

Q1 2025 NEWSLETTER



Dear Esteemed Client,

We would like to welcome you to another edition of our periodic newsletter. In this edition, you will find updates on the Macroeconomic Environment, Financial Markets, Pension Industry, and VG Pensions update.

If you have any questions, kindly send an email to info@vgpensions.com, contactcenter@vgpensions.com, or call us on 0201-4638050. You can also reach us through any of our social media platforms.

We would love to hear from you.



GDP grew by +3.84%

The Nigerian economy maintained its upward growth trend in the fourth quarter of 2024, recording a real Gross Domestic Product (GDP) growth rate of 3.84% Year-on-Year (YoY).

This growth builds on the 3.46% recorded in Q3:2024 and on a full-year basis, Nigeria's GDP grew by 3.40% in 2024 higher than the 2.74% growth achieved in 2023. The real GDP growth was driven by sturdy expansion in the non-oil segment.

While the non-oil sector's real GDP grew by 3.96% YoY, reflecting a significant improvement from the 3.37% recorded in Q3:2024, the oil sector grew by a mere 1.48% YoY, compared to 5.17% YoY recorded in Q3:2024.

Inflation Rates

Nigeria's headline inflation declined to 23.18% YoY in February from 24.48% YoY in January caused largely by the rebasing of Nigeria's Consumer Price Index (CPI), which introduced a different weighting system.

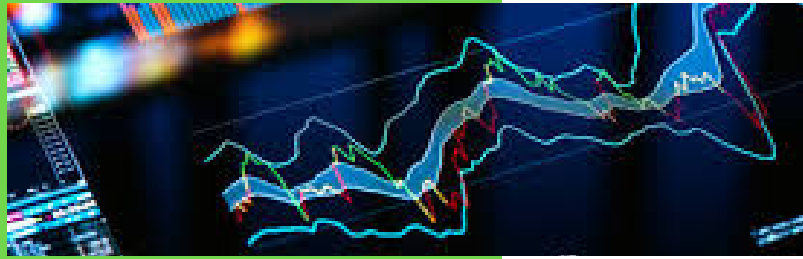
Equities Market Update

In Q1 2025, the Nigerian stock market closed on a positive note with the NGX All Share Index (ASI) rising by +2.66%, reaching a closing point of 105,660.64 points. The ASI rose by 2.66%, March 2025 YTD.

Foreign investor participation remained subdued, with domestic investors dominating the market. According to the Nigerian Exchange Group's (NGX) statistics, domestic investors accounted for approximately 89% of total transaction value, significantly outpacing their foreign counterparts between January and March 2025.

External Reserves

Nigeria's external reserves saw a decline of US\$2.54bn QOQ to reach US\$38.33bn as of the end of March 2025. This decline could be attributable to CBN's active participation in the foreign exchange (FX) market and the servicing of external debt obligations.



Money Market Update

- In the Money Market space, rates within the fixed deposit segment have remained relatively high, ranging between 18.00% and 23.00% for banks rated A and BBB.
- At the end of March 2024, the overnight (O/N) and Overnight Policy Rate (OPR) rates settled at 26.96% and 26.50% respectively.
- Several commercial papers are also being offered at attractive yields in the market.

Update on the Bonds & Treasury Bills Markets

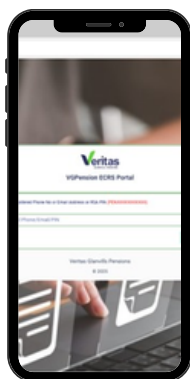


- Activity in the secondary bond market in Q1:2025 concluded on a bullish note, as investors sought instruments with higher yields. Strong buying interest across all curves drove average yields down by 85bps to 18.71%
- Rates in the Treasury bills market also closed lower, with the latest auction seeing a decline in the stop rate from the average rate of 22.88% in December 2024 to 18.95% in March.

PENSION INDUSTRY NEWS

- According to the latest data released by PENCOM, total national pension assets grew to N23.27 trillion by February 28, 2025, from N19.76 trillion at the end of February 2024, representing a YoY growth of 17.75% and QoQ growth of 3.38% (N22.51 trillion in December 2024).
- Investments in FGN securities constituted 62.59% of the total AUM. In monetary terms, Pension Fund Administrators' (PFAs) AUM allocated to government securities amounted to N14.31 trillion.
- The value of pension Assets Under Management (AUM) held in domestic equities rose by 6.43% MoM to N2. trillion, while pension holdings in corporate debt increased by approximately 0.94% MoM to around N2.26 trillion.
- The PenCom data also revealed that the total number of RSA holders stood at 10,615,028.
- The pension assets contribution to the country's GDP increased to 8% in 2024, from 5.6% in 2015. This rise reflects a positive trend in the management of the country's pension funds. However, Nigeria still lags behind the global average put at 30% contribution to GDP, highlighting the need for increased pension savings and regulatory compliance.
- Industry players believe that a shift towards better savings habits among Nigerians and adherence to regulatory compliance by employers at all levels would enhance the contribution of the sector to the country's economy.
- Guidelines for Foreign Currency (FX) Pension Contributions for Nigerians working abroad, those employed by foreign companies in Nigeria, and foreigners working in Nigeria will be released soon. This will allow individuals in these categories to participate in the contributory pension scheme.
- ECRS – The Commission has directed all PFAs to recapture their registered contributors within a specified timeframe or face regulatory sanctions.

VG PENSIONS NEWS



In line with the National Pension Commission (PenCom) directive on biometrics data recapture of Retirement Savings Account (RSA) Holders, we have deployed an online application to facilitate this process.

Please click on the link to begin the data recapture exercise: <https://mobileapp1.vgpensions.com:82/>.

If you need any information or assistance, please do not hesitate to reach out to us on 0201-4638050 or email: contactcenter@vgpensions.com

Media Publications

Two major article that highlighted the various benefit payment options available for retirement savings account holders and recent developments regarding the new Programmed Withdrawal Template and En-bloc benefit payment and the benefits of CPS were published.

Web Link:

Business Day:

<https://businessday.ng/insurance/article/navigating-your-retirement-journey-with-vg-pensions/>

Vanguard:

<https://www.vanguardngr.com/2025/02/contributory-pension-scheme-blueprint-for-sustainable-retirement-solutions/>

This Day:

<https://www.thisdaylive.com/index.php/2025/02/24/vg-pensions-sets-strategic-direction-for-2025-at-its-annual-strategy-review-session/>

