

NEWSLETTER

A Quarterly Publication of Oak Pensions Limited



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Dear Esteemed Customers,

The Q4'22 edition being the last edition for the year, encapsulate events around the domestic economy as well as developments in the Nigerian pensions industry. It is also captures news bordering on your choice PFA and other useful tips aimed at keeping your informed and entertained.

Nigeria's GDP grew by 2.30% y/y in Q3 '22 compared with 3.50% y/y in Q2 '22. Meanwhile, on a q/q basis, it grew by 9.70%, reflecting increased economic activity compared with the q/q contraction of -0.40% recorded in the preceding quarter.

In the period under review, Access Holding Plc, the parent company of Access Bank indirectly acquired Sigma Pensions Limited. The merger when eventually consummated would create Nigeria's fourth largest Pension Fund Administrator (PFA) by Assets Under Management.

Finally, Oak Pensions, embarked on a strategic session, aimed at improving internal processes, upscaling technologies and bettering staff members welfare in a bid to position .

We enjoin you to relax and enjoy this edition of the Oak Pensions Newsletter.

Kindly reach us on 0700CALLOAK or send an email to newsletter@oakpensions.com

Editor

Our Vision

"To be amongst the top five performing PFAs."

Our Mission

"To ensure financial security for a better future"



Review of the Domestic Economy

Nigeria's GDP Expands For The Eighth Consecutive Quarter, Up 2.30% year-on-year

Nigerian economy expanded by 2.30% year-on-year in real terms, printing below consensus expectation. The real GDP expansion recorded in Q3'22 makes it the eighth consecutive quarter of growth in the aftermath of the economic recession during the peak of the coronavirus pandemic, indicating the economy's resilience in the post-covid era.

The non-oil sector continues to be the key driver of the nation's growth since the start of the post-covid economic recovery, as the sector expanded by 4.30% year-on-year in Q3'22

The oil & gas sector continued to underperform the broader economy in Q3'22 as the crude oil petroleum and Natural Gas sector contracted further. In Q3'22, the oil sector fell 22.70%, broadly due to weaker crude production during the period

Inflation

Headline inflation dropped by 13.00bps to 21.34% year-on-year in December (vs 21.47% year-on-year in November). This is the first reduction after an accelerated 10 straight month increase. Increase was driven by food supply disruptions, import cost hikes due to currency depreciation and a rise in production costs.

Interest Rate

The CBN MPC at its last meeting for the year unanimously voted to raise the MPR by 100bps to 16.50% in a bid to aggressively combat inflationary pressures. The committee's decision was premised on the challenging economic climate impacted by external shocks, supply-chain challenges worsened by geo-political tensions, rising commodity prices and higher inflation.

Foreign Reserves

Nigeria's foreign reserves closed out 2022 at \$37.10 billion, having lost \$3.43 billion during the year compared to the \$40.52 billion recorded at the beginning of the year.

The depreciation can be attributed to the constant intervention by CBN at the official FX market in a bid to defend the local currency.

Financial Markets

The NGX ASI gained 19.98% in Q4'22 with a corresponding value of the index at 51,251.06 as at 30th December 2022. Banking Index was up 1.79%; Consumer Index was up 38.00%; Oil & Gas Index was up 50.00%; Industrial Goods Index was down 15.0; Insurance Index was down 16.00%

Money market rates oscillated below and within the asymmetric corridor of the standing facilities window, reflecting changing liquidity conditions in the banking system. Consequently, Open Buyback (OBB) rate average 11.61%. Inter-bank rate averaged 12.08% December 2022

Yields in the bond market increased to close 45bps higher on average. This was driven by another 100bps monetary policy rate hike by the MPC, as well as the decline in coupon payments and OMO repayments during the quarter

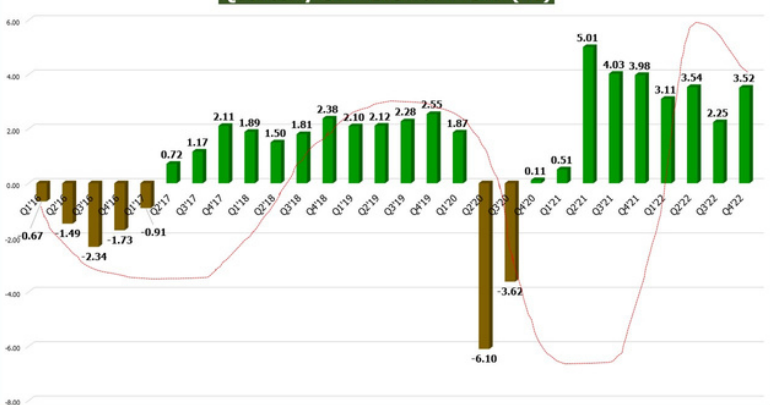
Outlook

Key macroeconomic indicators for Nigeria suggest that the economy will continue to grow through 2023, but at a subdued pace. Factors like the continued high level of insecurity; perennial scarcity of Premium Motor Spirit (PMS) and high cost of other energy sources; increased spending towards the 2023 general elections; rising cost of debt servicing; and deteriorating fiscal balances, would remain the key sources of shocks to the Nigerian economy

We anticipate a modest growth in the equity market and this would be driven by cautious trading amidst political transition and fiscal and monetary policy reforms

For fixed income market, we expect monetary policy to be less aggressive and soften inflation numbers to provide the basis for fixed-income yields to taper

Quarterly GDP Growth Trend (%)



Access Holding Plc indirectly acquires SIGMA Pensions to become 4th Largest PFA by AUM

The parent company of Access Bank, Access Holding Plc, has indirectly acquired Sigma Pensions Limited. This followed the approvals of National Pension Commission (PenCom) and the Federal Competition and Consumer Protection Commission (FCCPC) to acquire the entire issue shares of First Guarantee Pensions and First Ally Assets Management Limited's shares of Actis Golf Nigeria Limited (AGNL).

The acquisition of AGNL Shares automatically relinquishes the majority shares of Sigma Pensions Limited to Access Holding. This merger with First Guarantee Pension when consummated would create Nigeria's fourth largest Pension Fund Administrator (PFA) by Assets Under Management.

PenCom names 34 approved mortgage banks

The National Pension Commission (PenCom) has approved 34 mortgage banks for the implementation of acquisition of residential mortgages by Retirement Savings Account (RSA) holders.

Of the 34 banks, 18 are from Lagos, eight from Abuja and eight of them are from other states.

The mortgage lenders from Lagos are Abbey Mortgage Bank Plc; Brent Mortgage Bank Limited; AG Mortgage Bank Plc; Centagr Savings & Loans; City Code Savings & Loans; First Trust Mortgage Bank; Global Trust Mortgage; Haggai Mortgage; Homes-Base Mortgage; Imperial Homes; Jubilee-Life Mortgage Bank; Lagos Building & Investment; Prudential Mortgage Bank and Refuge Homes Savings & Loans.

Others from Lagos include Resort Savings & Loans; Safetrust Mortgage Bank; STB Building Society; Union Homes and Mayfresh Mortgage Bank.

Withdrawals from pension savings rise to N8.27 billion

The National Pension Commission (PenCom) revealed that cash withdrawals by sacked workers in the country increased to N8.27 billion in the third quarter of 2022. PenCom stated this in its latest annual report published on its website.

The Pension Reform Act 2014 permits the payment of 25 percent of pension contributions to Retirement Savings Account (RSA) holders under the age of 50 years who are sacked (disengaged) from work and unable to secure another job within four months.

The report showed that out of 11,913 sacked workers which initiated withdrawals during the period, 435 were former staff of the Federal Government while 87 were ex-employees of state governments.

The private sector with 11,391 expectedly has the highest number of disengaged workers seeking relief from their pensions.

INVESTMENT RETURN AND ASSET ALLOCATION

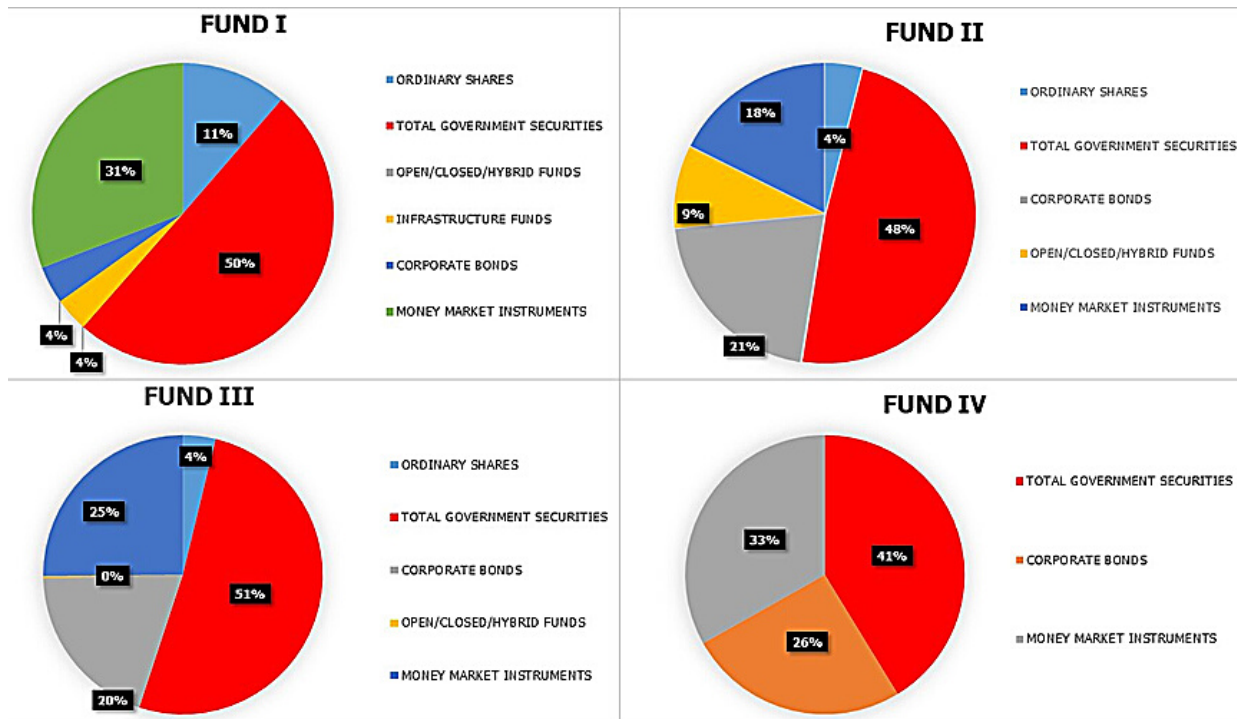
The portfolio performance was supported by the resurgent equity market and elevated yields in the fixed income market, occasioned by aggressive policy tightening and high inflation regime. These drove performances of both the variable income investments as well as the traditional investments.

FUND PERFORMANCE AS AT 31- DECEMBER-2022				
FUNDS	GROWTH IN FUND (%) MoM	GROWTH IN FUND (%) YoY	ANNUALISED RETURN	PRICE
Fund I	22.81%	77.05%	10.90%	1.7129
Fund II	5.09%	12.60%	9.93%	3.9873
Fund III	2.92%	11.22%	9.90%	1.5369
Fund IV	4.77%	12.61%	11.75%	5.1081

Asset Allocation

Our asset allocation approach involves continuous assessment of our investment portfolio and re-balancing to reflect the prevailing market dynamics. The series of monetary policy hike necessitated renewed interest in fixed income instruments, leading to depletion in variable income investment. This couple with the lethargic performance of stocks in the equity market, we under-weighted investment in variable income to strike a balance so as to achieve superior return following the upsurge in yields in the fixed income space.

See below asset allocation across our various RSA Funds as at the end of December 2022.





Oak Pension re-strategises for the future

The rife competition in the pension industry following the introduction of transfer window and entrance of tier 1 banks in the industry, necessitated the need for pension fund administrator to be more forward thinking.

In line with the aforementioned, the company had a strategic session which brought together the board of directors and management to deliberate the future. Strategies around improving internal processes, upscaling technologies and bettering staff members welfare were top on the front burner.

Blueprint as to how to move Oak Pensions Limited forward was mapped out and the company feels well positioned to be the market leader in the coming years



Word Search

- | | | | | | |
|----------|----------|------------|--------------|-----------|----------|
| ANGRY | APART | BLESSINGS | CHERISH | CHRISTIAN | CONFUSED |
| DARK | DIVORCED | EXPERIENCE | FAMILY | FORSAKE | FRENDS |
| GOOD | PARENTS | REARRIED | RESPONSIBLTY | SBLNGS | OASIS |
| PAIN | TOGETHER | TRAIN | TRIALS | TRIPLE | STRENGTH |
| THANKFUL | TWICE | UNIQUE | UPSET | WORKING | TRJMPHS |
| TRUST | | | | | |

J U N V W O R K I N G W K T P E H T U Y
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Thank you for reading...