

Current State of Zambian Markets: Kukula Capital Perspective



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Introduction to Kukula Capital



Kukula Capital was founded in **2009** and is one of the **leading investment and advisory firms in Zambia**.

The firm has **deep experience** in impact investing and financial advisory, and has an **exceptional network** in the Zambian market, which enables us to quickly identify opportunities. The firm has a **diverse team** with both **international and local experience**.

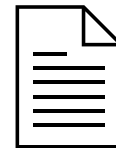
Kukula Capital has a dealer's license under Securities Exchange Commission of Zambia and is a member of the Lusaka Securities exchange.

WE ARE ON A MISSION
TO CREATE 5,000 JOBS
IN ZAMBIA BY 2023



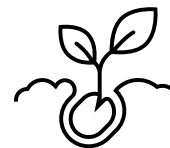
Direct Investments

Kukula manages investments in Zambian companies with high growth and impact potential, providing both long term equity finance as well as mezzanine financing.



Asset Management

We offer a range of offshore investment solutions. We invest in selected ESG themes such as Renewable energy, Electric mobility, Green tech and pharma. Kukula Capital has a dealer's license under the SEC of Zambia and is a member of LuSE.



Corporate Finance and Advisory

We provide comprehensive corporate finance services such as company valuations, marketing issuances of debt and equity, and providing M&A advisory. We also provide clients with consulting and research services, giving them the insights that they need to make the best decisions



Direct Investments – Zambia Green Outcomes Fund

Green private investment funds a core focus area for Kukula

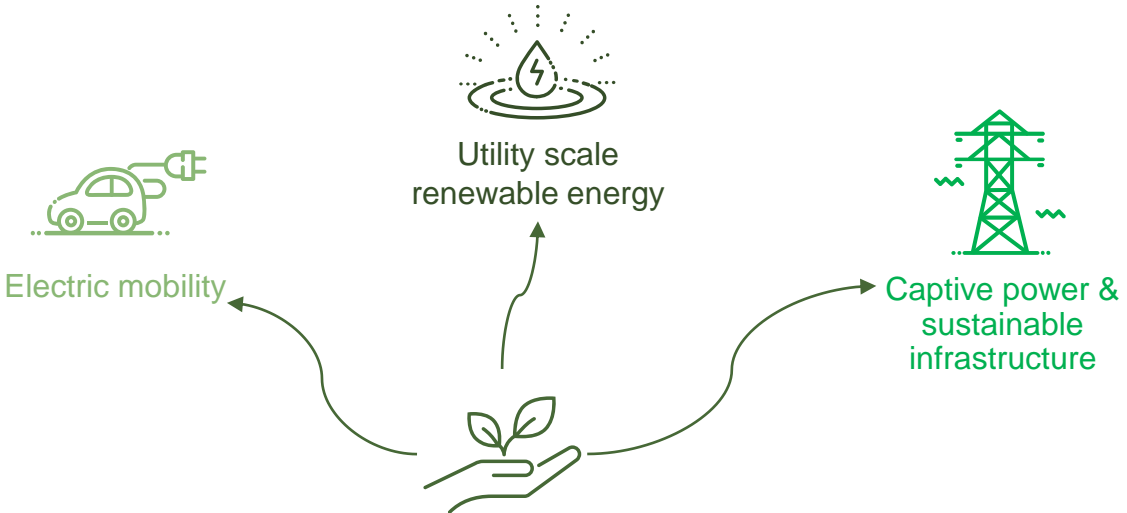


The Zambia Green Outcomes Fund (ZGOF) is a **targeted impact investment fund** set-up by Kukula Capital and UK advisory firm greenCrowd as fund managers, in collaboration with Zanaco and WWF.

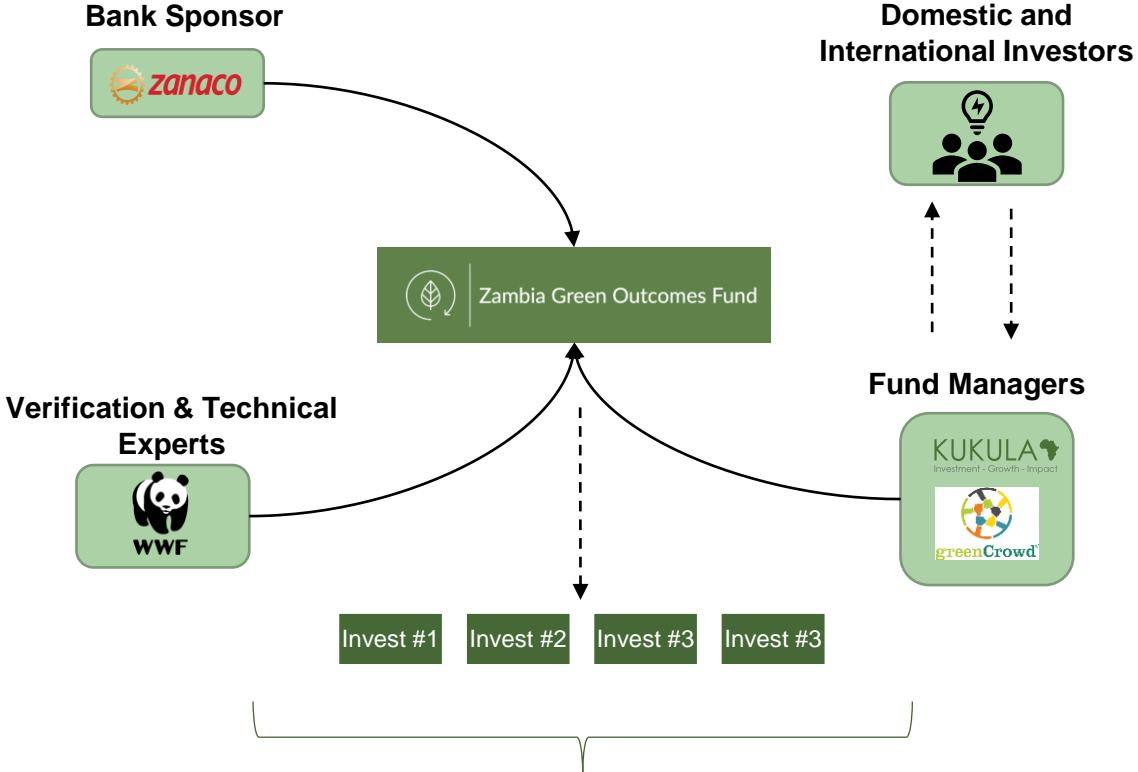


ZGOF is targeting **renewable IPP projects**, as well as downstream companies/enterprises in the renewable energy value chain, including electric Mobility.

Channeling capital to much needed sectors in Zambia



Overview of ZGOF

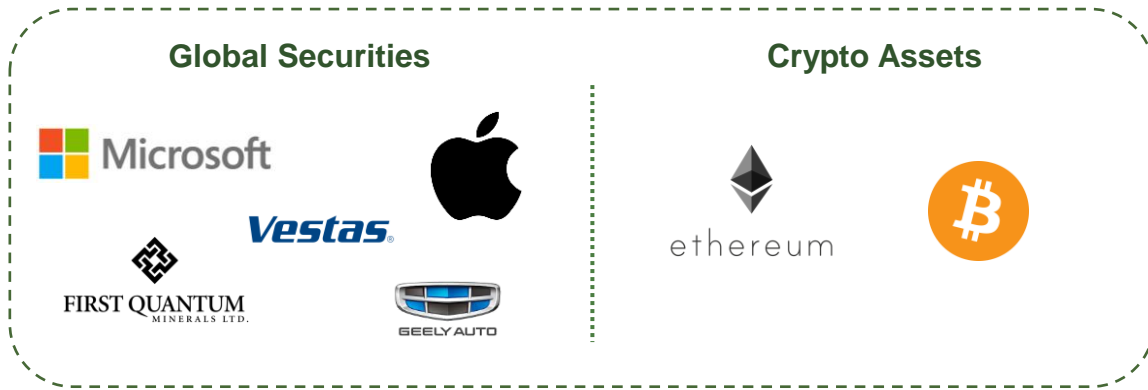


ZGOF has been guided by the **Securities (Private Funds) Guidelines (No. 1), 2022.**

Asset management and the SEC sandbox

Broadening our product offering with tailored asset management products

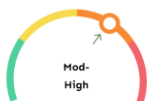
Kukula's asset management division **allows local Zambian investors the opportunity to invest** in a range of **global asset classes**



This offers local investors, institutional or retail, access to a **local manager** with an **experienced team** and a **range of portfolios** to meet **investor needs**.

Global Growth Equities

Risk profile



Global Balanced Portfolio

Risk profile



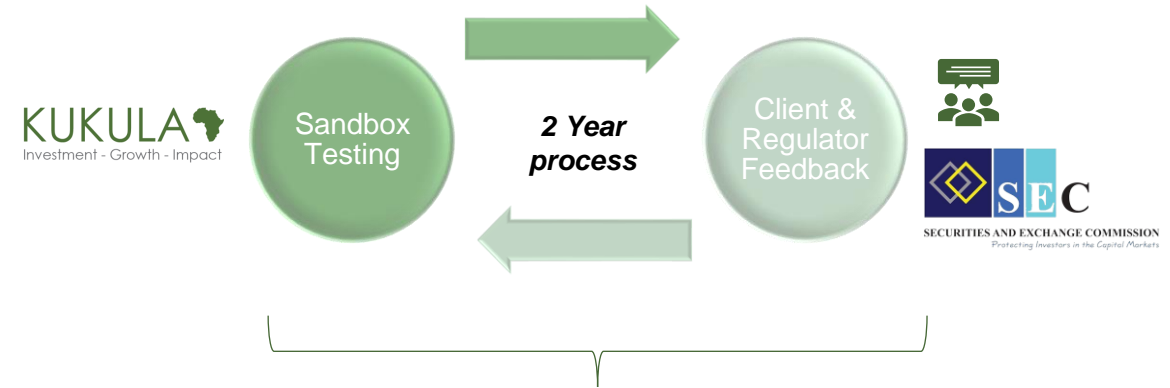
Global Preservation Portfolio

Risk profile



Offering has been facilitated through the SEC sandbox process

The sandbox process, facilitated by SEC, has allowed Kukula to build this offering in a **controlled environment**



- ✓ Client onboarding and KYC procedures are verified
- ✓ Systems effectiveness with investment orders/trades executed accordingly
- ✓ Reporting requirements understood
- ✓ Product performance validated
- ✓ Policy formulation and implementation
- ✓ Client feedback and execution

Capital markets transactions

Currently arranging ZMW 400m private debt programme for local MFI



ZMW 150m Commercial Paper

- 12-month maturity
- Priced at 1-year t-bill plus 5%

ZMW 250m Private Debt

- 1,3 & 5 year maturities
- 3 year GRZ bond yields + 2%

Strong investor protection through **covenants, collateral** and **financial strength of issuer**

Loan Book-to-debt:

≥1.5x

Debt Service Coverage Ratio:

≥1.2x

Capital Adequacy Ratio:

>20%

First-close completed with ZMW 150m raised through **local and international investors**

Interest in Green Bonds is rising among capital market participants



Africa accounts for 0.2% of global green bond issuance over the past 10 years



Increasing this volume will not only **assist in aiding climate transition**, but offers a range of benefits to issuers and investors alike

The regulatory frameworks guide transactions, local investor participation key



Securities (Commercial Paper) Guidelines, 2020

Securities (Green Bond) Guidelines, 2019

Whilst regulatory frameworks exist to guide commercial paper and green bonds transactions, **investor participation is still key.**

In particular, **local institutional investor participation** in capital market instruments is a key **driver of green growth through well vetted and regulated instruments.**

How does our experience tie into the Capital Markets Master Plan

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ENHANCING OTHER TRADITIONAL SECURITY MARKETS

- Commercial paper transaction
- Traditional Asset Management
- Potential future Listings



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ENHANCING CAPACITY BUILDING A CROSS THE CAPITAL MARKETS

Kukula is developing a local team of investment professionals to drive the development of a local asset management industry with international coverage

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DEVELOPMENT OF NEW AND INNOVATIVE PRODUCTS /MARKETS

- Alternative Management Products (Crypto, ETF's)
- ZGOF
- Green Bonds



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ENHANCING THE CAPITAL MARKET REGULATORY ENVIRONMENT

Kukula has a progressive working relationship with SEC in all the aforementioned transactions and is happy to continue support in developing Zambia's capital markets regulatory framework

Thank you!

*Kukula and City Drive
local Electric Vehicle
pilot*

