



Veritas
GLANVILLS PENSIONS
PLC

Q3 2022 NEWSLETTER

*A Quarterly Publication of
Veritas Glanvills Pensions
Limited*

Veritas
GLANVILLS PENSIONS



Dear Esteemed Client,

We would like to share with you the latest edition of our 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 third quarter of 2022

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.

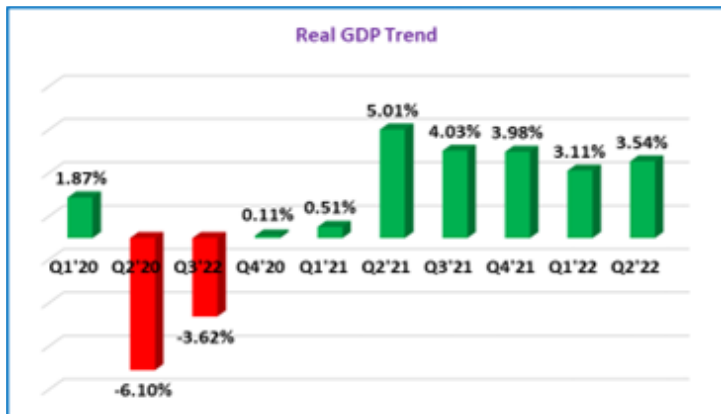
We would love to hear from you.

Thank You for reading!



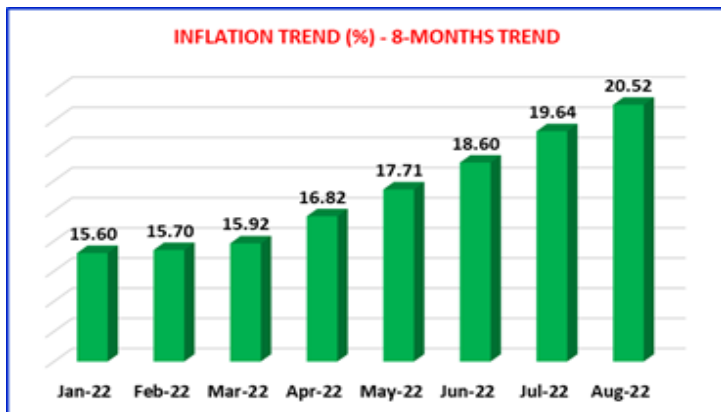
GDP Sustained Positive Growth Momentum in Q2'22

- According to the National Bureau of Statistics (NBS), domestic economic activities sustained their growth momentum for the seventh consecutive quarter. Specifically, real GDP grew by +3.54% YoY in Q2'2022.



Inflation Rate

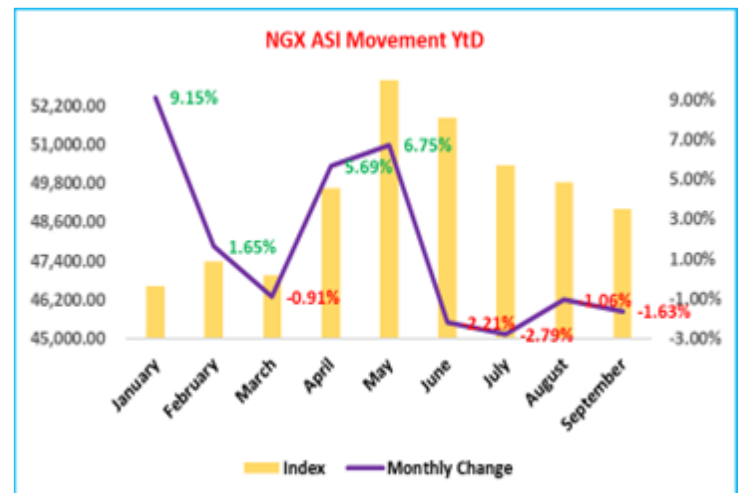
- Nigeria's headline inflation rate increased for the seventh consecutive month, rising to 20.52% in August 2022 from 19.64% the previous month.



- The increase was primarily driven by the food basket (+110bps to 23.12% YoY), which rose to its highest level since 2005. The core inflation also shot up by 94bps to 17.20% - the highest level since January 2017 (17.87% YoY). The elevated core inflation reflects the increase in fuel prices and currency pressures compared to what obtained in 2021.

Nigeria Equities Market Update

- The Nigerian equities market closed Q3'22 in the negative territory as profit taking and selloffs continue in the face of elevated yields in the fixed income space. The NGX ASI returned -5.39% in Q3'22 as against +10.33% recorded in Q2'22.
- Performance of the NGX Indices Year-to-Date (YtD) was mixed. While the NGX Insurance Index led the losers' chart with a loss of 14.90%, NGX Oil & Gas led on the gainers' chart with a gain of 47.32%.
- Participation in the market was still dominated by domestic investors. Foreign investors were still largely on the sidelines in the face of FX liquidity challenge and other issues.
- The decline of -5.39% in ASI in Q3'2022 had negative impact on PFAs funds' returns performance MoM and YtD.



Fixed Income Market Update

- In an aggressive bid to tame the rising inflation the CBN's Monetary Policy Committee (MPC) raised the policy rate by 150bps to 15.50% in its September 2022 meeting. The increase raises this year's total rate hikes to 400bps, making it the third straight increase. The committee also increased the Cash Reserve Ratio (CRR) by 500bps to 32.50% while all other parameters were held constant.
- The rate increases impacted the fixed income market via higher yields during the quarter. While average yields on the FGN 7-year and 14-year bonds rose from 10.86% and 12.60% in Q2'22 to 12.76% and 13.58% respectively, the 28-Year bond rose from 13.10% to 13.68% at the secondary market.
- The high yields environment impacted Funds being managed by most PFAs positively as Managers divested from low yields environment and reduced their exposures to equities.

- In the NTB space, rates rose steadily at the auctions particularly on the 91-day, 182-day, and 364-day papers, as market participants factored in the upward review of benchmark interest rates by the monetary policy committee from 14.50% to 15.50%.
- Average rates on one-year NTB in the quarter also moved up to 10.58% (vs 6.19% recorded in June) at the last auction while true yield on one-year OMO bills remained flat at 10.45%. We believe liquidity will continue to be a driver of yields in the treasury bill market as significant maturities would spur demand for fixed income products.

Money Market Update

- The overnight (O/N) and Open-buy-back (OBB) rates closed at 16.00% and 15.50% respectively on September 30, 2022, compared to 14.00% and 13.83% respectively on June 30, 2022. The O/N and OBB averaged 13.52% (vs Q2:2022 10.00%) and 13.18% (vs Q2:2022 9.59%) respectively in Q3 2022.
- There was also an increase in Interest rates on fixed deposits in September. Rates being offered by BBB rated banks were in the range of 12.50% - 15.00% for at least N1 billion while the first-tier banks were also offering between 12.0% and 14.50%.
- The impact of the improved rates was also felt on all funds under management as inflows, coupons and maturities received were being invested at higher rates.

Update on External Reserves and Exchange Rate

- The nation's external reserves Year-to-Date (YtD) have decreased by US\$2.24bn as of September 2022 to US\$38.28bn. Reserves, which opened the year 2022 at US\$40.52 billion, have lost 5.52% of its value since the start of the year.
- Pressure on the Naira persisted as the exchange rate premium widens. The exchange rate closed at N437.03/US\$ at the Investors and Exporters (I&E) window, representing the lowest level recorded YtD. The story is the same at the parallel market as the exchange rate closed at N735.00/US\$ from N565/US\$ at the beginning of 2022.

PENSION INDUSTRY NEWS

- Total national pension assets grew from N13.42 trillion recorded at the end of December 31, 2021, to N14.35 trillion as of July 31, 2022, representing a growth rate of 6.93%. RSA membership and MPP stood at 9,730,778 and 81,674 respectively for the same period.
- Circular on gift ban to RSA holders was issued to all PFAs by the Commission on September 14, 2022. This measure was taken by the Commission in its efforts to stop unhealthy competition in the industry.
- The guidelines on accessing RSA balance for payment of equity contribution for residential mortgage by RSA holders was released by the Commission on the 23rd of September 2022. RSA holders that meet the eligibility criteria can assess 25% of their RSA balance for residential mortgage (*Please visit any of our branches closest to you to confirm your eligibility*).

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	YTD Growth
Fund I	1.27%	2.15%	2.08%	5.59%
Fund II	2.35%	2.65%	1.56%	6.69%
Fund III	2.48%	2.85%	1.99%	7.50%
Fund IV	2.45%	2.47%	2.43%	7.53%
Fund V	5.16%	3.19%	2.98%	9.98%

Thank you for reading

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