Retirement Benefits Sector

Investment Snapshot

Quarter End | March 2022

Content

Overview
Market Commentary & Outlook
Asset Allocation
Distribution, Growth & Performance
Concentration & Systemic Assessment

Total sector portfolio increased by 2.5% from UGX 18.9 trillion to UGX 19.4 trillion

The Authority presents the Retirement Benefits Sector Investment Snapshot for the quarter ended March 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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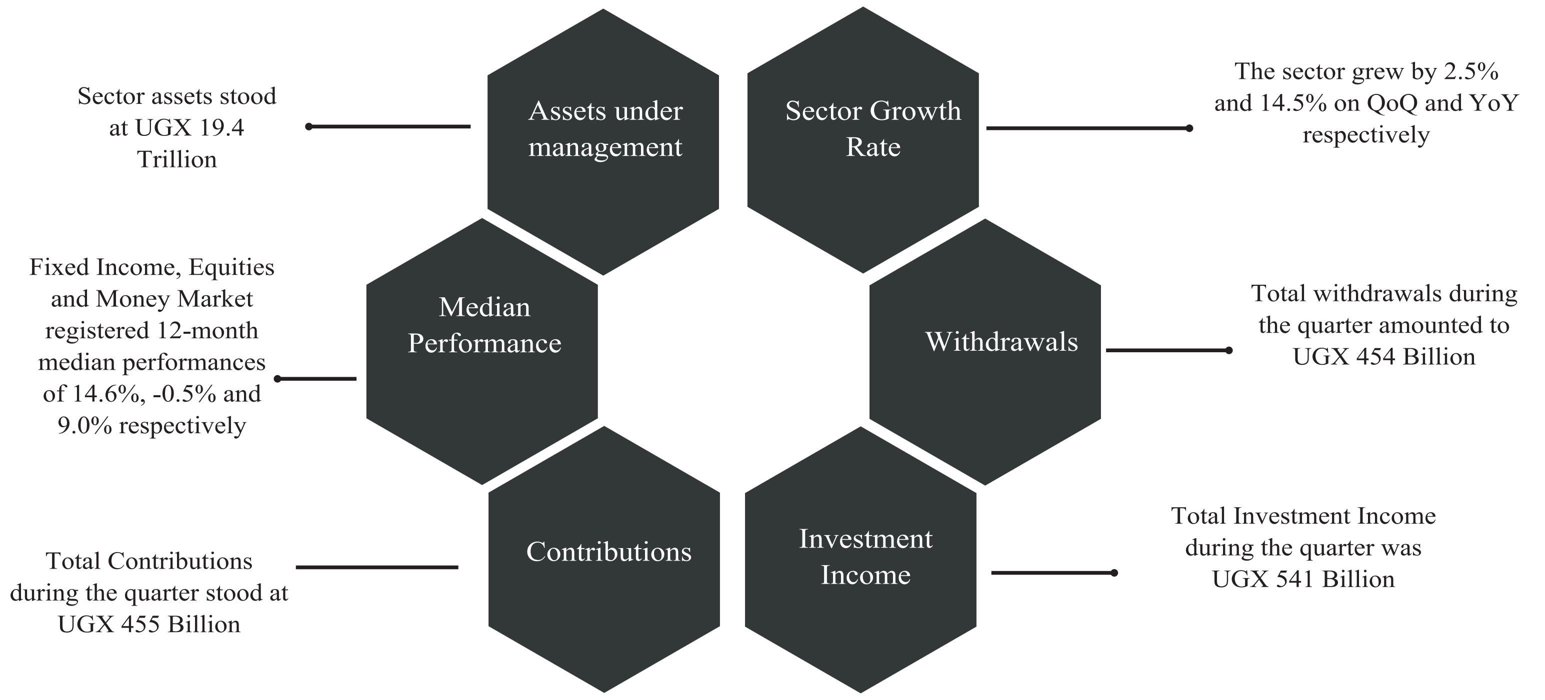
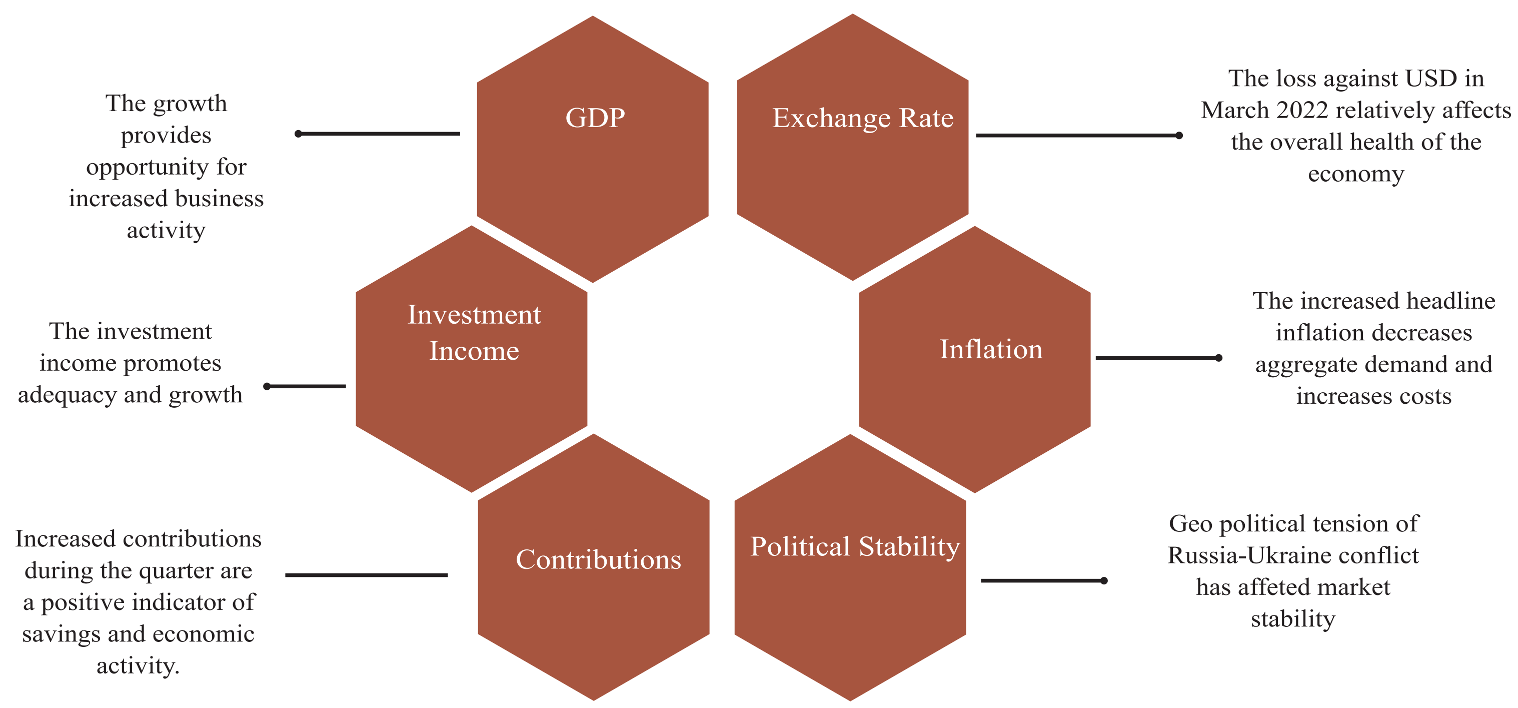
Sector Performance Indicators at a Glance: March 2022



Risk Factors and Sector impliction: Compared to the previous quarter



Economic Growth

Easing of mobility restrictions through full re-opening of the economy reduced the negative pandemic induced impact and partly drove economic recovery. However recovery was impaired due to weakened growth momentum and external risks emerging from the Russia–Ukraine conflict which caused inflationary pressures and continued supply chain disruptions. According to the BOU monetary policy statement of April 2022, economic growth was projected at 5.5% – 6.0% in 2022, down from the 6.0% earlier projected. Domestic risks to economic growth include higher inflation, extreme weather events, modest spending amid weak tax revenues and its implementation challenges. Investment growth should strengthen as oil sector projects develop following the recent signing of the final investment agreements in the sector.

Source: BOU,World Bank, AFDB

Central Bank Rate

The Bank of Uganda, at its Monetary Policy Committee (MPC) meeting in February 2022 maintained the Central Bank rate at 6.5

Source: BOU

Inflation

The annual headline and core inflation rose to 3.7 percent and 3.6 percent in March 2022 from 2.7 percent and 2.3 percent, respectively, in January 2022. YTD headline inflation was up 36.9% .This was mainly due to shocks from the Russia-Ukraine conflict which led to supply chain disruptions and a spike in commodity and energy prices.

Source: UBOS, BOU

Currency

The Uganda Shilling gained in the quarter ended March 2022 against the USD averagely by 0.5%, the appreciation was mainly on account of increases in inflows from loans, NGOs, forex bureau, coffee export, among others. However, the shilling lost 2.1% against the USD in the month of March 2022.

Source: MOFPED, BOU

Fixed Income

Treasury Bill yields in the primary market dropped with the 91 day, 182 day and 364 day bills averaging 6.6 percent, 8.5 percent, 9.8 percent, respectively in the quarter ended March 2022 from 6.7%,8.7% and 10.4% the previous quarter.

The average bond yields across all tenors increased with the 2-year, 3-year, 5-year and 15-year Treasury bonds increasing to 10.5%, 12.6%, 13.3% and 14.3%, in March 2022 from 11.5%, 12.8%, 13.4% and 14.4% in December 2021.

Quoted Equities Market

During the quarter under review, the USE Local share index lost 13.7% to close at 280.1 from 324.7. Notable declines were in New Vision (-40%), MTN Uganda (-7.7%), Stanbic (-3.8%) and DFCU (-4.3%).

The Nairobi All-share index declined by 5.2% due to losses in the large counters i.e. Safaricom (-10%), Equity Bank (-4.3%), KCB Group (-3.1%) and EABL (-9.1%).

	USE-ALSI	USE-LCI	NSE-ALSI	DSE-ALSI	RSE-ALSI
Qtr End Dec 21	1,420.69	324.66	166.46	1,896.71	145.34
Qtr March 22	1316.41	280.14	157.73	1936.45	145.26
% Change	-7.3%	-13.7%	-5.2%	2.1%	-0.1%

Total Sector Portfolio

	Quarter Ending - December 21		Quarter Ending - March 22	
Asset Class	Amount (Million)	Proportion (%)	Amount (Million)	Proportion (%)
Cash and Demand	49,563	0.3	133,820	0.7
Fixed Deposits	357,427	1.9	496,329	2.6
Other Fixed Income*	90,333	0.5	123,755	0.6
Government Securities	14,434,171	76.5	14,364,127	74.2
Quoted Equities	2,427,210	12.9	2,689,236	13.9
Unquoted Equities	297,104	1.6	289,752	1.5
Immovable Property	1,203,701	6.4	1,240,433	6.4
Other Investment**	15,650	0.1	17,574	0.1
TOTAL	18,875,159	100	19,355,025	100

* Represents Commercial Paper, Corporate bonds, Asset Backed Securities, Collective Investment Schemes.
**Represent guaranted funds and 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	121,456	0.73	2,086	0.62	834	0.29
Fixed Deposit	326,517	1.95	13,353	3.97	12,605	4.37
Other Fixed Income	42,706	0.26	24,112	7.17	17,595	6.10
Government Securities	12,382,134	74.09	251,057	74.65	234,457	81.26
Quoted Equities	2,330,382	13.94	28,136	8.37	3,584	1.24
Unquoted Equities	288,637	1.73	-	-	27	0.01
Immovable Property	1,220,686	7.30	-	-	19,427	6.73
Other Investment	-	0.00	17,574	5.23	-	-
TOTAL	16,712,518	100.0	336,318	100.0	288,529	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 - 0.7%
Assets under management - 134 Billion
Scheme Portfolios - 2

Aggressive

Assets proportion - 1.0%
Assets under management - 202 Billion
Scheme Portfolios - 5

Conservative

Assets proportion - 98.3%
Assets under management - 19.0 Trillion
Scheme Portfolios - 60

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

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	94,186	237,459	106,189	729,951	1,167,784
	UAP	46,017	71,881		81,753	199,651
	Xeno	1,412				1,412
	ICEA	24,900			85,231	110,132
	GenAfrica	80,879	81,383		661,765	824,027
	Britam	85,452	31,666	56,122	247,081	420,320
	Other*	17,574				17,574
	Total	350,419	422,388	162,310	1,805,781	2,740,900

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.

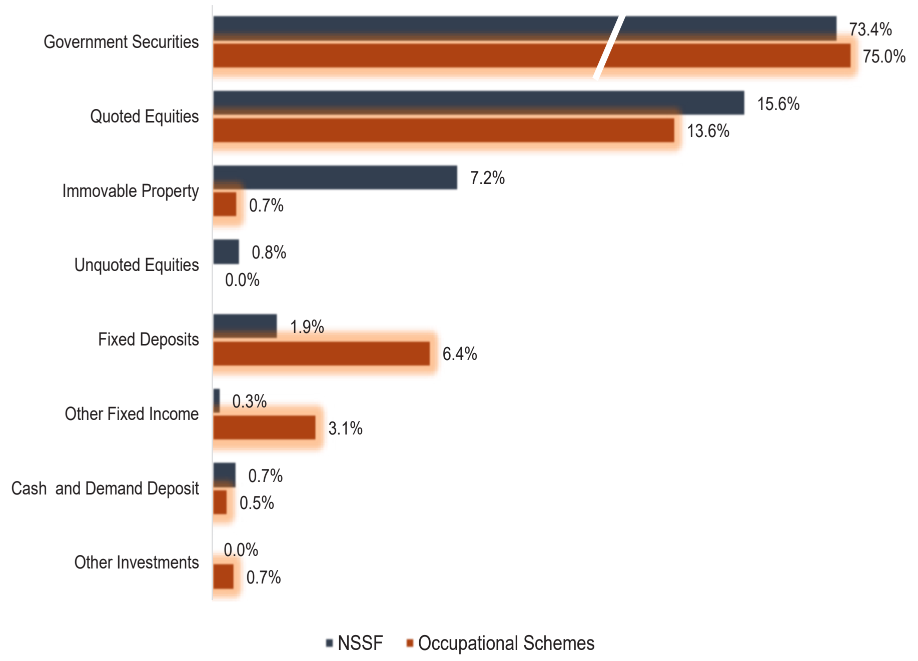
Fund Managers' Holding (Million)

Fund Managers	Cash and Demand	Fixed Deposits	Other Fixed Income	Government Securities	Quoted Equities	Unquoted Equities	Immovable Property	Other Investments	AUM
Britam	4,421	35,653	27,736	326,029	26,454	27			420,320
GenAfrica	2,936	9,512	35,349	638,856	117,948		19,427		824,027
ICEA	354	16,030		86,635	7,112				110,132
Sanlam	5,191	79,739	8,273	774,459	298,712	1,088	321		1,167,784
Xeno			1,412						1,412
UAP	398	29,077	8,279	156,015	5,882				199,651
Other*	-	-	-	-	-	-	-	17,574	17,574
Total	13,301	170,011	81,049	1,981,994	456,109	1,115	19,751	17,574	2,740,900

As at March 2022, the total assets held by external fund managers stood at UGX 2.74 trillion compared to UGX 2.62 trillion in December 2021 with UGX 98.4 Billion being NSSF Funds invested in Quoted Equities by GenAfrica and Sanlam Investments EA.

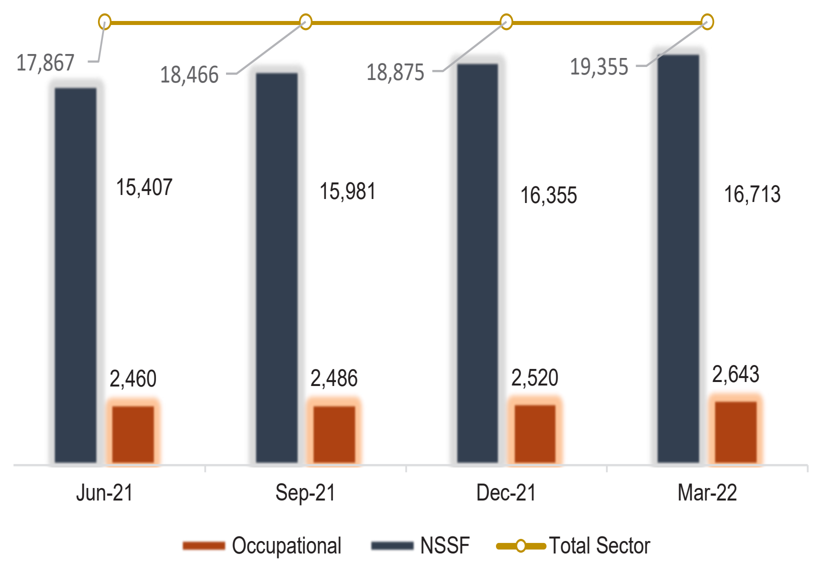
All Figures in UGX

Asset Allocation [%]



Proportions are in respect to AUM of NSSF i.e. UGX 16.7 trillion and Occupational schemes i.e. UGX 2.6 trillion

Assets in Million



The sector grew at an annual rate of 14.5% in March 2022 compared to 15.8% in December 2021. Growth is mainly attributed to Investment income and contributions.

Quarterly Growth [%]

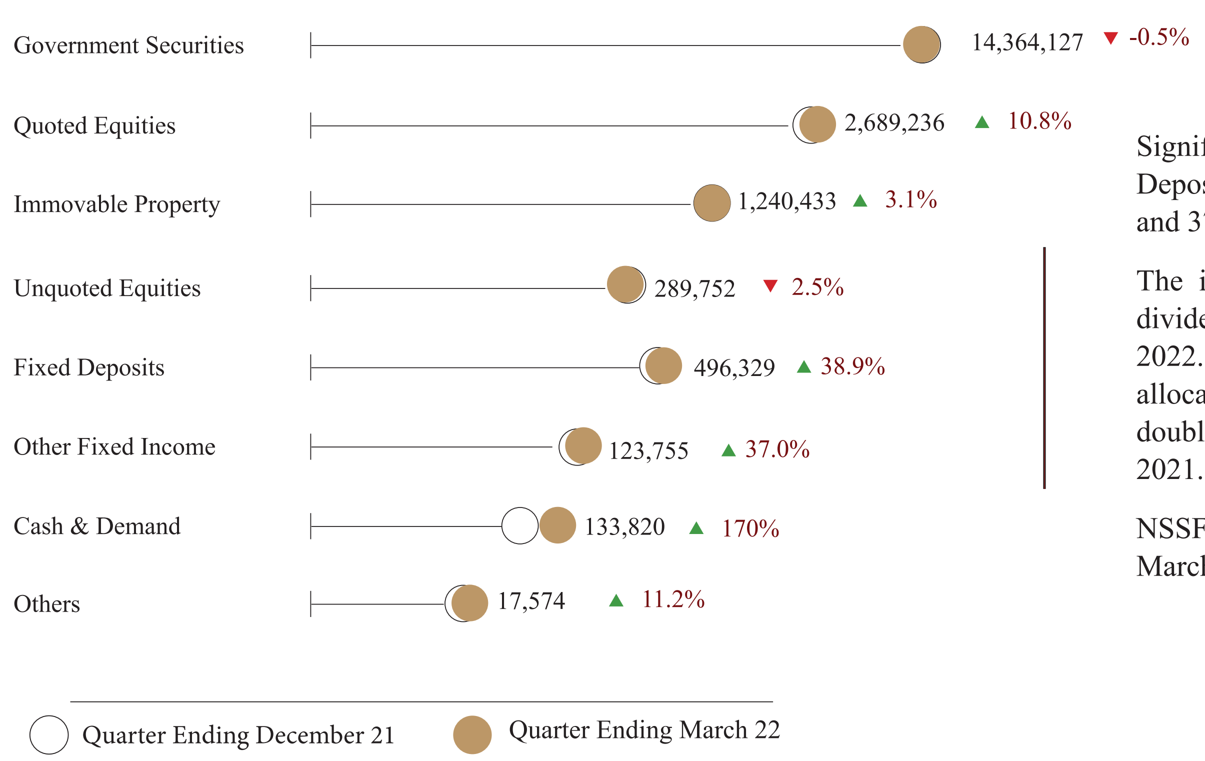
	June -21	Sept -21	Dec -21	Mar -22	QAGR
Occupational	3.75%	1.04%	1.41%	4.84%	2.76%
NSSF	5.95%	3.73%	2.34%	2.19%	3.55%
Total Sector	5.65%	3.36%	2.21%	2.54%	3.44%

QAGR: Quarterly Average Growth Rate

Sector QoQ growth to March 2022 was 2.5%. NSSF registered a 2.2% growth in Assets while occupational schemess assets grew by 4.8%.

Asset Class Movement

Assets in Million



Significant growth was registered in Cash and Equivalent, Fixed Deposits and Other Fixed Income which increased by 170%, 38.9% and 37% respectively.

The increase in cash and equivalents was mainly attributed to dividend receivable which stood at UGX 73 Billion in March 2022. The growth in Other Fixed Income is attributed to increased allocation to Collective Investment Schemes which more than doubled to UGX 81 Billion from UGX 40 Billion in December 2021.

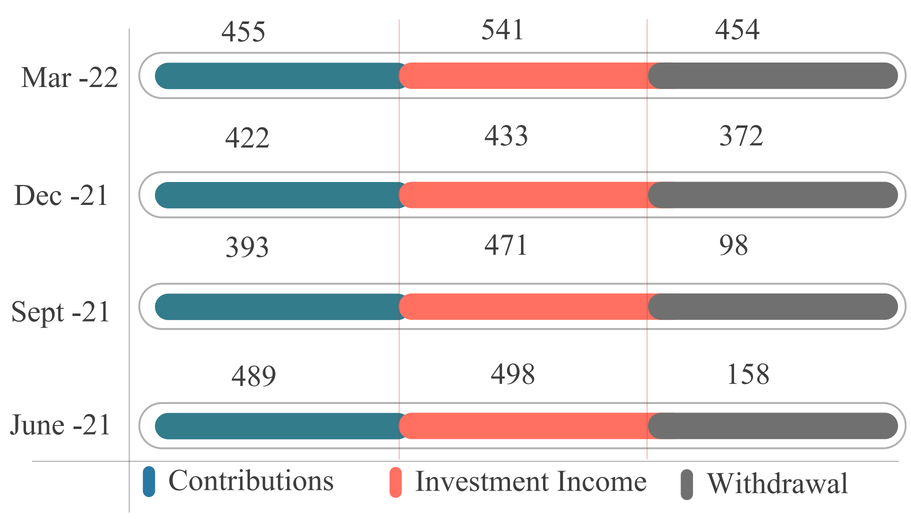
NSSF's 68% increased allocation in Fixed Deposit in the quarter to March 2022 drove the growth in Sector Fixed Deposits.

Assets held by Umbrella Schemes

	Dec-21 (Million)	Mar-22 (Million)	Growth (%)
The Liaison Umbrella Fund	15,345	15,560	1.4%
Jubilee Life Umbrella Retirement Scheme	19,056	19,745	3.6%
UMOJA Umbrella Retirement Benefits Scheme	2,556	2,746	7.4%
Zamara Retirement Fund	48,916	52,473	7.3%
Enwealth Uganda Umbrella Retirement Scheme	245	1,729	607.2%
Britam Umbrella Scheme	10,779	12,207	13.2%
Octagon Uganda Umbrella Retirement Benefits Scheme	13,384	14,163	5.8%
ICEA (U) Limited Retirement Benefits Scheme	78,164	85,231	9.0%
Sara Umbrella Retirement Benefits Scheme	3,690	4,030	9.2%
UAP Umbrella Retirement Benefits Scheme	32,631	34,610	4.0%
Xeno Umbrella Retirement Benefits Scheme	1,187	1,355	14.2%
ICEA Lion Teleka Umbrella Fund	11,876	12,035	1.3%
Total	238,469	255,884	7.3%

In March 2022, Umbrella Schemes grew by 7.3% compared to 8.3% in the same period last year. The growth is attributed to increase in contributions by participating employers and growth in investment income. Enwealth Umbrella registered the biggest growth i.e. 607% majorly attributed to on-boarding of Infectious Diseases Insitute.

Contribution, Investment Income & Withdrawal



Contributions, Investment Income and Withdrawals stood at UGX 455 Billion, UGX 541 Billion and UGX 454 Billion representing a QoQ growth of 7.9%, 25% and 22% respectively.

Growth in Investment income is mainly attributed to interest payments on fixed income securities. NSSF recorded over UGX 444 Million in interest income in the quarter ending March 2022.The mid-term payments by NSSF partly drove withdrawals upwards.

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	-5.81	-10.11	-2.76	0.16	3.51	3.36	14.66	0.00	1.87	3.85	8.09	9.37
Median	-3.97	-6.56	-0.48	0.35	3.57	7.47	14.61	15.01	2.09	4.12	9.04	9.96
75' Percentile	-3.19	-1.66	1.45	2.03	4.02	7.51	17.80	15.33	2.58	5.10	11.06	11.91
Range	9.78	22.56	21.44	19.43	9.97	15.32	23.81	18.83	2.96	4.66	9.94	8.17
Average	-4.25	-5.84	-0.30	1.06	3.44	5.45	15.00	8.75	2.19	4.59	9.57	10.52
W.A.P*	-0.42	-0.67	-0.04	0.08	0.31	0.31	1.39	0.70	0.12	0.24	0.47	0.43

* Weighted Average Performance

As at March 2022, the annual median return for Quoted Equities, Fixed Income and Money Markets was -0.5%, 14.6% and 9.0% respectively.

Quoted Equities Movement

Stock*	Occupational (%)	NSSF (%)	Market Price (Dec 21)	Market Price (Mar 22)	Capital Gain/ Loss (%)	Dividend per Share	Dividend Yield (%)	Net Return (%)
Safaricom Ltd	26.5%	18.4%	37.95	34.15	-10.0%	0.75	2.0%	-8.04%
MTN Uganda Ltd	13.3%	16.8%	194.99	180.00	-7.7%	4.71	2.4%	-5.27%
Equity Group Holdings Ltd	8.9%	11.2%	52.75	50.50	-4.3%	3.00	5.7%	1.42%
KCB Group Ltd	11.1%	10.6%	45.45	44.05	-3.1%	2.00	4.4%	1.32%
Tanzania Breweries Limited	5.7%	10.1%	10900.00	10,900.00	0.0%	0.00	0.0%	0.00%
East African Breweries Ltd	5.8%	5.9%	165.00	150.00	-9.1%	0.00	0.0%	-9.09%
CRDB Bank Plc	4.1%	5.5%	280.00	385.00	37.5%	36.00	12.9%	50.36%
Stanbic Bank Uganda	7.2%	2.5%	26.00	25.00	-3.8%	1.95	7.5%	3.65%
Umeme Uganda Ltd	2.5%	3.3%	189.00	187.53	-0.8%	54.10	28.6%	27.85%
National Microfinance Bank	0.0%	4.6%	2034.00	2,700.00	32.7%	137.00	6.7%	39.48%
Development Finance Co.UG Ltd	6.7%	1.5%	580.00	555.00	-4.3%	0.00	0.0%	-4.31%
Twiga TPCC	0.0%	2.8%	3471.16	4,100.00	18.1%	390.00	11.2%	29.35%
Bank of Kigali	0.0%	1.8%	250.00	249.00	-0.4%	28.70	11.5%	11.08%
Vodacom Tanzania	0.0%	1.6%	740.00	770.00	4.1%	190.83	25.8%	29.84%
Jubilee Holdings Ltd	0.1%	1.1%	316.80	272.00	-14.1%	0.00	0.0%	-14.14%
Cipla Quality Chemicals Industries Ltd	0.0%	1.1%	92.00	89.00	-3.3%	2.00	2.2%	-1.09%
Bank of Baroda Uganda	1.6%	0.2%	95.50	90.00	-5.8%	10.00	10.5%	4.71%
Uganda Clays Ltd	0.1%	0.3%	13.00	21.01	61.6%	1.50	11.5%	73.15%
ABSA Bank Kenya	2.7%	0.0%	11.85	12.45	5.1%	1.10	9.3%	14.35%
British-American Inv. Co.Ltd	0.0%	0.4%	7.50	6.64	-11.5%	0.25	3.3%	-8.13%

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 uncertainity of the nearing Kenya election which led to panic sells as investors fled to safer investments.
The effect of the Kenyan election on investor confidence and prospects of listed companies is being monitored.

Quoted Equities - Sectors

Quoted Equities: UGX 359 billion [16.5%]

45.4% - Financial Sector

1.9% - Consumer Staples

10.9% - Consumer Discretionary

1.5% - Utilities

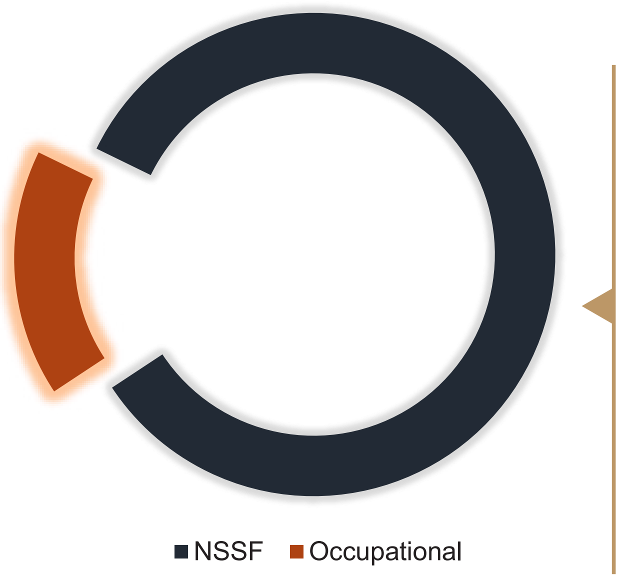
0.04% - Health Care

0.2% - Material & Processing

0.8% - Energy

0.0% - Producer Durables

39.5% - Technology & Telecom



Quoted Equities: UGX 2.33 trillion [83.5%]

66.9% - Financial Sector

2.2% - Consumer Staples

0.5% - Consumer Discretionary

0.0% - Utilities

0.2% - Health Care

0.1% - Material & Processing

3.6% - Energy

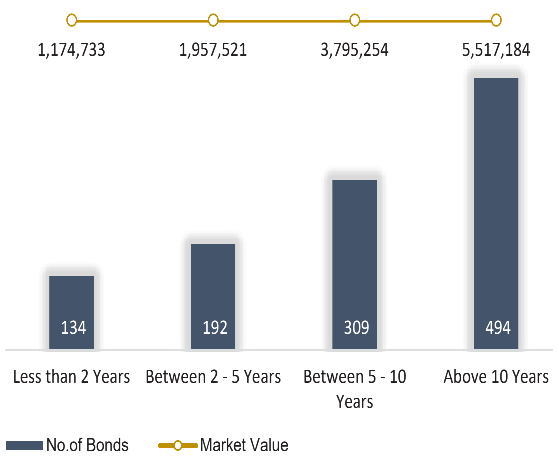
0.0% - Producer Durables

26.5% - Technology & Telecom

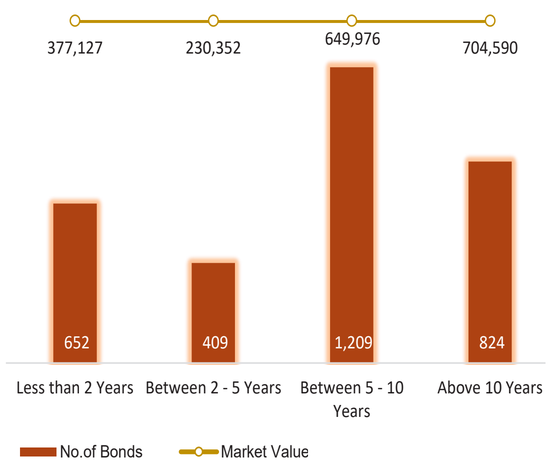
Bond Holding

	Number of Bonds	Market Value (Million
NSSF	1,129	12,444,691
Occupational Schemes	3,094	1,962,045
Total Sector	4,223	14,406,736

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



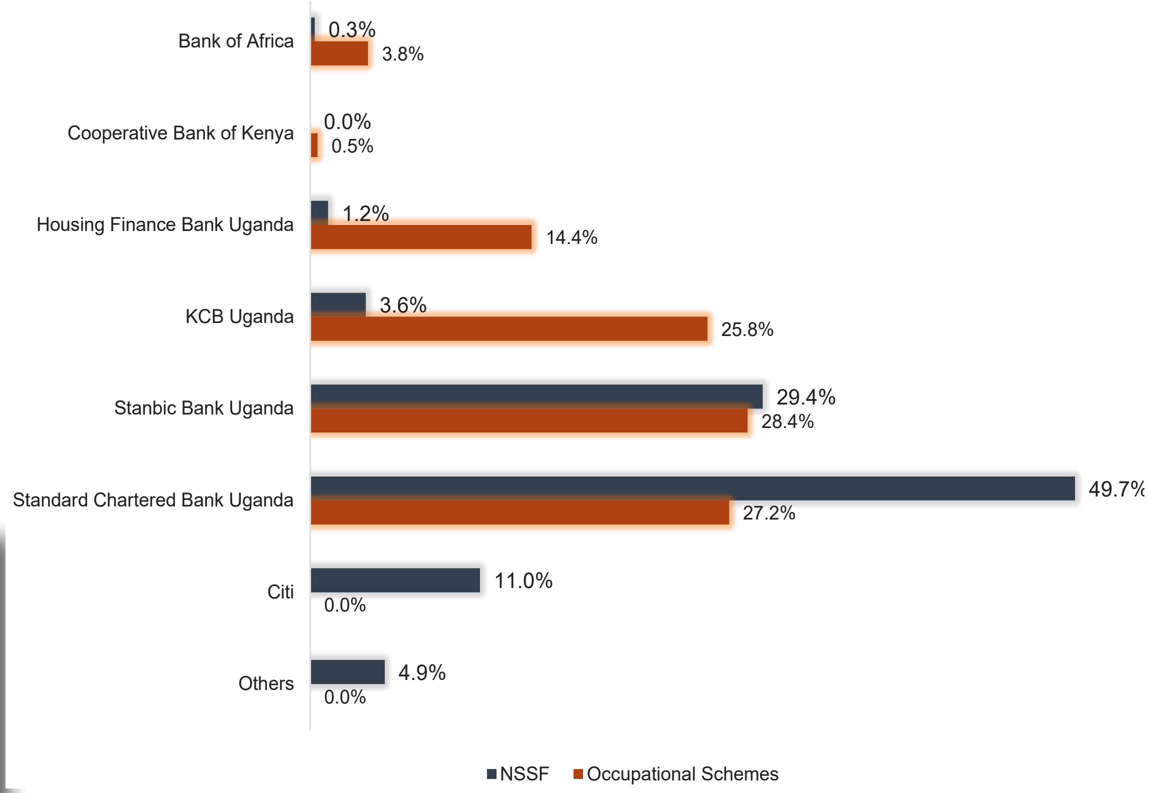
Bond Maturity Profile:
Occupational Schemes ("Million")



NSSF Bond concentration was in the tenor above 10 years while Occupational Schemes concentration was between 5 - 10 year bonds. Total Bond portfolio stood at 4,223 bonds as at March 2022. Regional bond concentration for NSSF stood at over UGX 6.9 trillion in Uganda, UGX 3.8 trillion in Kenya, UGX 1.4 trillion in Tanzania while UGX 33 Billion in Rwanda.

Cash & Demand (%)
Sector Asset Value: 113 Billion

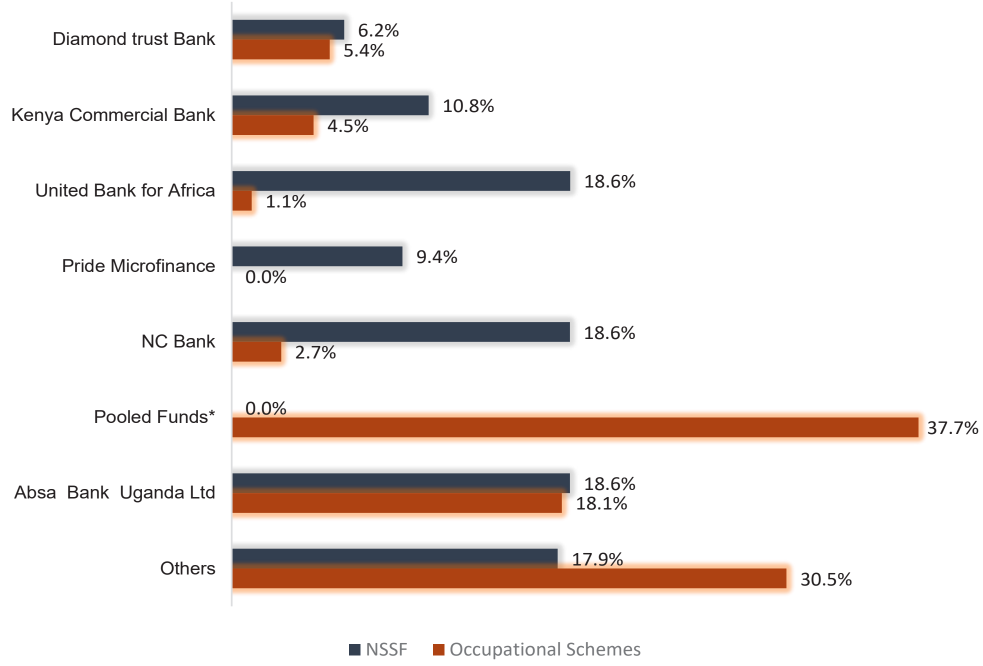
Total UGX 113 Billion



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: 577 Billion

Total UGX 577 Billion

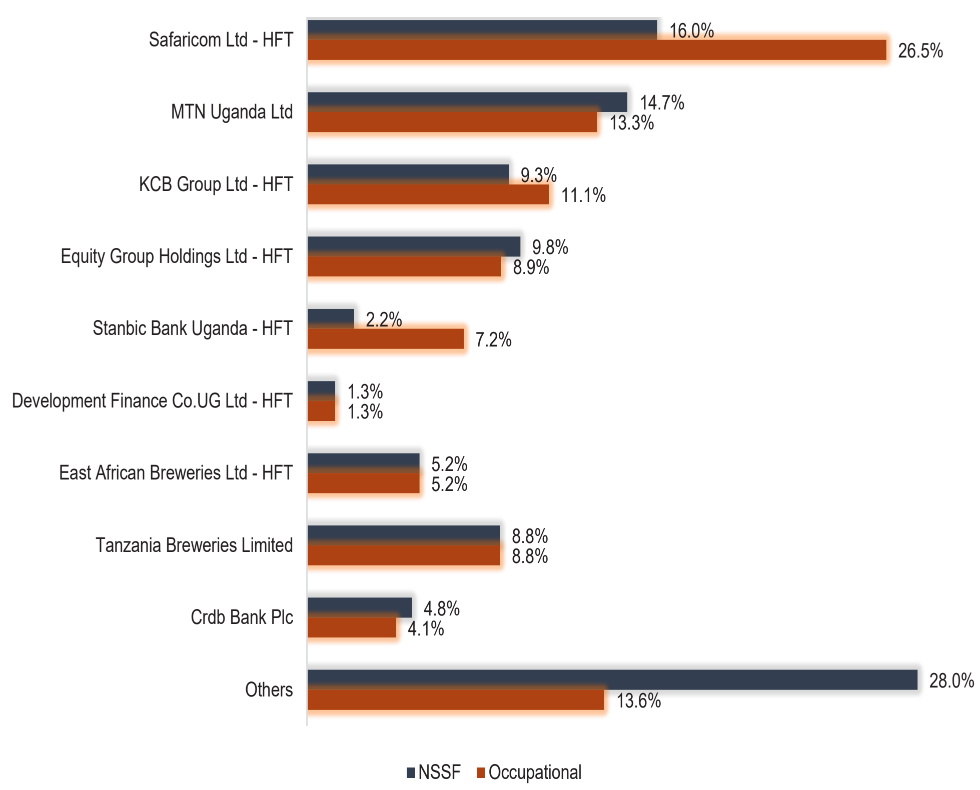


* includes Wealth management, CIS and Unit trusts.

The quarter to end March 2022 saw increase in Fixed deposit allocation by over 38%. Additionally, investments in Collective Investment Schemes increased from UGX 40 Billion in December 2021 to UGX 81 Billion in the quarter end March 2022

Quoted Equities(%)
Sector Asset Value: 2.7 Tillion

Total UGX 2.7 Trillion



Allocation to Quoted Equities stood at UGX 2.7 trillion in March 2022.

Over 65% of sector investments in Quoted Equities are concentrated in 5 Companies i.e. Safaricom, KCB Group, Equity Bank, EABL,MTN Uganda; whose concentration is mainly driven by performance and activity. The dominance of these companies presents a concentration risk and often may lead to excess volatility in event of financial disruptions.

There is expectation of reserved appetite by market participants as Kenya heads into elections in August 2022.

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

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