REMARKS BY MR. KEITH KALYRGIRA, CEO, CAPITAL MARKETS AUTHORITY

AT THE PRESS CONFERENCE TO MARK UGX1 TRILLION IN ASSETS UNDER MANAGEMENT (AUM) BY COLLECTIVE INVESTMENT SCHEME MANAGERS.

18TH MAY 2022, UGANDA MEDIA CENTER, KAMPALA

- Hon. Matia Kasaija, Minister of Finance, Planning and Economic Development.
- Members of the Media.
- Ladies and gentlemen;

On many occasions, His Excellency President Yoweri Museveni has urged Ugandans to be engaged in gainful activities and to save their incomes through the "emyooga" programme, the Parish Development Model, Cooperative Unions and Savings and Credit Co-operative Society Organizations (SACCOs).

Indeed, Gross Domestic Savings (GDS) have grown by 6.52% year on year from UGX 20.5 trillion in 2016 to UGX 26.4 trillion in 2020.

And as savings improve, the focus of Ugandans should now turn to avenues through which these savings can earn a high return while keeping risk as low as possible.

One such as avenue that has been embraced by individuals, investment clubs, pension schemes, families and friends around Uganda is the Collective Investment Scheme (CIS) or "Okusiga Sente oKwawamu" In Luganda.

Ladies and gentlemen, as already highlighted by the Minister of Finance, Planning and Economic Development, savings mobilized from Ugandans and pulled into CIS by licensed CIS managers have reached a total of UGX 1.15 trillion; this was reached at the end of March 2022. On an annual basis, this is a growth of 102.1% from UGX567 billion at the close of March 2021.

This milestone is significant, because CIS growth has been much faster than the 20% annual increase that been envisaged in the third National Development Plan (NDP III). It is also **UGX130 billion more than the UGX 1.02 trillion target that been set in three years from now at the end of the FY 2024/25.**

This has been achieved because of a concerted effort among stakeholders in Uganda's capital markets to mobilize more Ugandans to save and invest through CIS as their investment vehicle.

This growth is mostly attributed to increased awareness of the CIS product and its advantages such as **Risk Diversification; Professional management; Access to a wide variety of securities investments; Affordability; Tax benefit; Liquidity;** and the **Compounding benefit.**

If an investor does not withdraw the interest (profit earned) on the investment in a unit trust, compounding leads to interest on both the money saved and interest earned. The benefit is greater for someone who consistently makes regular contributions to the investment.

Even though the CIS asset growth is impressive, we encourage more Ugandans to open accounts today, as there were only **32,998 accounts** at the end of March 2022 with the five licensed CIS managers up from **26,936** accounts in December 2021. This means the average investment per account is currently **UGX 34.7 million.** We would like to see more Ugandans choose CIS as their investment vehicles of choice regardless of the size of their savings.

Our research indicates that most Ugandans saving through CIS invest in Umbrella funds, which have **UGX793 billion in Ugandan savings or 69.2% of all CIS money**. Umbrella funds comprise of investments in a mix of short term and long term securities.

The next popular is the Money Market Fund with UGX314.9 billion or 27.1%. Money Market funds comprise of investments in short term securities for a period of less than one year such as treasury bills.

The third most popular is the Balanced fund with UGX 37.99 billion or 3.32%. This comprises of investments in bonds and stocks. It is also called a hybrid fund.

The interest earned per scheme type is averages at an estimated 10% or more on an annualized basis, which is attractive in preserving the wealth of Ugandans against inflation. This interest earned is several times greater than the 2% or 3% paid by banks for savings account deposits. To preserve your wealth, CIS should among your investment options.

Investors have the option of withdrawing some or all of their savings, and interest earned for the period of their investment to cater for school fees, construction, health care and other needs; then re-invest whenever they are able to.

The minimum initial deposit to invest in a CIS account, with UAP Old Mutual Financial Services, ICEA Lion Asset Management, Britam Asset Managers, Sanlam and Xeno is only **UGX 100,000**. Additional investments can be lower or higher as the customer is able to and in line with requirements of the scheme manager.

I could have said a lot more, but in the interest of time, allow me to end my remarks at this point.

I thank you.