Uganda Securities Exchange

Quarterly Bulletin

January - March 2021

ACTIVITY REPORT

MARKET PERFORMANCE

EQUITIES

Trading in the first quarter registered a tremendous decline with a turnover of UGX 3.4 Billion compared to UGX 7.8 Billion registered in the fourth quarter 2020. The first quarter of 2021 accounted for a total turnover of UGX 3.4 Billion, compared to a combined total of UGX 21.6 Billion that was traded between January & March 2020.

Quarterly turnover performance per counter:

Turnover was realized on eight counters, which are summarized as follows; the Stanbic counter took the first position, with a posting of UGX 2.2 billion, accounting for 67.80 percent of the total turnover. Bank of Baroda Uganda in second position accounted for 18.95 percent while UMEME, CIPLA, National Insurance Corporation and Uganda Clays Limited scooped 10.59 percent, 1.37 percent, 0.75 percent, and 0.49 percent, respectively. The rest of the counters represented by DFCU and New Vision Limited had a combined turnover of UGX 1.6 Million.

Volume traded per counter

During the quarter Stanbic dominated activity, with the counter having 84.8 million shares traded taking 85.70 percent of the volume, Bank of Baroda Uganda recorded 6.15 percent of the volume with 6.08 million shares, while National Insurance Corporation, Uganda Clays Limited, UMEME and CIPLA, and posted 3.8 million shares, 2.08 million shares, 1.6 million shares and 484,643 shares accounting for 3.90 percent, 2.10 percent, 1.65 percent and 0.04 percent of the total volume respectively. DFCU, and New Vision Limited recorded marginal positions.

Key Equity Market Indicators – Annual Comparisons (Year on Year)

Market Indicator	Jan 2020 - Mar 2020	Jan 2021 – Mar 2021	% Change
USE All Share Index	1,305.34	1,355.12	3.8
USE Local Index	342.21	342.46	0.07
Market Capitalization (UGX. bn)	18,214.90	18,870.74	3.6
Volume Traded	274,070,717	98,998,908	-63.8
Turnover (UGX. bn)	21.6	3.4	-84.2
Number of Deals	1,098	696	-36.6
Trading Days	64	59	

Source USE Product Markets Department

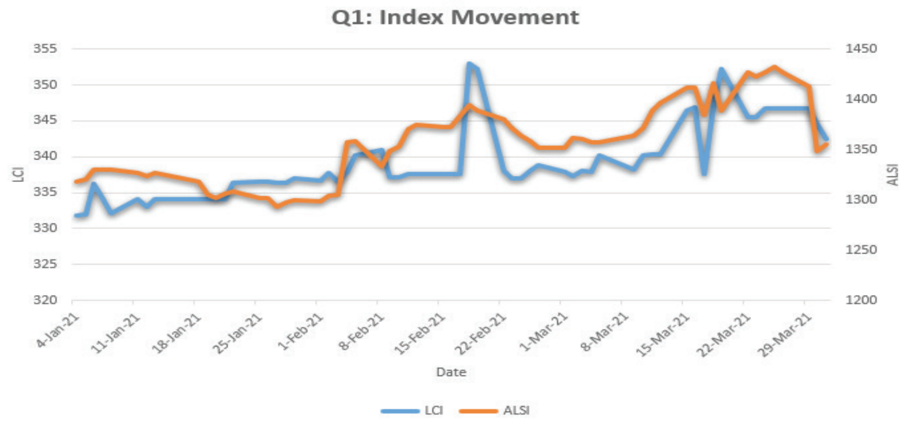
Trading Volumes and Activity on a Quarterly Basis:

	January 2021	February 2021	March 2021
Volume Traded	2,199,505	69,852,234	26,947,169
Turnover (Ushs)	305,052,157	1,929,065,917	1,154,790,287
No. of Deals	160	213	323
Trading Days	18	19	22
Daily Avg.Turnover (Ushs)	16,947,342	101,529,785	52,490,468
Daily Avg. no. of trades	9	11	15
Market Capitalization (Ushs. bn)	18,116.38	18,844.51	18,870.74
USE All Share Index	1,299.94	1,352.13	1,355.12
LCI	337.01	338.86	342.46

Source USE Product Markets Department

USE Index Performance

The All-Share index opened at 1,309.86 increasing steadily to 1,352.13 in February and rose gradually to close at 1,355.12. This trend was due to changes in different market prices and the exchange rate. The local share Index increased greatly from 337.01 to a high of 338.86 in February and increased gradually to close at 342.46. Below is the graph depicting the ALSI/LCI movements.



Source: USE Product Markets Department

BOND LISTINGS:

There were 6 treasury bonds re-opened in the quarter with a value of UGX 1400bn which were listed. Secondary market trading is over the counter (OTC) through primary dealers. The current total value of the Government Bonds listed on the bourse stands at UGX 16.6 Trillion.

Government Bond Schedule as at March 2021

INSTRUMENT CODE	ISIN	ISSUED SHARES	ISSUE DATE	RATE	MATURITY
FXD/05/2016/5YR	UG12H1305210	100BN	2016/05/18	16.50	2021/05/13
FXD/09/2016/5YR	UG12H2109215	100BN	2016/09/27	16.50	2021/09/21
FXD/11/2016/5YR	UG12H2810218	200BN	2016/11/03	16.75	2021/10/28
FXD/12/2016/5YR	UG12H0312217	100BN	2016/12/09	17.00	2021/12/03
FXD/05/2017/5YR	UG12H1305228	156.3BN	2017/05/19	15.38	2022/05/13
FXD/7/2012/10YR	UG0000001079	1.615TN	2013/08/14	11.00	2022/06/09
FXD/07/2017/5YR	UG12H0707226	300BN	2017/07/13	14.13	2022/07/07
FXD/12/2017/5YR	UG12H2811224	156.3BN	2017/12/04	12.50	2022/11/28
FXD/6/2013/10YR	UG0000001244	1.482TN	2013/04/24	11.00	2023/04/13
FXD/1/2014/10YR	UG12J1801248	1.140TN	2014/01/30	14.00	2024/01/18
FXD/05/2019/5YR	UG12H1005240	153.7BN	2019/05/17	14.88	2024/05/10
FXD/8/2014/10YR	UG0000001467	1.070TN	2014/08/13	14.00	2024/08/01
FXD/1/2015/10YR	UG0000001517	100BN	2015/01/28	11.00	2025/01/16
FXD/12/2015/10YR	UG12J1812252	120BN	2015/12/30	19.50	2025/12/18
FXD/08/2016/10YR	UG12J2708269	970BN	2016/09/08	16.63	2026/08/27
FXD/5/2017/10YR	UG12J0605277	360BN	2017/05/18	16.00	2027/05/06
FXD/1/2018/10YR	UG12J1301280	220BN	2018/01/25	14.13	2028/01/13
FXD/12/2013/15YR	UG0000001376	220BN	2013/12/04	15.25	2028/11/16
FXD/2/2015/15YR	UG0000001533	1.865TN	2015/02/25	14.25	2029/08/23
FXD/5/2015/15YR	UG12K0205308	120BN	2015/05/21	17.50	2030/05/02
FXD/11/2020/10YR	UG12J1411303	187BN	2020/11/27	16.00	2030/11/14
FXD/4/2016/15YR	UG12K0304317	1.360TN	2016/04/20	17.00	2031/04/03
FXD/3/2017/15YR	UG12K0403325	320BN	2017/03/23	16.38	2032/03/04
FXD/2/2018/15YR	UG12K0302337	750BN	2018/02/22	14.38	2033/02/03
FXD/7/2019/15YR	UG12K2206346	1.959TN	2019/07/11	14.25	2034/06/22
FXD/11/2020/15YR	UG12K0811352	496.7BN	2020/11/27	16.25	2035/11/08
FXD/11/2020/20YR	UG12L0111405	1.039TN	2020/11/27	17.50	2040/11/01

Corporate Bond Secondary Market Activity

The Corporate Bonds segment remained inactive throughout the period. Investors in this segment have continued to hold onto their investments and receive interest that is paid out semi-annually. Below are the corporate bonds currently listed on the USE;

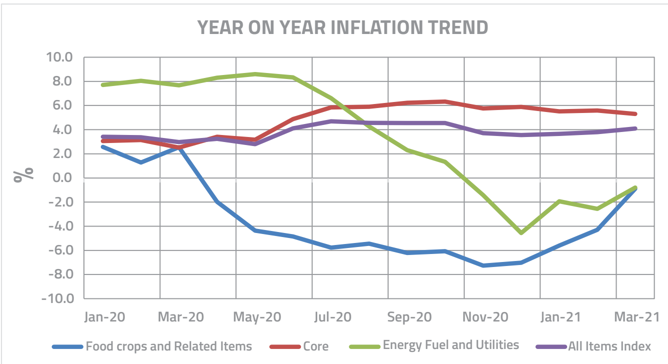
1. African Development Bank Bond maturing on 01.02.2022
2. Kakira Sugar Limited Bond maturing on 07.12.2023

Alternative trading of Government securities

	Month	Security	Amount	
			Auction	Secondary
01	January	TBILLS	954,100,000	277,045,252
02		TBOND	109,300,000	47,085,414
03	February	TBILLS	430,900,000	464,389,218
04		TBOND	0	84,352,419
05	March	TBILL	338,700,000	
06		TBOND	45,500,000	4,900,000
	Total		**1,878,500,000**	**877,772,303**

INFLATION – OUTLOOK AND RISKS

Annual Headline Inflation edged higher in the first quarter of 2021 closing March at 4.1% compared to 3.6% at the end of the last quarter of 2020. This was largely driven by increased prices of vegetables and fruits which resulted in a rise in annual food crops related items inflation to a deflation on 0.9% in March 2021 from a deflation of 7% registered in December 2020. Annual core inflation averaged 5.5% in Q1 2021, lower than the 6% average recorded in Q4 2020 driven by lower services inflation particularly lower transport costs. Annual Electricity, Fuel and Utilities inflation increased to a deflation of 0.8% in March 2021 from a deflation of 4.6% registered in December due to a rise in prices of petrol and other solid fuels (charcoal and firewood) during the period. Month-on-Month headline inflation rose on average by 0.3% during the first quarter of this year. We expect inflation to edge higher as business activity continues to rise in the second quarter of 2021.

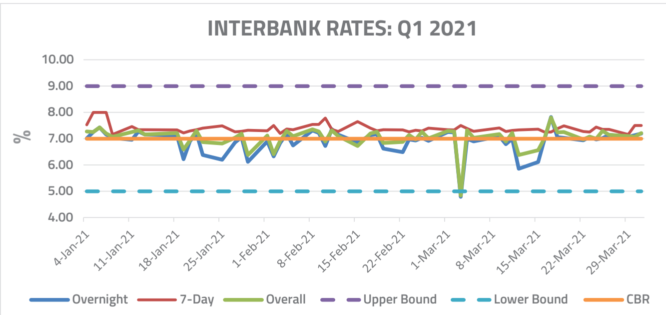


Source: UBOS UGANDA CONSUMER PRICE INDEX: 2009/10=100 MARCH 2021

INTEREST AND LENDING RATES

Interbank Money Market Rates

Money market rates continue to trend in line with the Central Bank Rate (CBR). Liquidity was slightly tighter in Q1 2021 with overall rates averaging 7% from 6.95% registered in Q4 2020. Overnight and 7-day rates averaged 6.9% and 7.4% respectively in first quarter of 2021.



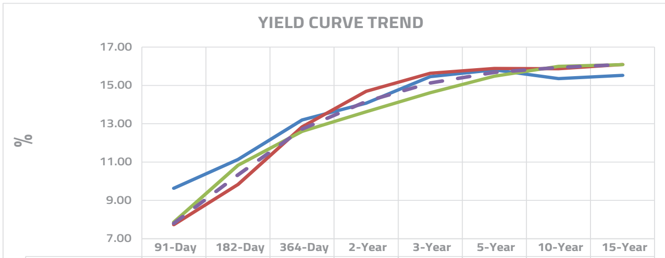
Source: Bank of Uganda

Yields on Government securities

The Monetary Policy Committee maintained the Central Bank Rate at 7% in the meeting held in February 2021 citing expectations for inflation to return to sustainably to the 5% target as excess capacity is absorbed in the medium term and uncertainties surrounding the economic growth path.

The short end of the curve edged higher during the first quarter of this year as government sought to raise funding for the supplementary budgets passed by parliament in the last quarter of 2020. The 91-day and 182-day rates averaged 7.9% and 10.7% in Q1'21 compared to 7.7% and 9.8% in Q4'20. The 364-day T-bill rate fell to an average of 12.5% in Q1 2021 from 12.8% in Q4 2020. The medium portion of the yield curve fell marginally during the quarter, trending below the 6-months average due to increased investor demand for these government papers. Rates on the 10-year and 15-year government papers were stable during the quarter.

There was a notable reduction in rates across the yield curve at the end of the first quarter 2021 driven by sustained high liquidity driven by the slow recovery in private sector credit growth. Interest rates are expected to remain range bound over the short term driven by a stable local currency and sustained liquidity in the markets due to slow recovery in private sector credit growth. Increased government borrowing through the domestic markets as the financial year comes to an end presents a risk of higher interest rates in the second quarter of this year.

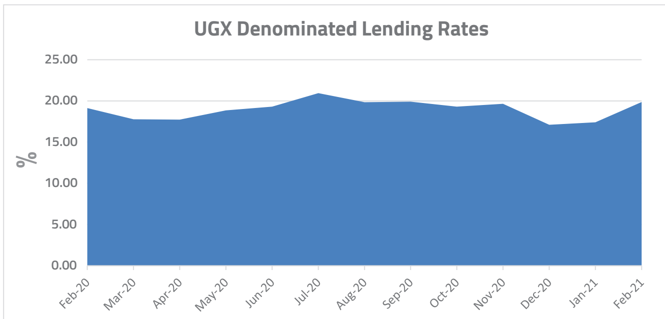


	91-Day	182-Day	364-Day	2-Year	3-Year	5-Year	10-Year	15-Year
Q1'20	9.63	11.13	13.20	14.07	15.46	15.81	15.35	15.52
Q4'20	7.73	9.83	12.83	14.70	15.63	15.88	15.87	16.09
Q1'21	7.87	10.83	12.60	13.63	14.62	15.48	16.00	16.08
6-Months Av	7.80	10.33	12.72	14.16	15.12	15.68	15.93	16.09

Source: Bank of Uganda

Lending rates

Rates on shilling denominated loans rose in February 2021 with rates quoted at 19.9% compared to 17.4% in January 2021. Foreign currency denominated loan rates also increased to 5.3% in February 2021 from 4.7% recorded in January 2021. The February Monetary Policy report showed that credit demand proxied by value of loan applications and approvals decreased to an average of Ugx 1.4 Trillion and Ugx 804 Billion in the quarter to January 2021. Overall credit demand remains subdued due to concerns around borrowers' ability to pay especially with some sectors that have not returned to full operation following last year's measures put in place to mitigate the spread of COVID-19.

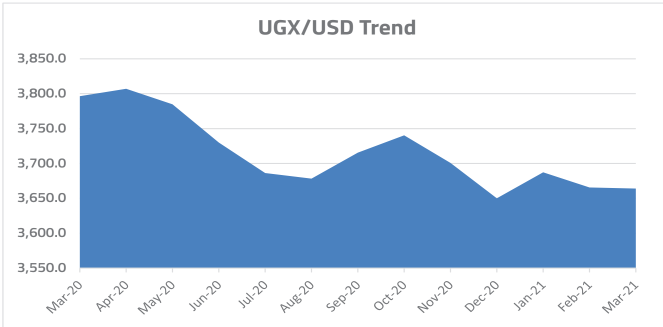


Source: Bank of Uganda

FOREIGN EXCHANGE RATE DEVELOPMENT

The Uganda Shilling weakened marginally in the first quarter of 2021 closing March at 3,664 compared to 3,650 at the end of December 2020. There was a slight pick up in demand for hard currency in January as activity resumed after the December holidays. The currency was largely stable between February and March 2021. The UGX gained 1.8% in the last quarter of 2020.

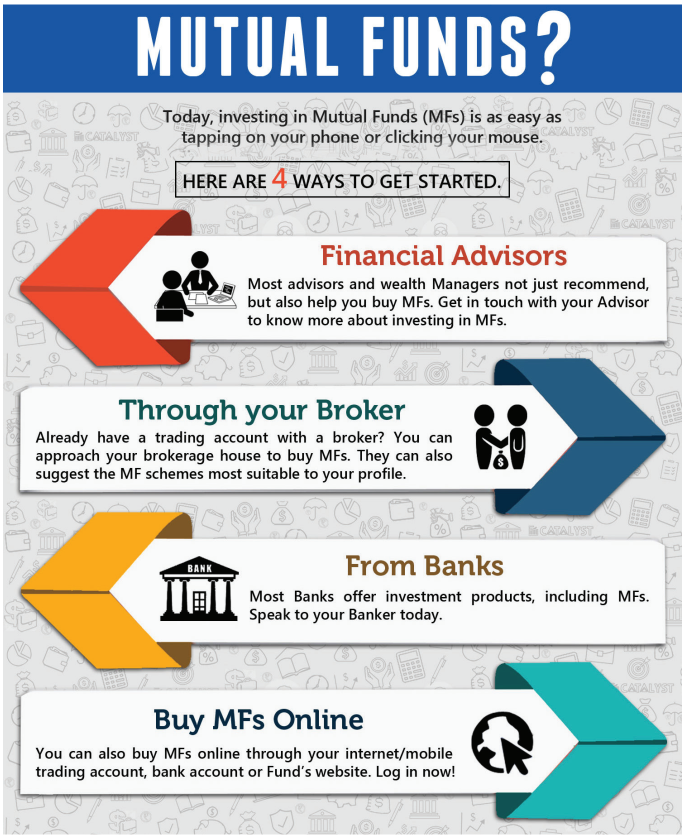
The Uganda Shilling is forecast to remain largely stable over the short to medium term supported by sustained low demand for hard currency as recovery of economic activity remains largely slow.



Source: Bank of Uganda

EDUCATIONAL COLUMN

Understanding Mutual Funds



What Is a Mutual Fund?

A mutual fund is a type of financial vehicle made up of a pool of money collected from many investors to invest in securities like stocks, bonds, money market instruments, and other assets. Mutual funds are operated by professional money managers, who allocate the fund's assets and attempt to produce capital gains or income for the fund's investors. A mutual fund's portfolio is structured and maintained to match the investment objectives stated in its prospectus.

Mutual funds give small or individual investors access to professionally managed portfolios of equities, bonds, and other securities. Each shareholder, therefore, participates proportionally in the gains or losses of the fund. Mutual funds invest in a vast number of securities, and performance is usually tracked as the change in the total market cap of the fund—derived by the aggregating performance of the underlying investments.

The value of the mutual fund company depends on the performance of the securities it decides to buy. So, when you buy a unit or share of a mutual fund, you are buying the performance of its portfolio or, more precisely, a part of the portfolio's value. Investing in a share of a mutual fund is different from investing in shares of stock. Unlike stock, mutual fund shares do not give its holders any voting rights. A share of a mutual fund represents investments in many different stocks (or other securities) instead of just one holding.

That's why the price of a mutual fund share is referred to as the net asset value (NAV) per share. A fund's NAV is derived by dividing the total value of the securities in the portfolio by the total amount of shares outstanding. Outstanding shares are those held by all shareholders, institutional investors, and company officers or insiders. Mutual fund shares can typically be purchased or redeemed as needed at the fund's current NAV.

The average mutual fund holds over a hundred different securities, which means mutual fund shareholders gain important diversification at a low price.

How Mutual Funds Work

Investors typically earn a return from a mutual fund in three ways:

1. Income is earned from dividends on stocks and interest on bonds held in the fund's portfolio. A fund pays out nearly all of the income it receives over the year to fund owners in the form of a distribution. Funds often give investors a choice either to receive a check for distributions or to reinvest the earnings and get more shares.
2. If the fund sells securities that have increased in price, the fund has a capital gain. Most funds also pass on these gains to investors in a distribution.
3. If fund holdings increase in price but are not sold by the fund manager, the fund's shares increase in price. You can then sell your mutual fund shares for a profit in the market.

Types of Mutual Funds

Mutual funds are divided into several kinds of categories, representing the kinds of securities they have targeted for their portfolios and the type of returns they seek. There is a fund for nearly every type of investor or investment approach.

Equity Funds

The largest category is that of equity or stock funds. As the name implies, this sort of fund invests principally in stocks. Within this group are various subcategories. Some equity funds are named for the size of the companies they invest in: small-, mid-, or large-cap. Others are named by their investment approach: aggressive growth, income-oriented, value, and others. Equity funds are also categorized by whether they invest in domestic stocks or foreign equities. There are so many different types of equity funds because there are many different types of equities.

Fixed-Income Funds

Another big group is the fixed income category. A fixed-income mutual fund focuses on investments that pay a set rate of return, such as government bonds, corporate bonds, or other debt instruments. The idea is that the fund portfolio generates interest income, which it then passes on to the shareholders.

Index Funds

Another group, which has become extremely popular in the last few years, falls under the moniker "index funds." Their investment strategy is based on the belief that it is very hard, and often expensive, to try to beat the market consistently. So, the index fund manager buys stocks that correspond with a major market index such as the S&P 500 or the Dow Jones Industrial Average (DJIA). This strategy requires less research from analysts and advisors, so there are fewer expenses to eat up returns before they are passed on to shareholders. These funds are often designed with cost-sensitive investors in mind.

Balanced Funds

Balanced funds invest in a hybrid of asset classes, whether stocks, bonds, money market instruments, or alternative investments. The objective is to reduce the risk of exposure across asset classes. This kind of fund is also known as an asset allocation fund. There are two variations of such funds designed to cater to the investors objectives.

Some funds are defined with a specific allocation strategy that is fixed, so the investor can have a predictable exposure to various asset classes. Other funds follow a strategy for dynamic allocation percentages to meet various investor objectives. This may include responding to market conditions, business cycle changes, or the changing phases of the investor's own life.

Money Market Funds

The money market consists of safe (risk-free), short-term debt instruments, mostly government Treasury bills. This is a safe place to park your money. You will not get substantial returns, but you won't have to worry about losing your principal. A typical return is a little more than the amount you would earn in a regular checking or savings account and a little less than the average certificate of deposit (CD).

Income Funds

Income funds are named for their purpose: to provide current income on a steady basis. These funds invest primarily in government and high-quality corporate debt, holding these bonds until maturity to provide interest streams. While fund holdings may appreciate in value, the primary objective of these funds is to provide steady cash flow to investors. As such, the audience for these funds consists of conservative investors and retirees. Because they produce regular income, tax-conscious investors may want to avoid these funds.

International/Global Funds

An international fund (or foreign fund) invests only in assets located outside your home country. Global funds, meanwhile, can invest anywhere around the world, including within your home country. It is tough to classify these funds as either riskier or safer than domestic investments, but they have tended to be more volatile and have unique country and political risks. On the flip side, they can, as part of a well-balanced portfolio, actually reduce risk by increasing diversification, since the returns in foreign countries may be uncorrelated with returns at home. Although the world's economies are becoming more interrelated, it is still likely that another economy somewhere is outperforming the economy of your home country.

Specialty Funds

This classification of mutual funds is more of an all-encompassing category that consists of funds that have proved to be popular but do not necessarily belong to the more rigid categories we've described so far. These types of mutual funds forgo broad diversification to concentrate on a certain segment of the economy or a targeted strategy. Sector funds are targeted strategy funds aimed at specific sectors of the economy, such as financial, technology, health, and so on. Sector funds can, therefore, be extremely volatile since the stocks in a given sector tend to be highly correlated with each other. There is a greater possibility for large gains, but a sector may also collapse (for example, the financial sector in 2008 and 2009).

Regional funds make it easier to focus on a specific geographic area of the world. This can mean focusing on a broader region (say East Africa) or an individual country (for example, only Uganda). An advantage of these funds is that they make it easier to buy stock in foreign countries, which can otherwise be difficult and expensive. Just like for sector funds, you must accept the high risk of loss, which occurs if the region goes into a bad recession.

Socially responsible funds (or ethical funds) invest only in companies that meet the criteria of certain guidelines or beliefs. For example, some socially responsible funds do not invest in "sin" industries such as tobacco, alcoholic beverages, weapons, or nuclear power. The idea is to get competitive performance while still maintaining a healthy conscience. Other such funds invest primarily in green technology, such as solar and wind power or recycling.

Mutual Fund Fees

A mutual fund will classify expenses into either annual operating fees or shareholder fees. Annual fund operating fees are an annual percentage of the funds under management, usually ranging from 1–3%. Annual operating fees are collectively known as the expense ratio. A fund's expense ratio is the summation of the advisory or management fee and its administrative costs.

Shareholder fees, which come in the form of sales charges, commissions, and redemption fees, are paid directly by investors when purchasing or selling the funds. Sales charges or commissions are known as "the load" of a mutual fund. When a mutual fund has a front-end load, fees are assessed when shares are purchased. For a back-end load, mutual fund fees are assessed when an investor sells his shares.

Advantages of Mutual Funds

There are a variety of reasons that mutual funds have been the retail investor's vehicle of choice for decades. The overwhelming majority of money in employer-sponsored retirement plans goes into mutual funds. Multiple mergers have equated to mutual funds over time.

Diversification

Diversification, or the mixing of investments and assets within a portfolio to reduce risk, is one of the advantages of investing in mutual funds. Experts advocate diversification as a way of enhancing a portfolio's returns, while reducing its risk. Buying individual company stocks and offsetting them with industrial sector stocks, for example, offers some diversification. However, a truly diversified portfolio has securities with different capitalizations and industries and bonds with varying maturities and issuers. Buying a mutual fund can achieve diversification cheaper and faster than by buying individual securities. Large mutual funds typically own hundreds of different stocks in many different industries. It would not be practical for an investor to build this kind of a portfolio with a small amount of money.

Easy Access

Trading on the major stock exchanges, mutual funds can be bought and sold with relative ease, making them highly liquid investments. Also, when it comes to certain types of assets, like foreign equities or exotic commodities, mutual funds are often the most feasible way—in fact, sometimes the only way—for individual investors to participate.

Economies of Scale

Mutual funds also provide economies of scale. Buying one spares the investor of the numerous commission charges needed to create a diversified portfolio. Buying only one security at a time leads to large transaction fees, which will eat up a good chunk of the investment. Also, the $100 to $200 an individual investor might be able to afford is usually not enough to buy a round lot of the stock, but it will purchase many mutual fund shares. The smaller denominations of mutual funds allow investors to take advantage of dollar cost averaging.

Because a mutual fund buys and sells large amounts of securities at a time, its transaction costs are lower than what an individual would pay for securities transactions. Moreover, a mutual fund, since it pools money from many smaller investors, can invest in certain assets or take larger positions than a smaller investor could. For example, the fund may have access to IPO placements or certain structured products only available to institutional investors.

Professional Management

A primary advantage of mutual funds is not having to pick stocks and manage investments. Instead, a professional investment manager takes care of all of this using careful research and skillful trading. Investors purchase funds because they often do not have the time or the expertise to manage their own portfolios, or they do not have access to the same kind of information that a professional fund has. A mutual fund is a relatively inexpensive way for a small investor to get a full-time manager to make and monitor investments. Most private, non-institutional money managers deal only with high-net-worth individuals—people with at least six figures to invest. However, mutual funds, as noted above, require much lower investment minimums. So, these funds provide a low-cost way for individual investors to experience and hopefully benefit from professional money management.

Variety and Freedom of Choice

Investors have the freedom to research and select from managers with a variety of styles and management goals. For instance, a fund manager may focus on value investing, growth investing, developed markets, emerging markets, income, or macroeconomic investing, among many other styles. One manager may also oversee funds that employ several different styles. This variety allows investors to gain exposure to not only stocks and bonds but also commodities, foreign assets, and real estate through specialized mutual funds. Some mutual funds are even structured to profit from a falling market (known as bear funds). Mutual funds provide opportunities for foreign and domestic investment that may not otherwise be directly accessible to ordinary investors.

Transparency

Mutual funds are subject to industry regulation that ensures accountability and fairness to investors.

VOLUME 75%

Disadvantages of Mutual Funds

Liquidity, diversification, and professional management all make mutual funds attractive options for younger, novice, and other individual investors who don't want to actively manage their money. However, no asset is perfect, and mutual funds have drawbacks too.

Fluctuating Returns

Like many other investments without a guaranteed return, there is always the possibility that the value of your mutual fund will depreciate. Equity mutual funds experience price fluctuations, along with the stocks that make up the fund.

Cash Drag

Mutual funds pool money from thousands of investors, so every day people are putting money into the fund as well as withdrawing it. To maintain the capacity to accommodate withdrawals, funds typically must keep a large portion of their portfolios in cash. Having ample cash is excellent for liquidity, but money that is sitting around as cash and not working for you is not very advantageous. Mutual funds require a significant amount of their portfolios to be held in cash to satisfy share redemptions each day.

High Costs

Mutual funds provide investors with professional management, but it comes at a cost—those expense ratios mentioned earlier. These fees reduce the fund's overall payout, and they are assessed to mutual fund investors regardless of the performance of the fund. As you can imagine, in years when the fund does not make money, these fees only magnify losses. Creating, distributing, and running a mutual fund is an expensive undertaking. Everything from the portfolio manager's salary to the investors' quarterly statements cost money. Those expenses are passed on to the investors. Since fees vary widely from fund to fund, failing to pay attention to the fees can have negative long-term consequences. Actively managed funds incur transaction costs that accumulate over each year. Remember, every shilling spent on fees is a shilling that is not invested to grow over time.

Active Fund Management

Many investors debate whether or not the professionals are any better than you or I at picking stocks. Management is by no means infallible, and even if the fund loses money, the manager still gets paid. Actively managed funds incur higher fees, but increasingly passive index funds have gained popularity. These funds track an index such as the S&P 500 and are much less costly to hold. Actively managed funds over several time periods have failed to outperform their benchmark indices, especially after accounting for taxes and fees.

Lack of Liquidity

A mutual fund allows you to request that your shares be converted into cash at any time, however, unlike stock that trades throughout the day, many mutual fund redemptions take place only at the end of each trading day.

Taxes

When a fund manager sells a security, a capital-gains tax is triggered. Investors who are concerned about the impact of taxes need to keep those concerns in mind when investing in mutual funds. Taxes can be mitigated by investing in tax-sensitive funds or by holding non-tax sensitive mutual funds in a tax-deferred account.

Evaluating Funds

Researching and comparing funds can be difficult. Unlike stocks, mutual funds do not offer investors the opportunity to juxtapose the price to earnings (P/E) ratio, sales growth, earnings per share (EPS), or other important data. A mutual fund's net asset value can offer some basis for comparison, but given the diversity of portfolios, comparing the proverbial apples to apples can be difficult, even among funds with similar names or stated objectives. Only index funds tracking the same markets tend to be genuinely comparable.

KEY TAKEAWAYS

- A mutual fund is a type of investment vehicle consisting of a portfolio of stocks, bonds, or other securities.
- Mutual funds give small or individual investors access to diversified, professionally managed portfolios at a low price.
- Mutual funds are divided into several kinds of categories, representing the kinds of securities they invest in, their investment objectives, and the type of returns they seek.
- Mutual funds charge annual fees (called expense ratios) and, in some cases, commissions, which can affect their overall returns.
- The overwhelming majority of money in employer-sponsored retirement plans goes into mutual funds.

Pros

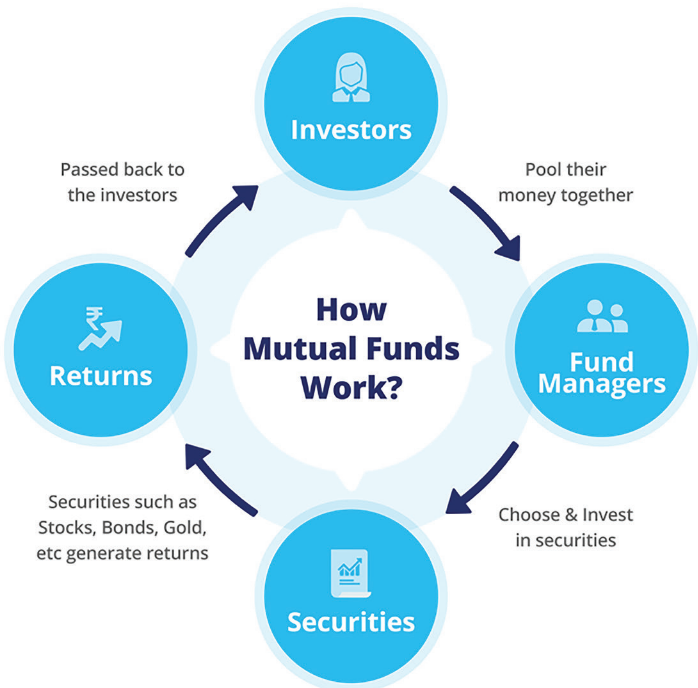
- Liquidity
- Diversification
- Minimal investment requirements
- Professional management
- Variety of offerings

Cons

- High fees, commissions, and other expenses
- Large cash presence in portfolios
- Difficulty in comparing funds
- Lack of transparency in holdings

SOURCE

https://www.thebalance.com/mutual-funds-101-356319
Investopedia



Appendix I: USE Member Firms

The following USE Member Firms are licensed to act as both broker/dealers and Market Advisors:

Market Advisor	Contact Person:
BARODA CAPITAL MARKETS (U) LTD. P. O. Box: 7197 Kampala Tel: +256 414 232 783 Fax: +256 414 230 781 Email: bcm.ug@bankofbaroda.com Website: www.barodacapital.webs.com	**Mr. Mohan Prashantam**
DYER & BLAIR (UGANDA) LTD Rwenzori House Ground Floor P.O.Box: 36620 Kampala Tel: +256-414-233050 Fax: +256 -414 231813 Email: Uganda@dyerandblair.com	**Ms. Esther Kakiza**
EQUITY STOCK BROKERS (U) LTD. Orient Plaza Plot 6/6A Kampala Road P. O. Box: 3072 Kampala Tel: +256-414 7719133/44 Email: equity@orient-bank.com	**Ms. Nkundizana Christine**
CRESTED STOCKS AND SECURITIES LIMITED Head Office - Impala House 6th Floor Plot 13-15, Kimathi Avenue P. O. Box 31736, Kampala, Uganda Tel: +256 312 230900/ +256 414 230 900 Email: info@crestedcapital.com Website: www.crestedcapital.com	**Mr. Robert H. Baldwin**
UAP OLD MUTUAL FINANCIAL SERVICES LTD 2nd floor, Block A, Nakawa business park P. O. Box 20079, Kampala Tel: +256 414 332 825 Email: brokerageufs@uap-group.com	**Mr. Mwebaze Simon**
SBG SECURITIES LIMITED 4th Floor Crested Towers (Short Towers) P. O. Box 7131, Kampala Tel: +256 0312 224 600 Email: sbgs_uganda@stanbic.com	**Mr. Ongura Joram**

Uganda Securities Exchange

UGANDA SECURITIES EXCHANGE
UAP Nakawa Business Park, Block A, 4th Floor
Plot 3 - 5 New Port Bell Road. P. O. Box 23552 Kampala, Uganda.
T: +256 (3123708) 15/17/18. **E:** info@use.or.ug. **W:** www.use.or.ug