

Inside the DSE

Quarterly Market Review

Period Ending Q1 2026

Turnover +362% YoY | Deals +647% YoY | Volume +159.2%

Market activity expanded significantly in Q1 2026, with turnover and deal volumes reaching record levels.

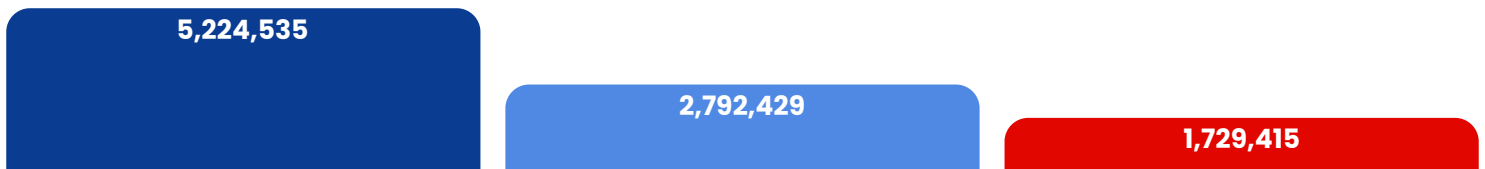
Total turnover rose from TZS 57.6bn in Q1 2024 to TZS 123.5bn in Q1 2025, before surging further to TZS 571.1bn in Q1 2026, representing a 114.4% increase in 2025 and a further 362.4% increase in 2026.

At the same time, trading activity intensified sharply, with total deals increasing from 11,022 in Q1 2024 to 44,225 in Q1 2025, and further to 330,203 in Q1 2026, reflecting 301.2% growth in 2025 and 646.6% growth in 2026.

Average Turnover Per Deal | -38.07% YoY

However, the sharp decline in average turnover per deal indicates a shift toward smaller, more frequent transactions, suggesting rising retail participation and a more fragmented liquidity structure. This structural shift suggests that future market movements may become increasingly driven by participation dynamics and sentiment, rather than purely institutional capital flows.

● Q1 2024 ● Q1 2025 ● Q1 2026



"Liquidity is expanding, but becoming less concentrated, shifting market influence from institutions to a broader retail base."

Investors' Participation

Tanzania's Foreign investor activity remained subdued in Q1 2026, with participation heavily skewed toward the sell side. Net foreign flows recorded a significant outflow of TZS 229.85 Bn, reflecting sustained capital withdrawal from the market.

Q1 2026	Amount (TZS M)
Net Foreign Flow	-229,851.57
Foreign Buying Share	1.79%
Foreign Selling Share	42.04%

Investor Participation (Q1 2026)

Metric	January	February	March	Q1 Total
Local Buying %	98.81%	98.89%	96.24%	98.21%
Foreign Buying %	1.19%	1.11%	3.76%	1.79%
Local Selling %	70.30%	55.51%	45.61%	57.96%
Foreign Selling %	29.70%	44.49%	54.39%	42.04%
Net Foreign Flow (TZS M)	-53,760.99	-105,101.15	-70,989.43	-229,851.57

The dominance of local investors in both buying and selling activity indicates that market performance is increasingly being driven by domestic liquidity, reinforcing a shift toward a more locally anchored market structure.

Regional Comparison

To better contextualize the observed shift in investor participation within the Tanzanian market, it is important to assess how regional markets are positioned in terms of foreign participation and capital flow dynamics.

Kenya

Compared to the Tanzanian market, Kenya exhibits a significantly higher level of foreign investor participation, reflecting deeper market integration and greater accessibility to international capital.

Data from the CMA Bulletins indicates that foreign participation averaged approximately 38.0% in 2025, highlighting a more globally connected market structure.

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NSE Kenya Foreign Investor Participation (Source: CMA BULLETINS 2025)

Quarter	Foreign Participation %	Foreign Buying (KES Bn)	Foreign Selling (KES Bn)	Net Flow (KES M)	Net Flow (TZS Bn)
Q1 2025	38.24%	8.52	11.79	-3,263	-63.63
Q2 2025	46.68%	13.56	13.74	-177	-3.45
Q3 2025	30.12%	11.76	15.06	-3,839	-74.86
Q4 2025	37.00%	13.9	18.52	-4,620	-90.09
2025 TOTAL	38.01%	47.74	59.11	-11,899	-232.03

However, despite this higher level of engagement, the market recorded consistent net foreign outflows across all quarters, with total outflows reaching approximately KES 11.9bn (TZS 232.0bn).

Uganda

In contrast to Kenya, the Ugandan equity market reflects a more balanced investor structure, with foreign participation estimated at approximately 54% and local participation at 46%, based on available 2024 data.

While detailed participation breakdowns for 2025 remain limited, overall market activity suggests continued foreign investor engagement, supported by net inflows of approximately UGX 1.81bn during 2024, expecting this momentum might have poured into 2025 From the ongoing "Oil is Coming" narrative in Uganda. This positions Uganda as a net inflow market, in contrast to the persistent outflows observed in both Kenya and Tanzania.

Total equity turnover remained moderate at approximately UGX 96.7bn (TZS ~66.7bn equivalent) in 2025, with trading activity largely concentrated in a few key counters.

Based on USE Annual 2024	Value	TZS Equivalent
Local Participation	46%	
Foreign Participation	54%	
Net Foreign Flow	UGX +1.81B	1.25
2025 Equity Turnover	UGX 96.7B	66.72

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Market Performance

The equity market recorded strong performance in Q1 2026, with both broad and sector indices posting significant gains, supported by increased market activity and sustained investor demand.

Among the major indices, the DSEI (All Share Index) increased from 2,761.93 to 3,849.45, representing a 39.38% return, while the TSI (Domestic Index) rose more sharply by 47.65%, from 5,759.41 to 8,503.73, indicating stronger performance among locally listed counters.

Index	31st Dec 2025	31st Mar 2026	YTD Gain
Major Indices			
DSEI	2,761.93	3,849.45	39.38%
TSI	5,759.41	8,503.73	47.65%

Sector indices showed notable divergence, with performance largely driven by the banking sector.

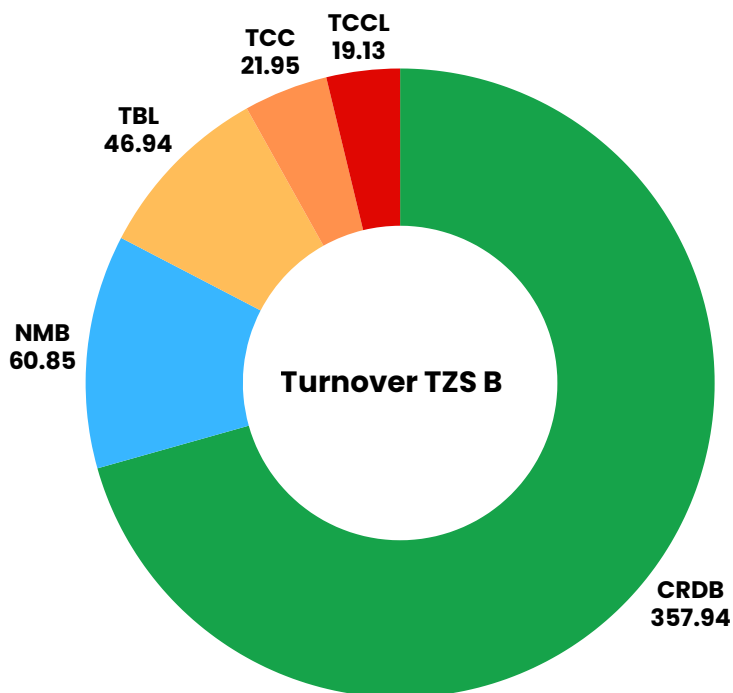
- The Banking Index (BI) recorded the strongest performance, rising by 71.38%, reflecting strong investor demand and continued earnings momentum within the sector.
- The Commercial Services Index (CS) increased by 21.14%, indicating moderate growth across service-oriented counters.
- In contrast, the Industrial Index (IA) posted a more modest gain of 16.31%, suggesting relatively weaker momentum in industrial stocks.

Index	31st Dec 2025	31st Mar 2026	YTD Gain
Sector Indices			
BI	10,900.19	18,681.10	71.38%
IA	4,298.45	4,999.64	16.31%
CS	1,885.46	2,284.06	21.14%

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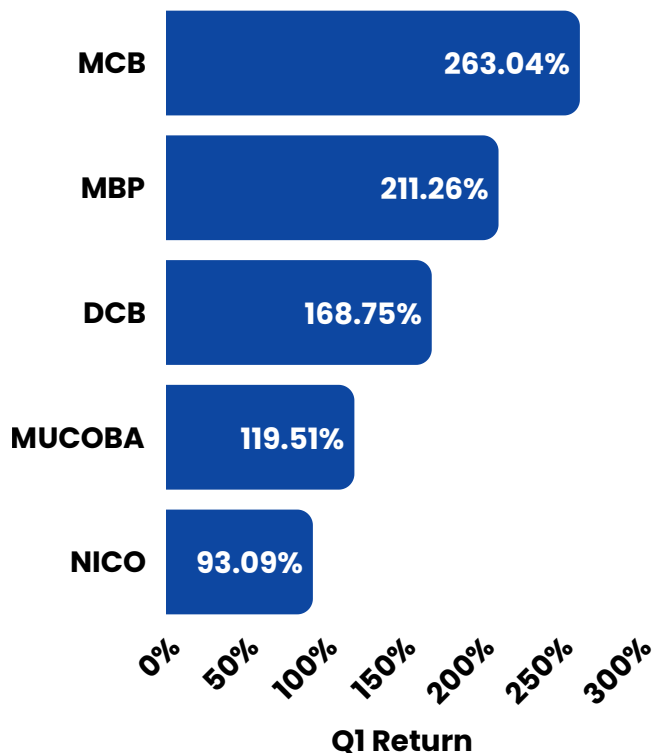
Counter Performance

Top Movers

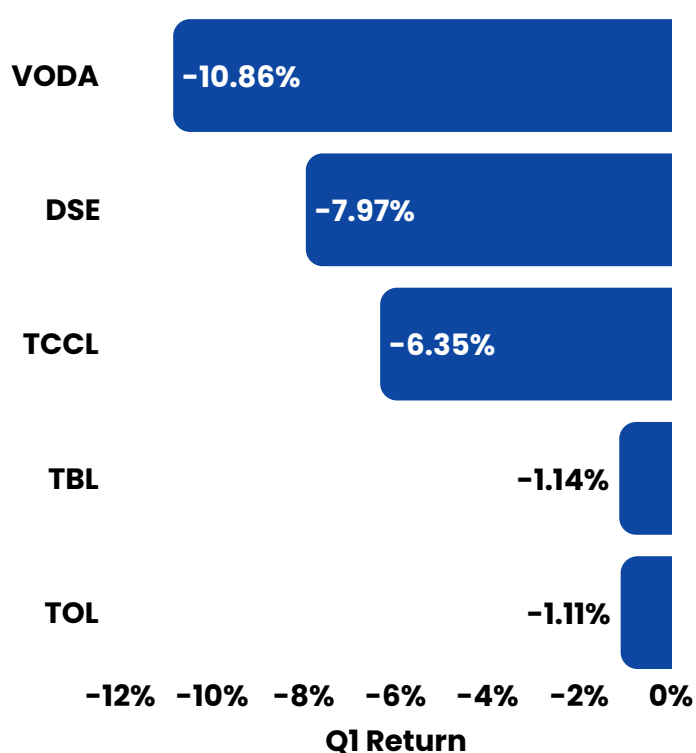


CRDB emerged as the dominant counter, recording turnover of TZS 357.9bn, representing approximately 62.54% of total market activity. This was significantly higher than all other listed equities, underscoring its position as the primary liquidity driver in the market.

Top Gainers - Q1 2026



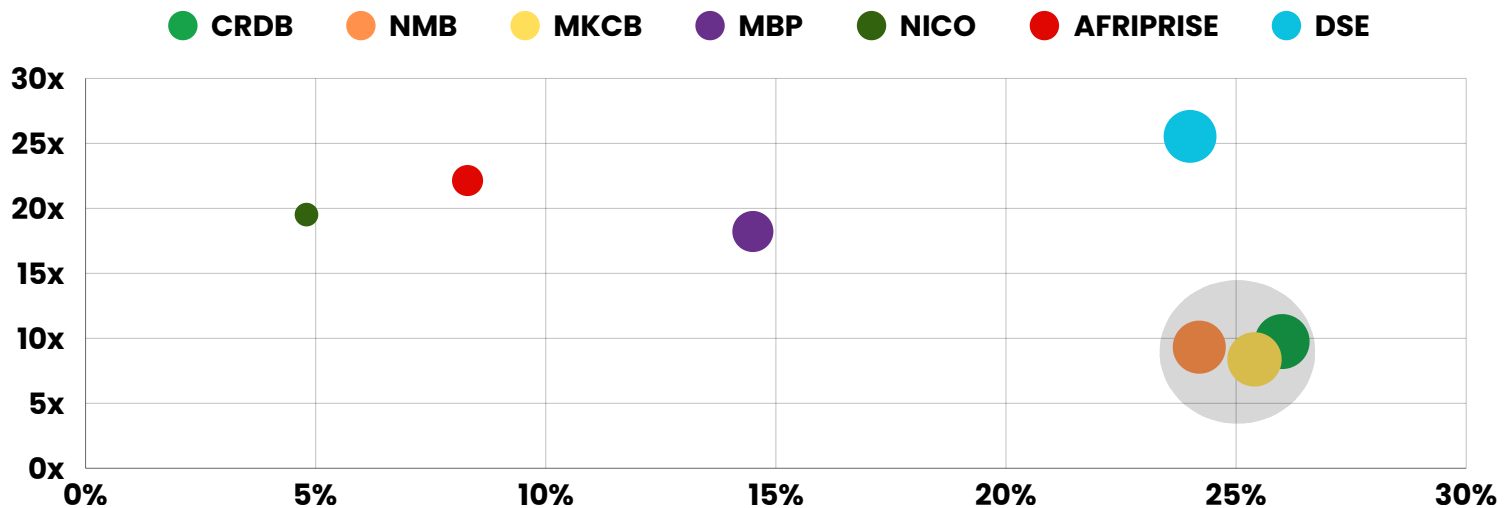
Top Losers - Q1 2026



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Valuation Overview

Bank, Finance and Investment Index

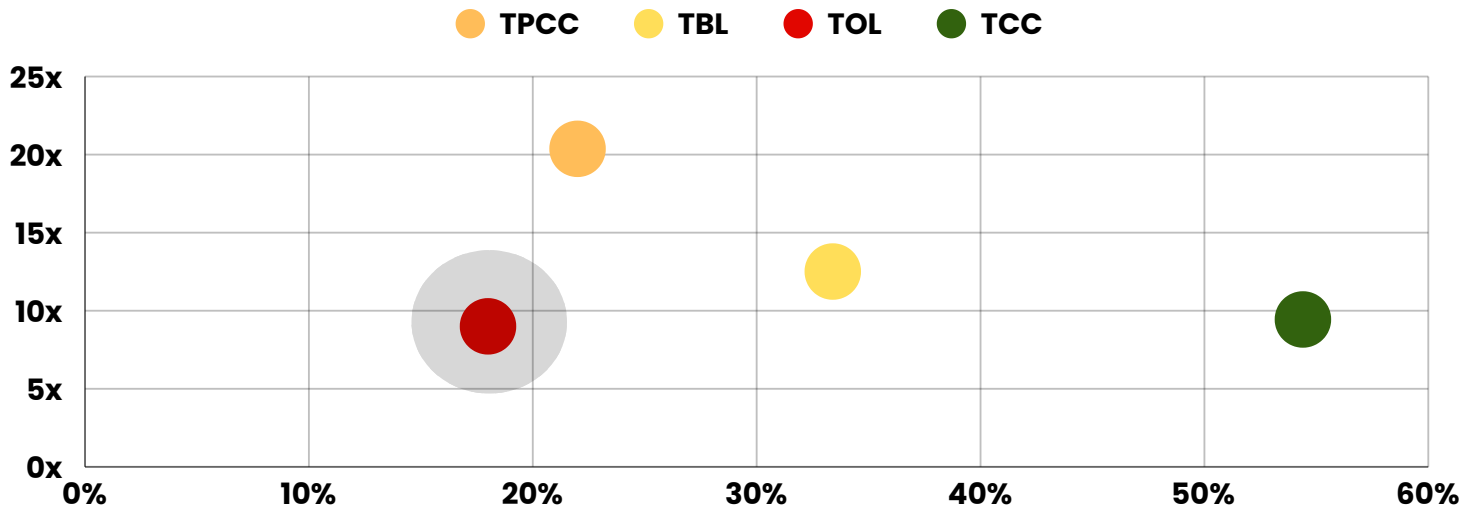


- Value Leaders (Bottom-Right Cluster)** CRDB, NMB, and MKCB cluster together at ~25% ROE and below 10x P/E, indicating strong profitability at attractive valuations. CRDB dominates liquidity with TZS 358Bn in Q1 turnover, making it the most actively traded stock on the DSE.
- DSE: Monopoly Premium Justified** DSE commands the highest P/E (25.5x) but as the sole market exchange, it captures fees on all trading activity. With Q1 turnover already 80% above last year and a projected TZS Trillion for 2026, earnings growth should be substantial. The premium reflects monopoly economics and operating leverage.
- MBP: Growth Story** MBP's elevated 18x P/E prices in its transformation from a Community Bank to full commercial bank (2025) and ambitious 2030 expansion plans. Current ROE of 14.5% should improve as the bank scales.
- NICO & AFRIPRISE: Different Asset Class** These are closed-end investment funds, not operating companies. Their P/E ratios reflect portfolio valuations and NAV dynamics rather than operational profitability.

Overall, the market reflects a selective re-rating, where high-earning banking counters remain fundamentally supported, while valuation dispersion across other stocks reflects differences in business models, growth expectations, and liquidity dynamics.

Valuation

Industrial and Allied Index



- **TOL Gases Limited- The Red Bubble** TOL sits alone in the bottom-left of the Industrial chart 18% ROE, 9x P/E, indicating relatively modest profitability at an attractive valuation.

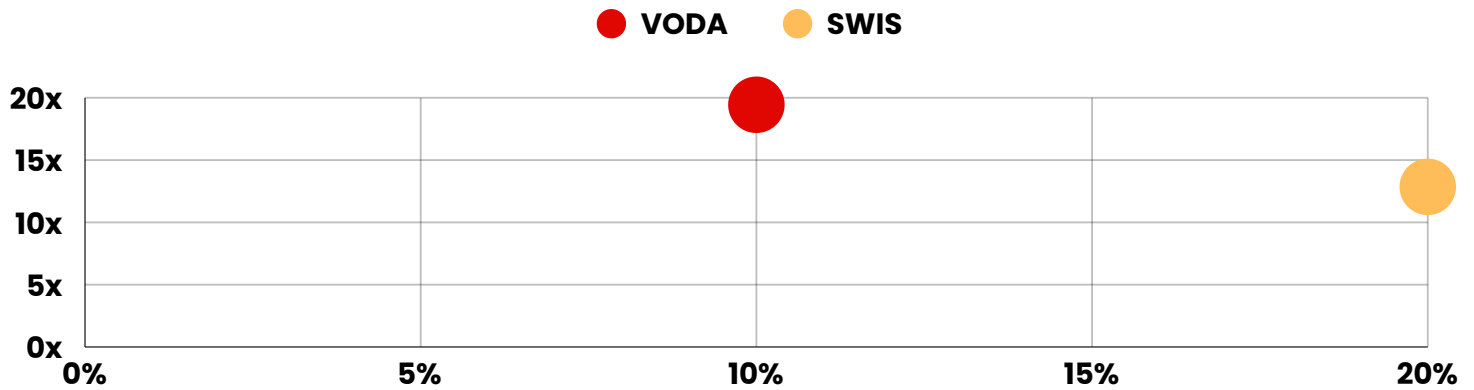
Management has launched a 5-Year Corporate Strategy (2025-2029):

1. TZS 18.07Bn, hybrid capital raise (rights issue + loans + retained earnings)
 2. Dividend suspension through 2027 to reinvest in growth
 3. New 13 tons/day Air Separation Unit commissioning late 2026
 4. Backed by Unitaid & Clinton Health Access Initiative grant
 5. Revenue target: TZS 120.8Bn by 2029
 6. Projected TZS 11.5Bn shareholder payout by 2029 (~TZS 160/share)
- **TCC: Tobacco's Exceptional Margins** Tanzania Cigarette Company delivers 54% ROE at just 9.4x P/E. High margins, low reinvestment needs, and consistent cash generation.
 - **TBL: The Defensive Blue Chip** Tanzania Breweries sits at 33% ROE and 12.5x P/E. Strong profitability at a fair multiple.
 - **TPCC: Cement at a Premium.** TPCC trades at 22% ROE but commands 20x P/E, a significant premium versus TCC and TBL. Investors may be paying up for cement's infrastructure exposure

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Valuation

Commercial Services Index



The Commercial Services sector presents a clear contrast : VODA's large red bubble dominates the upper-left (high valuation, lower ROE), while SWIS sits in the value zone at the right (higher ROE, lower P/E).

At 10% ROE and 19.4x P/E, VODA appears expensive on surface metrics. The reality is more nuanced.

What's happening: Vodacom is executing a \$100 million "rip-and-replace" network modernization swapping its entire Nokia RAN for Huawei 5G-ready equipment. This triggered accelerated depreciation of legacy assets, temporarily suppressing net income.

Duration: Management has defined 2025–2026 as the transition period. Post-completion, the new "zero-bit-zero-watt" technology is expected to reduce power costs by up to 30%.

The current 10% ROE is an accounting distortion, not operational weakness. Once the 2-year depreciation cycle ends, ROE should normalize significantly higher with a 5G-ready, lower-cost network. The 19x P/E prices in post-transition earnings power.

SWIS (Swissport Tanzania): At 20% ROE and 12.85x P/E, SWIS offers double VODA's profitability at a lower multiple. Airport ground handling benefits from Tanzania's tourism recovery and growing air traffic.

Other Asset Class

Fund Manager	Scheme Name	NAV (TZS B)	NAV (TZS B)	% Change
Funds		Mar 31, 2026	Jan 2, 2026	
UTT AMIS PLC	Umoja Fund	515.66	424.93	21%
UTT AMIS PLC	Wekeza Maisha Fund	36.07	30.23	27%
UTT AMIS PLC	Watoto Fund	48.49	40.7	28%
UTT AMIS PLC	Jikimu fund	58.41	46.96	28%
UTT AMIS PLC	Liquid Fund	2,588.82	2,305.13	20%
UTT AMIS PLC	Bond fund	1,182.54	1,095.87	11%
Zan Securities Limited	Timiza Fund	33.08	27.18	56%
Sanlam Investments	Sanlam Money Market Fund	127.67	98.06	94%
Orbit Securities Limited	Inuka Fund	54.19	34.4	90%
iTrust Finance Limited	iCash Fund	48.63	35.28	5%
iTrust Finance Limited	iGrowth Fund	196.76	98.8	106%
iTrust Finance Limited	iSave Fund	13.87	10.63	5%
iTrust Finance Limited	iIncome Fund	16.94	16.25	25%
iTrust Finance Limited	Imaan Fund	16.9	14.84	16%
iTrust Finance Limited	iDollar Fund*	60.87	32.68	66%
Vertex International Sec	Vertex Bond Fund	6.94	5.92	24%
Subtotal Regular Funds		5,005.84	4,317.86	16%
ETFs				
iTrust Finance Limited	iEACLC-ETF	154.47	57.54	168%
Vertex International Sec	Vertex ETF	19.75	6.8	200%
Subtotal ETFs		174.22	64.34	171%
Total CIS (AUM)		5,180.06	4,382.20	18%

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Outlook

Capital rotation toward high-quality Earnings, dividend-driven names

- Market activity is likely to remain concentrated in a few large-cap stocks, particularly within the banking sector, reflecting a cautious and selective investment environment.
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- Underlying macroeconomic conditions remain supportive. Private sector credit growth has continued to strengthen, indicating improved liquidity transmission into the real economy. This is expected to support business activity and, ultimately, corporate earnings over the medium term.

Macro Indicators	Value	Period
Headline Inflation	3.20%	Feb 2026
Inflation Target	3-5%	BoT target
Central Bank Rate	5.75%	Mar 2026
Private Sector Credit Growth	24.40%	Feb 2026

- We maintain an overweight stance on core financial stocks, particularly those consistent dividend profiles, and resilient earnings visibility. These names are well-positioned to navigate the ongoing consolidation phase, supported by balance sheet strength and improving credit growth dynamics.
- Conversely, we adopt an underweight position on pure momentum-driven stocks that lack fundamental earnings support. Such names remain vulnerable to sharp corrections as investor focus increasingly shifts toward fundamentals and income stability.

Positioning Guidance

Overweight	Core financials with Positive Earnings Potential high-dividend names, defensive carry
Underweight	Pure momentum plays without earnings support

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