

CHAIRMAN'S STATEMENT

Distinguished Shareholders,

It is with great pleasure that I welcome you all to the 4th annual general meeting of our great Company. The financial year 2010 was yet another year of laying a strong foundation for a most prospective business of Pension Fund Management. In view of the progressive performance of our Company amidst peculiar challenges of a new business, I am glad to remark that our Company will reach a breakeven point and remains progressively profitable by the grace of God.

As presented below is a summary of FUG's performance for the financial period ended December 31, 2010. However prior to the financial summary presentation, a review of major developments in the operating environment within which our company operated is also presented.

Operating Environment

The economy witnessed another year of strong growth in 2010. Provisional figures from the National Bureau of Statistic put total real GDP growth at approximately 7.86%. As was the case in the 2008 and 2009, growth in 2010 was driven primarily by improvements in the non oil sector which recorded 8.41% growth. Specifically, the non-oil sector accounted for 84.3% of total output as the Agriculture and Wholesale & Retail trade sectors remained the largest contributors to growth. The oil sector accounted for 15.7% to real GDP, this reduction was as a result of relatively stronger growth in other sectors.

The year-on-year inflation figure stood at 11.8% as at December 2010 from approximately 10.4% in December 2009 attributed mainly by the increase in both the food index (which accounted for 51% of CPI basket) and non-food (all items less farm produce) inflation index.

The CBN increased the Monetary Policy Rate (MPR), the benchmark interest rate, by 25basis points, which brought the MPR to 6.25% with an asymmetric corridor of +200/-300 basis point interest rate around the MPR.

The All Shares Index (ASI) increases by 18.93% in 2010. In the same vain the market capitalization recorded a growth rate of 58.83%. The low deposit rates and yields on government securities had necessitated a reallocation of funds and shifts of investments away from the money market in favour of the stock market coupled with attractive valuations of a number of stocks with good fundamentals.

The Pension Industry recorded a remarkable growth in 2010 as assets under management reached N2.029 trillion as at December 2010, which represents 32.7% increase from the N1.530 trillion realized in the previous year. Retirement Savings Accounts (RSAs) also increased by 13.2% from 4.012m in 2009 to 4.542m as at December 2010. PenCom licensed operators as at December 2010 was 35 made up of 24 Pension Fund Administrators (PFAs), 7 Closed Pension Fund Administrators (CPFAs) and 4 Pension Fund Custodians (PFCs).

Summary of Financial Performance

Our Company closed the 2010 financial year with a loss after tax of N62.6m, and shareholders fund position of N507.8m, compared with loss after tax of N113.5m and

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shareholders fund position of N570.4m as at December 31, 2009, there was an improvement. However, I expect more improvement in the subsequent years ahead as we continuously strengthen and enforce our marketing strategies and as PenCom implement compliance measures as contained in the Pension Reforms Act 2004.

The fixed assets as at the period ended December 31, 2010 stood at N34.4m, and a Deferred tax assets of N170.2m, while the current assets is made up of prepayments and other assets of N28.2m and cash and short term funds of N331.5m

Human Capital Development

FUG remains committed to recruitment and retention of a competent workforce being a key success factor in the pension industry.

Board of Directors

During the period under review there was no change in the composition of the Board members.

Conclusions

It is my privilege to offer our sincere appreciation to our shareholders, clients, employees and other stakeholders for their continued support and patronage which has enabled us to witness this improved results and now set for further advancement. We look forward with great expectation to more advancement towards realizing the strategic business goals of our Company.

Alh Ahmadu Adamu Mu'azu
Chairman Board of Directors