



**Veritas**  
GLANVILLS PENSIONS  
PLC

# Q1 2022 NEWSLETTER

*A Quarterly Publication of  
Veritas Glanvills Pensions  
Limited*

**Veritas**  
GLANVILLS PENSIONS



**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 and Financial Markets, the Pension Industry, and highlights of our investment returns for the first quarter of 2022**

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

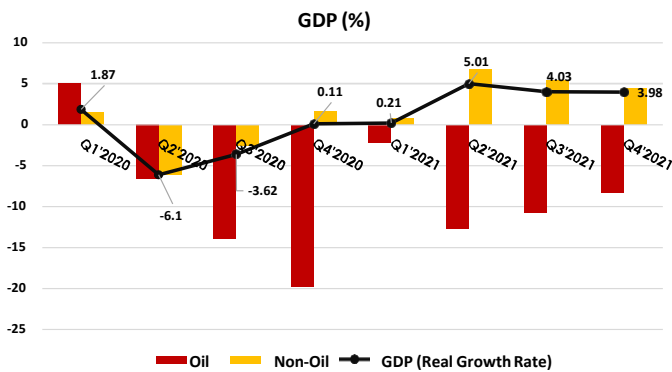
**We would love to hear from you.**

**Thank You for reading!**



### Positive GDP Growth sustained into Q4 -21

- According to the National Bureau of Statistics (NBS), the Nigerian economy grew by 3.98% YoY in Q4-21 slightly weaker than the 4.03% growth delivered in the previous quarter, but much better than the 0.11% in the year-earlier period.
- The improved economic growth follows the non-oil component expansion by 4.44%/y in FY'2021 compared to the -1.25%/y contraction in FY'2020.



### Inflation Rate

- Nigeria's Headline inflation rate rose marginally from 15.60% in January 2022 to 15.70% in February 2022. On a month-on-month basis, average prices rose by 1.63%, the highest increase since May 2017

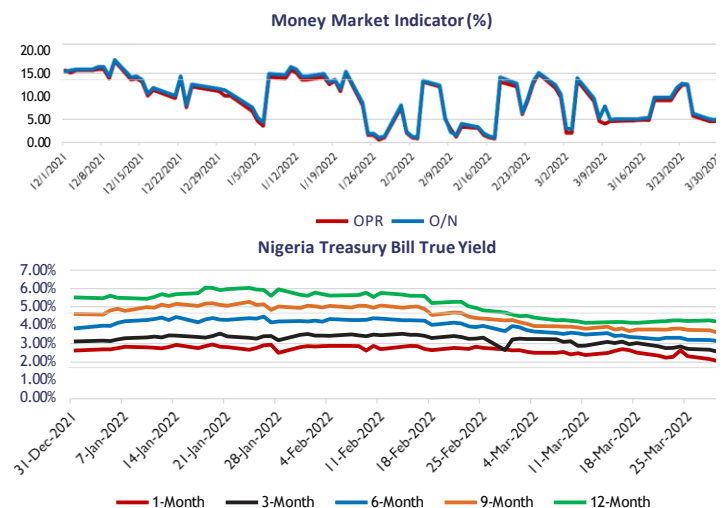


### Nigeria Equities Market Update

- The Nigeria equities market kick-started 2022 on a bullish note as investors sustained the previous year's bullish sentiments. However, the market began to retard in March as investors began profit-taking despite the announcement of impressive corporate earnings and declaration of dividends from the fundamental stocks
- Consequently, the All-Share Index rose by 4,249.04 basis points, representing 9.95% growth to close at 46,965.48 points in Q1'2022. While the Market Capitalization gained ₦3.01 trillion to represent a 13.52% increase and closed the Q1'2022 at ₦25.31 trillion as BUA Foods Plc listed on the exchange
- A total turnover of 22.27 billion shares valued at ₦346.55 billion in 295,435 deals was traded in Q1'2022, compared to 24.50 billion volume of shares worth ₦282.80 billion in 264,001 traded in Q4'2021
- The Oil & Gas sector emerged as the best performing sector with an upsurge of 27.66% YTD, trailed by Industrial Goods (5.39%) and Banking (0.79%), respectively. While investors dumped the Insurance and Consumer Goods sectors as they declined by 6.03% and 5.96%, respectively.

### Fixed Income Market Update

- Lending rates declined in Q1'2021 due to the Open Market Operations (OMO) maturity of ₦328.21 billion and FAAC disbursement to both States and LGs, which boosted system liquidity despite the NTB sales and OMO auction of ₦100 billion
- Consequently, the short-term instruments such as the Open Repo Rates (OPR) and Over Night (O/N) rates plunged to 4.50% and 5.00% from 10.00% and 10.50%, respectively, in Q4'2021.





- In the secondary T-bills market, the average yield on the 12-month instrument plunged to 4.47% from 5.53%. Also, the 91-day and 180-day declined to 2.68% and 3.33% from the previous quarter's close of 3.13% and 3.83%, respectively.
- Also, the average bond yield declined on the medium and long-term instruments as the 1yr, 4yr, 7yr, and 10yr closed the Q1'2022 at 3.20%, 10.15%, 10.67%, and 10.87% from 7.46%, 710.55%, 12.43 and 12.60%, respectively in Q4'2021.
- Interest rates on fixed deposits are also low. Because the system is awash with liquidity, most banks are not eager to take funds or offered very low rates. Rates on BBB-rated banks offered were in the range of 5.00% - 8.50% for N1bn for 90days.

#### Update on External Reserves and Exchange Rate

- The nation's external reserves also declined by US\$312.37 million in March 2022 to US\$39.55 billion. Reserves, which opened the year 2022 at US\$40.52 billion, have lost 2.39% of its value since the start of the year.
- While Nigeria continues to struggle with diversifying and improving foreign exchange inflows, the exchange rate in the Investors' and Exporters' (I&E) Window has remained stable so far in 2022. The exchange rate has remained flat at N416.67/USD at the I&E window.
- Besides rising import bills that continued to exert pressure on external reserves, lower oil production below the budgeted benchmark despite high crude oil price also led to limited foreign currency inflows needed to boost the reserves.
- Falling external reserves impede the CBN's ability to intervene in the foreign exchange market. Also, forex shortages amid high demand (especially from manufacturing concerns) will lead to a depreciation in naira at the forex markets."
- However, in a further bid to boost foreign currency inflows into the economy, the Central Bank launched the "Race to US\$200 billion in FX Repatriation (RT200 FX Programme). This Programme aims to diversify foreign exchange sources with a goal of attracting US\$200 billion over the next 3 to 5 years
- Efforts to improve the business environment coupled with clarity on foreign exchange policies remain vital in attracting investment into the country, boosting external reserves, and ensuring exchange rate stability.

#### PENSION INDUSTRY NEWS

- Unaudited Valuation Report as at end of February 2022 showed that total pension fund assets in Nigeria increased to N13.76 trillion from N13.61 trillion recorded in January 2022. Total Retirement Savings Accounts as at the same period stood at 9,589,721.
- About N8.51 trillion of the total pension funds is invested in Federal Government Securities. Further breakdown showed that the pension managers invested N1.00 trillion in Corporate Debt Securities, Local Money Market N2.14 trillion while Mutual Funds gulped N133.05 billion.
- The Commission released the Revised Regulation on Administration of Retirement and Terminal Benefit on the 17th of March 2022.
- The Framework for the Establishment of the Pension Industry Non-Interest Advisory Committee was released by the Commission on the 8th of February 2022.
- Further actions on the direct capturing of ten (10) fingerprints in RSA registration and Data recapturing were suspended by the Commission on the 17th of March 2022.

#### VG PENSIONS: INVESTMENT PERFORMANCE RETURNS

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

| Funds    | Unit Price (N) |          |        | YtD        |
|----------|----------------|----------|--------|------------|
|          | January        | February | March  | Growth (%) |
| Fund I   | 1.6717         | 1.6799   | 1.6809 | 1.27%      |
| Fund II  | 4.1217         | 4.1578   | 4.1809 | 2.35%      |
| Fund III | 1.5574         | 1.5705   | 1.5829 | 2.48%      |
| Fund IV  | 4.6659         | 4.7055   | 4.7420 | 2.45%      |

*Thank you for reading*

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