

ACTIVITY REPORT

MARKET PERFORMANCE

Equities Report

The trading volume for August 2021 was 46,693,856 shares with a turnover of UGX 3,942,698,472. This month's turnover performance was an 778.9% increase from 15,953,311 shares worth UGX 448,563,390 that was recorded in August 2020.

Activity in the 8th month of the year increased by 64.9% to a turnover of UGX 3.9 billion from UGX 2.4 billion recorded in July 2021. This represents a daily average turnover of approximately UGX 179 million. Volume traded decreased to 46.6 million shares compared to 92.6 million shares traded in July 2021. The number of deals presented a total of 266 deals down from 278 deals executed in July 2021, with 41% of the deals attributed to the Stanbic counter.

Turnover performance per counter

UMEME counter dominated activity for the month accounting for 88% of the total turnover followed by Stanbic with 8.27%. In third position was Uganda Clays Limited with 3.44% contribution to the month's turnover. Bank of Baroda Uganda, DFCU, CIPLA, New vision Limited, KCB and National Insurance Corporation combined recorded 0.29% of the total turnover.

Volume traded per counter

UMEME registered the highest volume of shares with 39.18%, followed by Uganda Clays Limited with 34.20%. Stanbic came third with 26.37% of the volume, while National Insurance Corporation Uganda was in the fourth position with 0.10% of the total volume. Bank of Baroda Uganda accounted for 0.08%, CIPLA,

DFCU, New vision Limited and KCB had the least number of shares traded amounting to 28,329 shares, representing 0.05% of total number of shares traded.

Trading Volumes and Activity on a Monthly Basis year on year

	August 2021	August 2020
Volume Traded	46,693,856	15,953,311
Turnover (UGX)	3,942,698,472	448,563,390
Number of Deals	266	232
Trading Days	22	21
Daily Average Turnover (UGX)	179,213,567	21,360,161
Daily Average number of trades	12	11
Market Capitalization (UGX.bn)	21,870.08	18,577.94
USE All Share Index (ASI)	1,574.73	1,332.11
Local Share Index (LSI)	342.68	338.73

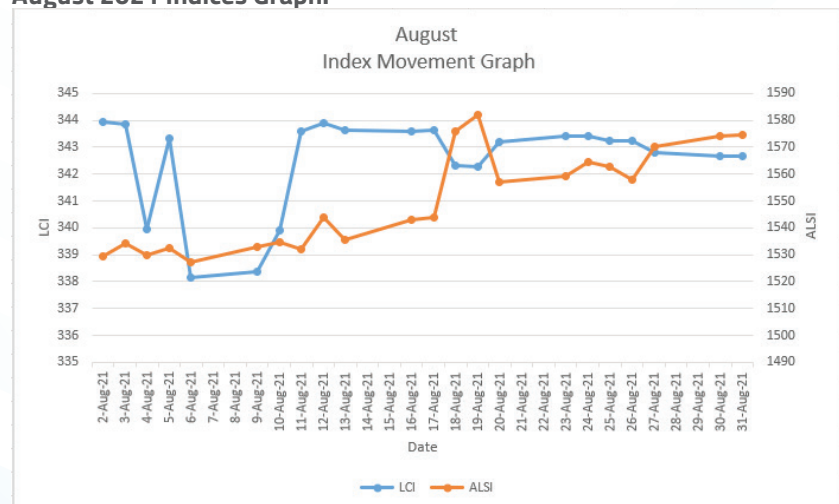
Source USE Product Markets Department

USE Index Results

The Local Company Index (LCI) slightly increased during the period with many local counters registering minimal price movements. The local index commenced the month at 341.70 and closed at 342.68 representative of a 0.28% increase. The All Share Index (ALSI) increased by 2.31% to 1,574.7 from 1,539.12 at the start of the month.

Refer to ALSI/LCI graph below.

August 2021 Indices Graph:



Source: USE Product Markets Department

ECONOMIC & FINANCIAL DEVELOPMENTS: AUGUST 2021

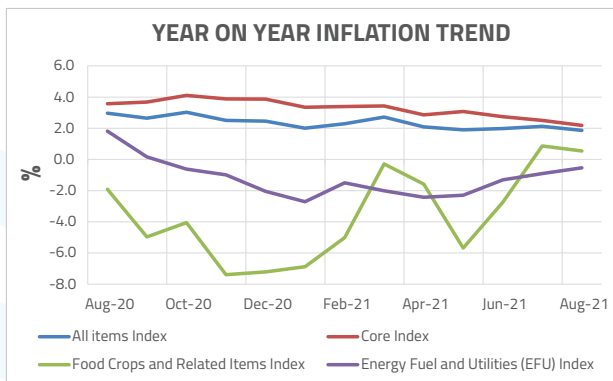
INFLATION – OUTLOOK AND RISKS

Annual headline inflation declined to 1.9% in the 12 months to August 2021 compared to 2.1% in July 2021 because of a drop in transport prices compared to the past year. The sustained closure of places of entertainment also contributed to lower inflation with annual inflation for recreation, sport and culture down to a deflation of 0.3% in August compared to an inflation of 0.7% in July 2021.

Annual food crops and related items inflation fell to 0.5% in the year to August 2021 from 0.9% in the year to July 2021 driven by lower prices of fruits and nuts during the period. Year on year Core inflation decreased to 2.2% in the 12 months to August 2021 from 2.5% in July 2021 driven by lower annual services inflation.

Year on year Electricity, Fuel and Utilities inflation increased to a deflation 0.5% in August 2021 compared to a deflation of 0.9% posted in July 2021 driven by higher prices of petrol during the period.

Inflation is expected to remain range bound over the short to medium term driven by weak economic activity following the partial lifting of Covid-19 measures.



Source: UBOS UGANDA CONSUMER PRICE INDEX: 2016/17=100 AUGUST 2021

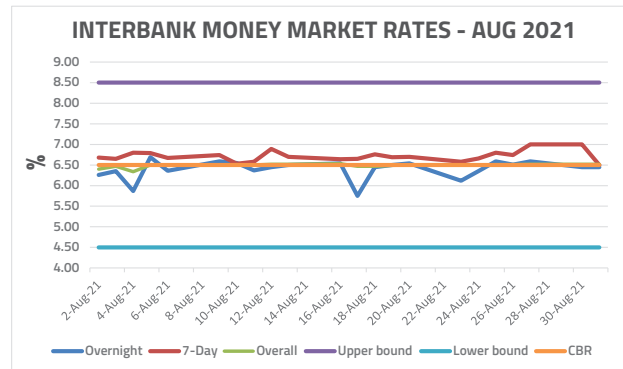
INTEREST AND LENDING RATES

Interbank Money Market Rates

Interbank Money Market rates edged lower averaging 6.5% in August 2021 compared to 6.6% averaged in July 2021 pointing to sustained liquidity in the money markets amidst slow recovery in private sector credit. Over night rates were stable month on month averaging 6.4% while 7-Day rates dropped marginally to 6.7% last month from 6.8% in July 2021.

Bank of Uganda maintained the Central Bank Rate at its record low of 6.5% at the Monetary Policy Committee meeting held in August 2021 citing slow recovery in economic activity and benign inflation. According to the Central Bank, significant uncertainties continue to surround the economic outlook which remains conditional

on the containment of the spread of the pandemic which is highly premised on the vaccination rates. On the overall, money market rates fluctuated within the bands set by the Monetary Policy Committee as shown in the graph below:



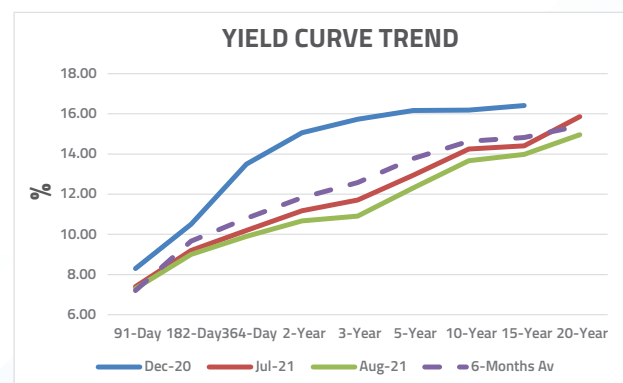
Source: Bank of Uganda

Yields on Government securities

Rates on the short end of the yield curve edged lower by the end of August 2021 compared to the end of July 2021. The 91-Day, 182-Day and 364-Day closed the past month at 7.3%, 9% and 9.9% respectively. There has been sustained investor demand for these securities arising from high liquidity in the markets especially with slow recovery in private sector credit.

Rates on the medium and long portions of the curve also dropped further by the end of August, with the largest reductions observed on the 3-Year, 5-year and 10-year which had large investor demand during the period. The recently issued 20-year government paper closed August 2021 at 14.96% compared to 15.86% at the end of July 2021. On the overall, current yields remain below the six months average and close of December 2020 showing the extent of decline observed this year.

Sustained liquidity in the markets driven by slow recovery in private sector credit amidst an expansionary monetary policy stance and forecast stable local currency is forecast to keep interest rates within current ranges (with some tenors edging further lower).

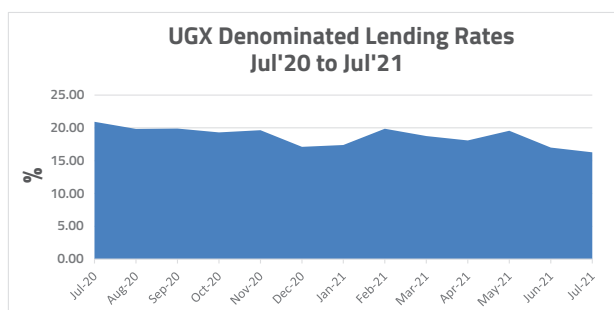


Source: Bank of Uganda

Lending rates

Shilling denominated lending rates dropped to 16.3% in July 2021 from 17% in June 2021. According to the Monetary Policy Report for August 2021, commercial banks' weighted average lending rate has maintained a downward trajectory since February 2021 in line with the reduction in the Central Bank Rate. Month on month Foreign Currency denominated lending rates fell to 5.4% in July 2021 compared to 6% in June 2021. On average foreign currency denominated lending rates have been rising pointing to higher appetite for these loans.

Private Sector Credit growth has remained moderate despite the expansionary monetary policy that has been implemented by the Central Bank since last year due to sustained uncertainty resulting from the Covid-19 pandemic, increased risk aversion by lenders, low economic activity and high government domestic borrowing.



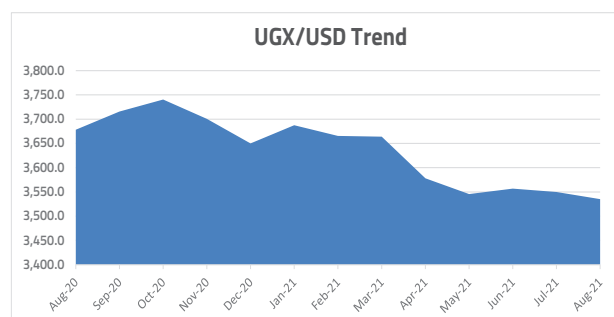
Source: Bank of Uganda

FOREIGN EXCHANGE RATE DEVELOPMENT

The local currency edged higher month on month closing August at 3,535 compared to 3,550 driven by lower appetite for foreign currency during the period. This speaks to slow recovery in economic activity following the lifting of Covid-19 containment measures in August.

The Uganda Shilling has strengthened by 3.1% against the USD so far this year compared to 3,650 at the end of December 2020 supported by increased inflows from portfolio investors seeking government securities yields, improved coffee export receipts and lower import activity.

The UGX is expected to trade range bound over the short to medium term supported by foreign inflows from investors in Treasury bills and bonds and muted import demand amidst muted economic activity.



Source: Bank of Uganda

BOND LISTINGS:

There were 2 treasury bonds re-opened in August 2021 with a value of UGX 500bn which listed. The current total value of the Government Bonds listed on the bourse stands at UGX 19.2 Trillion.

Government Bond Schedule: August 2021

INSTRUMENT CODE	IS IN	ISSUED SHARES	ISSUE DATE	RATE	MATURITY
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	1.862TN	2013/04/24	11.00	2023/04/13
FXD/1/2014/10YR	UG12J1801248	1.290TN	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/10/2019/5YR	UG12H2509240	250BN	2019/10/02	14.88	2024/09/25
FXD/1/2015/10YR	UG0000001517	300BN	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	1.220TN	2016/09/08	16.63	2026/08/27
FXD/5/2017/10YR	UG12J0605277	560BN	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	1.630TN	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	2.259TN	2019/07/11	14.25	2034/06/22
FXD/11/2020/15YR	UG12K0811352	796.7BN	2020/11/27	16.25	2035/11/08
FXD/11/2020/20YR	UG12L0111405	1.339TN	2020/11/27	17.50	2040/11/01

Corporate Bond Activity: August 2021

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 Activity: August 2021

	Month	Security	Amount Auction	Secondary
01	Aug - 21	TBILL	351,500,000	
02		TBOND	61,100,000	29,100,000
	Total		412,600,000	29,100,000

CORPORATE ANNOUNCEMENTS: AUGUST 2021

UMEME

Umeme Limited published their unaudited interim condensed financial statements for the six months ended 30 June 2021.

Below are the company's Financial highlights.

The performance for the six-months was supported by continuing investment in the existing network as well as projects to help meet regulatory targets and overall recovery in demand.

Revenues: Increased by 9.3% to UGX 928 billion from UGX 849 billion for the same six months in 2020. The growth is attributed to increased electricity demand across all consumer categories following reduced restrictions after the 1st wave of Covid-19.

Gross profit: Increased by 28.7% in the six months to 30 June 2021 to UGX 299 billion compared to UGX 232

billion of 2020. The growth is attributed to investments in growth and reliability related projects coupled with increased demand from existing and new customers.

Operating costs: increased by 12% to UGX 123 billion from UGX 110 billion of 2020.

Finance costs: Declined by 15.4% due to the decrease in interest rates on the long-term facilities: during the period it was 5.26%, down from 6.92% in the same period last year.

Earnings Before Interest Tax Depreciation and Amortization (EBITDA): Strengthened by 48% to UGX 173.8 billion compared to UGX 121 billion of 2020.

Net profit: More than doubled to UGX 48.2 billion compared to UGX 21.8 billion in the interim period to June 2020.

Capital Position: The company has fully drawn down and utilized the debt raised in late 2019 to bolster the investment programme over the past 18 months. Long-term gross debt at the close of June 2021 stood at USD 120.3m, down from USD 144.3m as of 31st December 2020.

Cashflow: Net Operating cashflow improved to UGX 153.5 billion, from UGX 24.1 billion of 2020, attributable to the improved profitability, recovery of outstanding ECP revenues, working capital efficiencies and lower financing costs. Capital expenditure in the period eased to UGX 49.6 billion against the UGX 77.7 billion invested in the six months to June 2020.

Full announcement is available on our website;
<https://www.use.or.ug/content/umeme-financial-statements-six-months-ended-30-june-2021>

BRITISH AMERICAN TOBACCO UGANDA

The Directors of British American Tobacco Uganda Limited announced its unaudited financial results for the six months ended 30 June 2021.

Below are the company's Financial Highlights

Gross revenue: Reduced by 41% to UGX 45.2 billion, driven by a decline in sales volume attributable to the challenging trading environment.

Excise Duty and Value Added Tax (VAT): Decreased by 41% to UGX 23.3 billion due to the lower sales volume. Consequently, net revenue declined by 40% to UGX 21.9 billion.

Total cost of operations: Reduced by 37% to UGX 16.9 billion, driven by lower sales volume and cost management initiatives undertaken to cushion business profitability.

Profit before tax: Decreased by 50% to UGX 4.9 billion, reflecting the drop in net revenue offset by cost saving measures.

Taxes in the form of Excise Duty, VAT and Income Tax: Reduced by UGX 17.4 billion (41%) to UGX 24.8 billion, in line with lower sales volume and reduced profit.

Full announcement is available on our website;
<https://www.use.or.ug/content/batu-2021-half-year-results>

STANBIC UGANDA HOLDINGS LIMITED

The Board of Directors released the company's Interim financial statements for the period ended 30th June 2021

Below are the company's Financial Highlights

Shareholders' Equity: Increased by 14.2% from UGX 1.2 trillion as at June 2020 to UGX 1.4 trillion as at June 2021. The Compounded Annual Growth Rate (CAGR) over the past 5 years is 16.9%.

Customer Deposits: Increased by 9.5% from UGX 5.2 trillion in June 2020 to UGX 5.7 trillion in June 2021. The CAGR over the last 5 years is 15.3%.

Total Assets: Grew by 14.4% from UGX 7.7 trillion to UGX 8.8 trillion. The CAGR over the last 5 years is 16.4%.

Total Income (NIR/NII): Increased by UGX 43 billion, representing a 10.2% increase over the same period in 2020. Net Interest Income (NII) registered growth off the back of larger interest earning investments, while Non-Interest Revenue (NIR) dropped due to business disruptions occasioned by the Covid-19 pandemic.

Profit After Tax: Were up by 21.5% to close at UGX 154.9 billion largely driven by growth in revenues, efficient cost control and credit risk. The CAGR over the last 5 years is 12.9%.

Off Balance Sheet: Off Balance Sheet (Letters of Credit, Guarantees and Bonds) grew by 9.2% to UGX 1.92 trillion from UGX 1.76 trillion in June 2020. The CAGR over the last 5 years is 13.6%.

Total Costs: Rose by 9.7% from UGX 214 billion to UGX 234 billion.

Full announcement is available on our website;
<https://www.use.or.ug/content/stanbic-uganda-holdings-ltd-interim-financial-statements-2021>

DFCU LIMITED

The Board of Directors published the 2021 half year consolidated financial results of DFCU Limited.

Below are the company's Financial Highlights

Net profit after tax increased by 33% from UGX 29.1 Billion in June 2020 to UGX 38.8 Billion in June 2021.

Earnings per share is UGX 51.89 million from UGX 38.92 million in June 2020.

Share holders' equity at UGX 636,237 million from UGX 599,658 million in June 2020.

Total Assets at UGX 3,357,393 million from 3,442,040 million in June 2020.

Full announcement is available on our website;
<https://www.use.or.ug/content/dfcu-limited-2021-interim-financial-results>

Notice Of Retirement

DFCU Limited informed the public that on 18th August 2021 the Board of Directors of the Company received and accepted a request of the Chairman of the Board of Directors, Mr. Elly Karuhanga for early retirement. The retirement was notified to Shareholders at the Company's Annual General Meeting held on 19th August 2021 and is to take effect on 30th September 2021.

Full announcement is available on our website;
<https://www.use.or.ug/content/dfcu-notice-retirement-board-chairperson>

General Announcement

Dfcu Limited advised its shareholders and the public that a claim had been issued in the English High Court against it and its subsidiary, dfcu Bank and other defendants.

The claim was brought by certain shareholders of Crane Bank Limited (CBL) and in the name of CBL which is in Liquidation as per the Bank of Uganda notice dated 13th November 2020. The claim relates to the transaction in which dfcu Bank acquired some assets and assumed some liabilities of CBL.

Full announcement is available on our website;
<https://www.use.or.ug/content/dfcu-announcement>

CIPLA Quality Chemical Industries Limited

The Directors of Cipla Quality Chemical Industries Limited presented the summary financial statements for the year ended 31 March 2021.

Below are the company's financial highlights

Revenue: Sales grew by 48% from UGX 192.7 billion in FY 2019-20 to UGX 284.5 billion in FY 2020-21.

Gross profit margin remained stable at 19% in both years. The higher margin ARV sales were 74% of the total sales in FY 2020-21 compared to 61% in FY 2019-20. The Company continues to compete on price and win new business leading to reduced margins but increased sales and gross profit.

General and administrative expenses increased by UGX 15.0 billion or 41% mainly due to increase in sales promotion efforts to support the aggressive expansion drives, enhancement of the staff medical scheme and normal salary adjustments.

Finance costs and income - net movement is partly explained by increase in exchange losses by UGX 1.7 billion due to strengthening of the Uganda Shilling against the USD and increased USD denominated receivables resulting from last quarter sales.

Dividend

The directors do not recommend the payment of a dividend for the financial year ended 31 March 2021.

A copy of the audited financial statements can be obtained from CiplaQCIL's Registrar; M/s Uganda Securities Exchange Nominees Ltd located at 4th Floor, Block A, UAP Nakawa Business Park, Plot 3-4, New Port Bell Road, Kampala, Uganda.

Full announcement is available on our website;
<https://www.use.or.ug/content/ciplaqcil-annual-financial-results>

Appointment of Chief Executive Officer/ Executive director and appointment of company Pharmacist/ Executive director

The Board of Directors of Cipla Quality Chemical Industries Ltd informed its shareholders and the public of the appointment of Mr. Ajay Kumar Pal as Chief Executive Officer/Executive Director.

He joined the Company in February 2020 as Chief Operating Officer. Prior to that he was Senior Director: Head of Manufacturing Cipla South Africa. Mr. Ajay Kumar Pal takes over from Nevin Bradford who will be retiring from the Company effective 30th September 2021.

The Board of Directors also informed its shareholders and the public of the appointment of Dr. John Collins Kamili as Company Pharmacist/Executive Director effective 1st May 2021.

He is a registered member of the Pharmaceutical Society of Uganda (PSU) and the Pharmacy Board in the Ministry of Health of Uganda. Dr. John Kamili has been working with CiplaQCIL since 2009 initially as Quality Assurance Pharmacist and is currently heading the Regulatory Affairs department. Dr. Kamili replaces Dr. Samuel Opio who left the Company on 30th April 2021.

Full announcement is available on our website;
<https://www.use.or.ug/content/cipla-appointment-executive-directors>

EDUCATION COLUMN

INVESTING IN INDEX FUNDS:

With a net worth of more than \$82 billion, Warren Buffett is one of the most successful investors of all time. His investing style, which is based on discipline, value, and patience, has yielded results that have consistently outperformed the market for decades. While regular investors that is, the rest of us don't have the money to invest the way Buffett does, we can follow one of his ongoing recommendations: Low-cost index funds are the smartest investment most people can make.

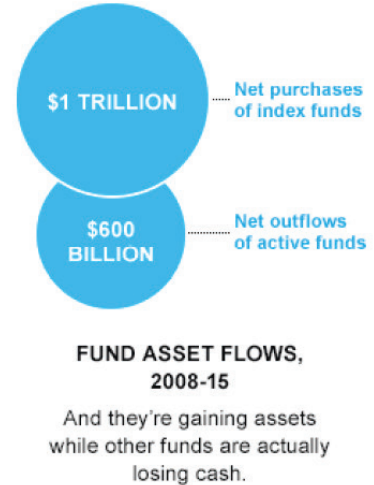
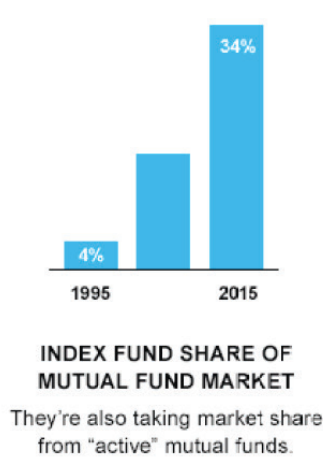
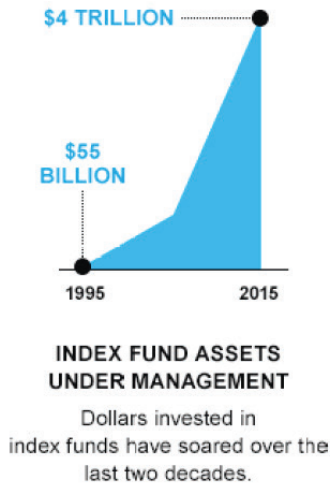
WHAT IS AN INDEX FUND?

An index fund is an easy way to invest in **every stock** in an index (list) **in proportion to the size** of the company.

For example, a fictional "USA Ten" index fund that holds the **ten biggest US stocks** would look like this:

1	2	3	4	5	6	7	8	9	10
Microsoft	Apple	Amazon	Google	Facebook	BERKSHIRE HATHAWAY INC.	VISA	CHASE	Johnson & Johnson	Walmart

PERSONALFINANCECLUB



What Is an Index Fund?

An index fund is a type of mutual fund or exchange-traded fund (ETF) that holds all of the securities in a specific index, with the goal of matching the performance of that benchmark as closely as possible. Simply put, an index fund is a type of mutual fund or exchange-traded fund that seeks to track the returns of a market index.

When you buy an index fund, you get a diversified selection of securities in one easy, low-cost investment.

Some index funds provide exposure to thousands of securities in a single fund, which helps lower your overall risk through broad diversification. By investing in several index funds tracking different indexes, you can build a portfolio that matches your desired asset allocation. For example, you might put 60% of your money in stock index funds and 40% in bond index funds.

Index funds may take different approaches to track a market index: some invest in all the securities included in a market index, while others invest in only a sample of the securities included in a market index.

Market indexes often use a company's market capitalization to decide how much weight that security will have in the index. Market capitalization (or "market cap") is a measure of the total value of the company's shares. The total value is equal to the share price times the number of shares outstanding. In a market-cap-weighted index, securities with a higher market capitalization value account for a greater share of the overall value of the index. Some market indexes, such as the Dow Jones Industrial Average, are "price-weighted." In this case, the price per share will determine the weight of a security.

Some index funds may also use derivatives (like options or futures) to help achieve their investment objective.

How do index funds invest?

Index funds have generally followed a passive, rather

than active, style of investing. This means they aim to maximize returns over the long run by not buying and selling securities very often. In contrast, an actively managed fund often seeks to outperform a market (usually measured by some kind of index) by doing more frequent purchases and sales.

What are the costs associated with index funds?

Because index funds generally use a passive investing strategy, they may be able to save costs. For example, managers of an index fund are not actively picking securities, so they do not need the services of research analysts and others that help pick securities. This reduction in the cost of fund management could mean lower overall costs to shareholders. However, keep in mind that not all index funds have lower costs than actively managed funds. Always be sure you understand the actual cost of any fund before investing.

The Benefits of Index Funds

The most obvious advantage of index funds is that they have consistently beaten other types of funds in terms of total return.

One major reason is that they generally have much lower management fees than other funds because they are passively managed. Instead of having a manager actively trading, and a research team analysing securities and making recommendations, the index fund's portfolio just duplicates that of its designated index.



Index funds hold investments until the index itself changes (which doesn't happen very often), so they also have lower transaction costs. Those lower costs can make a big difference in your returns, especially over the long haul. What's more, by trading in and out of securities less frequently than actively managed funds do, index funds generate less taxable income that must be passed along to their shareholders.

Index funds have still another tax advantage. Because they buy new lots of securities in the index whenever investors put money into the fund, they may have hundreds or thousands of lots to choose from when selling a particular security. That means they can sell the lots with the lowest capital gains and, therefore, the lowest tax bite.

If you're shopping for index funds, be sure to compare their expense ratios. While index funds are usually cheaper than actively managed funds, some are cheaper than others.

The Drawbacks of Index Funds

No investment is ideal, and that includes index funds.

One drawback lies in their very nature: A portfolio that rises with its index falls with its index. If you have a fund that tracks the S&P 500, for example, you'll enjoy the heights when the market is doing well, but you'll be completely vulnerable when the market drops. Thus an index fund may have less flexibility than a non-index fund to react to price declines in the securities in the index. In contrast, with an actively managed fund, the fund manager might sense a market correction coming and adjust or even liquidate the portfolio's positions to buffer it.

It's easy to fuss about actively managed funds' fees. But sometimes the expertise of a good investment manager can not only protect a portfolio, but even outperform the market. However, few managers have been able to do that consistently, year after year.

Also, diversification is a double-edged sword. It smooths out volatility and lessens risk, sure; but, as is so often the case, reducing the downside also limits the upside. The broad-based basket of stocks in an index fund may be dragged down by some under performers, compared to a more cherry-picked portfolio in another fund.

Tracking Error. An index fund may not perfectly track its index. For example, a fund may only invest in a sampling of the securities in the market index, in which case the fund's performance may be less likely to match the index. **Under performance.** An index fund may under perform its index because of fees and expenses, trading costs, and tracking error.

The Bottom Line

Before investing in any fund, you should carefully read all the fund's available information. This includes the fund's prospectus and most recent shareholder report. In

addition, funds disclose their portfolio holdings quarterly in and shareholder reports. You can typically get this information from the fund's website or your financial professional.

Asking the following questions might help:

1. What fees and expenses can I expect to pay for buying, owning, and selling this fund?
2. What specific risks are associated with this fund?
3. How is the makeup of the fund's index determined?
4. How does the fund's investment strategy fit with my investment goals?

Key Takeaways

- Index funds are mutual funds or ETFs whose portfolio mirrors that of a designated index, aiming to match its performance.
- Over the long term, index funds have generally outperformed other types of mutual funds.
- Other benefits of index funds include low fees, tax advantages (they generate less taxable income), and low risk (since they're highly diversified). Passive management tends to outperform over time, Broad diversification
- Index Fund Cons include no downside protection, doesn't take advantage of opportunities, cannot trim under-performer, lack of professional portfolio management

As Buffett wrote in a 2016 letter to shareholders, "When trillions of dollars are managed by Wall Streeters charging high fees, it will usually be the managers who reap outsized profits, not the clients. Both large and small investors should stick with low-cost index funds."

SOURCE;

<https://www.investor.gov/introduction-investing/investing-basics/investment-products/mutual-funds-and-exchange-traded-4>

<https://www.nerdwallet.com/article/investing/how-to-invest-in-index-funds>

<https://www.investopedia.com/investing-in-index-funds-4771002>

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

UAP Nakawa Business Park, Block A, 4th Floor, Plot 3 - 5 New Port Bell Road. P. O. Box 23552 Kampala, Uganda.

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