2019/20	2020/21
Gross Domestic Product					
GDP at constant 2016/17 prices (UGX Billion)	108,518	115,359	122,791	126,431	130,546
Annual Growth at Constant 2016/17 Prices (%)	3.1	6.3	6.4	3	3.3
GDP Per Capita					
GDP Per Capita at Constant 2016/17 Prices (UGX '000)	2,908	3,127	3,321	3,403	3,500
GDP per capita at Constant 2016/17 Prices (US $)	824	855	889	916	932
Memorandum items					
Population ('000)	37,319	38,525	39,772	41,054	42,369
Exchange Rate (UGX per US $)	3,530	3,659	3,736	3,715	3,754

Source: Uganda Bureau of Statistics

According to the Bank of Uganda, the Covid-19 restrictive measures that remained in place will continue to weigh down economic activity, with economic growth projected in the range of 3.5 – 4% in the financial year 2021/22. Notwithstanding the Covid-19 restrictive measures, there are several Government interventions such as the capitalization of the small and medium enterprise recovery fund, boosting of the emyooga entrepreneurship funds and the ongoing nationwide vaccination efforts, which are expected to lessen the impact on GDP.

In the medium-term, stronger recovery is expected and this is premised on, among other things, successful deployment of vaccines and the containment of the spread of Covid-19, continued recovery in global demand, the commencement of construction works on the oil pipeline and a rebound in Foreign Direct Investment (FDI) inflows. This recovery could also create demand for funds by businesses that wish to scale up through external financing, providing opportunities for raising market based finance.

Sector wise, health services, pharmaceutical and information communication technology sectors are expected to withstand the adverse effects of the pandemic. The aforementioned sectors will be the focus of CMA's sensitization efforts aimed at increasing uptake of market-based financing among business owners and founders.

1.4.2 Gross Domestic Savings

Over the last five years, Gross Domestic Savings (GDS) which consist of savings of households, private corporate sector and public sector have grown by 5.1% on an annualized basis from UGX 20.5 trillion in 2016 to UGX 26.4 trillion in 2020. The growth is in part because GDP grew faster than the final consumption expenditure over the last five years, implying that national income was growing at a faster rate than expenditure, leading to an increase in the savings rate. This is depicted in table II hereafter. Notably, Uganda's GDS to GDP ratio of 20.2% for 2020 is above the Sub-Saharan Africa average of 19.5%.

Table II: Gross Domestic Savings Statistics (2016 - 2020)

	2016	2017	2018	2019	2020
Gross Domestic Savings (UGX Billion)	20,548	22,896	22,982	25,857	26,354
Gross Domestic Savings (% of GDP)	18.9	19.8	18.7	20.5	20.2

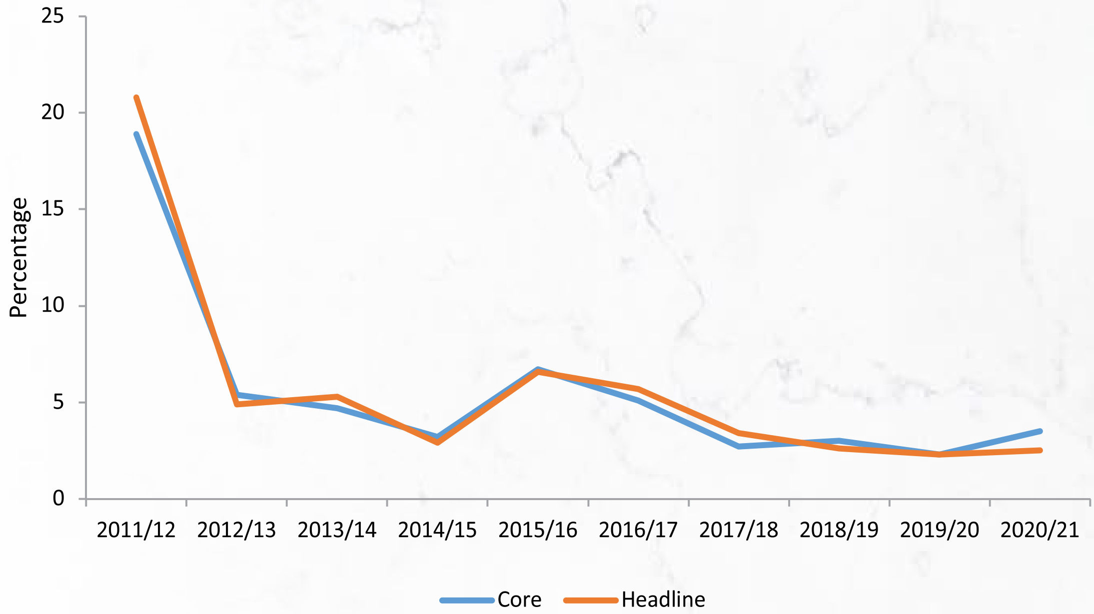
Source: World Bank

An increase in Gross Domestic Savings implies that there is more capital to be deployed as long term capital via the capital markets. This long term capital can facilitate refinancing efforts, expansion as well as exit strategies by business owners through the capital markets in the form of private and public equity and/or debt.

1.4.3 Inflation

Annual average headline inflation[1] for the FY 2020/21 was recorded at 2.5% compared to 2.3% that was recorded for the FY 2019/20. This was lower than the Sub-Saharan average of 3.3 % in a similar period. The increase in annual average headline inflation was driven by a rise in annual average core inflation[2] that was recorded at 3.5% for FY 2020/21, compared to 2.3% recorded in FY 2019/20. However, Food Crops and related items annual average inflation decreased to minus 4.3% for FY 2020/21 down from 3.7% in FY 2019/20. Annual average inflation for Energy, Fuels and Utilities (EFU) also decreased to 0.9% in the FY 2020/21, down from 1.5% in the FY 2019/20. Over the last ten years, annual average headline inflation has declined by 19.1% on an annualized basis from 20.8% in the financial year 2011/12 to 2.5% in the FY 2020/21. Annual average Core Inflation has also reduced by 15.5% on an annualized basis from 18.9% in the FY 2011/12 to 3.5% in the FY 2020/21.

Figure I: Annual Average Headline and Core Inflation Rates (FY 2011/12 – FY 2020/21)



Source: Uganda Bureau of Statistics

Bank of Uganda projects that inflation will remain relatively subdued but return to the 5% target in the medium term. Core inflation is expected to average 3.3% in 2021 and 4.4% in 2022, before gradually returning to its medium-term target of 5%.

Headline inflation is projected to average 3.6% in 2021 and 4.5% in 2022. However, there are risks associated with the forecast that makes the timing of convergence to the medium-term target of 5% highly uncertain. On the upside, fiscal challenges, a more depreciated exchange rate, adverse weather-related shocks, gains in international commodity prices, and a faster than anticipated global economic recovery could put upward pressure on domestic inflation. On the downside, however, lower than anticipated domestic demand due to the recent partial lockdown and slower global economic recovery on account of new waves of Covid-19 could exert downward pressure on domestic inflation.

A stable inflation environment is an indication that the Uganda shilling remains a good store of value which is essential to foster the growth in savings. Notably, a low inflation environment tends to favor fixed income securities in part because bond prices tend to rise when inflation is decreasing, while a high inflation environment favors equity holdings because the share prices tend to rise along with the general prices of consumer and producer goods.

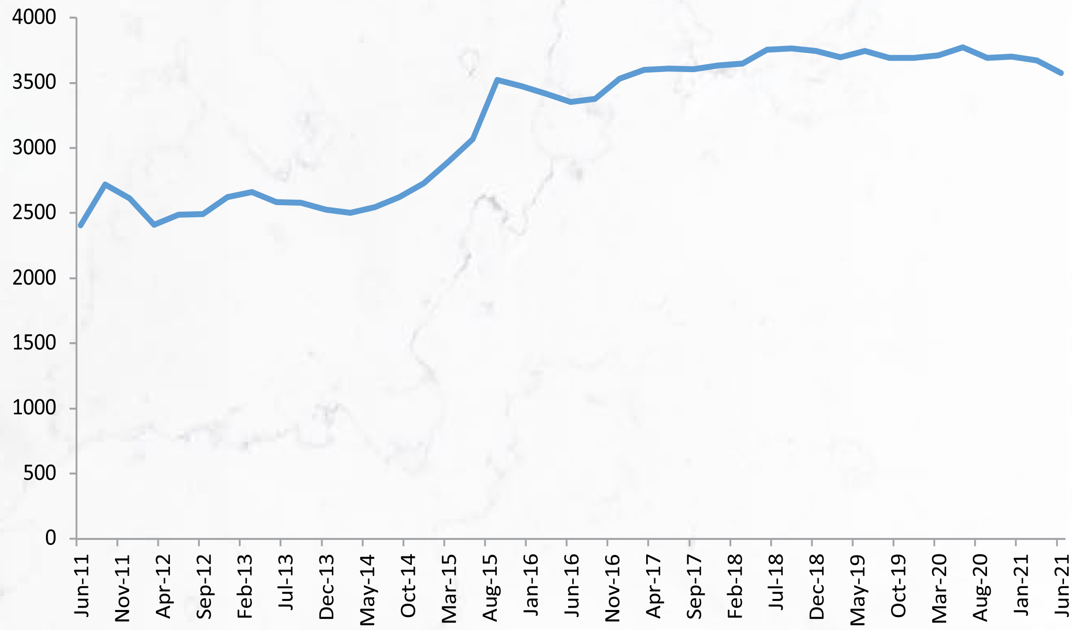
1 Headline inflation refers to the inflation rate calculated based on the price index that includes all goods and services in an economy.
2 Core inflation refers to the inflation rate calculated based on a price index of goods and services except food and energy.

1.4.5 Exchange Rate

The Uganda shilling appreciated by 1.4% against the US Dollar, posting a monthly average of UGX 3,661 in 2020/21 compared to a monthly average of UGX 3,715 in 2019/20. This compares favorably to an average depreciation of 3.5% registered for East African regional currencies against the US Dollar over the same period.

Over the last ten years, the local currency has depreciated against the US Dollar by 3.6% on an annualized basis from UGX 2,559 in 2011/12 to UGX 3,661 in the review period. In comparison with the other regional currencies over the same period, the Kenyan shilling, Tanzanian shilling and Rwandan franc depreciated by 2%, 3.7% and 4.6%, respectively, against the US Dollar.

Figure II: Trends in USD/UGX Exchange Rate (2011/12 – 2020/21)



Source: Bank of Uganda

In the near term, the local currency is expected to remain relatively stable, in part, due to low domestic demand. However, in the medium-term, the exchange rate is expected to depreciate on account of a pick-up in both the private sector and government demand for imports, possible slowdown in portfolio inflows and unwinding of coffee export receipts amidst a strengthening US dollar.

A declining exchange rate decreases the purchasing power of income and capital gains derived from any returns on investment. On the flip side, domestic assets become affordable for investors holding hard currencies such as the US dollar, providing an opportune moment for the purchase of the discounted assets.

1.4.6 Interest rates

1.4.6.1 Central Bank Rate

The Bank of Uganda reduced the Central Bank Rate (CBR) by 50 basis points from 7%, where it had stood since June 2020 to 6.5% in June 2021. The Central Bank's Monetary Policy Statement (MPS) for June 2021 indicated that there was still sectoral unevenness of economic recovery, a weak level of business investment and considerable excess capacity because the demand for goods and services is currently less than demand at full productive capacity. It is against this background that the Bank of Uganda lowered the CBR, pointing out that Uganda's economic recovery still requires monetary support until the economic slack is absorbed and the 5% inflation target is sustainably achieved.

Going forward, the CBR is expected to remain low as monetary authorities continue maintaining an accommodative monetary policy with among others low interest rates to stimulate economic recovery. This is likely to make the equity market more attractive for investors in search of higher yields.

An expansionary monetary policy which includes among other things, low-interest rates aims at stimulating economic growth by lowering interest rates to increase borrowing by individuals and businesses to finance asset purchases among other things.

1.4.6.2 Treasury Bill Rates

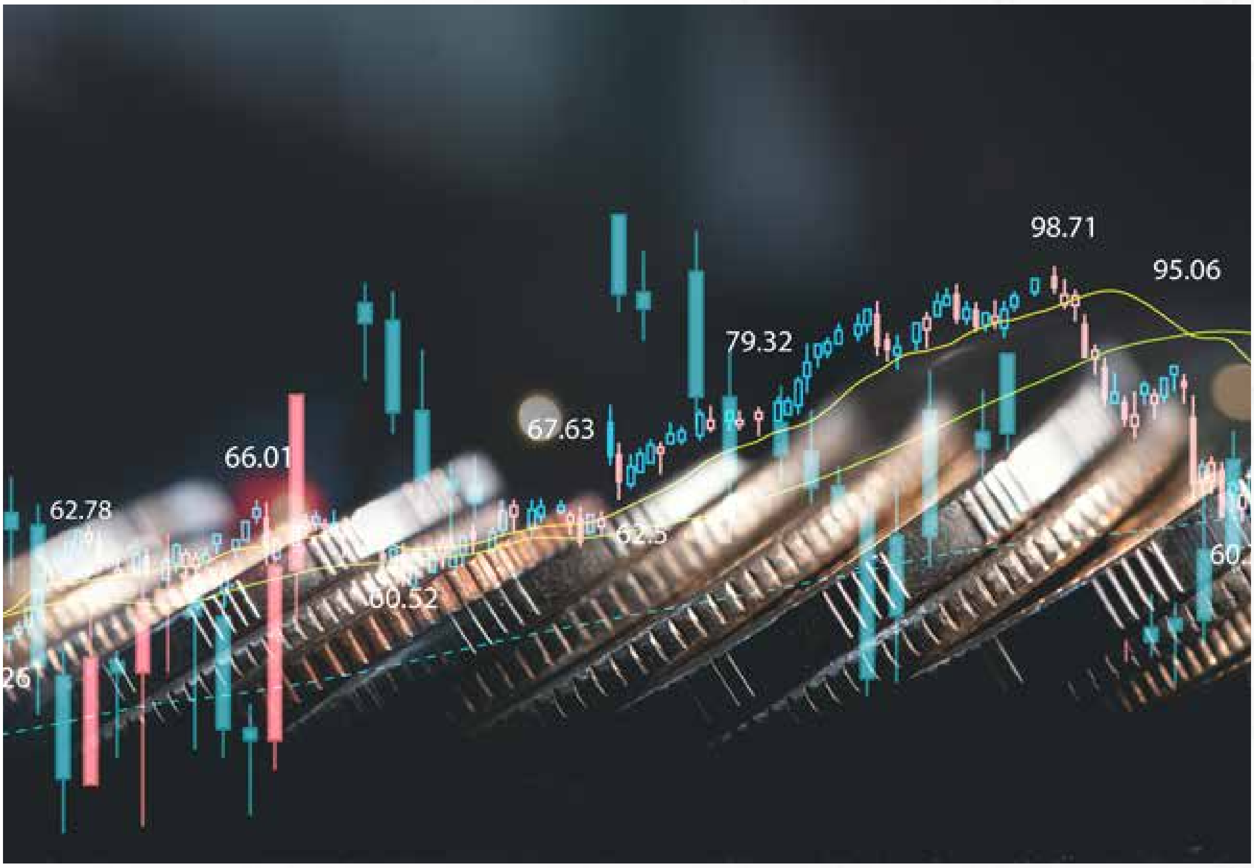
Monthly Average Annualized yields on the 91-Day, 182-Day and 364-Day Treasury bills declined to 7%, 9.3% and 10.1%, respectively in June 2021, compared to 8.9%, 10.5% and 12.3% in July 2020. The decline in yields can be attributed to a combination of several factors such as the reduction in the Central Bank Rate from 7%, where it had stood since June 2020 to 6.5% in June 2021 and increased liquidity in the banking system as a result of reduced private sector lending.

Table III: Monthly Average Annualized Yields on Treasury Bills in FY 2020/21

Tenor	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Arp	May	Jun
91-Day	8.9	8.5	8.1	7.3	7.6	8.3	8.6	7.8	7.2	7.2	7.1	7
182-Day	10.5	10.1	9.8	9.4	9.6	10.5	11.2	10.9	10.4	10.2	9.9	9.3
364-Day	12.3	12.2	12.1	12.3	12.8	13.5	13.8	12.3	11.7	11.8	11.1	10.1

Source: Bank of Uganda

In the short term, yields on government securities are expected to remain relatively flat with muted upside pressure due to better liquidity conditions and the central bank's ongoing accommodative monetary policy. Low yields on fixed income securities may lead to a shift by investors to the equities market in search of higher yields, thereby stimulating more market activity in the capital markets.



CHAPTER TWO

2.0 Industry Performance Overview

This section covers the performance of Collective Investment Schemes (CISs) and Fund Management, specifically the trends in Assets Under Management (AUM) and the asset allocation. It also provides insights into the equity market performance. This section reviews the performance of locally listed companies and unique products that include depository receipts, exchange-traded funds and private equity. It then covers the performance of Government bonds, on the primary and secondary market and the performance of corporate bonds.

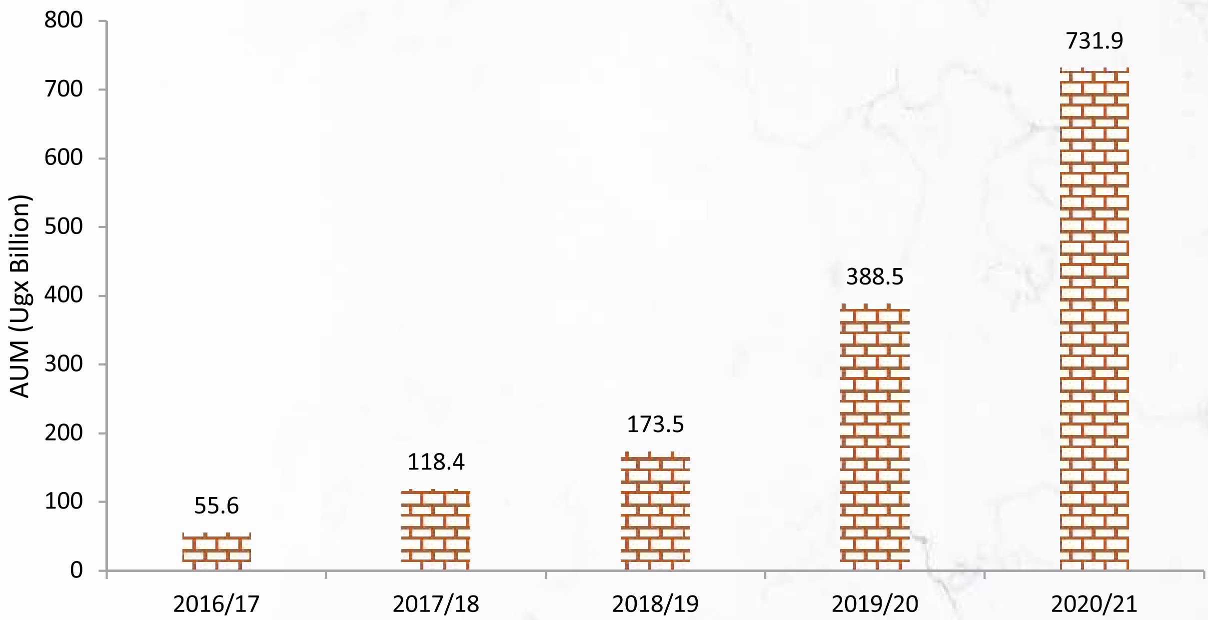
2.1 Performance of Collective Investment Schemes

At the end of the FY 2020/21, CIS Managers had UGX 731.9 billion in Assets Under Management (AUM). This represented an increase of 88.4% from UGX 388.5 billion at the close of the previous financial year. The total number of investor accounts held by CIS managers at the end of the FY 2020/21 stood at 20,668 compared to a total of 8,904 investor accounts at the end of the previous financial year, a 145.3% increase in the ownership of CIS investor accounts.

This growth in AUM and clients can be attributed to increased awareness of Collective Investment Schemes among local investors, which has seen more Ugandans open CIS accounts and save through them. The increased awareness is due to the public education campaigns run by the CMA and CIS managers at organizational level. Additionally, professional management of funds, diversification benefits and tax exemption for distributions made to unit holders have served to increase interest in CIS among the investing public.

Over the last five years, the AUM has risen by 67.4% on an annualized basis from UGX 55.6 billion at the end of the financial year 2016/17 to UGX 730.9 billion at the end of the FY 2020/21.

Figure III: Trends in CIS Assets under Management (2016/17 - 2020/21)



Source: CMA Market Supervision Department

At the end of the FY 2020/21 CIS AUM, when measured as a percentage of GDP stood at 0.6%. In comparison, at the end of the FY 2020/21, CIS AUM to GDP for Kenya and Morocco stood at 2.2% and 64.7% respectively, indicating that these countries mobilize a significant amount of savings through CIS relative to the size of their respective economies. As part of interventions to stimulate further growth of the CIS, CMA will enhance the current public awareness programs on CIS products, work with stakeholders to improve distribution and develop a promotion strategy for CIS products.

Table IV shows the breakdown of CIS Assets under Management per CIS manager. The top three CIS managers controlled 96% of the total AUM at the end of FY 2020/21. The significant growth in the AUM registered by Britam Asset Managers Uganda Limited during the period under review was, in part, due to the operationalization of its CIS fixed income fund, which absorbed all the assets formerly managed under its Wealth Management Fund.

Table IV: CIS Assets under Management per CIS Manager

CIS Manager	AUM (UGX Billion)		Change (%)
	2019/20	2020/21	
UAP-Old Mutual Financial Services Limited	271.2	463.8	71
ICEA Lion Asset Management Limited	62.2	101.3	63
Britam Asset Managers Uganda Limited	40.4	139.9	246.3
Xeno Technologies Uganda Limited	14.8	25.7	74.5
Sanlam Investments East Africa Limited	-	1.2	-
Total	**388.5**	**731.9**	**88.4**

Source: CMA Market Supervision Department

A breakdown of the CIS assets by fund type at the end of the FY 2020/21 showed that a large portion of the assets was held in Umbrella Funds (66.2%) followed by Money Market funds at 18.2% and Fixed Income Fund at 11.3%. The dominance of the umbrella funds is partly because they provide higher returns compared to the other funds.

The umbrella funds invest in interest-bearing securities such as treasury bills, treasury bonds, corporate bonds, and fixed deposits with approved financial institutions. The funds' returns are further enhanced by the inclusion of selected, highly rated debt, corporate and government paper from across the region and offshore.

Table V: Assets under Management by Fund Type (2020/21)

Unit Trust Fund	AUM (UGX Billion)	Percentage (%)
Umbrella Funds	484.8	66.2
Money Market Funds	133.6	18.2
Fixed Income Fund	82.6	11.3
Bond Fund	20.6	2.8
Savings Fund	5.6	0.8
Balanced Funds	3.5	0.5
Equity Funds	1.2	0.2
Total	**731.9**	**100**

Source: CMA Market Supervision Department

Table VI below shows the annual returns of the money market funds, umbrella funds, bond fund, fixed income fund and savings fund.

Table VI: Annual Returns of Selected Unit Trust Funds Per CIS Manager (%)

CIS Manager	Unit Trust Fund	June 2020	June 2021	% Change
UAP-Old Mutual Financial Services Limited	Money Market Fund	11.52	11.53	0.1
	Umbrella Fund	12.21	12.01	-1.6
ICEA Lion Asset Management Limited	Money Market Fund	11.2	11.2	0
	Fixed Income Fund	-	20.3[3]	
	Savings Fund	-	8.9[4]	
Britam Asset Managers Uganda Limited	Money Market Fund	10.5	10.45	-0.5
	Umbrella Fund	11.2	10.65	-4.9
Xeno Technologies Uganda Limited	Money Market Fund	11.17	11.39	2.0
	Bond Fund	14.48	14.8	2.2

Source: Unit Trust Fund Fact sheets

A breakdown of AUM by asset class at the end of the FY 2020/21 indicates that investments in Government of Uganda bonds took up 67.4% of the total AUM followed by Fixed Deposits at 13.7% and Government of Uganda Treasury Bills at 8.9%. It is important to note that a large portion of the CIS umbrella funds' assets are invested in fixed income securities, primarily treasury bonds.

A four-year trend analysis of CIS assets allocation indicates that investments in Government of Uganda bonds as a percentage of total AUM have grown from 21.3% at the end of the FY 2017/18 to 67.4% at the end of the FY 2020/21. On the other hand, investments in fixed deposits and Government of Uganda Treasury Bills as a percentage of total AUM have fallen from 37.6% and 22.9% at the end of the FY 2017/18 to 13.7% and 8.9% respectively at the end of the FY 2020/21.

The increase in allocation of funds to government bonds and the drop in allocation of funds to fixed deposits and treasury bills is driven in part by the safety of government bonds plus the decent returns offered by the government bonds compared to treasury bills and fixed deposits. Additionally, the growth of umbrella funds (which account for over 66% of AUM) and are invested primarily in treasury bonds can also partially explain the trend growth in allocation to government bonds.

Table VII: CIS Industry Asset allocation (Percentage) at year-end

Asset	2017/18	2018/19	2019/20	2020/21
Government of Uganda Bonds	21.3	28.8	59.7	67.4
Fixed Deposits	37.6	36.8	19.1	13.7
Call Deposits			9.7	5.3
Government of Uganda Treasury Bills	22.9	16	7.2	8.9
Cash	2.5	1.6	2.7	1
Commercial Paper				1.6
Corporate Bonds	2.4	2.5	1.2	1.4
Listed Equities in Uganda	0.2	0.2	0.3	0.2
Government Bonds in Rest of East Africa	12.8	5.5		
Listed Equities in Rest of East Africa	0.4	0.2	0.1	0.1
Other Investments (Off-shore and foreign exchange)		8.5		0.4
Total	**100**	**100**	**100**	**100**

Source: CMA Market Supervision Department

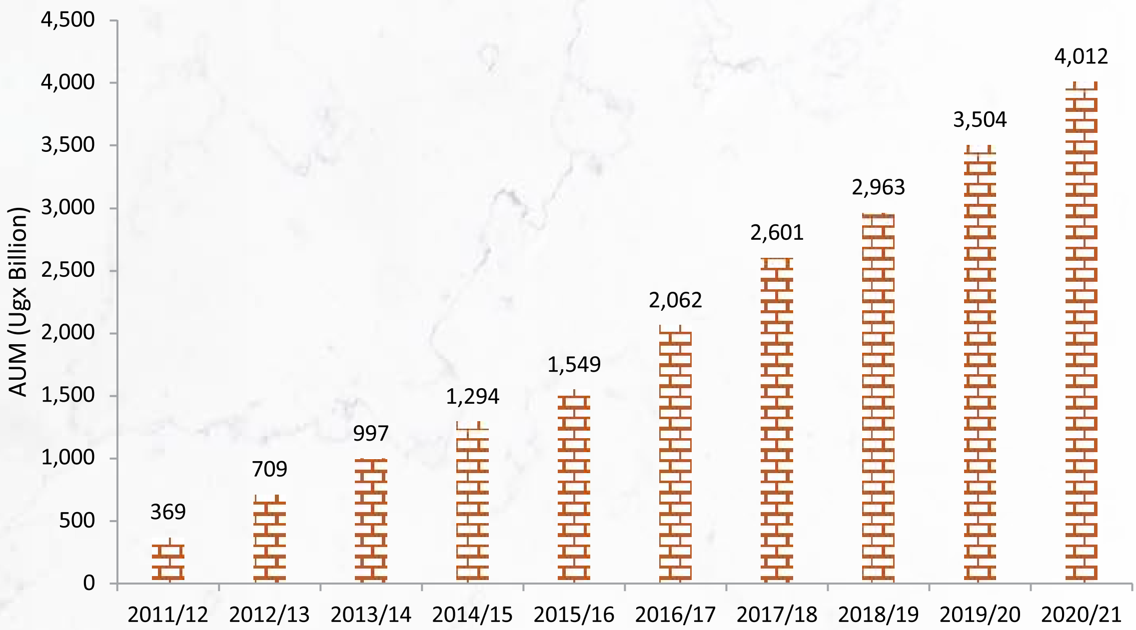
3 This return denotes the performance of the fund since CIS manager change from Stanlib to ICEA Asset Management after the former ceased unit trust operations in March 2020
4 This return denotes the performance of the fund since CIS manager change from Stanlib to ICEA Asset Management after the former ceased unit trust operations in March 2020

2.2 Fund Management Performance

The total AUM by fund managers licensed by CMA stood at UGX 4 trillion at the end of the financial year 2020/21. This was equated to a growth of 14.5% from UGX 3.5 trillion at the end of the financial year 2019/20. The increase in AUM can be partly credited to the growth in retirement benefit schemes' member contributions and an increase in the value of the underlying assets.

AUM has risen by 27% on an annualized basis from UGX 0.4 trillion at the end of the financial year 2011/12 to UGX 4 trillion at the end of 2020/21. The increase in AUM over the years can be attributed to the increase in the number of retirement benefit schemes and also recruitment of new members by schemes whose funds are being managed.

Figure IV: Trends in Assets under Management for Fund Managers (2011/12 - 2020/21)



Source: CMA Market Supervision Department

At the end of the FY 2020/21 Fund managers' AUM, when measured as a percentage of GDP stood at 3.1%. In comparison, during the same period, the ratio of Fund managers' AUM to GDP for Kenya stood at 35.1%, indicating that Kenya has been able to mobilize a significant amount of savings through retirement benefit schemes relative to the size of its economy. The low fund managers' AUM to GDP ratio for Uganda can be attributed to, among other things, the slow progress of implementing pension reforms. The liberalization of the pension sector would help attract Ugandans, to save with different pension schemes. This initiative would help mobilize local capital, which could be deployed for productive use in the capital markets.

Table VIII below shows a breakdown of AUM per fund manager. The top three fund managers in the FY 2019/20 controlled 84.8% of the total AUM during the period. The decrease in the AUM registered by Gen-Africa during the FY 2020/21 was, in part, due to the loss of a big client to another fund manager.

Table VIII: Assets under Management per Fund Manager

Fund Manager	AUM (UGX Billion)		Change (%)
	2019/20	2020/21	
Sanlam Investments East Africa Limited	1,551.5	1,821.7	17.4
GenAfrica Asset Managers Uganda Limited	1,017.3	765.7	-24.7
Britam Asset Managers Uganda Limited	410.4	813.9	98.3
UAP-Old Mutual Financial Services Limited	362.7	409.8	13
ICEA Lion Asset Management Limited	162.8	201.1	23.5
Total	**3,504.7**	**4,012.1**	**14.5**

Source: CMA Market Supervision Department

A breakdown of AUM by asset class at the end of the FY 2020/201 indicates that investments in Government of Uganda bonds constituted 71.9% of the total AUM followed by Government of Uganda Treasury Bills at 8.8% and Listed Equities in the Rest of East Africa at 8.5%. With the majority of assets being from the pension sector, fixed income instruments are preferred, allowing to hedge pension liabilities and ensuring that liabilities are funded when the need arises (Liability Relative Approach to asset allocation).

A trend analysis of asset allocation over the last five years indicates that investments in Government of Uganda bonds as a percentage of total AUM have grown from 58.6% at the end of the financial year 2016/17 to 71.9% at the end of the FY 2020/21. This is driven by the safety of government bonds, decent returns and the need to match assets with liabilities. Additionally, the unfavorable return performance of equities has also driven investors to invest in Government securities.

Table IX: Fund Managers' Asset Allocation (Percentage) at year end

Asset	2016/17	2017/18	2018/19	2019/20	2020/21
Government of Uganda Bonds	58.6	56.4	64.2	65	71.9
Government of Uganda Treasury Bills	13.2	10.7	10.5	14.6	8.8
Government Bonds in Rest of East Africa		0.8	0.1	0.1	0.1
Treasury Bills in Rest of East Africa		0.05			
Listed Equities in Uganda	15.2	13.3	3.5	2.6	2.2
Listed Equities in Rest of East Africa	1.5	6.4	11.5	8	8.5
Fixed Deposits	8.2	7.8	7.3	6.6	5.7
Real Estate	0.4	0.6	0.5	0.7	0.6
Cash	0.8	1.1	1	0.5	0.5
Collective Investment Schemes	1	1.6	0.7	1	1.4
Other (Dividend Income Receivable and Wealth management)	0.3	0.3	0.1	0.5	0.03
Corporate Bonds	0.6	0.0	0.5	0.4	0.1
Unlisted Equities in Uganda			0.01	0.01	0.01
Unlisted Equities in Rest of East Africa			0.05	0.04	0.03
Off-shore Investments (Equities)	0.3	0.4	0.01	0.01	0.003
Total	**100**	**100**	**100**	**100**	**100**

Source: CMA Market Supervision Department

2.3 Equity Market Performance

All the listed equities in Uganda are on the Uganda Securities Exchange (USE), thus the equity market performance is evaluated based on USE.

2.3.1 Number of Listed Companies

The USE ended the period under review with 17 listed companies. Nine companies are locally listed, while eight are cross-listed from the Nairobi Securities Exchange. There were no new listings or de-listings during the period under review.

Table X: Number of Companies Listed at the USE

Listing Status	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
New Local Listings	0	1	0	0	0	0	0	1	0	0
New Cross Listings	0	0	1	0	0	0	0	0	0	0
De-listings	0	0	0	0	0	0	0	0	0	0
Total Foreign Listings	7	7	8	8	8	8	8	8	8	8
Total Domestic Listings	7	8	8	8	8	8	8	9	9	9
Total Listings	14	15	16	16	16	16	16	17	17	17

Source: Uganda Securities Exchange

The limited supply of securities or few issuers can be attributed to several factors, such as a nascent private sector dominated by family-owned businesses, low level of awareness of market-based financing and a lack of investment readiness on the part of companies. However, several initiatives are underway to ensure that more companies are brought to the market. They include, among others: the Issuer Resource Person Program and the Deal Flow Facility. The program involves the use of external contractors to reach out to key persons of prospective issuers (such as business owners, business founders, board members, Chief Executive Officers and Chief Financial Officers) to sensitize them on long term capital raising opportunities presented by non-bank, market-based financing.

Additionally, to increase access to market-based financing for business enterprises in Uganda, the CMA, in partnership with the Financial Sector Deepening (FSD) Uganda and the European Union, launched a Deal Flow Facility (DFF) on 8th June 2021. The DFF will prepare and enhance businesses' access to long term market-based financing (both private and public equity and/ or debt) by amongst others providing business support services. The pool of select enterprises will have access to business development support to increase their competitiveness and place them on an accelerated growth path.

2.3.2 Capital Raised through the Equity Market

There were no initial public or secondary offerings in the period under review. However, over the last ten years, a total of UGX 897 billion has been raised on the Uganda Securities Exchange through a combination of IPOs, rights issues and secondary offerings. These include: UMEME Limited IPO in the FY 2012/13, National Insurance Corporation rights issue and UMEME Limited secondary offer of shares in the FY 2013/14, UMEME Limited secondary offer of shares in the FY 2016/17, DFCU Bank rights issue in the FY 2017/18 and the Cipla-Quality Chemicals Industries Limited IPO in the FY 2018/19.

Table XI: Capital Raised at the USE (UGX, Billion)

Listing Status	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Rights issues	0	0	7	0	0	0	191	0	0	0
Secondary offers of shares	0	0	248	0	0	113	0	0	0	0
IPOs	0	171	0	0	0	0	0	167	0	0
Total capital raised	0	171	255	0	0	113	191	167	0	0

Source: Uganda Securities Exchange, CMA Database

The Authority is mindful of the need to increase issuer participation and ensure more products are brought to the market. Cognizant of the fact that a big number of indigenous businesses are family-owned and controlled, and hardly possess the minimum requirements to enable them to raise capital from the public markets, CMA through its Issuer Resource Person Program is engaging such enterprises with the option to raise capital privately (private equity and placements), as a precursor to raising funds publicly. Furthermore, to increase access to market-based financing for business enterprises in Uganda, the CMA, in partnership with the Financial Sector Deepening (FSD) Uganda and the European Union, launched a Deal Flow Facility (DFF), as mentioned in the previous section.

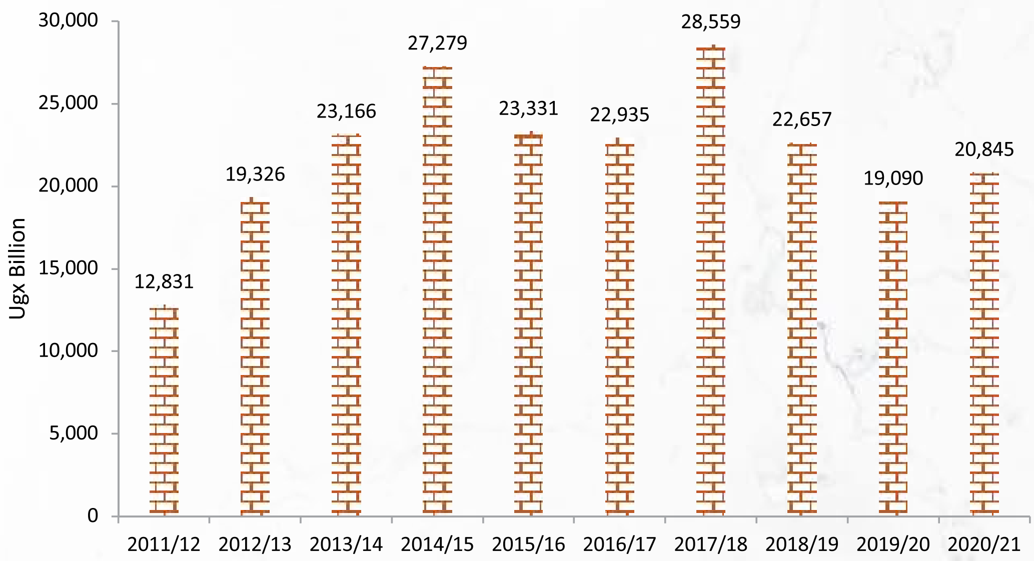
2.3.3 Secondary Market Activity

2.3.3.1 Market Size

I. Total Market Capitalization

The USE total market capitalization grew by 9.2% to UGX 20.84 trillion at the end of the review period from UGX 19.09 trillion at the close of the FY 2019/20. This increase is mainly attributed to the gains registered on the share prices of five cross-listed counters – Nation Media Group, Equity Bank, Kenya Commercial Bank, Jubilee Holdings and Kenya Airways; and two locally listed counters – Stanbic Uganda Holdings Limited and Bank of Baroda. The increase in share prices can be attributed to, among other things, demand outstripping supply during the period under review as the national lockdown measures were slightly eased.

Figure V: Trends in Total Market Capitalization (2011/12 - 2020/21)

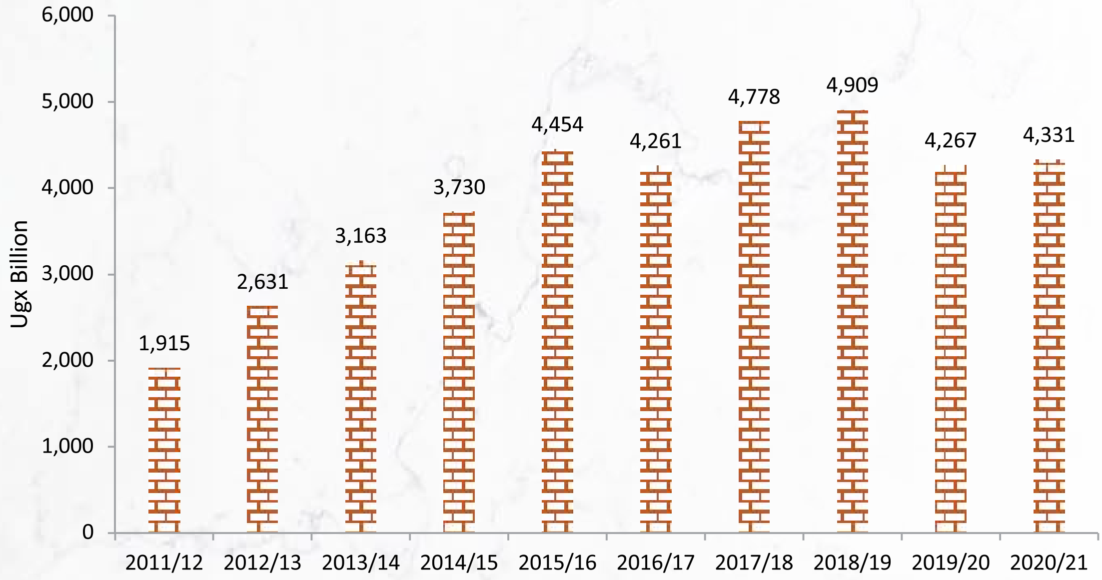


Source: USE market reports

II. Domestic Market Capitalization

Domestic market capitalization that represents the value of locally listed counters closed higher at UGX 4.33 trillion, representing a gain of 1.5%, from UGX 4.27 trillion at the end of the FY 2019/20. This was mainly due to share price gains from Stanbic Uganda Holdings Limited (10.4%) and Bank of Baroda (9.1%). The increase in share prices was due to, among other things, demand outstripping supply during the period under review. Additionally, the rally of the two stocks can be attributed to the stellar performance of Stanbic Uganda Holdings Limited and Bank of Baroda in 2020 despite the Covid-19 pandemic disruptions.

Figure VI: Trends in Domestic Market capitalization (2011/12 - 2020/21)



Source: USE market reports

III. Domestic Market Capitalization as a percentage of GDP

Domestic market capitalization, when measured as a percentage of GDP (signifying the wealth in the capital markets relative to the size of the economy), fell from 3.4% at the end of the financial year 2019/20 to 3.3% at the close of the financial year 2020/21. This was due to the fact that GDP growth outpaced the growth in the domestic market capitalization.

Table XII: Market Capitalization as a Percentage of GDP (2011/12 - 2020/21)

	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Domestic market capitalization (UGX Trillion)	1.9	2.6	3.2	3.7	4.5	4.3	4.8	4.9	4.3	4.3
GDP at Constant 2016/17 Prices (UGX Trillion)	87.1	90.2	94.8	99.8	104.5	108.5	115.4	122.8	126.4	130.5
Domestic market capitalization to GDP (%)	2.2	2.9	3.3	3.7	4.3	3.9	4.2	4	3.4	3.3

Source: USE market reports, Uganda Bureau of Statistics

In comparison with other jurisdictions, Uganda's domestic market capitalization to GDP ratio is still low. At the end of the FY 2020/21, the domestic market capitalization to GDP ratio of Kenya, Zambia and Nigeria stood at 53.7%, 44.5% and 27.9% respectively.

The Authority continues to engage other medium to large companies in specific sectors to discuss ways through which they can participate as issuers in the market. Among those were the telecommunications and financial services sector, as well as former state-owned enterprises which were privatized.

While discussions with regards to institutions offering financial services and former state-owned enterprises are ongoing, it should be noted that as a result of the National Broadband Policy which was approved by Cabinet in August 2018, Uganda Communications Commission, with support from CMA developed regulations and a roadmap for the listing of National Telecommunications Operators (NTO). Consequently, the first listing of a NTO in Uganda (MTN) is expected to occur in the financial year 2021/22. This is also in line with the recommendations of the ten-year Capital Markets Development Master Plan.

2.3.3.2 Market Activity

I. Market Turnover

Equity turnover, which accounts for the total value of shares traded, fell by 85% to UGX 17.3 billion in the financial year 2020/21 from UGX 115.4 billion recorded in the financial year 2019/20. Average turnover per day decreased to UGX 70.9 million in the FY 2020/21, from UGX 466.3 million recorded in the previous financial year. The dip in market activity can be attributed to among other things, muted participation from both domestic investors and off-shore investors (who usually account for over 80% of turnover at the USE) due to the risk associated with the uncertainty generated by the Covid-19 pandemic.

At the end of FY 2020/21, Uganda's equity turnover ratio (measured as total equity turnover divided by the total market capitalization) stood at 0.1%. In comparison with other jurisdictions, there is still room for growth. At the end of the FY 2019/20, Kenya's equity turnover ratio stood at 5.8% while Nigeria's stood at 4.9%. Key among the interventions in the other jurisdictions to drive market activity is the increasing level of local investor participation in the capital markets through, among other things, public education and the use of mobile applications which are designed to provide market participants with convenient, faster, and real-time access to the securities exchanges' activities.

Over the last five years, the total equity turnover at the USE has decreased by 31.9% on an annualized basis from UGX 117.9 billion in the FY 2016/17 to UGX 17.3 billion in the review period.

Table XIII: Equity Turnover per Counter at the USE (UGX, Billion)

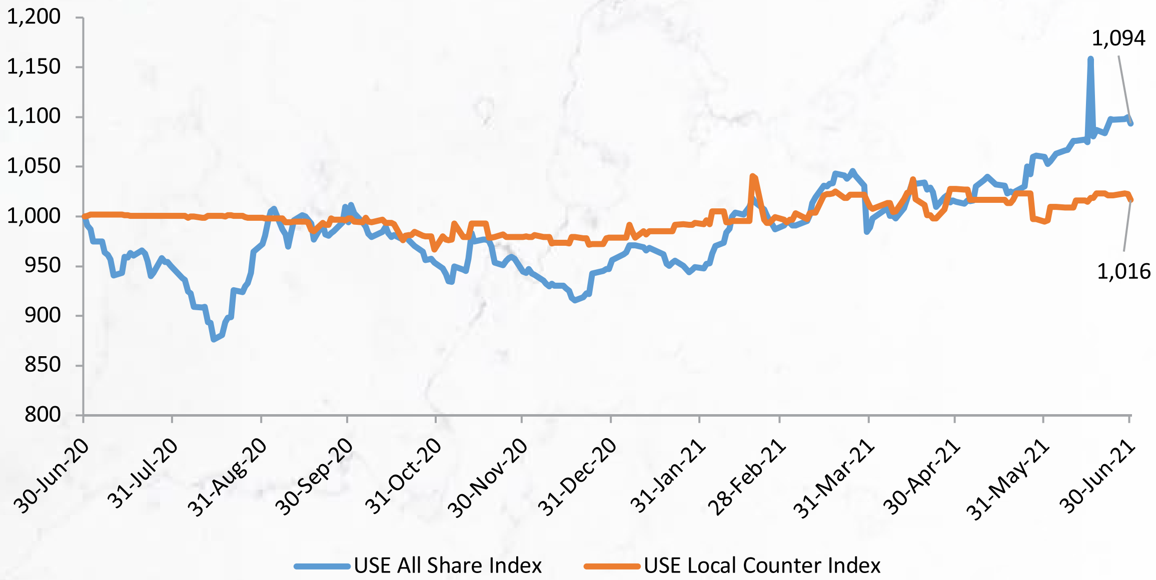
Counter	2016/17	2017/18	2018/19	2019/20	2020/21
BATU					0.0001
BOBU	0.43	3.4	2.4	0.2	1.7
CENT	0.005	0.04	0.001	0.01	0.0001
CQCIL			0.4	0.1	0.3
DFCU	11.9	12.1	1.4	50.9	0.03
EABL	0.003	0.02			
KCB		0.005			
NIC	0.07	0.2	0.05	0.008	0.03
NVL	0.06	0.03	0.03	0.01	0.03
SBU	21.2	11.4	20.4	33.1	7.9
UCHM		0.4	0.001		
UCL	0.39	0.4	0.9	0.2	0.5
UMEME	83.8	47.8	21.3	30.7	6.8
Total	**117.9**	**75.8**	**46.9**	**115.4**	**17.3**

Source: USE market reports

2.3.3.3 Index Levels[5]

The USE All Share Index (ALSI) increased by 9.4% to close the financial year 2020/21 at 1,094 points from 1,000 points recorded at the end of the previous financial year. The ALSI increased on account of share price gains registered on five cross-listed stocks – Nation Media Group, Equity Bank, Kenya Commercial Bank, Jubilee Holdings and Kenya Airways; and two locally listed counters – Stanbic Uganda Holdings Limited and Bank of Baroda. The USE Local Counter Index (LCI) grew by 1.6% closing the financial year 2020/21 at 1,016 points from 1,000 points at the end of the FY 2019/20. The increase in the LCI was due to the gain in the share prices of two locally listed counters, SBU (10.4%) and BOBU (9.1%).

Figure VII: USE All Share and USE Local Counter Index Levels (2020/21)[6]



Source: USE market reports

2.3.3.4 Share Price Performance of Locally Listed Companies

Two locally listed counters, Stanbic Uganda Holdings Limited and Bank of Baroda registered share price gains of 10.4% and 9.1% respectively, to close the period under review at UGX 26.5 and UGX 120 from UGX 24 and UGX 110 respectively at the close of the previous financial year. Share prices of two other counters remained unchanged at the close of the review period. On the other hand, five counters registered share price losses at the end of the FY 2020/21. National Insurance Corporation posted the highest drop in price to close the review period at UGX 6 from UGX 9 at the end of the FY 2019/20, representing a drop of 33.3%. Table XIV shows trends in prices and key drivers of prices on the locally listed counters.

5 The indices have been rebased using the same start level of 1,000 points, to easily compare the performance of the indices
6 The indices have been rebased using the same start level of 1,000 points, to easily compare the performance of the indices

Table XIV: Development of End-of-Period Share Prices on the USE (2016/17–2020/21)

Counter	2016/17	2017/18	2018/19	2019/20	2020/21	CAGR (%)	Comments on Key Price
BATU	30,000	30,000	30,000	30,000	30,000	0	Liquidity remains low on this counter due to limited float hence the counter seldom trades.
BOBU	108	150	128.73	110	120	2.1	The share price for the counter continues to trend upwards owing to its improved performance in 2020.
CQCIL			160	100	100	0	Investor demand for the stock remains low owing to the company's poor results hence the dip in price.
DFCU	759	970	670	645	590	-4.9	The share price has mainly been affected by low investor appetite with supply out striping demand for the counter.
NIC	12	18	13	9	6	-12.9	The share price has mainly been affected by negative sentiment on the counter owing to the effects of the Covid-19 pandemic.
NVL	539	450	330	315	310	-10.5	The share price has mainly been affected by low investor demand owing to the company's low return on equity.
SBU	27	32	29	24	26.5	-0.4	The high demand for this counter owing to its stellar performance in 2020 continues to push the price up from the FY 2019/20 end-of-period level.
UCL	12	21.5	15.1	9	8.2	-7.3	The share price trended downwards despite the decent performance, mainly due to a wait-and-see attitude adopted by investors regarding the recovery and growth plan of the company.
UMEME	425	300	300	245	219	-12.4	Investor demand is short on this counter compared to high supply, pushing down the price.

Source: USE market reports

2.4 Performance of Locally Listed Companies

Overall, the profitability of locally listed companies on the USE reported for the full year 2020 fell by 26.1% to UGX 398.5 billion compared to UGX 538.9 billion for the full year 2019. The decline in the net profits can be attributed to, among other things, the effects of the Covid-19 pandemic that resulted in a slowdown in economic activity. It is important to note that the impact of the Covid-19 pandemic has been significant, unprecedented and has resulted in business disruption globally. Notably, only one locally listed company registered a loss in 2020 compared to two listed companies in 2019. SBU registered the highest profit after tax of UGX 241.7 billion in 2020, followed by BOBU with UGX 83.3 billion. On the other hand, CQCIL registered the highest loss after tax of UGX 23.1 billion.

Table XV: Summary of Full Year 2020 performance for Locally Listed Companies (UGX Billion)

Counter	2020				2019			
	Total Assets	Total Equity	Revenue	Net Profit	Total Assets	Total Equity	Revenue	Net Profit
BATU	69.7	48.2	162	19.9	67.9	43.9	164.3	15.7
BOBU	2,138.9	452.9	207.1	83.3	1,875.6	394.9	199.9	45.4
CQCIL	248.5	145.2	192.7	-23.1	287.9	168.3	195.1	6.8
DFCU	3,498.6	592.9	414.7	24.1	2,958.1	569.8	416.8	73.4
NIC	101.6	35.4	19.9	1.9	94.9	33.2	19.3	-2.7
NVL	102.2	73.4	91.8	2.7	90	72.1	90.2	2.1
SBU	8,572.2	1,243.4	885.2	241.7	6,650.8	1,116.9	852.4	259.1
UCL	68.9	35.9	29.7	4.9	62.2	31.1	30.7	-0.1
UMEME	2,665	803.2	1,660.8	43.1	2,541.8	833.5	1,776.6	139.2

Source: Company Fillings, CMA Database

BATU recorded the highest Return on Equity[7] (ROE) of 41.3% in 2020 implying that the company's management is effectively using the company's equity to create returns for shareholders. On the other hand, CQCIL had the lowest Return on Equity of -15.9%.

Three financial metrics drive ROE: operating efficiency, asset use efficiency, and financial leverage. A sustainable and increasing ROE over time can mean that a company is good at generating shareholder value because it knows how to reinvest its earnings wisely, so as to increase productivity and profits. In contrast, a declining ROE can mean that management is making poor decisions on reinvesting capital in unproductive assets.

Table XVI: ROE for Locally Listed Companies (2016 - 2020)

Counter	2016	2017	2018	2019	2020
BATU	22.5	31	33.9	35.7	41.3
BOBU	17.8	14.9	19.6	11.5	18.4
CQCIL				4	-15.9
DFCU	18.2	20.1	11.7	12.9	4.1
NIC	2.7	9.1	-5.4	-8.3	5.4
NVL	8.5	0.02	3.5	2.9	3.7
SBU	26.7	22.9	22.5	23.2	19.4
UCL	8.5	7.7	6.2	-0.3	13.6
UMEME	18.4	22.2	17.2	16.7	5.4

Source: Company Fillings, CMA Database

7 Return on Equity is net income expressed as a percentage of total equity used to measure returns to shareholders.

BATU had the highest Return on Assets[8] (ROA) of 28.6% in 2020 implying that the management is efficiently using its assets to generate earnings for providers of resources such as shareholders. CQCIL registered the lowest ROA of -9.3%.

A ROA that rises over time indicates that the company is doing well in increasing its profits with each investment shilling it spends. A falling ROA indicates the company might have over-invested in assets that have failed to produce revenue growth, a sign the company may face financial challenges.

Table XVII: ROA for Locally Listed Companies (2016 - 2020)

Counter	2016	2017	2018	2019	2020
BATU	14.2	21.9	23.4	23.1	28.6
BOBU	3.3	3.2	4.3	2.4	3.9
CQCIL				2.4	-9.3
DFCU	2.6	3.5	2.1	2.5	0.7
NIC	0.9	3.1	-1.9	-2.9	1.9
NVL	6.9	0.02	2.8	2.4	2.6
SBU	4.2	3.7	4	3.9	2.8
UCL	3.6	3.6	3.1	-0.1	7.1
UMEME	5.4	6.2	5.7	5.5	1.6

Source: Company Fillings, CMA Database

BATU posted the highest Dividend per Share (DPS) of UGX 406 in 2020. The dividend per share allows an investor to determine how much income from the company they will receive on a per-share basis. The table below shows the DPS of locally listed companies over the last five years.

Table XVIII: DPS for Locally Listed Companies (UGX, 2016 - 2020)

Counter	2016	2017	2018	2019	2020
BATU	159	246	280	320	406
BOBU	2.5	7.5	10	10	10
CQCIL			0	0	0
DFCU	25.19	68.24	33.01	0	17.38
NIC	1	1	0	0	0
NVL	50	0	25	25	18
SBU	1.17	1.76	1.9	2.15	1.86
UCL	1	1	1	0	1.35
UMEME	18.8	7.6	40.9	41.34	12.2

Source: Company Fillings, CMA Database

UCL posted the highest dividend yield of 16.9% in 2020. The dividend yield formula is used to determine the cash flows attributed to an investor from owning stocks or shares in a company. Therefore, the ratio shows the percentage of dividends for every shilling of stock. The table below shows the dividend yield (in %) of locally listed companies over the last five years.

8 Return on Assets is net income expressed as a percentage total assets indicating how efficiently a company is using its assets to generate income.

Table XIX: Dividend Yield for Locally Listed Companies (Percentage, 2016 - 2020)

Counter	2016	2017	2018	2019	2020
BATU	1.8	0.53	0.82	0.93	1.07
BOBU	2.03	6.64	7.14	8	8.33
CQCIL			0	0	0
DFCU	3.27	9.61	4.01	0	2.78
NIC	8.33	9.09	0	0	0
NVL	9.17	0	4.85	7.58	5.71
SBU	4.33	6.46	6.55	8.24	8.09
UCL	8.33	3.39	7.69	0	16.88
UMEME	3.84	1.9	12.78	17.74	5.57

Source: Company Fillings, CMA Database

2.5 Performance of Unique Products

2.5.1 Depository Receipts and Exchange Traded Fund Securities

2.5.1.1 Approval of a Prospectus to Issue Depository Receipts Covered by Kenya Government Debt Securities on the ALTX Debt Secondary Market.

During the period under review, the Authority approved a prospectus from ALTX Clearing Limited for the issuance of depository receipts[9] covered by Government of Kenya debt securities. Once listed, these depository receipts will be traded on the ALTX exchange. The program was anticipated to commence with an initial issue size of UGX 200 million. Notably, the listing of these depository receipts seeks to increase the investment options available to investors on ALTX exchange and also offers them an opportunity to diversify investment portfolios.

2.5.1.2 Approval of a Prospectus to Issue Exchange Traded Fund Securities on the Uganda Treasury Debt Secondary Market

In the financial year 2020/21, the Authority approved a prospectus from Tolea Securities Limited for the issuance of Exchange Traded Funds[10] (EFTs) on the Uganda Treasury Debt Secondary Market. The Tolea ETFs which was listed to trade on the ALTX exchange in April 2021, is composed of a basket of Government of Uganda treasury bonds. The introduction of ETFs is another market development initiative by the ALTX exchange and Tolea Securities Limited geared towards increasing the investment options that are available to investors on the exchange.

9 A Depositary Receipt is a type of transferable security issued by a securities depository that is traded on a local securities exchange but represents a security, more often, equity that is issued by a foreign company.

10 Exchange Traded Funds are open-ended passive investment products that track the performance of an index, a commodity or a basket of assets like an index fund, but trade like a stock on an exchange, much like shares.

2.6 Private Equity/Debt

According to the data collected by East Africa Private Equity and Venture Capital Association (EAVCA), private equity/debt activity in Uganda improved in the FY 2020/21, specifically in terms of total number and value compared to the FY 2019/20. The total deal value grew by 94.5% from US$ 30.3 million in the FY 2019/20 to US$ 58.9 million in the FY 2020/21. The total number of private equity/debt deals increased to 15 in the FY 2020/21 from 12 in the FY 2019/20, implying that private equity/debt activity continues to be encouraged by investors' interest in and commitment to Uganda's growth. The bulk of deals were recorded in the finance and technology sectors which have proven to be defensive during the pandemic period.

The increase in private equity activity in the period under review was mainly driven by discounting of assets, owing to the prevailing uncertainty created by the pandemic. This provided attractive entry points for PE funds wishing to acquire assets valued on the lower end.

Table XX: Selected Private Equity/Debt Deals in Uganda by Sector in the FY 2019/20 and FY 2020/21

Month/Year	Target Company	Target Sector	Acquirer Name	Deal Value (US$ Million)
Sept 2019	Clarke Farms Limited	Agribusiness	Pearl Capital Partners	1,343,000
Sept 2019	Africa Education Holding (Cavendish University Uganda)	Education	IFU, FinnFund and Proparco	22,230,000
Oct 2019	Kanyonza Tea Factory	Agribusiness	Oiko Credit	3,150,000
Oct 2019	SolarNOW	Energy	Novastar Ventures Limited and Acumen	2,359,830
May 2020	NASECO	Agribusiness	Pearl Capital Partners	1,200,000
Oct 2020	Liquid Telecom	Telecommunications	CDC	40,000,000
Nov 2020	Tugende	Finance and Technology	Toyota Tsusho and Mobility 54	6,300,000
Mar 2021	Tugende	Finance and Technology	Partech Partners and Enza Capital Management	3,600,000
May 2021	Numida Technologies	Financial Technology	MFS Africa, DRK Foundation and Equilibria Capital	2,300,000
Jun 2021	Ensibuuko	Financial Technology	FCA Investments Limited	1,000,000
Apr 2021	OKO Finance Limited	Financial Technology	Newfund, ResiliAnce, Mercy Corps Ventures, TechStars, Impact Assets and RaSa	1,200,000
Jun 2021	Nithio Holdings	Energy	FSD Africa Investments	4,500,000

Source: East Africa Private Equity and Venture Capital Association

Disclaimer: The EAVCA took great measures to ensure that the information provided above is accurate as collected from both primary and secondary/public domain sources. However, EAVCA cannot authenticate the accuracy of the deal details and caution is advised while using the information provided for investment decisions.

2.7 Government Bonds Performance

2.7.1 Primary Market Activity

Bank of Uganda issued a total of UGX 8.2 trillion in treasury bonds in the financial year 2020/21, 133.1% higher than UGX 3.5 trillion raised in the FY 2019/20. The increase in the domestic debt issuance was due to the upward revision of the FY 2020/21 Net Domestic Financing (NDF) target to address the Government's urgent funding requirements emanating from the disruptions of Covid-19. Furthermore, the issuance of treasury bonds was prioritized over treasury bills for purposes of lengthening the maturity profile to mitigate refinancing risk in the domestic debt portfolio. The government paper that raised the most funds in the FY 2020/21 was the 10-year bond, taking up 32.6% of the total treasury bond issuances during the period under review.

Table XXI: Issuance by Security at Cost (UGX, Billion)

Maturity	2019/20	2020/21	Change (%)
2-Year	512.4	1,049.7	104.9
3-Year	460.6	974.6	111.6
5-Year	690.3	1,039.6	50.6
10-Year	968.4	2,674.4	176.2
15-Year	885.4	1,427.3	61.2
20-Year		1,034.5	
Total Bonds Issuance	**3,517**	**8,200**	**133.1**

Source: Bank of Uganda, Ministry of Finance Planning and Economic Development

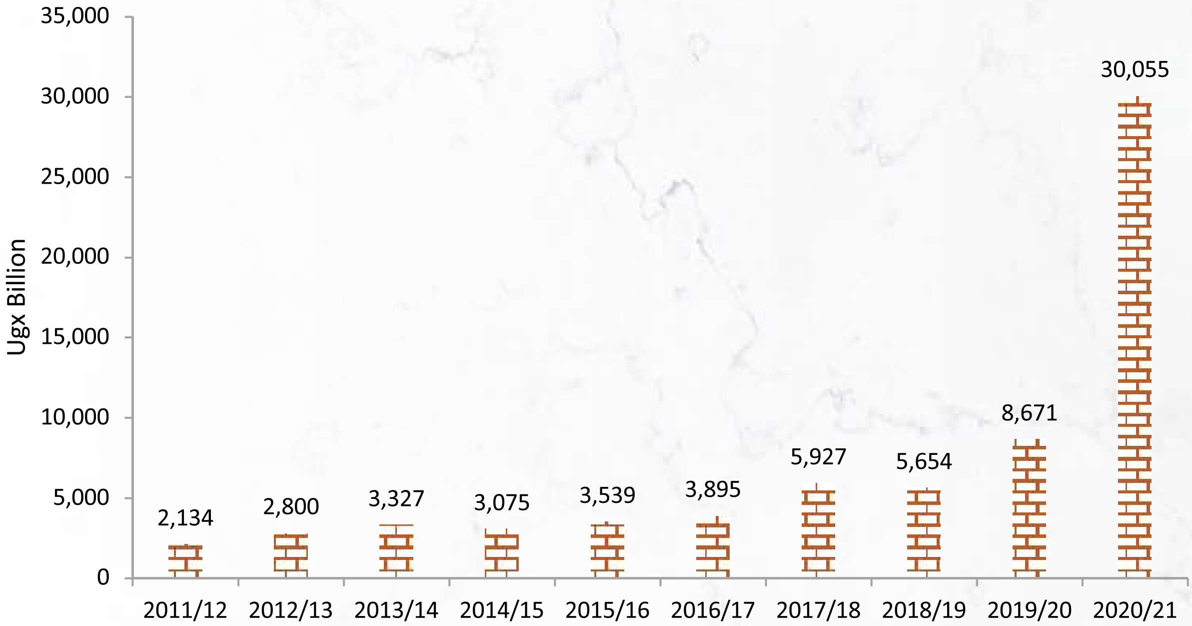
In the medium term, as the level of domestic debt rises, it is anticipated that the Government of Uganda will continue to prioritize the issuance of treasury bonds over treasury bills for purposes of lengthening the maturity profile to mitigate refinancing risk in the domestic debt portfolio.

2.7.2 Secondary Market Activity[11]

The value of government bonds traded in the secondary market, rose by 246.7% to UGX 30.1 trillion in the FY 2020/21 from UGX 8.7 trillion in the FY 2019/20. Average monthly turnover also grew by 257.1% to UGX 2.5 trillion in the financial year 2020/21 from UGX 0.7 trillion previously. The increase in turnover can be attributed to reforms in the primary dealership system that saw the number of primary dealers reduced to 7 with market making obligations and incentives to have a vibrant secondary market.

Over the last ten years, the government bond turnover on the secondary market has increased by 30.3% on an annualized basis, from UGX 2.1 trillion in the FY 2011/12 to UGX 30.1 trillion in the FY 2020/21.

Figure VIII: Secondary Market Trading for Government Bonds (2011/12 - 2020/21)



Source: Bank of Uganda Money Market Reports

At the end of the FY 2020/21, the government bond turnover ratio for Uganda stood at 169.3%. In comparison, Kenya had a bond turnover ratio of 30.4% in the same period, pointing to the Ugandan Government bond market space being relatively liquid compared to that of Kenya during the period under review.

2.7.3 Treasury Bonds Yields

The 5-year bond yield remained unchanged to close the FY 2020/21 at 15.1%. In contrast, yields edged downwards for the 2-year, 3-year, 10-year and 15-year tenors, falling to averages of 12.3%, 12.8%, 13.7%, 14.4% in the last quarter of FY 2020/21 from average yields of 13.8%, 15.1%, 15%, and 14.6%, respectively in the first quarter of the period under review. The decline in yields can be attributed to, among other things, a low Central Bank Rate, which reduced to 6.5% in the period under review from 7%, where it had stood since June 2020. This signaled an accommodative monetary stance by the monetary authorities.

11 The figures only refer to the Over the Counter trading and not on-exchange trading

Table XXII: Quarterly Evolution of Yields on Treasury bonds (FY 2020/21)

Maturity	Jul – Sept	Oct – Dec	Jan - Mar	Apr - Jun
2-Year	13.8	14.9	9.9	12.3
3-Year	15.1	15.5	14.2	12.8
5-Year	15.1	16.5	16.6	15.1
10-Year	15.0	16.1	16.1	13.7
15-Year	14.6	16.3	16.3	14.4
20-Year		17.5	17.4	

Source: Bank of Uganda

The decline in yields across tenors could lower the cost of credit, given that government securities rates are factored into the pricing of lending rates by commercial banks. This is likely to trigger an uptake of private and public credit by the private sector.

2.8 Corporate Bond Performance

2.8.1 Corporate bond trading statistics

There was no trading activity in both the primary and secondary markets for corporate bonds at the USE in 2020/21. Despite the drop in the price of benchmarks for corporate debt, there was no primary market activity due to investors' concerns over higher levels of risk relative to safer Government securities as the economy slowed down, increasing the credit risk premium for issuers and making corporate debt unattractive for issuers. With two listed corporate bonds (African Development Bank and Kakira Sugar Limited Bonds) and buy to hold investors, the secondary market for corporate bonds remains thin.

To drive activity in the primary market for corporate bonds, business owners and founders will be sensitized by CMA on corporate bonds as an alternative source of market-based financing and tools for de-risking issuances such as the use of guarantees, sinking funds and obtaining credit ratings to boost investor confidence. Secondary market activity will be dependent on public education to widen the investor base to have a wide variety of bond holders so as to stimulate market activity.

Table XXIII: Corporate Bonds Listed at the USE since Inception

Issuer	Amount Raised (UGX Billion)	Tenor (Years)	Rate	Listing Date
Active Bonds				
African Development Bank (Tranche 1)	12.5	10	12.61%	Aug-12
African Development Bank (Tranche 2)	12.5	10	12.61%	Jun-13
Kakira Sugar Limited	75.4	10	14.70%	Dec-13
Redeemed Bonds				
East African Development Bank	10	4	182D Tbill+2%	Jan-98
Eastern & Southern Africa Trade & Development Bank	10.36	5	182D Tbill+1.75%	Mar-99
MTN (Tranche 1)	5	4	182D Tbill+1.75%	Aug-01
MTN (Tranche 2)	2.5	4	182D Tbill+1.75%	Nov-01
MTN (Tranche 3)	2	4	182D Tbill+1.75%	Dec-01
Uganda Telecom Limited	24	5	182D Tbill+1.65%	Sep-03
East African Development Bank	20	7	182D Tbill+0.75%	Dec-05
Standard Chartered Bank	6.4	10	182D Tbill+1.25%	Dec-06
Housing Finance Bank Limited	30	10	182D Tbill+2%	Jan-08
Stanbic Bank Uganda Limited	30	7	182D Tbill+1.5%	Dec-09
Eastern & Southern Africa Trade & Development Bank	8.5	7	182D Tbill+1.25%	Sep-09
Standard Chartered Bank	40	10	182D Tbill+1.25%	Dec-10

Source: Uganda Securities Exchange, CMA Database

CHAPTER THREE

3.0 Performance of Regional Equity Markets

This section covers the performance of regional equity markets, including both the primary and secondary markets. It provides insights into the equities turnover, market capitalization and index levels on the Nairobi Securities Exchange, Rwanda Stock exchange and the Dar es Salaam Stock Exchange.

3.1 Primary Market Activity

During the financial year 2020/2021, the Rwanda Stock Exchange (RSE) is the only securities exchange across the region that witnessed two primary offers in the equity market.

Cement manufacturer, Cimerwa Plc, received approvals from the Capital Markets Authority Rwanda and the RSE to list its shares on 3rd August 2020. With Cimerwa Plc listing by Introduction[12], it became the second company to list through this approach and the tenth to be listed on the Main Investment Market Segment of the RSE. The company's shareholding is constituted of 703,219,520 shares (100%), of which a free float of 344,575,560 shares (49%) was made available for trading at the RSE and the shares started trading at Rwf 120 per share. On the listing date, the company had a total market capitalization of Rwf 84.4 billion (US$ 88.5 million).

MTN Rwandacell PLC was listed by introduction on the RSE on 4th May 2021. The listing followed the approval by the Capital Market Authority Rwanda and the RSE of MTN Rwanda's listing by introduction on the RSE and the approval of the distribution of Crystal Telecom's 20% stake in MTN, among its shareholders effective from the listing date. It is important to note that prior to the listing of MTN Rwanda on the RSE, Crystal Telecom Limited (CTL), which was listed on the RSE owned 20% of MTN Rwanda. The listing of MTN Rwanda provided an opportunity for CTL's shareholders, to own shares directly in MTN Rwanda rather than through the CTL structure.

After the listing of MTN Rwanda, CTL proceeded to distribute the shares it owned in MTN Rwanda to its shareholders on a 1 for 1 basis, meaning that each shareholder received one share in MTN Rwanda for each share they owned in CTL. Subsequent to that CTL no longer owned shares in MTN Rwanda, and it was delisted from the RSE and dissolved. To this end, CTL's shareholders became direct shareholders in MTN Rwanda and can trade their MTN Rwanda shares on the RSE. The listing of MTN Rwanda saw 1,350,886,600 ordinary shares being registered with the RSE at an initial listing price of Rwf 269 per ordinary share. On the listing date, the company had a total market capitalization of Rwf 363.4 billion (US$ 366.3 million).

3.2 Secondary Market Activity

3.2.1 Equity Turnover

Equity turnover at the Nairobi Stock Exchange (NSE) during the financial year 2020/21 decreased by 16.3% to US$ 1,242.8 million from US$ 1,485 million recorded in the FY 2019/20. Similarly, equity turnover at the Dar es Salaam Stock Exchange (DSE) during the financial year 2019/20 fell by 20.9% to US$ 232.2 million from US$ 293.4 million registered in the previous financial year. The dip in market activity regionally can be attributed to among other things, low participation from domestic investors and off-shore investors as a result of the economic uncertainty generated by the Covid-19 pandemic. That said, turnover at the RSE grew by 1,396.2% to US$ 43.4 million in the FY 2020/21 from US$ 2.9 million recorded in the FY 2019/20, driven partly by activity on the new listings (Cimerwa and MTN Rwanda).

12 Listing by introduction is a way of listing shares already in issue on another exchange.

Table XXIV: Market Turnover (in US$ million) for Regional Markets

Securities Exchange	2016/17	2017/18	2018/19	2019/20	2020/21
USE	33.4	20.7	12.2	31.2	4.7
NSE	1,505.3	1,971.1	1,359.8	1,485	1,242.8
DSE	165.4	215.4	58.5	293.4	232.2
RSE	21.6	9.1	5.6	2.9	43.4

Source: DSE Market Reports, RSE Market Reports, USE Market Reports and NSE market reports

3.2.2 Market Capitalization

Domestic market capitalization at the NSE grew by 27.4% to US$ 25.1 billion at the end of the review period, from US$ 19.7 billion at the end of FY 2019/20. The increase in market capitalization can be partly attributed to the rally of Safaricom and Equity Bank stocks. The Safaricom share price grew, in part, due to the announcement of its entry into Ethiopia and the confirmation that Ethiopia will also allow the Kenyan firm to add mobile money to its telecommunications offerings. On the other hand, banks registered gains on their stocks after the first-quarter results announced in May pointed to a recovery in contrast to last year.

Domestic market capitalization at the RSE grew by 93.9% to US$ 0.64 billion at the end of the review period, from US$ 0.33 billion recorded at the close of the financial year 2019/20. The increase in market capitalization was due to the listing by introduction of MTN Rwanda and cement maker Cimerwa on the RSE during the period under review. Domestic market capitalization at the DSE closed higher at US$ 4.2 billion, from US$ 3.99 billion posted at the close of the FY 2019/20, representing a gain of 5.3%. The increase in market capitalization was due to share price gains registered on: Tanzania Portland Cement Company Limited, CRDB Bank Plc, Dar es Salaam Stock Exchange and National Investments Company Limited.

Table XXV: Domestic Market Capitalization for Regional Markets (US $ billion)

Securities Exchange	2019/20	2020/21	Change (%)
USE	1.14	1.22	7
NSE	19.67	25.06	27.4
DSE	3.99	4.2	5.3
RSE	0.33	0.64	93.9

Source: DSE Market Reports, RSE Market Reports, USE Market Reports and NSE market reports

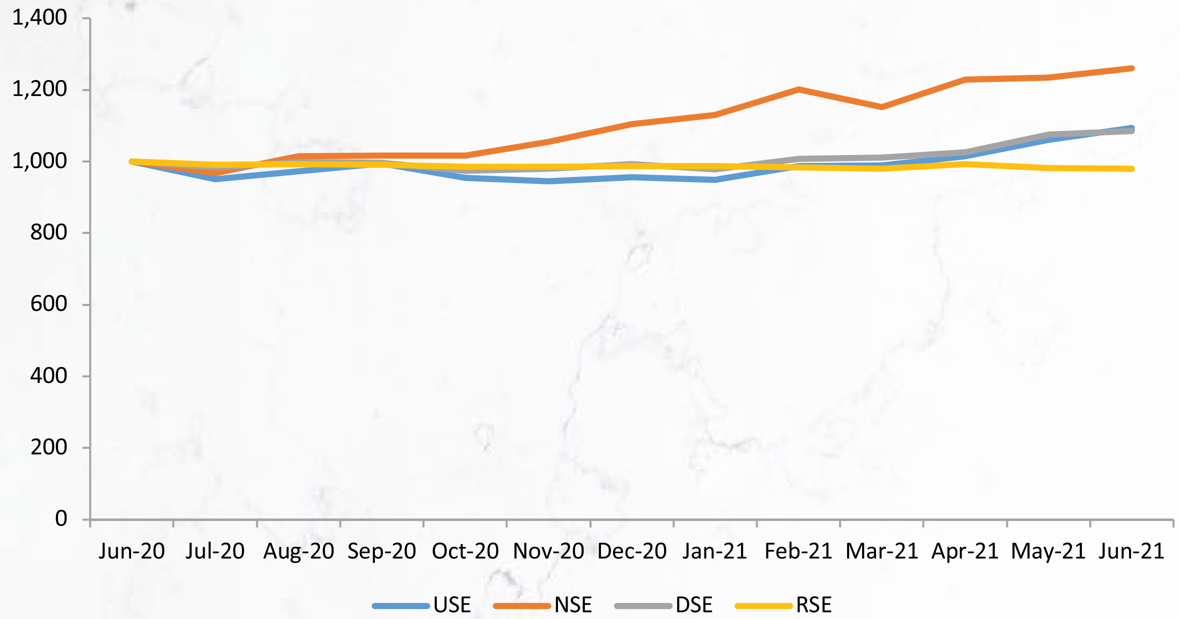
3.2.3 Index Levels[13]

The NSE All-Share Index was up 26%, closing the financial year 2020/21 at 1,260 points from 1,000 points at the end of the financial year 2019/20. The increase in NSE All-Share Index can be attributed to the rally of Safaricom and Equity Bank stocks. The DSE All Share Index gained 8.5%, closing the review period at 1,085 points from 1,000 points at the end of the previous financial year.

The increase in the DSE All Share Index was due to share price gains registered on five cross-listed counters and locally listed stocks - Tanzania Portland Cement Company Limited, CRDB Bank Plc, Dar es Salaam Stock Exchange and National Investments Company Limited. On the other hand, the RSE All Share Index shed 2% to close the review period at 980 points from 1,000 points at the end of the financial year 2018/19. The decrease in the RSE All Share Index was due to the decline in share prices of Bralirwa Plc and I&M Bank Rwanda.

13 The indices have been rebased using the same start level of 1,000 points, to easily compare the performance of the indices

Figure IX: Trends in the USE All-share, RSE All-share, DSE All-share and NSE All-share Indices (June 2020 – June 2021)[14]



Source: USE, RSE, DSE and NSE market reports

14 The indices have been rebased using the same start level of 1,000 points, to easily compare the performance of the indices

CHAPTER FOUR

4.0 Regulatory Updates

The section provides an overview of regulated capital markets players, insights into the Authority's activities that include: market development initiatives, market supervision developments and legal and regulatory issues.

4.1 An Overview of Regulated Capital Markets Players

In carrying out its responsibilities, the CMA has approved and licensed different categories of market players as shown below.

Table XXVI: Number of Regulated Capital Markets Players at the end of each Financial Year

Category	2019/20	2020/21	Comment
Fund Managers	6	7	
Stock Brokers	8	8	
Investment Advisors	7	9	Two new Investment advisors were licensed - Asigma Capital Advisory Services Limited and Sail Global Corp Limited
CIS Managers	4	5	A new CIS manager was licensed – Sanlam Investments
Unit Trust Schemes	14	16	Two new Unit Trust Schemes were approved – The Britam fixed income money market fund and the Sanlam umbrella fund
Trustees	2	2	
Securities Exchanges	2	2	
Securities Central Depositories	2	2	
Representative Licenses	33	35	
Total	78	86	

Source: CMA Market Supervision Department

Please see the Appendix for a comprehensive list of these market players including the firm names, licenses held, addresses and the contact person.

4.2 CMA Driven Market Development Initiatives

4.2.1 Capital Markets Awareness

4.2.1.1 Sensitization of potential investors and issuers

During the period under review, CMA continued with its public education efforts through investor education and issuer education programs.

The Investor education program aims at creating awareness about capital markets among the public in order to drive market activity primarily through Collective Investment Schemes (CIS). The program is conducted through external resource persons contracted by CMA to reach out to potential investors in the capital markets. In the period under review, this effort was undertaken through television, radio and internet-based platforms.

A total of 60 radio talk shows and 12 television talk shows were executed during the review period. Through the radio talk shows, the Authority was able to reach a total audience of 4,511,000 listeners over the 15 selected tier 1 radio stations (with an average of 300,733 listeners per radio station). On the other hand, through the television talk shows, a total audience of 1,905,000 viewers was reached over the six selected tier 1 television stations (with an average of 158,750 viewers per television talk show). With an enlightened general populace, demand for capital markets products – especially CIS, is expected to rise, leading to more market activity in Uganda's capital markets.

The Issuer education program seeks to grow the number of listings for both equities and corporate bonds in order to increase the supply of securities in the capital markets. The program involves the use of external resource persons to reach out to key persons of prospective issuers to sensitize them on opportunities presented by market-based financing. A key milestone for Issuer Resource Persons presenting to boards of prospective issuers on market-based financing. During the presentations, boards are sensitized on the different types of non-bank market-based financing, its merits, and the preparatory steps for accessing it. The resource persons are expected to tap into their networks to reach business owners and founders, CEOs, board members and CFOs in companies that show prospects of tapping into market-based financing. Since the launch of the program in May 2018, a total of 40 companies have been reached. Additionally, a total of UGX 42 billion has been raised through both private equity and debt by companies in the education; medical equipment; and microfinance sectors. During the financial year 2020/21, a total of 5 companies were reached by the Resource Persons and capital raising mandates to the tune of UGX 40 billion were signed off by companies in the agro-processing, education and manufacturing sectors.

4.2.1.2 Corporate Governance Training

Access to finance is recognized as one of the major constraints for businesses to grow in Uganda. Furthermore, an organization that adheres to good corporate governance practices enhances its chances of attracting long-term patient capital to finance its business growth. To this end, CMA held a corporate governance training in the period under review. The training, which was held on the 8th and 9th December 2020 drew 20 participants from medium to large business enterprises and the capital markets industry in Uganda. The training on corporate governance was part of a series of trainings seeking to prepare medium to large businesses to attract investment partners in order to tap into market-based financing. Furthermore, the trainings also aim at building the capacity of market intermediaries to enable them to shepherd the process of business access to market-based financing. Notably, as a result of the training, one company in the agro-processing sector signed a capital raising mandate.

4.2.2 Capital Markets Authority Input to the Third National Development Plan (NDP III) 2020/21 – 2024/25

The NDP-III came into effect at the start of the FY 2020/21. The NDP-III is the third in a series of plans that aim to implement Uganda's Vision 2040 aspirations. It is important to note that the goal of NDP-III is to "Increase household incomes and improve the quality of life". This goal is to be achieved under the overall theme of "Sustainable Industrialization for inclusive growth, employment and sustainable wealth creation". It is worth noting that the CMA engaged different stakeholders in discussions pertaining to interventions designed to deliver the required results under NDP-III. The key capital markets interventions in NDP III include:

i) **Establishment of a Deal Flow Facility –** this intervention involves setting up of a one-stop-shop for business support services targeting business enterprises, with the aim making them investment ready to tap into market based financing. The European Union and Financial Sector Deepening Uganda are among the partners roped into this particular initiative.

ii) **Growth of the CIS sector –** this intervention will seek to grow the CIS sector by leveraging mobile phone technology to increase investor uptake. This initiative will be part of a broader initiative championed by Bank of Uganda that seeks to increase retail investor access to government securities through a mobile phone platform, with investments coming via a CIS arrangement.

iii) **Growth of the private equity sector –** this intervention will involve developing a licensing framework for private equity funds, lobbying for amendments to the law to ease operations of private equity firms and also lobbying government for favorable tax policies.

iv) **Listing of public interest companies[15] –** this intervention will entail implementation of: a policy on strict voluntary option for institutions offering financial services to list; a policy for public interest companies that will receive tax concessions to offer securities to the public; and listing of former state-owned enterprises with listing obligations.

15 Public interest companies can be described as companies with operations in critical sectors of the economy.

4.2.3 Launch of a Deal Flow Facility

To increase access to market-based financing for business enterprises in Uganda, CMA, in partnership with the Financial Sector Deepening (FSD) Uganda and the European Union, launched a Deal Flow Facility (DFF) on 8th June 2021. The DFF will prepare and enhance businesses' access to long term market-based financing (both private and public equity and/ or debt). This will be done by actively matchmaking selected business enterprises to long-term investment capital to allow them to focus on growth rather than short-term funding needs.

In addition to matchmaking, the facility will provide business development services to at least 220 companies over a five-year period, with the first cohort expected to start in September 2021. The facility is actively targeting relatively mature companies that are seeking investments of not less than US$ 500,000 (about UGX 1.8 billion). The facility, incubated at FSD Uganda, also aims to be a one-stop center where companies can access all their transaction advisory needs – from tax, legal, banking and more. The pool of select enterprises will have access to business development support to increase their competitiveness and place them on an accelerated growth path.

Capital mobilised through investments and skills transferred along the investment cycle will contribute to two key objectives in Uganda's National Development Plan III: strengthening the private sector to drive growth and create jobs; and also enhancing value addition in key growth opportunities.

4.2.4 Launch of a New Strategic Plan

During the period under review, CMA launched a new Strategic Plan for the period 2021/22 – 2024/25 under the theme: "Fostering inclusive growth, Protecting investors." Under the new Strategic Development Plan, which builds on successes of the previous Strategic Plan, the Authority intends to realize an increase in listings and also intensify its investor education program that is aimed at sensitizing the public/ potential investors about saving and investing in the capital markets. The view is that with a more enlightened public; demand for capital markets products is expected to grow, hence increasing the market activity in Uganda's capital markets in line with the country's national aspirations as stated in the National Development Plan III. Notably, the new strategic objectives are; to strengthen capital market regulation and oversight; to achieve institutional excellence; and to promote economic development in Uganda by creating a competitive and inclusive environment for businesses and Government to access market-based financing.

4.3 Market Supervision Developments

4.3.1 Regulatory Compliance

4.3.1.1 Off-site and on-site Inspections

During the review period, virtual inspections for CIS and fund managers that included Britam, ICEA, Sanlam and XENO were conducted. Some of the gaps identified during the virtual inspections included material variance in reconciliations, incomplete reporting of suspicious and large cash transactions to the Financial Intelligence Authority, lack of periodic compliance reports to mention but a few. The Authority engaged the different market intermediaries highlighting the gaps identified in order for them to be addressed.

Furthermore, during the period, the market supervision department inspected ALTX East Africa Limited and ALTX Clearing Limited. The objectives of the inspections were to assess the companies' compliance with regulatory requirements and ALTX rules, management and board oversight, internal audit oversight, record keeping, financial accounting controls, Anti Money Laundering controls, IT systems and controls. The inspection of the two companies was guided by the risk profiling that took place in the third quarter of the financial year 2020/21. The profiling took into consideration governance risk, strategic risk, operational risk, financial risk and regulatory risk. This process was undertaken to guide the planned thematic inspection on what areas to pay attention to.

4.3.1.2 Annual Compliance Seminar

The CMA held its annual compliance seminar on 17th June 2021. During the online seminar, discussions focused on the challenges faced by market intermediaries as well as the need for compliance right from application through the life of the business and at closure, where it arises. In addition, the seminar also discussed areas of concern/issues noted with market intermediaries such as quality of applications; laxity in compliance especially for financial reporting; investment by CIS managers not in line with the requirements of the CIS regulations and handling of client complaints.

The annual seminar, among other things, provides a platform for market intermediaries to share concerns with the regulator and an opportunity for the Authority to highlight findings of the market supervision department as well as receive feedback on its supervisory and compliance framework. The seminar was attended by stockbrokers, custodians, fund managers, unit trust managers and stock exchange representatives.

4.3.2 Participation in the Technical Sub-committee meeting of the Financial Sector Stability Forum

The CMA continued participation in the Technical Sub-Committee meeting of the Financial Sector Stability Forum (FSSF) held on 19th June 2021. The forum consists of the Bank of Uganda, Uganda Retirement Benefits Regulatory Authority, Insurance Regulatory Authority, Uganda Microfinance Regulatory Authority, Deposit Protection Fund and CMA. During the year, focus was on financial sector risk in light of the Covid-19 pandemic and measures implemented by FSSF members to mitigate the effects.

4.4 Legal and Regulatory Issues

4.4.1 Capital Markets Legal and Regulatory Framework

In compliance with the procedural requirements of the law-making process, CMA held a stakeholder consultative workshop on 29th April 2021 to obtain views on the proposed changes to regulations. The regulations discussed during the engagement were; the Draft Capital Markets (Offer of Securities) Regulations, 2021, the Draft Capital Markets (Accounting and Financial) Regulations, 2021 and the Draft Capital Markets (Licensing and Approval) Regulations, 2021. It is important to note that the above-mentioned regulations were reviewed and cleared by the Board for the stakeholder consultations.

Views were obtained from different stakeholders, including the stock exchanges, brokers/dealers, fund managers, custodians, private equity funds, venture capital funds, government entities, the legal fraternity among others. Where feasible, the comments received were incorporated into the amended laws. In addition, during the period under review, the Board approved the Draft Capital Markets (Conduct of Business) Regulations, 2021 for stakeholder consultation.

The stakeholder consultative workshop took place on 28th July 2021. It is noteworthy that, the review of the above-mentioned regulations seeks to create a regulatory environment that is certain, friendly to innovation and cost-effective for investors, issuers and market intermediaries.

The Authority also considered and approved the consolidated USE Rule Book and the amendments made therein. The rules that were amended include: the USE Listing Rules; USE Rules; USE Trading Rules; USE Fees, Charges and Penalties Rules; Listing by introduction requirements; and provisions specific to fixed income securities requirements. Additionally, during the period under review, the Authority considered and approved the ALTX Fees and Penalties Rules, 2021.

4.4.2 Investigations and Enforcement

In the review period, the Authority issued notices and addressed a press conference warning the public against illegal activities in the capital markets space by a company passing off as Alliance Motion Global. Investigations on this matter are underway, and appropriate action will be taken in due course. Furthermore, in collaboration with the Criminal Investigations Department of Police (CID), the Authority is conducting investigations on several companies and individuals suspected of conducting business in the capital markets industry without a license as required by the law. Once investigations are complete, the suspects will be prosecuted in courts of law.

CHAPTER FIVE

5.0 Outlook

5.1 Economic Outlook

According to the World Bank's Global Economic Prospects report published in June 2021, growth in Sub-Saharan Africa is forecast to resume at a modest pace, reflecting improved external demand and resilient commodity prices, but will remain below the pre-pandemic average. The output is expected to expand at a modest 2.8% in 2021, and 3.3% in 2022. Positive spillovers from strengthening global activity, better international control of the Covid-19 pandemic, and strong domestic activity in agricultural commodity exporters are expected to gradually help lift growth. Nonetheless, the recovery is envisioned to remain fragile, given the legacies of the pandemic and the slow pace of vaccination in the region.

According to the Bank of Uganda, economic recovery had been hampered by the second Covid-19 wave and the associated containment measures that were announced in early June 2021. The Central Bank further noted that the Covid-19 restrictive measures that remained in place will continue to weigh down economic activity, with economic growth projected in the range of 3.5–4% in the financial year 2021/22. In the medium-term, stronger recovery is expected premised on, among other things, successful deployment of vaccines and the containment of the spread of Covid-19, continued recovery in global demand, the commencement of construction works on the oil pipeline and a rebound in FDI inflows. Economic growth is projected to return to 6-7% in the FY 2024/25, indicating that economic activity is expected to remain well below the pre-pandemic path for an extended time. The economic growth outlook is, however, highly conditional on, among other things, the timeline of the worldwide vaccines rollout and the course of the virus, its new variants and waves.

5.2 Implications for Capital Markets

In the short term, capital market activity is likely to come under pressure from muted participation by domestic and off-shore investors due to another round of lockdown measures that were announced in early June 2021 amidst rising Covid-19 case numbers. However, in the medium term, market activity is expected to recover driven by, among other things, the gradual strengthening of the economy as restrictive measures that were put in place to contain the Covid-19 pandemic are eased, albeit at a subdued pace. In addition, the anticipated listing of MTN Uganda on the USE in the financial year 2021/22 is expected to spur market activity. It is also important to note that during uncertain economic times like these, investors usually seek to preserve their savings and capital hence we anticipate that some will turn to safer assets like Collective Investment Schemes and Fixed Income instruments like Government securities, further enforcing the flight to safer-haven assets observed in FY 2020/21.

5.3 Going Forward

The Capital Markets Authority will be focusing on the following key initiatives over the twelve-month period from 1st July 2021 to 30th June 2022:

- Increasing liquidity in the debt capital markets - This initiative will involve the formation of a Bond Market Forum to spur secondary market activity. A fully operational Bond Market Forum will increase liquidity in the debt capital markets and make it easier for Government and corporate issuers of bonds to reduce their cost of borrowing;
- Reviewing the CIS framework to ease market access by intermediaries and strengthen controls - This initiative will involve, among other things, reviewing the CIS regulatory framework to create a regulatory environment that is certain, friendly to innovation and cost-effective for investors and market intermediaries;
- Operationalizing the Deal Flow Facility in conjunction with FSD Uganda and the European Union - This initiative will involve setting up a one-stop-shop for business support services targeting business enterprises, with the aim of making them investment ready to tap into market-based financing. The European Union and Financial Sector Deepening Uganda are among the partners roped into this particular initiative;
- Advancing policies to strengthen domestic institutional investor participation in the business sector - This initiative will involve creating a legal framework to license private equity and venture capital funds which are a key source of long term patient capital for Ugandan business enterprises. This will facilitate the channelling of funds from CIS Managers, along with other pension funds, into the private equity and venture capital firms licensed by the Authority for onward investment into Ugandan business enterprises; and
- Reviewing the rules governing the commodity exchange sub-sector - This initiative will involve reviewing the regulatory framework for commodity exchanges.

Appendix: List of Licensed Persons

This is a list of persons approved and licensed by the Capital Markets Authority to provide various services related to the capital markets industry in Uganda at the end of FY 2020/21.

Firm	License Held	Address	Contact Person
ALTX East Africa Ltd	Stock Exchange	Plot 1 Mackenzie Close, Kololo P. O. Box 40138 Kampala, Uganda Tel: 0790-536781/ 0312-209600 Email: info@altxafrica.com	Mr. Joseph Kitamirike
ALTX Clearing Ltd	Securities Central Depository	Plot 1 Mackenzie Close, Kololo P. O. Box 40138 Kampala, Uganda Tel: 0790-536781/ 0312-209600 Email: info@altxafrica.com	Mr. Joseph Kitamirike
Asigma Capital Advisory Services Ltd	Investment Adviser	First Floor, Legacy House Plot 38B, Windsor Crescent, Kololo P. O. Box 2841 Kampala, Uganda Tel: 0392159560 E-mail: info@asigmacapital.com	Mr. David Nanambi
Baroda Capital Markets Limited	Stock Broker	Plot 18 Kampala Road P. O. Box 7197, Kampala, Uganda Tel: 0414-233680/3 Fax: 0414-258263 Email: bcm.ug@bankofbaroda.com	Mr. Mohan Prashantam
BIK Capital Limited	Stock Broker	First Floor, Media Plaza Plot 78, Kira Road Tel: 0774997424 Email: jofbakka@gmail.com	Mr. Joseph Bakkabulindi
Blue Solitare Investments Limited	Investment Adviser	203 – Kirabo Complex Bukoto – Kisasi Road P.O Box 1534 Kampala, Uganda Tel: 0752711660 Email: jatin@blue–solitaire.com	Mr. Jatin B.K. Ghughu
Britam Asset Managers Company (Uganda) Limited	Fund Manager, Unit Trust Manager/ Collective Investment Scheme Manager	Course View Towers, 1st Floor Yusuf Lule Road P.O Box 36583 Kampala, Uganda Tel: 0417-702600/ 0312-305600 Email: info@britam.com	Mr. Ronald Kasolo
Crested Capital	Stock Broker, Dealer, Investment Adviser	1st Floor Impala House Plot 13/15 Kimathi Avenue P. O. Box 31736, Kampala, Uganda Tel: 0414-230900 Email: info@crestedcapital.com	Mr. Robert Baldwin
Dyer and Blair Uganda Limited	Stock Broker	Ground Floor, Rwenzori House Plot 1 Lumumba Avenue P. O. Box 36620, Kampala, Uganda Tel: 0414-233050, 0312-265469 Email:sharesuganda@dyerandblair.com	Ms. Esther Kakiiza
Equity Stock Brokers Limited	Stock Broker	Plot 6/6A Orient Plaza P. O. Box 3972, Kampala, Uganda Tel: 0414-236012/3/4/5 Fax: 0414-348039 Email: equity@orient-bank.com	Ms. Christine Nkundizana Muramuzi
GenAfrica Asset Managers Uganda Ltd	Fund Manager	6th Floor, Aha Towers Plot 7, Lourdel Road, Nakasero P. O. Box 75200, Kampala Tel: 0414-252343/ 350 Fax: 0414-253344 Email: uganda@genafrica.com	Mr. George Mulindwa

Firm	License Held	Address	Contact Person
ICEA Lion Asset Management (U) Ltd	Fund Manager, Unit Trust Manager/ Collective Investment Scheme Manager	2nd Floor Rwenzori Courts P. O. Box 33953, Kampala, Uganda Tel: 0414-347535, 0414-232337 Email: icea@africaonline.co.ug	Mr. Emmanuel Mwaka
KCB Bank Uganda Limited	Trustee – Collective Investment Schemes	7th Floor, Commercial Plaza Plot 7, Kampala Road P.O Box 7399, Kampala, Uganda Tel: 0417-118336, 0417-118280	Ms. Sheila Nyerwanire
PCP Uganda Limited	Fund Manager	Plot M697, Equata Building 2nd Floor UMA Show Grounds, Lugogo P. O. Box 15373, Kampala, Uganda Tel: 0312-264983/4 Fax: 0312-264985 Email: info@pearlcapital.net	Mr. Edward Isingoma Matsiko
PKF Consulting Limited	Investment Adviser	Plot 1B Kira Road Kalamu House P. O. Box 24544, Kampala, Uganda Tel: 0414-341523/5 Fax: 0414-251370, 0414-341371 Email: pkfkam@ug.pkfea.com	Mr. Charles Ogutu
PricewaterhouseCoopers Limited	Investment Adviser	10th Floor Communications House 1 Colville Street Kampala Tel: 0414-236018/ 233743 Fax: 0414-239153 Email: general@ug.pwc.com	Mr. Francis Kamulegeya
Regency Wealth Management Uganda Limited	Investment Adviser	5th Floor, Shumuk House, Office SH9 Kampala, Uganda Tel: 0312-314316/ 0791-224611 Email: matthew@regency-wealth.com	Mr. Matthew Turner
Sail Global Corp Limited	Investment Adviser	Plot 26, Golf Course Road P.O Box 6111 Kampala, Uganda Tel: 0414-696297 Email: info@sailglobalcorp.com	Mr. Ronald Kwesiga
Sanlam Investments East Africa Limited	Fund Manager, Unit Trust Manager/ Collective Investment Scheme Manager	1 Pilkington Road, 7th Floor, Workers House P. O Box 9831, Kampala Tel: 0414-340707/8/ 0312-265618 Fax: 0414-340750 Email: Mubbale.Mugalya@sanlameastafrica.com	Mr. Mubbale Kabandamawa Mugalya
SBG Securities Uganda Limited	Stock Broker	4th Floor, Crested Towers (Short) 17 Hannington Road P. O. BOX 7131, Kampala, Uganda Tel: 0312-224600/ 985 0312-224985 Email: cos_uganda@mail.standardbank.com	Mr. Joram Ongura
Standard Chartered Bank Uganda Limited	Trustee – Collective Investment Schemes, Investment Adviser	Plot 5, Speke Road P. O. Box 7111, Kampala, Uganda Tel: 0312-294459, 0414-340077 Fax: 0414-231473 Email: ug.service@sc.com	Ms. Cecilia Namuddu
UAP Financial Services Limited	Stock Broker, Fund Manager, Investment Adviser, Unit Trust Manager/ Collective Investment Scheme Manager	2nd Floor, Block A, UAP Nakawa Business Park, Plot 3-5 New Port Bell Road P. O. Box 1610 Kampala, Uganda Tel: 0414-332824 Fax: 0414-346449 Email: financialservices@uap.co.ug info@uap.co.ug	Mr. Simon Mwebaze

Firm	License Held	Address	Contact Person
Uganda Securities Exchange	Stock Exchange, Securities Central Depository	4th Floor, Block A, North Wing Plot 3-5, UAP Nakawa Business Park P. O. Box 23552, Kampala, Uganda Tel: 0312-370815/ 7/ 8 Email: info@use.or.ug	Mr. Paul Bwiso
Xeno Technologies Uganda Limited	Fund Manager, Unit Trust Manager/ Collective Investment Scheme Manager	6th Floor Workers House Plot 1, Pilkington Road P.O. Box 2237, Kampala, Uganda Tel: 0392-177488, 0772-842100 Email: uganda@myxeno.com	Mr. Aeko Ongodia

Capital Markets Authority
Protecting Your Investments

Capital Markets Authority

8 Floor, Jubilee Insurance Centre
14, Parliament Avenue
P.O. Box 24565, Kampala, Uganda

T: +256 - 414 - 342788/91
+256 - 312 - 264950/1
F: +256 - 414 - 342803
E: info@cmauganda.co.ug
W: www.cmauganda.co.ug