

CPF Asset Managers

QUARTER 4 2024 ECONOMIC AND FINANCIAL MARKET REVIEW

GLOBAL MARKETS

US Markets rally as Emerging markets struggle

US markets gained in 4Q24, buoyed by optimism over Trump's policy will lift growth, lower taxes and cut regulation. However, his proposed trading tariffs posed challenges for emerging market (EM) equities, with the MSCI EM Index falling **8.2% quarter-on-quarter**, while the MSCI World Index dipped **0.4%**.

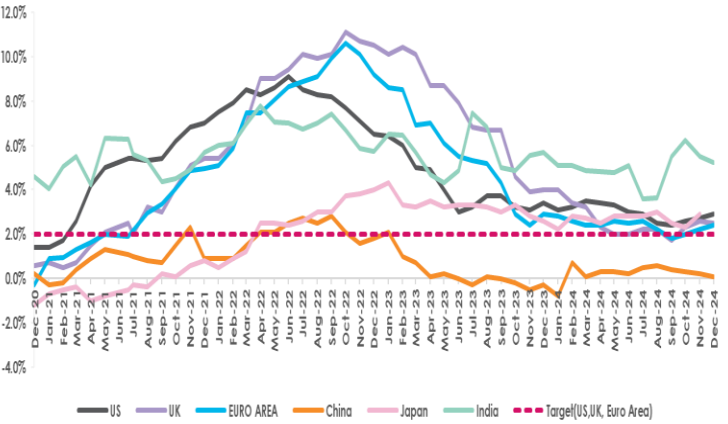
	31-Dec-23	31-Mar-24	30-Jun-24	30-Sep-24	31-Dec-24	Q-on-Q	Y-o-Y
S&P 500	4,769.83	5,254.35	5,460.48	5,762.48	5,881.63	▲2.07%	+23.31%
Djones	37,689.54	39,807.37	39,118.86	42,330.15	42,544.22	▲0.51%	+12.88%
Nasdaq Composite	15,011.35	16,379.46	17,732.60	18,189.17	19,310.79	▲6.17%	+28.64%
FTSE 100	7,733.24	7,952.62	8,164.12	8,236.95	8,173.02	▼(0.78%)	+5.69%
Nikkei225	33,464.17	40,369.44	39,583.08	37,919.55	39,894.54	▲5.21%	+19.22%
Shanghai Composite	2,974.93	3,041.17	2,967.40	3,336.50	3,351.76	▲0.46%	+12.67%
MSCI World	3,169.18	3,437.76	3,511.78	3,723.03	3,707.84	▼(0.41%)	+17.00%
MSCI Emerging Markets	1,023.74	1,043.20	1,086.25	1,170.85	1,075.48	▼(8.15%)	+5.05%
MSCI Frontier Markets	506.98	530.82	523.38	541.36	532.65	▼(1.61%)	+5.06%
Brent Oil	77.04	91.17	85.00	71.70	73.79	▲2.91%	(4.22%)
Gold	2,071.80	2,345.40	2,339.60	2,659.40	2,641.00	▼(0.69%)	+27.47%

Source: Google Finance; Bloomberg

Global Inflation Trends in December 2024: A Mixed Picture

US inflation accelerated to 2.9% in December from 2.7% recorded in November. The Euro Area's inflation rose to 2.4% in December compared to 2.2% in November, driven by higher energy costs.

China's inflation dipped to 0.1%, highlighting deflationary risks despite stimulus efforts. India saw inflation ease to 5.22% due to slower decreased food prices, while the UK inflation declined to 2.5%.



Source: Google Finance; Bloomberg

Trump's Presidential Victory and Trade Tariffs

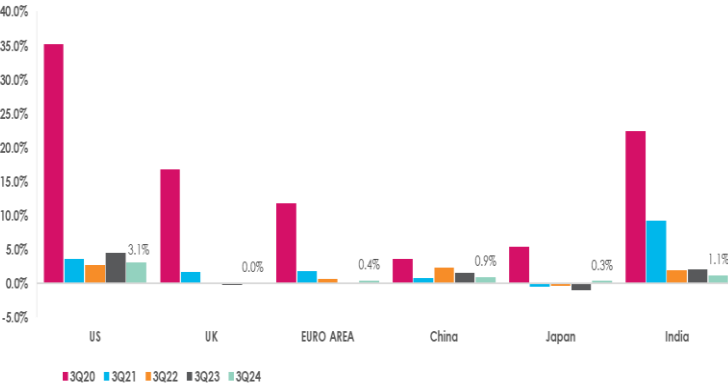
Trump won the US presidential election and is set to be sworn in as the 47th President of the United States on January 20th. His proposed trade tariffs, especially on Chinese imports, became a central element of his economic agenda. Intended to protect American industries and reduce the trade deficit, this has sparked concerns about inflationary pressures, higher consumer prices, and the potential for trade wars.

Fed Cuts Rates, Signals Slower Pace in 2025

The Federal Reserve made its third consecutive rate cut of 2024 in December, lowering the benchmark federal funds rate by **25 basis points** to a range of **4.25%-4.50%**. The Fed's decision was driven by efforts to support economic growth amid persistent inflation. However, the central bank signaled that rate cuts in 2025 will be slower, citing the ongoing challenge of sticky inflation in the US and the potential inflationary effects of President-elect Donald Trump's proposed policies, which could put upward pressure on prices, particularly through trade tariffs and fiscal stimulus measures.

Global GDP Growth in 3Q24: Diverging Trends

In 3Q24, the US economy grew by 3.1%, driven by strong personal spending and robust fixed investment, signaling resilience despite global uncertainty. In contrast, the UK economy stalled with no growth in services and a decline in production, reflecting persistent structural challenges. The Euro Area saw moderate growth of 0.40%, while China's economy rebounded with a 0.9% quarterly increase, supported by fiscal stimulus, but faces deflation risks and external pressures. Japan grew by 0.3%, driven by resilient private consumption despite weak government spending, while India's 1.1% growth reflected slower recovery post-pandemic amid domestic and global challenges.



Source: Google Finance; Bloomberg

Global Economic Outlook

The US is expected to experience moderate growth, tempered by inflationary pressures, while the Euro Area and UK face slower recoveries. The proposed tariffs may reignite trade hostilities, disrupting global business conditions and creating supply chain bottlenecks. Further, ongoing geopolitical instability could heighten market volatility.

EAST AFRICAN MARKETS

Uganda

Uganda's sustained strong growth

Uganda's sustained economic growth in the fourth quarter of 2024 highlighted a robust macroeconomic environment characterized by low inflation, a stable currency, and strong private sector performance. Ugandan private sector ended 2024 on a positive note, maintaining growth of output and new orders for the ninth consecutive month due to strong sustained customer demand. The Stanbic Purchasing Managers' Index (PMI) fell from 55.7 in November to 53.1 in December. The uptick in new order growth occurred across the board, reflecting the acquisition of new clients and an improvement in consumer purchasing power.

Uganda's 3Q23 GDP grew 6.7% y/y

Uganda's economy expanded by 6.7% year-on-year in 3Q2024, higher than the 5.6% y/y growth reported in 3Q23. The primary sector saw robust growth of 8.7%, supported by strong performances in cash crops (+13.3%) and food crops (+9.6%). The secondary sector also performed well, with a 5.9% increase, driven by growth in construction (+7%) and manufacturing (+6.1%). November but services sector grew by 5.6%.

Inflation rose to 3.3% in the fourth quarter

Headline inflation rose to 3.3% in 4Q24 compared to 2.9% in November but remains well below the Central Bank's target of 5%. This was largely driven by rising energy and food crop prices.

Uganda held its Policy Rate steady at 9.75%

The Bank of Uganda held its benchmark interest rate steady at 9.75% on December 5, 2024, after two consecutive rate cuts, stating that the current policy stance supports sustainable growth and price stability.

Uganda's Economic Outlook

Uganda's economy is projected to grow by 6% to 6.5% in FY2024/2025, driven by strong private sector performance, robust agricultural output, and industrial recovery. Inflation is expected to remain below the Central Bank's 5% target in the near term. However, geopolitical tensions and policy uncertainty could heighten volatility in economic activity posing risks to the growth trajectory.

Rwanda

Economic growth expands by 8.1%y/y in 3Q24

The Rwandan economy grew by 8.1% year-on-year in third quarter of 2024 declining from 9.8% recorded in 3Q23, amid a considerable slowdown in the industrial and agricultural sectors. The industry sector grew by 8% with the main contributors being manufacturing(+5%) and construction (+5%). Agricultural activity rose by 4% 3Q24 driven by food crops(+2%) and forestry activity(+5%). The service sector continued to grow solidly, rising by 10%, supported by strong performance in information and communication (+19%), hotels and restaurants (+17%), wholesale and retail trade (+19%), financial services (+15%), and transport (+8%).

Inflation and Policy rate

The annual inflation rate in Rwanda rose to 6.4% in December 2024, accelerating from 3.4% in November.

The National Bank of Rwanda kept its benchmark interest rate at 6.5% during its November 2024 meeting, following two consecutive 50 basis point cuts in August and May. Policymakers stated that the decision was influenced by uncertainties in the agriculture sector's performance, emphasizing that the current policy stance would help maintain inflation within the 3%-8% target range.

Rwanda's Economic Outlook

Rwanda's economy is expected to maintain strong growth momentum, driven by robust services and industrial sectors. Inflation is projected to stay within the National Bank of Rwanda's 3%-8% target range. However, global economic uncertainties and potential disruptions in agricultural output pose downside risks to the growth trajectory.

Tanzania

Tanzania Economic Growth

The economy of Tanzania expanded 5.3% year-on-year in the second quarter of 2024, down from 5.6% in 1Q24. Growth was supported by Financial and insurance services (+17.1%), information and communication (13.4%), other services (8.6%), transport and storage (7.6%), electricity (7.6%), accommodation and food services (7.2%), public administration and defense (6.6%), and construction (6.4%).

Inflation and Policy rate

Inflation rate in Tanzania increased to 3.1% in December from 3.0% in November.

Tanzania's central bank kept its benchmark interest rate steady at 6% on where it has been since April.

Tanzania's Economic Outlook

Tanzania's growth is expected to remain steady, driven by strong performances in financial services, ICT and infrastructure. However, global uncertainties may pose challenges.

ECONOMIC PERFORMANCE

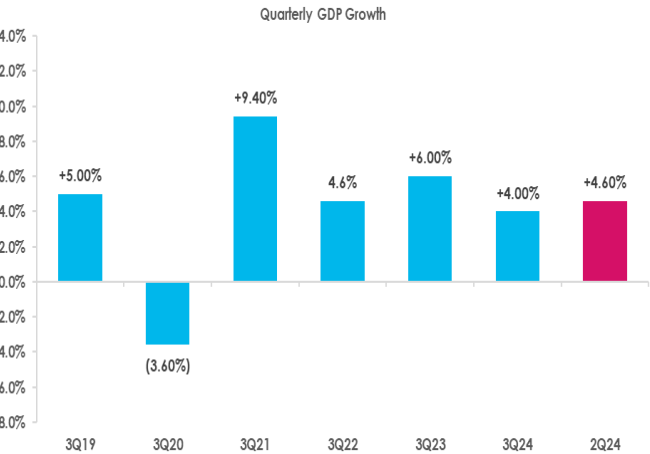
Kenyan Economy ends 2024 with Resilience Amid Challenges

Despite domestic and global uncertainties, Kenya's economy ended 2024 on a cautiously positive note. The Stanbic Kenya PMI reflected improved business conditions amid increased activity, but GDP growth slowed to 4.0% in 3Q24, marking the weakest expansion since 2020 after three consecutive quarterly declines. The **Nairobi All Share Index (NASI)** posted a remarkable **34.1%** year-on-year gain, bolstered by strong performances in construction, manufacturing, telecommunications, and banking. Inflation in 4Q24 averaged 2.8%, below the CBK's mid-range target of 5.0% but above its 2.5% lower limit. The Kenya Shilling appreciated 17.4% year-on-year against the USD, supported by resilient diaspora remittances, improved tourism receipts, a narrowing current account deficit and ample forex reserves. The fixed-income market saw a 235-basis-point drop in the yield curve amid reduced government borrowing. Short-term interest rates continued to decline as the MPC cut the CBR by 175 basis points in 2024, from 13.00% in February to 11.25% in December.

Economy Grew by 4.0% in 3Q24

Kenya's economy expanded by **4.0%** in the third quarter of 2024 down from the **6.0%** growth recorded in the same period of 2023. The slowed growth was primarily attributed to a general decline in the performance of most economic sectors, with significant contractions in key sectors like Construction **(-2.0%)** and Mining and Quarrying **(-11.1%)**.

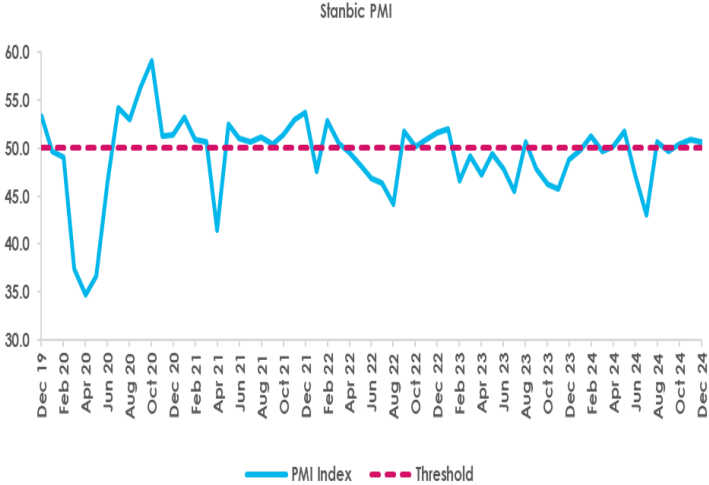
Despite these setbacks, overall growth was supported by resilient sectors, including Agriculture, Forestry, and Fishing **(+4.2%)**, Transportation and Storage **(+5.2%)**, Financial and Insurance **(+4.7%)**, Real Estate **(+5.5%)**, Wholesale and Retail **(+4.8%)**, and Accommodation and Food Services **(+13.7%)**.



Source KNBS

PMI signals robust growth in Business Conditions.

Stanbic Bank Kenya Purchasing Manager's Index (PMI) showed improvement in business conditions as economic activity increased. The PMI averaged **50.6** in 4Q24 compared to **47.8** in 3Q24. The performance was on the back of rising output, new orders and employment.



Source, Stanbic Kenya

Strong Revenue Collection in 1st quarter of FY2024/2025

The national government reported an **11.1%** year-on-year increase in total revenue collections for the first quarter of FY2024/2025, reaching **Kes 702.2Bn**, surpassing the target of **Kes 691.9Bn** by **Kes 10.2Bn**. This strong performance was driven by a significant rise in **Appropriations in Aid (A-i-A)** collections, attributed to enhanced digitization and centralized collection through e-Citizen.

However, tax collections fell short of the **Kes 605.5Bn** target by **Kes 14.6Bn**, primarily due to underperformance of the VAT by **Kes 15.2B**, Excise Duty **(by Kes. 5.6Bn)**, Import Duty **(by Kes. 2.8Bn)** and Pay-As-You-Earn **(by Kes. 1.8Bn)**. Despite this underperformance compared to the target, Tax collection grew by **10.1%** compared to the same period in FY 2023/24.

Kenya's Q1 FY2024/2025 Budget Performance

The first-quarter budgetary financing in FY2024/2025 saw a significant increase of **Kes 30.4Bn** compared to the same period in FY2023/2024, highlighting enhanced funding for government expenditures. A total of **Kes 775.7Bn** was allocated to financing the budget, accounting for **18.4%** of the annual target of **Kes 4.2Trn**. Domestic revenue dominated budget financing in the first quarter of FY 2024/25, with tax and non-tax revenue, contributing **76%**, while domestic borrowing accounted for **20%**.

On the expenditure side, the total for the first quarter amounted to **Kes 890.1Bn**, which was below the targeted **Kes 915.6Bn** by **Kes 25.5Bn**. Despite this shortfall, the expenditure demonstrated an **11.0%** year-on-year increase when compared to the first quarter of FY2023/2024.

Current account deficit narrows in 3Q24

The current account deficit marginally decreased by **0.4%** to **Kes 139.2Bn** in 3Q24, compared to **Kes 139.8Bn** in 3Q23. This was driven by a 5% growth in imports to **Kes 625.3Bn**, outpacing export revenues of **Kes 284.3Bn**. Remittance inflows rose by 5% to **Kes 164.9Bn**, while the service account posted net exports of **Kes 24.4Bn**, up from **Kes 17.8Bn** in 3Q23, primarily due to increased transport and travel services amid higher international arrivals. Additionally, the financial account recorded net inflows of **Kes 62.9Bn** compared to net financial outflows of **Kes 1.1Bn** in 3Q23, supported by increased inflows in debt securities and other investments.

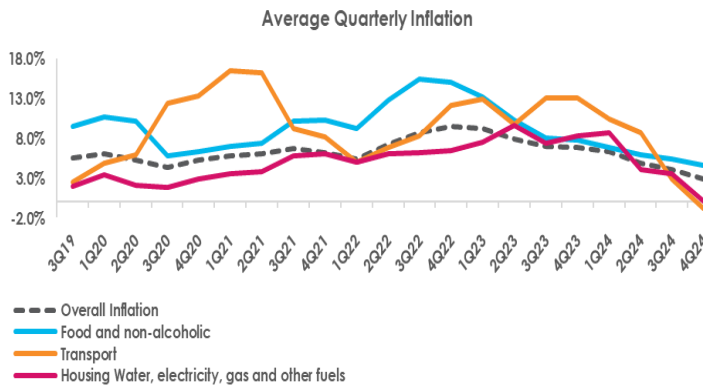
Economic Outlook

Kenya's economy is expected to sustain its moderate growth, supported by robust domestic sectors, increased government revenue collection efforts and a more favorable business environment. However, global and domestic challenges pose obstacles to the growth outlook.

Kenya Inflation Eases in 4Q2024

Kenya's inflation eased notably in 4Q24, with the average rate declining to **2.8%** from **4.1%** in 3Q24. On annual basis, average inflation was down to 4.5% in 2024 compared to 7.7% in 2023.

Monthly inflation rates were 2.7% in October, 2.8% in November, and 3% in December.



Source, KNBS

The food index dropped to an average of 4.5% in 4Q2024, down from 5.3% in the previous quarter. The transport index saw a significant decline, averaging -0.8% compared to 2.8% in Q3 2024, driven by falling fuel prices. Similarly, the housing, water, electricity, gas, and other fuels index fell to 0.1%, a sharp decrease from the 3.6% recorded in the prior quarter.

Inflation Outlook

While the lower inflation rates remain within the target band and support consumption, prolonged periods of low inflation may indicate weak demand and slow economic growth.

CURRENCY

Kenya Shilling Holds Steady in 4Q2024

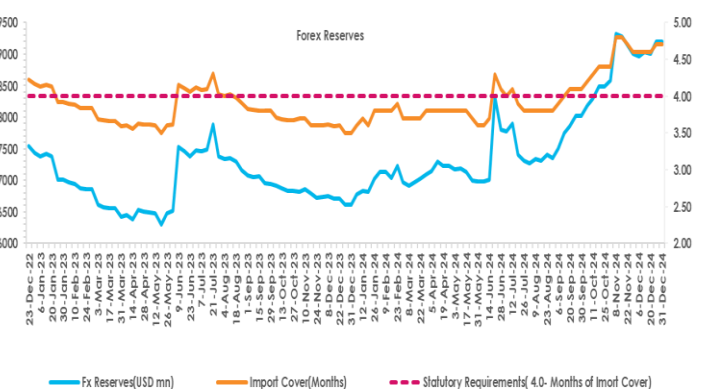
The Kenya Shilling appreciated by **17.4%** against the US Dollar year-on-year but saw a slight quarterly depreciation of **0.1%**, closing at **Kes 129.29**. This performance was supported by a narrowing current account deficit and sufficient foreign exchange reserves during the quarter. Additionally, the currency benefited from foreign loan disbursements, with the government receiving **USD 3.1Bn** out of the committed **USD 3.6Bn** from the IMF under the 38-month Extended Fund Facility (EFF) and Extended Credit Facility (ECF). The government also secured **USD 180.4Mn** out of the committed **USD 541.3 Mn** from the Resilience Sustainability Facility (RSF) following the completion of the second review in November 2024.

	31-Dec-23	31-Mar-24	30-Jun-24	30-Sep-24	31-Dec-24	Q-on-Q	Y-o-Y
USD/KES	156.46	131.80	129.53	129.20	129.29	▼(0.08%)	+17.36%
GBP/KES	199.80	166.55	163.90	173.03	162.27	▲6.22%	+18.79%
EUR/KES	173.78	142.67	138.87	144.24	134.29	▲6.90%	+22.72%
KES/TSH	16.07	19.36	20.27	21.13	18.99	▼(10.14%)	+18.13%
KES/USH	24.19	29.48	28.64	28.58	28.41	▼(0.59%)	+17.43%
KES/RWF	8.05	9.76	10.09	10.38	10.73	▲3.39%	+33.32%

Source, CBK

During the quarter, the Kenya Shilling appreciated by **6.2%** against the Sterling Pound and by **18.8%** year-on-year. It also strengthened by **6.9%** against the Euro in the quarter, marking a **22.7%** year-on-year increase. However, the Shilling weakened against regional currencies, losing **10.1%** against the Tanzanian Shilling and **0.6%** against the Ugandan Shilling.

As of December 31, 2024, Kenya's usable foreign exchange reserves stood at **USD 9.2Bn**, providing 4.7 months of import cover. This is above the statutory requirement of maintaining at least 4.0 months of import cover and surpasses the East African Community (EAC) region's convergence criteria of 4.5 months.



Source, CBK

Currency Outlook

The Kenya Shilling is expected to remain stable in the short term, supported by strong foreign exchange reserves, foreign loan disbursements, and a narrowing current account deficit. However, it may face pressure from domestic economic challenges and global market volatility.



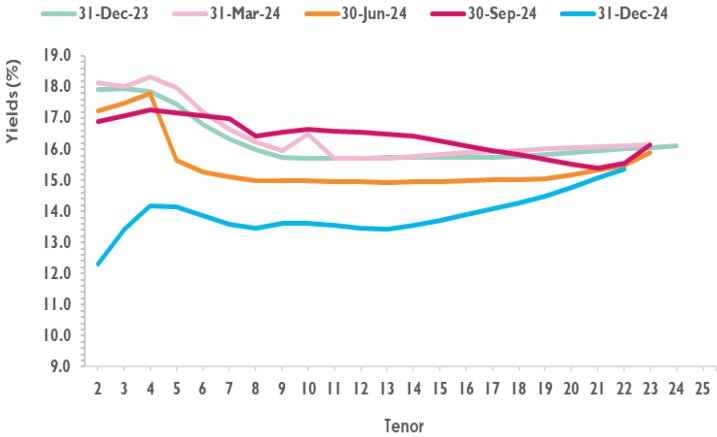
FIXED INCOME, MONEY MARKET AND INTEREST RATES

Yield Curve Shifts downwards

The yield curve shifted downward across all tenors in 2024, driven by reduced government borrowing, currency appreciation, and eased inflation. Overall, the curve declined by **235 basis points** in 2024 (**251 basis points quarter-on-quarter**).

The sharpest drop occurred on the short end (2-5 year bonds), with yields falling **360 basis points quarter-on-quarter**(429 basis points year-on-year). The mid-range (6-12 year tenors) saw a **310 basis point** decline quarter-on-quarter (**240 basis points year-on-year**), while the long end (above 12 years) decreased by **166 basis points quarter-on-quarter** and **155 basis points year-on-year**.

The net domestic borrowing in the first half of FY2024/25 stood at **Kes 349.68Bn** against the annual target of **Kes 413.1Bn** representing 84.7% of the FY2024/2025.



Source: NSE

Treasury Bills Rates decline Significantly in 4Q24

Treasury Bill rates trended lower in 4Q24, with the highest decline observed in the 182-day T-Bill, which fell by **657 basis points quarter-on-quarter**(595 basis points year-on-year). The 91-day T-Bill yield dropped by **582 basis points quarter-on-quarter** (609 basis points year-on-year), while the 364-day T-Bill decreased by **539 basis points quarter-on-quarter**(469 basis points year-on-year). The 91-day T-Bill, 182 T-Bill and the 364-day T-Bill closed the quarter at **9.9%**, **10.0%** and **11.4%**, respectively.

Treasury Bill Quarterly Average Rates	4Q23	1Q24	2Q24	3Q24	4Q24	Q/Q%	Y-o-Y
91 Day	15.39%	16.48%	15.97%	15.86%	12.59%	-3.27%	-2.80%
182 Day	15.45%	16.61%	16.63%	16.72%	12.99%	-3.73%	-2.46%
364 Day	15.61%	16.77%	16.65%	16.86%	13.86%	-3.00%	-1.75%

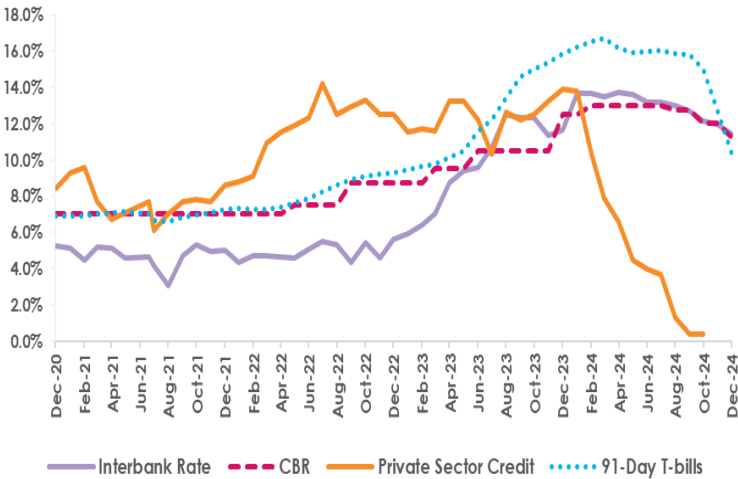
Source Averages Computed from CBK weekly data

Money Market Liquidity Improves in Q4 2024

Liquidity in the money market remained relatively ample in Q4 2024, with the average rate declining to **11.9%**, down from **13.0%** in the previous quarter.

Monetary Policy Eased to Bolster Economic Growth

In 4Q24, the Monetary Policy Committee (MPC) maintained a dovish stance, reducing the policy rate by **75 basis points** from **12.00%** to **11.25%** during its December meeting. The MPC cited that economic growth had declined in first half of 2024, therefore there was scope for a further easing of monetary policy stance to support economic activity while ensuring exchange rate stability. The rate cut brought the cumulative policy rate reduction in 2024 to **175 basis points**.



Source: Central Bank

Growth in private sector credit hit a 22-year low of **0.4%** in September 2024 and remained largely unchanged in October. This slowdown was partly driven by exchange rate valuation effects following the Shilling's appreciation, coupled with reduced credit demand attributed to persistently high lending interest rates during the year.

Interest Rates Outlook

The interest rate environment is expected to remain accommodative in the near term. Continued monetary easing is likely, especially if inflation remains under control and economic growth shows signs of weakness. This could result in further declines in both short-term and long-term interest rates.



STOCK MARKET PERFORMANCE

NSE Delivers Strong Performance in 2024

The Nairobi Securities Exchange (NSE) rebounded in 2024, reversing the losses of the previous year, with notable gains in the construction, telecommunications, manufacturing and banking sectors. The **Nairobi All Share Index (NASI)** gained **34.1%** year-on-year, while the **NSE 20 Index** and **NSE-10 Index** rose by **33.9%** and **43.5%**, respectively. On a quarterly basis, the **NASI**, **NSE 20**, and **NSE-10 Index** increased by **15.3%**, **13.2%**, and **15.8%** respectively, marking a strong finish to the year for the market

	31-Dec-23	31-Mar-24	30-Jun-24	30-Sep-24	31-Dec-24	Q-on-Q	Y-o-Y
NSE 20	1,501.16	1,752.43	1,656.50	1,775.67	2,010.65	▲13.23%	+33.94%
NASI	92.11	113.09	109.49	107.08	123.48	▲15.32%	+34.06%
NSE 25	2,380.23	2,975.42	2,861.04	2,899.20	3,402.80	▲17.37%	+42.96%
NSE-10	907.51	1,155.41	1,117.39	1,124.72	1,302.31	▲15.79%	+43.50%

Source: NSE

Bamburi Cement was the most traded counter during the quarter, accounting for **51.5%** of total turnover, trailed by **Safaricom** at **21.2%**, **Equity Bank** at **7.1%**, **KCB Group** at **5.6%** and **EABL** at **3.8%**.

The table below shows the price performance of top stocks by market cap.

	4Q23	1Q24	2Q24	3Q24	4Q24	Y-o-Y
Safaricom	(4.79%)	+27.70%	(2.54%)	(13.29%)	+13.67%	+22.66%
Equity Group	(5.34%)	+40.12%	(10.39%)	+3.79%	+10.15%	+43.54%
KCB Bank	+5.04%	+37.21%	+3.99%	+11.04%	+19.88%	+89.95%
EABL	(12.98%)	+14.47%	+12.45%	+5.45%	+13.41%	+53.95%
Co-operative Bank	(3.39%)	+31.58%	(15.33%)	+5.12%	+23.22%	+44.30%
ABSA Bank	(4.18%)	+21.83%	+0.36%	+0.36%	+28.47%	+57.64%
Stanchart Bank	(1.82%)	+22.07%	(1.90%)	+8.25%	+33.21%	+72.69%
BAT	(2.57%)	+1.72%	(14.66%)	(2.90%)	+9.46%	(7.73%)
NCBA Bank	+2.91%	+12.45%	(6.16%)	+3.89%	+12.88%	+23.75%
Stanbic Holdings	(5.64%)	+16.32%	(9.68%)	+2.63%	+17.06%	+26.21%
I&M Bank	+2.64%	+26.00%	(2.27%)	+9.05%	+54.26%	+107.14%
Bamburi Cement	+46.33%	+30.96%	(10.97%)	+40.55%	(6.38%)	+53.42%

Source: NSE

Banking Sector Resilient amid economic challenges

The banking sector demonstrated sustained performance in 3Q24, bolstered by an improved operating environment driven by easing inflationary pressures and a strengthening Shilling. **Stanchart** led the sector, achieving an impressive growth of **62.7%**, followed by **KCB Group** and **I&M Holdings**, which recorded growth rates of **49.0%** and **21.3%**, respectively.

Bank's 3Q24 Performance	ROE	Earning Growth	Loan Growth	Deposit Growth	NPL Ratio	Government Securities
Equity Group	23.1%	13.1%	-5.4%	9.0%	14.3%	5.2%
Stanbic Bank	22.2%	9.3%	-12.8%	7.3%	10.4%	82.7%
Co-operative Bank	20.0%	4.4%	0.9%	18.7%	16.7%	14.3%
Stanchart Bank	31.2%	62.7%	5.4%	-4.8%	5.1%	22.0%
KCB Bank	22.4%	49.0%	0.5%	-7.1%	18.5%	-2.7%
I & M Holdings	16.8%	21.3%	-2.1%	2.8%	11.9%	30.6%
ABSA Bank	26.4%	19.8%	-5.9%	-0.7%	12.6%	-8.5%
Diamond Trust Bank	11.8%	12.6%	-4.9%	-3.5%	13.5%	-11.3%
NCBA Bank	23.3%	3.1%	-1.7%	-6.0%	13.0%	-5.7%

Source: Company Filings

Asset quality for listed banks remained a concern, with the weighted average Non-Performing Loans (NPL) ratio rising to **13.6%** in 3Q24 from **13.1%** in 3Q23. This deterioration was attributed to challenging business conditions, rising borrowing costs, and reduced lending due to heightened credit risk.

Safaricom's 1H25 Earnings Slide 17.7% on Ethiopia's Currency Depreciation

Safaricom reported a **17.7%** decline in profit after tax for the half year ending 30th September,2024, falling to **Kes 28.1Bn** from **Kes 34.1Bn** in 1H24. The decline was primarily attributed to foreign exchange reforms in Ethiopia, which led to a depreciation of the Birr, resulting in currency translation losses and higher debt servicing costs for its Ethiopian unit. Safaricom's Kenyan operations posted net earnings of **Kes 47.50Bn** while the telco's Ethiopian business reported net loss of **Kes 19.39Bn**. Group revenues grew **15.1% y/y** to **Kes 189.42Bn**,driven largely from Mpesa and Mobile data revenues which increased by **16.6%** and **20.2%** respectively.

HF Group Rights Issue Oversubscribed by 38.3%

HF Group Plc successfully concluded its Rights Issue, securing an oversubscription rate of **138.32%**. The capital attracted applications worth **Kes 6.38Bn**, exceeding the targeted **Kes 4.6Bn**. The Rights Issue, priced at **Kes 4.00 per share**, offered shareholders the opportunity to acquire two new shares for every one existing share held. The funds raised will be utilized to support the Group's expansion plans, including strengthening its technology infrastructure and broadening its product offerings.

Amsons Industries Acquires Bamburi Cement in Successful Buyout

Amsons Industries (K) Ltd, a subsidiary of the Tanzanian Amsons Group, acquired Bamburi Cement in December 2024. The acquisition was made after Savannah Clinker Limited, a rival company, withdrew its offer. The shareholders transferred **350.4 million shares** in a buyout deal , putting the buyer above threshold needed to delist the Bamburi Cement from the NSE bourse and compulsorily buy out shareholders who did not tender their stock.

Equity Markets Outlook

Equity markets are expected to supported by strong corporate earnings and expected economic recovery. The Nairobi Securities Exchange (NSE) is likely to maintain its positive momentum, however, high borrowing costs, credit risks, and global economic uncertainties remain potential risks that could dampen market performance.

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