

The Nigerian Financial Market Review

As highlighted during the presidential campaign, the President, upon assumption of office, announced the removal of the fuel subsidy. A litre of PMS (petroleum motor spirit) which was once sold for ₦145/l is currently going at the rate of ₦498/l around Lagos and Abuja but slightly higher in other parts of the country.

With the replacement of the former CBN governor by Adebisi Sonubi, the Nigerian FX market was fully liberalized, allowing for demand and supply to influence the position of the Naira at the I&E FX window as against the pegging at a level determined by the apex bank. Consequently, the market has recorded a convergence of the official and parallel exchange rates, eliminating the possibility of round-tripping.

The presidency has equally signed the electricity bill into law, which is expected to de-monopolize electricity generation, transmission, and distribution at the national level. With the new law, state governments, companies, and individuals can now generate, distribute and transmit electricity anywhere around the country.

During the period, the presidency embarked on its debut tour, visiting Paris for the “New Global Financial Pact Summit”. The president attendance was to woo the international community to invest in Nigeria as well as showcase his presidency.

The Monetary Policy Rate remained at 18.50% at the end of the first half of the year, with inflation at 22.41% while the GDP growth rate declined to 2.31% from 3.52%. Part of the promises made by President Tinubu is to grow the economy annually by 6%, ensure interest rate is reduced to increase investment and consumer purchasing in ways that sustain the economy at a higher level as well as combat inflation.

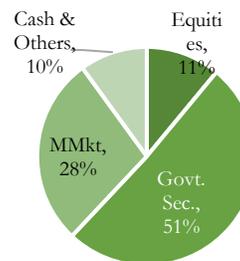
Fund Performance and Asset Allocation

Funds’ performances were as follows:

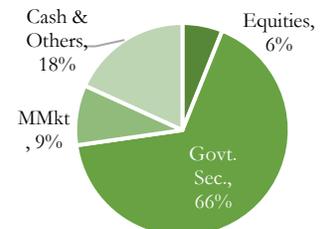
Fund	31 Dec 2022	30 Jun 2023	Return	Ann. Return
Fund I	1.3146	1.4236	8.29%	16.72%
Fund II	5.7203	6.0949	6.55%	13.21%
Fund III	1.7849	1.8871	5.73%	11.55%
Fund IV	5.2582	5.5180	4.94%	9.96%
Micro V	1.2557	1.3397	6.69%	13.49%
Active VI	1.1923	1.2722	6.70%	13.51%
Retiree VI	1.0756	1.1337	5.40%	10.89%

Asset Allocation:

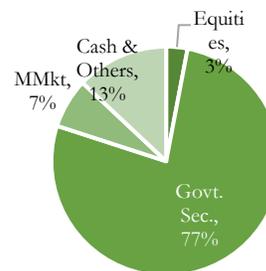
Fund I



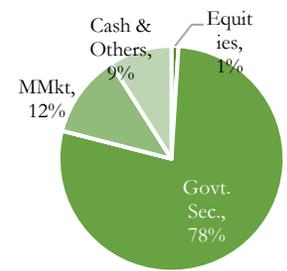
Fund II



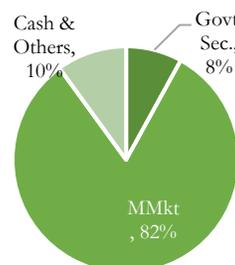
Fund III



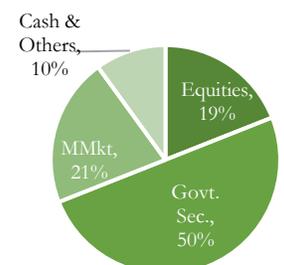
Fund IV



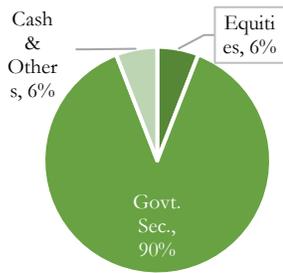
Micro V



Active VI



Retiree VI



Outlook & Investment Strategy

In the global scene, we expect the economic recovery in Q3'2023 to remain slow but with moderation in inflation rates across the world as effects of interest rate hikes by the central banks sets in to cushion inflationary pressure. We also do not see world economies sliding into recession as the interest rate hikes have slowed and central banks may begin to lower rates to stimulate economic growth.

We expect mixed reactions in the local economy as the effect of the subsidy removal, unified exchange rate, and planned hike in tariffs set in. Though the government has initiated plans to ensure there are palliatives to cushion these effects, the concern however, is that there may be a delay in the implementation of these palliatives which could lead to the breakdown of economic activities across the nation.

We expect inflation to slow down with no further interest rate hikes by the apex bank, in line with the expectation of the presidency to stimulate economic growth and provide jobs. We expect the GDP growth rate for Q2'2023 to be c.3.0%.

The renewed buying sentiments across the markets present an opportunity for us to book some profits and re-invest the proceeds in other existing asset classes. The strategy would be to maximize return and remain highly competitive within the industry.

Developments in the Pension Industry

- **2023 Micro Pension Open Day – Challenges, Prospects for Growth and Deepening Financial Inclusion in Nigeria:**

The Pension Fund Operators Association of Nigeria (PenOp), organized a Micro Pension Open Day for people in the informal sector of Nigeria to collaborate with Pension Industry experts on matters relating to the Micro Pension Plan (MPP). During the sessions, matters relating to lack of awareness, mistrust regarding the scheme, insufficient incentives, and low financial literacy amongst others were extensively discussed, providing an opportunity for stakeholders to gain a deeper understanding of the intricacies of the Micro Pension Plan.

- **Memorandum of Understanding on Uniform Performance Reporting:**

At the General Meeting of PenOp held in June, an MOU was shared with the CEOs to ensure accountability from all sides in other to produce a full and extensive report.

- **Revised Guideline Note for PFAs on Online Enrolment of Retirees/Prospective Retirees of FGN Treasury Funded MDAs:**

PenCom has released a revised guideline on the above with the objective to establish a uniform set of rules for efficient operation and implementation of the online verification and enrolment processes.

Contact Us.

E-mail: Investment@nlpcpfa.com

Web: www.nlpcpfa.com

Phone: +234 1 3300 330

Location: 312 Ikorodu Road, Anthony, Lagos. Nigeria.