



Dear Esteemed Client,

Welcome

Welcome to another edition of our monthly newsletter. We hope that as you resume your business activities you continue to take preventive measures to keep you and your loved ones safe.

In this edition, we will review the Macroeconomic & Financial Markets and share a snapshot of our January 2021 activities.

If you have any questions about any of these topics, kindly make enquires via info@sigmapensions.com or through any of our social media platforms. We would love to hear from you.

Thank You!

In January, despite another round of lockdowns triggered by the dreaded second wave of the COVID-19 virus, sentiments about global economy in 2021 have remained optimistic as large-scale vaccination programs are underway across countries. Financial markets have also reacted positively to the inauguration of Democrat Joe Biden as the 46th US president. Brent crude oil prices climbed 7.6 percent to USD55.16/\$ following the decision by the Organization of Petroleum Exporting Countries (OPEC) to adopt modest adjustments to the current output quotes with Saudi Arabia electing to cut back on its oil exports.

On the domestic front, headline inflation maintained its uphill climb by rising to 15.75% in December (November: +14.89% y/y) driven by higher food prices (+19.5% y/y) relative to core inflation (+11.4% y/y). At its maiden monetary policy retreat in 2021, the Central Bank of Nigeria (CBN) kept its key monetary policy rate at 11.5 percent citing a desire to support growth as Nigeria's economy continues to battle with the COVID-19 outbreak. After declining over 2020, Nigeria's external reserves climbed in January (+3.6 percent to USD36.3billion) reflecting improvements in crude oil prices. Developments across Nigeria's FX markets were mixed as while the Naira held steady at the official window (NGN379/\$), it strengthened at the Investors and Exporters window by 4.1 percent to NGN394.13/\$. However, the currency weakened by 2.1 percent at the parallel market to NGN480/\$.

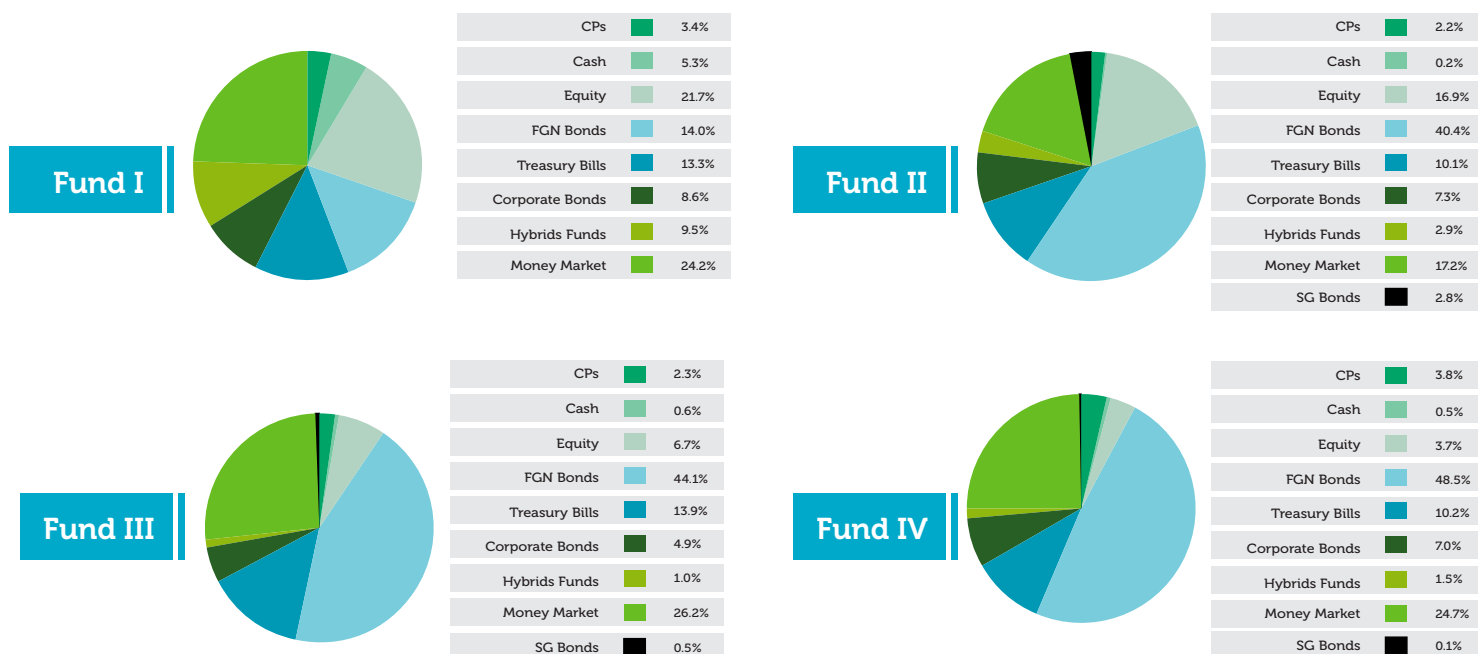
In terms of financial market performance, Nigerian equities opened the year positive with the All Share index closing the month up 5.3%. The market rally was underpinned by strong local institutional demand amid unattractive yields in the fixed income market. In the fixed income space, despite the dovish monetary policy posture, bond yields climbed around 200-250bps on increased prospects for higher government borrowings resulting in a decline in the S&P FMDQ Nigerian Bond index (-11%).

January 2021 Investment Returns and Asset Allocation

Our flagship RSA Funds had a generally positive month with the exception of Fund I where the drop in bond prices hurt performance. We expect this pattern in reverse over the rest of the year.

	RSA Unit Prices		Portfolio Returns	Benchmark Returns ¹
	31-Dec-20	31-Jan-21	YTD	YTD
Fund I	1.4115	1.4031	-0.60%	0.77%
Fund II	4.0629	4.1164	1.32%	1.12%
Fund III	1.3057	1.3115	0.44%	0.24%
Fund IV	3.8265	3.8482	0.57%	0.60%

See below asset allocation across our various RSA Funds as at the end of January 2021.



EVENTS

Sigma Pensions in partnership with Junior Achievement Nigeria hosted the maiden edition of our FLY webinar (Financial Literacy for Youth) themed

BREAK FREE (#Japa)

Our lineup of speakers educated attendees on how to 'Break out of the Norm' with respect to personal finance planning, leveraging on technology for personal finance, and determining how to choose a Pension Fund Administrator.

THEME:

BREAK FREE!

#JAPA

THURSDAY JAN 14, 2020 01:00PM



FREE WEBINAR
Live on ZOOM

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