

# NEWSLETTER

*A Quarterly Publication by Veritas Glanvills Pensions Limited*



Discussion outline...

01: Review of the Nigerian Economy

02: Company News

03: Pension Industry Update

*...a promise to your future self*



## Review of the Nigerian Economy

### Gross Domestic Product

In its latest report released by the National Bureau of Statistics (NBS), Gross Domestic Product (GDP) grew by 1.94% (year-on-year) in real terms in the second quarter of 2019. Compared to the second quarter of 2018, which recorded a growth of 1.50%, the growth observed in Q2 2019 indicates an increase of 0.44% points. When compared to 2.10% (revised from 2.01% due to oil output revisions) recorded in the first quarter of 2019 however, the Q2 2019 real growth rate indicates a decline of – 0.16% points.

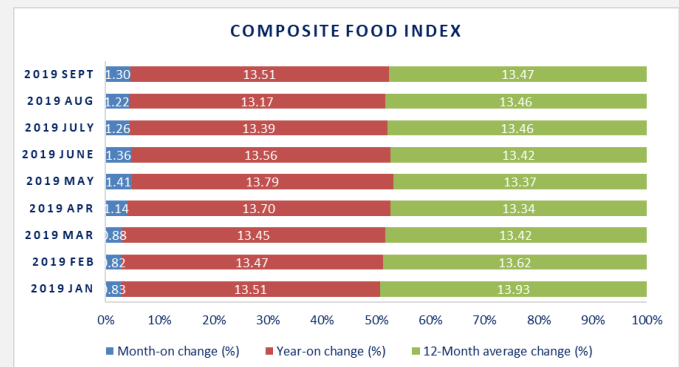
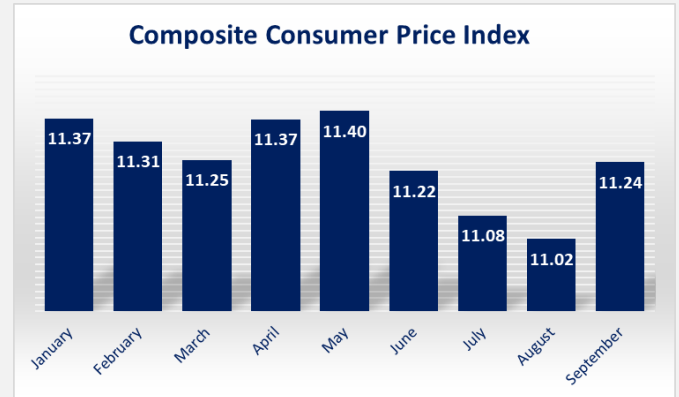
During the quarter, aggregate GDP stood at N34,944,151.61 million in nominal terms, an increase of 13.83% over the performance in the second quarter of 2018 and 9.8% over the preceding quarter. The performance observed in Q2 2019 follows an equally strong first quarter performance and was likely aided by stability in oil output as well as the successful political transition. Overall, a total of 15 activities grew faster in Q2 2019 relative to last year, while 13 activities had higher growth rates relative to the preceding quarter. On a half year basis, real growth in the first half of 2019 stood at 2.02%, higher than in 2018 which was 1.69%. Quarter on quarter, real GDP increased by 2.85% compared to a decline of – 13.69% in the preceding period.

### Consumer Price Index (CPI)

The consumer price index, (CPI) which measures inflation increased by 11.24 percent (year-on-year) in September 2019. This is 0.22 percent points

higher than the rate recorded in August 2019 (11.02) percent.

On month-on-month basis, the Headline index increased by 1.04 percent in September 2019, this is 0.05 percent rate higher than the rate recorded in August 2019 (0.99) percent. The composite food index rose by 13.51 percent in September 2019 compared to 13.17 percent in August 2019



Source: NBS, VG Pension

### Crude Oil Prices

In Q3 2019, crude oil prices declined by 8.67% from its closing price of US\$66.55/pb as at 28th June 2019 to US\$60.78/pb, having peaked year to date at US\$74.57/pb sometimes in April 2019. However, average crude oil prices printed at US\$62.03/pb in Q3 2019 compared to an average of US\$68.47/pb in Q2 2019.

The moderation in average crude oil prices during the quarter may be attributed to the deterioration in the global economy, which has casted a gloomy outlook on global crude oil demand, hence hurting prices. Although the attack on Saudi Arabia's crude oil facility on the 14th of September 2019 provided short term support for crude oil prices, the facility was restored sooner than anticipated

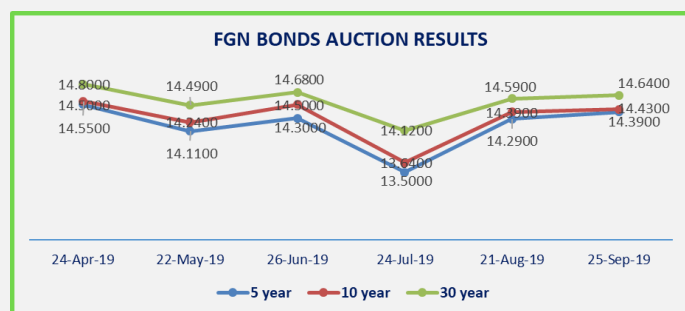
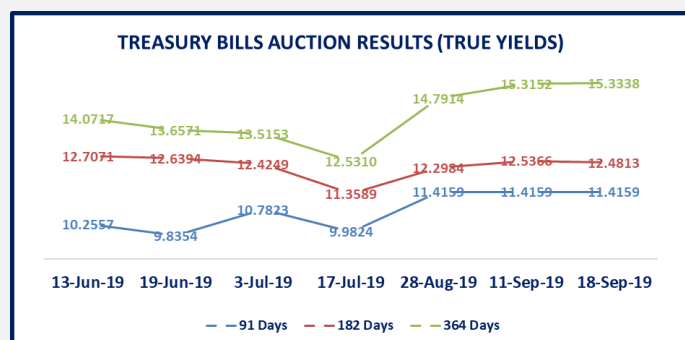
### FX Reserves

On a q/q basis, the FX reserves dipped by 7.14% to \$41.85bn, its biggest quarterly loss in recent times

as well as a turnaround from the 1.44% q/q and 3.04% q/q gains it posted in Q2 2019 and Q1 2019 respectively. Compared to Q2 2019, foreign portfolio inflow dipped by about 45% in Q3 2019 to \$2.27bn, as investors globally exercise caution with regards to investments in frontier and emerging markets like Nigeria. This combined with FX outflow as reflected in the pressure on the Naira in the IEFX window which depreciated to an average of N362.13 in Q3 2019 from an average of N360.60 in Q2 2019 mounted downward pressures on reserves.

### Fixed Income Market

In Q3 2019, yields in the fixed income space was bullish along the curve with bearish tilt at the very short end and the very long end of the curve. While the yields on the 1yr, 5yr and 10yr benchmark bonds fell by 35bps q/q, 26bps q/q and 30bps q/q respectively to 13.30%, 14.11% and 14.21% the yield on the 20yr benchmark bond increased by 41bps q/q to 14.54%. However, bearish trend started since late August 2019 through to September 2019 as significant OMO maturities and the possibility for FPI outflow coupled with the increasingly unpredictability in crude oil prices necessitates the CBN to adopt tightened monetary stance to defend the Naira against major currencies of the world.



Source: CBN, VG Pension Research

### Equities Market

The Nigerian equities market closed the third quarter in the negative territory with the NSE-ASI,

shedding 7.80% in the quarter. The market index also recorded a loss of 12.09% Year-to-Date (YtD). All the NSE Indices closed negative YtD except for Premium index; courtesy of gains recorded in MTN share price as against its listing price.

Investor sentiment towards the equities market remained weak despite the cheap prices of quality names across the counter. We suspect the lack of clear-cut policies to drive growth, poor operating environment and the general weakness in the domestic macro environment may have adversely impacted on investor sentiment. There are no positive signs that suggest that there will be a significant turnaround in the market this year.

Month	NSE ASI	ASI Monthly Returns (%)	QtD (%)	YtD (%)
January	30 557.20	(2.78)	(1.24)	(2.78)
February	31,721.76	3.81		0.93
March	31,041.42	(2.14)		(1.24)
April	29,212.00	(6.06)	(3.46)	(7.22)
May	31,069.37	6.55		(1.15)
June	29,966.87	(3.55)		(4.66)
July	27,718.26	(7.50)	(7.80)	(11.81)
August	27,525.81	(0.69)		(12.42)
September	27,630.56	0.38		(12.09)

Index	30-Sep-19	31-Dec-18	YtD Change (%)
NSE 30 Index	1,147.00	1,417.15	(19.06)
NSE ASeM Index	774.30	793.81	(2.46)
NSE Banking Index	343.99	398.94	(13.77)
NSE CG Index	1,027.13	1,254.34	(18.11)
NSE Consumer Goods	567.41	748.83	(24.23)
NSE Industrial Index	1,083.31	1,237.88	(12.49)
NSE Insurance Index	116.00	126.48	(8.29)
NSE Oil & Gas Index	239.35	302.23	(20.81)
NSE Pension Index	993.24	1,207.46	(17.74)
NSE Premium Index	2,271.74	2,195.03	3.49

Source: NSE, VG Pension Research

### Money Market

The OVN and OBB rates closed at 8.79% and 8.00% respectively on September 30, 2019 compared to 4.64% and 4.00% respectively on June 30, 2019. The table below also depicts the average deposit rates between June and August 2019:

Tenor	June	July	August
Inter-Bank Call Rate	8.38	6.52	8.00
1-month Deposit Rate	8.81	8.16	8.30
3 months Deposit Rate	9.10	8.85	8.93
6 months Deposit Rate	10.84	10.37	10.19
12 months Deposit Rate	10.57	10.18	9.82

Source: CBN

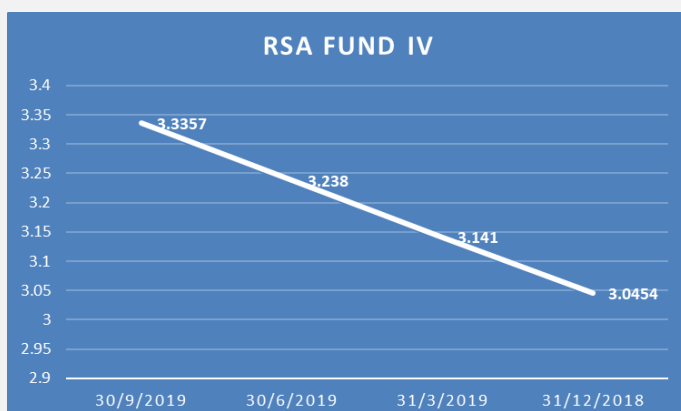
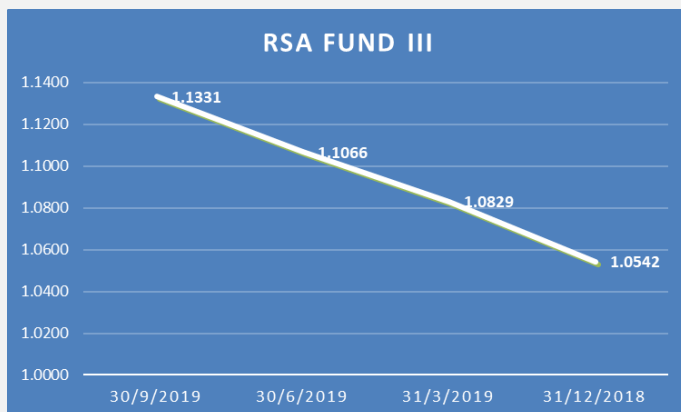
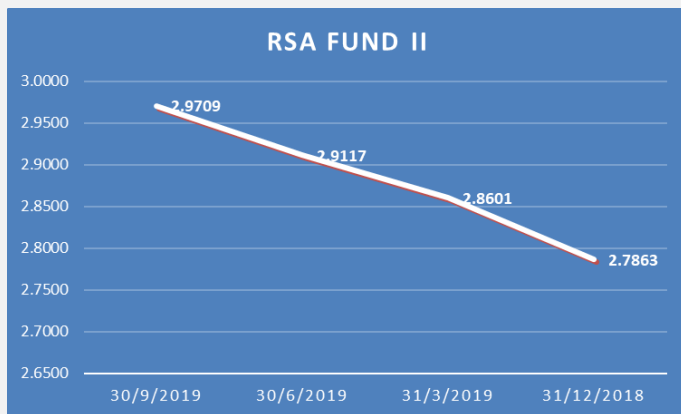
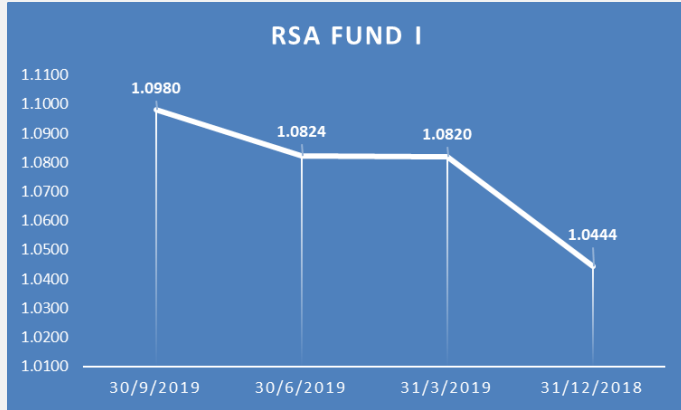
Tenor	30-Sep-19	30-Jun-19
O/N	8.79	4.64
OBB	8.00	4.00

## COMPANY NEWS

### VG Pensions Unit Price Performance

Fund I ended the period - 30th Sept 2019 with a unit price of N1.0980 implying a return of 5.14%, fund II unit price stood at N2.9709 with a return of 6.62%, fund III closed at N1.1331 with a return of 7.49% and fund IV at N3.3357 implying a return of 9.53% as at Q3 2019.

### Trend in VG Pensions Unit Price



## 2019 Customer Service Week Celebration

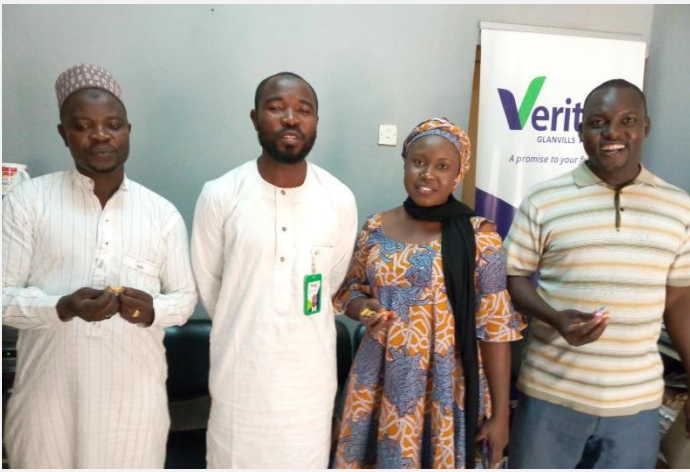


The 2019 Customer Service Week theme “The Magic of Service” recognizes that good service is magical. It can turn an unhappy customer into a satisfied long-term customer. It can turn an occasional customer into a repeat customer. And it can turn any customer into your biggest fan and advocate.

At VG Pensions, our esteemed customers were celebrated in grand style. Part of the activities that marked the week was the cutting of 2019 Customer Service Week celebration cake. The Managing Director thanked our esteemed customers for their patronage, loyalty and feedback and assured them of the Company’s unflinching commitment to delivering superior & excellent service



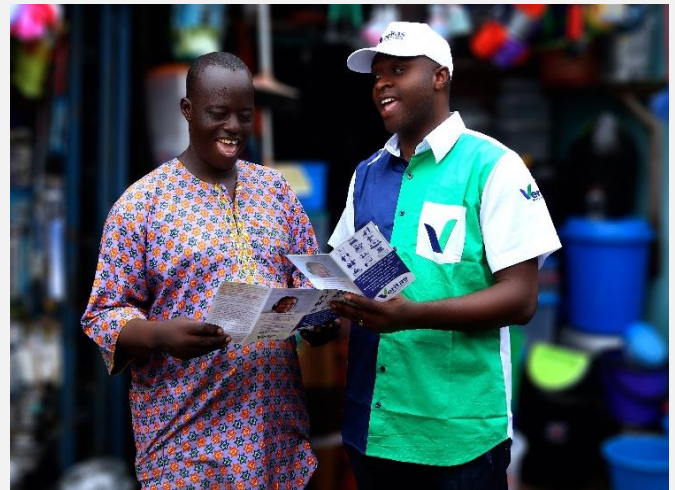
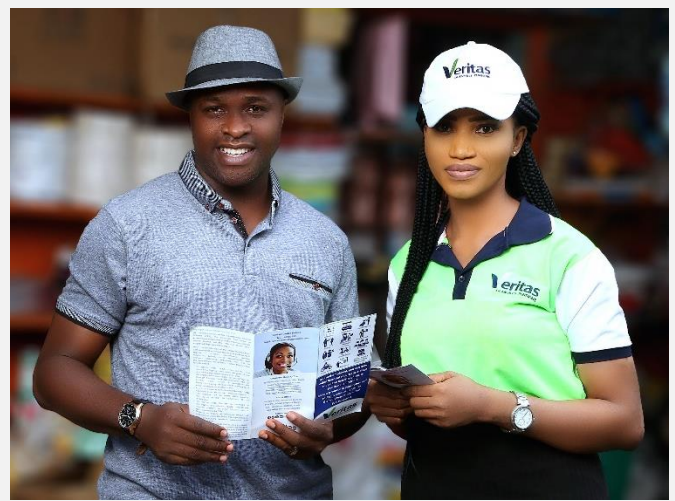
L-R: Muhammad Yusuf (our esteemed customer) his friend, our staff Ifeoma Ohaka and another valued customer, Stella Johnson



L-R: Abdulrahman Musa (our esteemed customer), Haruna Ahmad (Relationship Officer), Linda Eze & Auwalu Mohammed (our esteemed customers) – from our Kano Office

**Micro Pension Sensitization & Public Enlightenment Campaign**

As part of our commitment in promoting the micro Pension Plan (MPP), we recently organized micro pension sensitization & Public Enlightenment Campaign at the Sabo Market Yaba, Lagos.



Femi Adebayo engaging a business owner at the Market on micro pension plan during the campaign



L-R: Femi Adebayo popularly known as Jelili with our Staff



Femi Adebayo engaging Okada riders at the Market on micro pension plan during the campaign



L-R: Teslim Usman (Lagos NURTW Secretary), Peninnah Omisade (Ag. Regional Head, VG Pensions Lagos), Kemi Aroyehun (Head, Micro Pension), Alhaji Akinsanya Musiliyu Ayinde (Lagos NURTW Chairman), Abiodun Shode (Executive Director – VG Pensions), Alhaji Suleiman Kudeti (Lagos NURTW Deputy Chairman) & Alhaji Sagoe (State Treasurer) during our visit to extend felicitation and best wishes to the newly elected State Chairman.



L-R: Adeola Sofolahan (Micro Pension Team Lead Lagos – VG pensions), Kemi Aroyehun (Head, Micro Pension – VG Pensions) & Alhaji Akinsanya Musiliyu Ayinde (Lagos State NURTW Chairman) during a visit.



R-L: Genevieve Ihejiahi (Regional Head, South South – VG pensions), Emeka Rollas (President, Actors Guild of Nigeria) & other delegates during the Actors Guild of Nigeria Convention at Uyo.

## Data Recapture Exercise Frequently Asked Questions (FAQs)

### Why do I have to be recaptured?

There is a mandate from the National Pension Commission to create and maintain a comprehensive, accurate and reliable database. Hence, it is compulsory for all RSA holders and retirees.

### What do I require to be recaptured?

Your RSA PIN, NIN and a list of additional documents depending on your sector of employment.

### Why do I need my NIN?

It is as mandated by the Pension industry regulator, PENCOM and It is to ensure that your records are correctly stored in database and that of the regulator.

### What if I do not have NIN?

You are required to have your NIN. However, you can walk into any of NIMC offices nationwide & you will be enrolled and subsequently obtain your NIN.



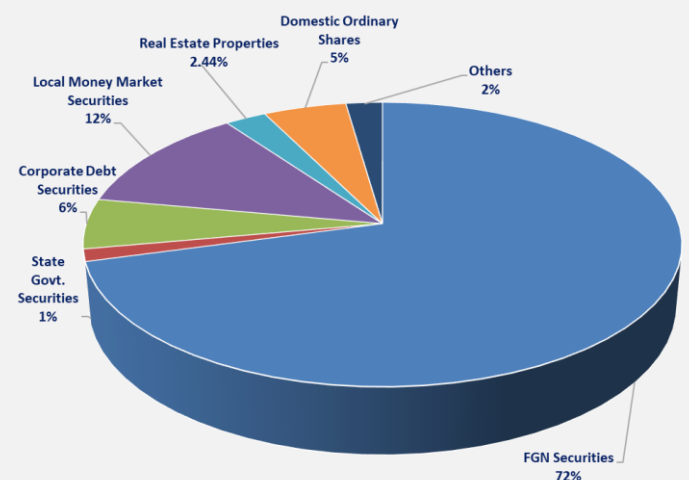
Snapshots during one of our data recapture exercise in Lagos

## Pension Industry Update

The total value of pension fund assets based on unaudited valuation reports grew from N8.64 trillion as at December 31, 2018 to N9.44 trillion as at August 31, 2019, representing a growth of 9.29 percent.

Fund	31-Dec-18		31-Aug-19		% Growth
	N' Billion	% of Total	N' Billion	% of Total	
RSA Fund I	7.90	0.09	17.88	0.19	126.33
RSA Fund II	3,826.34	44.30	4,155.49	44.02	8.60
RSA Fund III	2,064.22	23.90	2,333.54	24.72	13.05
RSA Fund IV	683.89	7.92	758.65	8.04	10.93
CPFAs	1,077.57	12.48	1,173.44	12.43	8.90
AESs	977.84	11.32	1,000.80	10.60	2.35
<b>Total</b>	<b>8,637.74</b>	<b>100.0</b>	<b>9,439.80</b>	<b>100.00</b>	<b>9.29</b>

## Industry Asset Allocation



The pension industry recorded a 1.78 percent growth in the scheme membership during the second quarter of 2019, moving from 8.63 million contributors at the end of the preceding quarter to 8.79 million. The growth in the industry membership was driven by the Retirement Savings Account (RSA) Scheme, which had an increase of 153,572 contributors representing 1.79 percent.

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*For more information or enquiries, you can send us a mail on [contactcenter@vgpensions.com](mailto:contactcenter@vgpensions.com) or call us on 01-2803550.*

***Thank you for reading.....***

***Veritas Glanvills Pensions Limited  
...a promise to your future self***

