



DEAR ESTEEMED CLIENT,

We welcome you to 2019 and to another edition of the Sigma quarterly newsletter. We hope 2018 was great for you in terms of personal growth and development. This quarter, our newsletter will touch on the global economy and a review of the financial markets in 2018. We will also highlight Sigma Pensions' Fund performance across our Four funds, following the recent Multifund regime in the industry.

As is recurrent in previous pre-election years, the country witnessed significant exits of Foreign Portfolio holders, and it is no surprise that Financial Markets had a tough outing both in Nigeria and on the Global front.

For 2019, it is our view that the investment landscape will be shaped by relatively lower oil prices, the pace of monetary policy normalization in developed markets and of course, the 2019 general elections.

Once again, we welcome you to this edition as we take you through the last quarter of 2018.

If you have questions about any of the topics shared, kindly make enquires via info@sigmapensions.com or through any of our social media platforms. Thank You!

2018 – A TURBULENT YEAR FOR FINANCIAL MARKETS

2018 was a turbulent year for global financial markets as the hike in the US Fed rate, concerns regarding global economic growth (amid US-China trade tensions) and sharp decline in crude oil prices in the fourth quarter combined to depress financial markets. The Nigerian capital market felt the brunt of these external factors as foreign portfolio investors continued to exit their positions while locals remained on the sidelines ahead of the 2019 elections. The stock market returned -18% for the year while bond yields fell 200bps on average.

FUND PERFORMANCE

In 2018, the National Pension Commission (PenCom) directed PFAs to begin International Financial Reporting Standards (IFRS), part of which requires a basis for the classification and valuation of financial assets. Following this, Sigma took a strategic decision to fair value some low yielding portions of the FGN bond portfolio in Funds II and III. This strategic decision was to enable us exit the low yielding bonds and reposition the portfolio for improved long-term performance. As a result, the mark-to-market losses weighed on the performances of both funds for 2018. However, this decision has enabled us to lock-in better yields and reposition the portfolios for sustainable performance going forward.

FUND	2018 RETURN	RETURN PERIOD
FUND I	4.73%	JULY TO DEC.
FUND II	5.43%	JAN TO DEC.
FUND III	2.02%	JULY TO DEC.
FUND IV	10.56%	JAN TO DEC.

*Fund start date is July 2018

OUTLOOK FOR 2019 – POSITIONING FOR IMPROVED PERFORMANCE

The Nigerian economy faces another round of oil induced pressure over 2019. However, focus is likely to be on the elections and less on the economics. In a bid to keep economic variables in a neutral state, monetary policy will shoulder the burden of delivering an economic policy response to the developing external environment and will tilt towards a contractionary stance. We think fiscal policy response will likely be delayed until much later in the year whichever way the elections go. Given likely foreign reticence towards Nigerian assets in general, our investment strategy prioritizes a focus on assets with high correlation to interest rates over most of 2019.

SIGMA PENSIONS WALK TO LIVE – A WALK FOR HEALTHY LIVING



On the 1st of December 2018, Sigma Pensions launched the maiden edition of the 'Walk-to-Live' campaign. It was a 5 KM walk meant to promote life and healthy living which prepares our customers for a healthy retirement.

The walk which was led by the MD/CEO, alongside staff and Management, had over 400 customers and retirees in attendance.

Our MD, Dave Uduanu, addressed the participants at the end of the exercise. He said the 5km walk, which may be increased to 10 kilometers in the next edition, will provide the company the opportunity to connect and engage with our customers in a relaxed atmosphere. The activity was devoid of the usual business seriousness, as it was an informal gathering focused primarily on the promotion of good health and general wellbeing.

In conclusion, the idea is to keep people fit and healthy enough to enjoy their retirement because it is only a healthy person that can enjoy life after retirement.



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