

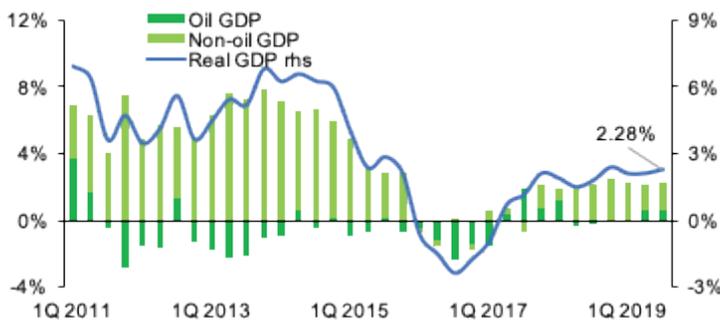
Dear Client,

Welcome to the first edition of our monthly newsletter. In order to service you better, we will be sending you monthly updates on the Pension Industry and our activities, this will keep you abreast of all you need to know about your RSA and our Company. If you have suggestions or enquiries, please send an email to info@sigmapensions.com. We forever remain committed to working for you.

NOVEMBER MACROECONOMIC AND FINANCIAL MARKET REVIEW

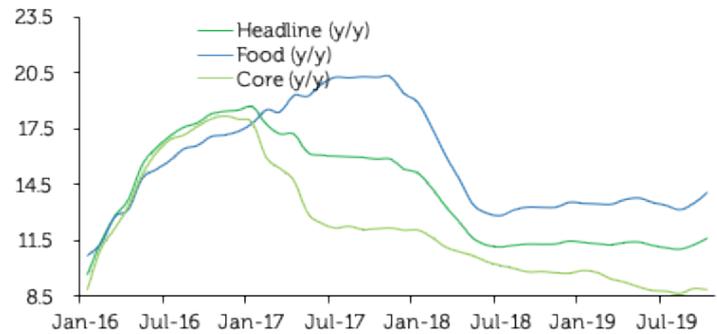
In November, the National Bureau of Statistics (NBS) released data on economic growth for Q3 2019 which showed that Nigeria's economy expanded by 2.28 percent (Q2 2019: 2.12 percent) driven by faster growth in the oil sector on account of higher oil production. On the other hand, activity in the non-oil sector remained soft with the NBS reporting a 1.9 percent growth. Part of the softness stemmed from the emergence of a recession in the trade sector and sub-par growth in the manufacturing and agricultural sector which offset gains in the Telecommunications industry. Overall, as economic growth remains behind the rate at which the Nigerian population expands each year, the economy is unable to lift more people out of poverty.

Figure 1: Trends in real GDP growth and its components



Source: NBS

Amid the soft growth underbelly, the NBS also reported a second consecutive rise in inflation to 11.6 percent in October (September: 11.24 percent) driven by higher food inflation on account of the border closures. Despite the start of the main harvest period, food inflation quickened to 14.1 percent (September: 13.5 percent) with monthly food readings at the highest levels in over a decade. On the other hand, core inflation, which excludes prices of volatile components like food prices, remained in single digits over the month. (October: 8.9 percent). Rising inflation amid weak growth and unemployment suggests an increase in economic misery.



Source: NBS

In terms of financial market performance, the stock market improved over November with the Nigerian Stock Exchange All Share Index (NSEASI) posting a 2.45 percent return over the month (YTD: 14.09 percent). The Banking Index gained +15.3 percent, the Consumer index gained +4.9 percent, the Oil & Gas index gained +0.5 percent and the industrial index gained +4.53 percent. The bullish sentiment reflects upbeat perceptions about equities providing an outlet for local investors to deploy liquidity following the CBN's circular banning local investor participation in its OMO bill securities. The CBN circular resulted in a drop in local interest rates as investors scrambled to find outlets to deploy liquidity with short term interest rates now deep into single digit levels.

NOVEMBER 2019 INVESTMENT RETURNS AND ASSET ALLOCATION

In November 2019, we recorded positive returns across all our Sigma RSA Funds following the positive trend in the equity market.

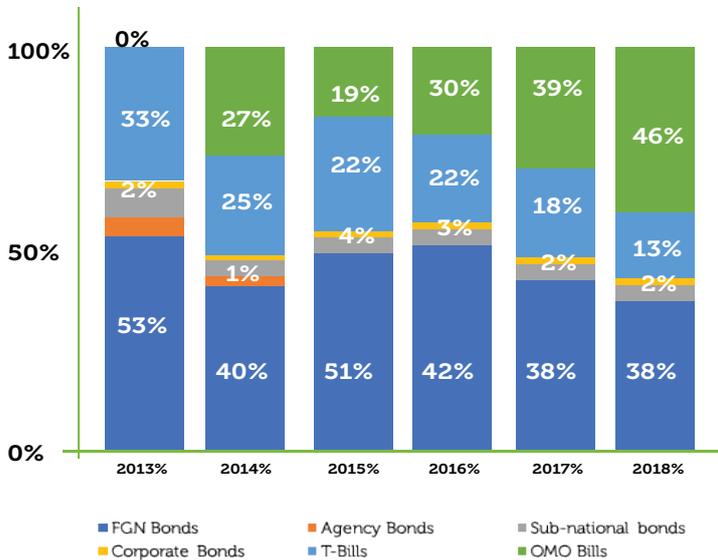
	31-Dec-18	30-Nov-19	YTD	Annualized
Fund I	1.0490	1.1303	7.75%	8.50%
Fund II	3.1387	3.4006	8.34%	9.15%
Fund III	1.0203	1.1259	10.35%	11.36%
Fund IV	3.1399	3.4540	10.00%	10.98%

INVESTOR EDUCATION (THE WISE INVESTOR SERIES) – DIFFERENCE BETWEEN NTBS AND OMOS

Following the CBN circular proscribing local investor access to Open Market Operation (OMO) bills, there were reports that this ban applied to all treasury bills in general. However, it has since been established that this applies only to OMO bills and not the Nigerian Treasury Bills (NTBs) issued by the Federal Government. But as both bills are issued by the CBN, the confusion that a ban on one instrument applied to the other caused panic.

What are Nigerian Treasury Bills? These are short term securities issued by Central Bank of Nigeria (CBN) on behalf of the Federal Government of Nigeria (FGN) to meet its liquidity management needs. NTBs come in three standard tenors: 91-days, 182-days and 364-days and are issued at least once every fortnight on Wednesdays. As these instruments are backed by the full faith and credit of the FGN, they are essentially risk-free instruments and carry no risk of default.

What are OMO bills? These are short term securities issued by the CBN as a means of managing liquidity in pursuit of its monetary policy objectives. In instances, when the CBN feels a need to curb naira liquidity, possibly due to inflationary concerns, it undertakes sales of OMO bills in exchange for Naira. On the other hand, in the event that the CBN feels the need to stimulate growth, it should in theory buy back these securities. Unlike NTBs, OMO bills have no preplanned schedule and are usually sold as expedient. Given the similarities with NTBs, OMO bills were interchangeable and assumed a greater share of securities outstanding given run-up in inflation following the economic crises between 2015-16.



Source: CBN, FMDQ, DMO

In summary, Nigerian T-bills are issued by the government as part of fiscal policy while OMO bills are issued by the CBN in pursuit of monetary policy objectives.

**INDUSTRY NEWS:
UPDATE ON DEATH BENEFIT ACCOUNT (DBA)**

The National Pension Commission (PenCom), recently issued a public notice wherein it mandated all licensed Pension Fund Administrators (PFAs) to discontinue the operation of Death Benefits Accounts (DBAs) with effect from 31 January 2020. DBAs have been used by

legal beneficiaries to access benefits of deceased contributors to the pension scheme who did not open Retirement Savings Account (RSA) during their lifetime.

The Notice states that death benefits claims will no longer be processed through DBAs effective 1 February 2020. Therefore, employers of labour are required to open an RSA within six months of assumption of duty for any employee who fails to open an RSA, in line with the provisions of section 11(5) of the Pension Reform Act (PRA), 2014.

**EVENT HIGHLIGHTS:
THE LIONESSES OF AFRICA LEAN IN SERIES**

In a bid to promote women entrepreneurship in Nigeria, Sigma Pensions in Partnership with Lionesses of Africa hosted the first Lioness Lean In event in Lagos. The event was attended by over 120 leading women entrepreneurs from across the city who came to be inspired, motivated and to connect for greater business success. Catch up on the event using the #SigmaLionessesLeanIn across our social media pages.



RECAPTURE OF EXISTING CONTRIBUTORS

The "Data Recapture Exercise" seeks to protect you against cybercrime and other fraudulent intents and activities, amongst other advantages. This will be done using NIN as a unique identifier for validation of respective Customers' biodata, on NIMC's database. If you are yet to recapture your data, kindly visit any of our offices closest to you or send an email to info@sigmapensions.com.

Just for Laughs

Jan-Nov: I'm so proud I saved all this money all year

Dec: Its time to spend it, I have no choice.

