



Veritas
GLANVILLS PENSIONS
PLC

Q4 2023 NEWSLETTER

*A Quarterly Publication of
Veritas Glanvills Pensions
Limited*

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GLANVILLS PENSIONS



Dear Esteemed Client,

We would like to welcome you once again to the new year 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 VGP Pensions update.

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.



Q3:2023 GDP grew Marginally by +2.54%

- The Nigerian economy maintained its growth trajectory for the third consecutive quarter in Q3-23. According to the recently published GDP report by the National Bureau of Statistics (NBS), the domestic economy expanded by +2.54% YoY (compared to +2.51% YoY in Q2-2023).
- The oil sector however experienced a contraction of -0.85% YoY (compared to -13.43% YoY in Q2-2023). The non-oil sector exhibited a slower growth rate of +2.75% YoY (compared to +3.58% YoY in Q2-2023).

Decline in the FGN's External Debt



- In the most recent quarterly report on Nigeria's public debt, the Debt Management Office (DMO) revealed a reduction of around US\$1.6 billion in the Federal Government of Nigeria's total external debt stock during Q3 '23 compared to the preceding quarter, bringing the total to US\$41.6 billion.
- The decline was attributed to the FGN's repayment of US\$1.6 billion in promissory notes, the redemption of a US\$500 million Eurobond maturity, and a US\$440 million reduction in the debt owed to the IMF.

Update on External Reserves

- During the quarter, the Nigeria external reserves dropped by US\$325.17mn amid continued Central Bank of Nigeria (CBN) intervention in the foreign exchange market. Nigeria's foreign exchange buffer closed December 29, 2023, at \$32.91bn; dropping by nearly 0.98 per cent from US\$33.24 billion recorded as of the end of September 2023.
- The downtrend in foreign reserves continued to mount pressure on the naira as the official market closed December 2023 at N907.11 against the dollar from N448.55 it opened the year.
- Though Nigeria's oil production experienced an increase, in Q4:2023 - providing a cushion for OPEC producers, global crude oil prices declined during the quarter due to inflation worries and interest rates hikes by most central banks.
- While Brent crude oil price declined QoQ by 16.44% to US\$77.04 per barrel, the WTI crude oil price depreciated by 20.95% to US\$71.77 per barrel.

Inflation Rates

- Nigeria's annual inflation rose in November for the 11th straight month to the highest level in 18 years (28.20% in November from 27.33% in October), adding pressure on the central bank to tackle the rise amid a worsening cost-of-living crisis in Africa's largest economy.
- The surge in the headline rate was mainly sustained by the continued pressure on food prices which rose to 32.8% YoY from 31.5% in October.

Nigeria Equities Market Update

In 2023, the Nigerian stock market experienced a significant upswing, reaching a 15-year high due to the implementation of market-friendly reforms by the current government, robust corporate performance, and advantageous foreign exchange liquidity. The NGX All Share Index (ASI) rose from +39.25% in November to 45.90% as of end of December 2023.

- All the NGX Indices appreciated Year-to-Date (YtD) with NGX Oil & Gas Index leading with a +125.54% return and was closely followed by the NGX Banking Index with +114.90%.
- The investment apathy by the offshore community continued though it improved in November 2023. As such, activity was dominated by domestic investors which accounted for c.88.78% of the total value of transactions between January and November 2023.

Bond & Treasury Bills Markets Update

- The activities in the bond space during the quarter were largely bullish as average yields declined by 31bps to 14.13%. Across the benchmark curve, the average yield dipped at the short by -90bps and mid segments by -20bps but rose by 23bps at the long end of the curve.
- Similarly, activities at the NTB's secondary market were bullish as average yields declined by 418bps to 4.84%. Across the benchmark curve, the average yield dipped by -389bps to 2.67%, at the mid-segment by -408bps to 5.25% and at the long end by -476bps to 7.49%.

Money Market Update

- Despite the ongoing challenges encountered in the Money Market during the year, there were slight increase in interest rates. Fixed deposit rates fluctuated between 14.00% and 16.00%. As of the end of December, the overnight (O/N) and Overnight Policy Rate (OPR) closed at 15.47% and 15.06%, respectively, in comparison to 11.33% and 11.75% on December 30, 2022.



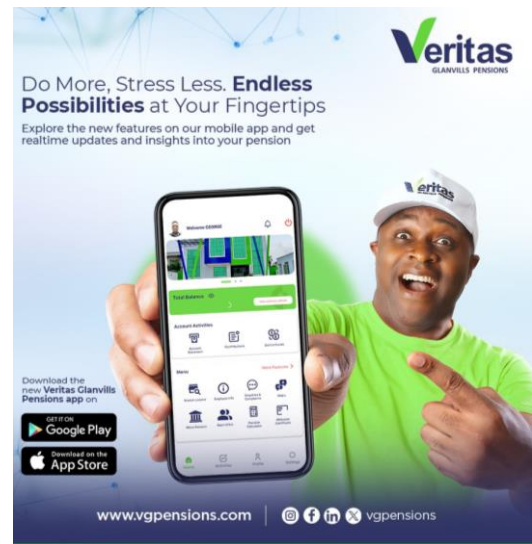
PENSION INDUSTRY NEWS

PENSION FUND ASSETS:

- Nigeria's pension industry has continued to deliver impressive growth in recent years following the implementation of several regulatory reforms.
- The latest monthly data (October 2023) from the National Pension Commission (PenCom) showed that Assets Under Management (AUM) increased by 1.78% MoM to N17.66trn in October 2023 from N17.35trn in September 2023.
- The asset class composition of pension fund AUM has barely changed over the years. However, the share of domestic equities in the overall portfolio increased significantly by 72.75% YoY from N828.17 billion in October 2022 to N1.43 trillion in October 2023.
- The substantial YoY rise in PFAs' investments in the equity market largely account for the impressive performance of the Nigeria Exchange (NGX) in 2023.
- The PenCom data also revealed that the total number of RSA holders stood at 10,140,929.

VG PENSIONS UPDATES

NEW VGP MOBILE APP

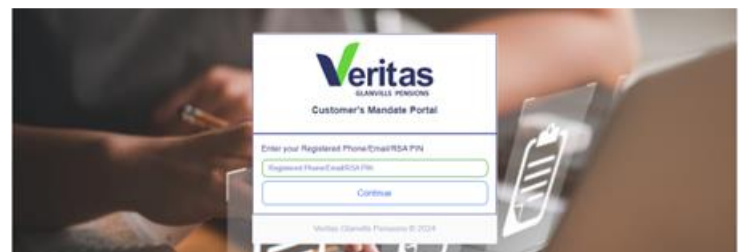


Experience seamless transactions, easy connectivity, excellent user support system, strong data protection and quick loading time with the new VGP App.

- You can now generate and download your RSA statement of account in PDF format.
- Generate and download embassy reference letter on VGP letterhead.
- Initiate any benefits payment request, including 25% of your RSA balance for equity contribution for a residential mortgage.
- Conveniently make micro pension contributions, and many more.

Visit your Apple Store or Google Play Store to download today.

RSA MANDATE FILE DOCUMENTATION



- In line with PenCom guidelines that require all RSA Holders to have complete supporting documents in their RSA mandate file, a web application has been deployed to assist our clients in checking their RSA documentation status.
- Kindly click this link <https://mandatedoc.vgpensions.com:8290/> to check the status of your Mandate File. You can also upload outstanding documents (if any) by clicking on file upload.