



Capital Markets Quarterly Bulletin

Quarter ended December, 2023

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List of Abbreviations and Acronyms

ALSI	All Share Index
AUM	Assets Under Management
BATU	British American Tobacco Uganda
BOBU	Bank of Baroda Uganda
BOU	Bank of Uganda
CENT	Centum Investments Company Limited
CIS	Collective Investment Scheme
CMA	Capital Markets Authority
CQCIL	Cipla Quality Chemicals Limited
DFCU	Development Finance Corporation of Uganda
DSE	Dar es Salaam Stock Exchange
EBL	Equity Bank Limited
FY	Financial Year
JHL	Jubilee Holdings Limited
KCB	Kenya Commercial Bank
LCI	Local Counter Index
NIC	National Insurance Corporation
NMG	Nation Media Group
NSE	Nairobi Securities Exchange
NVL	New Vision Limited
RSE	Rwanda Stock Exchange
SBU	Stanbic Bank Uganda
SCD	Securities Central Depository
UCL	Uganda Clays Limited
UGX	Uganda Shillings

UMEME	UMEME Limited
USE	Uganda Securities Exchange
US\$	United States of America Dollar
182D T-bill	182 Day Treasury Bill
1Q	First Quarter
2Q	Second Quarter
3Q	Third Quarter
4Q	Fourth Quarter

Glossary of Terms Used

Assets Under Management	The total market value of the assets that a fund manager 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 shares.
Investment Adviser	A licenced person that makes investment recommendations or conducts securities analysis in exchange for a fee.
Money Market Fund	A CIS fund containing interest-bearing investments having a maturity of 12 months or less or a fund having interest-bearing instruments whose weighted time to maturity is 12 months or less.
Market Capitalization	The total market value of a company's outstanding shares or other securities in issue.
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. Treasury bills 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. Treasury Bonds 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 sub-funds, providing the opportunity for unit holders to switch all or part of their investment from one sub-fund to another.

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Executive Summary

Assets under Management (AUM) held by CIS Managers at the end of December 2023 were valued at UGX 2,312.5 billion, a 1.6% increase from UGX 2,276.4 billion at the end of September 2023. As of December 2023, there were 68,664 funded CIS accounts, an increase of 4.9% over the 65,482 funded accounts at the end of the previous quarter. Increased knowledge of the benefits of investing through CIS among local investors, the increase in the number of CIS managers to six, and investors' trust in terms of regulatory protection are all factors contributing to the growth in AUM and investor accounts. With an AUM of UGX 4.8 trillion at the end of the fourth quarter of 2023, fund managers regulated by the CMA saw an increase of 3.3% from UGX 4.7 trillion in September 2023. The rise in AUM can be attributed to two factors: the value of the assets held increasing and the schemes whose funds are managed bringing in new members.

At the end of the review period, the USE's total market capitalization grew by 17.2% to UGX 19 trillion, from UGX 16.2 trillion at the end of September 2023. The listing of Airtel Uganda at the USE and the rise in market capitalization of two domestically listed counters (SBU and NIC) were the drivers of this increase. By the end of the review period, the value of locally listed stocks, or the domestic market capitalization, had increased by 49.5% to UGX 11.2 trillion from UGX 7.5 trillion in September 2023. The primary cause of this growth during the review period was Airtel Uganda's listing on the USE. Furthermore, the rise in market capitalization observed on two locally listed counters, SBU (3.2%) and NIC (14%) can be credited with contributing to the growth in the domestic market capitalization.

Equity turnover at the USE fell by 41.2% to UGX 8.1 billion in the period under review, from UGX 13.7 billion in the third quarter of 2023. The decrease in market activity can be attributed to the low investor appetite for listed stocks as the festive season approached.

The fourth quarter of 2023 saw a 6.6% decline in the USE All Share Index (ALSI), which closed at 872.5 points from 934.6 points in the previous quarter. The drop occurred as a result of losses in the share prices of seven cross-listed counters (CENT, EABL, EBL, JHL, KA, KCB and NMG) and five locally listed counters (CQCIL, DFCU, UMEME, BOBU and NVL). During the review period, the USE Local Counter Index (LCI) recorded a decline of 2.4%, ending at 271.9 points as opposed to the 278.5 points in the third quarter of 2023. The decline in the LCI was due to the drop in share prices of five locally listed counters (CQCIL, DFCU, UMEME, BOBU and NVL).

The BOU's monetary policy report noted that despite the tight credit, monetary, and fiscal conditions in both domestic and external economic environments constraining aggregate demand, the economy showed resilience as signaled by high-frequency

indicators of economic activity. The report projected continued recovery with growth expected to accelerate to 6.0% in FY2023/24, driven by ongoing improvements in the manufacturing, agriculture, construction, and services sectors. Additionally, growth will be supported by sustained FDI inflow into the extractive sector and government investments in growth-enhancing programs like Parish Development Model and infrastructure development. However, capital market activity is expected to be negatively affected by muted off-shore investor participation. This is primarily due to continued investment in high quality securities in developed countries, as interest rates remain elevated to contain inflation.

1.0 Introduction

1.1 The Capital Markets Quarterly Bulletin

The Capital Markets Quarterly Bulletin covers developments in Uganda’s capital markets industry. The quarterly bulletin provides insights into the Authority’s regulatory affairs, local capital markets industry performance and the performance of regional markets. This quarterly bulletin focuses on the period from 1st October 2023 to 31st December 2023.

2.0 Regulatory Affairs

2.1 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 I: Number of Regulated Capital Markets Players at the End of Each Quarter

Category	Jun 2023	Dec 2023
Fund Managers	8	8
Stock Brokers	6	6
Dealers	3	3
Investment Advisors	6	8
CIS Managers	6	6
Unit Trust Schemes	18	18
Recognized Scheme	1	2
Venture Capital Fund	1	1
Trustees	2	2
Custodians	4	4
Stock Exchanges	2	2
Securities Central Depositories	2	2
Representative Licenses	33	38
Registrars	3	4
Total	95	104

Source: CMA Market Supervision Department

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

2.2 Market Development Initiatives

2.2.1 Capital Markets Awareness

2.2.1.1 Investor Education

During the review period, the CMA continued to implement its investor education program, aimed at raising awareness about capital markets and boosting market activity through Collective Investment Schemes (CIS). This program involves partnering with external resource persons contracted by the CMA to reach out to potential investors in the capital markets, with a particular focus on investment through CIS. These resource persons utilize various platforms, including mass media, webinars, and in-person presentations, to effectively engage with their target audience. In the review period, the CMA's investor resource persons and CMA staff successfully reached 504,063 individuals through 3 television outreaches, 21 in-person presentations, 4 university outreaches and 5 webinars.

2.3 Market Supervision Developments

2.3.1 Applications and Licenses

During the quarter that ended in December 2023, the following licenses were renewed:

- a. Stanbic Bank Uganda Limited (Custodian License, Representative License);
- b. Housing Finance Bank Limited (Custodian License, Representative License);
- c. Standard Chartered Bank Uganda Limited (Custodian License, Representative License);
- d. KCB Bank Uganda Limited (Custodian License, Representative License); and
- e. Uganda Securities Exchange Limited - Securities Central Depository.

In addition, the following new licenses were granted by the Authority:

- a. Goldkach Uganda Limited (Fund Manager License);
- b. Sanlam Investments East Africa Limited (Representative License); and
- c. SBG Securities Limited (Representative License).

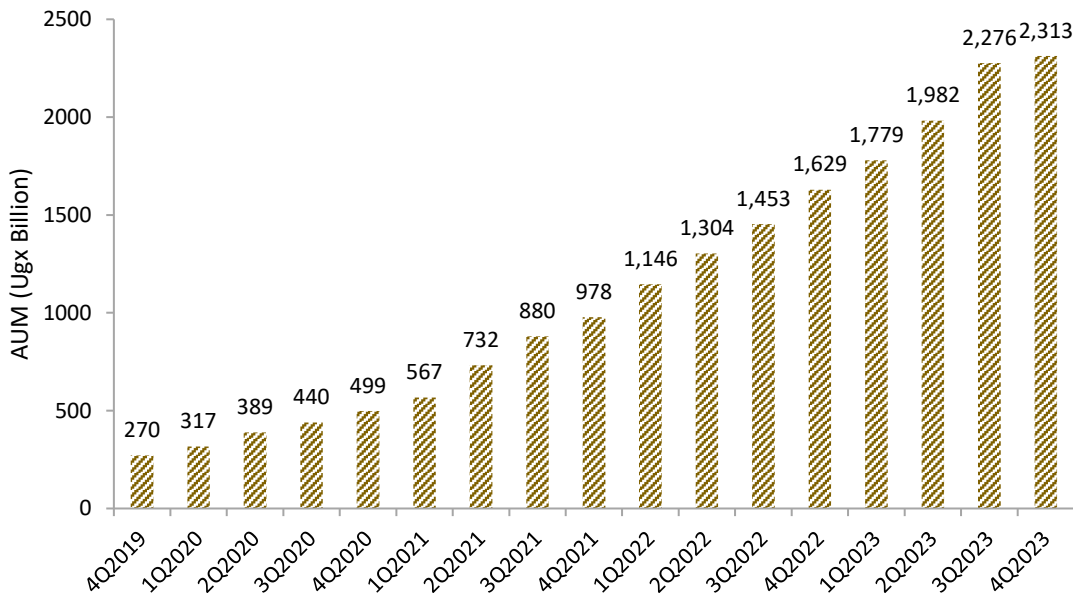
The licensing of market intermediaries fulfils CMA's objective of ensuring that all players in the sector have been vetted and that they meet minimum standards, enhancing investor protection.

3.0 Industry Performance Overview

3.1 Performance of Collective Investment Schemes

Assets under Management (AUM) held by CIS Managers at the end of December 2023 were valued at UGX 2,312.5 billion, a 1.6% increase from UGX 2,276.4 billion at the end of September 2023. Total AUM increased by 42% annually from UGX 1,628.6 billion during the same time in 2022 (4Q2022). As of December 2023, there were 68,664 funded CIS accounts, an increase of 4.9% over the 65,482 funded accounts at the end of the previous quarter. Increased knowledge of the benefits of investing through CIS among local investors, the increase in the number of CIS managers to six, and investors’ trust in terms of regulatory protection are all factors contributing to the growth in AUM and investor accounts.

Figure I: Quarterly Trends in CIS AUM (UGX, Billion)



Source: CMA Market Supervision and Research & Market Development Departments

Table II shows the breakdown of CIS Assets under Management per CIS manager. The top two CIS managers controlled 81.4% of the total AUM at the end of December 2023, indicative of a concentrated market.

Table II: CIS AUM per CIS Manager

CIS Manager	AUM (UGX Billion)		Change (%)
	Sept 2023	Dec 2023	
UAP-Old Mutual Financial Services Limited	1,515.2	1,538.5	1.5
ICEA Lion Asset Management Limited	302.6	343.2	13.4
Britam Asset Managers Uganda Limited	195.7	193.2	-1.3
Xeno Technologies Uganda Limited	57.5	60.2	4.6
Sanlam Investments East Africa Limited	116	138.2	19.1
SBG Securities Limited	89.3	39.2	-56.1
Total	2,276.4	2,312.5	1.6

Source: CMA Market Supervision and Research & Market Development Departments

A breakdown of AUM at the end of December 2023 reveals that Government of Uganda bonds accounted for 69.6% of the total AUM. Fixed Deposits accounted for 17.5% and Government of Uganda Treasury Bills accounted for 5.9%. This implies that CIS funds with interest-bearing instruments as the underlying assets are dominating the market.

An analysis of the trend in CIS asset allocation on an annualized basis shows that corporate bonds as a percentage of total AUM have increased from 0.1% at the end of December 2022 to 0.3% at the end of December 2023. The growth in funds allocated to corporate bonds is driven by their decent returns.

Table III: Quarterly CIS Industry Asset Allocation (Percentage)

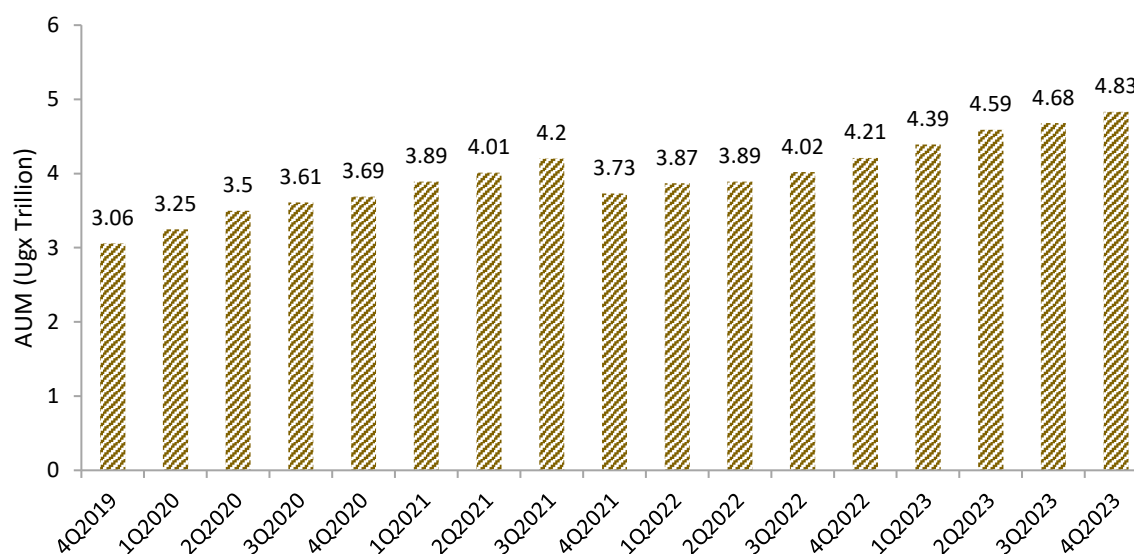
Asset	Dec 2022	Mar 2023	Jun 2023	Sept 2023	Dec 2023
Government of Uganda Bonds	74.7	72.1	71.7	69.3	69.6
Fixed Deposits	14.3	15.1	15.3	16	17.5
Call Deposits	3	4.4	4.6	5.4	4.3
Government of Uganda Treasury Bills	4.7	5.2	6.1	7.1	5.9
Cash	0.5	0.8	0.3	0.5	0.8
Commercial Paper	2.4	0.2	0.2	0.2	1.4
Corporate Bonds	0.1	1.7	1.6	1.5	0.3
Listed Equities in Uganda	0.04	0.04	0.04	0.04	0.04
Listed Equities in Rest of East Africa	0.06	0.06	0.05	0.04	0.03
Other Investments (Off-shore and foreign exchange)	0.3	0.3	0.2		
Total	100	100	100	100	100

Source: CMA Market Supervision and Research & Market Development Departments

3.2 Fund Management Performance

With an AUM of UGX 4.8 trillion at the end of the fourth quarter of 2023, fund managers regulated by the CMA saw an increase of 3.3%, from UGX 4.7 trillion in September 2023. The AUM grew by 14.8% on an annualized basis from the UGX 4.2 trillion recorded during the same quarter in 2022 (4Q2022). The rise in AUM can be attributed to two factors: the value of the underlying assets held increasing and the schemes whose funds are managed bringing in new members.

Figure II: Quarterly Trends in AUM for Fund Managers (UGX, Trillion)



Source: CMA Market Supervision and Research & Market Development Departments

Table IV below shows a breakdown of AUM per fund manager. The top two fund managers controlled 64.6% of the total AUM at the end of December 2023.

Table IV: Assets under Management per Fund Manager

Fund Manager	AUM (UGX Billion)		Change (%)
	Sept 2023	Dec 2023	
Sanlam Investments East Africa Limited	2,001	2,071.3	3.5
GenAfrica Asset Managers Uganda Limited	1,004.8	1,050.3	4.5
UAP-Old Mutual Financial Services Limited	722.7	733.2	1.5
Britam Asset Managers Uganda Limited	658.8	682.9	3.7
ICEA Lion Asset Management Limited	291.1	293.3	0.8
Total	4,678.4	4,830.9	3.3

Source: CMA Market Supervision and Research & Market Development Departments

A breakdown of the AUM at the end of December 2023 shows that the majority of investments (76.9%) were in Government of Uganda bonds, followed by Fixed Deposits (6.9%) and CIS at 5.7%. An analysis of the trend over the year indicates that investments in Government Bonds in the Rest of East Africa (specifically Kenya) as a percentage of total AUM increased from 0.01% in December 2022 to 0.4% in December 2023. The increase in investments in Government Bonds in Kenya can be attributed to the Central Bank’s tight monetary policy aimed at stabilizing the Kenyan shilling, whose depreciation has spurred inflationary pressures, reduced foreign investment and affected debt-servicing.

Table V: Quarterly Fund Managers' Asset Allocation (Percentage, %)

Asset	Dec 2022	Mar 2023	Jun 2023	Sept 2023	Dec 2023
Government of Uganda Bonds	76.4	77	76.5	77	76.9
Government of Uganda Treasury Bills	4.4	4.8	5.1	4.4	4.2
Government Bonds in Rest of East Africa	0.01	0.01	0.01	0.002	0.4
Listed Equities in Uganda	2.9	2.9	2.7	3	2.8
Listed Equities in Rest of East Africa	5.2	3.7	3	2.2	2.0
Fixed Deposits	6	6.6	6.7	7.3	6.9
Real Estate	0.4	0.4	0.4	0.4	0.3
Cash	0.5	0.5	0.5	0.6	0.6
Collective Investment Schemes	4.2	3.8	4.9	5.1	5.7
Other (Dividend Income Receivable and Wealth management)	0.01	0.01	0.04	0.004	0.002
Corporate Bonds	0.1	0.1	0.1	0.1	0.2
Unlisted Equities in Uganda	0.01	0.01	0.01	0.01	0.01
Unlisted Equities in Rest of East Africa	0.03	0.02	0.02	0.02	0.02
Total	100	100	100	100	100

Source: CMA Market Supervision and Research & Market Development Departments

3.3 Equity Market Performance

3.3.1 Primary Market Activity

3.3.1.1 The Airtel Uganda Listing

During the period under review, Airtel Uganda listed on the Uganda Securities Exchange (USE). The Airtel Uganda Limited IPO had opened on August 30, 2023, and closed on October 27, 2023. The telecommunications company offered 8 billion ordinary shares, at a price of UGX 100 per share, resulting in an offer size of UGX 800 billion. The share subscription level for the offer was 54.5%, equivalent to 4.36 billion shares, and a total of UGX 211.4 billion was raised. The company was listed on the USE on 7th November 2023 increasing total market capitalization of UGX 4 trillion.

3.3.2 Secondary Market Activity

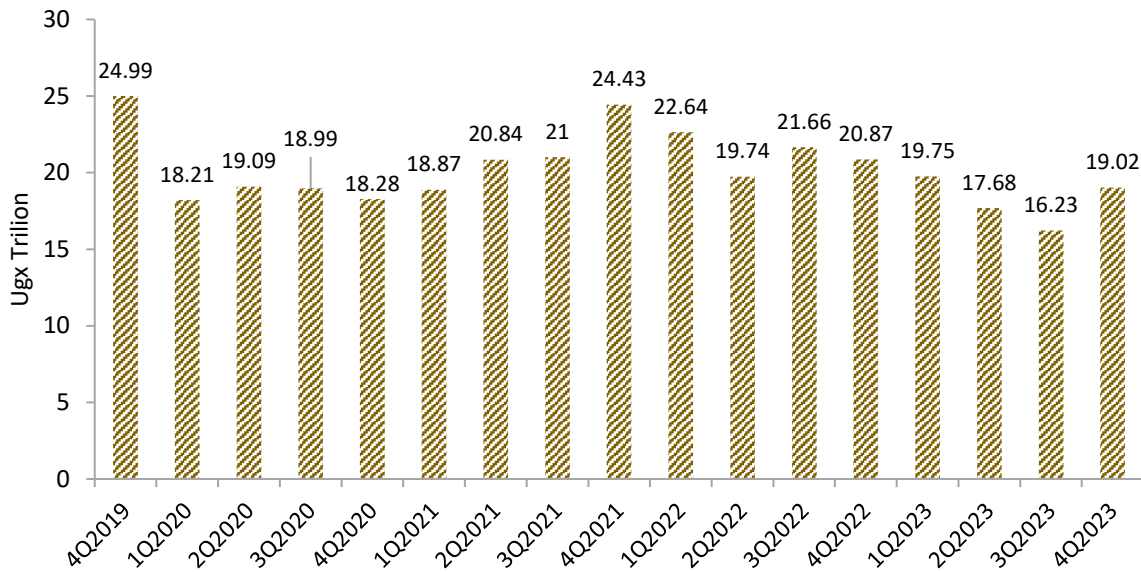
3.3.2.1 Market Size

I. Total Market Capitalization

At the end of the review period, the USE's total market capitalization grew by 17.2% to UGX 19 trillion, from UGX 16.2 trillion at the end of September 2023. The listing of Airtel Uganda at the USE and the rise in market capitalization of two domestically listed counters (SBU and NIC) were the main drivers of this increase. Notably, all cross-listed counters saw a decline in market capitalization.

On an annual basis, the total market capitalization dropped by 8.8% from UGX 20.9 trillion during the same period in 2022. This decline can be attributed to the decrease in market capitalization observed on six cross-listed counters (CENT, EABL, EBL, JHL, KA and KCB), as well as five locally listed counters (DFCU, UCL, CQCIL, MTNU and NVL).

Figure III: Quarterly Trends in Total Market Capitalization (UGX, Trillion)

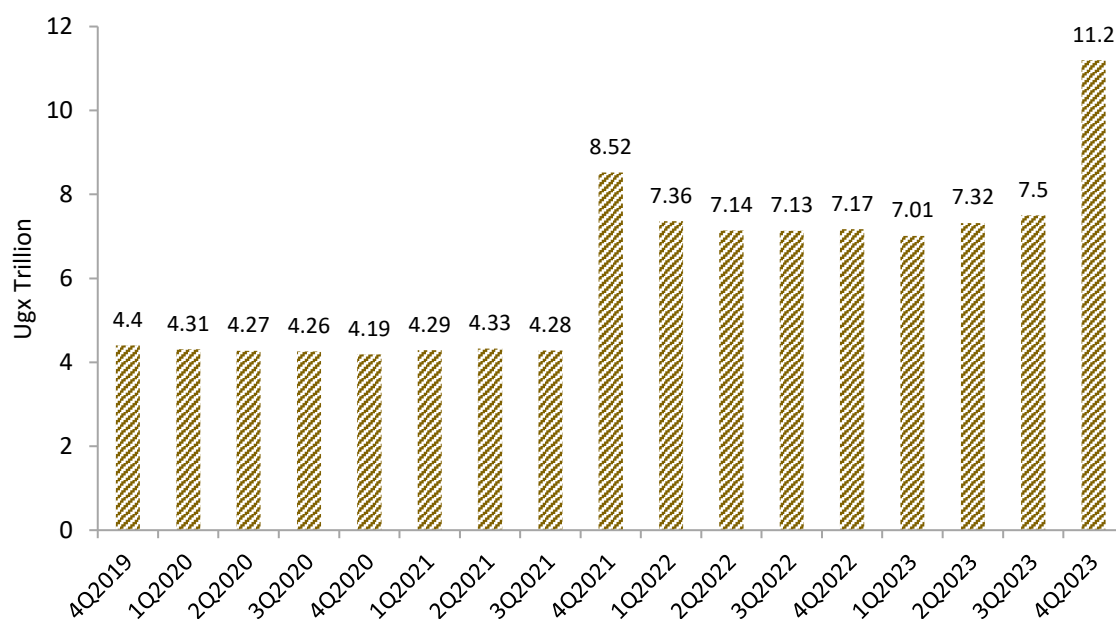


Source: USE market reports

II. Domestic Market Capitalization

At the end of the review period, the value of locally listed stocks (domestic market capitalization), had increased by 49.5% to UGX 11.2 trillion from UGX 7.5 trillion in September 2023. The primary cause of this growth during the review period was Airtel Uganda’s listing on the USE. Furthermore, the rise in market capitalization observed on two locally listed counters, SBU (3.2%) and NIC (14%) can be credited with contributing to the growth in the domestic market capitalization.

Figure IV: Quarterly Trends in Domestic Market Capitalization (UGX, Trillion)



Source: USE market reports

The changes in the domestic market capitalization mirror the changes in the prices of domestic counters, as discussed in part 3.3.2.4 of the bulletin.

When annualized, the domestic market capitalization grew by 56.3% from UGX 7.2 trillion at the end of a similar period in 2022. Airtel Uganda’s listing and the rise in the domestic market capitalization of four locally listed counters – SBU (52.4%), UMEME (45.5%), NIC (29.9%), and BOBU (5.9%) were the causes of this surge.

3.3.2.2 Market Activity

I. Market Turnover

Equity turnover at the USE fell by 41.2% to UGX 8.1 billion in the period under review, from UGX 13.7 billion in the third quarter of 2023. Furthermore, the average turnover per session dropped to UGX 126.9 million in the review period, which was a decrease from the UGX 215.8 million recorded in 3Q2023. The decrease in market activity can be attributed to the low investor appetite for listed stocks as the festive season approached. Additionally, investors’ participation in the Airtel IPO could have led to a reduction in their disposable income for investing in other stocks.

On an annualized basis, the total equity turnover at the USE witnessed a drop of 4% from UGX 8.4 billion in the fourth quarter of 2022, to UGX 8.1 billion in the review period.

Table VI: Quarterly Equity Turnover per Counter at the USE (UGX, Million)

Counter	4Q2022	1Q2023	2Q2023	3Q2023	4Q2023
AIRTEL U					27.8
BATU				0.02	
BOBU	339.6	289.9	685.6	1,406.3	1,820.9
CQCIL	33.5	13.2	9.7	33.3	51.4
DFCU	2.9	1.4	31.9	3,836.9	182.3
MTNU	1,050.5	3,805.5	7,635.5	1,212.5	1,368.03
NIC	26	10.9	37.6	24.2	3.3
NVL	2.2	0.2	0.03		1.7
SBU	1,242.6	3,774.9	3,609	476.9	3,631.3
UCL	44.1	18.9	1.3	10.6	4.3
UMEME	5,687	9,271.5	12,233.5	6,745.3	997.2
Total	8,428.4	17,186.4	24,244.1	13,746.2	8,088.2

Source: USE market reports

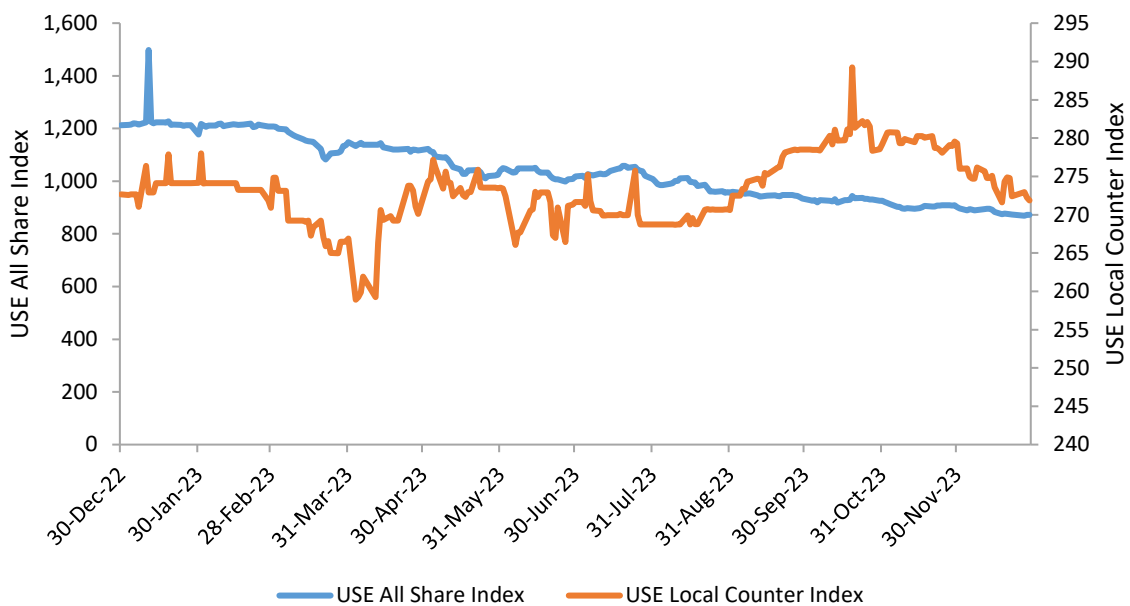
3.3.2.3 Index Levels

The fourth quarter of 2023 saw a 6.6% decline in the USE All Share Index (ALSI), which closed at 872.5 points from 934.6 points in the previous quarter. The drop occurred as a result of losses in the share prices of seven cross-listed counters (CENT, EABL, EBL, JHL, KA, KCB and NMG) and five locally listed counters (CQCIL, DFCU, UMEME, BOBU and NVL).

During the review period, the USE Local Counter Index (LCI) recorded a decline of 2.4%, ending at 271.9 points as opposed to the 278.5 points in the third quarter of 2023. The decline in the LCI was due to the drop in share prices of five locally listed counters (CQCIL, DFCU, UMEME, BOBU and NVL).

On an annualized basis, the ALSI fell by 28% from 1,212.6 points in the fourth quarter of 2022. In a similar vein, the USE LCI fell from 272.7 points to record a loss of 0.3% as compared to the fourth quarter of 2022. The decline in the ALSI can be ascribed to drops in share prices on six locally listed counters (BOBU, DFCU, UCL, CQCIL, MTNU and NVL) and the other six cross-listed counters (excluding NMG). The dip in the share prices of six locally listed counters (BOBU, DFCU, UCL, CQCIL, MTNU, and NVL) drove the decline in the LCI.

Figure V: USE ALSI and USE LCI Levels (December 2022 to December 2023)



Source: USE market reports

3.3.2.4 Share Price Performance of Locally Listed Companies

Three locally listed counters recorded gains in their share prices during the review period. NIC recorded a gain of 14% to close at UGX 6.5 in the fourth quarter of 2023. SBU experienced an increase of 3.2%, closing the period at UGX 32 compared to UGX 31 at the end of the previous quarter. MTN also saw gains of 0.4%, closing the fourth quarter at UGX 170.6. On the other hand, the share prices of BATU and UCL remained unchanged. Meanwhile, the five stocks CQCIL, DFCU, UMEME, NVL and BOBU experienced a decline in their share prices at the end of the fourth quarter in 2023.

The rise in the share price of SBU can be ascribed to the increased desire of investors to be registered on the company's books in order to receive the interim dividend for the six months ended June 30, 2023.

Table VII: Quarterly Price movements on the USE (UGX)¹

Counter	4Q2022	1Q2023	2Q2023	3Q2023	4Q2023	Year on Year Change (%)
AIRTEL U					93.8	
BATU	15,000	15,000	15,000	15,000	15,000	0
BOBU	85	85	15.89	15.1	15	-82.4 ²
CQCIL	60	60	70	70	52.5	-12.5
DFCU	543	520	264	264	225	-58.6
MTNU	180	170	170	170	170.6	-5.2
NIC	5	5	5.5	5.7	6.5	30
NVL	155	155	155	155	153	-1.3
SBU	21	21	26	31	32	52.4
UCL	17.2	15	15	13	13	-24.4
UMEME	275	331.2	440	415	400	45.5

Source: USE market reports

3.4 Government Bonds Performance

3.4.1 Primary Market Activity

In the fourth quarter of 2023, the Bank of Uganda issued a total of UGX 3.7 trillion in treasury bills and bonds, which was 13.8% lower compared to the UGX 4.3 trillion raised in the third quarter of 2023. The rejection of bids perceived as too expensive was a contributing factor to the decline in debt issuances.

Table VIII: Quarterly Issuance at Cost (UGX, Billion)

Maturity	4Q2022	1Q2023	2Q2023	3Q2023	4Q2023
Total Issuance	3,334.8	3,232.4	2,422.8	4,272.8	3,671.5

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

¹ Share price of locally listed counters at the end of each quarter

² It is worth noting that in June 2023, BOBU issued bonus shares to its existing shareholders in the ratio of 5 (Five) new shares for every 1 (One) share held. Its adjusted share price which incorporates the bonus issue is Ugx 5,662.5.

3.4.2 Treasury Bonds Yields

During the review period, the yields on treasury bonds in the primary market showed a downward trend on all but one tenor. The average yields on the 2-year, 5-year, 10-year, 15-year and 20-year treasury bonds fell to 13%, 14.5%, 15%, 16% and 15.8% during the period under review, compared to an average of 13.5%, 15.2%, 15.2%, 16.1% and 16% in the quarter ended in September 2023. On the other hand, the average yields on the 3-year bond slightly rose to 13.8% in the review period. The fall in yields was indicative of financial market participants being optimistic about the future economic prospects, reducing their risk premium.

The yields on all treasury bonds decreased on an annualized basis as compared to the fourth quarter of 2022. The reduction in yields aligns with financial market participants being optimistic about future economic prospects, reducing their risk premium (Refer to Table IX).

Table IX: Quarterly Evolution of Yields on Treasury Bonds (Percentage)

Maturity	4Q2022	1Q2023	2Q2023	3Q2023	4Q2023
2-Year	16.7	13.8	13.5	13.5	13
3-Year	14.4	14.5	14	13.6	13.8
5-Year	16.3	15	14.8	15.2	14.5
10-Year	17.5	15.2	15.8	15.2	15
15-Year	17	16.4	16	16.1	16
20-Year	17	16.5	16.3	16	15.8

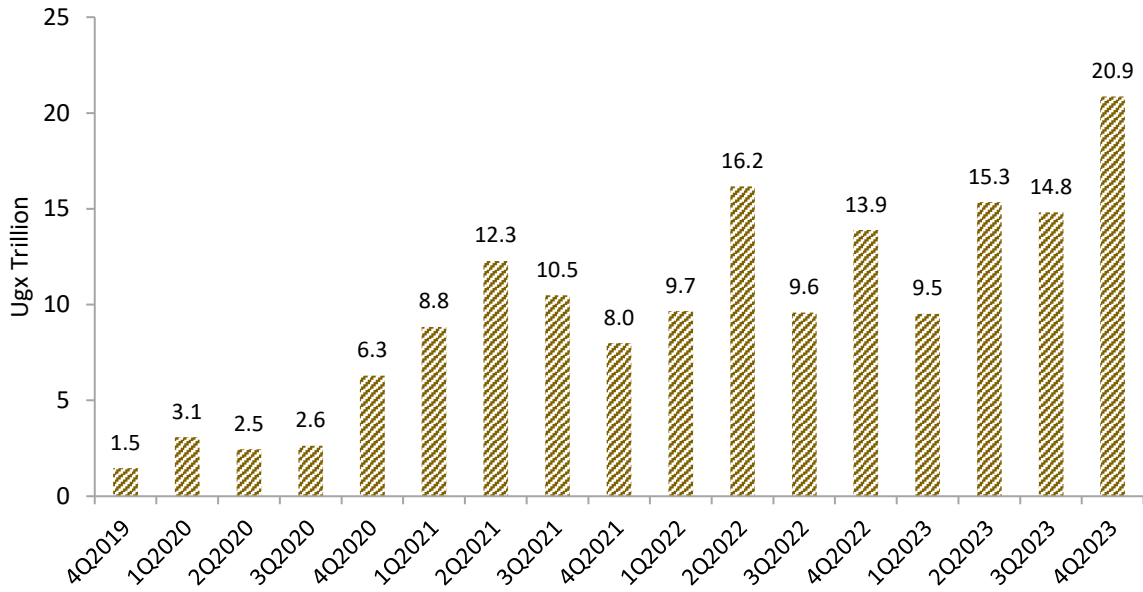
Source: Bank of Uganda

3.4.3 Secondary Market Activity

In the fourth quarter of 2023, the value of government bonds traded on the secondary market advanced to UGX 20.9 trillion from UGX 14.8 trillion in the previous quarter. In addition, the average monthly turnover went from UGX 4.9 trillion to UGX 6.9 trillion. The government bond turnover ratio rose from 46.7% in the third quarter of 2023 to 64.2% in the fourth quarter of the same year. Among other reasons for the rise in market turnover is the growing interest among investors in Ugandan government securities as returns at the USE remain in negative territory.

On an annualized basis, the government bond turnover on the secondary market grew by 50.4% to UGX 20.9 trillion in the review period from UGX 13.9 trillion in the fourth quarter of 2022.

Figure VI: Quarterly Secondary Market Trading for Government Bonds (UGX, Trillion)



Source: Bank of Uganda Money Market Reports

4.0 Performance of Regional Markets

4.1 Collective Investment Schemes

At the end of December 2023, CIS managers in Uganda had AUM of US\$ 611.7 million, which represents 1.4% of Uganda's Gross Domestic Product. Kenya is the leader in East Africa with AUM of US\$ 1,320.9 million. (See Table X).

Table X: Comparison of Number of CIS Investor Accounts and CIS AUM as a Percentage of GDP as of December 2023

Indicator	Uganda	Kenya	Tanzania
GDP at Constant Prices (US \$ billion)	44.2	94.8	67.1
CIS Assets under Management (US \$ million)	611.7	1,320.9 ³	730.2
CIS Assets under Management to GDP (%)	1.4	1.4	1.1
Number of CIS Accounts	68,664	942,236 ⁴	189,200 ⁵
Average Balance per Account (US \$)	8,908	1,402	3,859

Source: CMA Market Supervision and Research & Market Developments; World Bank; Capital Markets Authority Kenya. (2023). Quarterly Statistical Bulletin; <https://www.uttamis.co.tz/>

4.2 Market Capitalization

At the end of the review period, the Nairobi Stock Exchange's (NSE) domestic market capitalization was US\$ 9.2 billion, down 3.3% from US\$ 9.5 billion at the end of the third quarter of 2023. The subdued market activity can be attributed to reduced foreign investor activity as concerns remained on access to US dollars. On the contrary, the domestic market capitalization at the Rwanda Stock Exchange (RSE) increased from US\$ 0.495 billion in the third quarter of 2023 to US\$ 0.497 billion, representing a 0.4% increase. The positive performance was fueled by the share price gain registered on the Bank of Kigali counter.

³ Figure as of September 2023

⁴ Figure as of March 2023

⁵ Figure is based on estimates

Table XI: Quarterly Domestic Market Capitalization for Regional Markets (US \$ billion)

Securities Exchange	4Q2022	1Q2023	2Q2023	3Q2023	4Q2023	Year on Year Change (%)
USE	1.90	1.85	1.94	1.98	2.97	56.3
NSE	12.7	11.2	10.6	9.5	9.2	-27.5
DSE	4.43	4.66	4.69			
RSE	0.481	0.481	0.491	0.495	0.497	3.3

Source: RSE Market Reports, USE Market Reports; NSE market reports; (*Tanzania data was unavailable at the time of publishing the bulletin)

4.3 Equity Turnover

Equity turnover at the NSE in the fourth quarter of 2023 registered a decline of 35.1%, declining to US\$ 75.4 million from US\$ 116.3 million in the third quarter of 2023. The subdued market activity can be attributed to foreign investors remaining inactive.

Table XII: Quarterly Market Turnover for Regional Markets (US\$ million)

Securities Exchange	4Q2022	1Q2023	2Q2023	3Q2023	4Q2023	Year on Year Change (%)
USE	2.3	4.6	6.5	3.68	2.14	-6.3
NSE	141.5	368.6	103.6	116.3	75.4	-46.7
DSE	8	8.9	12.1			
RSE	5.1	0.4	1.3	3.35	0.51	-90.1

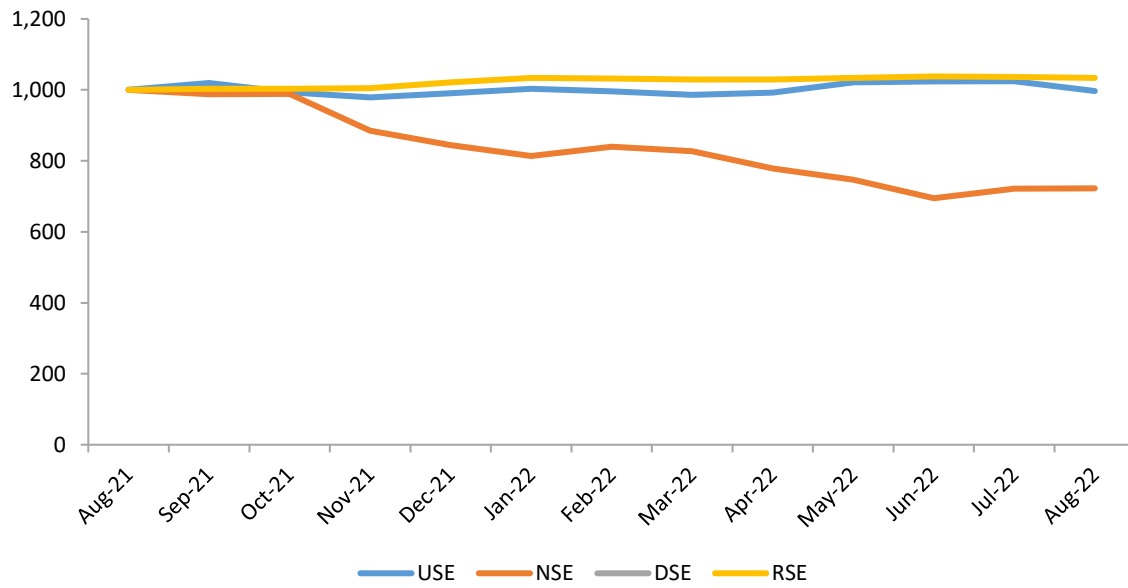
Source: RSE Market Reports; USE Market Reports; NSE market reports; (*Tanzania data was unavailable at the time of publishing the bulletin)

4.4 Index Levels⁶

The NSE All-Share Index declined by 27.7%, ending the fourth quarter of 2023 at 723 points compared to 747 points at the end of the third quarter. On the other hand, the RSE Rwanda Share Index increased by 0.04% to finish the review period at 1,034 points from 1,033.6 points at the end of the third quarter. The changes in index levels are reflective of the changes in domestic market capitalization, driven by similar factors.

⁶ The indices have been rebased using the same start level of 1,000 points (end of March 2022), to easily compare the performance of the indices

Figure VII: Trends in the Domestic Share Indices of USE, RSE, and NSE (December 2022 - December 2023)



*Source: USE, RSE and NSE market reports; (*Tanzania data was unavailable at the time of publishing the bulletin)*

5.0 Outlook

5.1 Economic Outlook

The World Bank's recent report on Global Economic Prospects highlights that economic growth in Sub-Saharan Africa (SSA) slowed down to an estimated 2.9% in 2023 due to weakened external demand and domestic policy tightening in response to persistent inflation. Additionally, prolonged conflicts have further hindered growth in several countries in the region. The report predicts that growth in SSA will accelerate to 3.8% in 2024 and further increase to 4.1% in 2025 as inflationary pressures subside and financial conditions improve. However, there are several downside risks to consider. These risks include the potential for increased political instability and violence, such as the escalating conflict in the Middle East, disruptions to global or local trade and production, more frequent and intense adverse weather events, a more significant-than-expected global economic slowdown, and an increased risk of government defaults.⁷

The BOU's monetary policy report noted that despite the tight credit, monetary, and fiscal conditions in both domestic and external economic environments constraining aggregate demand, the economy shows resilience as signaled by high-frequency indicators of economic activity. The report projects continued recovery with growth expected to accelerate to 6.0% in FY2023/24, driven by ongoing improvements in industry, agriculture, construction, and services sectors. Additionally, growth will be supported by sustained FDI inflow into the extractive sector and government investments in growth-enhancing programs like the Parish Development Model and infrastructure development. However, the outlook for growth remains uncertain due to downside risks such as constrained budget financing from high external finance costs leading to reduced development spending; tight domestic credit limiting household consumption and private investments; and potential resurgence of global commodity price surges due to escalating geopolitical conflicts, especially in the Middle East.⁸

5.2 Implications for Capital Markets

In the short term, market activity is expected to be negatively affected by reduced interest in emerging markets as foreign investors remain on the sidelines. This is primarily due to competitive yields being offered in more developed financial markets.

⁷ World Bank Group. (2024, January). *Global Economic Prospects Report*

⁸ Bank of Uganda. (2023, December). *Monetary Policy Report*

Appendix 1: 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 as of 30th December 2023.

Firm	License Held	Address	Contact Person
AB FCP I	Recognised Scheme	AllianceBernstein 2-4, Rue Eugene Ruppert L-2453, Luxembourg	Standard Chartered Bank Uganda Limited
Agola Holdings Limited	Investment Adviser	Wamala Road, Kalinabiri, Ntinda P. O. Box 24531 Kampala, Uganda Tel: 0782540805 Email: tabulino@yahoo.co.uk	Mr. Taban Charles Lino
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
BIK Capital Limited	Stock Broker	First Floor, Media Plaza Plot 78, Kira Road Tel: 0774997424 Email: jofbakka@gmail.com	Mr. Joseph Bakkabulindi
Blue Solitaire 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
Chipper Technologies Uganda Limited	Stock Broker	2nd Floor, Room 203 SMS House, 7th Street Industrial Area P.O Box 29274 Tel: 0200-935935	Mr. Dan Tumuramy

Firm	License Held	Address	Contact Person
Crested Capital	Stock Broker, Dealer, Transaction Adviser and Commodities Broker	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
Custody and Registrars Services Uganda Limited	Authorised Registrar	4th Floor, DTB Centre P.O Box 74895, Kampala, Uganda Tel: 0757-072773	Ms. Mary Ndia
Deloitte Uganda Limited	Authorised Registrar	3rd Floor, Rwenzori House 1 Lumumba Avenue P.O Box 10314, Kampala, Uganda Tel: 0417-701000	Norbert Kagoro
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
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@genafrika.com	Mr. George Mulindwa
Housing Finance Bank Uganda Limited	Custodian	Investment House Plot 4, Wampewo Avenue, Kololo P.O Box 1539, Kampala Uganda Tel: 0417-803000 Email: info@housingfinance.co.ug	Ms. Angela Ndawula
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
Inua Capital Limited	Fund Manager	2nd Floor, Studio House Bandali Rise, Bugolobi P.O Box 113135, Kampala, Uganda Email: kim@inuacapital.com	Kim Kamarebe
Inua Impact Fund Limited	Approved Venture Capital Fund	2nd Floor, Studio House Bandali Rise, Bugolobi P.O Box 113135, Kampala, Uganda Email: kim@inuacapital.com	Kim Kamarebe

Firm	License Held	Address	Contact Person
Image Registrars Uganda Limited	Authorised Registrar	1st Floor, Jubilee Insurance Centre Plot 14, Parliament Avenue Tel: 0762260804	Precious Aheirwe
KCB Bank Uganda Limited	Trustee - Collective Investment Schemes, Custodian	7th Floor, Commercial Plaza Plot 7, Kampala Road P.O Box 7399, Kampala, Uganda Tel: 0417-118336, 0417-118280	Ms. Sheila Nyerwanire
Old Mutual Investment Group Limited	Stock Broker, Fund Manager, Investment Adviser, Unit Trust Manager/ Collective Investment Scheme Manager	5th Floor, UAP Nakawa Business Park, (1st Tower) Plot 3-5 New Port Bell Road P. O. Box 1610, Kampala, Uganda Tel: 0414-332824 Email: financialservices@uap.co.ug info@uap.co.ug	Mr. Simon Mwebaze
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. Dennis Innocent Dankaine
Profin Group Uganda Limited	Investment Adviser	Plot 1, Naguru, Katalima Crescent Bwindi Trust House, Room C1 P.O Box 36697 Kampala, Uganda Tel: 0414533261	Mr. Eric Duplessis
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
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, Unit Trust Manager/ Collective Investment Scheme Manager	Ground Floor, Crested Towers (Long) 17 Hannington Road P. O. BOX 7131, Kampala, Uganda Tel: 0312-224600/ 985 0312-224985	Mr. Grace Semakula

Firm	License Held	Address	Contact Person
		Email: sbgsinvest@stanbic.com	
Stanbic Bank Uganda Limited	Custodian	Crested Towers Plot 17, Hannington Road, Kampala Tel: 0800 250 250	Mr. Andrew Omiel
Standard Chartered Bank Uganda Limited	Trustee - Collective Investment Schemes, Custodian, 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	Mr. Stanley Katwaza
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
USE Commodities Exchange Limited	Commodities Exchange	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
USE Nominees Limited	Registrar	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. Bob Musinguzi
Utilis Venture Limited	Investment Adviser and Dealer	Plot 12, Dr Asea Road Ntinda, Kampala Kampala, Uganda Tel: +256774132952 Email: support@level.africa	Mr. Abraham Banaddawa
Xeno Technologies Uganda Limited	Fund Manager, Unit Trust Manager/ Collective Investment Scheme Manager	1st 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