



Veritas
GLANVILLS PENSIONS
PLC

Q1 2023 NEWSLETTER

*A Quarterly Publication of
Veritas Glanvills Pensions
Limited*

Veritas
GLANVILLS PENSIONS



Dear Esteemed Client,

We would like to welcome you to the second quarter of 2023 and to another edition of our periodic newsletter. In this edition, you will find updates on the Macroeconomic Environment and Financial Markets, the Pension Industry, and highlights of our investment returns for the first quarter of 2023.

Please if you are yet to undergo the data recapture exercise as required by PenCom, kindly click this link <https://mobileapp1.vgpensions.com:83/> to update your record.

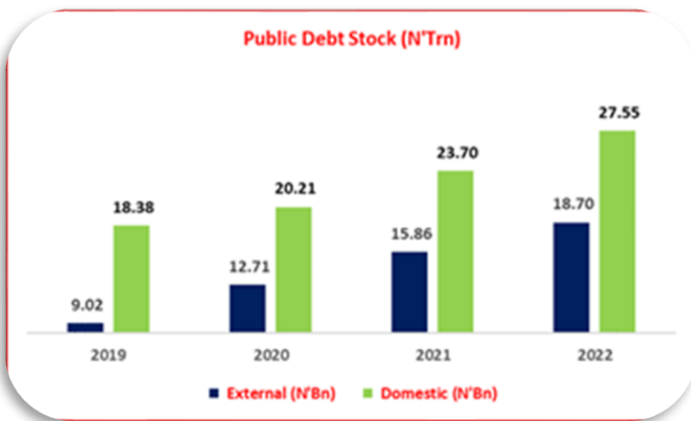
If you have any questions, kindly send an email to info@vgpensions.com, contactcenter@vgpensions.com, or call us on 01-2803550. You can also reach us through any of our social media platforms.

We would love to hear from you.

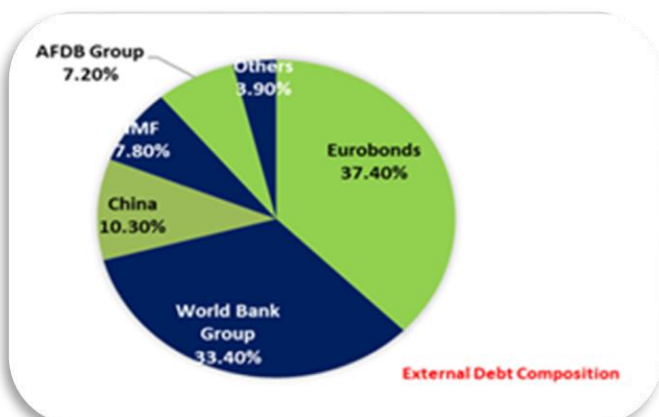


Uptick in Public Debt

According to Nigeria's Debt Management Office (DMO), Nigeria's total public debt rose by 4.97% QoQ from N44.06trn as of the end of September 2022 to N46.25trn in December 2022. On a YoY basis, total public debt increased by 16.92%.

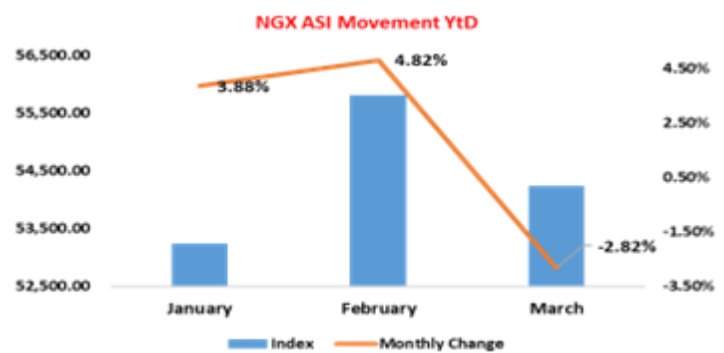


- The external debt stock stood at N18.70trn at the end of December 2022. This represents an increase of 9.06% QoQ.
- The increase in external debt can be partly attributed to upticks in loans sourced from the IMF, World Bank, and China.



Nigeria Equities Market Update

- The Nigerian equities market ended the first quarter of 2023 on a positive note, as the NGX ASI gained by +5.82% QtD and YTD. However, the ASI declined by 2.82% MoM (54,232.54 points in March).
- The investment apathy by the offshore community continued. As such, activity was dominated by domestic investors which accounted for c.88.41% of the total value of transactions between January and February 2023 according to data from the NGX.
- All NGX indices closed on the green zone with NGX Consumer Goods and NGX Oil & Gas indices returning +19.32% and +10.45% respectively following gains recorded in the share prices of GEREGU (+116.78%), MRS (+98.23%), BUA FOODS (+56.92%) and OANDO (+45.41%).



Fixed Income Market Update

- Yields in the Fixed Income environment were bullish in Q1:2023 as intense selling was noticed across all segments of the curve. Also at the Treasury Bill's space, average rates on one-year NTB rose to 11.41% (vs 6.77% recorded in December 2022) while the true yield on one-year OMO bills remained flat at 10.45%.
- The Debt Management Office (DMO) during the quarter, successfully raised about N1.9trillion – exceeding its borrowing target (via FGN bonds) by 58.31% in Q1 '23.
- Domestic institutions are still the core buyers of the bonds, which accounted for 61.5% of the assets under management of the PFAs at the end of December 2022.

Money Market Update

- The overnight (O/N) and Open-buy-back (OBB) rates closed at 18.88% and 18.50% respectively on March 31, 2023, compared to 11.33% and 11.75% respectively on December 31, 2022. The O/N and OBB averaged 12.24% (vs Q4:2022 13.68%) and 12.66% (vs Q4:2022 13.25%) respectively in Q1:2023.

- The fixed deposit space during the quarter was challenging as interest rates eased – ranging between 9.00% - 12.00% for both A and BBB-rated banks from N1 billion. Most banks either declined to take fresh funds or refused to take the option of rolling over maturities.

TENOR	31-Mar-23	31-Dec-22
O/N	18.88	11.33
OBB	18.50	11.75

Update on External Reserves and Exchange Rate

- The Nigeria external reserves in the Q1: 2023 decreased by US\$1.55bn to US\$35.53bn against US\$37.08 billion at the start of the year. The sharp drop in the reserves is mostly due to the growing demand for foreign currency in the face of FX supply and low crude oil earnings.
- According to data from the Nigerian Upstream Petroleum Regulatory Commission (NUPRC), the nation's oil production dropped MoM, by 2% to 1.52 mbpd in March 2023, from 1.55 mbpd recorded in the preceding month of February 2023.
- However, despite the pressure on the Naira exchange rate, the CBN was able to keep the Naira relatively stable on the official market during the quarter. This was mostly accomplished by means of FX supply rationing.
- While the exchange rate closed at N461.38/US\$ at the Investors and Exporters (I&E) window as of end-March from N461.50/US\$ it opened at the start of the year, it depreciated by 3.45% to N750.00/US\$ at the parallel market.

Inflation Rates

- For the second consecutive month in 2023, Nigeria's headline inflation rate rose from 21.82% in January to 21.91% in February. This was primarily driven by persistent fuel and cash shortages.
- Food inflation increased to a 17-year high of 24.35% YoY (Jan'23: 24.32% YoY). The highest pressures were observed on the prices of oils, bread and cereals, potatoes, yam and other tubers, fish, fruits, meat, and vegetables.
- The gap between the interest rate and inflation rate continued to widen from -7.05% in December 2022 to -10.77% as of March 2023.

PENSION INDUSTRY NEWS

PENSION FUND ASSETS:

- The latest data from the National Pension Commission (PenCom) showed that Assets Under Management (AUM) of the regulated pension industry increased by 1.21% MoM to N15.45trn in February 2023 from N115.27trn in January 2023.
- The asset class composition of pension fund AUM has barely changed over the years. However, the share of Commercial Papers in the overall portfolio increased by 281.17% in Feb. '23 - from N20.54mn in January 2023 to N78.30mn in February 2023.
- FGN Securities which account for the largest share of pension funds' AUM grew by 17.28% from N8.51trn in February 2022 to N9.98trn in February 2023.
- The value of pension AUM held in domestic equities also rose by 9.46% YoY to cN1.07trn, taking its share to c.6.92% from 6.44% in Jan.'23.
- The PenCom data also revealed that the total number of RSA holders stood at 9,919,281.

RSA DATA RECAPTURE:

The National Pension Commission (PenCom) has asked all Retirement Savings Account (RSA) holders to visit any branch of their Pension Fund Administrators (PFAs) to participate in the ongoing Data Recapture Exercise (DRE). The exercise, which commenced in August 2019, is for both active contributors and retirees whose data have not been recaptured. PFAs have till May 31, 2023, to recapture all their customers.

VG PENSIONS: INVESTMENT PERFORMANCE RETURNS

- Veritas Glanvills Pensions Limited continues to perform well in all the Fund categories. Please see the table below:

Quarterly Returns (%)	
Funds	Q1'23
Fund I	2.51%
Fund II	2.81%
Fund III	2.66%
Fund IV	2.49%
Fund V	2.63%

Thank you for reading

Disclaimer: This publication is provided by **Veritas Glanvills Pensions Limited** for information purposes only. Information used for this report is drawn from various sources that we believe to be accurate and up to date as of the date of publication. We reserve the right to update or correct this information at any time.