APRIL 2020 NEWSLETTER

Dear Esteemed Client,

Welcome to another edition of our monthly newsletter.

We hope you are keeping safe with your family. We have also been keeping safe and working remotely to serve you better and protect your RSA.

In this edition, we will review the impact of COVID-19 on the Macroeconomic and Financial Market, highlighting our Asset Allocation and Investment Returns for April 2020. We will also discuss the pandemic and how it affects Investment returns.

If you have any questions about any of these topics, kindly send an email to info@sigmapensions.com or reach us through any of our social media platforms. Thank You!

April 2020 Macroeconomic and Financial Market Review

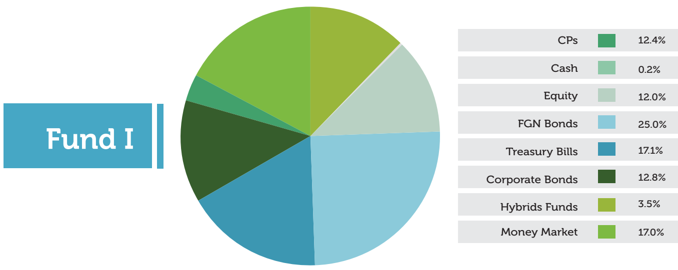
- The outbreak of the Severe Acute Respiratory Syndrome Coronavirus 2 (SARS-CoV-2), more popularly known as COVID-19, continues to dominate developments across global financial markets. In response to the lockdown and widespread restrictions imposed across the globe, the International Monetary Fund (IMF) now expects that the global economy will fall into a recession in 2020 (as against its earlier growth forecast of 3.3% from an estimated 2.9% in 2019).
- Following the historic agreement by the Organization of Petroleum Exporting Countries (OPEC) and its G20 allies to cut 13-14 million barrels, oil prices recovered slightly in April (up 11% to USD25.27/bbl) though prices remain down over 50% lower than levels at the start 2020
- On the domestic front, April was the first month during which most states and industries in Nigeria came under total lockdown with restriction on movement in a bid to stem the wave of the COVID-19 spread. Alongside the slump in global crude oil price, the restrictions on movement presents downside risks to activities in the non-oil sector and the IMF estimates that Nigeria's economy will go into a recession in the present year 2020.
- This bleak economic outlook drove the Federal Government to enter negotiations with the IMF for a USD3.4billion emergency loan under its Rapid Financing Instrument (RFI) program. The loan, which comes with no conditionalities, attracts concessional interest rates and is repayable in full by the year 2025. Elsewhere, Nigeria's external reserves fell further in April (down by 5% to USD33.5billion, YTD: -13%).
- In response to the oil price drop as well as COVID-19 pressures, the Central Bank of Nigeria (CBN) trimmed its activity across the FX markets which drove a deterioration in the exchange rate across the Investors and Exporters' window (-0.5% to NGN387.30/$) and the parallel market (-7.8% to NGN450/$) though it remained stable at the official segment at NGN361/$. Headline inflation maintained its uphill climb (up to 12.26% from 12.2% in February) with dual pressures felt across food and core sub-indices.
- In terms of market performance, Nigerian equities pared back losses, as the All Share Index returned 8% in April which reduced YTD losses to 14.8% (vs March: -20.7%). The rebound reflects increased local investor activity as market valuations appear attractive. In the fixed income space, excess liquidity from maturing OMO bills held by non-bank financial institutions continued to drive a retracement in bond yields following the sell-offs in March which resulted in an 8.8% rebound in the S&P Nigeria Government Bond Index in April 2020 (YTD: +5.3%).
- However, treasury bill yields declined further to 1-3% as the fixed income market remained awash with ample liquidity grapple amid problem of limited instrument supply.

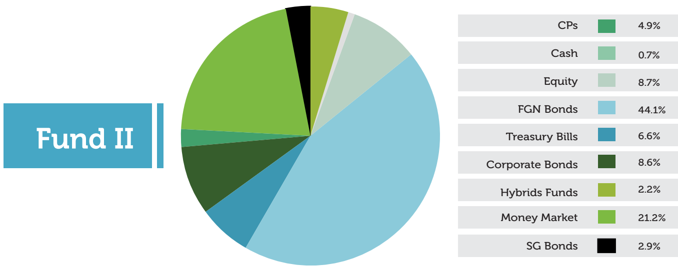
April 2020 Investment Returns and Asset Allocation

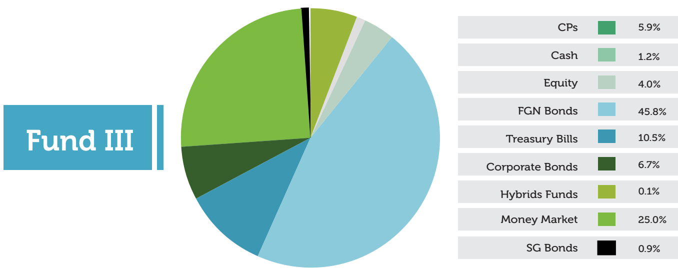
The recovery in the domestic equity market as well as moderation in interest rates favourably impacted asset prices across the investment landscape and helped drive improvement in returns across our flagship RSA portfolios after the declines in March.

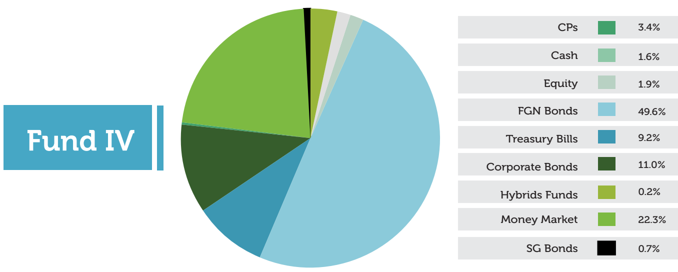
	RSA Unit Prices		Returns
	31-Dec-19	30-Apr-20	YTD
Fund I	1.1497	1.1181	0.41%
Fund II	3.4769	3.5461	2.14%
Fund III	1.1502	1.1846	3.08%
Fund IV	3.4769	3.5792	2.76%

See below asset allocation across our various RSA Funds as at the end of April 2020









FAQs

1. Can investments in my RSA be paused completely or partially to avert losses in my portfolio until the crisis is over?

Ans: All beneficiaries' funds are pooled together and invested in various asset classes with different investment horizons and maturities. As such, it would be impossible to suspend any one beneficiary's portion of an entire investment.

2. I moved to Fund I but my RSA balance keeps dropping since I moved. Can I move back to Fund II without losing more money?

Ans: While you are free to move from one fund to another, the profile of Fund I fits with a young person or someone who still has a lot of years to work before retiring. Since you would not be retiring soon, it is advised that you remain in Fund I.

Given that markets move in cycles, opportunities to recover whatever declines you may have witnessed will present themselves. With the profile of the funds, Fund I is likely to recover faster.

Pensions is a long-term play; we advise our customers to focus on the long term and not on short term market fluctuations.

According to PenCom regulation, after the initial movement, any subsequent movement between funds under a 12-month period attracts a fee of N1,000 but comes at no cost after 12 months.

3. I will be retiring in 2 years and presently in Fund III, will you advise I still move to Fund II given the current situation?

Ans: We do not advise that contributors who are close to retirement choose to move to Fund II which has a longer-term profile than Fund III.

We advise you remain in Fund III if you are close (2 to 3 years) to retirement or if your risk appetite cannot handle some degree of fluctuation in investment returns.

Customers with a longer time to retirement are free to move from Fund III to Fund II.

4. How will increasing inflation affect the value of my PW payments and how are you protecting me from it.

Ans: The current market decline will not affect your Programmed Withdrawal (PW) payments.

Inflation can lead to value erosion. That is why our investment strategy seeks to target instruments that can provide a return over and above inflation.

Though still little, we are also introducing investment options that provide a hedge (to protect the fund from impact) against inflation

How would markets turnout after COVID-19?

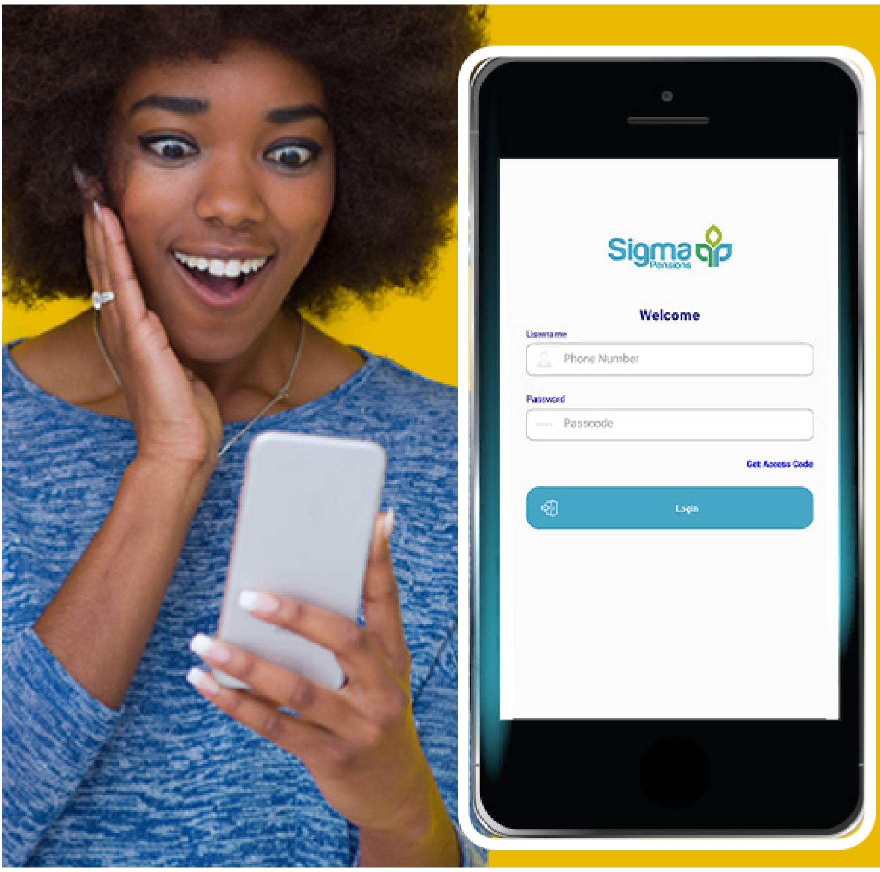
To figure this out, we go back (2008/2009 financial crisis), and way back in time (1918 Spanish flu) to understand how these events shaped the economy and markets and what learnings we can draw from them to position beyond COVID-19.

Watch out! There is always a calm after every storm

To get a sense of life in the aftermath of COVID-19, we must look at history to see how the world economy turned out after the last recorded pandemic. The 1918 Spanish Flu pandemic (which ended in 1920) is estimated to have affected 500 million people, one-third of the world's population at that time, leading to at least 50 million deaths worldwide.

To read more, visit: www.sigmapensions.com/articles

APRIL 2020 NEWSLETTER



SURPRISE!

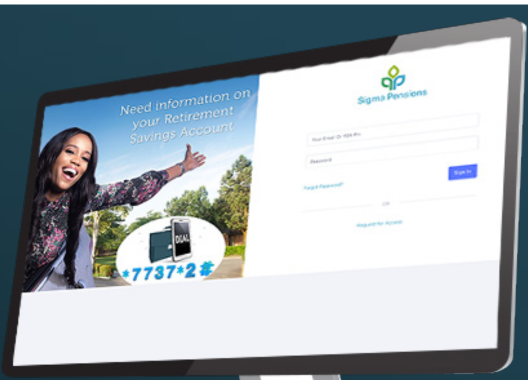
UPGRADE TO THE ALL NEW SIGMA BUDDY TO EXPERIENCE MORE!

GET IT ON Google Play

Coming soon on iOS
(Compatible with Android 6 and above)

*7737*2#

Dial *7737*2# for your RSA details on the go



SIGMA WEBSITE PORTAL

Login to our upgraded Website Portal to monitor your RSA. With the web portal, you can

- Generate RSA Statements
- Chat live with us
- Check Return on Investment
- Update Next of Kin details
- And do much more anywhere you are
- Simply visit www.sigmapensions.com and login

You can also reach us via our social media profiles and contact channels
Email :Info@sigmapensions.com | : 0700SIGMAPENSIONS
WhatsApp Chat :08086662291 @Sigmapensions