10 YEARS ANNIVERSARY

URBRA
UGANDA RETIREMENT BENEFITS REGULATORY AUTHORITY
Protecting your retirement benefits

Retirement Benefits Sector

Total sector portfolio increased by 0.75% from UGX 19.4 trillion to UGX 19.5 trillion

Investment Snapshot

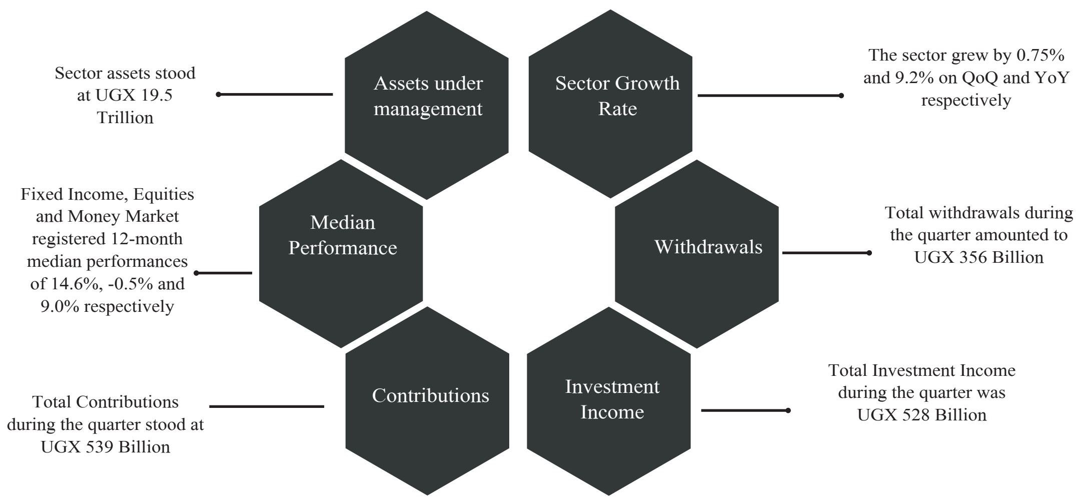
Quarter End | June 2022

Content

Sector Performance Indicators at a Glance: June 2022

The Authority presents the Retirement Benefits Sector Investment Snapshot for the quarter ended June 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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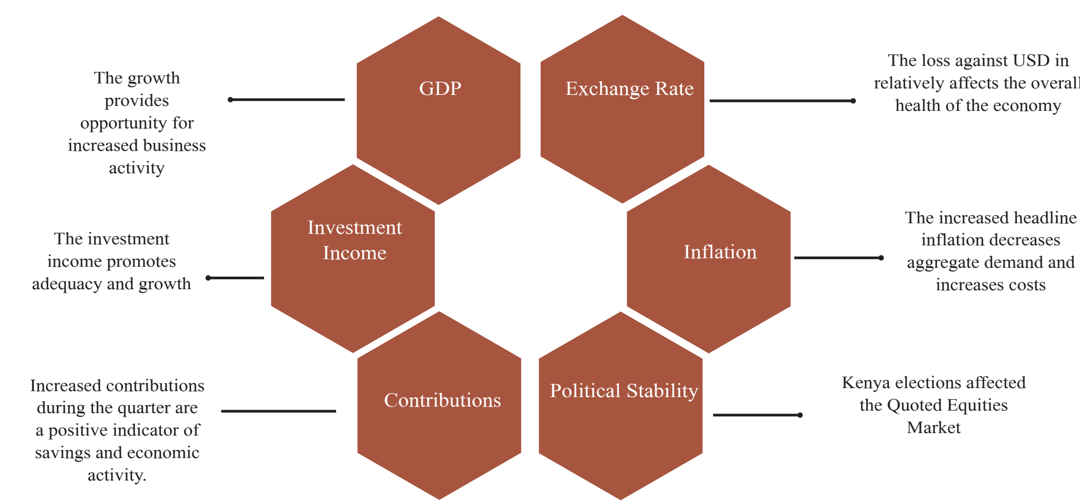
Risk Factors and Sector impliction: Compared to the previous quarter



Economic Growth

The economy registered real gross domestic product growth of 4.6 percent in Quarter ending June 2022 mainly supported by recovery of the services sector. However, despite efforts of recovery from the effects of COVID-19, the economy is currently faced with sustained shocks of rising commodity prices amidst the supply disruptions.

More significantly, the strong rise in the global oil prices with spillover effects to the domestic market has subjected the economy to weakened growth momentum.

World Bank projects a 5.1 percent growth rate in FY23, 0.5 percentage point below the December 2021 forecast, increasing to about 6 percent in FY24.

Source: BOU,World Bank, AFDB

Central Bank Rate

The Monetary Policy Statement of June 2022 highlighted an increase in the CBR by 1 percentage point to 7.5 percent in June 2022 and this would be consistent with meeting the inflation objective of 5 percent sustainably in the medium term.

Source: BOU

Inflation

In the quarter ended June 2022, headline inflation increased to 6.8% from 3.7% in March 2022 driven by the continuous global price pressures in energy(fuel) and commodities emanating from the Russian-Ukraine conflict. The impact of the conflict has resulted into production and supply chain constraints. Core inflation rose to 5.5% during the quarter ended June 2022 from 3.6% in the preceding quarter due to persistent increases in prices of commodities like maize flour, refined cooking oil, cement and sugar

Source: UBOS, BOU

Currency

The Uganda Shilling lost ground against the USD by 6.47% largely due to outflows and reduced inflows by importers attributed to reduced trade activity as a result of zero Covid policy in Asia and supply chain challenges. Additionally, the Federal Reserve rate regime through interest hikes has provided great strength globally to the USD. UGX/EUR and UGX/GBP also lost value declining by 6.67% and 2.75% respectively.

Source: MOFPED, BOU

Fixed Income

From the total government issuance during the quarter, domestic borrowing for fiscal purposes decreased by 121% from UGX 3,114.2 billion (March reading) in the quarter ended March 2022 to UGX 664.7 billion in the quarter ended June 2022.

Quarter-on-Quarter, there was an increase in yields across all the tenors. This was in line in with Bank of Uganda's target to curb inflation to the 5% target.

Source: MOFPED, BOU

Quoted Equities Market

Nearly all regional equities' indices were down during the quarter, the exception being the Rwanda Stock Exchange which registered a marginal positive growth. The greatest decline was on the NSE, attributed to price falls in the top four stocks i.e., Safaricom, Equity Bank, KCB Group and East African Breweries Limited.

	USE-ALSI	USE-LCI	NSE-ALSI	DSE-ALSI	RSE-ALSI
Qtr End Mar-22	1316.41	280.14	157.73	1936.45	145.26
Qtr June 22	1149.56	271.92	124.47	1856.85	146.99
% Change	-12.67%	-2.93%	-21.09%	-4.11%	1.19%

Total Sector Portfolio

Asset Class	Quarter Ending - March 22 Amount (Million)	Quarter Ending - March 22 Proportion (%)	Quarter Ending - June 22 Amount (Million)	Quarter Ending - June 22 Proportion (%)
Cash and Demand	133,820	0.7	281,308	1.4
Fixed Deposits	496,329	2.6	272,618	1.4
Other Fixed Income*	123,755	0.6	151,902	0.8
Government Securities	14,364,127	74.2	14,859,899	76.2
Quoted Equities	2,689,236	13.9	2,496,043	12.8
Unquoted Equities	289,752	1.5	169,673	0.9
Immovable Property	1,240,433	6.4	1,249,509	6.4
Other Investment**	17,574	0.1	20,098	0.1
TOTAL	19,355,025	100	19,501,051	100

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

Mandatory Schemes' Portfolio

Asset Class	NSSF Amount (Million)	NSSF Proportion (%)	Parliamentary Pension Scheme Amount (Million)	Parliamentary Pension Scheme Proportion (%)	Makerere University RBS* Amount (Million)	Makerere University RBS* Proportion (%)
Cash and Demand	263,595	1.6	2,969	0.9	828	0.3
Fixed Deposit	101,767	0.6	14,915	4.4	12,461	4.1
Other Fixed Income	32,142	0.2	36,017	10.7	27,235	9.0
Government Securities	12,812,015	76.0	237,487	70.6	239,185	79.2
Quoted Equities	2,243,547	13.3	24,823	7.4	3,586	1.2
Unquoted Equities	169,000	1.0	-	-	28	-
Immovable Property	1,230,402	7.3	-	0.0	18,786	6.2
Other Investment	-	-	20,098	6.0	-	-
TOTAL	16,852,468	100.0	336,308	100.0	288,529	0.0%

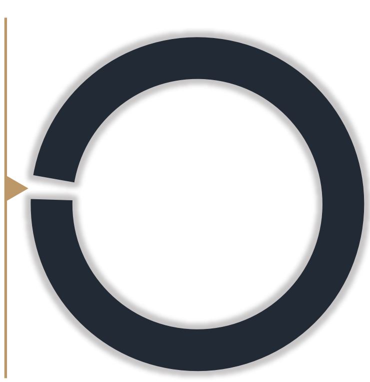
Risk Profile

Moderate

Assets proportion - 0.0%
Assets under management - 0 Billion
Scheme Portfolios - 0

Aggressive

Assets proportion - 0.5%
Assets under management - 104 Billion
Scheme Portfolios - 4



Conservative

Assets proportion - 99.5%
Assets under management - 19.5 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

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	5,151	37,705	40,459	322,978	24,099	28			430,419
GenAfrica	3,888	4,562	49,393	633,619	103,192		18,786		813,441
ICEA	661	16,513		89,385	6,565				113,124
Sanlam	6,916	88,892	14,880	839,639	201,037	646	321		1,152,331
Xeno			1,672						1,672
UAP	2,621	24,020	13,355	162,263	6,672				208,931
Other*	-	-	-	-	-	-	-	20,098	20,098
Total	19,237	171,692	119,760	2,047,884	341,565	674	19,106	20,098	2,740,016

URBRA has licensed 6 Fund Managers who manage 66 portfolios of retirement benefits schemes with total assets of UGX 2.74 trillion as at June 2022. GenAfrica and Sanlam Investments EA hold UGX 91.4 Billion of NSSF investment in Quoted Equities.S

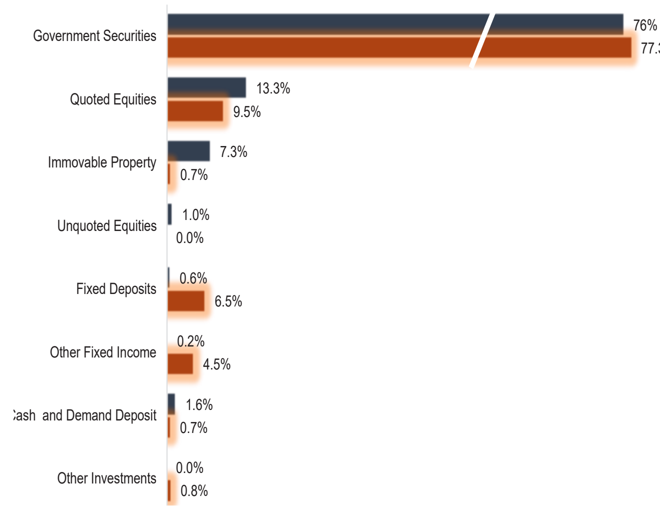
Tier Distribution of Scheme Asset

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)

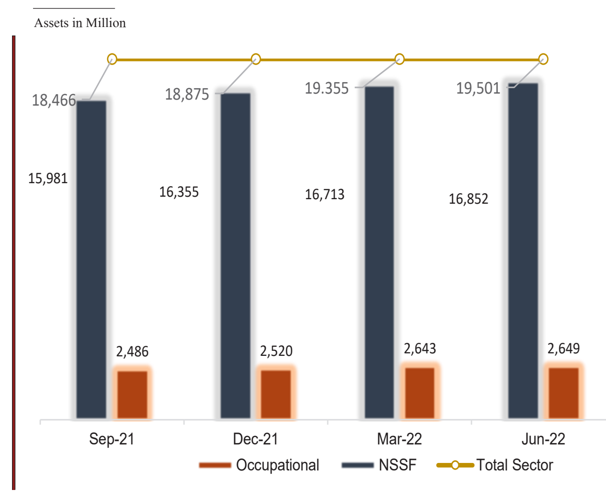
		Assets Under Management (Occupational Schemes)				
Categories		Below 20 Billion	20 - 50 Billion	50-80 Billion	Above 80 Billion	Totals
Fund Managers	Sanlam	93,994	242,498	182,997	632,842	1,152,331
	UAP	47,434	76,796		84,702	208,931
	Xeno	1,672				1,672
	ICEA	25,017			88,107	113,124
	GenAfrica	79,758	79,219		654,464	813,441
	Britam	89,617	30,808	53,918	256,077	430,419
	Other*	20,098				20,098
	Total	357,590	429,320	236,914	1,716,192	2,740,016

The distribution structure is composed of 37 portfolios with assets below UGX 20 Billion, 13 portfolios with assets between UGX 20-50 Billion and 16 portfolios which have grown to over UGX 50 Billion.

Asset Allocation [%]



Proportions are in respect to AUM of NSSF i.e. UGX 16.85 trillion and Occupational schemes i.e. UGX 2.65 trillion



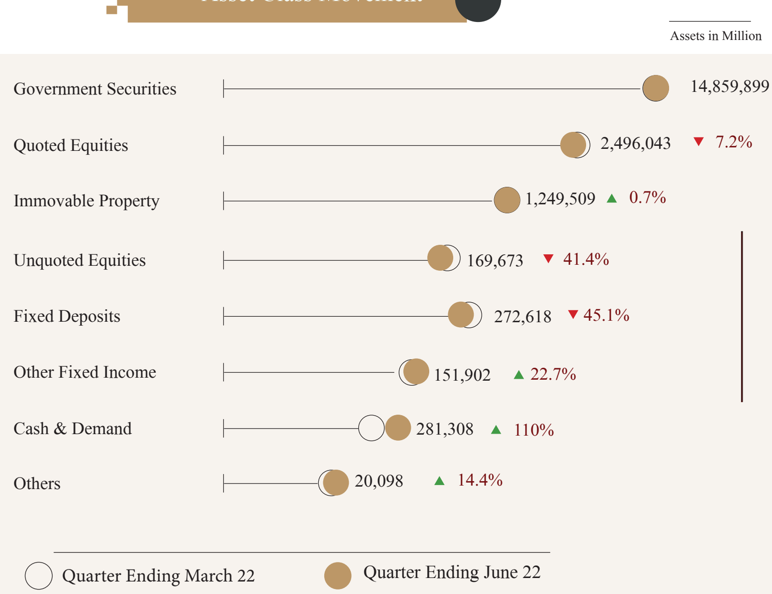
The sector registered a reduced annual growth rate rate of 9.2% compared to 14.5% in March 2022.

Quarterly Growth [%]

	Sept -21	Dec -21	Mar -22	June -22	QAGR
Occupational	1.04%	1.41%	4.84%	0.23%	1.88%
NSSF	3.73%	2.34%	2.19%	0.84%	2.27%
Total Sector	3.36%	2.21%	2.54%	0.75%	2.22%

QAGR: Quarterly Average Growth Rate

Asset Class Movement



Quoted Equities declined by 7.2% in value mainly driven by declines in the Financial sector and Consumer stamples sector i.e. 35.4% and 69.8% respectively.

Other Fixed Income increased by 22.7% majorly due to increased investment in Collective Investment Schemes which increased to UGX 120 Billion from UGX 81.1 Billion in March 2022.

Government securities also grew by 3.5% on account of 15.7% increased investment in Infrustructural Bond of Kenya. Treasury bills declined by 42.7% in the quarter to June 2022.

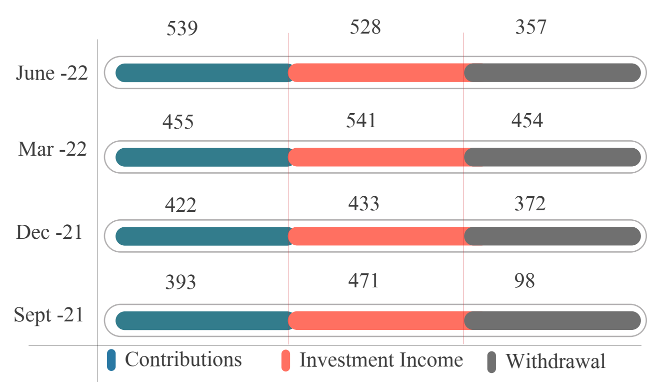
Cash held at the end of Quarter rose by over 100% to UGX 281 Billion from UGX 133 Billion in March 2022.

Assets held by Umbrella Schemes

	Mar-22 (Million)	June -22 (Million)	Growth (%)
The Liaison Umbrella Fund	15,560	16,293	4.71%
Jubilee Life Umbrella Retirement Scheme	19,745	16,234	-17.78%
UMOJA Umbrella Retirement Benefits Scheme	2,746	3,182	15.90%
Zamara Retirement Fund	52,473	51,548	-1.76%
Enwealth Uganda Umbrella Retirement Scheme	1,729	3,466	100.45%
Britam Umbrella Scheme	12,207	13,904	13.90%
Octagon Uganda Umbrella Retirement Benefits Scheme	14,163	13,905	-1.82%
ICEA (U) Limited Retirement Benefits Scheme	85,231	12,173	1.15%
Sara Umbrella Retirement Benefits Scheme	4,030	4,253	5.51%
UAP Umbrella Retirement Benefits Scheme	34,610	37,047	7.04%
Xeno Umbrella Retirement Benefits Scheme	1,355	1,614	19.11%
ICEA Lion Teleka Umbrella Fund	12,035	12,173	1.15%
Total	255,884	261,727	2.28%

Umbrella Retirement Schemes had an QoQ growth rate of 2.3% compared to 7.3% in March 2022.

Contribution, Investment Income & Withdrawal



Contributions, Investment Income and Withdrawals stood at UGX 539 Billion, UGX 528 Billion and UGX 357 Billion representing a QoQ growth of 18.4%, -2.4% and -21.6% respectively.

The sector recorded an unrealised loss of UGX 151 Billion, attributed majorly to the poor performance of the Equities space.

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	-7.42	-11.17	-15.83	0.20	-2.29	1.91	8.09	14.57	1.56	3.56	7.81	9.16
Median	-4.85	-8.22	-11.25	0.75	3.57	7.47	14.61	15.01	2.02	3.98	8.39	9.51
75' Percentile	-4.08	-5.66	-7.68	3.54	3.80	7.72	16.30	15.74	2.22	4.65	9.87	11.88
Range	15.80	70.17	31.22	17.19	10.98	16.53	10.80	16.15	3.46	6.59	10.37	15.87
Average	-5.97	-7.36	-10.61	1.69	1.52	5.49	13.29	14.70	2.00	4.28	9.14	9.99
W.A.P*	-0.89	-1.08	-1.61	0.05	0.02	0.35	0.96	0.72	0.13	0.28	0.55	0.46

* Weighted Average Performance

As at June 2022, the annual median return for Quoted Equities, Fixed Income and Money Markets was -15.3%, 8.1% and 7.8% respectively.

Quoted Equities Movement

Stock*	Occupational (%)	NSSF (%)	Market Price (Mar - 22)	Market Price (June 22)	Capital Gain/ Loss (%)	Dividend per Share	Dividend Yield (%)	Net Return (%)
MTN Uganda Ltd	14.5%	17.5%	180.00	178.09	-1.1%	4.71	2.6%	1.55%
Safaricom Ltd	22.8%	14.8%	34.15	24.95	-26.9%	0.75	2.2%	-24.74%
Tanzania Breweries Limited	6.3%	11.1%	10900.00	10900.00	0.0%	0.00	0.0%	0.00%
Equity Group Holdings Ltd	8.8%	10.4%	50.50	43.00	-14.9%	3.00	5.9%	-8.91%
KCB Group Ltd	11.1%	10.0%	44.05	38.65	-12.3%	2.00	4.5%	-7.72%
CRDB Bank Plc	4.7%	6.3%	385.00	405.00	5.2%	36.00	9.4%	14.55%
East African Breweries Ltd	5.8%	5.8%	150.00	137.25	-8.5%	7.25	4.8%	-3.67%
National Microfinance Bank	0.0%	5.8%	2700.00	3020.00	11.9%	137.00	5.1%	16.93%
UMEME Uganda Ltd	4.0%	4.4%	187.53	239.01	27.5%	54.10	28.8%	56.30%
Stanbic Bank Uganda	7.0%	2.3%	25.00	22.00	-12.0%	1.95	7.8%	-4.20%
Twiga TPCC	0.0%	2.8%	4100.00	3900.00	-4.9%	390.00	9.5%	4.63%
Development Finance Co.UG Ltd	7.1%	1.5%	555.00	550.00	-0.9%	0.00	0.0%	-0.90%
Bank of Kigali	0.0%	2.1%	249.00	265.00	6.4%	28.70	11.5%	17.95%
Vodacom Tanzania	0.0%	1.7%	770.00	770.00	0.0%	0.00	0.0%	0.00%
Jubilee Holdings Ltd	0.1%	1.1%	272.00	259.50	-4.6%	1.00	0.4%	-4.23%
Cipla Quality Chemicals Industries Ltd	0.0%	0.9%	89.00	69.00	-22.5%	2.00	2.2%	-20.22%
Bank of Baroda Uganda	1.6%	0.2%	90.00	80.00	-11.1%	10.00	11.1%	0.00%
Uganda Clays Ltd	0.1%	0.4%	21.01	19.00	-9.6%	1.50	7.1%	-2.43%
ABSA Bank Kenya	2.5%	0.0%	12.45	10.45	-16.1%	0.20	1.6%	-14.46%
British-American Inv. Co.Ltd	0.0%	0.3%	6.64	5.60	-15.7%	0.00	0.0%	-15.66%

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

There were price declines for majority of the stocks during the quarter under review, especially on the Nairobi Stock Exchange. This was attributed to geopolitical tensions from the Russia-Ukraine war and the uncertainty of the Kenya presidential elections which led to panic sells as investors fled to safer investments.

Quoted Equities - Sectors

Quoted Equities: UGX 252 billion [10.2%]

43.7% - Financial Sector
0.4% - Consumer Staples
18.5% - Consumer Discretionary
0.00% - Utilities
0.9% - Health Care
0.4% - Material & Processing
4.2% - Energy
0.0% - Producer Durables
31.9% - Technology & Telecom

Quoted Equities: UGX 2.24 trillion [89.9%]

46.2% - Financial Sector
2.3% - Consumer Staples
10.2% - Consumer Discretionary
2.6% - Utilities
0.03% - Health Care
0.3% - Material & Processing
1.3% - Energy
0.0% - Producer Durables
27.0% - Technology & Telecom

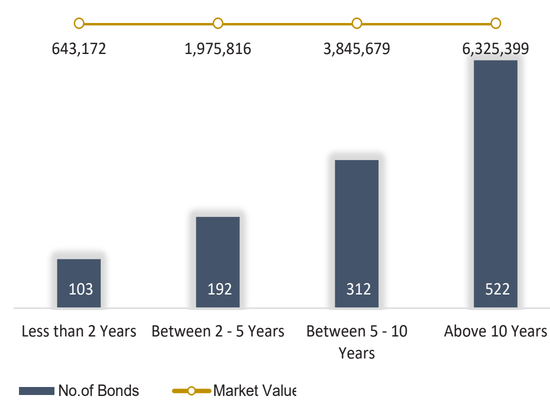
There was a 9% average performance decline in the Technology & Telecom sector, majorly attributed to a 26.9% price drop in Safaricom Limited. The Health Care sector that comprises of only CIPLA Quality Chemicals Industries Limited was down 22%. The dominant Financial Sector was down 7% with the most declines coming from Centum Investments Co. Ltd (-19%), I&M Holdings Ltd (-18%) and ABSA Bank Ltd (-16%).

Bond Holding

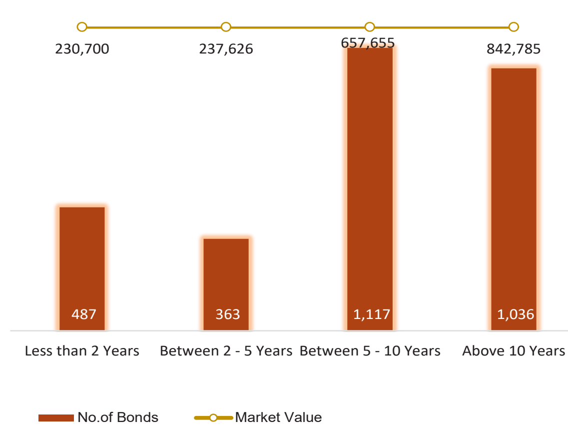
Distribution	Number of Bonds
Occupational Scheme	3,003
NSSF	1,100
Total Sector	4,103

The largest concentration for occupational schemes was in 5-10 year bonds while NSSF's was in bonds above 10 years. NSSF's cummulative total of UGX 5.46 trillion is held in the Kenyan, Tanzanian and Rwandese bond markets.

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



Bond Maturity Profile:
Occupational Schemes ("Million")

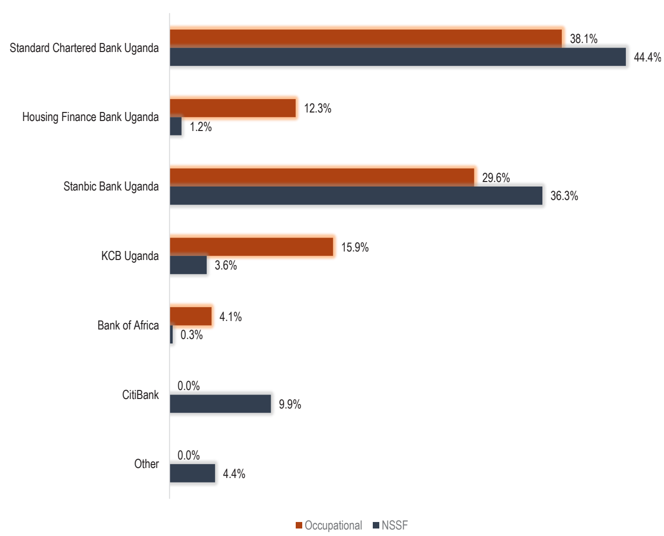


Alternative Investments

The Retirement Benefits Sector held 0.9% in Private Equity particularly UAP Holdings, Housing Finance Bank, Serena (TPS) Ltd and Yield Uganda Investment Fund while 6.4% is invested in Immovable property dominated by NSSF that holds UGX 1.2 trillion.

Cash & Demand (%)
Sector Asset Value: 281 Billion

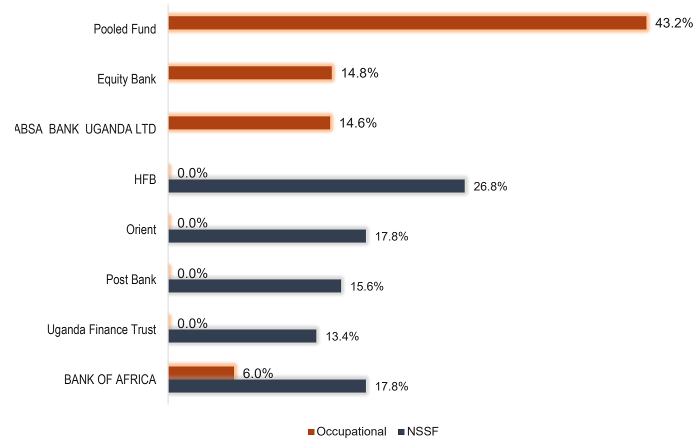
Total UGX 281 Billion



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: 392 Billion

Total UGX 392 Billion

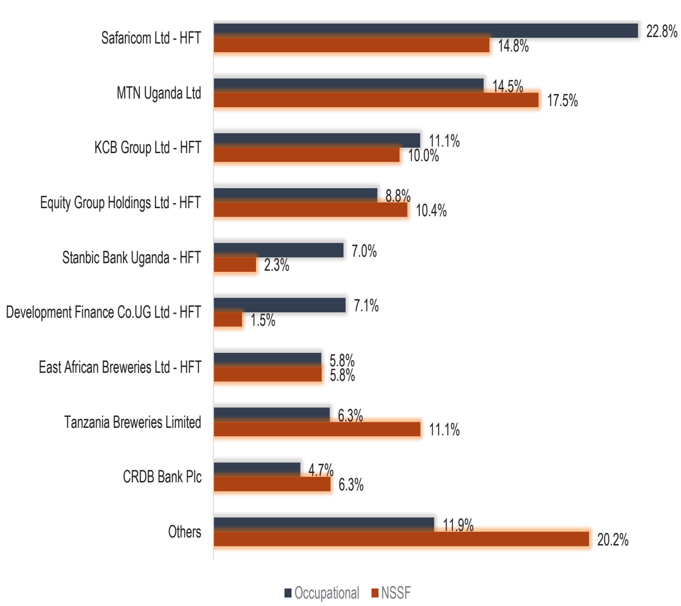


* includes Wealth management, CIS and Unit trusts.

As at quarter end June 2022, NSSF investments in Fixed Deposits were in 5 Banks i.e. Housing Finance Bank, Orient Bank, Post Bank, Finance Trust and Bank of Africa.
Pooled Funds continue to be the dominant investment vehicle for occupational schemes in Other Fixed Income Securities.

Quoted Equities(%)
Sector Asset Value: 2.5 Tillion

Total UGX 2.5 Trillion



85% of the total sector investments in quoted equities is in 9 stocks. Following further market price decline in Safaricom Limited during the quarter, the sector is currently most exposed to MTN Uganda Ltd (17%), closely followed by Safaricom Ltd (16%).

UMEME Limited dominated the USE trading activity during the quarter, with the counter having 37.6 million shares traded taking 38% of the total volume of shares traded.

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

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