



SOLOMON Stockbrokers

A Member of Dar es Salaam Stock Exchange & Authorized Dealer of Government Securities

CAPITAL MARKETS PERFORMANCE REVIEW 2023



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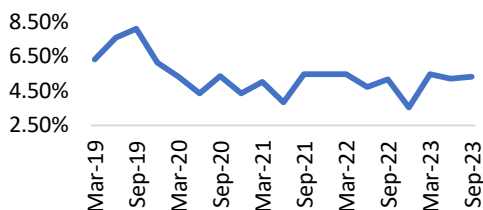
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CONTENTS

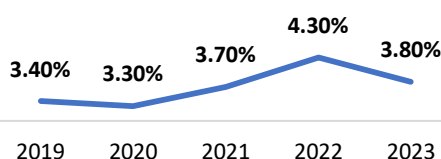
- **Economic Overview**
- **Equity Turnover & Market Capitalization**
- **Bonds Turnover & Outstanding Debt**
- **Collective Investment Schemes**
- **Market Liquidity**
- **Market Returns**
- **Capital Markets Outlook 2024**

ECONOMIC OVERVIEW

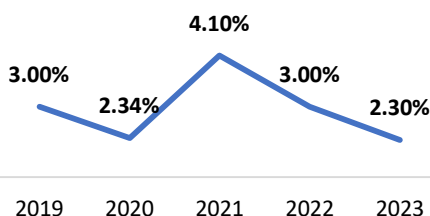
TANZANIAN QUARTERLY GDP GROWTH



TANZANIA ANNUAL HEADLINE INFLATION RATE TREND



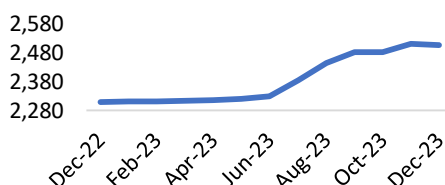
TANZANIA ANNUAL CORE INFLATION TREND



FEDS FUND RATE TREND 2022-2023



USD/TZS EXCHANGE RATE TREND 2023



Sources: National Bureau of Statistics, Bank of Tanzania and Federal Reserve Board

GDP Performance

The Tanzanian GDP had registered a 5.3% growth rate during the 3rd Quarter of the year ending September 2023.

The sectors that contributed to the growth include agriculture by 14.2%, finance and insurance by 13%, mining and quarrying by 10.4%, transport and storage by 9.1%, construction by 7.6% and manufacturing by 5.3%.

Inflation

Headline Inflation has been on a declining trend throughout 2023 as it has dropped by 39 basis points from 4.9% as of Jan 2023 to 3.0% as of Dec 2023 bringing the average annual inflation to about 3.8% which is 12 basis points lower than 4.3% recorded in 2022. The reason behind this is due to disinflation in the prices of food and non-alcoholic beverages in the 2nd half of 2023 brought about by improved agricultural yields and higher food reserves compared to the same period in 2022.

Core Inflation however has been increasing on a month to month basis by 82 basis points from 1.7% in June 2023 to 3.1% as of December 2023 bringing the annual average core inflation at 2.3%.

This was driven by hiked up transport prices, increased taxes on Alcohol and Tobacco products following increased government taxes on the product, increased importation costs of household products. However the annual average rate recorded was lower than that of 2022 at 3%

Currency Performance

The Tanzanian Shilling has depreciated by 8.54% against the USD. According to the exchange rate from the Bank of Tanzania the TZS has depreciated from an average rate of TZS 2,308.893 per USD as of December 30th 2022 to TZS 2,506.0322 as of December 29th 2023. The depreciation was mainly brought about by the strengthening of the USD which was influenced by hikes on the Fed Funds Rate by 100 bps from 4.50% as of December 2022 to 5.50% as of December 2023, in an effort to bring inflation to the Federal Reserve's 2% target (Inflation at 3.1% as of November 2023). These hikes caused increased demand for the USD as foreign investors sold out their positions in emerging markets and relocated the capital to the United States as a way of mitigating investment risks during periods of uncertainty.

ECONOMIC OVERVIEW

Economic Outlook

Tanzania's economic future is anticipated to remain strong going into 2024, with the IMF projecting Tanzania's economy to grow by 5.2% in 2023 and 6.1% in 2024 while institutions such as Fitch Ratings projecting a 5% GDP Growth in 2023 and a 5.5% GDP Growth in 2024 along with a B+ Credit rating and with a Stable Outlook.

Economic Sectors that are likely to fuel this growth include the Mining Sector where we are witnessing allocation of capital towards mining of critical minerals such as Nickel, Cobalt and Graphite required in promoting environmental sustainability. Additionally, targets set by the government for mining to contribute to about 10% of the Gross Domestic Product by 2025 will likely mean greater government support in creating a friendly environment for investors to invest in this sector.

Tourism is another sector that could contribute greatly to economic growth given the continued recovery of the sector following the COVID-19 pandemic. Given that tourism is the country's biggest foreign exchange earner responsible for over 25% of the country's foreign exchange earnings as of August 2023. The Government's 2025 target of USD 6 Billion from this sector from over 5 Million tourists puts this sector on the forefront of higher growth as the government and private stakeholders will invest greatly in efforts to promote the country as a tourist hub.

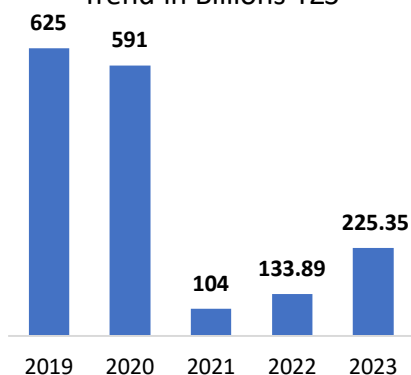
Construction Activities are poised to contribute to economic growth as new construction projects such as the upgrading of TAZARA Railways and the 4th phase of the Bus Rapid Transit underway in addition to ongoing projects such as the completion of the Standard Gauge Railway the development and maintenance of roads and bridges, and the construction of dams such as the Julius Nyerere Hydropower Project, Rumakali Hydropower Project and Ruhudji Hydropower Project.

The financial sector is another segment to watch as private sector and government spending is likely to continue growing meaning that the demand for credit is not likely to slow down either, hence lending institutions are poised to greatly contribute to the economic growth of the country.

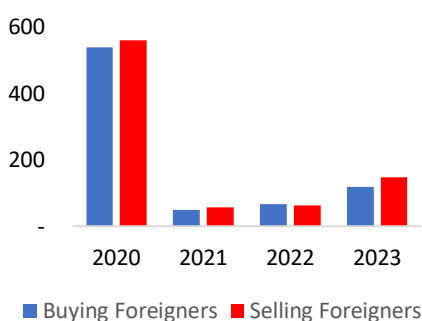
The projected economic growth will be achieved through increased local and foreign direct investments, public private partnerships between the government and private sector, business friendly policies, increased household consumption and political stability

EQUITY TURNOVER & MARKET CAPITALIZATION

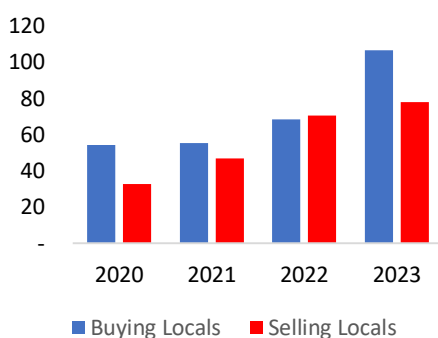
Equity Turnover 5-Year Trend in Billions TZS



FOREIGN INVESTOR EQUITY TURNOVER IN BILLIONS TZS



FOREIGN INVESTOR EQUITY TURNOVER IN BILLIONS TZS



Source: DSE Daily Market Reports

Equity Turnover

Last year the total value of transactions that took place in the equities market amounted to TZS 225.35 Billion a 68.31% increase compared to TZS 133.89 Billion in 2022. The reason behind this substantial increase is due to a TZS 106.25 Billion block trade which took place in November 2023 in a move by Scancem D.A a subsidiary of Heidelberg Materials to acquire a majority position from Tanga Cement's parent company Afrisam.

Excluding the special transaction, the Dar Stock Exchange will have recorded a turnover worth TZS 119.09 Billion which is a 11.05% decline from the TZS 133.89 Billion recorded in 2022. This is primarily attributed by the decline in participation by foreign investors following capital flights by from emerging markets towards more developed markets since 2022 as developed economies hiked their interest rates to combat inflation due to disruption in supply chains following the Russia-Ukraine War and demand-pull inflation as economies reopened from the COVID-19 pandemic. This was done to mitigate the macro-economic risks that tend to put emerging economies in worse positions than developed ones.

In Tanzania foreign investor participation had increased on the buying and selling side of equity trades with foreign investors' turnover from the buy side increasing by 80.71% amounting to TZS 118.95 Billion while on the sell side it increased by 132.49% to TZS 147.43 Billion. However its' worth noting that these figures are inflated by the Tanga Cement acquisition from Afrisam to Scancem D.A, if we exclude this special transaction then foreign investor participation has declined by 80.71% and 35.07% on the buy and sell side respectively to TZS 12.70 Billion and TZS 41.17 Billion respectively.

Local Investor participation however saw continued improvement in 2023 as the value of equity purchased by locals increased by 56.12% from TZS 68.07 Billion as of 2022 to TZS 106.27 Billion as of 2023 while on the sale side transaction values increased by 10.38% from TZS 70.48 from TZS 70 Billion in 2022 to TZS 77.80 Billion in 2023. The increase could be attributed by increased efforts from capital market players to entice institutional investors such as Pension Funds, Mutual Funds and Insurance companies towards investing in the equities market

EQUITY TURNOVER & MARKET CAPITALIZATION

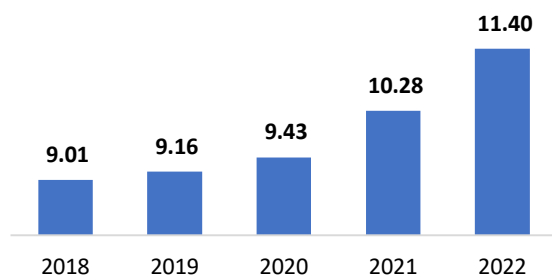
NAIROBI ALL SHARE INDEX TREND



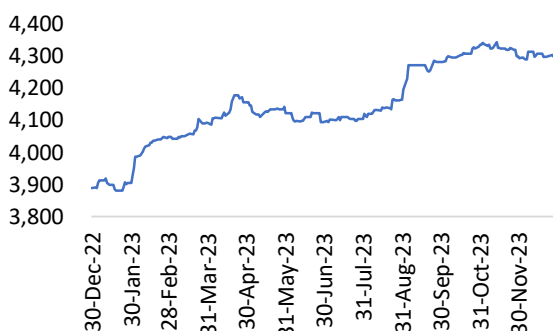
DSE ALL SHARE INDEX TREND



LOCAL MARKET CAP TREND IN TRILLIONS TZS



TANZANIA ALL SHARE INDEX TREND



Market Capitalization

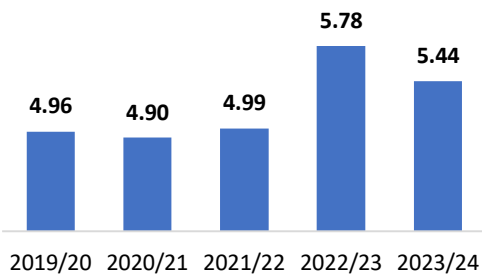
Total market capitalization of the stock exchange closed at TZS 14.61 Trillion a 6.84% decrease from TZS 15.68 Trillion as of Dec 2022 with the All Share Index (DSEI) closing at 1,750.63 points as of Dec 2023 compared to 1,881.99 points as of Dec 2022. The reason behind this decline was due to the stock market crash in the Nairobi Securities exchange which saw the Nairobi All Share index decline by 27.74% from 127.47 points as of 30th December 2022 to 92.11 points as of 29th December 2023 due to mainly due to foreign capital flight and the inability of local investors to take opportunities in their respective capital markets due to economic hardships triggered by higher costs of living in the country. This has caused high valued cross listed companies such as KCB Group, Jubilee Holdings and EABL to experience capital losses hence plunging the Total Market Cap and the DSEI on a downward trajectory.

The Story has been different for the Local Market Cap and the Tanzanian Share Index both have seen a 10.89% and 10.69% increase in value from TZS 10.28 Trillion and 3,888.81 points respectively as of end of 2022 to TZS 11.40 Trillion and 4,304.40 points as of December 29th 2023. The increase has been brought about by bullish trajectories from major local counters such as NMB, CRDB, and TPCPLC as a result of strong fundamental performances indicated by growing profitability and dividend payments met with positive shareholder sentiment in a better economic position to exploit the opportunities in the stock market.

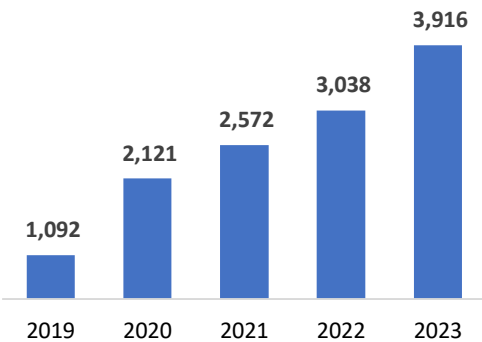
Source: DSE Daily Market Reports & The Nairobi Securities Exchange

BONDS TURNOVER & OUTSTANDING DEBT

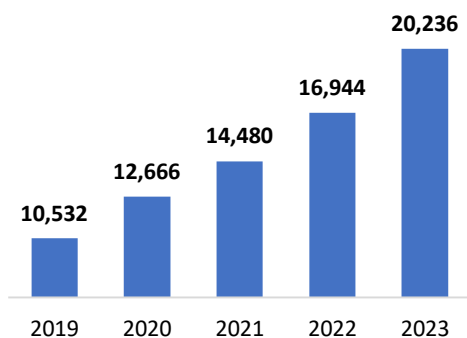
DOMESTIC DEBT FINANCING RAISED BY THE GOVERNMENT IN TRILLION TZS



TREASURY BONDS TRADED IN BILLIONS TZS



OUTSTANDING GOVERNMENT TREASURY BONDS IN BILLIONS TZS



Source: DSE Daily Market Reports

Treasury Bonds (Primary Market)

The value of amounts offered and successfully bid for Treasury bonds in the primary markets have increased by 22.19% and 28.45% respectively from TZS 3.53 Trillion and TZS 2.75 Trillion in 2022 to TZS 4.32 Trillion and TZS 3.52 Trillion respectively as of 2023, the reason behind this increase is due to higher demand for domestic borrowing as a means for financing the government's operations during its 2022/23 and 2023/24 financial years where the amount of money the government raised and expects to raise from the domestic market stand at TZS 5.78 Trillion and TZS 5.44 Trillion respectively.

Treasury Bonds (Secondary Market)

The total value of Treasury bonds transacted as of 2023 amounted to TZS 3.92 Trillion a 28.91% increase compared to TZS 3.04 Trillion worth of treasury bonds traded in 2022. The increase attributed by high value trades from the 25-Year Treasury bonds auctioned during 2023 whose face value transactions have made up about 32% of the total treasury bonds traded as well as

trades for the old issued 15-Year and 20-Year Treasury Bonds with higher coupon rates of 13.50% and 15.49% respectively.

The value of outstanding treasury debt in the stock market has increased by 19.48% from TZS 16.94 Trillion as of 2022 to TZS 20.24 Trillion as of 2023 due to the increase in value of amounts raised and successfully tendered from the primary markets as mentioned earlier.

Corporate Bonds (Primary Market)

The Corporate Bond section had been very active throughout the year with 3 institutions successfully raising over TZS 395.18 Billion with an average subscription rate of 274.72%. The reason behind the high subscription levels is due to the companies' resilient financial performance, large customer base these institutions could easily sell to and substantial backing from multilateral institutions such as the International Finance Corporation (IFC).

BONDS TURNOVER & OUTSTANDING DEBT

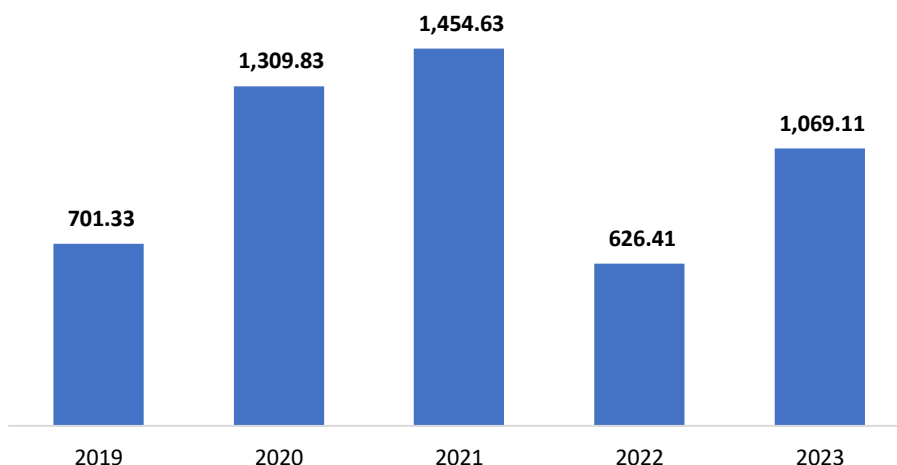
Corporate bond issue	Tenure	Coupon Rate	Targeted Issue Amount	Green-shoe Option	Amount Raised	Subscription Rate
TMRC	5 Years	10.20%	10	-	11.28	112.80%
CRDB	5 Years	10.25%	40	15	171	427.50%
NMB	3 Years	9.50%	75	25	212.9	283.87%

It's worth noting that the bonds from CRDB and NMB were meant to finance sustainability programs that adhere to environmental conservation practices and promote social equality. The two banks are will issue subsequent tranches under their Medium Term Notes with a combined value of TZS 1.7 Trillion over the next 10 years aiming to address such sustainability issues. This indicates that Tanzanian capital markets will continue to poise itself as one of an African Financial Market where capital can be raised that are meant to adhere to sustainability matters.

Corporate Bonds (Secondary Markets)

Corporate bonds traded increased by 70.67% from a transaction value of TZS 626.41 Million in 2023 to TZS 1.07 Billion. The surge in trading activities was brought about by the 8.5% NMB 3-year sustainable bond which has been trading at a discount 90% of its face value resulting to higher yields to maturities that surpass those offered by the 25-Year Treasury Bond and other longer term corporate bond issues.

CORPOTATE BOND TURNOVER IN MILLIONS TZS

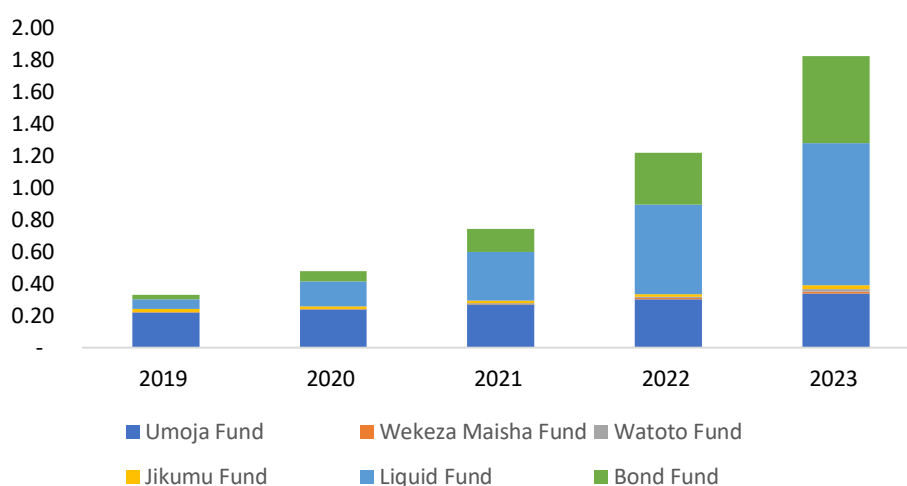


COLLECTIVE INVESTMENT SCHEMES

UTT AMIS

UTT AMIS the largest collective investment scheme in the country has experienced a 49.73% growth in its Net Asset Value from TZS 1.22 Trillion December 2022 to TZS 1.82 Trillion as of December 2023. This growth was mainly attributed by an increase in the number of investors, where as of June 30th 2023 the company recorded 245,313 investors a 24% increase from 197,833 investors from June 30th 2022. The increase in investors is due to technological advancements made by the company that can allow investors to easily create investment accounts.

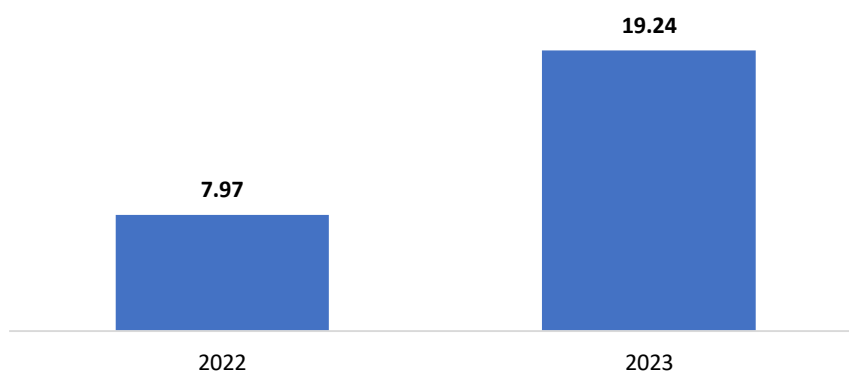
UTT-AMIS NET ASSET VALUE TREND IN TRILLIONS TZS



FAIDA FUND

Faida Fund a newly issued collective investment scheme also experienced growth in its Net Asset Value from TZS 7.97 Billion it collected as of 31st December 2022 to TZS 19.24 Billion as of December 29th 2023, a 141.27% growth.

FAIDA FUND NET ASSET VALUE IN BILLIONS TZS



MARKET LIQUIDITY

Equities

Annual Turnover	Normal Counter Turnover	Block Trade Turnover	Total Turnover	Normal Counter Turnover to Total Turnover	Block Trade Turnover to Total Turnover	Turnover to Domestic Market Cap
TCCL	3,951,216,480	106,255,191,967	110,206,408,447	1.75%	47.15%	0.97%
CRDB	25,204,584,415	20,590,245,510	45,794,829,925	11.18%	9.14%	0.40%
TBL	99,112,000	26,543,934,000	26,643,046,000	0.04%	11.78%	0.23%
NMB	10,040,919,540	16,124,921,580	26,165,841,120	4.46%	7.16%	0.23%
TCC	16,864,200	3,336,164,000	3,353,028,200	0.01%	1.48%	0.03%
TPCC	2,527,893,680	790,000,000	3,317,893,680	1.12%	0.35%	0.03%
TICL	1,299,993,715	1,825,901,350	3,125,895,065	0.58%	0.81%	0.03%
NICO	1,909,396,040	429,573,755	2,338,969,795	0.85%	0.19%	0.02%
DSE	778,120,940	1,217,999,120	1,996,120,060	0.35%	0.54%	0.02%
VODA	14,309,380	1,090,482,800	1,104,792,180	0.01%	0.48%	0.01%
SWIS	583,932,740	-	583,932,740	0.26%	0.00%	0.01%
TOL	377,071,770	-	377,071,770	0.17%	0.00%	0.00%
DCB	269,605,475	-	269,605,475	0.12%	0.00%	0.00%
MBP	36,247,975	-	36,247,975	0.02%	0.00%	0.00%
MKCB	30,703,240	-	30,703,240	0.01%	0.00%	0.00%
PAL	1,134,720	-	1,134,720	0.00%	0.00%	0.00%
MCB	1,068,400	-	1,068,400	0.00%	0.00%	0.00%
JATU	702,360	-	702,360	0.00%	0.00%	0.00%
TTP	327,775	-	327,775	0.00%	0.00%	0.00%
YETU	40,100	-	40,100	0.00%	0.00%	0.00%
SWALA	27,000	-	27,000	0.00%	0.00%	0.00%
MUCOBA	7,800	-	7,800	0.00%	0.00%	0.00%
Total Turnover	47,143,279,745	178,204,414,082	225,347,693,827	20.92%	79.08%	1.98%

MARKET LIQUIDITY

Equities

Market Liquidity for the Equities traded is mainly driven by the company's fundamental performance, share price movements and dividend payouts with the 10 most liquid companies with the exception of TCCL, TBL, TCC and VODA.

The reason behind TCCL being the most liquid stock is due to the acquisition of Afrisam Cement's shares being acquired by Scancem International for a valuation of about TZS 106 Billion. As far as TBL, TCC and VODA are concerned despite all three companies recording profits and paying dividends from the 2022/23 financial year the main reason behind their respective liquidities is due to block trades happening at steep discounted prices meaning that investors with such privileges have access to amplified returns which would not be the case for investors investing in the normal counter.

Counter	Market Prices	Avg Block Trade Prices	Block Trade to Market Price Discount
TBL	10,900	6,050	55.50%
TCC	17,000	6,058	35.64%
VODA	770	416	54.03%

Treasury Bonds

Rank	Government Bond	Transaction Value in Billions TZS	Percentage of Total Turnover
1.	12.56% 25-Year Treasury Bond	1,200.64	30.66%
2.	15.49% 20-Year Treasury Bond	1,003.02	25.61%
3.	13.50% 15-Year Treasury Bond	655.80	16.75%
4.	12.10% 20-Year Treasury Bond	632.18	16.14%
5.	11.44% 10-Year Treasury Bond	234.66	5.99%
6.	7.60% 2-Year Treasury Bond	61.51	1.57%
7.	10.08% 07-Year Treasury Bond	56.05	1.43%
8.	9.18% 05-Year Treasury Bond	44.06	1.13%
9.	15.95% 25-Year Treasury Bond	17.73	0.45%
10.	8.60% 05-Year Treasury Bond	9.67	0.25%
11.	11.15% 15-Year Treasury Bond	0.53	0.01%
12.	10.25% 10-Year Treasury Bond	0.098	0.00%
13.	7.82% 02-Year Treasury Bond	0.02	0.00%
Total		3,915.97	100.00%

MARKET LIQUIDITY

Corporate Bonds

Rank	Corporate Bonds	Transaction Value in Millions TZS	Percentage of Total Turnover
1.	8.50% 3-Year NMB Jasiri Bond	818.28	76.54%
2.	10.00% 5-Year NBC Twiga Bond	169.83	15.89%
3.	9.50% 3-Year NMB Sustainable Bond	52.00	4.86%
4.	8.75% 3-Year KCB Sukuk Bond	15.00	1.40%
5.	13.46% 5-Year TMRC Bond	10.00	0.94%
6.	10.25% 5-Year CRDB Green Bond	4.00	0.37%
Total		1,069.11	100.00%

MARKET RETURNS

Equities

Company	Closing Price as of 30-12-2022	Closing Price as of 29-12-2023	Dividend Per Share	Capital Gains	Net Dividend Yield	Total Nominal ROI	Net Nominal ROI	Inflation Adjusted ROI	Net Nominal USD ROI
TCCL	1,100	2,120	-	▲ 92.73%	0.00%	▲ 92.73%	▲ 92.73%	▲ 85.67%	▲ 77.57%
NICO	325	500	43	▲ 53.85%	▲ 12.57%	▲ 67.08%	▲ 66.42%	▲ 60.32%	▲ 53.32%
NMB	3,020	4,500	286	▲ 49.01%	▲ 9.00%	▲ 58.48%	▲ 58.00%	▲ 52.22%	▲ 45.57%
TICL	155	190	13	▲ 22.58%	▲ 7.97%	▲ 30.97%	▲ 30.55%	▲ 25.77%	▲ 20.28%
TPCC	3,700	4,360	390	▲ 17.84%	▲ 10.01%	▲ 28.38%	▲ 27.85%	▲ 23.17%	▲ 17.79%
CRDB	395	460	45	▲ 16.46%	▲ 10.82%	▲ 27.85%	▲ 27.28%	▲ 22.62%	▲ 17.27%
Total Domestic Market Cap	10.28	11.40	0.49	▲ 10.91%	▲ 4.50%	▲ 15.65%	▲ 15.41%	▲ 11.19%	▲ 6.33%
DSE	1,700	1,800	116	▲ 5.88%	▲ 6.48%	▲ 12.71%	▲ 12.36%	▲ 8.25%	▲ 3.53%
SWIS	1,320	1,320	42	0.00%	▲ 3.01%	▲ 3.17%	▲ 3.01%	▼ 0.76%	▼ 5.09%
TOL	690	660	50	▼ 4.35%	▲ 6.88%	▲ 2.90%	▲ 2.54%	▼ 1.22%	▼ 5.53%
TBL	10,900	10,900	290	0.00%	▲ 2.53%	▲ 2.66%	▲ 2.53%	▼ 1.23%	▼ 5.54%
TCC	17,000	17,000	370	0.00%	▲ 2.07%	▲ 2.18%	▲ 2.07%	▼ 1.67%	▼ 5.96%
VODA	770	770	9.95	0.00%	▲ 1.23%	▲ 1.29%	▲ 1.23%	▼ 2.48%	▼ 6.74%
MUCOB A	400	400	-	0.00%	0.00%	0.00%	0.00%	▼ 3.66%	▼ 7.87%
PAL	400	400	-	0.00%	0.00%	0.00%	0.00%	▼ 3.66%	▼ 7.87%
SWALA	450	450	-	0.00%	0.00%	0.00%	0.00%	▼ 3.66%	▼ 7.87%
TTP	120	120	-	0.00%	0.00%	0.00%	0.00%	▼ 3.66%	▼ 7.87%
YETU	510	510	-	0.00%	0.00%	0.00%	0.00%	▼ 3.66%	▼ 7.87%
MCB	320	310	-	▼ 3.13%	0.00%	▼ 3.13%	▼ 3.13%	▼ 6.67%	▼ 10.75%
JATU	290	265	-	▼ 8.62%	0.00%	▼ 8.62%	▼ 8.62%	▼ 11.97%	▼ 15.81%
DCB	150	130	-	▼ 13.33%	0.00%	▼ 13.33%	▼ 13.33%	▼ 16.51%	▼ 20.15%
MBP	395	305	26	▼ 22.78%	▲ 6.25%	▼ 16.20%	▼ 16.53%	▼ 19.59%	▼ 23.10%
MKCB	780	630	-	▼ 19.23%	0.00%	▼ 19.23%	▼ 19.23%	▼ 22.19%	▼ 25.58%

* ROI is an acronym for Return on Investments

* Inflation Adjusted ROI is the return on investment adjusted for annual average headline inflation

* Net Nominal USD ROI is the Total return on investment adjusted for depreciation of the TZS against the USD

* Net Dividend Yield is the after tax dividend paid to an investor as a percentage of the closing share price as of 2022

MARKET RETURNS

Treasury Bonds

Rank	Government Bond	Nominal Weighted Average Yield to Maturity	Inflation Adjusted Weighted Average Yield to Maturity	Nominal Adjusted Weighted Average Yield to Maturity US\$
1.	7.82% 2-Year Treasury Bond	▲ 14.99%	▲ 10.78%	▲ 5.94%
2.	15.95% 25-Year Treasury Bond	▲ 14.44%	▲ 10.25%	▲ 5.44%
3.	15.49% 20-Year Treasury Bond	▲ 13.17%	▲ 9.03%	▲ 4.27%
4.	12.56% 25-Year Treasury Bond	▲ 12.93%	▲ 8.80%	▲ 4.05%
5.	12.10% 20-Year Treasury Bond	▲ 12.45%	▲ 8.33%	▲ 3.60%
6.	11.15% 15-Year Treasury Bond	▲ 12.15%	▲ 8.04%	▲ 3.33%
7.	13.50% 15-Year Treasury Bond	▲ 11.21%	▲ 7.14%	▲ 2.46%
8.	10.25% 10-Year Treasury Bond	▲ 10.72%	▲ 6.67%	▲ 2.01%
9.	10.08% 7-Year Treasury Bond	▲ 9.99%	▲ 5.96%	▲ 1.34%
10.	9.18% 5-Year Treasury Bond	▲ 9.71%	▲ 5.69%	▲ 1.08%
11.	11.44% 10-Year Treasury Bond	▲ 9.70%	▲ 5.68%	▲ 1.07%
12.	8.60% 5-Year Treasury Bond	▲ 9.52%	▲ 5.51%	▲ 0.90%
13.	7.60% 2-Year Treasury Bond	▲ 8.62%	▲ 4.64%	▲ 0.08%

MARKET RETURNS

Corporate Bonds

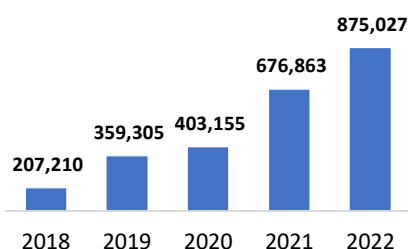
Rank	Corporate Bond	Nominal Weighted Average Yield to Maturity	Inflation Adjusted Weighted Average Yield to Maturity	Nominal Adjusted Weighted Average Yield to Maturity US\$
1.	10.25% 5-Year CRDB Bond	▲ 16.98%	▲ 12.69%	▲ 7.77%
2.	8.50% 3-Year NMB Bond	▲ 15.82%	▲ 11.58%	▲ 6.71%
3.	13.46% 5-Year TMRC Bond	▲ 14.56%	▲ 10.36%	▲ 5.55%
4.	10.00% 5-Year NBC Bond	▲ 12.92%	▲ 8.78%	▲ 4.03%
5.	8.75% 3-Year KCB Bond	▲ 10.64%	▲ 6.59%	▲ 1.93%
6.	9.50% 3-Year NMB Bond	▲ 9.57%	▲ 5.56%	▲ 0.95%

Collective Investment Schemes

Rank	Corporate Bond	Nominal Return on Investment	Inflation Adjusted Return on Investment	Nominal Adjusted Return on Investment US\$
1.	Wekeza Maisha Fund	▲ 16.78%	▲ 12.50%	▲ 7.59%
2.	Watoto Fund	▲ 15.79%	▲ 11.55%	▲ 6.68%
3.	Jikimu Fund	▲ 14.70%	▲ 10.50%	▲ 5.68%
4.	Umoja Fund	▲ 12.18%	▲ 8.07%	▲ 3.36%
5.	Bond Fund	▲ 12.06%	▲ 7.96%	▲ 3.24%
6.	Liquid Fund	▲ 11.82%	▲ 7.73%	▲ 3.02%
7.	Faida Fund	▲ 10.24%	▲ 6.20%	▲ 1.57%

CAPITAL MARKETS OUTLOOK 2024

Banking Sector Net Profit
Trend in Millions TZS



GROSS LOANS TO DEPOSIT
RATIO AS OF SEPT 2023

CRDB	98.30%
ACCESS	97.98%
AZANIA	97.98%
MCB	96.70%
NBC	90.20%
NMB	88.00%
EQUITY	85.60%
NCBA	85.40%
MBP	85.00%
I&M	81.00%
KCB	80.04%
BANK OF BARODA	76.50%
EXIM	73.19%
AKIBA	73.10%
AMANA	73.00%
BOA	72.00%
BANK OF INDIA	70.17%
ABSA	69.90%
PBZ	69.47%
BANCABC	69.19%
STANBIC	68.20%
MKOMBOZI	67.00%
DCB	66.80%
DTB	64.70%
STANDARD CHARTERED	60.90%
ECOBANK	54.90%
CITIBANK	47.80%
GT BANK	47.39%
UBA	45.00%
ICB	43.30%

The Tanzanian Capital Markets have generally continued to deliver strong financial results to shareholders across all financial assets. Going into 2024 here's how we anticipate the following economic sectors and financial assets to perform.

Equities

1. Banks

The banking sector has been on rapid growth trajectory during the 5-Year period with net profits growing at a compound annual growth rate of 43.35% from TZS 207.21 Billion in 2018 to TZS 875.02 Billion. The growth was driven by an expanding loan portfolio which had grown by 13.91% from TZS 15.84 Trillion as of 2018 to TZS 26.07 Trillion, improved operational efficiencies and a 10.96% growth C.A.G.R in non-interest income amounting to TZS 1.3 Trillion.

Going forward we anticipate the banking sector's profit growth to slow down as the commercial banks have been issuing more loans than deposits received resulting to higher gross loans to deposit ratios. Since deposits are the cheapest source of funding for banks and the demand for loans outweighs that of deposits we anticipate that banks will rely further on high-interest loans as a source of financing which will reduce banks' growth in net interest income and overall profits. We anticipate this slowed down growth to especially affect CRDB, NMB and MBP while DCB and Mkombozi are less likely to experience this challenge as they are have issued less loans in comparison to their deposits.

2. Investment Companies

Closed ended mutual funds TICL and NICOL have utilized their financial position to raise funds in order to increase the scope and portfolio of their investments with the aim of diversifying their portfolio beyond equities

NICOL has taken an aggressive approach towards investing in the real sector, the company has done this through taking a TZS 21.6 Billion debt financing in 2022 which was used to establish its subsidiary Nico Land

Company Limited which acquired a majority stake in Mirambo Street Properties Ltd whose assets are expected to generate foreign currency earnings of USD 677,000 annually and approximately 8% per annum of the investment costs in rental income. Additionally the company is pursuing construction of a corporate building of which once fully complete and occupied its anticipated to generate additional revenue of TZS 156 million per annum, equivalent to 10% of the investment costs.

Other initiatives which the company intends to pursue include

a. Penetration in the agricultural sector through the establishment and operation of modern warehouses for storing food products, in collaboration with various business stakeholders in establishing the value chain agricultural products.

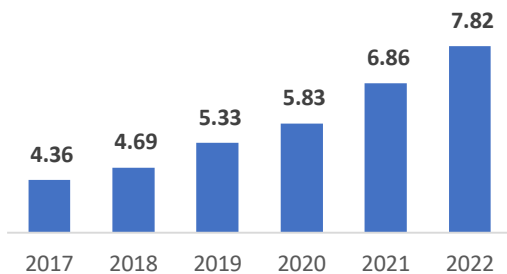
b. Investment in the energy sector, such as the gas sector and engagement in alternative energy sources designed to replace fossil fuel and the mining technology of minerals for that purpose, in particular commodities required for electric cars

TICL on the other hand has taken a different approach by taking advantage of Tanzania's legislation to allow financial asset investments into the East African region and the SADC Community by investing in securities such as Safaricom, Equity Bank, KCB Bank and BAT Kenya of the Nairobi Securities Exchange and the Bank of Kigali in the Rwandan Stock Exchange. Additionally the company went on further to offer a rights issue worth TZS 10.58 Billion in order to invest in a diversified portfolio of financial assets within Tanzania and the broader East African and SADC markets.

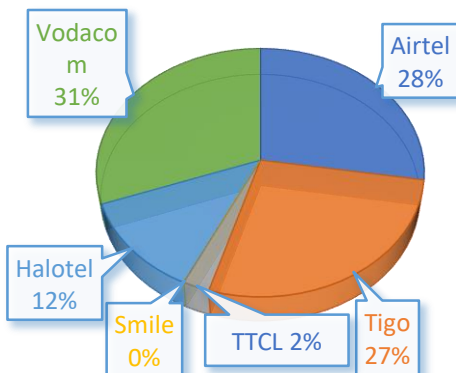
If managed effectively the TICL and NICOL's investments could yield them higher revenues and profits in the near future and reduce the banks correlation to Tanzanian Equities particularly NMB Bank which makes up the highest proportion of both companies portfolio.

CAPITAL MARKETS OUTLOOK 2024

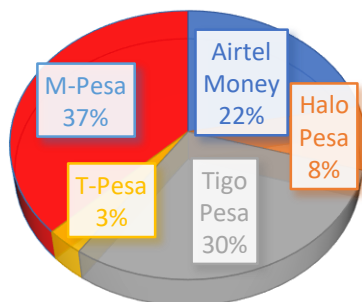
NET CEMENT CONSUMPTION IN TANZANIA IN MILLION TONS



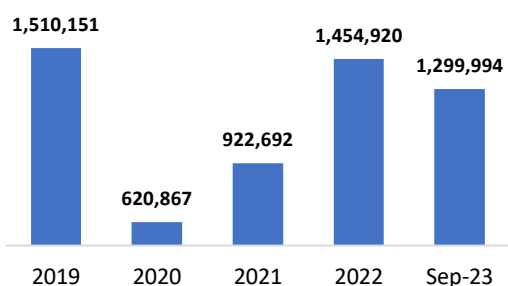
TELECOM SUBSCRIBERS MARKET SHARE AS OF SEPTEMBER 2023



MOBILE MONEY MARKET SHARE AS OF SEPTEMBER 2023



TOURISTS ARRIVAL TREND



Equities

3. Cement Companies

Following Tanga Cement's acquisition by Scancem D.A, the company under new management is likely to pursue a loss minimization strategy with the main aim of reducing the company's US denominated loan to mitigate the effects of interest expense and foreign exchange losses following a depreciating Shilling against the USD.

Twiga Cement on the other hand is likely to make efforts intended to increase its capacity. Current efforts made thus far include the improvements of its Cement Mills Kilns in order to expand its capacity to allow for more volume of cement to be sold. As of 2022, the company had cement sales volume of 1.99 Million Cement tons compared to a capacity of 2.2 Million Cement Tons achieving a 90.45% capacity utilization rate. In order to benefit from an rising demand of cement coming from the real estate and public construction sector the company is likely to focus on efforts meant to improve its capacity.

4. Telecommunication Companies

Vodacom Tanzania has a brighter outlook in terms of its financial performance following policies implemented by the government around abolishment of levies on mobile money transactions which took effect from 1st July 2023. These policies aimed at encouraging mobile money transactions may see companies like Vodacom sustain a rapid growth in the revenue from its M-Pesa section.

Additionally, the company may experience growth from its mobile data segment due to its investment into the National Broadband Backbone which is a high-capacity, main network infrastructure that forms the core of a telecommunications network by connecting various local and regional networks, facilitating the transmission of large volumes of data over long distances. This investment will see the company's network can reach 99 out of 139 districts or 71.22% of all Tanzanian districts by 2024 meaning that the company can access more and more customers who can consume Voda's mobile data and thus improve its income.

Other benefits such as a reduction in right of way costs from USD 1,000 to USD 200 to improve network connectivity means that the company gets to benefit from lower costs and thus an improvement in profitability.

5. Aviation Companies
Companies such as Swissport are likely to continue to recover financially from the impacts of COVID-19 which came about with a reduction in flights and ultimately cargo and ground handling services. The number of foreign tourists in the country has increased by a compounded annual growth rate of 53.08% from 620,867 in 2020 to 1,454,920 as of 2022 while as of September 2023 the number of tourists was 25.67% higher at 1.3 Million tourists compared to 1 million tourists during the same time in 2022 according to the National Bureau of Statistics.

CAPITAL MARKETS OUTLOOK 2024

Aviation Companies (Continued)

As Tanzania continues to promote itself as a major tourist hub in Tanzania with the targets of achieving with a target of 5 Million tourists by 2025, Swissport's clients may experience an increase in flight frequencies and the number of passengers per flight resulting to higher Cargo and Handling revenue. Additionally new flight routes directed towards Tanzania may be added giving Swissport a chance to attract new airline clients resulting to more revenue in the near future

Treasury Bonds

2023 has seen rising yields from all bond tenures auctioned as investors seek higher returns following the reduction in coupon rates from the Treasury Bonds exercised during April 2022 and increasing undersubscriptions from all tenures except the 25-Year Treasury bond which offers the highest coupons and yields.

The reason behind this trend is perhaps due to reallocation of funds by banks and other financial institutions towards other economic sector as the economy continues to pick up and grow since 2020 when Treasury bond investments seemed attractive to investors as the COVID-19 Pandemic ravaged the economy. Going forward we anticipate undersubscriptions and rising yields to continue as has been the case in 2023.

Bond Tenure	Amount offered	Total Tendered	(Over)/Under Subscription	Total Successful Bids	Coupon	Average Yields
2-Year Bond	692,530	457,924	234,606	437,477	7.60%	9.39%
5-Year Bond	376,000	148,113	227,888	141,713	8.60%	9.52%
10-Year Bond	724,190	297,652	426,539	271,843	10.25%	11.47%
15-Year Bond	647,000	389,041	257,959	326,490	11.15%	12.02%
20-Year Bond	726,240	721,590	4,650	661,337	12.10%	13.01%
25-Year Bond	1,152,000	2,162,327	(1,010,327)	1,687,916	12.56%	13.50%

Corporate Bonds

Following the listing of 3 corporate bonds during 2023 we anticipate higher liquidity from the corporate bond section in the secondary market as investors options increase. Additionally the model used by CRDB and NMB to raise funds via corporate bond listing might be adopted by other commercial banks as it may be seen as a much more convenient option to raise money rather than relying on fixed deposits whose downside is that once a person breaks their contract the bank will have to pay the depositor back before the time period, this risk is avoided completely with corporate bonds.



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