

NEWSLETTER

A Quarterly Publication of Oak Pensions Limited



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Editor

Mfon Okokon

OAK Pensions Limited

266, Murtala Muhammed Way,
Alagomeji Yaba, Lagos.

Tel: 01-2953095, 0700 255 5625 0700CALLOAK

Email: info@oakpensions.com

Web: www.oakpensions.com

FROM THE EDITORIAL TEAM

Dear Esteemed Customers,

Welcome to the maiden edition of our quarterly newsletter for the year 2023. This edition promises to be captivating as it encapsulate events around the domestic economy as well as developments in the Nigerian pensions industry. It also captures news bordering on your choice PFA and other useful tips aimed at keeping you informed and entertained.

Nigeria's GDP grew by 3.50% year-on-year in Q4'22 compared with 2.30% year-on-year recorded in Q3 '22. For FY'22, GDP grew by 3.10% year-on-year vs 3.90% year-on-year recorded in 2021.

In the period under review, The pension industry registered a total of 69,889 new employees from the formal sector in the fourth quarter ended December 31, 2022. While, the National Assembly has passed a bill to exempt its workers from the scheme, 18 years after operating the Contributory Pension Scheme

Finally, Q1'23 proved to be another encouraging quarter for your choice PFA as the company recorded positive flows of RSA transfer applications.

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

GDP for Q4 marginally ahead of expectations

Nigeria's GDP grew by 3.50% year-on-year in Q4'22 compared with 2.30% year-on-year recorded in Q3 '22. For FY'22, GDP grew by 3.10% year-on-year vs 3.90% year-on-year recorded in 2021. On a quarter-on-quarter basis, the oil economy contracted by -13.40% while the non-oil economy grew by 4.40% year-on-year in Q4'22.

The oil sector contracted by -19.20% year-on-year as against -8.30% y/y, largely reflecting the impact of oil theft, vandalism, divestments of IOCs from onshore oil exploration as well as infrastructure deficit. Over the past eight quarters, oil contracted by an average of -13.40% year-on-year

For the non-oil economy, agriculture grew by 2.10% year-on-year vs 1.30% y/y recorded in the previous quarter. The sector accounted for 26.50% of total GDP in Q4'22. For FY2022, agriculture grew by 2.10% year-on-year.

Inflation

Inflation rate rose to 22.04% in March compared to February 2023 headline inflation rate which was 21.91%. The new figure brings the country's rise in food and services closer to an 18-year high. The food inflation (24.45%) recorded an increase of 10bps when compared with the previous month. Core inflation increased by +102bps to 19.86% year-on-year from 18.84% year-on-year recorded in the previous month.

Interest Rate

The CBN MPC members in its meeting voted for a 50bps increase in MPR to 18.00%, whilst keeping other key parameters unchanged. The committee cited the need to offset the continued upward risk in price development such as the expected removal of the PMS subsidy, rising prices of other energy sources, continued exchange rate pressures and uncertain climate conditions.

Foreign Reserves

Nigeria's gross external reserve fell to \$35.74 billion dollars in Q1'2023. This is the lowest balance since September 20, 2021, when the reserves fell to \$35.73 billion.

The depletion in external reserves was occasioned by continuous CBN FX auctions, selling forex to deposit money banks as a way to stabilize the exchange rate market

Financial Markets

The NGX ASI gained 5.82% in Q1 2023 with a corresponding value of the index at 54,232.34 as at 31 March 2023. For Q1 2023, the Banking Index was up 8.50%, the Consumer Index was up 19.32%, the Oil & Gas Index was up 10.45% and the Industrial Goods Index was up 2.21%.

Money market rates reflected the tight liquidity conditions in the banking system. Consequently, Open Buyback (OBB) and Inter-bank Call rates averaged 12.74% and 12.54%, respectively.

The mood in the fixed income market was predominantly bearish as investors sold off some of their position due to the relatively tight system liquidity. Consequently, the average T.bills and bond yields rose to 7.95% and 13.56% at the end of March (against 4.94% and 13.27% at the end of February), respectively.

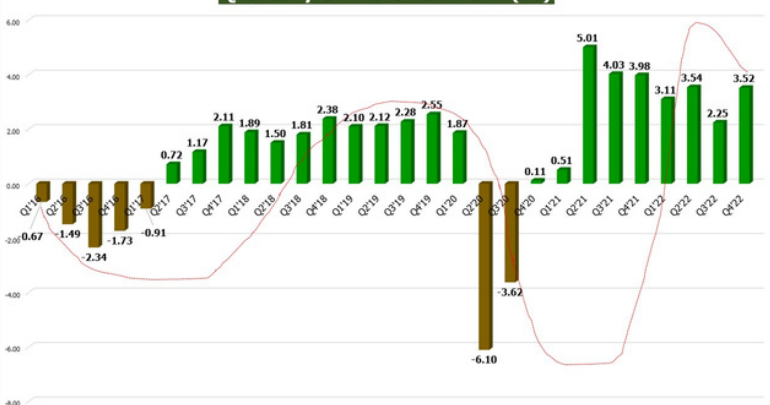
Outlook

The domestic economy will continue to recover for the rest of 2023 at a moderate pace, in light of evolving and persisting shocks to the economy. The continued upward pressure on inflation, rising cost of debt and debt servicing, as well as deteriorating fiscal balances remain headwinds, which may undermine the smooth path to a faster recovery

We expect investors to cherry pick on attractive tickers in the equity market following recent decline in bellwether stocks. Also, we anticipate that the hunt for dividends will spur buying interest on high dividend paying stocks ahead of closure of register

We foresee a decline in both T-bills and bond yields on the back of robust system liquidity. A total inflow of N1,359.63 billion is expected for the period as against an outflow of N641.00 billion. Leaving a net flow of N718.63 billion

Quarterly GDP Growth Trend (%)



National Assembly passes bill to exit pension scheme, PFAs kick

The National Assembly has passed a bill to exempt its workers from the scheme, 18 years after operating the Contributory Pension Scheme. However, the Pension Fund Operators Association of Nigeria has said that the passage of the bill sets a dangerous precedent for Nigerian workers.

PenOp is the umbrella body for all Pension Fund Administrators and Pension Fund Companies.

PenOp expressed concern regarding the way the bill was passed, stating that the passage of the bill seemed to have been unnecessarily expedited and shrouded in secrecy with very little engagement and input from critical stakeholders, given that it passed during the National Assembly's recess.

Stanbic IBTC Pension, ARM Pension maintain largest market share

The pension industry registered a total of 69,889 new employees from the formal sector in the fourth quarter ended December 31, 2022.

Analysis of the distribution of RSA registrations across PFAs in the fourth quarter 2022 show that Stanbic IBTC continued to maintain the largest market share of 23 per cent with 16,006 new registrations, followed by ARM Pension Managers (PFA) Limited, which had 10 per cent market share with 7,312 new registrations.

Leadway, Sigma and Premium PFAs followed with nine per cent, eight per cent, seven per cent market share.

Consequently, the five PFAs held about 57 per cent of the 69,889 RSAs registered in the quarter under review.

Kindly remove the whole highlighted paragraph so as not to be indirectly advertising for those PFAs

PenCom Rejects Seven Out Of 18 RSA For Mortgage Applications Due To PCC

The National Pension Commission (PenCom) has rejected seven out of 18 RSA for Mortgage applications due to failure to provide Pension Compliance certificates (PCC) by their Mortgage Banks.

PenCom recently granted approval for applications from Retirement Savings Account (RSA) holders seeking to use part of the RSA account for equity contribution towards the purchase of residential mortgage. The commission received 18 request for approval to use the RSA balance for equity contribution towards the purchase of residential mortgage but approved only 11 applications and rejected seven.

On the other hand, rejected the seven applications because the Mortgage lender (mortgage banks or Commercial banks) did not have Pension Compliance certificates (PCC).



INVESTMENT RETURN AND ASSET ALLOCATION

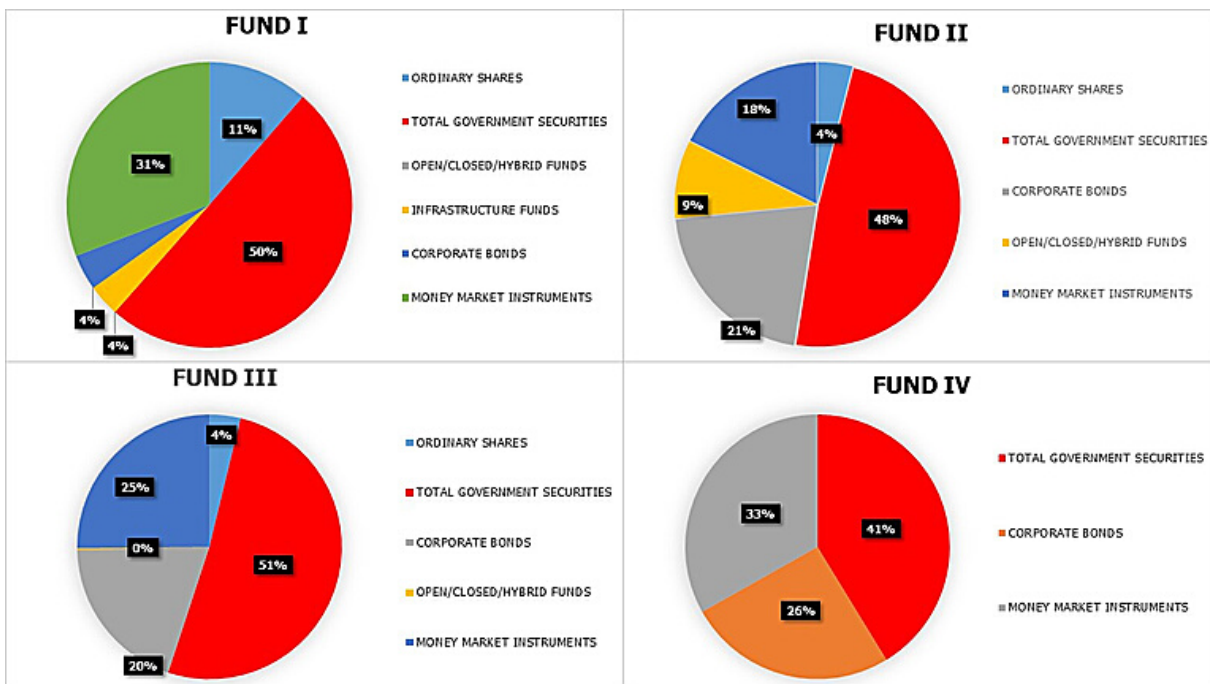
The portfolio performance was supported by the resurgent equity market and elevated yields in the fixed income market, occasioned by aggressive policy tightening and high inflation regime. These drove performances of both the variable income investments as well as the traditional investments.

FUND PERFORMANCE AS AT 31- MARCH-2023				
FUNDS	GROWTH IN FUND (%) MoM	GROWTH IN FUND (%) YoY	ANNUALISED RETURN	PRICE
Fund I	1.67%	120.22%	14.47%	1.7702
Fund II	0.95%	3.03%	11.19%	4.0918
Fund III	0.57%	4.65%	12.13%	1.5804
Fund IV	-0.12%	5.71%	12.48%	5.257

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 March 2023.



Oak Pensions Amongst the Top 5 Performing PFAs in the Last 4 years

According to ranking conducted by Pension Nigeria, a renowned newswire organisation in the pension industry over the last 4 years, Oak Pensions emerged the fourth best performing PFA in the past years.

The 5 PFAs with the highest Return on Investment from inception in July 2018 to 31 December 2022 are as follow:

1. Stanbic IBTC Pension Managers Limited
2. Veritas Glanvills Pensions Limited
3. CrusaderSterling Pension Limited
4. Oak Pensions Limited
5. Leadway Pensure PFA Limited

Oak Pension Records Positive RSA Transfers in Q1'2023

Q1'23 proved to be another encouraging quarter for your choice PFA as the company recorded positive flows of RSA transfer applications.

During the period, a total application, amounting to N2.22 billion requested to be transferred to Oak Pension as against N1.53 billion that wanted out. This translated to net inflow of N690.93 million.

The consecutive positive RSA transfer achievement is quite laudable as the company has been a major casualty since the commencement of the RTS window. The recent feat comes on the heels of the just concluded strategic meeting by the board and management of the company. Oak Pensions had earlier embarked on a new marketing drive which included reconstituting the marketing personnel amongst others.

RSA Transfer Window was introduced by PenCom in November 16, 2021 and it allows RSA holders the right to transfer their accounts from their existing Pension Fund Administrators (PFAs) to other PFAs of their choice.

Word Search

Puzzle game

O A G E U F B G F C W J Z X Z Q T
 A Q I P F V A T P V C H L K X Q N
 Q P N D B G E X P Q B D Y T N E C
 Q Q G M Y O D N L K T H U N D E R
 K D E X W W F K C P L E J R P V P
 I M R N Q Y G J O Q G J C H L A I
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 O W V V S P L I M T G D W A T C H


Photo	Phone	Shout	Shape
Thin	Thunder	Attach	Watch
Why	When	Cent	Carrot
Ginger	Gather	Gotten	

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