



MAKERERE UNIVERSITY



LEVERAGING 100 YEARS OF EXCELLENCE
IN BUILDING A TRANSFORMED SOCIETY

MAKERERE UNIVERSITY ENDOWMENT FUND

Annual Report FY 2021 / 2022





Makerere University Souvenir and Gift Shop Contract Signing



Makerere University Endowment Fund Board of Trustees

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ACRONYMS

BOU	Bank of Uganda
CAIM	Crown Asset Investment Management
COCIS	College of Computing and Information Sciences
FPAIC	Finance, Planning, Administration, Investment Committee
FY	Financial Year
GBP	Great Britain Pound Sterling
MACOS	Makerere University College School
MAKEF	Makerere University Endowment Fund
SLA	Service Level Agreement
SLA	Service Level Agreement
UGX	Uganda Shillings
UK	United Kingdom
YTD	Yield to Date

EXECUTIVE SUMMARY

This annual report highlights the performance of the Endowment Fund in the FY 2021/2022 based on the annual targets that were set by the Board of Trustees.

The opening balance as of July 1st 2021 was UGX: 8,931,594,680 and the closing balance as of June 30th 2022 was 9,115,253,052, representing a fund growth of UGX: 82,567,700. The annual work plan projection to hit the 10 billion mark was not met due to several factors including the poor performance of the offshore fund whose -8.1% growth greatly affected the positive growth of 8.08% of the onshore fund. In the last half of the FY2021/22, the equities market in the UK was hit by financial market vagaries that impacted on the value of the fund leading to loss of value amounting to UGX: 602m.

A total of UGX: 1,673,762,942 has so far been remitted to the Endowment Fund from the University as at June 30th 2022. From this remittance, the fund has been able to grow to UGX: 2,220,588,812 implying that the overall investment growth since FY2015/16 stands at UGX: 546,825,870. A total of UGX: 195,341,658 remained unremitted by the University by the end of the FY 2021/22.

The Board has earmarked several fixed assets investment options that contribute to addressing a need at the University as well as guarantees a return on investment (*the options are presented in the draft Strategic Plan*).

1. INTRODUCTION

1.1. Background

In the 1930's Makerere University received donations from various individuals with the main objective of establishing an investment portfolio to support the University. The individuals included leaders of church missionary societies, former colonial government officials, foreign educationists, and lecturers of higher institutions of learning. These individuals entrusted the funds with Crown Agents Investment Management (CAIM) based in the United Kingdom for investments purposes. These funds included;

- a) The Alice Davy Fund
- b) The College Investment Fund
- c) The Fisher Scholarship Fund
- d) The Nuffield Education Fund
- e) The Prizes Fund
- f) Sir D. Cameron Prize Fund and
- g) The College Endowment Fund

In 1986, the first six endowment funds were amalgamated and became the "Makerere University Investment Fund" under the management of Crown Asset Investment Management (CAIM). In October 2002, an agreement was signed between Makerere University and CAIM and at that time the fund value was GBP 1,523,418.65. Since then there have been four withdraws from the offshore fund as illustrated in table 1 below.

Table 1: Withdraws from the Offshore Fund

Date	Purpose	Amount (GBP)
31/12/2001	Buying equipment for Physics, Soil Science, Vet and Chemistry departments as approved by Council	200,000
13/05/2004	Reimburse faculties' accounts for the borrowed money used to rehabilitate the University plant (main campus) approved by the 95 th Meeting of Council on 1 st & 2 nd October 2003	500,000
16/06/2005	Completion of Library extension by M/s Arab Contractors certificate No 4 & 5. Approved by the 101 st Meeting of Council held on 24 th March 2005	300,000
25/06/2008	Hosting of 'All Africa' University Games and construction of the rugby grounds below Nsibirwa in preparation for the games. <i>(The record of Council authorizing this withdraw is among the documents destroyed in the fire, but eyewitness accounts confirm that indeed council authorized the withdrawal).</i>	250,000

1.2. Approval of the Makerere University Endowment Fund

At its 130th meeting held on February 20th, 2014, the University Council agreed and approved the setting up of the Makerere University Endowment Fund constituting of both offshore and Onshore funds. The University Council has since developed several policies to guide the Administration and governance of the fund and these are;

- a) Makerere University Endowment Fund Rules;
- b) The Makerere University Investment Policy (2006), revised in 2021;
- c) The MAKEF Trust Deed (2014); and
- d) The Deed of Adherence (2022).

At the same meeting, the University Council approved an annual contribution of UGX: 10,000 per student, charged as part of a student's functional fees. Table 2 below shows the funds collected by the University since 2014 from student fees.

Table 2: Funds Collected by the University from Student Fees Since 2014 as at 30th June 2022

YEAR OF STUDY	NO. OF STUDENTS	FULLY PAID	UNIT AMOUNT	ALL STUDENTS	FULLY PAID STUDENTS
2015/16	11,112	11,112	10,000	111,120,000	111,120,000
2016/17	19,598	19,598	10,000	195,980,000	195,980,000
2017/18	27,997	27,997	10,000	279,970,000	279,970,000
2018/19	34,839	34,839	11,500	365,043,000	365,043,000
2019/20	31,729	31,729	13,225	309,772,200	309,772,200
2020/21	29,018	29,018	13,225	363,336,050	363,336,050
2021/22	29,211	17,627	13,225	383,069,350	243,883,350
Total				2,008,290,600	1,869,104,600

Source: Remittance Report from the Office of the University Bursar

A total of UGX: 1,869,104,600 has been collected by the University since AY 2015/16 out of an expected UGX: 2,008,290,600. Table 3 below highlights the amount of money so far remitted to the Fund.

Table 3: Funds Remitted to the Fund as at June 30th 2022

Funds Remitted to the Fund as at June 30 th 2022			
Date	Voucher No	Description	Remitted
22/01/2016	CHQ. 00235	Transfer of Endowment fee	70,000,000
01/09/2017	941937	Transfer of Endowment fee	80,000,000
03/10/2017	943752	Advance to MU Endowment Fund	100,000,000
03/10/2017	943818	Support to MUK Endowment fund	66,725,000
0108/2018	945794	Transfer for 2016/17 -2017/18	145,520,000
19/02/2018	946482	Transfer for 2016/17 -2017/18 balance	66,745,000
09/08/2019	948757	Transfer for 18/19	168,000,000
19/03/2020	949199	Transfer of Endowment fee	99,720,000
25/05/2021	954529	Transfer of Endowment fee	178,357,891
24/06/2021	955216-1	Transfer of Endowment fee	388,030,633
17/05/2021		Transfer of Endowment fee	221,402,749
09/06/2022	S53217615	Transfer of Endowment fee	89,261,669
TOTAL		Transfer of Endowment fee	1,673,762,942

A total of UGX: 1,673,762,942 has so far been remitted to the Endowment Fund as at June 30th 2022 which represents 89.5 % remittance. At the end of FY2021/2022, UGX: 195,341,658 remained unremitted.

1.3. Overview of the Report

This Annual Report presents the institutional arrangements and structure of the Makerere University Endowment Fund. The report further highlights the performance of the Endowment Fund in the FY 2021/2022, based on the annual targets that were set by the Board of Trustees upon being inaugurated in September 2021.

1.4. Endowment Fund Governance and Administration

MAKEF is administered by a 7-member Board of Trustees with a full time secretariat at the University. The Members of the Board include;



Dr. Margaret B. Kigozi
Chairperson



Mr. William Ndoleriire
Member



Mr. Barnabas Tumusingize
Member



Mr. Martin Owiny
Member



Assoc. Prof Umar Kakumba
Member



Mr. Kenneth Mugambe
Member



Ms. Mwijukye Jennifer
Member

The day-to-day affairs of the Endowment Fund are run by a Secretariat headed by Mr. Emmanuel Kitimirike as the Fund Administrator, Ms. Betty Namome, Administrative Assistant and Mr. Paneah B. Asimwe as the Accountant.



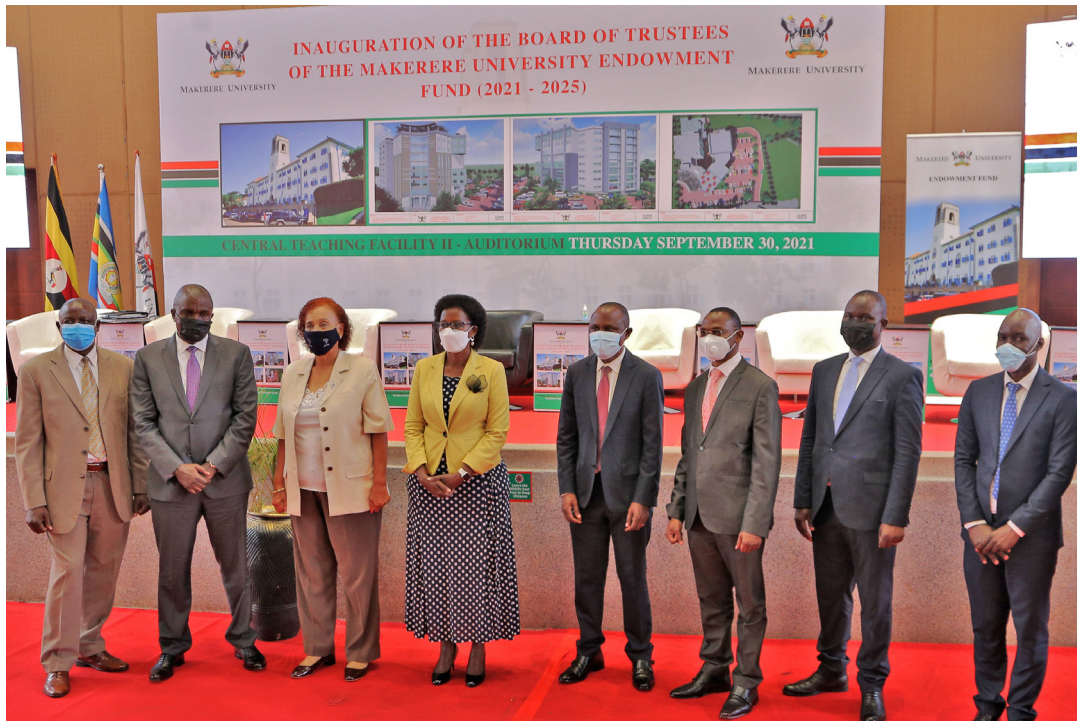
Mr. Emmanuel Kitimirike
Fund Administrator



Ms. Betty Namome
Administrative Assistant



Mr. Paneah B. Asimwe
Accountant



The newly inaugurated Board of Trustees of the Makerere University Endowment Fund flanked by the chairperson of the University Council (Fourth from Left)

2. INSTITUTIONAL STRENGTHENING

2.1. Governance of the Fund

The 7-Member Board of Trustees was inaugurated on Thursday September 30th, 2021 by the Chairperson of the University Council.



“For so many years, the university relied on tuition, donors and government subventions to meet its core mandate. Government funding as well as donor contributions continued to fluctuate creating financial challenges for the university to meet its obligations. The Endowment Fund when fully established will support financial resources diversification and produce a relatively stable stream of income to support university functions. Diversifying university resources to meet current and emerging research and innovation obligations is at the core of the new strategic plan of the university. We therefore look forward to the new Board of Trustees of the Endowment Fund to build on the efforts of the inaugural Board to ensure the Endowment Objectives are met”. – Mrs. Lorna Magara, Chairperson of the University Council

Members of the Board of Trustees were later inducted on November 18th, 2021 at Latitude 0 Hotel in Kampala. The purpose of the induction was to acquaint Members of the Board with the Endowment Fund Rules, Trustee Deed as well as Status of the Fund.

The Board of Trustees held a total of 5 Board meetings to consider various businesses including;

a) Approval of the 2021/2022 Annual Work Plan and Budget

The 2021/2022 annual work plan anticipated to grow the Fund with an additional UGX: 558 million from contributions and return on current investments. With UGX: 558, the Fund would hit the UGX: 10 billion mark by the end of FY 2021/2022. To realize this target, the Board approved an administrative charge on the Fund amounting to UGX: 137,221,517. This charge would defray, in part, the cost of administering and carrying out the mandate of the Board of Trustees including support to incremental fundraising activities. An additional UGX: 83,590,000 was expected as contribution from the University to support the centenary Mak@100 run as well as an external audit, bringing the total approved annual expenditure to UGX: 220,221,517.

b) Review the Fund Quarterly Performance Reports

The Board considered the consolidated quarterly Fund performance reports for Quarter 1 – 4 of FY 2021/2022.

c) Respond to Various Requests for Support from The University.

The university through the office of the Vice Chancellor made two requests to the Fund including (i) to set up and manage the University Gift and Souvenir shop to produce, market and sale official university mementos; and (ii) to secure a table at the Alumni Home coming dinner as part of the Mak@100 celebratory activities.



“Makerere University is among the few African Universities with endowment funds but still lies way behind the top universities in Africa in terms of size of endowments. Our South African counterpart universities started a little earlier and have cropped up endowments in millions of dollars. Management is however optimistic that the financial sustainability of the university will partly be secured through the Endowment Fund and looks forward to the investment ingenuity and connectedness of the new Trustees to spur up Fund growth through resource mobilization and investment.” *Barnabas Nawangwe, Vice Chancellor, Makerere University*



Members of the Board of Trustees of Makerere University Endowment Fund Board and University staff at the induction of the new board.



Dr. Margaret B. Kigozi signs the memorandum of understanding to setup the University gift and souvenir shop



The Principal, CoNAS, Prof. J.Y.T. Mugisha meeting with the team from the Endowment Fund, Dr. Maggie B. Kigozi (Chairperson) and Mr. Kenneth Mugambe (Trustee), as well as Makerere University Principal Planning Officer, Mr. Emmanuel Kitamirike (Fund Administrator)



Mrs. Lorna Magara, Chairperson of the University Council hands over an appreciation award to Mr. Barnabas Tumusingize, for having served on the first Board of Trustees 2014-2019.

2.2. Administration and Implementation of the 2021/2022 Annual Work Plan

Table 4: Annual Work Plan Targets and Performance

OBJECTIVES	PLANNED ACTIVITIES	TARGETS	PERFORMANCE
<p>To receive and or mobilize funds for the benefit of the University</p> <p>Outputs/Outcomes</p> <p>At least UGX: 558 million realized</p>	Reach out and mobilize all university colleges affiliated institutions, alumni, corporates, and other entities to contribute to the Fund	<ul style="list-style-type: none"> At least 3 colleges enrolled Resumption of contributions from MACOS At least UGX: 100 million realized 	<ul style="list-style-type: none"> Led by the Chairperson, the Fund met with all College Principals and interested them to open up college Endowment Funds The College of Computing and Information Science positively responded with an initial deposit of UGX: 200m
	Organise the Mak@100 Centenary Run - A celebratory run for students, staff, alumni, friends & well-wishers towards a shared future of more excellence	<ul style="list-style-type: none"> At least 10,000 participants UGX: 175 million mobilized for the Fund Approach corporates to partners on the Run 	The run is scheduled for May 2023 and will be centrally organized in conjunction with the office of the Vice Chancellor
	Follow up the students contributions from the Centre.	<ul style="list-style-type: none"> UGX: 283 million (Balance on FY 2021/22) 	UGX: 215m was transferred to the Fund by the Centre.
	Sign an SLA with the University to streamline among others the remittance of students contributions	<ul style="list-style-type: none"> Signed SLA 	This has not been done. Secretariat has encountered slow response from the Department of Legal affairs at the University
	Establish online communication and resource mobilization platforms including an interactive MAKEF website and alumni database	<ul style="list-style-type: none"> Interactive website (That enables the Fund to reach out to alumni and other stakeholders as well as aids contributions) 	The #MakAdvance system development was commissioned by the Board

OBJECTIVES	PLANNED ACTIVITIES	TARGETS	PERFORMANCE
<p>To invest the funds held by MAKEF in such a manner as may from time to time be determined by the Board of Trustees in line with the Investment Policy</p> <p>Outputs/Outcomes</p> <p>Increased investment returns on the basis of total returns; that is the aggregate return from capital appreciation, dividend and interest income</p>	<p>Review existing investment and custodial agreements with the Fund Managers and custodian respectively</p>	<ul style="list-style-type: none"> All agreements reviewed and where necessary updated. 	<p>This has not yet been done.</p>
	<p>Commission a Consultant to facilitate the Development of a Strategic Plan</p>	<ul style="list-style-type: none"> 4-year Strategic Plan approved 	<p>A consultant to develop a 5-year strategic plan was commissioned by the Board</p>
	<p>Initiate steps to implement the Strategic Plan</p>	<ul style="list-style-type: none"> Launch the implementation of the Strategic Plan 	<p>Awaiting the completion and approval of the Strategic Plan.</p>
<p>To fund scholarships, research, infrastructure, teaching and learning materials, staff remuneration and activities that are aimed at attaining the objectives for which the University was established</p>			<ul style="list-style-type: none"> The Fund supported the setup of the University Gift and Souvenir shop. The Fund donated gifts and Souvenir items to the Mak@100 secretariat worth UGX: 15m The Fund also secured a table at the Home Coming Dinner worth UGX: 5m

OBJECTIVES	PLANNED ACTIVITIES	TARGETS	PERFORMANCE
<p>To administer the Fund in accordance with established policies</p> <p>Outputs/Outcomes</p>	Conduct quarterly Board meetings	<ul style="list-style-type: none"> Review and approve quarterly fund reports Develop and execute the Strategic Plan 	A total of 5 Board Meetings were conducted in the period under review.
	Conduct quarterly Board Ad hoc meetings	<ul style="list-style-type: none"> Review and approve quarterly fund reports Develop and execute the Strategic Plan 	These were not conducted as Board did not establish the Ad hoc (sub) committees
	Develop a Deed of Adherence	<ul style="list-style-type: none"> Signed Deed of Adherence 	This has not been done. Secretariat encountered slow response from the Department of Legal affairs at the University
	Solicit and contract an external auditor for the Fund	<ul style="list-style-type: none"> Audited Books of Account for the Fund 	An audit firm (M/s PKF) was commissioned to audit the Fund since inception in 2014/2015.
	Support Office Administrative expenses	<ul style="list-style-type: none"> Office Sundries 	Procured on a monthly basis to run the office
		<ul style="list-style-type: none"> Administrative Assistant 	Was successfully recruited on a 1-year contract (January to December 2022)
		<ul style="list-style-type: none"> Accounts Assistant 	The Fund has continued to rely on the services of the Accountant for the Planning and Development Department
		<ul style="list-style-type: none"> Work Station 	Procured
		<ul style="list-style-type: none"> Board Room Chairs 	Not Procured. The Board room required an overhaul
		<ul style="list-style-type: none"> Desktop Computer 	A desk top computer was procured for the Administrative Assistant
<ul style="list-style-type: none"> Internet Booster 		Internet connection for the Secretariat was boosted	

3. ENDOWMENT FUND VALUE

3.1. The Fund Managers

The Endowment Funds are currently managed by two Fund Managers as follows;

- a) Crown Agents Investment Management (CAIM) are the offshore Fund Managers based in the United Kingdom. The offshore fund is in British Pound Sterling and has been managed by CAIM since 1994. The current agreement was signed on February 10th, 2016 between CAIM and the University.
- b) Gen Africa Asset Managers are the onshore Fund Managers based in Uganda. The onshore fund is in Uganda shillings and has been managed by Gen Africa since 2016. The current agreement was signed on August 8th, 2019, between Gen Africa and the University represented by the Board of Trustees.

Offshore Endowment Funds are invested in mainly equities in the United Kingdom with up to 95 percent of the funds in large, medium and small equities. Endowment Funds in Uganda are invested in mainly government securities with up to 80 invested in Government bonds and treasury bills. An additional 19 percent in invested in unit trusts.

3.2. The Fund Values

The fund values presented in this report were calculated in reference to the 4th quarterly reports (April – June 2022) from the Fund Managers¹.

¹The Fund Managers prepare and present to the Board quarterly reports highlighting the performance of the Fund in the previous quarter, reasons for the performance and the investment outlook going forward.

3.2.1. The Offshore Fund

The portfolio valuation of the offshore fund managed by CAIM as of June 30th, 2022, is presented in the table below:

Table 5: Offshore Fund Value (in Pounds) for the Quarters Ending March 31st, 2022 and June 30th, 2022 (Pound Sterling)

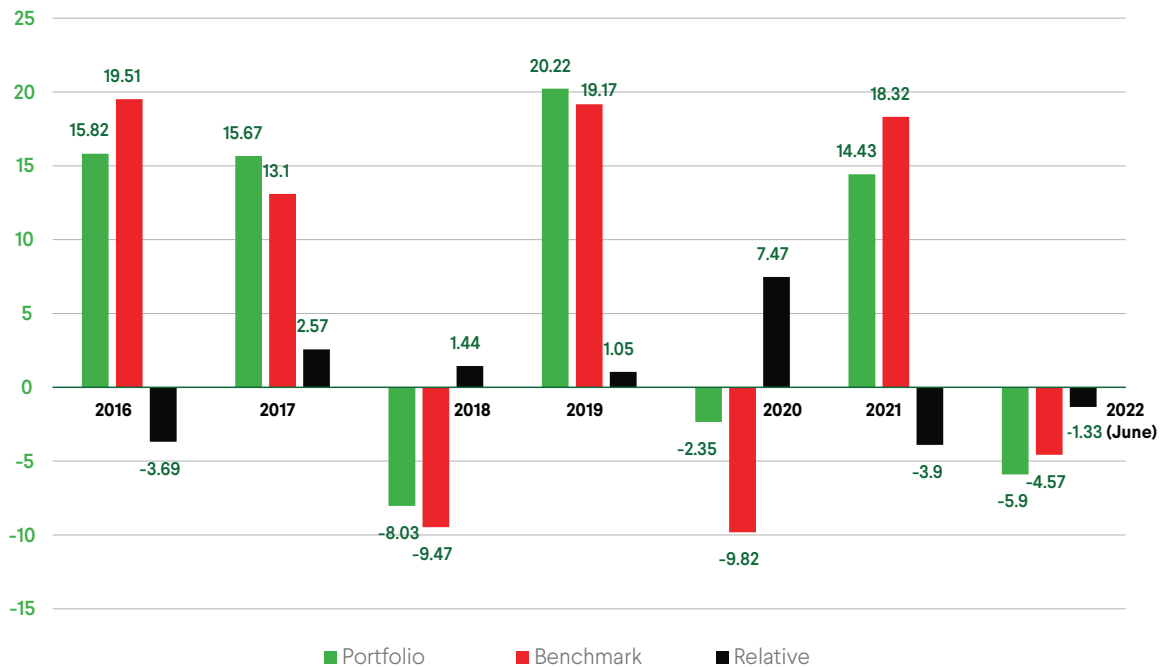
Nominal/Asset Class	Value (March)	% (March)	Value (June)	% (June)
Equity (large cap)	1,318,626	85	1,249,459	84.6
Equity (small cap)	126,187	8.1	111,252	7.5
Equity (medium cap)	31,749	2	26,505	1.8
Cash call/deposit	75,216	5	88,901	6.0
Total	1,551,778	100	1,476,117	100.0

Source: Endowment Fund Quarter 3 and Quarter 4 (2022) Reports from CAIM

The offshore fund decreased in value from £1.551 m (as of March 31st, 2022) to £1.476m (as of June 30th, 2022) representing a quarterly nominal decline of £75,661 (UGX: 346,527,380²) and -4.87 percent quarterly growth. Overall, the offshore fund yield to date (YTD) was -5.90% against a benchmark of -4.57 thereby registering a -1.33 percent relative performance against the benchmark. Figure 1 below illustrates the fund performance in 2022 against the previous years.

² 1-pound sterling = UGX: 4580

Figure 1: Offshore Fund Portfolio Performance Against the Benchmark for 2016 - 2022

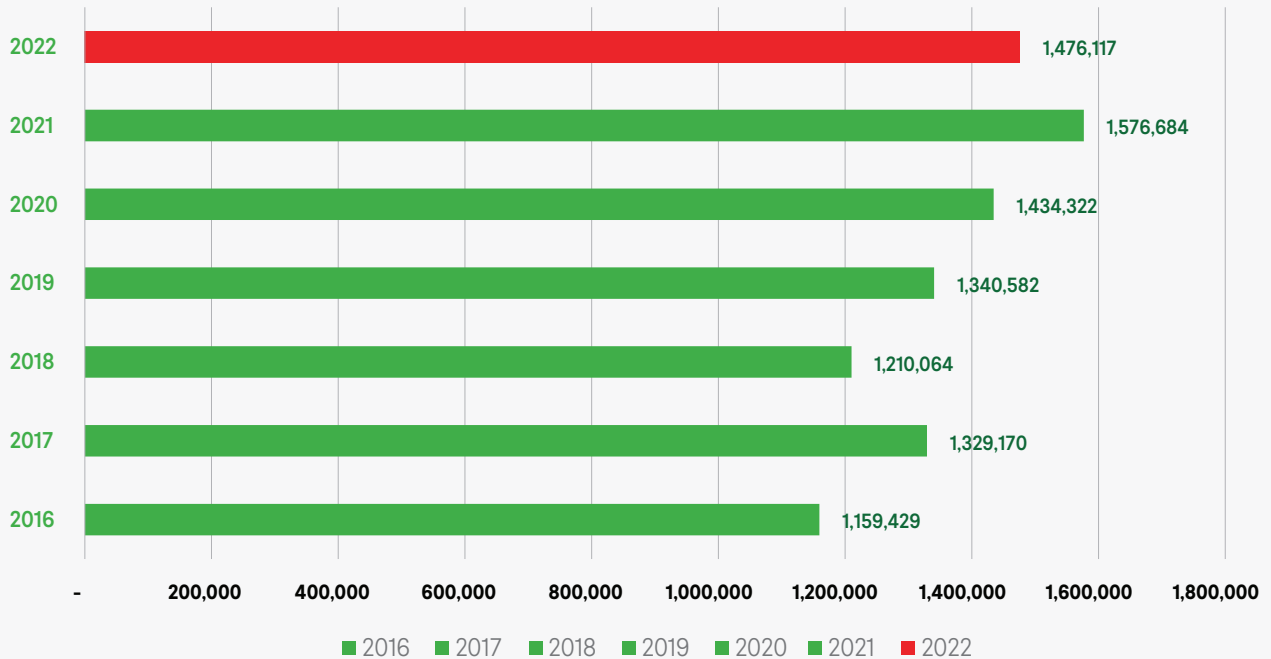


Source: Endowment Fund Quarter 4_2022 Reports from CAIM

Fund performance in the year at absolute level was negative. The offshore fund registered a negative growth of -5.90 percent. According to the Fund Manager, 'volatility remained elevated as markets grappled with central bank rhetoric that was increasingly focused on counteracting inflation pressures against a backdrop of increased recessionary fears'. The Fund Manager further argued that 'the short-term equity outlook remained highly uncertain with monetary policy normalization, Russia - Ukraine headlines together with China Covid evolution and rising energy markets kept investors nervous'.

The Fund Manager, however, expected to see earnings grow the coming year (2022/23), but indicated that ‘2023 earnings would be flat, potentially on margin contraction’. Clearly a hard landing recession was not in consensus numbers yet. A more durable improvement in market sentiment was unlikely until markets saw more compelling evidence that inflation can be brought back under control, allowing central banks to pause or stop hiking rates.

Figure 2: Trends Analysis of the Investment Values for the offshore Fund (2016 – 2021) in Pound Sterling



3.2.2. The Onshore Fund

The portfolio valuation of the onshore fund managed by Gen Africa for the quarter ending June 30th, 2022 is presented in the table below:

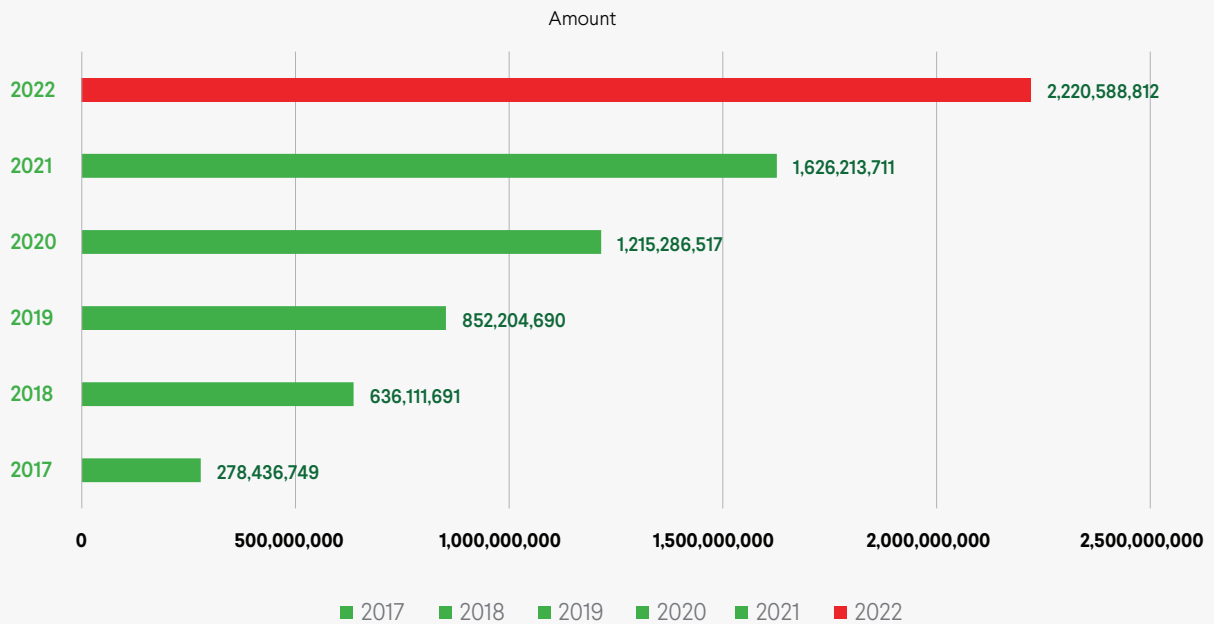
Table 6: Onshore Fund Value for Quarter 3 (ending March 31st) and Quarter 4 (ending June 30th, 2022) in UGX

Nominal/Asset Class	Value - March 31, 2022	%	Value - June 30, 2022	%
Cash	4,440,647	0.22	1,699,891	0.08
Local Treasury Bond	1,601,393,823	77.68	1,469,015,481	66.15
T-Bills	57,077,399	2.77	27,985,139	1.26
Unit Trust	403,124,637	19.3	721,274,501	32.48
Local Quoted Equity	697,500	0.03	613,800	0.03
Total	2,066,734,006	100	2,220,588,812	100.00

Source: Endowment Fund Quarter 3 and Quarter 4 (2022) Reports from Gen Africa

The onshore fund increased in value from UGX: 2,066 billion (as of March 31st, 2022) to UGX: 2,220 billion (as of June 30th 2022) representing a quarterly growth of UGX: 153,854,806 in nominal value and 6.93 in percentage terms. This however, was due to contributions of UGX: 205m (including UGX: 200m COCIS initial contribution). The performance for this quarter was therefore -1.71% attributed to a revaluation loss in the fixed income asset class. Overall performance for the FY2021/22 was 8.08% with contributions amounting to UGX: 593m and investment growth of UGX: 130m.

Figure 3: Trends Analysis of the Investment Values for the onshore Fund (UGX)



A total of UGX: 1,673,762,942 has so far been remitted to the Endowment Fund from the University as at June 30th 2022. From this remittance, the fund has been able to grow to UGX: 2,220,588,812, implying that the overall investment growth since FY2015/16 is UGX: 546,825,870.

The MAKEF collection account in DFCU bank had a cash balance of UGX: 134,048,380 as of June 30th 2022.

Table 7: Summary Valuation and Performance Attribution for the Onshore Fund March 31st 2021 and June 30th 2022 (UGX)

	March 31 st , 2022	June 30 th , 2022	YTD
Opening Fund Value	1,626,213,711	2,066,734,006	1,535,680,828
Contributions	367,973,807	205,124,510	593,887,283
Withdraws	0.0	0.0	0.0
WHT & Expenses	4,651,992	12,611,348	39,288,195
Investment Growth	77,198,992	-38,658,355	130,308,895
Realized Returns	57,014,958	61,130,121	212,215,216
Unrealized Returns	20,183,521	-99,788,476	-81,906,321
Closing Fund Value	2,066,734,006	2,220,588,812	2,220,588,812
Time weighted Return (Quarter)	3.76	-1.71	8.08

Source: Endowment Fund Quarter 4 (2022) Report from Gen Africa

Table 8: Total Confirmed Asset Value of the Makerere University Endowment Fund as of June 30th 2022 (UGX)

No	Category	UGX
1	Onshore fund (Standard Chartered bank)	2,220,588,812
2	Offshore fund (CAIM) ³	6,760,615,860
3	Cash balance (DFCU Collection account)	134,048,380
	Total	9,115,253,052

³ The exchange rate is 1 BPS = UGX 4709.680809 from BOU

Table 9: Yearly Performance of the Endowment Fund for FY 2021/2022

No	Fund	Opening Balance (July 1 st , 2021)	Closing Balance (June 30 th , 2022)	Performance	%
1	Onshore fund	1,535,680,830	2,220,588,812	684,907,982	44.5
2	Offshore fund	7,362,956,142	6,760,615,860	-602,340,282	-8.1
3	Cash balance (DFCU)	32,957,708	134,048,380		
	Total	8,931,594,680	9,115,253,052	82,567,700	

Overall the Fund grew in nominal terms in FY2021/2022 by UGX: 82m. The annual work plan projections to hit the 10 billion mark were not met due to several factors including the poor performance of the offshore fund whose negative growth (-8.1%) greatly affected the positive growth of 8.08% by the onshore fund.

4. ANALYSIS AND RECOMMENDATIONS

4.1. Performance of the Offshore Fund

Offshore Endowment Funds are invested in mainly equities in the United Kingdom. Up to 95 percent of the funds are in large, medium and small equities. In the last six months, the equities market has been hit by a lot of market vagaries that have impacted on the value of the fund. In the last financial year (2021/22), the Fund lost up to UGX: 602m in value. According to the Fund Manager, the UK economy was expected to grow at a robust pace from Q2 2022 onward as it emerged from the pandemic and as headwinds from higher energy prices and supply chain disruptions abated. However, the Russian invasion of Ukraine presented another negative shock to growth that resulted into longer stagflationary tendencies, with lower growth and higher inflation. The UK economy is expected to further slowdown in the coming few quarters. The main channel through which the Russia-Ukraine conflict is likely to affect the UK economy will be higher energy prices, which will tend to weigh on consumer and corporate incomes and demand.

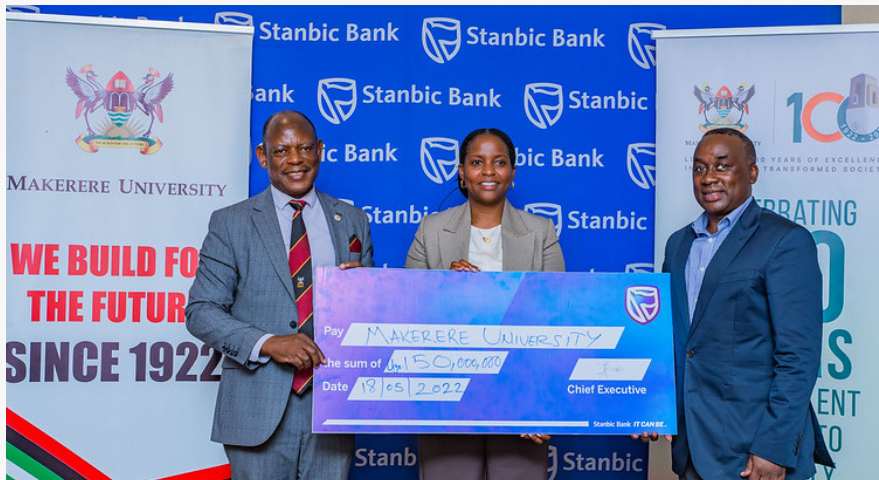
4.2. Performance of the Onshore Fund

Endowment Funds in Uganda are invested in mainly government securities with up to 80% invested in Government bonds and treasury bills. However, just like elsewhere, the securities and equity market has been exposed to the financial volatilities due to on-going uncertainties in global geopolitics, recent Kenya elections and currency concerns. Towards the end of FY 2021/22, BoU increased the policy rate by 100 basis points to 7.5% in a bid to contain the inflationary pressures. Government also increased domestic borrowing by issuing a private placement for the 2-year, 3-year, 10-year, 15-year and 20-year Treasury Bonds in the last week of May 2022. The auction raised UGX 1.2 trillion, resulting in an elevation in yields for those tenors. The increase in rates resulted in lower bond valuations which was expected to unfavorably impact overall returns since treasury bonds constitute the highest proportion of the Endowment Fund asset allocation. The outlook for the first half of 2022 was negative, interest rates were therefore predicted to remain elevated, the currency was expected to depreciate further and inflation was likely to continue rising, consequently diminishing the value of real return on the fixed income portfolios.

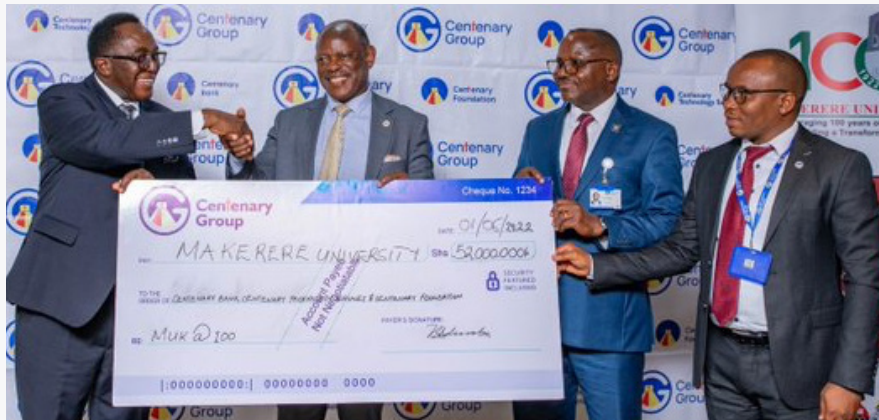
4.3. Resource Mobilisation

Besides contributions of UGX: 568.8 million from Makerere University students' contributions, the Fund was able to enlist and open a College of Computing and Information Science Endowment Fund with an initial contribution of UGX: 200 million.

Fundraising for the Mak@100 centenary celebrations raised a total of UGX: 1.509 billion as of June 30th 2022. The Endowment Fund reached an agreement through the Office of the Vice Chancellor to have the balance of unspent funds from the Mak@100 centenary celebrations transferred to the Fund at end of October 2022. Table 10 below presents the funds and partners that contributed to Mak@100 Centenary celebrations as at June 30th 2022.



Stanbic Bank donates UGX: 150 million towards Makerere's Centenary Celebrations



Centenary Bank Gives Makerere UGX: 52 million for Centenary Celebrations

Table 10: Contributions realized for Mak@100 Centenary Celebrations

NO.	INSTITUTION	AMOUNT
1	National Water and Sewerage Corporation	5,000,000
3	National Water and Others	10,000,000
4	Uganda Electricity Generation Company Limited	5,000,000
5	Ndejje University	5,000,000
6	Uganda Management Institute	2,500,000
7	Bishop Stuart University	500,000
8	Busitema University	1,000,000
9	Confucius Institute Makerere University	1,000,000
10	Makerere College School	2,000,000
11	Makerere University Business School	20,000,000
12	MTN Uganda	180,000,000
13	Airtel Uganda	20,000,000
14	ABSA Bank Uganda	65,000,000
15	Stanbic Bank Uganda	150,000,000
16	Centenary Bank	52,000,000
17	American Tower Corporation	10,000,000
18	Post Bank Uganda	50,000,000
19	Standard Chartered Bank	50,000,000
20	China Chamber of Commerce Uganda	40,000,000
21	Makerere University Staff Contributions (86 staff)	40,171,915
22	Office of the President	800,000,000
	Total	1,509,171,915


4.4. Recommendations

It's too early to predict how far long the ongoing certainties will prevail and the impact such market volatilities will have on the value of the Fund. In this regard, the following is suggested;

- a) The Board is closely monitoring the performance of the offshore Fund with a view to considering either to reduce or even exit from investing in the United Kingdom due to a potential whipping out of a significant value of the Fund if the market volatilities in the UK continue. The consideration to reduce or even exit would be made at an appropriate time when the markets have rebounded to reduce the risk of losing out.
- b) An exit from the UK market will bring resources into the Ugandan securities market which presents an opportunity of higher interest rates on government bonds and securities in the medium and long term. Analysts have predicted an increased Government appetite to borrow from the domestic market to finance its development priorities due to an unfavorable lending terms from global lenders.
- c) The Board would consider investing in fixed assets especially those that meet a current need at the university while guaranteeing a return on investment. The ongoing development of a 5-year Strategic Plan should be able to provide guidance on the viable investment options for consideration. Investing in fixed assets will play a crucial role in mobilizing resources from Alumni and friends of Makerere based on visible investment projects.

4.5. Prayer to the University Council

The Board has earmarked several fixed assets investment options that contribute to addressing a need at the University as well as guarantees a return on investment (the options are presented in the draft Strategic Plan). The Board requests the University Council to approve a matching policy that allows the University to match every shilling collected externally by the Fund.

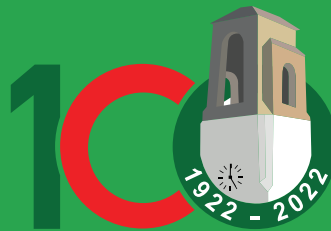


Dr. Margaret B. Kigozi

Chairperson of the Board of Trustees
Makerere University Endowment Fund



MAKERERE UNIVERSITY



LEVERAGING 100 YEARS OF EXCELLENCE
IN BUILDING A TRANSFORMED SOCIETY

MAKERERE UNIVERSITY ENDOWMENT FUND

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