



ACTIVITY REPORT

MARKET PERFORMANCE

Equities Report

The trading volume for January 2022 was 41,935,930 shares with a turnover of UGX2,050,479,088. This month's turnover performance was a 572% increase from 2,199,505 shares worth UGX305,052,157 that was recorded in January 2021.

Activity in January decreased 73.8% compared to the turnover registered in December 2021, from 7.8billion to 2billion. This represents a daily average turnover of approximatelyUGX103million. Volume traded decreased to 41 million shares compared to 256million shares traded in December 2021. The number of deals decreased to 371 deals down from 435 deals executed in December2021, with53 per cent of the deals attributed to the MTN Uganda counter.

Turnover performance per counter

Stanbic counter dominated activity for the month accounting for 47.20 percent of the total turnover followed by MTN Uganda Limited with 34.15percent. In third position was UMEME with17.50 per cent contribution to the month's turnover. Uganda Clays Limited,Bank of Baroda Uganda, New Vision Limited, DFCU and CIPLA combined recorded 1.16 percent of the total turnover.

Volume traded per counter

Stanbic registered the highest volume of shares with 83.54percent, followed by MTN Uganda Limited with 9.15percent. UMEME came third with 4.53percent of the volume, while Uganda Clays Limited was in the fourth position with 2.65 percent of the total volume. Bank of Baroda Uganda

accounted for 0.09percent, New Vision Limited, CIPLA and DFCU had the least number of shares traded amounting for 18,700 shares representing 0.05 percent of total number of shares traded.

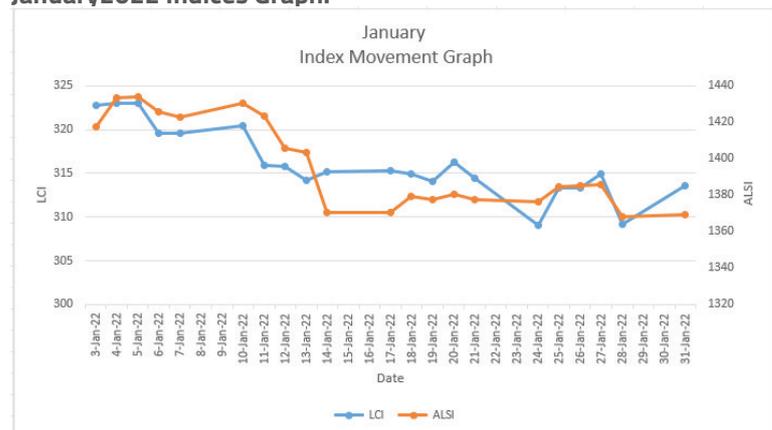
Trading Volumes and Activity on a Monthly Basis year on year

	January2022	January2021
Volume Traded	41,935,930	2,199,505
Turnover (UGX)	2,050,479,088	305,052,157
Number of Deals	371	160
Trading Days	20	18
Daily Average Turnover (UGX)	102,523,954	16,947,342
Daily Average number of trades	19	9
Market Capitalization (UGX.bn)	23,549.32	18,116.38
USE All Share Index (ASI)	1369.35	1299.94
Local Share Index (LSI)	313.54	337.01

USE Index Results

The Local Company Index (LCI) slightly decreased during the period with many local counters registering minimal price movements. The local index commenced the month at 324.66 and closed at 313.54 representing a 3.42 percent decline.The All Share Index (ALSI)declined by 3.61 percent to 1369.35 from 1420.69 at the start of the month.

January2022 Indices Graph:



Source: USE Product Markets Department



Equities Report

The trading volume for January 2022 was **41,935,930**



Turnover performance per counter

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Volume traded per counter

Stanbic registered the highest volume of shares with **83.54percent**

INFLATION – OUTLOOK AND RISKS

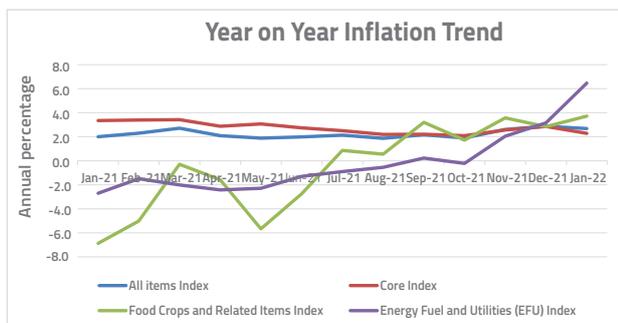
Annual headline inflation decreased to 2.7% in the 12 months to January 2022 down from 2.9% in December 2021. This was mainly driven by the decreases in the prices of commodities under; 'Transport' (0.2 percent) between December 2021 and January 2022, 'Alcoholic Beverages, Tobacco and Narcotics' (1.2 percent) between December 2021 and January 2022.

The Monthly Headline Inflation for January 2022 decreased by 0.3% compared to 0.5 recorded in the month of December 2021 attributed to the monthly Transport Inflation which declined by 5.3 percent in the month of January 2022 compared to the 2.4 percent rise recorded in the month of December 2021.

The Core Inflation for the 12 months to January 2022 decreased to 2.3 percent in January 2022 down from 2.9 percent in December 2021 attributed to Annual Services Inflation that registered 0.0 percent for the 12 months to January 2022 down from 1.5 percent recorded in December 2021. Annual 'Other Goods' Inflation increased to 4.3 percent for the 12 months to January 2022 up from 4.0 percent in December 2021.

Year on year Annual food crops and related items inflation increased to 3.7% in the year to January 2022 from 2.8% in the year to December 2021.

Year on year Electricity, Fuel and Utilities inflation was 6.5% up from 3.2% in December 2021 driven by higher prices of petrol during the period.



Source: UBOS UGANDA CONSUMER PRICE INDEX: 2016/17=100 JANUARY 2022

INTEREST AND LENDING RATES

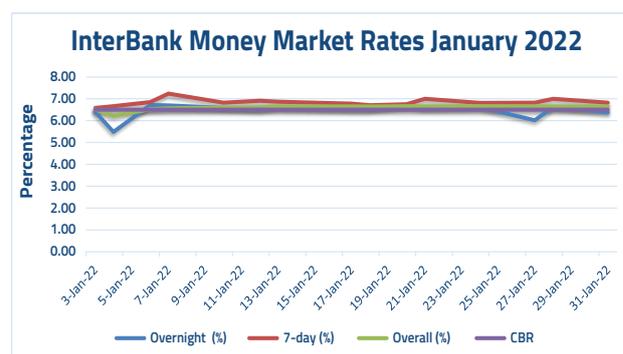
Interbank Money Market Rates

Interbank Money Market rates edged lower averaging 6.59% in January 2022 compared to 6.66% in December 2021. Overnight rates edged at 6.5% in January 2022 same as in December 2021 while 7-Day rates edged slightly higher averaging at 6.85% last month compared to 6.82% in December 2021.

Bank of Uganda maintained the Central Bank Rate at its record low of 6.5% in January. According to the Monetary Policy Statement for December 2021, the committee

assessed that because of excess capacity, the economy continues to require considerable Monetary policy support. Based on the current assessment of the outlook and balance of risks, the MPC judged that keeping the CBR unchanged at 6.5 percent would be consistent with meeting the inflation target of 5 percent sustainably in the medium term.

The band on the CBR is kept unchanged at +/-2 percentage points on the CBR and the margins on the re-discount rate and bank rate kept unchanged at 3 and 4 percentage points on the CBR, respectively.

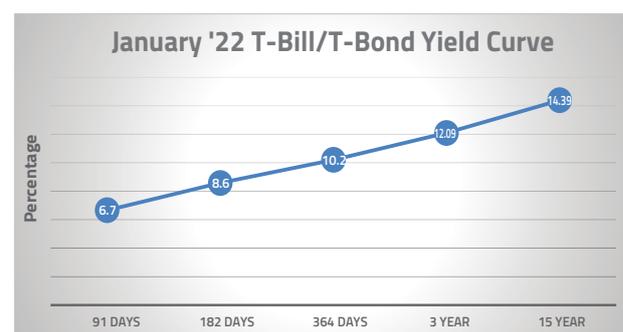


Source: Bank of Uganda

Yields on Government securities

Rates on the short end of the yield curve edged lower by the end of January 2022 compared to the end of December 2021. The 91-Day, 182-Day and 364-Day closed the past month at 6.7%, 8.6% and 10.2% respectively.

The recently issued 3-year and 5-year government papers closed January 2022 at 12.090%, and 14.390% respectively.

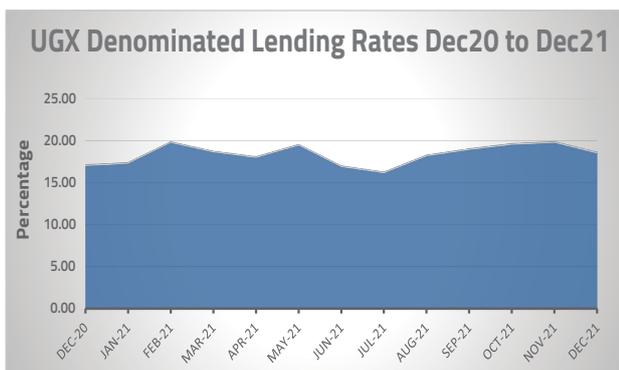


Source: Bank of Uganda

Lending rates

Shilling denominated lending rates declined to 18.60% in December 2021 from 19.87% in November 2021.

Month on month Foreign Currency denominated lending rates rose to 6.26% in December 2021 compared to 5.16% in November 2021. On average foreign currency denominated lending rates have been fluctuating pointing to a differing appetite for these loans.

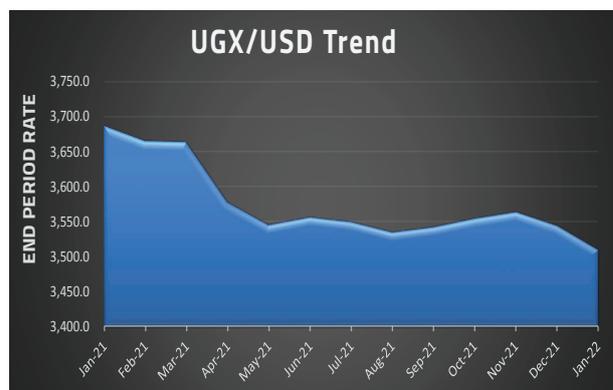


Source: Bank of Uganda

FOREIGN EXCHANGE RATE DEVELOPMENT

The local currency edged higher month on month closing January at 3,509 compared to 3,544 in December driven by lower appetite for foreign currency during the period. The Uganda Shilling has strengthened by 4.8% against

the USD so far this year compared to 3,687 at the end of January 2021 due to increased inflows from NGOs, coffee export receipts, forex bureaux and increased participation from offshore seeking to take advantage of the higher yields in Government Securities.



Source: Bank of Uganda

BOND LISTINGS

There were 2 treasury bonds listed in January 2022, these were re-openings with a value of UGX 500bn. The current total value of the Government Bonds listed on the bourse stands at UGX 21.7 trillion.

Government Bond Schedule: January 2022

INSTRUMENT CODE	IS IN	ISSUED SHARES	ISSUE DATE	RATE	MATURITY
FXD/05/2017/5YR	UG12H1305228	156.3BN	2017/05/19	15.38	2022/05/13
FXD/7/2012/10YR	UG0000001079	1.615TN	2013/08/14	11.00	2022/06/09
FXD/07/2017/5YR	UG12H0707226	300BN	2017/07/13	14.13	2022/07/07
FXD/12/2017/5YR	UG12H2811224	156.3BN	2017/12/04	12.50	2022/11/28
FXD/6/2013/10YR	UG0000001244	1.862TN	2013/04/24	11.00	2023/04/13
FXD/09/2021/2YR	UG12F0709234	400BN	2021/09/09		2023/09/07
FXD/1/2014/10YR	UG12J1801248	1.290TN	2014/01/30	14.00	2024/01/18
FXD/05/2019/5YR	UG12H1005240	153.7BN	2019/05/17	14.88	2024/05/10
FXD/8/2014/10YR	UG0000001467	1.070TN	2014/08/13	14.00	2024/08/01
FXD/10/2019/5YR	UG12H2509240	250BN	2019/10/02	14.88	2024/09/25
FXD/1/2015/10YR	UG0000001517	700BN	2015/01/28	11.00	2025/01/16
FXD/12/2015/10YR	UG12J1812252	120BN	2015/12/30	19.50	2025/12/18
FXD/08/2016/10YR	UG12J2708269	1.220TN	2016/09/08	16.63	2026/08/27
FXD/5/2017/10YR	UG12J0605277	560BN	2017/05/18	16.00	2027/05/06
FXD/1/2018/10YR	UG12J1301280	220BN	2018/01/25	14.13	2028/01/13
FXD/12/2013/15YR	UG0000001376	220BN	2013/12/04	15.25	2028/11/16
FXD/2/2015/15YR	UG0000001533	1.865TN	2015/02/25	14.25	2029/08/23
FXD/5/2015/15YR	UG12K0205308	120BN	2015/05/21	17.50	2030/05/02
FXD/11/2020/10YR	UG12J1411303	187BN	2020/11/27	16.00	2030/11/14
FXD/4/2016/15YR	UG12K0304317	1.630TN	2016/04/20	17.00	2031/04/03
FXD/3/2017/15YR	UG12K0403325	920BN	2017/03/23	16.38	2032/03/04
FXD/2/2018/15YR	UG12K0302337	750BN	2018/02/22	14.38	2033/02/03
FXD/7/2019/15YR	UG12K2206346	2.259TN	2019/07/11	14.25	2034/06/22
FXD/11/2020/15YR	UG12K0811352	1.396TN	2020/11/27	16.25	2035/11/08
FXD/11/2020/20YR	UG12L0111405	1.339TN	2020/11/27	17.50	2040/11/01

stockholders. The rights of bondholders are determined differently because a bond agreement, or indenture, represents a contract between the issuer and the bondholder. The payments and privileges the bondholder receives are governed by the indenture (tenets of the contract).

Risks and Rewards

Common shareholders are still part owners of the business, and if the business can turn a profit, common shareholders benefit. The liquidation preference described above makes logical sense. Shareholders take on greater risk as they receive next to nothing if the firm goes bankrupt, but they also have a greater reward potential through exposure to share price appreciation when the company succeeds. In contrast, preferred stocks generally experience less price fluctuation.

Common Shareholders' Main Rights

1. **Voting power on major issues.** Voting power includes electing directors and proposals for fundamental changes affecting the company such as mergers or liquidation. Voting takes place at the company's annual meeting. If the shareholder cannot attend, they can do so by proxy and mail in their vote.
2. **Ownership in a portion of the company.** Previously, we discussed a corporate liquidation where bondholders and preferred shareholders are paid first. However, when business thrives, common shareholders own a piece of something that has value. Common shareholders have a claim on a portion of the assets owned by the company. As these assets generate profits and as the profits are reinvested in additional assets, shareholders see a

return as the value of their shares increases as stock prices rise.

3. **The right to transfer ownership.** The right to transfer ownership means shareholders are allowed to trade their stock on an exchange. The right to transfer ownership might seem mundane, but the liquidity provided by stock exchanges is important. Liquidity—the degree to which an asset or security can be quickly bought or sold in the market without affecting the asset's price—is one of the key factors that differentiates stocks from an investment such as real estate. If an investor owns the property, it can take months to convert that investment into cash. Because stocks are so liquid, investors can move their money into other places almost instantaneously.
4. **Entitlement to dividends.** Along with a claim on assets, investors also receive a claim to any profits the company pays out in the form of a dividend. Management of a company essentially has two options with profits: they can be reinvested back into the firm (thus, one hopes, increasing the company's overall value) or paid out in the form of a dividend. Investors do not have a say as to what percentage of profits should be paid out—the board of directors decides this. However, whenever dividends are declared, common shareholders are entitled to receive their share.
5. **Opportunity to inspect corporate books and records.** Shareholders have the right to examine basic documents such as company bylaws and minutes of board meetings. In addition, the Securities Exchange requires listed companies to periodically disclose financials.

Who Are Shareholders?

- **Shareholders:** The legal owners of business corporations (also called stockholders or investors).
- **Types of shareholders:**
 - Individual shareholders are people who directly own shares of stock issued by companies. (main street investors!)
 - Institutions
 - Examples: pension funds, mutual funds, insurance companies, and university endowments
 - Also called institutional investors (Wall street investors!)



6. **The right to sue for wrongful acts.** Suing a company typically takes the form of a shareholder class-action lawsuit. For example, Worldcom faced a firestorm of shareholder class-action suits in 2002 when it was discovered that the company had grossly overstated earnings giving shareholders and investors an erroneous view of its financial health.

Corporate Governance

In addition to the six basic rights of common shareholders, investors should thoroughly research the corporate governance policies of the companies they invest in. These policies determine how a company treats and informs its shareholders.

Shareholder Rights Plan

Despite its name, this plan differs from the standard shareholder rights outlined by the government (the six rights mentioned above). Shareholder rights plans outline the rights of a shareholder in a specific corporation. (The information is usually accessible in the investor relations section of its corporate website or by contacting the company directly.)

In most cases, these plans are designed to give the company's board of directors the power to protect shareholder interests in the event of an attempt by an outsider to acquire the company. A company will have a shareholder rights plan that can be exercised when another person or firm acquires a certain percentage of outstanding shares to prevent a hostile takeover.

The way a shareholder rights plan works can be demonstrated via an example: Say that Cory's Tequila Company notices that its competitor, Joe's Tequila Company, has purchased more than 20% of its common shares. A shareholder rights plan might then stipulate that existing common shareholders have the opportunity to buy shares at a discount to the current market price (usually a 10% to 20% discount).

This maneuver is sometimes referred to as a "flip-in poison pill." By being able to purchase more shares at a lower price, investors receive instant profits and, more importantly, they dilute the shares held by the competitor whose takeover attempt is now more difficult and expensive. There are numerous techniques like this that companies can put into place to defend themselves against a hostile takeover.

Sometimes There Are Little Extras

Although free beer may be a little far-fetched, there are companies that offer shareholders little extras. Holders of at least 100 shares of Carnival (CCL) receive room discounts when traveling on Carnival Cruises. So do shareholders of Royal Caribbean Cruises (RCL). Investors in Intercontinental Hotels Group (IHG) can further the savings by booking hotel stays for discounted prices. Meanwhile, owners of at least 100 shares of Ford (F) for six months can receive a discount on a new vehicle.

Before buying ownership in a company, investors should thoroughly research its corporate governance policies. These policies determine how a company treats and informs its shareholders.

KEY TAKEAWAYS

- If a company liquidates, creditors are the first to have their debts paid from the company's assets.
- Bondholders are the next in line to receive any proceeds from liquidation.
- Common shareholders are the last to have any debts paid from the liquidating company's assets.
- Common shareholders are granted six rights: voting power, ownership, the right to transfer ownership, dividends, the right to inspect corporate documents, and the right to sue for wrongful acts.

The Bottom Line

Buying a stock, which represents an ownership claim in a company, provides certain rights. While common shareholders might be the last to be paid when it comes to liquidation, this is balanced by other opportunities such as share-price appreciation. Knowing your rights is an essential part of being an informed investor. Although the SEC and other regulatory bodies attempt to enforce a certain degree of shareholder rights, well-informed investors who fully understand their rights are less susceptible to risks.

Lastly shareholder rights vary from state to state and country to country, so it is important that investors check with local authorities and public watchdog groups. These rights are crucial for the protection of shareholders from poor management.

SOURCE

<https://www.investopedia.com/investing/know-your-shareholder-rights/>

Appendix I: USE Member Firms

The following USE Member Firms are licensed to act as both broker/dealers and Market Advisors:

Market Advisor	Contact Person:
Dyer & Blair (Uganda) Ltd Rwenzori House Ground Floor P. O. Box: 36620 Kampala Tel: +256-414-233050 Fax: +256 -414 231813 Email: Uganda@dyerandblair.com	Ms. Esther Kakiza
Equity Stock Brokers (U) Ltd. Suite A-3, Plot 16-17 Nyonyi Gardens, Kololo P. O. Box: 23482 Kampala, Uganda Tel: +256-414 7719133/44 Email: equity@orient-bank.com	Mr. Isaac Mwigo
Crested Stocks and Securities Limited Head Office - Impala House 6th Floor Plot 13-15, Kimathi Avenue P. O. Box 31736, Kampala, Uganda Tel: +256 312 230900/ +256 414 230 900 Email: info@crestedcapital.com Website: www.crestedcapital.com	Mr. Robert H. Baldwin
UAP Old Mutual Financial Services Ltd 2nd floor, Block A, Nakawa business park P. O. Box 20079, Kampala Tel: +256 414 332 825 Email: brokerageufs@uap-group.com	Mr. Mwebaze Simon
SBG Securities Limited 4th Floor Crested Towers (Short Towers) P. O. Box 7131, Kampala Tel: +256 0312 224 600 Email: sbgs_uganda@stanbic.com	Mr. Joram Ongura



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