

## The Opening Bell

Are you one of those people who has 'a little something' – maybe 20,000 TShs, maybe significantly more - stowed away somewhere 'just in case'? Is it hidden in your house? Is it buried in your yard? Well there is a group of people working very hard to get it – so hard, in fact, that they are meeting in a little room in a building on Samora Avenue at ten a.m. four times a week. They call themselves stockbrokers, members of the Dar es Salaam Stock Exchange (DSE for short), and they have a deal they'd like to talk to you about&hellip;.

These men and women will sell you shares of stock in companies you know fairly well, companies like Tanzania Cigarette (TCC) and Tanzania Breweries (TBL). These shares, they'll tell you, are designed to earn you money and you don't have to do a thing, although each share of the stock they'll sell you actually entitles you to a (small) voice in determining the company's affairs. More importantly, it also entitles you to a fraction of the value of whatever that company is worth. Want to know a little more? Well, let's explain:

Years ago the stock market was the domain of the Corporate Investor and those with what we might call 'money to spare'. But those days are over - the market is not just for the Playas anymore. The DSE has worked hard to ensure that it is open to those of us who are of more 'limited' means. They are happy to help out new investors with, say, 50,000 TShs in hopes that over time you may decide to invest a little more.

But what would it take to persuade you to invest? How do you figure out what a share is really worth and how much you stand to make? Aside from that, how do you actually begin to trade and - if you are a foreigner - are you even allowed?

Over the coming months we will take up these issues one-by-one in a new feature within the Dar Guide's Corporate section, but – for those of you who cannot wait - the average dividend for stocks traded on the DSE has been around 7% per year (which means it generally beats the bank) and all but one stock has increased in face value – many quite impressively – as well. There are seven certified brokerage houses (all of them in Dar but plans are in the works to rapidly expand outside of town) and yes - Tanzanians, visitors, and expatriates – are all welcome to invest.

As to how you go about figuring out what a share is really worth&hellip;well that will require a bit more explaining, but explain we will in the coming weeks. For now, some additional details: The DSE began trading in 1998, and took a little time to shake things out. The Exchange, while still quite small (there are currently seven traded companies with near-term plans for adding more), is surprisingly mature. Like any younger sibling, the DSE has learned a lot from watching older exchanges work, and it has learned from the older one's mistakes. The DSE's rules and regulations, processes and procedures,

and close-eyed CMSA oversight are all designed to ensure that each and every investor is secure.

The action all takes place on the Exchange's trading floor, marked in grease pencil on the Big Board. While this appropriate technology has been working well, things are about to change. In the coming months, the Big Board will move out of the room and become a virtual trading platform on the web. Of the many changes this will bring, perhaps the most important is that trading will then be available to anyone with a broker and access to the web. Look for brokers in Mwanza and Kigoma, in Mbeya and Dodoma &ndash; in fact in every town across the land &ndash; and they should start getting into place relatively soon.

Finally, there is the Tanzanian government, and what they have done to help investors out. Did you know that capital gains tax in Tanzania, regularly set at 10%, is halved to 5% on dividends? And that's not all&hellip;ah, but alas we are out of time. We'll have to cover that next month&hellip;so until then, remember: buy low &ndash; sell high!

Michael Gehron