



# QUARTERLY BULLETIN

## January – March 2020

### ACTIVITY REPORT

#### MARKET PERFORMANCE

##### Equities

Trading in the first quarter registered a good performance despite declining equity prices and insignificant or no corporate actions on most of the stocks. A total of 274,070,717 shares were traded with a turnover of UGX 21,617,837,987 compared to a total of 76,421,282 shares and a turnover of UGX 9,004,320,603 that was traded between January 2019 to March 2019. Hence, realizing a 140 percent increase in performance year on year as measured by turnover. This performance was majorly attributed to the increased participation of Foreign institutional investors on the UMEME and Stanbic counters.

##### Quarterly turnover performance per counter

Turnover was recorded on eight counters, which are summarized as follows; the UMEME counter took the first position, with a posting of UGX 13.9 bn, accounting for 64.23 per cent of the total turnover. Stanbic was second with UGX 5.2bn which accounted for 24.18 per cent while DFCU, Bank of Baroda Uganda, CIPLA and Uganda Clays Limited posted, UGX 2.4bn, UGX 55.4mn, UGX 32.8mn and UGX 7mn respectively accounting for 11.13 per cent, 0.26 per cent, 0.15 per cent and 0.03 per cent respectively. The rest of the counters represented by; New Vision limited and National Insurance Corporation had a combined turnover of UGX 3.8 m.

##### Volume traded per counter

During the quarter Stanbic dominated, with the counter having 210.7mn shares traded taking 76.87 per cent of the volume, UMEME recorded 21.11 per cent of the volume with 57.8mn shares, while DFCU, Uganda Clays Limited, Bank of Baroda Uganda and CIPLA posted 3.7mn shares, 768,187 shares, 453,470 shares and 326,400 shares accounting for 1.36 per cent, 0.28 per cent, 0.17 per cent and 0.12 per cent respectively of the total volume. National Insurance Corporation and New Vision Limited recorded marginal positions.

##### Key Equity Market Indicators – Annual Comparisons (Year on Year)

Market Indicator	Jan 2019 - Mar 2019	Jan 2020 - Mar 2020	% Change
USE All Share Index	1749.27	1305.34	-25.4
USE Local Index	380.63	342.21	-10.1
Market Capitalization (UGX. bn)	24,803.7	18,214.9	-26.6
Volume Traded	76,421,282	274,070,717	258.6
Turnover (UGX. bn)	9.0	21.6	140
No. of Deals	1,173	1098	-6.4
Trading Days	63	64	

Source USE Product Markets Department

#### Trading Volumes and Activity on a Quarterly Basis:

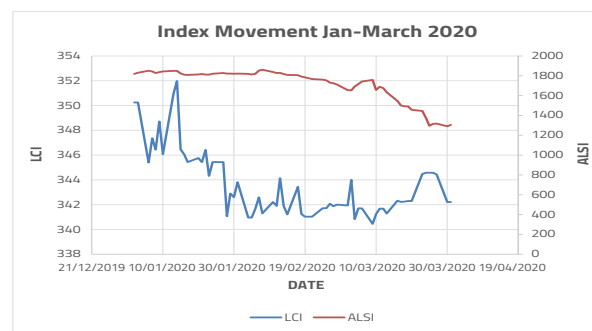
	January	February	March	Total
Volume Traded	167,683,250	95,301,897	11,085,570	274,070,717
Turnover (UGX)	13,990,081,666	5,490,245,715	2,137,510,606	21,617,837,987
No. of Deals	455	360	283	1098
Trading Days	22	20	22	64
Daily Avg. Turnover (UGX)	635,912,803	274,512,286	97,159,573	
Daily Avg. no. of trades	21	18	13	
Market Capitalization (Ushs. bn)	25,274.81	23,782.45	18,214.9	
USE All Share Index	1821.86	1712.67	1305.34	
LCI	343.81	342.00	342.21	

Source USE Product Markets Department

## USE Indices Performance

The Local Company Index (LCI) was flat most of the period but declined slightly by 2.3 percentage points, from 350.25 to close at 342.21 at the end of March, this was partly attributed to a subdued participation by retail investors whose reactions to corporate news causes fluctuations in share prices. The All Share Index (ALSI) was volatile during the period; it opened at 1800.72, rose to 1821.86, declined to 1712.67 and dipped gradually to a low of 1305.34 by the end of the quarter representing a reduction of 27.5 percentage points during the period. The trends were due to huge drops in share prices of cross listed stocks during the quarter.

Refer to graph of ALSI/LCI below.



Source: USE Product Markets Department

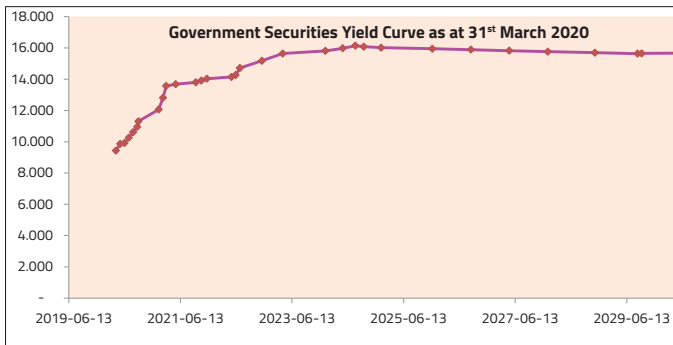
## BOND LISTINGS

There were 6 treasury bonds re-openings with a value of UGX 850bn which listed, secondary market trading is over the counter (OTC) through the primary dealers. The current total value of the Government Bonds listed on the bourse stand at UGX 11.2 Trillion.

### Government Bond Schedule: January – March 2020

INSTRUMENTCODE	ISIN	ISSUEDSHARES	ISSUE DATE	RATE	MATURITY
FXD/04/2018/2YR	UG12F1604202	180bn	2018/04/19	11.25	2020/04/16
FXD/05/2015/5YR	UG12H1405200	100bn	2015/05/21	17.00	2020/05/14
FXD 6/2010/10	UG0000000782	80bn	2010/07/21	11.00	2020/07/09
FXD/08/2017/3	UG12G0608202	220bn	2017/08/10	13.25	2020/08/06
FXD/09/2015/5YR	UG12H0309205	100bn	2015/09/10	20.00	2020/09/03
FXD 2/2011/10	UG0000000865	710bn	2011/02/02	11.00	2021/01/21
FXD/02/2016/5YR	UG12H1802216	345bn	2016/02/24	18.38	2021/02/18
FXD/05/2016/5YR	UG12H1305210	100bn	2016/05/18	16.50	2021/05/13
FXD/09/2016/5YR	UG12H2109215	100bn	2016/09/27	16.50	2021/09/21
FXD/11/2016/5YR	UG12H2810218	200bn	2016/11/03	16.75	2021/10/28
FXD/12/2016/5YR	UG12H0312217	100bn	2016/12/09	17.00	2021/12/03
FXD/05/2017/5YR	UG12H1305228	156.3bn	2017/05/19	15.38	2022/05/13
FXD 7/2012/10	UG0000001079	1.315tn	2013/08/14	11.00	2022/06/09
FXD/7/2017/5YR	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 6/2013/10	UG0000001244	755bn	2013/04/24	11.00	2023/04/13
FXD/01/2014/10YR	UG12J1801248	580bn	2014/01/30	14.00	2024/01/18
FXD/05/2019/5	UG12H1005240	153.7bn	2019/05/17	14.88	2024/05/10
FXD 8/2014/10	UG0000001467	650bn	2014/08/13	14.00	2024/08/01
FXD01/2015/10	UG0000001517	100bn	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	300bn	2016/09/08	16.63	2026/08/27
FXD/5/2017/10YR	UG12J0605277	360bn	2017/05/18	16.00	2027/05/06
FXD/1/2018/10YR	UG12J1301280	220bn	2018/01/25	14.13	2028/01/13
FXD 12/2013/15	UG0000001376	220bn	2013/12/04	15.25	2028/11/16
FXD 2/2015/15	UG0000001533	1.445tn	2015/02/25	14.25	2029/08/23
FXD/05/2015/15YR	UG12K0205308	120bn	2015/05/21	17.50	2030/05/02
FXD/04/2016/15YR	UG12K0304317	300bn	2016/04/20	17.00	2031/04/03
FXD/03/2017/15YR	UG12K0403325	320bn	2017/03/23	16.38	2032/03/04
FXD/2/2018/15YR	UG12K0302337	750bn	2018/02/22	14.38	2033/02/03
FXD/07/2019/15	UG12K2206346	685bn	2019/07/11	14.25	2034/06/22

## Government Yield Curve Trend: March 2020

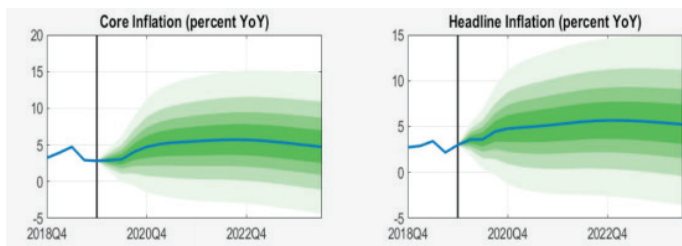


Source: Bank of Uganda

## ECONOMIC & FINANCIAL DEVELOPMENTS: Jan – March 2020

### INFLATION – OUTLOOK AND RISKS

The inflation outlook remained relatively unchanged from the December 2019 forecast round. Inflation is projected to converge to the target of 5 percent in the medium-term as depicted in the figure below. Nonetheless, the forecasts are susceptible to a number of risks. On the downside, low world oil prices coupled with slower global demand and restrained foreign inflation would deflate domestic inflationary pressures. However, on the upside, unpredictable and adverse weather conditions coupled with the threat from the invasion by desert locusts could stoke food crop inflation. In addition, lower FDI related to delays in the oil sector and uncertainty during the election period might rekindle exchange rate pressures, which could translate into higher inflation. Lastly, a rise in the fiscal deficit due to large spending pressures against domestic revenue shortfalls could exert inflationary pressures going forward.

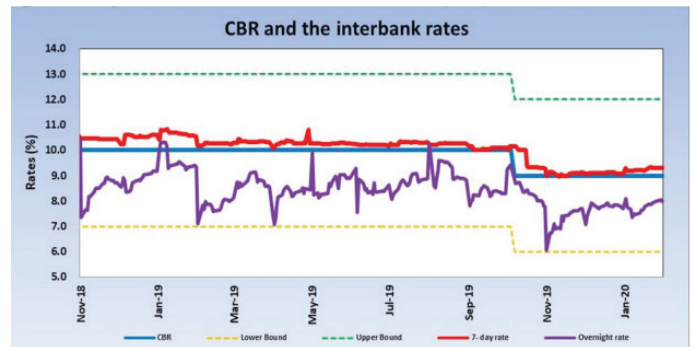


Source: Bank of Uganda (February 2020 Monetary policy report)  
Inflation Headline 3.0, Core 2.5

### INTEREST AND LENDING RATES

Treasury bill yields in the primary market edged up, despite the fact that BoU maintained its monetary policy stance. The 91-day, 182-day and 364-day Treasury bill rates rose to 9.2 percent, 11.1 percent and 12.6 percent, respectively in the three months to January 2020 from 8.7 percent, 10.7 percent and 11.4 percent in the quarter to November 2019. Similarly, yields on Treasury bonds also increased with the 2-year, 3-year, 5-year, 10-year and 15-year papers rising to 13.7 percent, 15.2 percent, 16.1 percent, 15.1 percent and 15.5 percent, respectively in the quarter to January 2020 from respective rates of 13.0 percent, 13.7 percent, 15.1 percent, 14.5 percent and 14.7 percent in the quarter to October 2019. There were under subscriptions at the shorter dated tenors. Nonetheless, the under subscriptions were compensated

for by awarding higher amounts than initially issued on the longer dated tenors. Secondary Market for Treasury Securities Yields in the over the counter market edged up in line with developments in the primary market. The increase in yields could signal higher inflation expectations going forward.

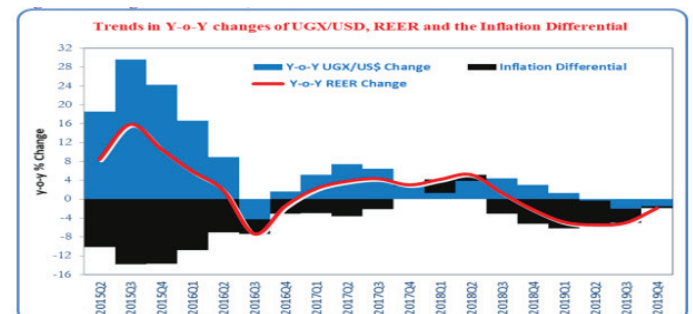


Source: Bank of Uganda (February 2020 Monetary policy report)

As at end of March 2020 the Central Bank Rate was at 9.0, Lending Rate at 18.83, 91-day T-Bill 9.6 yield, 182-day T-Bill 11.0 and 364-day T-Bill 13.4 yield

### FOREIGN EXCHANGE RATE DEVELOPMENT

The Uganda shilling remained relatively stable with a bias towards an appreciation against the US Dollar, in part, due to increased inflows during the festive season. In the quarter ending January, the shilling appreciated by 0.1 percent to an average mid-rate of Shs. 3,680.8/ USD compared to the previous quarter. Similarly, on a year-on-year basis, the shilling appreciated by 0.6 percent in January 2020. The appreciation is attributed to strong inflows from offshore investors, NGOs and export receipts amidst relatively subdued demand. On a trade-weighted basis, in January 2020 the nominal effective exchange rate (NEER) depreciated by 0.4 percent month-on-month, 0.5 percent quarter-on-quarter and appreciated by and 1.2 per cent year-on-year. In real terms, in December 2019, the Real Effective Exchange rate (REER) was relatively stable with a bias towards appreciation, albeit on a lower scale. The REER appreciated by 0.3 percent month-on-month, 0.05 percent quarter-on-quarter and 1.3 percent year-on-year. The Real exchange rate appreciation of the shilling is to a large extent driven by a nominal appreciation of the shilling which bonds well with the low domestic inflation environment as depicted below.



Source: Bank of Uganda (February 2020 Monetary report)  
March 2020; End of period 3796.4, Period Average 3772.9

Economic growth is forecast within the range of 5.5 - 6 percent in FY2019/20, picking up to 6.3 percent in the medium term (2 - 3 years ahead). However, this is below the 6.5 percent Bank of Uganda (BoU) estimate of potential output growth.

There are downside risks to the growth prospects emanating from both the global and domestic environment. On the global scene, risks relating to the recent outbreak of the COVID-19 (coronavirus) have lowered the near-term growth outlook. There is considerable uncertainty regarding the duration and severity of the coronavirus outbreak. If it persists for an extended period, the effect on global economic activity is likely to be larger than currently projected. In addition, despite the recent positive developments in US–China negotiations, an escalation in the dispute remains a key downside risk to the global growth outlook. The recent escalation of geopolitical tensions in the Middle East has introduced additional uncertainty into global financial markets. On the domestic scene, constraints to agricultural production including uncertain weather patterns and the current invasion by desert locusts, could weigh on economic activity. Although the economic impact on the domestic scene due to supply chain disruption from coronavirus may be of a short duration, some sectors could be significantly affected given that China is one of Uganda’s major trading partners. There is also a risk that the impact could be larger than anticipated and more persistent.

## **CORPORATE ANNOUNCEMENTS DURING THE QUARTER.**

### **KENYA AIRWAYS**

In accordance with Obligation G.05 of the Fifth Schedule to the Capital Markets Regulations and Disclosure Requirements for Public Offers and Listing of Securities, 2002, and the Code of Corporate Governance Practices for Issuers of Securities, the Board of Kenya Airways Plc is pleased to announce that following a competitive recruitment process, Mr. Allan Kilavuka has been appointed Group Managing Director/ Chief Executive Officer with effect from April 1, 2020. Allan is currently the acting Chief Executive Officer of Kenya Airways Plc. He is substantively the Chief Executive Officer and Managing Director at Jambojet Ltd, a fully owned subsidiary of Kenya Airways Plc.

With over 23 years’ experience in leadership. Kenya Airways made a cautionary announcement that the Government of the Republic of Kenya (“Government”) through the National Treasury made a loan on commercial terms to Kenya Airways of Kenya Shillings five billion (KES 5,000,000,000) for the purpose of enabling Kenya Airways to (i) complete the scheduled engine overhaul programme on its E190 Embraer fleet, and (ii) fund its general working capital requirements. As a key shareholder of Kenya Airways, the Government is committed to ensuring that Kenya plays a vital role in the airline industry in Africa now and in the future.

Therefore, KQ is also in discussions with the Government with respect to collaboration between KQ and other stakeholders in the Kenyan aviation industry, including a possible restructuring of the operations and corporate structure of KQ. The possible restructuring (completion of which would be subject to all applicable legal and regulatory approvals) may, once confirmed in greater detail, have a material effect on the price of KQ’s securities. Accordingly, shareholders and investors are advised to exercise caution when dealing in KQ’s securities until a further announcement is made.

### **NEW VISION PRINTING AND PUBLISHING COMPANY**

The New Vision Printing and publishing company Limited released their half year ended December 2019 financial results. Revenue grew by 3.26 percent to UGX46.63bn, profit after tax grew by 45 percent to UGX 1.595bn and assets grew by 10 percent to UGX 99bn. Directors did not recommend payment of an interim dividend in accordance with the company’s practice of only paying the dividend at the end of the financial year.

### **BRITISH AMERICAN TOBACCO UGANDA LIMITED**

British American Tobacco Uganda Limited released their full year results for the year ended 31st December 2019 with a strong performance in a challenging environment. Revenues grew by 7 percent to UGX 164.3bn, Profit after tax grew by 14 percent to UGX 15.7bn, assets grew by 16 percent to UGX 67.98bn and dividend per share paid out grew by 14 percent to UGX320. The board of Directors proposed a final dividend in respect of the year ended 31st December 2019 of UGX 320 per Ordinary share to be recommended for approval by the shareholders at the Annual General Meeting to be held on 21st May 2020. The dividend, which is subject to withholding tax, will be paid on 19th June 2020 to shareholders on the register at the close of business on May 2020.

### **UMEME LIMITED**

Umeme Limited released their full year results for the year ended 31st December 2019. Revenues grew by 18.9 percent to UGX 1,776,597million, Profit after tax grew by 4.9 percent to UGX 139,152million, assets grew by 8.4 percent to UGX 2,541,774million and dividend per share paid out grew by 1.07 percent to UGX 41.34. Subject to the approval of the shareholders, the directors recommend to the members that a final dividend of UGX 41.34per ordinary share or UGX 67,133million be paid for the year ended 31 December 2019 (2018: UGX 28.2 per share or UGX 45,793 million), subject to deduction of withholding tax where applicable, to the shareholders registered in the books of the Company at close of business on 22 June 2020. The total dividend for the year will be UGX 67,133million or UGX 41.34per share (2018: UGX 40.9 per share or UGX 66,416 million). If approved, the outstanding dividend will be paid on or about 17 July 2020. No interim dividend was proposed for the year ended 31 December 2019 (2018: UGX 12.7 per share or UGX 20,623 million was paid in January 2019). Mr Johan De Bruijn was appointed as a non-executive director of the Company with effect from the 23rd day of March, 2020. Johan is a Portfolio Manager and Co- founder of 337 Frontier Capital. Prior to founding 337 Frontier Capital, Johan worked for The Rock Creek Group and helped establish the Kimberlite Frontier Africa Strategy. Johan was also the Portfolio Manager for the Africa Emerging Markets Fund at Ashmore Equities Investment Management (US) LLC. Previously he held Fund Manager and Analyst positions with Sanlam Investment Management and analyst positions at Coronation Fund Managers in South Africa. He holds a Bachelors in Economics (with Honors) with an emphasis on development economics and African studies from the University of Stellenbosch in South Africa. He is a CFA charter holder. In accordance with the Articles of Association of the Company, Mr. Johan de Bruijn shall serve as a non-executive director of the Company and shall be eligible for rotation at the next AGM. The above appointment is in line with the Company’s board composition strategy to include executive and non-executive directors.



## **BANK OF BARODA UGANDA**

Bank Of Baroda Uganda released Summary Consolidated and Separate Financial Statements for the year ended December 31, 2019. Total assets increased by 9.43% in 2019 to UGX 1,875,445 million from UGX 1,713,853 million in 2018. Total income increased by 2.17% to UGX 199,836 million in 2019 from UGX 195,590 million in 2018. However, Net Profit after Tax decreased by 38.28% in 2019 to UGX 45,313 million from UGX 73,421 million in 2018. Return on Assets was at 2.54% as at 31.12.2019 and return on Shareholders' Equity was at 11.90% as at 31.12.2019. The Board has resolved to recommend dividend of UGX 25 billion for the year ended December 31, 2019 that is UGX 10 per share for approval by the Shareholders at the ensuing Annual General Meeting

## **DFCU**

DFCU Limited released their full year consolidated results for the year ended 31<sup>st</sup> December 2019. The company realized a 21 percent growth in profitability from UGX 60bn to UGX73.4bn driven by efficiency and cost management. Revenue grew by 1.6 percent to UGX 41,810million, assets grew by 1.5 percent to UGX 2,958,143million and dividends per share paid out grew by 21.1 percent to UGX 40 per share. The board of Directors recommends a final dividend in respect of the year ended 31<sup>st</sup> December 2019 of UGX 40.0 per Ordinary share.

## **STANBIC UGANDA HOLDINGS LIMITED**

Stanbic Uganda Holdings Limited released their full year results for the year ended 31st December 2019 with a strong performance in a challenging environment. Profit after tax grew by 20 percent to UGX 259bn, revenue grew by 19.8 percent to UGX 484bn, assets grew by 23 percent to UGX 6.7tn and dividend per share paid out grew by 12 percent to UGX 2.15. The board of Directors proposed a final dividend in respect of the year ended 31st December 2019 of UGX 2.15 per Ordinary share to be recommended for approval by the shareholders at the forthcoming annual general meeting. The dividend, which is subject to withholding tax, will be paid on 01st July 2020 to shareholders on the register at the close of business on 29th May 2020.

## **UGANDA CLAYS LIMITED**

### **Changes in management at Uganda Clays**

Uganda clays limited wishes to inform it's share holders and the general public that there have been changes in the top management in the company affecting the Managing director, Head of Production and Head of Human resources and Support services, all of whom have left the company by mutual consent with effect from 06th March 2020. The company is immediately commencing a recruitment process to fill the above positions. In a meantime, Ms Jacqueline Kiwanuka the Head of Finance has been appointed to act as Managing director of the company. The board conveys it's assurance that measures have been put in place to ensure that the company continues to operate normally.

## **EQUITY GROUP HOLDINGS**

### **Cautionary Announcement**

Pursuant to Regulation 19(2) of the Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2002 (as amended), Equity Group Holdings

PLC (EGH) hereby announces to the public that its Board of Directors has approved: (a) the proposal for EGH to conduct and undertake long term insurance business in Kenya; and (b) the setting up of a non-operating holding company to hold EGH's insurance business subsidiaries and a subsidiary in Kenya to conduct and undertake long term insurance business in Kenya (Proposed Insurance Business). The Proposed Insurance Business, including putting in place all the necessary structures, commercial arrangements and any ancillary arrangements relating to the Proposed Insurance Business, is subject to obtaining shareholder approval and regulatory approvals from the Central Bank of Kenya and the Insurance Regulatory Authority.

By setting up the Proposed Insurance Business, EGH will be able to expand the services it is offering in Kenya. Furthermore, through the Proposed Insurance Business, EGH aims to provide access to competitive long term insurance services whilst also delivering significant value to its stakeholders. Until further announcements regarding the Proposed Insurance Business are made, the shareholders of EGH and other investors are advised to exercise caution when dealing in EGH ordinary shares on the Nairobi Securities Exchange, the Uganda Securities Exchange and the Rwanda stock Exchange.

## **EDUCATIONAL COLUMN**

### **UNDERSTANDING GROWTH ENTERPRISE MARKET SEGMENTS (GEMS)**

The Uganda Securities Exchange (USE) launched the Growth Enterprise Market Segment (GEMS). GEMS enables firms to raise substantial initial and ongoing capital, while benefiting from increased profile and liquidity within a regulatory environment designed specifically to meet their needs. The establishment of a GEMS market in Uganda paved way for the listing of Small and Medium Sized Enterprises (SMEs) on the Exchange, which is a major driver of our country's economy." The GEMS is supported by a wide community of experienced advisors, ranging from brokers to accountants, lawyers and the fundamental Market Advisors who assist companies to list on GEMS and comply with good corporate governance and global best practices. The establishment of this market is bound to be a fundamental contributor to the stability of the overall financial system of our country.

### **Requirements unique to the Growth Enterprise Market Segment (GEMS)**

- The applicant does not meet at least one of the requirements for listing on MIMS.
- The applicant has entered into a Market Advisory Agreement with a Market Advisor effective for 2 years from application date.
- That the founding shareholders, for a company admitted to GEMS with a trading record of less than five years, agree not to dispose off their interest in the applicant except by way of delisting or reclassification to the MIMS
- Founding shareholders of a company admitted on GEMS with a trading record of less than five years, can only dispose off their interest, after a period of three years has elapsed from its admission on the GEMS or when the company has acquired a trading record of five years

- That the participation in the issue for a company that has been in existence for one year or less is restricted to professional investors
- Public company registered under the Companies Act;
- Free transferability of shares;
- Adequate working capital and solvency;
- Operation for at least one year;
- No profitability record required;
- 5 directors, 1/3 non-executive;
- Directors with no bankruptcy, fraud, criminal offence or financial misconduct proceedings;
- Competent board and senior management – at least 1 year experience in the business;
- All issued shares to be immobilized;
- The table below presents a comparison of the requirements for eligibility and conditions for listing on the Official List of the USE and listing on the Growth Enterprise Market Segment of the USE.

	Main Investment Market Segment(MIMS)	Growth Enterprise Market Segment
Type of Company	Public limited liability company	Public limited liability company
Minimum share Capital	Minimum authorized issued and fully paid up share capital of UGX 1 billion before the public offering of shares	Not required
Minimum net assets	Net assets of UGX 2 billion before the public offering of shares	Not required
Financial history	Published audited financial statements for a period of at least 5yrs	Not required
	Prepared financial statements for the latest accounting period on a going concern basis	Statement of assets and liabilities for company that is one year and less
Profitability requirement	Declaration of positive profits after tax attributable to shareholders in at least 3 of the last 5 completed accounting periods prior to public offer	Not required
Minimum shareholding	Immediately following the public offer, 20% of shares shall be held by not less than 1000 shareholders	Not required

### Fees Requirements and costs of going public

It is important to note that there are costs associated with an Initial Public Offer (IPO) and initial listing on the USE. At a minimum, the company would require the following:

No.	Item	Fees Requirements
1	CMA	0.1% of the value of the listing
2	USE	0.1% of the value of the funds raised at the IPO
3	Professionals (Accountants, Lawyers, Media etc)	Negotiated between company and service provider
4	Transaction Advisers	Negotiated between company and service provider
5	Sponsoring Brokers	Negotiated between company and service provider

The CMA (Prospectus) Regulations, 1996 require the issuer to disclose the planned application of the proceeds of the issue. Such a disclosure includes brokerage expenses, approval fees, printing costs, legal and advisory costs.

The above costs, which are associated with the IPO, are paid out of the share price of the IPO. Such costs are therefore not paid by the company but rather are paid by the incoming/new shareholders. They therefore should not be a deterrent to listing on the exchange.

	MIMS (UGX)	GEMS (UGX)
Application for listing	4,000,000	2,000,000
Re-submission of application for listing	1,000,000	1,000,000
Initial listing	0.2% of the value of the securities to be listed subject to a minimum of 200 currency points	0.1% of the value of securities to be listed
Additional listing	0.2% of the market capitalization of the additional securities to be listed	0.1% of the market capitalization of the additional securities to be listed
Annual listing. The annual listing fee will be calculated on the basis of a 12 month average market capitalization	0.05% of market capitalization of the issuer subject to a minimum of 200 currency points and a maximum of 5,000 currency points.	0.05% of market capitalization of the issuer subject to a maximum of 1000 currency points

## FREQUENTLY ASKED QUESTIONS ON GEMS

### 1. What type of company is the GEMS designed for?

The GEMS is ideally suited for small to medium sized companies which are fast growing and looking for additional sources of capital to fuel growth

### 2. What are the benefits of listing on the GEMS?

The benefits of listing on the GEMS include the following:

- Easier and cheaper capital raising
- Enhanced brand and credibility
- Positive impact on internal culture
- Increased strategic flexibility

### 3. What are the specific benefits of listing on the GEMS?

- **Profile:** Companies listed on the GEMS will benefit from higher visibility
- **Cost-efficiency:** GEMS has lower listing costs and lower ongoing compliance costs. GEMS has also lower disclosure requirements as compared to the Main Market
- **Flexibility:** Ongoing flexibility to facilitate growth

### 4. Will I lose control of the company?

No. You retain as much ownership in the company as you want through your holding in equity securities. All you are doing by listing is giving up a portion of your ownership to shareholders in exchange for capital.

### 5. What is the difference between the Main Investment Market Segment and the Growth Enterprise Market Segment?

The key differences can be summarized as follows:

- Lower costs
- Lower level of compliance
- Simpler and cheaper listing documentation

### 6. Our company is thinking about listing. What should we do to make it happen

You can then contact the Products & Markets department of the Uganda Securities Exchange.

### 7. What documentation is required for an application to list on the segment?

All applicants will have to submit a fully-fledged admission document as per clause 7(1) of the GEMS rules. However applications are reviewed and considered on case by case basis.

### 8. When should we announce to the market that we intend to list?

The decision to announce your intention to list should be considered carefully. Once you announce that you intend to become listed, you will start to receive an increased level of attention regarding your company and its listing strategy. Some companies announce their intentions early; others leave it until the last minute.

## Appendix USE Member Firms

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

Market Advisor	Contact Person:
<b>BARODA CAPITAL MARKETS (U) LTD.</b> P. O. Box: 7197 Kampala Tel: +256 414 232 783. Fax: +256 414 230 781 Email: bcm.ug@bankofbaroda.com. Website: www.barodacapital.webs.com	Mr. Mohan Prashantam
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