



**Veritas**  
GLANVILLS PENSIONS  
PLC

# Q4 2022 NEWSLETTER

*A Quarterly Publication of  
Veritas Glanvills Pensions  
Limited*

**Veritas**  
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 highlights of our investment returns for the fourth 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.**

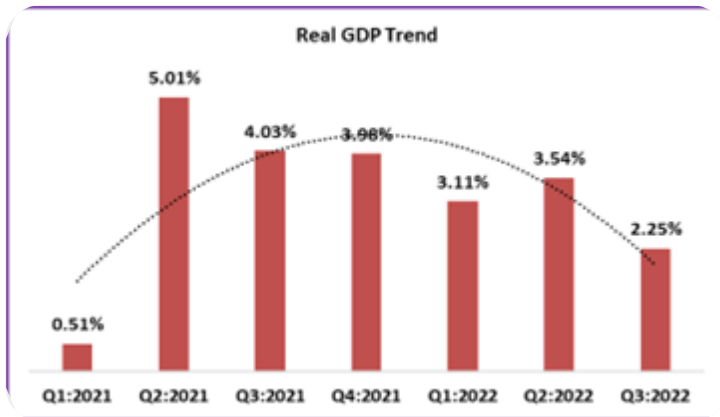
**We would love to hear from you.**

**Thank You for reading!**



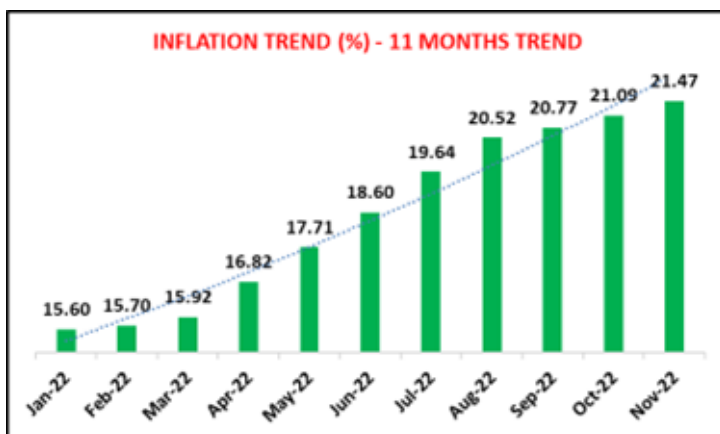
### GDP Sustained Positive Growth Momentum in Q3'22

According to the National Bureau of Statistics (NBS), the domestic economy maintained its growth path in Q3:22 even though the growth momentum slowed compared to the previous quarter. Specifically, real GDP grew by +2.25% YoY in Q3:22 (Q2:22: +3.54% YoY).



### Inflation Rate

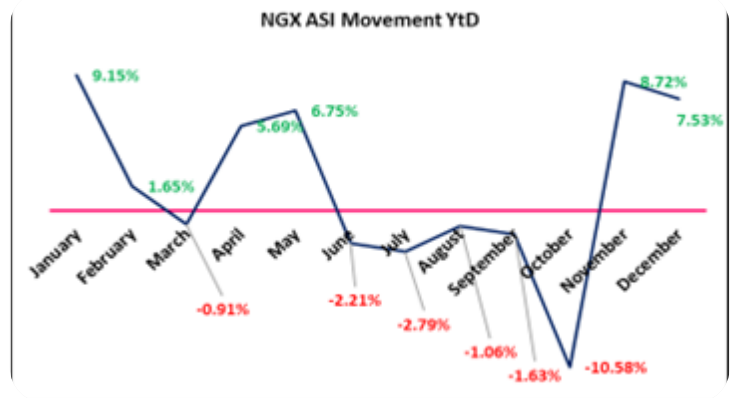
Nigeria's headline inflation rate increased for the tenth consecutive month, rising from 15.60% in January 2022 to 21.47% in November 2022 due to the persistent rise in food prices, increase in energy cost, higher cost of production resulting from the continuous currency depreciation.



The gap between the interest rate and inflation rate however declined in December 2022 to -7.05% from -10.50% in Dec. 2021.

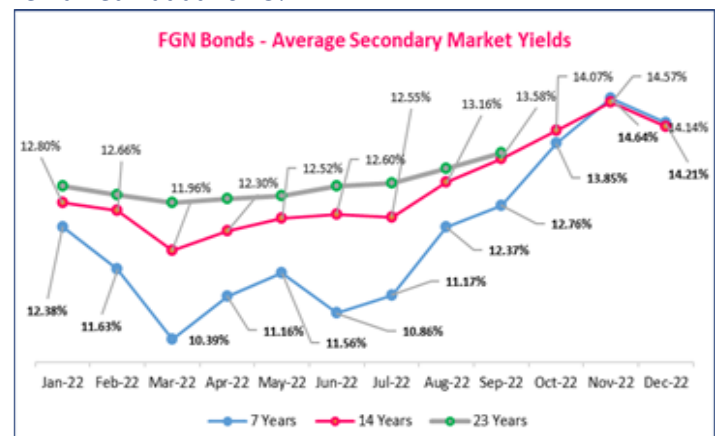
### Nigeria Equities Market Update

- The Nigerian equities market delivered a positive return of +19.98% in the year 2022. The appreciation in the share prices of some companies in the NGX Premium and NGX Oil & Gas impacted positively the returns of some PFAs with such stocks in their portfolio
- Performances were broadly positive for most sectors. However, the top performing sectors were the Telecoms and Oil & Gas sectors which delivered average returns of 44.7% and 34.05% respectively in 2022.



### Fixed Income Market Update

In an aggressive bid to tame the rising inflation, the CBN's Monetary Policy Committee (MPC) raised the policy rate to 16.50% in the year 2022 from 11.50%. The Committee also increased the Cash Reserve Ratio (CRR) to 32.50% from 27.50% while all other parameters were held constant. The impact of the rate increases in 2022 was mixed on the fixed-income market. In Q4:2022, average yields contracted by 25bps to 13.04%. Benchmark average yield curve contracted at the short end by (-123bps) to 10.80% and at the long end by (-10bps) to 13.89%. However, at the mid-segment, the average yield expanded by 28bps to 13.67%. At the Treasury Bill's space, average rates on one-year NTB also declined to 9.19% (vs 10.58% recorded in September) at the last auction while true yield on one-year OMO bills remained flat at 10.45%.



### Money Market Update

- The overnight (O/N) and Open-buy-back (OBB) rates closed at 11.33% and 11.75% respectively on December 31, 2022, compared to 16.00% and 15.50% respectively on September 30, 2022. The O/N and OBB averaged 13.68% (vs Q3:2022 13.52%) and 13.25% (vs Q3:2022 13.18%) respectively in Q4 2022.
- Interest rates on fixed deposits also eased in December 2022– as it ranges between 13.00% - 15.00% for A-rated banks and 14.50.00%-17.00% for BBB-rated banks from N1 billion.

Tenor	31-Dec-22	30-Sept-22
O/N	11.33	16.00
OBB	11.75	15.50

### Update on External Reserves and Exchange Rate

- Nigeria’s external reserves in the year 2022 decreased by US\$3.44bn to US\$37.09bn against US\$40.52 billion at the start of the year. The sharp drop in the reserves is mostly due to the Central Bank of Nigeria (CBN)’s increased interventions on the various FX windows, such as the Investors and Exporters (I&E), and the Secondary Market Intervention Sales (SMIS) windows, following the difficulties with FX supply.
- The pressure on the Naira persisted throughout 2022 as the exchange rate premium widened. The exchange rate closed at N461.50/US\$ at the Investors and Exporters (I&E) window as of end-December 2022. The story is the same at the parallel market as the exchange rate closed at N725.00/US\$ from N565/US\$ at the beginning of 2022.

### PENSION INDUSTRY NEWS

- The latest monthly data from the National Pension Commission (PenCom) showed that Assets Under Management (AUM) of the regulated pension industry increased by 1.14% MoM to N14.59trn as of October 2022 from N14.42trn in September 2022.
- On a MoM basis, the exposure to FGN bonds increased by N2.72bn to N9.23trn (+0.36% MoM) but a -49bps decline in its share of total AUM to 63.23%.
- The effect of the elevated interest rate environment was also visible in pension funds allocation to corporate debt and money market instruments which increased by 2.64% and 3.30% MoM to almost N1.53trn and N2.17trn respectively.

### 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	Q1'22	Q2'22	Q3'22	Q4'22	YtD Growth
Fund I	1.27%	2.15%	2.08%	2.73%	8.47%
Fund II	2.35%	2.65%	1.56%	3.15%	10.06%
Fund III	2.48%	2.85%	1.99%	2.86%	10.58%
Fund IV	2.45%	2.47%	2.43%	2.88%	10.63%
Fund V	5.16%	3.19%	2.98%	2.79%	13.06%

*Thank you for reading*

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