



11th Shelf

# ANNUAL REPORT 2025

Prepared By  
Waanverse Labs Inc.



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## Executive Summary

We are pleased to present the inaugural investment review for 11th Shelf, covering the operating period from July 20, 2025, to December 10, 2025.

Following the formal execution of our Memorandum of Understanding and initial capital deployment, the group has successfully transitioned from concept to active management. Our primary objective during this foundational phase was twofold: to construct a robust operational framework for cross-border investing and to gain immediate exposure to high-quality US equities.

## Operational & Governance Review

### Governance Framework

Throughout the 2025 fiscal period, The 11th Shelf Investment Group operated successfully under the governance mandates established in the Members' Memorandum of Understanding (MOU). All capital deployment, voting procedures, and membership admissions were executed in strict compliance with the MOU and the Cooperative Societies Act, ensuring the group remained within its legal scope as a private collective.

### Custody & Administration

Waanverse Labs Inc. continued to serve as the corporate custodian for the Group's assets. During the reporting period, the custodian successfully maintained the segregation of member funds from corporate operational accounts and executed all trade instructions as directed by the Investment Committee.

### Compliance & Safety

- **Asset Safety:** All deployed capital is currently held in regulated brokerage accounts under the custody of Waanverse Labs Inc.
- **Liability Status:** No operational breaches, negligent acts, or disputes regarding fiduciary duty occurred during this period.
- **Legal Standing:** The Group maintains its status as a private, closed-loop syndicate compliant with the Contracts Act, 2010 and Ugandan commercial law.

## The Collection – Portfolio Review

### Investment Thesis

Our asset allocation strategy is grounded in the historical observation that market returns are rarely evenly distributed. Different economic eras are defined by specific leading sectors: the Financials and Consumer Staples of the 1980s/90s, the Real Estate boom of the 2000s, and the Internet era of the 2010s.

We believe we have now entered a new secular cycle defined by Artificial Intelligence and Cloud Infrastructure.

The Technology sector has evolved from a vertical of the market to the foundation of the global economy. Tech companies now comprise a significant weight of broad indices like the S&P 500 not by accident, but by merit of their superior cash flows and growth. Our research suggests that this trend is poised to continue, and being underweight in this sector is a greater risk than the volatility inherent within it.

### Strategic Positioning: The "Aggressive Start" Mandate

During the reporting period, we executed a strategic rebalancing. We transitioned from an initial broad-market entry to a High-Conviction Concentration Strategy.

For a fund of our current vintage and capital base, we identified "Opportunity Cost" as our primary risk factor. Traditional portfolio theory suggests wide diversification to preserve wealth. However, to build wealth effectively from a standing start, we must accept higher volatility in exchange for velocity.

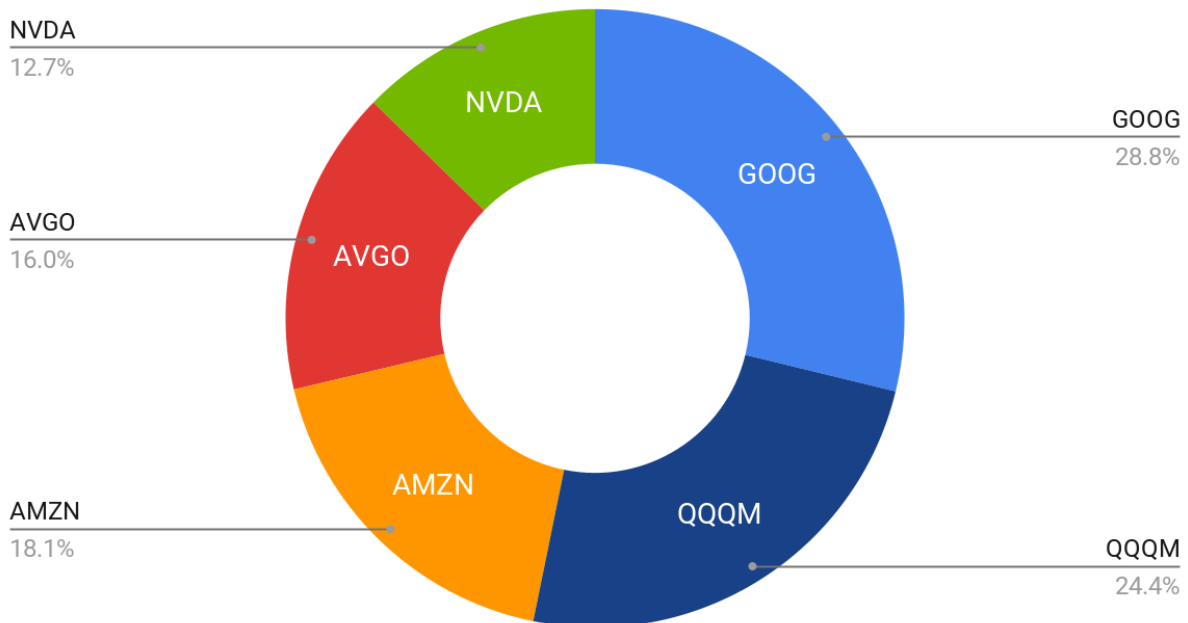
Spreading capital too thinly across slow-growth sectors results in dilution. Therefore, we made the calculated decision to concentrate our holdings in the market leaders, the "Aggressors", stripping away the drag of underperforming legacy sectors.

## Portfolio Composition (As of Dec 10, 2025)

The 11th Shelf portfolio is currently fully deployed in USD-denominated assets, with a heavy overweighting in Digital Infrastructure, Semiconductors, and Hyperscale Platforms.

**Total Net Asset Value (NAV):** \$2,433.67

### Portfolio Allocation



#### 1. Alphabet Class C (GOOG)

**Sector:** Communication, AI

**Thesis:** Dominance in Search, data aggregation, and deep integration of AI across the Google ecosystem.

#### 2. Invesco NASDAQ 100 (QQQM)

**Sector:** Broad Tech Growth

**Thesis:** The Anchor. Provides diversified exposure to the top 100 non-financial innovators, mitigating single-stock risk.

#### 3. Amazon (AMZN)

**Sector:** Cloud / Consumer

**Thesis:** Leader in global logistics and arguably the most critical cloud infrastructure provider (AWS).

#### 4. **Broadcom (AVGO)**

**Sector:** Semiconductors

**Thesis:** The "Pick and Shovel" play. Critical custom silicon and connectivity infrastructure required for AI data centers.

#### 5. **Nvidia (NVDA)**

**Sector:** Semiconductors / AI

**Thesis:** The Market Leader. Unrivaled dominance in the GPU hardware powering the current AI revolution.

## Benchmarking Philosophy

### The Standard: Vanguard S&P 500 (VOO)

To rigorously assess the quality of our investment decisions, The 11th Shelf Investment Group utilizes the Vanguard S&P 500 ETF (VOO) as our primary performance benchmark. This index tracks the 500 largest publicly traded companies in the United States, effectively representing the "Market Return" or the average performance of the US economy.

### The "Value-Add" Test

We view the benchmark as a measure of opportunity cost. Since any member could theoretically invest passively in the S&P 500, our collective goal is to generate "Alpha" returns that exceed this passive baseline.

By plotting our performance against VOO, we provide a transparent metric to determine if our active strategy (sector concentration and stock selection) is delivering value superior to a passive index approach.

### Understanding Divergence

It is important for members to recognize that our portfolio is not designed to mimic the benchmark.

The Benchmark is broadly diversified across 11 sectors (including slow-growth industries like Utilities and Energy).

The 11th Shelf is highly concentrated in Technology and Growth.

Consequently, our performance will frequently diverge from the S&P 500. In periods where tech dominates, we expect to lead; in periods of sector rotation, we may lag. This "Tracking Error" is intentional, it is the price we pay for the potential of outsized returns.

**Disclaimer**

The S&P 500 comparison is provided for informational purposes and contextual analysis only. Past performance relative to the benchmark is not a guarantee of future results, and market conditions may cause the correlation between our portfolio and the index to fluctuate.

**Performance Attribution**

Since inception on 20 July 2025, the 11th Shelf Investment Group portfolio delivered a **Unit Value return of 15%** in USD terms.

**Methodology:**

The Group employs a Unitized Valuation System to account for capital inflows at different time intervals.

- Inception Unit Price: \$5.00
- Current Unit Price: \$5.75

This performance is compared against the S&P 500 (VOO), which returned roughly 13.14% over the same period. The portfolio's outperformance reflects our timely concentration in high-growth technology assets.

Metric	Value
Total Net Asset Value (NAV)	\$2,433.67
Inception Date	July 20, 2025
Unit Price (Inception)	\$5.00
Unit Price (December 10, 2025)	\$5.75
Net Portfolio Return (Since Inception)	+15.00%
Reporting Currency	US Dollars (\$)

**Forward Outlook & Risk Management**

We acknowledge that a portfolio concentrated ~75% in four individual equities carries inherent volatility. This is a feature of our strategy, not a bug.

While we maintain an aggressive posture to capture the current upside, we are not dogmatic. As the fund's Net Asset Value grows, we intend to gradually introduce non-correlated assets to smooth volatility. However, for the immediate future, we remain bullish on our "Tech-First" stance, prioritizing capital appreciation over capital preservation.

## The Ledger – Financial Statements

### 1. Statement of Operations (Income Statement)

*For the operating period from 20 July 2025 to 10 December 2025*

*All figures quoted in United States Dollars (USD)*

#### **INVESTMENT INCOME**

Dividend Income (Gross)	\$8.85	
Less: Withholding Tax (30%)	\$2.66	
Net Dividend Income		\$6.19

#### **OPERATING EXPENSES**

Broker Subscription Fees	(\$5.00)	
Platform Maintenance Costs	(\$30.00)	
Total Operating Expenses		(\$35.00)
<b>NET OPERATING RESULT</b> (Realized Loss)		<b>(\$28.81)</b>

## 2. Statement of Financial Position (Balance Sheet)

*As of 10 December 2025*

### ASSETS

#### Current Assets

Cash and Cash Equivalents	\$0.00
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#### Non-Current Assets

Investments at Fair Market Value	\$2,433.67
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<b>TOTAL ASSETS</b>	<b>\$2,433.67</b>
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### MEMBERS' EQUITY

#### Capital Accounts

Members' Capital Contributions	\$2,252.01
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#### Accumulated Results

Net Operating Result (Realized Loss)	(\$28.81)
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Unrealized Capital Gains (Paper Profit)	\$210.47
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Total Accumulated Earnings	\$181.66
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<b>TOTAL MEMBERS' EQUITY</b>	<b>\$2,433.67</b>
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### 3. Notes to the Financials

#### Note A: Valuation Basis

All investment assets are reported at Fair Market Value, determined using the closing price of each security on its primary exchange (NASDAQ or NYSE) as at 10 December 2025.

#### Note B: Currency Reporting

The functional and reporting currency of the Group is the United States Dollar (USD). All member contributions made in Uganda Shillings (UGX) or other currencies were converted to USD at the prevailing spot exchange rate at the time of deposit. The Net Asset Value (NAV) reported is net of any foreign exchange conversion fees incurred during the initial pooling of funds.

#### Note C: Transaction Costs

Transaction and trade execution costs, including brokerage commissions and bid–ask spreads, are deducted at source and capitalised as part of the cost of investments. Accordingly, such costs are not recognised separately as operating expenses in the Statement of Operations.

#### Note D: Unrealised Gains

Unrealised gains of USD 210.47 represent the increase in fair market value of the Group's investment portfolio as at the reporting date. These gains are subject to market volatility and are not realised or distributable until the underlying assets are sold.

#### Note E: Operating Expenses

Operating expenses recognised during the period amounted to **\$35.00** and relate strictly to platform maintenance and brokerage subscription costs. These expenses resulted in a net operating loss of **\$28.81** for the period, which has been accumulated within members' equity. Operating expenses are presented separately from unrealised gains for clarity and prudence.

#### Note F: Unitised Performance vs. Absolute Profit

The portfolio return of **15.00%** reflects the growth in the unit price from **\$5.00** to **\$5.75** during the period. The reported unrealised gain of **\$210.47** represents the absolute dollar increase in portfolio value. This figure may appear modest relative to the percentage return because a significant portion of member contributions was deployed later in the year and therefore did not participate in the full period of market appreciation.

## 2026 Outlook – The Path Forward

### Strategic Focus: Stability & Diversification

As we close the book on our foundational year, our focus for 2026 shifts from aggressive accumulation to strategic balancing. While 2025 was about capturing high-velocity growth in the US technology sector, 2026 will be about building resilience.

Our roadmap for the coming year rests on two distinct pillars: **Domestic Anchoring** and **Global Breadth**.

### 1. Domestic Anchoring: The 10% Mandate (Ugandan Unit Trusts)

To mitigate the volatility of our equity portfolio, we intend to establish a "Fixed Income" anchor within Uganda.

**The Goal:** We aim to allocate approximately 10% of our total portfolio into regulated Ugandan Unit Trusts or Government Bonds and bills.

**The Rationale:** Ugandan government securities and money market funds currently offer attractive, risk-free yields. By holding a portion of our assets locally, we generate consistent cash flow to cover operational costs and dampen the volatility of our US stock holdings.

#### **Macro-Political Condition:**

The execution of this local mandate is strictly contingent on the stability of the domestic environment. The Committee is closely monitoring the macro-political climate surrounding the upcoming general elections. Capital will only be deployed into local instruments if post-election indicators confirm a stable economic outlook. If uncertainty prevails, we will retain capital in USD assets for safety.

### 2. Global Breadth: US Consumer Discretionaries

Within our US portfolio, we intend to diversify beyond the technology sector. We are actively researching opportunities in the Consumer Discretionary sector.

**The Strategy:** We are not seeking high-risk retail trends. Instead, we are looking for "Blue Chip" consumer franchises, established companies with strong balance sheets and loyal customer bases that offer steady growth with lower volatility than the tech sector.

**Why Now:** As interest rates normalize, consumer spending power often recovers. Positioning ourselves in high-quality consumer brands allows us to capture this economic upswing while reducing the portfolio's "Beta" (sensitivity to tech crashes).

### 3. Summary of Intent

The 11th Shelf was built to provide access to superior returns, but also to preserve capital. By combining the high-growth potential of US Tech, the steadiness of US Consumer giants, and the yield of Ugandan Fixed Income, we are building a robust, "all-weather" portfolio.

The shelves are built. Now, we balance them.

11TH SHELF INVESTMENT GROUP

Signed,

The 11th Shelf Custodian

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