

SAPIENS INVESTMENT ASSOCIATION

Annual General Meeting — Chairman's Report



CHAIRMAN'S ANNUAL REPORT

Financial Year 2024/2025

Presented by:

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Chairman, Sapiens Investment Association

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1. Introduction

Fellow members and distinguished guests, I warmly welcome you all to our Annual General Meeting.

I deeply appreciate your commitment and active participation throughout the 2024/25 year. The purpose of this AGM is to account for our progress, reflect on our journey, and plan for the future of our Association.

I extend my sincere gratitude to everyone present, as well as those unable to attend, for the collective efforts and dedication that have sustained our Association—not only over the past year but consistently throughout the last three years.

Today, we gather to reflect on our achievements, address key ideas, and chart a clear path for the year ahead.

2. Overview of the Year

Over the past 12 months, the Association has achieved several important milestones:

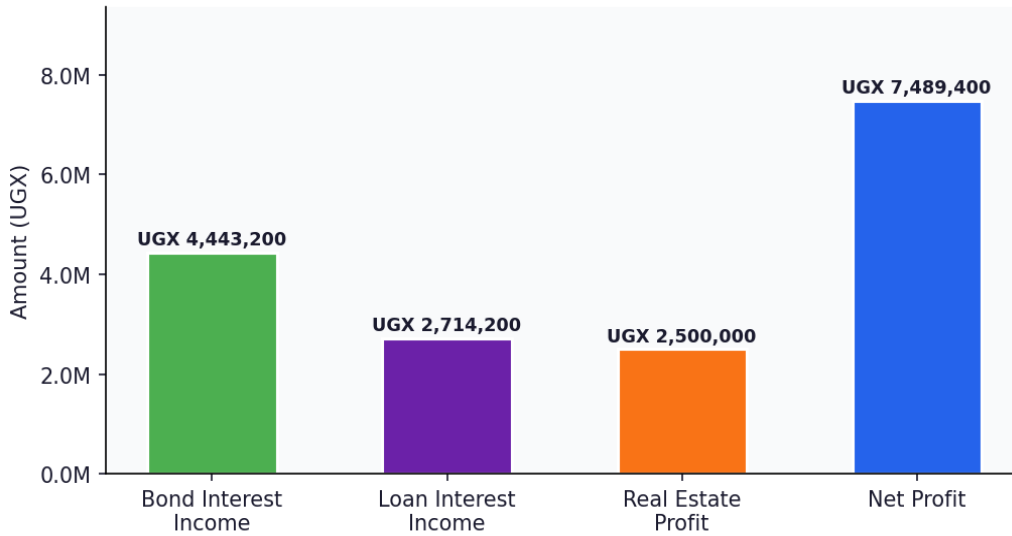
2.1 Key Financial Achievements

Description	Amount (UGX)
Net Profit Realised	UGX 7,489,400
Fixed Income Portfolio Purchased	UGX 13,300,000
Total Bond Portfolio Value	UGX 29,300,000
Guaranteed Bond Interest Income (approx.)	UGX 4,443,200
Real Estate Plot Sale (Mbarara)	UGX 17,000,000
Real Estate Net Profit	UGX 2,500,000
Loans Disbursed	UGX 18,200,000
Net Interest Income from Loans	UGX 2,714,200

2.2 Income Breakdown

The chart below illustrates the breakdown of income streams for the financial year 2024/25.

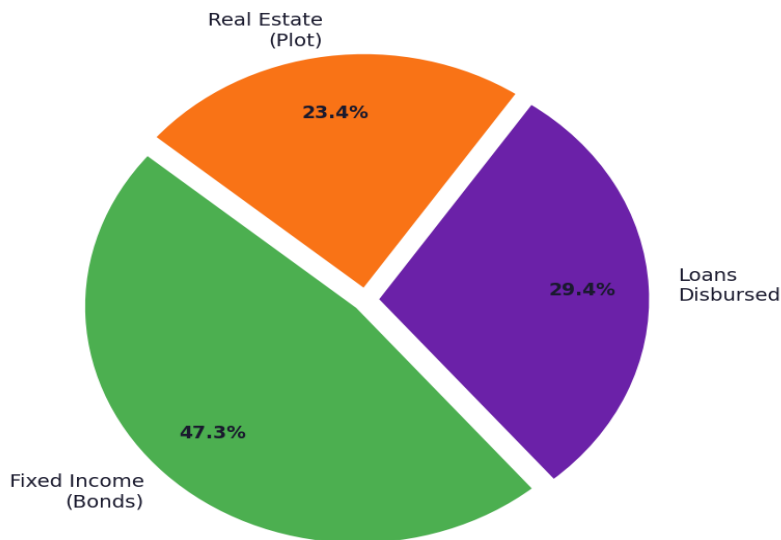
Financial Performance — Income Breakdown (2024/25)



2.3 Investment Portfolio Allocation

The Association actively invested across three asset classes: fixed income bonds, member loans, and real estate. The chart below reflects the proportional distribution of capital deployed across these instruments.

Investment Portfolio Allocation (2024/25)



2.4 Bond Portfolio

Bond Holdings

- UG12K2306393 — 15.8% p.a., maturing 23 June 2039

• UG12M07075072507JUL2050 — Long-term sovereign bond

Total Portfolio: UGX 29,300,000 | Annual Interest: ~UGX 4,443,200

2.5 Operational Challenges & Risk Register

Despite these successes, several operational challenges were identified. The following risk register categorises these by severity:



2.6 Proposed Mitigations

- Addressing Dormancy: A new operational framework will be introduced to curb inactivity, including the potential forced sale of a member's shareholding after three months of inactivity.
- Managing Defaults: Loan defaulters will be handled firmly and without favour. Defaulted amounts will be deducted from the member's shareholding to safeguard Association assets.
- Member Attrition: As this remains a low-risk factor, it will be managed through natural demand and supply dynamics, while respecting members' rights.

3. Projects & Initiatives

During the 2024/25 financial year, the Association successfully undertook the following projects and strategic initiatives:

3.1 Primary Market Bond Auction

The Association participated in a primary market bond auction, investing UGX 13.3 million at an annual return of 16%. This was a significant milestone in strengthening our fixed income portfolio.

3.2 Real Estate Divestment — Mbarara Plot

The Association completed the resale of its plot in Mbarara for UGX 17,000,000, realising a net profit of UGX 2,500,000. This translates into a 15.4% return on investment, demonstrating the Association's ability to generate value from real estate ventures.

3.3 Member Loan Programme

The Association disbursed loans totalling UGX 18,200,000, from which a net interest income of UGX 2,714,200 was earned. This continues to be a vital source of liquidity and income.

3.4 Strategic Initiatives

- Members requested to prepare business plans identifying investment opportunities for the coming years.
- Introduction of a progressive monthly contribution of UGX 50,000 per member to strengthen the capital base.
- Plans to diversify into agriculture, trade, and commerce once current portfolio management is mastered.

Current Investment Vehicles

The Association is actively deployed across three investment vehicles: Bonds, Member Loans, and Real Estate. The Board intends to expand into Agriculture, Trade, and Commerce in the next phase.

4. Governance & Compliance

Adherence to the Association's bylaws during the past year has been below expectation. In response, the Executive Committee has proposed several governance reforms:

4.1 New Position: Member Representative

A new role — the Member Representative (watchdog) — will be created within the Executive Committee structure. This role will be tasked with monitoring compliance, safeguarding member interests, and ensuring that the Executive Committee operates in full alignment with the Association's constitution.

4.2 Bylaw Adjustments

Discussions have been initiated on adjustments to bylaws aimed at strengthening savings and investment activities. These reforms are designed to help achieve targets, expand the portfolio, and grow profitability.

4.3 Transparency & Accountability

Performance in transparency and accountability has been above average. A dedicated slot within the Executive Committee will be created to monitor activities and represent member concerns.

4.4 External Partnerships

The Association has not yet engaged external advisors, auditors, funders, or regulators. As a formative organisation, this is a recognised gap. Moving forward, the Association is committed to establishing such partnerships to benchmark and adopt governance best practices.

5. Strategic Outlook

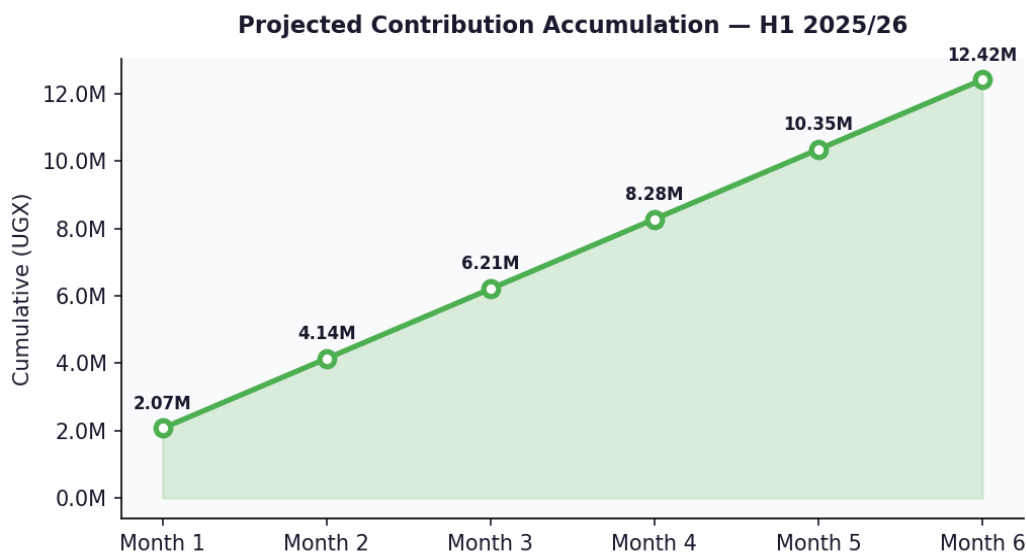
The following strategic priorities have been identified for the year ahead:

5.1 Strategy One — Enforce Resolutions

All resolutions discussed at today's AGM will be implemented without fear or favour, regardless of members' capacity, shareholding, or position. This ensures fairness, discipline, and unity in execution.

5.2 Strategy Two — Contribution Projections

The Association projects a minimum monthly contribution of UGX 2,070,000, based on 23 members contributing UGX 100,000 each, with a 10% monthly default provision. Under this strategy, cumulative contributions in the first half of the year are projected as follows:



5.3 Zero Tolerance for Dormancy

The system will be adjusted to accommodate only committed members. It is wiser to have fewer but truly dedicated members, united by a shared dream, than to carry inactive participants who weaken the Association's progress.

5.4 Calculated Investment Strategy

The Association reaffirms its commitment to continuously investing in well-calculated, assessed ventures — safeguarding member investments while ensuring competitive returns and long-term sustainability.

Key Projection

Projected H1 2025/26 Contributions: UGX 12,420,000 (minimum, assuming full Strategy One implementation)

6. Appreciation

I want to express my deepest appreciation to the Executive Committee team for relentlessly and sustainably running the Association over the last three years. From inception, this team has demonstrated exceptional commitment and leadership.

I also thank our founder members — ten of the original fifteen — who started this journey, crafted our bylaws, and walked with us from the very beginning. Your vision and courage laid the foundation upon which we continue to build.

To every member who saw the idea, recognised its value, and chose to join: many people tend to run to established groups, but you chose to believe in our mission. For that, I am truly grateful.

7. Conclusion

As I conclude, I sincerely thank each of you for your active participation in today's Annual General Meeting. Your commitment, ideas, and contributions are the true strength of our Association.

Together, with discipline, innovation, and unity, we will continue to expand our portfolio and secure long-term prosperity for all members.

AYEBAZIBWE JOHN VIANNEY

Chairman

Sapiens Investment Association

AGM 2024/2025

