URBRA

Retirement Benefits Sector

Investment Snapshot

Quarter End | December 2022

Total sector portfolio increased by 0.45% from UGX 20.50 trillion to UGX 20.59 trillion

Sector Performance Indicators at a Glance: December 2022

The Authority presents the Retirement Benefits Sector Investment Snapshot for the quarter ended December 2022. This snapshot is compiled to provide consolidated statistics and analysis relating to Retirement Benefits Schemes' Investments under management. The snapshot provides Retirement Benefits Sector statistics as well as trends, performance and other developments based on Investment Returns submitted by all Licensed Retirement Benefits Schemes and the supervisory & enforcement initiatives conducted by URBRA.

The scope and depth of analysis depends on the completeness and the accuracy of the data submitted by the Schemes.

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Assets under management — Sector assets stood at UGX 20.59 Trillion

Sector Growth Rate — The sector grew by 0.45% and 9.1% on QoQ and YoY basis respectively

Median Performance — Quoted Equities, Fixed Income and Money Market registered 12-month median performances of -6.5%, 14.9% and 9.0% respectively

Withdrawals — Total withdrawals during the quarter amounted to UGX 642 Billion

Contributions — Total Contributions during the quarter stood at UGX 511 Billion

Investment Income — Total Investment Income during the quarter was UGX 644 Billion

Risk Factors and Sector implication: Compared to the previous quarter

GDP — The growth provides opportunity for increased business activity

Exchange Rate — During the quarter, the Uganda Shilling has demonstrated a notable appreciation in value when compared to its regional counterparts, reflecting improved economic performance.

Investment Income — The investment income promotes adequacy and growth

Inflation — The increased headline inflation decreases aggregate demand and increases costs

Contributions — Increased contributions are a positive indicator of savings and economic activity.

Political Stability — The level of political stability in East Africa is generally stable compared to other regions

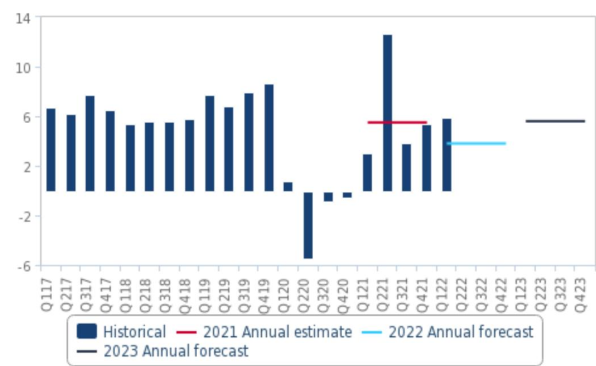
Economic Growth

The Gross Domestic Product (GDP) for the quarter ended December 2022, as compared to the same quarter of the previous year, increased by 4.4 percent, slightly lower than the revised growth rate of 4.9 percent in Q2 of the prior year. The economy, measured in terms of volume, grew from 34,077 billion shillings in Q2 of 2021 to 35,589 billion shillings in Q2 of 2022, with the agricultural and services sectors contributing significantly to this growth by expanding by 5.3 percent and 10.0 percent respectively.

The domestic economy is expected to continue growing in the range of 5.0-5.3 percent, majorly driven by improvements in private consumption, industrial activities, and capital investments in the oil sector. Additionally, the anticipated rollout of infrastructure development projects related to the Lake Albert Oil project is expected to contribute to real growth.

Source: UBOS, Bank of Uganda, Fitch

Uganda - Real GDP Growth, % y-o-y



Central Bank Rate

The Bank of Uganda (BoU) decided to keep the Central Bank Rate (CBR) unchanged at 10 percent during the Monetary Policy Committee (MPC) meeting that was held on December 7th, 2022.

Source: BOU

Inflation

In December 2022, inflation remained persistently high, exceeding the targeted level. During the quarter, annual inflation reached its peak at 10.2 percent, slightly up from 10.0 percent in September 2022, but down from 10.6 percent in November 2022.
The annual average headline inflation for 2022 was recorded at 7.2 percent, which is significantly higher than the 2.2 percent recorded in 2021. This increase was primarily due to the rise in annual average core inflation, which was recorded at 6.0 percent in 2022 compared to 2.8 percent in 2021.

Forecasts anticipate that domestic food and fuel prices will moderate as a result of easing pressures on global supply chains, and expect inflation to gradually slow down to 5.8 percent by the end of 2023.

Source: UBOS, BOU

Currency

During the three months leading up to November 2022, the Uganda Shilling remained stable against the United States dollar, and experienced an appreciation towards the end of the period. This appreciation was supported by a number of factors, including the eased tightening of monetary policy by the Federal Reserve in USA, strong seasonal inflows from remittances, and foreign direct investment in the oil sector.

In November 2022, the shilling appreciated by 1.6 percent on a month-on-month basis, reaching an average mid-rate of UGX 3,761.1 per US dollar.

Source: Bank of Uganda

Quoted Equities Market

In the quarter under review, regional indices in Uganda, Kenya and Rwanda experienced losses due to on-going foreign investor exits. However, the USE Local share index had a marginal increase of 0.47%. The UMEME counter dominated activity for the month ended December 2022 accounting for 88% of the total turnover on the USE, followed by MTN Uganda Limited with 7% percent.

There was a bullish reaction towards UMEME from investors in the market, following the Uganda government's announcement of the run-down of the concession with UMEME in 2025. As a result, UMEME's counter saw a gain of 37.5% during the quarter

	USE-ALSI	USE-LCI	NSE-ALSI	DSE-ALSI	RSE-ALSI
Qtr End Sept-22	1,263.48	271.39	128.41	1,867.98	147.34
Qtr End Dec 22	1,212.58	272.67	127.47	1,881.99	142.64
% Change	-4.03%	0.47%	-0.73%	0.75%	-3.19%

Source: African Markets, Uganda Securities Exchange

Fixed Income

During the Quarter, the primary market saw an overall decrease in yields on the shorter end of the curve, the largest observed for the 364-Day tenor that was down by 135 basis points.

There was a mixed performance for the Treasury bonds, notably, the 2-Year bond yield went up by 275 basis points while the 20-Year bond yield went down by 150 basis points.

Total Sector Portfolio

	Quarter Ending - September 22		Quarter Ending - December 22	
Asset Class	Amount (Million)	Proportion (%)	Amount (Million)	Proportion (%)
Cash and Demand	54,796	0.3	81,945	0.4
Fixed Deposits	385,296	1.9	289,583	1.4
Other Fixed Income*	167,639	0.8	191,057	0.9
Government Securities	15,713,627	76.6	15,853,368	77.0
Quoted Equities	2,550,655	12.4	2,507,904	12.2
Unquoted Equities	336,379	1.6	329,836	1.6
Immovable Property	1,275,225	6.2	1,321,190	6.4
Other Investment**	22,022	0.1	23,015	0.1
TOTAL	20,505,637	100	20,597,897	100

* Represents Commercial Paper, Corporate bonds, Asset Backed Securities, Collective Investment Schemes.
**Represents other approved assets

Mandatory Schemes' Portfolio

	NSSF		Parliamentary Pension Scheme		Makerere University RBS	
Asset Class	Amount (Million)	Proportion (%)	Amount (Million)	Proportion (%)	Amount (Million)	Proportion (%)
Cash and Demand	71,935	0.41	1,931	0.52	86	0.03
Fixed Deposit	131,507	0.74	9,576	2.56	-	-
Other Fixed Income	24,317	0.14	37,735	10.10	40,282	12.31
Government Securities	13,594,615	76.71	278,155	74.42	266,693	81.47
Quoted Equities	2,267,219	12.79	23,354	6.25	2,622	0.80
Unquoted Equities	328,760	1.86	-	-	26	0.01
Immovable Property	1,303,225	7.35	-	-	17,644	5.39
Other Investment	-	0.00	23,015	6.16		-
TOTAL	17,721,578	100.0	373,766	100.0	327,353	100

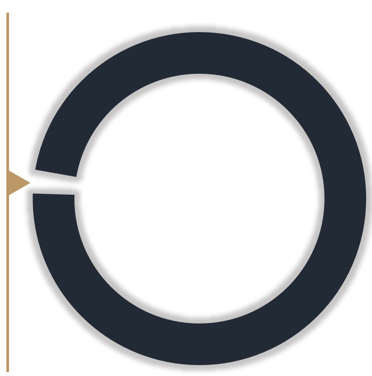
Risk Profile

Moderate

Assets proportion - 0.0%
Assets under management - 472 Million
Scheme Portfolios - 1

Aggressive

Assets proportion - 0.5%
Assets under management - 105 Billion
Scheme Portfolios - 3



Conservative

Assets proportion - 99.5%
Assets under management - 20.5 Trillion
Scheme Portfolios - 63

The Conservative risk profile is composed of portfolios with allocation of over 70% in Fixed Income , while Moderate and Aggressive profiles are composed of portfolios with allocation between 50% - 70% and less than 50% respectively.

All Figures in UGX

Asset Allocation

	NSSF		Occupational Schemes	
Asset Class	Amount (Million)	Proportion (%)	Amount (Million)	Proportion (%)
Cash and Demand	71,935	0.41	10,009	0.3
Fixed Deposit	131,507	0.74	158,077	5.5
Other Fixed Income	24,317	0.14	166,740	5.8
Government Securities	13,594,615	76.71	2,258,753	78.5
Quoted Equities	2,267,219	12.79	240,685	8.4
Unquoted Equities	328,760	1.86	1,075	0.0
Immovable Property	1,303,225	7.35	17,965	0.6
Other Investment	-	-	23,015	0.8
TOTAL	17,721,578	100.0	2,876,319	100

These percentages represent the proportion of assets under management (AUM) for each classification..

Government securities constitute a significant portion of the Assets Under Management (AUM) for both the Occupational schemes and the National Social Security Fund (NSSF) . Occupational schemes allocated 78.5% of their AUM to government securities, while NSSF dedicated 76.7% of their AUM to the same asset class. Quoted equities followed, with NSSF investing 12.8% of their AUM and Occupational schemes allocating 8.4% of their AUM.

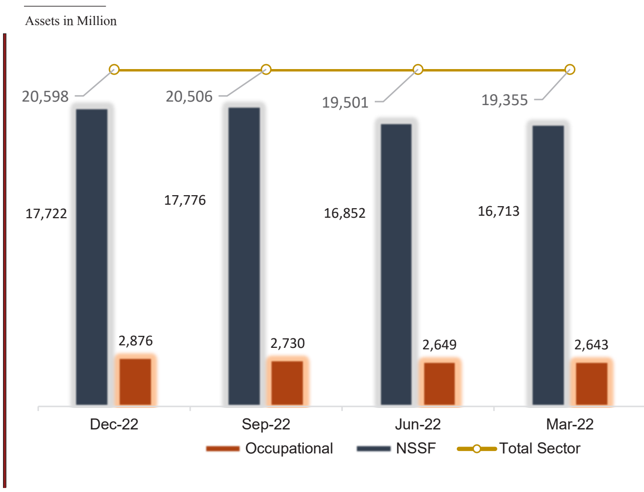
Fund Managers' Holding (Million)

Fund Managers	Cash and Demand	Fixed Deposits	Other Fixed Income	Government Securities	Quoted Equities	Unquoted Equities	Immovable Property	Other Investments	AUM
Britam	4,263	9,521	73,951	367,454	24,415	26			479,630
GenAfrica	997	3,801	48,736	714,751	92,658		17,644		878,586
ICEA	2,689	14,288		103,344	6,354				126,675
Sanlam	2,021	100,461	28,331	896,010	201,290	1,049	321		1,229,483
Xeno			2,152						2,152
UAP	337	30,636	13,571	177,193	6,817				228,554
Other*								23,015	23,015
Total	10,307	158,707	166,740	2,258,753	331,534	1,075	17,965	23,015	2,968,096

The financial sector's diverse fund managers collectively manage an impressive UGX 2.9 trillion of Retirement Benefits Scheme assets. Government securities stand out as the dominant category for allocation, with all seven fund managers investing significantly in this asset class, reflecting a shared preference for low-risk and guaranteed returns. While government securities are a common preference, individual portfolios differ based on each manager's strategy.

All Figures in UGX

Sector Growth [%]

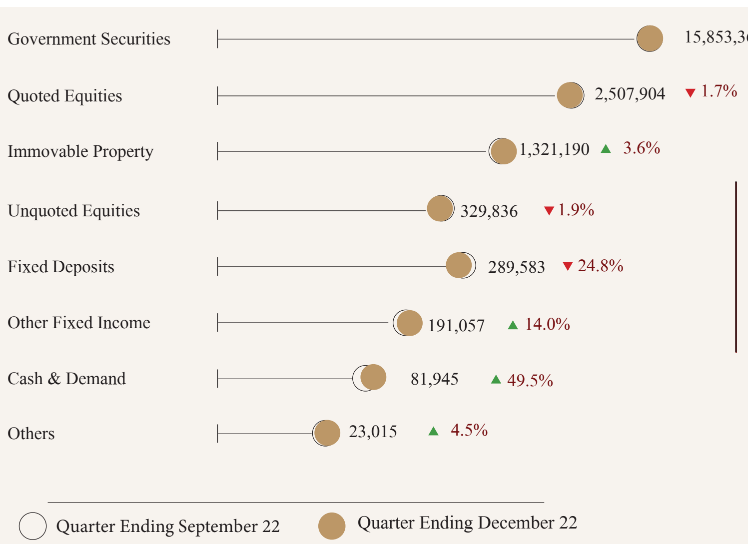


	Mar -22	June -22	Sept -22	Dec -22	QAGR
Occupational	4.84%	0.23%	3.08%	5.16%	3.33%
NSSF	2.19%	0.84%	5.48%	-0.30%	2.05%
Total Sector	2.54%	0.75%	5.15%	0.45%	2.22%

QAGR: Quarterly Average Growth Rate

The sector experienced a mixed performance in the quarter ended December 2022. While occupational schemes showed a robust growth rate of 5.16%, the National Social Security Fund (NSSF) saw a decline of -0.3% in growth, resulting in a total sector growth of only 0.45%.The decline in NSSF Assets is attributed to a few factors, including foreign currency gain of Uganda Shillings against Kenyan Shilling, capital losses in Quoted Equities, and high benefit payouts in the portfolio. Despite this, occupational schemes' strong performance helped to balance out the overall sector growth rate.

Asset Class Movement



During the quarter under review, government securities experienced a marginal growth of 0.9%, which is significantly lower than the growth rate of 5.7% observed in the previous quarter. This slower growth is attributed to a 3.36% decline in the value of Infrastructure bonds.

Additionally, quoted equities also suffered a decline of 1.7%, with the Telecom, Health, and Financial sectors experiencing the most significant declines of 3.7%, 7.6%, and 4.3%, respectively.

Despite these declines, there was an increase in other fixed income, which was primarily driven by the growth of collective investment schemes that increased by 23.9%.

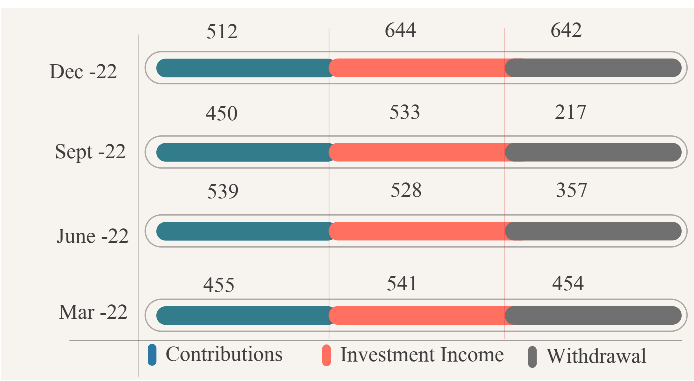
Assets in Million

Assets held by Umbrella Schemes

	September-22 (Million)	December-22 (Million)	Growth (%)
The Liaison Umbrella Fund	16,693	17,214	3.12%
Jubilee Life Umbrella Retirement Scheme	16,992	18,521	9.00%
UMOJA Umbrella Retirement Benefits Scheme	3,470	3,671	5.79%
Zamara Retirement Fund	53,827	55,486	3.08%
Enwealth Uganda Umbrella Retirement Scheme	3,125	4,409	41.07%
Britam Umbrella Scheme	1,859	15,279	0.17%
Octagon Uganda Umbrella Retirement Benefits Scheme	13,604	15,156	11.41%
ICEA (U) Limited Retirement Benefits Scheme	94,724	100,176	5.76%
Sara Umbrella Retirement Benefits Scheme	4,324	4,570	1.68%
UAP Umbrella Retirement Benefits Scheme	40,187	41,144	2.38%
Xeno Umbrella Retirement Benefits Scheme	1,859	2,091	12.42%
ICEA Lion Teleka Umbrella Fund	11,999	12,548	4.58%
Total	276,058	290,264	5.15%

The QoQ growth rate of Umbrella Retirement Schemes was 5.15%, which is slightly lower compared to the growth rate of 5.5% recorded in September 2022.

Contribution, Investment Income & Withdrawal



In the quarter under review, the total contributions, investment income, and withdrawals were UGX 512 Billion, UGX 644 Billion, and UGX 642 Billion, respectively. Withdrawals saw a substantial increase of over 196% QoQ, primarily driven by the National Social Security Fund (NSSF), which accounted for UGX 558 Billion of the total withdrawals due to high benefit payouts.

It is worth noting that the quarterly growth in NSSF's withdrawals is considerably higher than the QoQ growth rate of 95% observed in December 2021 and is largely attributed to qualifying NSSF members who held on their withdrawal claims until the interest declaration at the end of September. The high payout of UGX 558 Billion by NSSF in the quarter under review can be attributed to this trend.

Performance (%)

	Quoted Equities				Fixed Income				Money Market			
	3 Months	6 Months	1 Year	3 Year	3 Months	6 Months	1 Year	3 Year	3 Months	6 Months	1 Year	3 Year
25' Percentile	-2.04	-0.99	-11.33	2.22	3.70	7.54	11.41	15.21	2.40	4.60	8.06	9.10
Median	-1.50	1.05	-6.54	3.00	3.90	8.00	14.87	15.75	2.55	4.85	9.00	9.30
75' Percentile	1.28	2.25	-4.22	4.59	8.96	8.38	16.28	15.98	2.95	5.81	9.78	12.67
Range	24.29	31.19	31.2	13.1	8.22	14.98	9.38	5.1	3.77	5.74	11.57	6.44
Average	-0.38	1.03	-7.61	2.73	5.59	7.99	13.88	15.55	2.55	4.88	9.19	10.49
W.A.P*	-2.98	-0.57	-4.74	2.80	3.83	7.32	15.30	14.67	0.18	0.32	0.61	0.46

* Weighted Average Performance

As of end December 2022, the annual median returns for Quoted Equities was -6.5%, Fixed Income at 14.9%, and Money Markets at 9.0%. Examining the quarterly performance of Quoted Equities, 25% of the schemes underperformed with a return below -2.04%, while 75% of the schemes yielded returns lower than 1.28% during the same three-month period..

Quoted Equities - Sectors

Schemes	Quoted Equities (Billion)	Financial Sector	Consumer Staples	Consumer Discretionary	Utilities	Health Care	Material & Processing	Energy	Producer Durables	Technology & Telecom
NSSF	2,267	43.17%	0.45%	19.05%	0.00%	0.74%	0.47%	4.74%	0.00%	31.38%
Occupational	240	44.42%	2.13%	11.38%	3.07%	0.03%	0.26%	1.52%	0.00%	37.18%

During the quarter under review, the USE All Share Index declined by 4.0%, while the Nairobi Share Index and the Rwanda Share Index experienced losses of 0.7% and 3.2%, respectively. The largest declines were noted in Centum, which lost 20%, Jubilee, which lost 18.9%, and Britam, which lost 12%. The top investments in the blue-chip stock also suffered losses, with Safaricom losing 3.2%, KCB losing 8.1%, and Equity losing 4.2%.

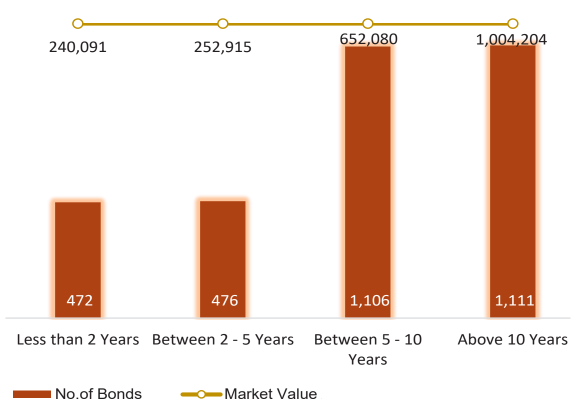
In contrast, Umeme recorded impressive gains, with a year-on-year increase of 45.5% and a quarter-on-quarter increase of 37.5%. However, the regional stock market struggled primarily due to a steep rise in inflation and an increase in interest rates throughout the year, triggering a flight to safety approach from foreign investors. Additionally, the depreciation of the Kenyan shilling against the Ugandan shilling contributed to the drop in quoted equities.

MTN Uganda has maintained its dividend-paying trend, with a UGX 5.4 dividend declared during the quarter. The company has paid UGX 447.5 billion in dividends so far, with over 120.9 billion paid in December 2022.

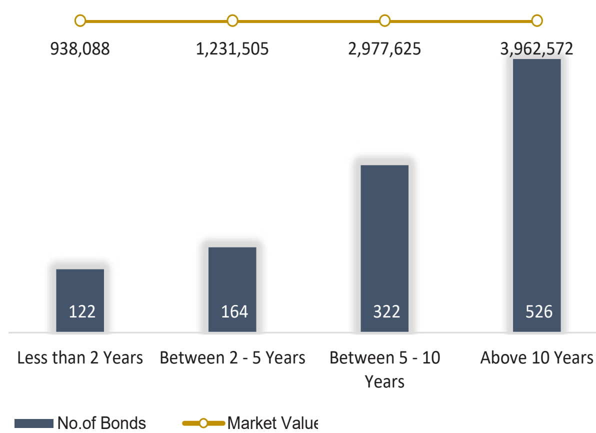
In other developments, Allianz announced it had completed transaction to acquire a 66% majority stake in Jubilee Holdings Ltd, general insurance business in East Africa. Meanwhile, Airtel Uganda received permission to delay its listing on the Uganda Securities Exchange following its May 2022 application to the Uganda Communications Commission for a one-year extension, citing unfavorable market conditions.

Bond Holding

Bond Maturity Profile:
Occupational Schemes ("Million")



Bond Maturity Profile:
National Social Security Fund ("Million")



Distribution	Number of Bonds
Occupational Scheme	3,165
NSSF	1,134
Total Sector	4,299

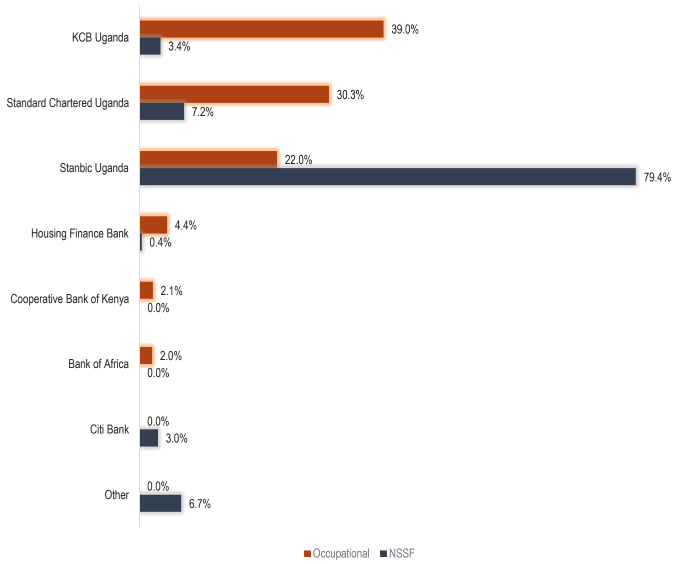
The Retirement Benefits Sector's investment in the bond market as of December 2022 was robust, with a total of 4,299 investments made. An analysis of the maturity of these bonds showed that NSSF's bond investments were primarily long-term, with 43.5% of their bonds maturing over 10 years and 32.7% maturing between 5-10 years.

Similarly, occupational schemes' bond holdings fairly mirrored NSSF's long positions across maturity periods. As of end of the quarter, NSSF's allocation to the regional bond market stood at 39.8% of its fixed income portfolio.

Despite the Retirement Benefits Sector's strong investment in the bond market, there was a decline of 3.36% in the value of Infrastructure bonds at the end of the quarter. This decline was attributed to the appreciation of the Uganda shilling against the Kenyan shilling, it is important to note that this highlights the risks associated with currency fluctuations when investing in bonds.

Cash & Demand
Sector Asset Value: 57 Billion

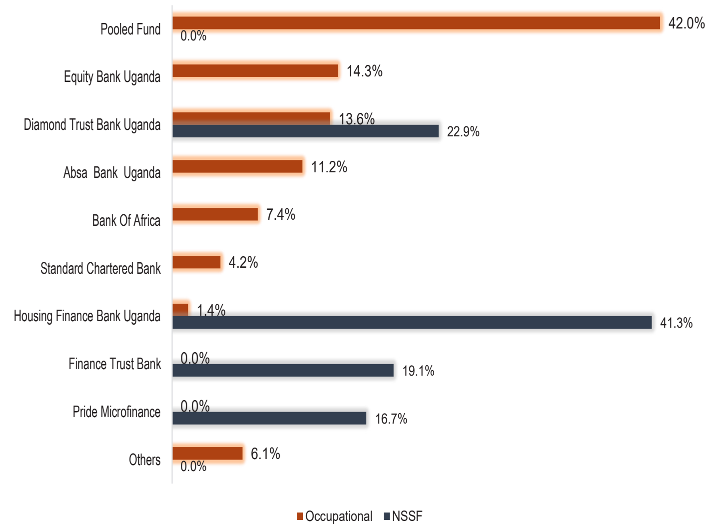
Total UGX 57 Billion



Custodial Banks i.e. Standard Chartered Bank, Stanbic Bank, Housing Finance Bank and KCB Bank held the most cash and equivalents.

Fixed deposit & Pooled
Sector Asset Value: 456 Billion

Total UGX 456 Billion

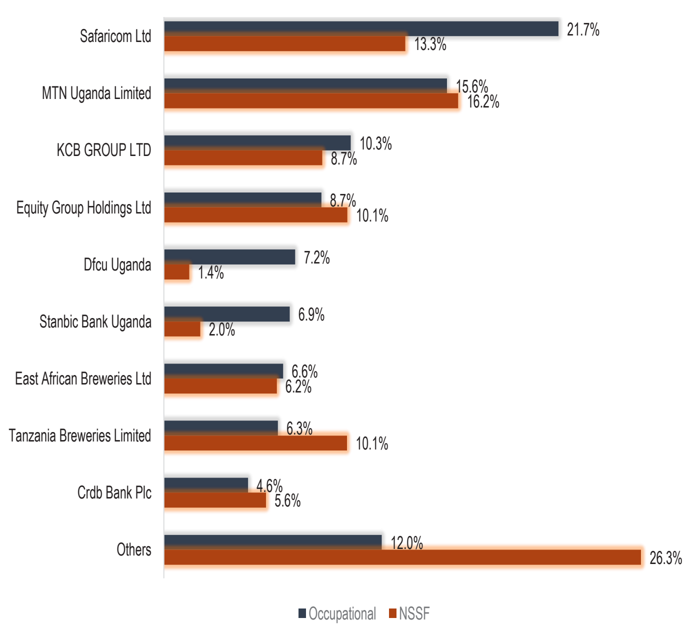


* includes Wealth management, CIS and Unit trusts.

NSSF invested most of its Fixed Deposits in Housing Finance Bank (41.3%), followed by Diamond Trust Bank (22.9%) and Finance Trust Bank (19.%). Occupational schemes maintained a dominant allocation to Pooled Funds (42.0%)

Quoted Equities
Sector Asset Value: 2.5 Tillion

Total UGX 2.5 Trillion



As at end December 2022, about 63% of the Retirement Benefits Sector investments in quoted equities was in 5 stocks; MTN Uganda (17%), Safaricom (15%), Equity Bank (11%), Tanzania Breweries Ltd (10%) and KCB (10%).

With the exception of Tanzania Breweries Ltd that had a constant share price, all the above stocks had price declines for the quarter, the largest being KCB (-8.1%). Equity Bank dropped by 4.2%, Safaricom by 3.2% while MTN Uganda was down 1.5%.

| Proportions are in respect to NSSF and Occapational scheme allocation to the referenced asset class.

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