URBRA
UGANDA RETIREMENT BENEFITS REGULATORY AUTHORITY

Retirement Benefits Sector

Total sector portfolio increased by 2.2% from UGX 18.4 trillion to UGX 18.9 trillion

Investment Snapshot

Quarter End | December 2021

Content

Sector Performance Indicators at a Glance: December 2021

The Authority presents the Retirement Benefits Sector Investment Snapshot for the quarter ended December 2021. 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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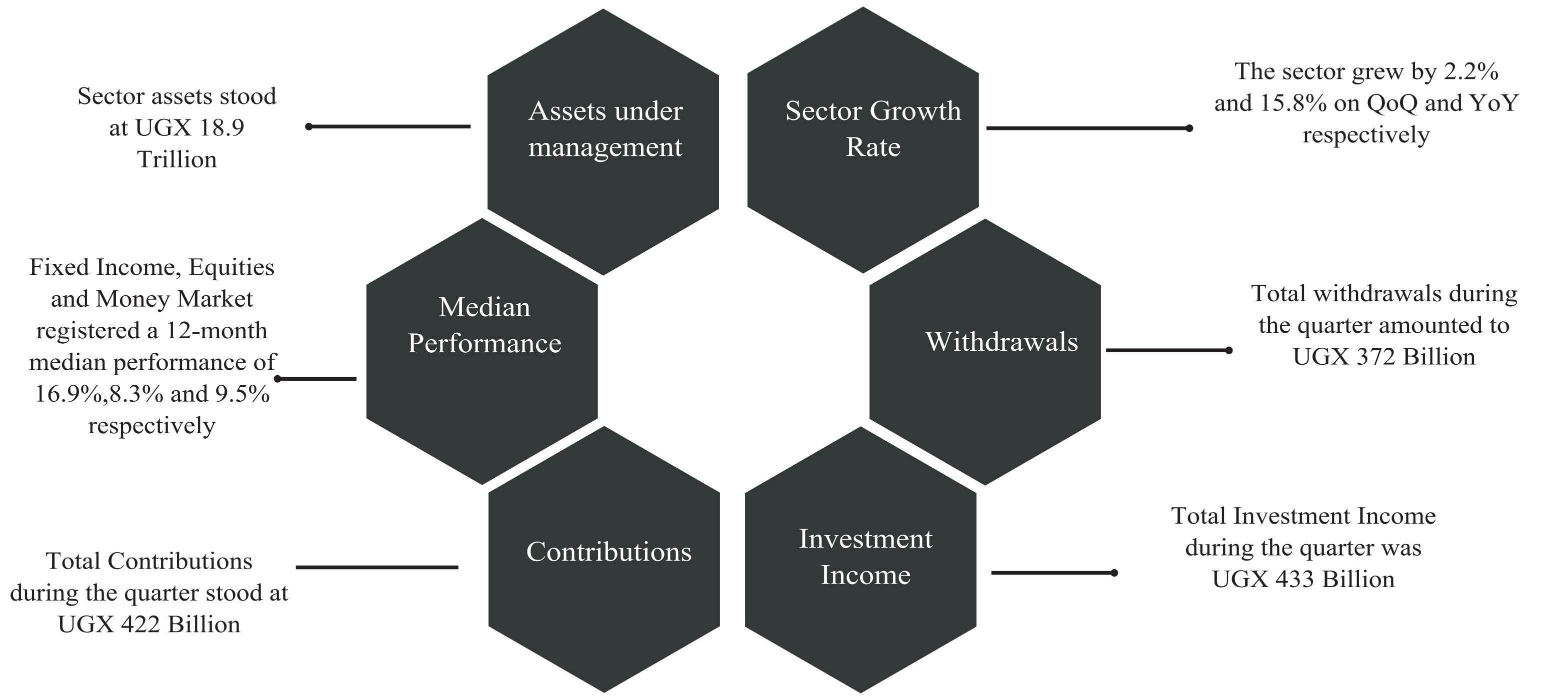
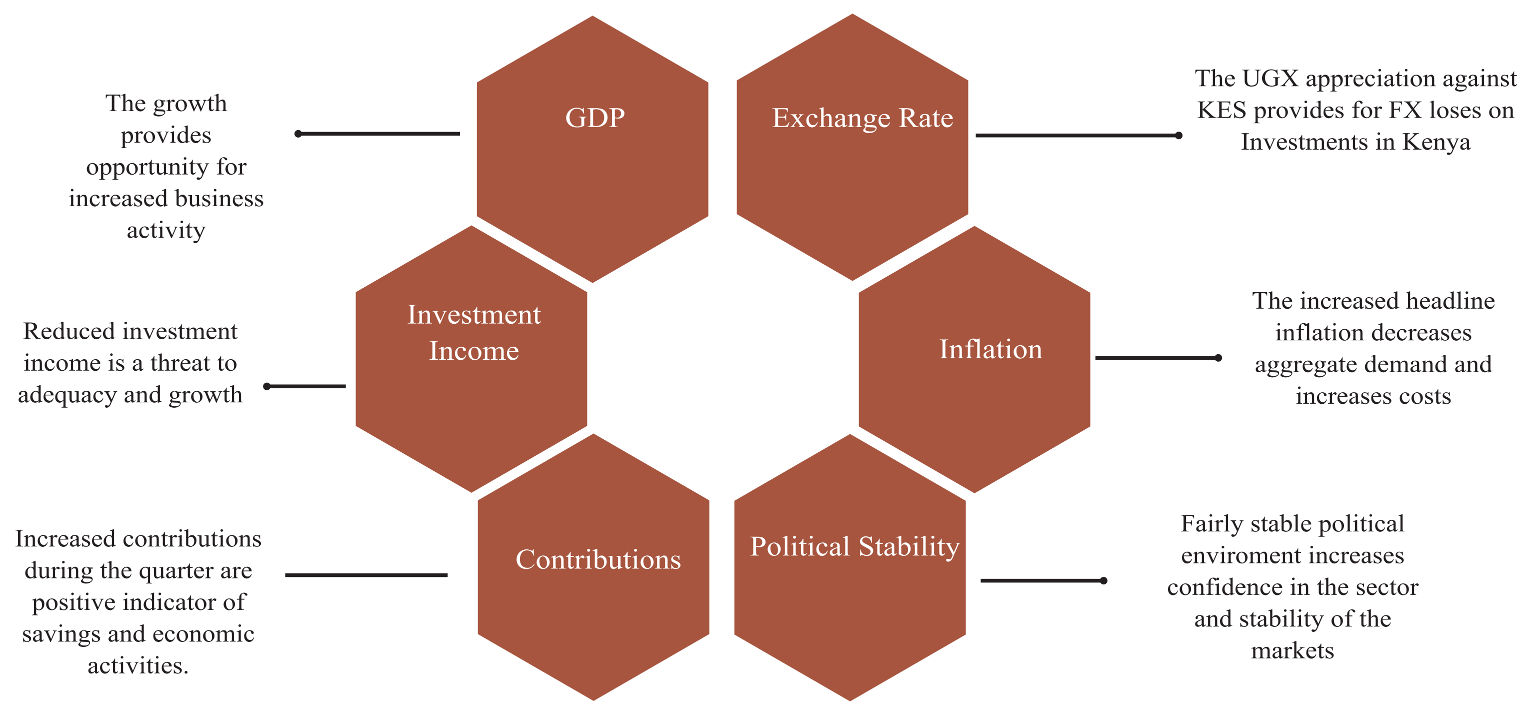


Risk Factors and Sector implication: Compared to the previous quarter



Economic Growth

Half year macroeconomic & fiscal performance report for the period ending December 2021 reflected positive recoveries in business activity. The composite index of economic activities grew at an average of 5 percent in 2021 while the purchasing manager index and business tendency indicators recorded indices above the 50-mark threshold in the quarter ending December 2021.The threshold of 50 is a baseline to indicate an increase or a decline in business conditions.

According to Bank of Uganda, the economy bounced back in 2021 growing between 6.5% -7% compared to a 1.5% contraction in 2020. The outlook projects a lower global growth, continued supply chain disruptions and tighter financial and monetary conditions that could further constrain growth. However, economic activity will be largely supported by the full re-opening of the economy and strategic fiscal and monetary policy interventions.

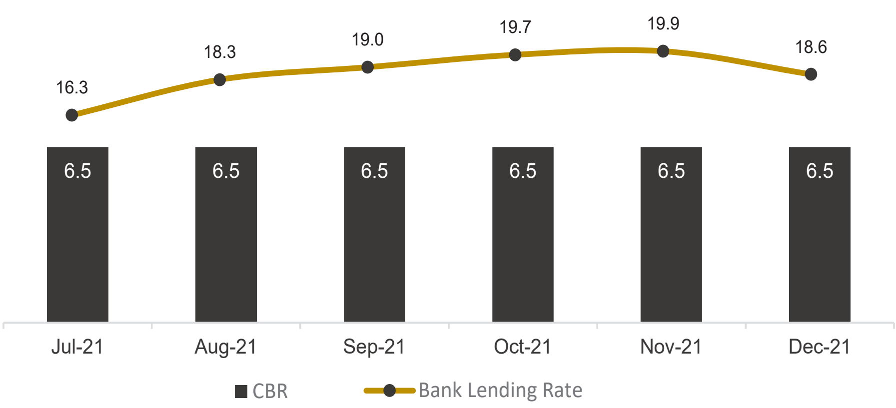
Source: MOFPED, BOU

Central Bank Rate

The Bank of Uganda, at its Monetary Policy Committee (MPC) meeting maintained the Central Bank rate at 6.5 percent consistent with the inflation targets of 5% in the medium term

Source: BOU

Figure 1: Half- Year Movement of Central & Commercial Bank Rate



Inflation

In the quarter ended December 2021, headline inflation increased to 2.9% from 2.2% in September 2021 driven by an increase in both core and EFU inflation.

According to Ministry of Finance, the annual headline inflation remained low registering a half-year average of 2.3 percent in December 2021 attributed to a rise in both food crops and EFU inflation which increased as a result of rise in international oil prices and increase in tax levy on each liter of fuel by 100 Uganda Shillings.

Source: MOFPED, BOU

Currency

The shilling remained stronger against the USD for most of 2021 compared to 2020. For the period under review, Uganda Shilling gained 2.7% and 2.2% over KES and EURO respectively.

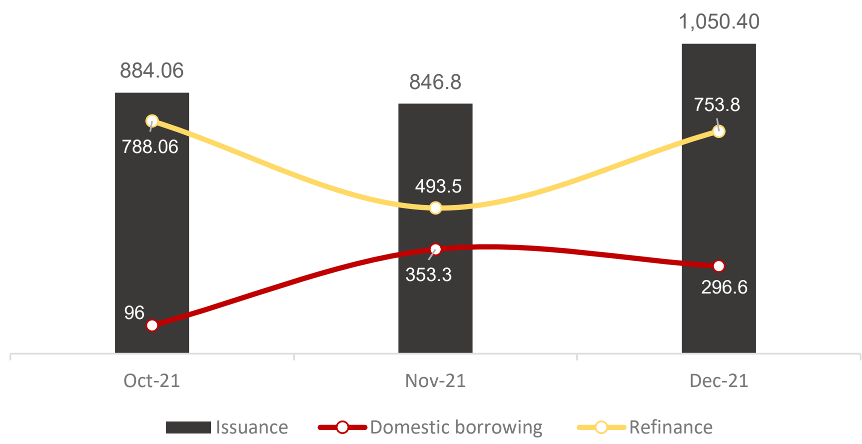
Source: MOFPED, BOU

Fixed Income Market

During quarter under review,auction results saw yields on the 2 year, 10 year and 20 year treasury bonds mark at 11%,14% and 15.9% compared to 10%,13.5% and 15.95% respectively in the first quarter of the FY 2021/22.

Total issuances decreased to UGX 1,050.4 billion in the December 2021 by 17.8% from UGX 1,278 billion in September 2021 due to a reduction in Government borrowing requirements.

Figure 2: Quarterly split - Government Borrowing



Source: BOU,MOFPED

Quoted Equities Market

Generally, there were declines across all regional indices, the USE and NSE registered the most declines compared to the DSE and RSE.

The USE LCI closed the quarter at 324.7 from 341.6 in the previous quarter while the USE ALSI stood at 1420.7 from 1511.3 the previous quarter. Decline in Safaricom by over 9% systemically caused drops in NSE ALSI which lost 6.6%. mainly driven by market forces of demand and supply.

	USE-ALSI	USE-LCI	NSE-ALSI	DSE-ALSI	RSE-ALSI
Qtr End Sept 21	1,511.30	341.60	178.31	1,948.51	146.16
Qtr End Dec 21	1,420.69	324.66	166.46	1,896.71	145.34
% Change	-6.00%	-4.96%	-6.65%	-2.66%	-0.56%

Total Sector Portfolio

	Quarter Ending - September 21		Quarter Ending - December 21	
Asset Class	Amount (Million)	Proportion (%)	Amount (Million)	Proportion (%)
Cash and Demand	102,608	0.4	49,563	0.3
Fixed Deposits	505,050	1.8	357,427	1.9
Other Fixed Income*	84,434	0.5	90,333	0.5
Government Securities	13,849,651	75.9	14,434,171	76.5
Quoted Equities	2,416,395	12.7	2,427,210	12.9
Unquoted Equities	297,462	2.2	297,104	1.6
Immovable Property	1,196,264	6.3	1,203,701	6.4
Other Investment**	14,079	0.1	15,650	0.1
TOTAL	18,465,945	100	18,875,159	100

* Represents Commercial Paper, Corporate bonds, Asset Backed Securities, Collective Investment Schemes.
**Represent guaranteed funds and other approved assets structures.

Mandatory Schemes' Portfolio

	NSSF		Parliamentary Pension Scheme		Makerere University RBS*	
Asset Class	Amount (Million)	Proportion (%)	Amount (Million)	Proportion (%)	Amount (Million)	Proportion (%)
Cash and Demand	36,607	0.55	3,906	1.2	112	0.04
Fixed Deposit	193,859	2.00	11,708	3.6	19,143	6.9
Other Fixed Income	43,312	0.32	10,452	3.3	83	0.03
Government Securities	12,472,940	74.66	242,420	75.7	229,656	83.2
Quoted Equities	2,128,006	13.33	36,039	11.3	7,331	2.7%
Unquoted Equities	295,986	1.85	-	0.0	27	0.01
Immovable Property	1,183,950	7.28	-	0.0	19,751	7.2
Other Investment	-	-	15,650	4.9	-	-
TOTAL	16,354,661	100.0	320,176	100.0	276,103	100.0

* On 21st June 2021, Makerere University Retirement Benefits Schemes was granted approval as a superannuation fund for all staff of the University.

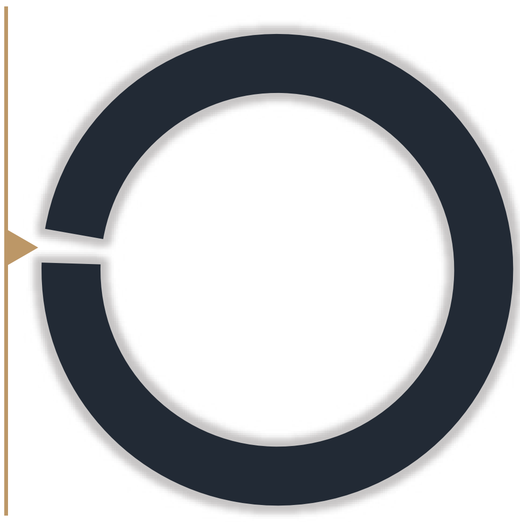
Risk Profile

Moderate

Assets proportion - 1.7%
Assets under management - 314 Billion
Scheme Portfolios - 4 Schemes

Aggressive

Assets proportion - 0.6%
Assets under management - 117 Billion
Scheme Portfolios - 4 Schemes



Conservative

Assets proportion - 97.7%
Assets under management - 18.4 Trillion
Scheme Portfolios - 60 Schemes

The Conservative risk profile is composed of schemes with allocation of over 70%, Moderate 50% - 70% while Aggressive less than 50% in Fixed Income

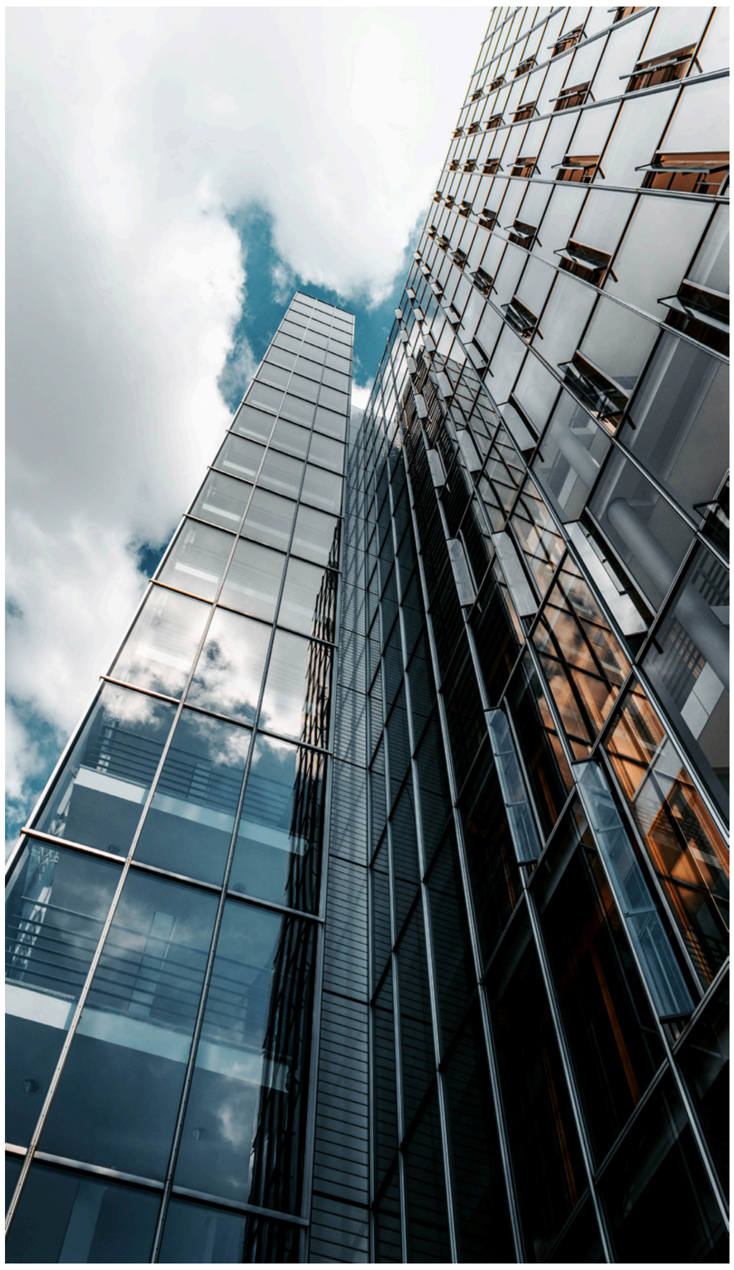
All Figures in UGX

Tier Distribution of Scheme Asset

The distribution structure below classifies the schemes' assets under management by Fund Managers into 4- tiers; detailing aggregate scheme portfolios within the growth tiers (Below 20 Billion, Between 20 - 50 Billion, Between 50-80 Billion and Above 80 Billion)

	Categories	Assets Under Management (Occupational Schemes)				
		Below 20 Billion	20 - 50 Billion	50-80 Billion	Above 80 Billion	Totals
Fund Managers	Sanlam	92,830	276,123	123,544	623,504	1,116,002
	UAP	43,621	68,494	75,363	-	187,478
	Xeno	1,242				1,242
	ICEA	24,043	-	78,164	-	102,207
	GenAfrica	75,668	78,980		643,946	798,595
	Britam	82,000	31,430	54,710	233,515	401,656
	Other*	15,650				15,650
	Total	335,054	455,028	331,781	1,500,966	2,622,829

The distribution structure is composed of 38 portfolios with assets below UGX 20 Billion, 14 portfolios with assets between UGX 20-50 Billion and 15 portfolios which have grown to over UGX 50 Billion.



Fund Managers' Holding (Million)

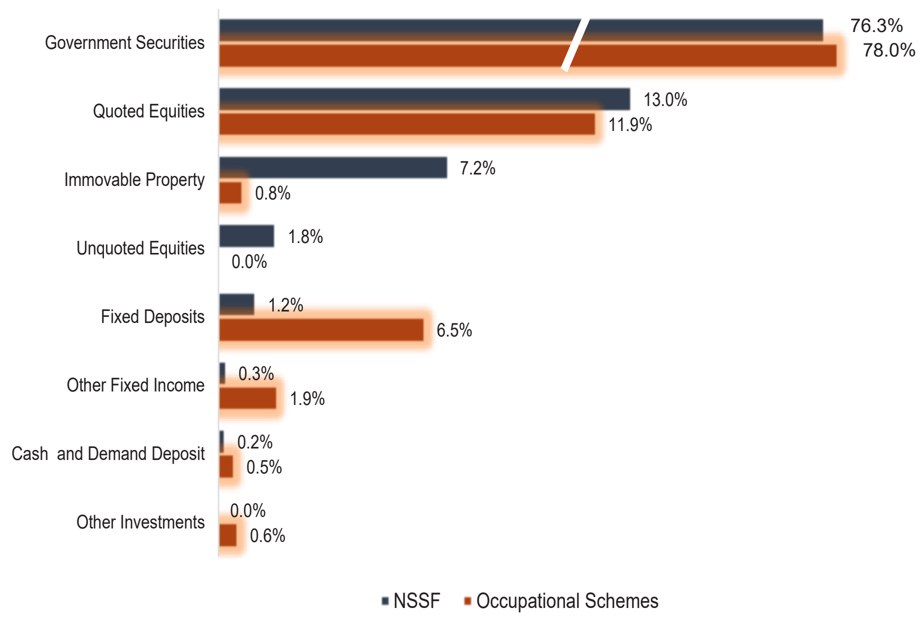
Fund Managers	Cash and Demand	Fixed Deposits	Other Fixed Income	Government Securities	Quoted Equities	Unquoted Equities	Immovable Property	Other Investments	AUM
Britam	7,537	42,825	20,967	302,682	27,618	27			401,656
GenAfrica	1,047	5,338	8,215	630,916	133,328		19,751		798,595
ICEA	365	11,861		82,948	7,033				102,207
Sanlam	2,829	77,371	6,840	801,314	226,557	1,091			1,116,002
Xeno			1,242						1,242
UAP	1,955	26,173	9,757	143,371	6,222				187,478
Other*	-	-	-	-	-	-	-	15,650	15,650
Total	13,734	163,568	40,503	1,961,231	400,757	1,118	19,751	15,650	2,622,829

Sanlam Investments EA held UGX 1.1 trillion of scheme funds under its investment mandate, this represents assets of 21 portfolios followed by Genafrica Asset Managers with UGX 799 billion representing 16 portfolios.

As at December 2021, the total assets held by external fund managers stood at UGX 2.62 trillion compared to UGX 2.59 trillion in September 2021

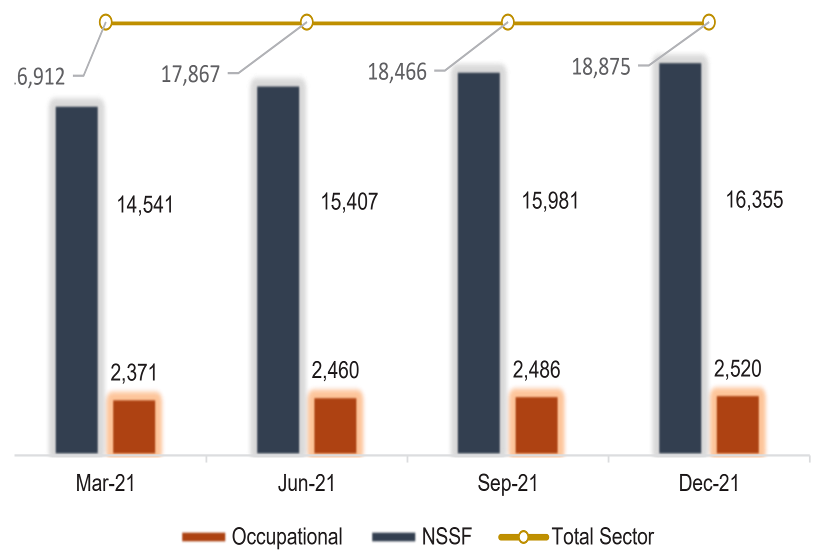
All Figures in UGX

Asset Allocation [%]



Proportions are in respect to AUM of NSSF i.e. UGX 16.3 trillion and Occupational schemes i.e. UGX 2.6 trillion

Assets in Million



Assets under management stood at UGX 18.9 trillion growing by 15.8% YoY basis compared to 14.2% in December 2020. The dominant asset classes remain Government Securities, Equities and Real Estate respectively.

Quarterly Growth [%]

	Mar -21	June -21	Sept -21	Dec -21	QAGR
Occupational	5.46%	3.75%	1.04%	1.41%	2.91%
NSSF	3.45%	5.95%	3.73%	2.34%	3.87%
Total Sector	3.72%	5.65%	3.36%	2.21%	3.74%

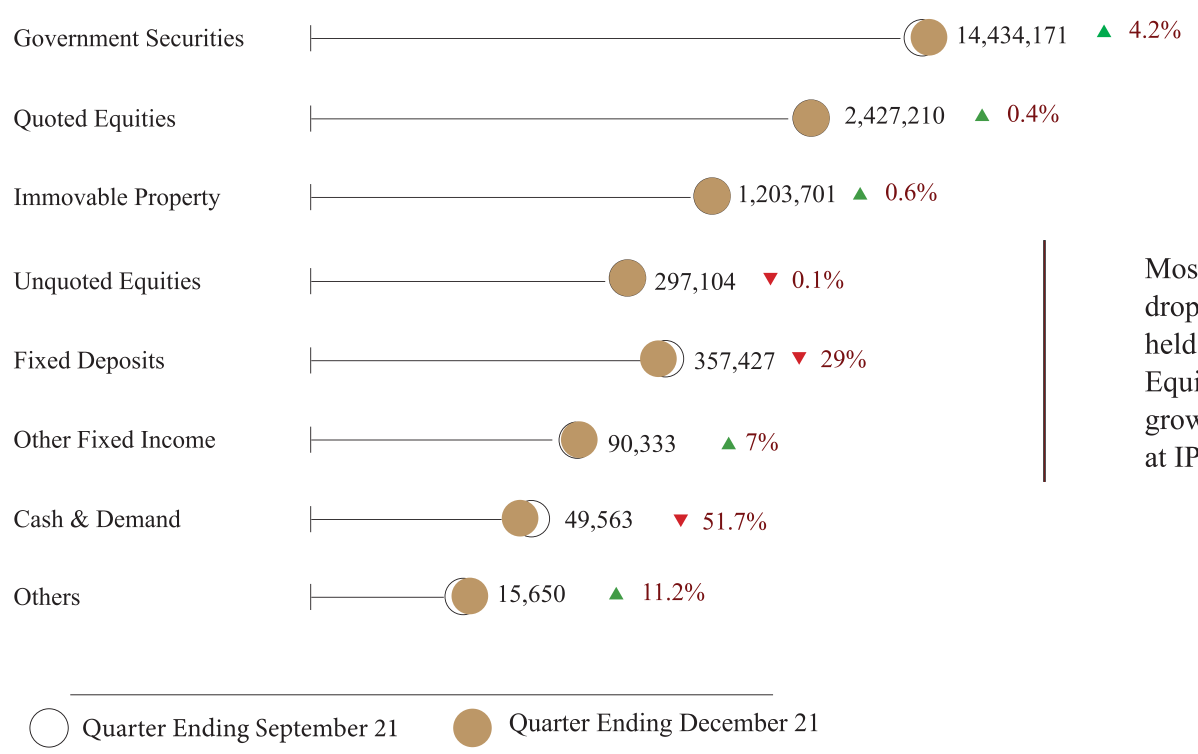
QAGR: Quarterly Average Growth Rate

As at December 2021, the sector grew by 2.2% QoQ

Compared to the previous quarter, NSSF grew by 2.3% while occupational schemes grew by 1.4%, representing a decline from the 2.9% and 1.7% growth rates recorded in December 2020 respectively.

Asset Class Movement

Assets in Million



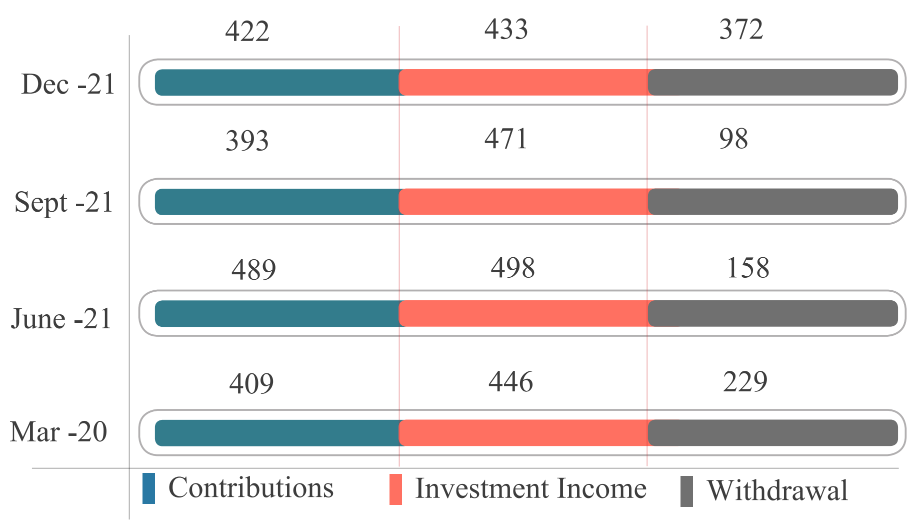
Most signifcant change was in Cash and Fixed deposits that dropped by 51.7% and 29% respectively. Total investments held in Goverment securities increased by 4.2% and Quoted Equities by 0.4% despite declines in all major indices, the growth in Equities is attributed to purchases majorly of MTN at IPO.

Assets held by Umbrella Schemes

	Sept-21 (Million)	Dec-21 (Million)	Growth (%)
The Liaison Umbrella Fund	15,930	15,345	-3.67%
Jubilee Life Umbrella Retirement Scheme	22,163	19,056	-14.02%
UMOJA Umbrella Retirement Benefits Scheme	2,294	2,556	11.44%
Zamara Retirement Fund	50,656	48,916	-3.43%
Enwealth Uganda Umbrella Retirement Scheme	197	245	24.11%
Britam Umbrella Scheme	9,795	10,779	10.05%
Octagon Uganda Umbrella Retirement Benefits Scheme	13,250	13,384	1.02%
ICEA (U) Limited Retirement Benefits Scheme	75,788	78,164	3.14%
Sara Umbrella Retirement Benefits Scheme	2,725	3,690	10.19%
UAP Umbrella Retirement Benefits Scheme	32,631	32,631	7.14
Xeno Umbrella Retirement Benefits Scheme	971	1,187	22.29%
ICEA Lion Teleka Umbrella Fund	12,219	11,876	-14.00%
Total	240,834	238,469	-0.98%

For Umbrella Retirement Benefits Schemes, total contributions, investment income and withdrawals stood at UGX 240 Billion, UGX 5.7 Billion and UGX 29.8 Billion respectively. The significant withdrawals recorded during the period was majorly attributed to the exit of AVSI Uganda from Jubilee Umbrella RBS and the annual payment by Zamara Retirement Fund with respect to Rakai Health Support Program.

Contribution, Investment Income & Withdrawal



Contributions, Investment Income and Withdrawals stood at UGX 422 Billion, UGX 433 Billion and UGX 372 Billion respectively. Compared to September 2021, contributions & withdrawals increased by 7.3% and 136% respectively while Investment Income decreased by 8.3%.

The increase in withdrawals is majorly attributed to massive benefits payments by NSSF after interest declaration.The total benefits paid by NSSF in the period under review was UGX 309 Billion compared to UGX 55 billion the previous quarter.

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	-5.84	-4.31	6.56	1.62	-0.94	5.99	15.59	15.56	1.88	3.91	8.52	9.50
Median	-3.73	-3.43	8.30	3.24	3.64	7.56	16.86	15.83	2.18	4.60	9.53	9.80
75' Percentile	-2.90	-0.17	11.21	3.71	3.85	7.97	20.75	16.03	2.50	5.38	11.09	10.44
Range	62.86	69.19	37.33	16.97	9.14	6.25	25.62	8.70	2.04	3.92	5.70	12.11
Average	-2.99	-0.52	8.71	2.54	1.83	6.91	17.61	16.04	2.23	4.68	9.74	9.31
W.A.P*	-0.71	-0.38	1.39	0.41	3.37	7.33	15.69	2.44	1.73	3.67	7.44	5.98

* Weighted Average Performance

As at December 2021, the annual median return for Quoted Equities, Fixed Income and Money Markets was 8.3%, 16.9% and 9.3% respectively.

Asset Class Movement

Stock*	Occupational (%)	NSSF (%)	Market Price (Dec 2020)	Market Price (Sept 21)	Market Price (Dec 21)	Capital Gain/ Loss (%)	Dividend per Share	Dividend Yield (%)	Net Return (%)
Safaricom Ltd	19.8	26.8	29.7	42.10	37.95	-9.9%	1.37	3.3%	-6.60%
MTN Uganda Ltd	18.3	12.8	-	-	194.99	-	-	-	-
Equity Group Holdings Ltd	11.6	9.9	36.70	50.75	52.75	3.9%	0.00	0.0%	3.94%
KCB Group Ltd	9.9	12.3	39.10	46.75	45.45	-2.8%	2.50	5.3%	2.57%
Tanzania Breweries Limited	9.9	5.1	10,900.00	10,900.00	10,900.00	0.0%	160.00	1.5%	1.47%
East African Breweries Ltd	6.4	6.0	169.25	170.75	165.00	-3.4%	3.00	1.8%	-1.61%
Crdb Bank Plc	3.9	2.8	150.00	240.00	280.00	16.7%	22.00	9.2%	25.83%
Stanbic Bank Uganda	2.5	7.4	24.00	26.38	26.00	-1.4%	1.86	7.1%	5.61%
Umeme Uganda Ltd	3.3	2.3	222.37	210.00	189.00	-10.0%	12.20	5.8%	-4.19%
National Microfinance Bank	3.3	0.0	2,340.00	2,140.00	2,034.00	-5.0%	137.00	6.4%	1.45%
Development Finance Co.UG Ltd	1.5	6.5	635.00	582.00	580.00	-0.3%	17.38	3.0%	2.64%
Twiga TPCC	2.3	0.0	2,320.00	3,759.00	3,471.16	-7.7%	390.00	10.4%	2.72%
Bank of Kigali	1.7	0.0	233.00	245.00	250.00	2.0%	14.40	5.9%	7.92%
Vodacom Tanzania	1.5	0.0	770.00	740.00	740.00	0.0%	190.83	25.8%	25.79%
Jubilee Holdings Ltd	1.2	0.1	242.00	350.00	316.80	-9.5%	8.00	2.3%	-7.20%
Cipla Quality Chemicals Industries Ltd- HFT	1.1	0.0	101.00	95.00	92.00	-3.2%	0.00	0.0%	-3.16%
Bank of Baroda Uganda	0.2	1.6	125.00	117.00	95.50	-18.4%	10.00	8.5%	-9.83%
Uganda Clays Ltd	0.4	0.1	8.00	8.50	13.00	52.9%	1.35	15.9%	68.82%
ABSA Bank Kenya	0.0%	2.3%	9.82	10.55	11.85	12.3%	1.10	10.4%	22.75%
British-American Inv. Co.Ltd	0.4%	0.0%	7.46	8.08	7.50	-7.2%	0.25	3.1%	-4.08%

Source: URBRA database, www.africanfinancials .com, | Stocks are quoted in their respective domestic currencies | *Top Quoted Equities based on scheme allocation.

Majority of the top stocks registered price declines during the quarter under review. Price movements in Safaricom have a pronounced effect on the performance of the NSE market. Safaricom lost 9.9% in the quarter. The dip was mainly driven by market forces after supply built up from people willing to sell when the stock rose in the previous quarter. During the quarter NSSF recieved over UGX 4 Billion in interim dividend from KCB. NSSF holds UGX 49.5 Billion in KCB

Companies' release of annual reports and expected dividend announcements in Q3 could trigger recoveries. As performance of MTN is monitored, optimimism lies towards listing of Airtel on the exchange.

Quoted Equities - Sectors

Quoted Equities: UGX 400 billion [16.5%]

46.5% - Financial Sector
2.3% - Consumer Staples
9.2% - Consumer Discretionary
1.3% - Utilities
0.04% - Health Care
0.3% - Material & Processing
1.0% - Energy
0.0% - Producer Durables
39.3% - Technology & Telecom

Quoted Equities: UGX 2.0 trillion [83.5%]

43.7% - Financial Sector
0.0% - Consumer Staples
20.7% - Consumer Discretionary
0.0% - Utilities
1.2% - Health Care
0.5% - Material & Processing
11.1% - Energy
0.0% - Producer Durables
22.7% - Technology & Telecom

Regional Distribution

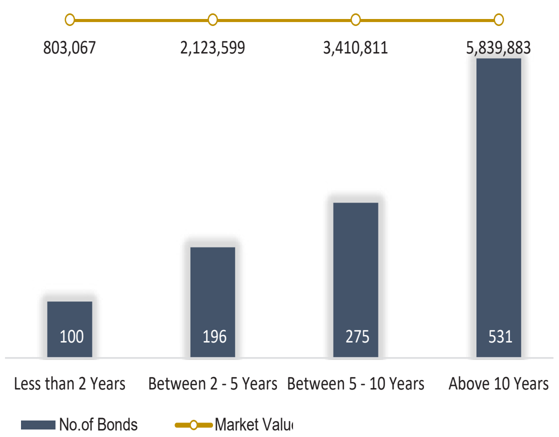
Occupational: Kenya: 60.8% | Uganda: 31.4% | Tanzania: 7.8% | Rwanda: 0.01%

NSSF: Kenya: 46.2% | Uganda: 32.6% | Tanzania: 19.6% | Rwanda: 1.6%

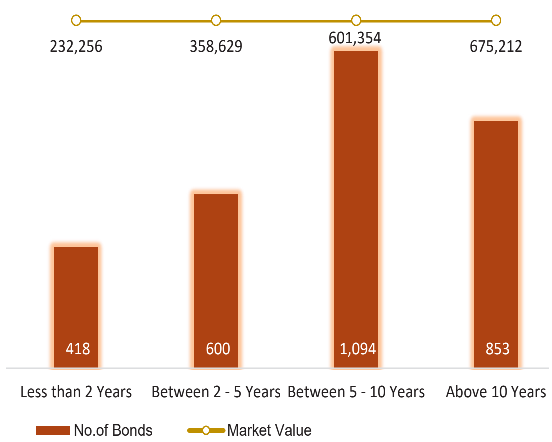
Fixed Income

	Number of Bonds	Market Value (Million
NSSF	1,102	12,177,360
Occupational Schemes	2,965	1,921,686
Total Sector	4,067	14,099,046

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

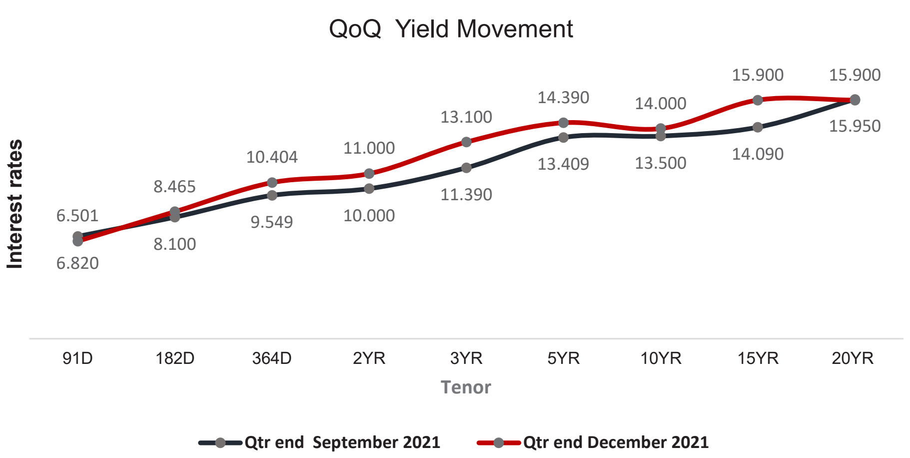


Bond Maturity Profile:
Occupational Schemes ("Million")



The Retirement Benefits Sector holds aproximately 36% of total outstanding domestic debt. The aggregate number of Government Bonds as at December 2021 was 4,067 with NSSF holding 1,102 while Occupational schemes held 2,965 Bonds. Concentration for NSSF was in the profile of bonds above 10 years while occupational schemes' concentration was in the 5 - 10 years bonds.

With sector allocation to Government securities at UGX 14.4 trillion, NSSF held over UGX 4.8 trillion of bonds in Kenya (UGX 3.3 trillion), Tanzania (UGX 1.6 trillion) and Rwanda (UGX 33 billion). NSSF's investment in infrastructural bonds of Kenya account for UGX 1.8 trillion. Occupational Schemes held UGX 2.8 Billion in Kenya while UGX 1.2 Billion in Tanzania.

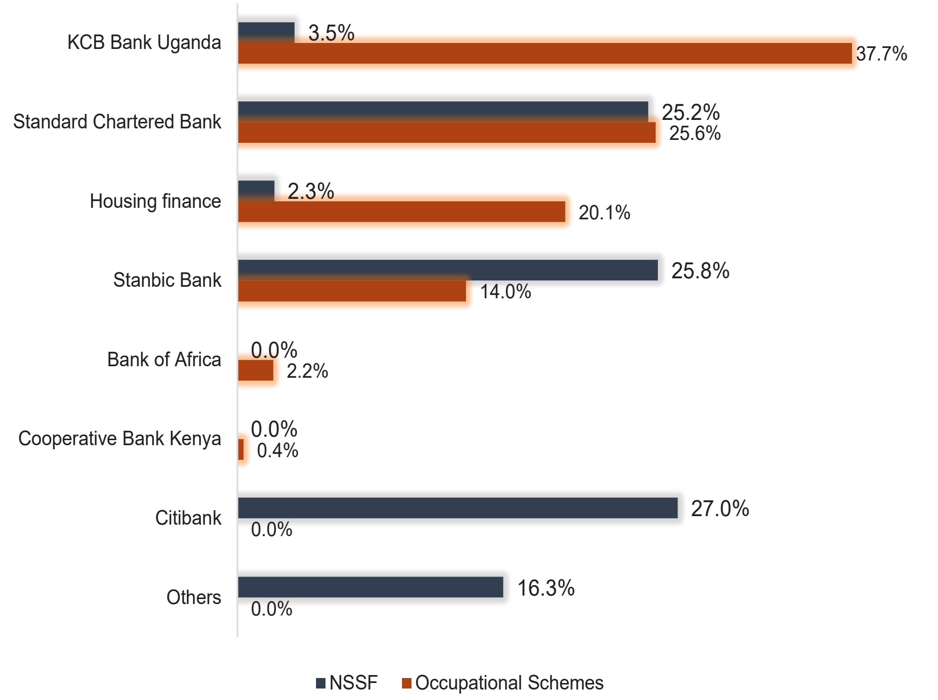


Source: BOU

In the quarter under review, there was an increase in average yields across the tenors. The average yields on the 5-year, 10-year, 15-year, and 20-year Treasury bonds were 13.4%, 13.7%, 14.4% and 16.0% respectively compared to 13.0%, 13.5%, 14.1%, and 15.5% in September 2021

Cash & Demand (%)
Sector Asset Value: 49.6 Billion

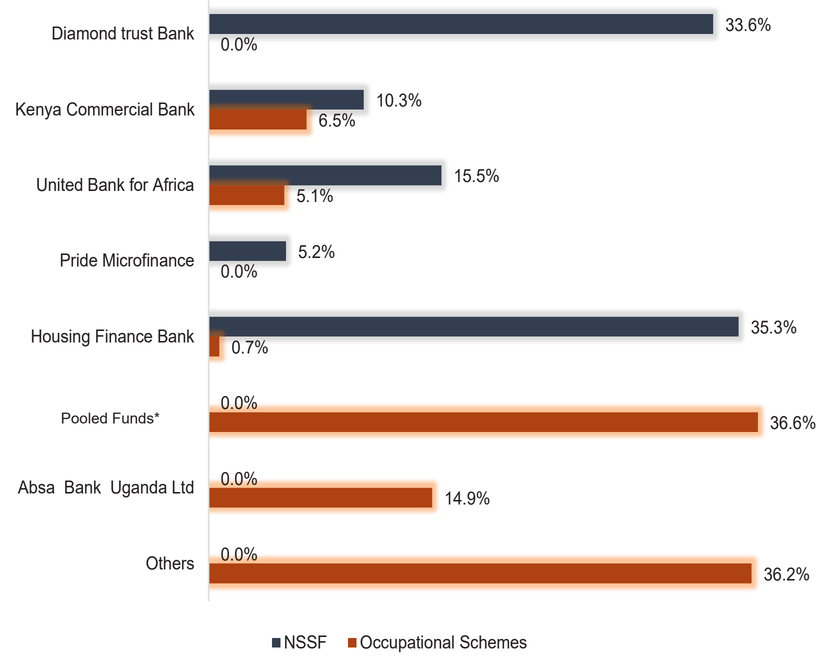
Total UGX 49.6 Billion



NSSF held over UGX 36 Billion in Cash with Citibank dominating at 27% followed by Stanbic Bank at 25.8% while Occupational schemes held UGX 13 Billion majorly in KCB Bank Uganda

Fixed deposit & Pooled (%)
Sector Asset Value: 447 Billion

Total UGX 447 Billion

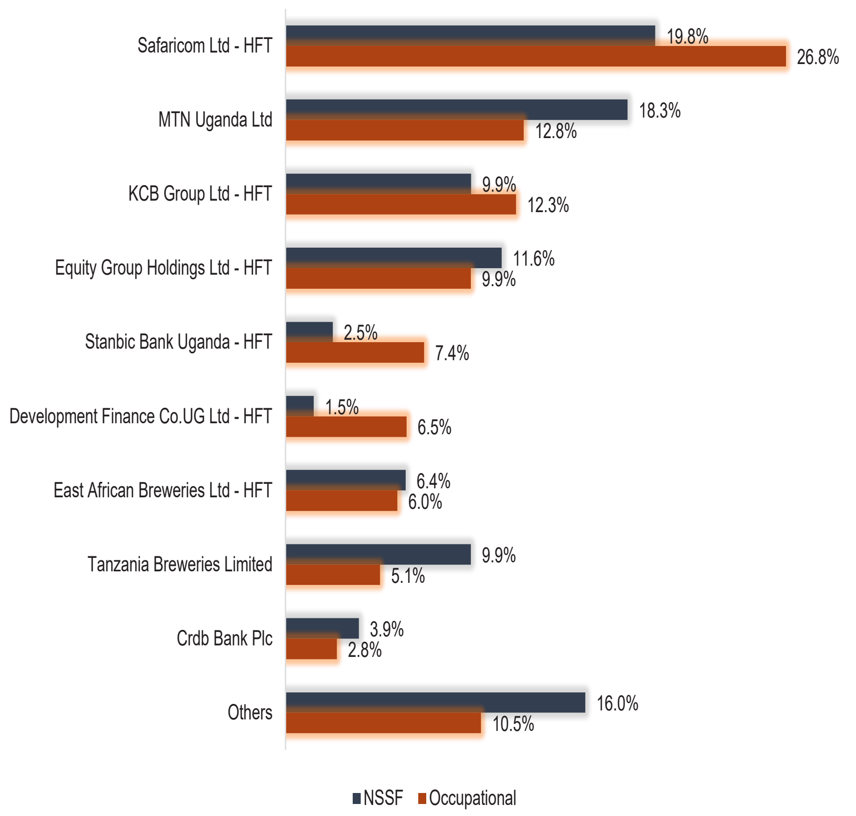


Total allocation to Fixed Deposits & Pooled Funds declined from UGX 505 Billion in September to UGX 447 Billion in the quarter under review.

NSSF concentration was in Housing Finance Bank and Diamond Trust Bank with UGX 68.5 billion and UGX 65.2 billion in the respective banks.

Quoted Equities(%)
Sector Asset Value: 2.4 Tillion

Total UGX 2.4 Trillion



Total Quoted Equities stood at UGX 2.4 trillion. The total scheme investment in MTN stock amounting to UGX 447 billion, increased capitalization of the technology and telecom sector. NSSF invested over UGX 360 Billion in MTN; this reperesents over 80% of total sector investment in the stock.

The top 4 occupational schemes who invested in the MTN IPO were Bank of Uganda Staff Retirement Benefits Scheme, URA Staff RBS, Centenary Bank DC and NSSF Staff Provident Fund with allocation of UGX 11.1 Billion, UGX 5.0 Billion, UGX. 3.4 Billion and UGX 2.7 Billion respectively.

MTN Uganda is the second dominant stock for both NSSF and Occupational Schemes after Safaricom.

* includes Wealth management, CIS and Unit trusts.

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

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