URBRA

Retirement Benefits Sector

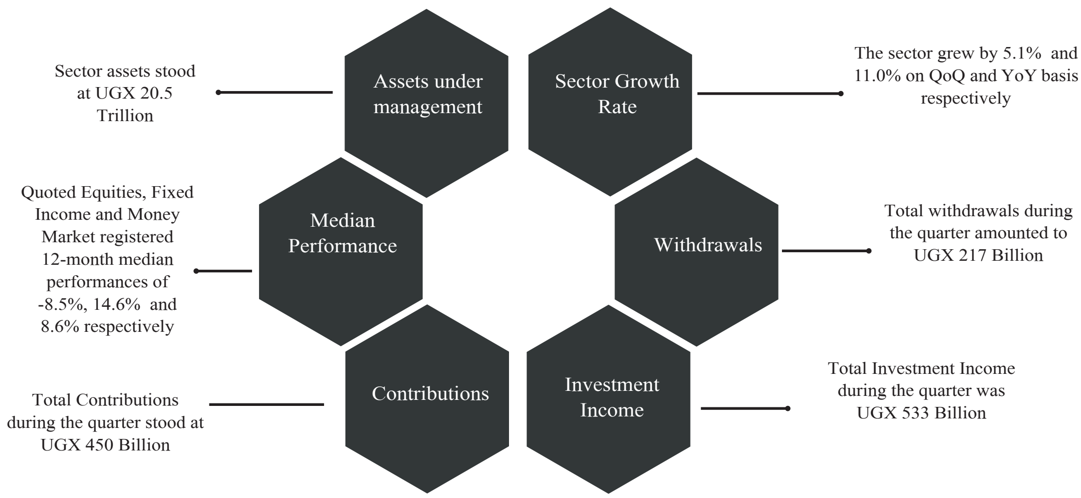
Investment Snapshot

Quarter End | September 2022

Total sector portfolio increased by 5.1% from UGX 19.5 trillion to UGX 20.5 trillion

Content

Sector Performance Indicators at a Glance: September 2022



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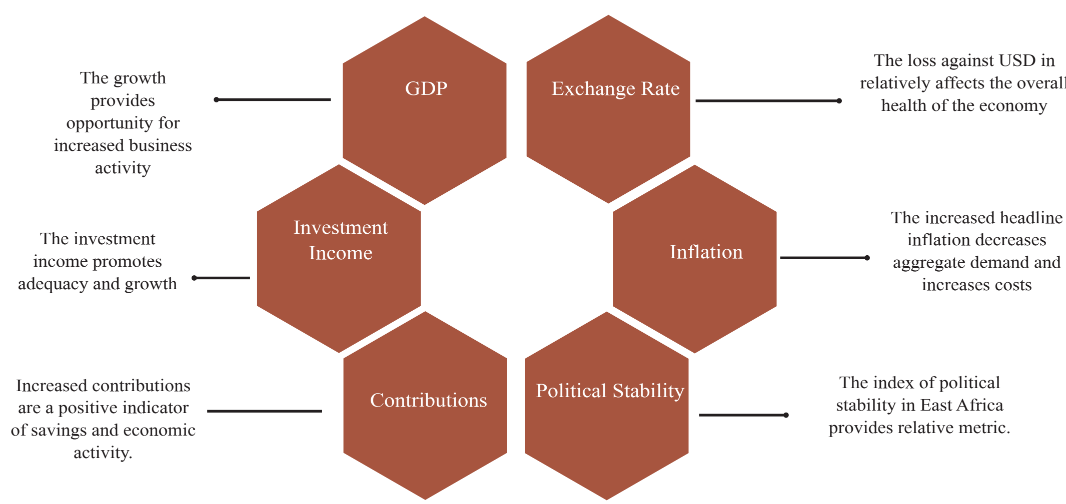
Risk Factors and Sector impliction: Compared to the previous quarter



Economic Growth

Quarterly GDP grew by 7.5% compared to the revised growth of 2.7% from the previous year. This growth was largely driven by the industry and services sectors, which saw increases of 12.7% and 9.0% respectively. Uganda's economic recovery slowed in the recent months leading to August 2022, largely due to increased global food and fuel prices.

In August 2022, the Purchasing Managers Index dropped to 48.2 from 50.9 in the previous month, indicating a decline in private sector business conditions. Despite this, it is expected that private consumption will drive growth into 2023, despite pressures on local supply chains and rising prices.

The first quarter budget release fell below expectations, indicating the government's efforts to coordinate monetary and fiscal policy in an attempt to reduce inflation.

Source: UBOS, Stanbic, Fitch

Central Bank Rate

The Bank of Uganda, at the Monetary Policy Committee (MPC) meeting of October 2022 decided to increase the Central Bank rate (CBR) by 1 percentage point from 9 percent to 10 percent

Source: BOU

Inflation

During the quarter ending September 2022, headline inflation rose to 10% from 6.8% in June 2022, due to rising food prices and higher fuel costs as well as tightening conditions caused by central banks increasing interest rates globally.

Also, Core inflation also increased to 8.1% for the quarter ending June 2022, up from 3.6% in the previous quarter, due to persistent increases in the prices of commodities such as maize flour, refined cooking oil, cement, and sugar.

Source: UBOS, BOU

Currency

The Uganda Shilling traded lower by 0.24% against the dollar for the quarter under review and the tightening of the Central Bank Rate(CBR) by Bank of Uganda provided a cushion for the shilling against the aggressively rising US Dollar.

Source: BOU

Quoted Equities Market

All regional indices posted positive gains in the quarter under review. The USE bourse gains were boosted by Bank of Baroda stock that gained 6.3% for the quarter under review. NSE-ASI rose by 3.17% on the back of gains in the energy stocks such as Kenya Power and Lighting that gained over 32% for the quarter. RSE-ASI inched higher by 0.25% from 146.99 to 147.34.

	USE-ALSI	USE-LCI	NSE-ALSI	DSE-ALSI	RSE-ALSI
Qtr End Mar-22	1149.56	271.92	124.47	1856.85	146.99
Qtr June 22	1263.48	271.39	128.41	1867.98	147.34
% Change	9.91%	-0.19%	3.17%	0.60%	0.24%

Source: African Market

Fixed Income

Short term yields increased across the yield curve and the government's spending remains conservative, the yieldes are expected to rise in the fixed income securities as an action to tackle the rise in inflation and volatity in the currency.

Total Sector Portfolio

	Quarter Ending - June 22		Quarter Ending - September 22	
Asset Class	Amount (Million)	Proportion (%)	Amount (Million)	Proportion (%)
Cash and Demand	281,308	1.4	54,796	0.3
Fixed Deposits	272,618	1.4	385,296	1.9
Other Fixed Income*	151,902	0.8	167,639	0.8
Government Securities	14,859,899	76.2	15,713,627	76.6
Quoted Equities	2,496,043	12.8	2,550,655	12.4
Unquoted Equities	169,673	0.9	336,379	1.6
Immovable Property	1,249,509	6.4	1,275,225	6.2
Other Investment**	20,098	0.1	22,022	0.1
TOTAL	19,501,051	100	20,505,637	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	41,254	0.23	2,180	0.64	407	0.13
Fixed Deposit	229,839	1.29	3,235	0.94	13,287	4.23
Other Fixed Income	33,116	0.19	43,048	12.56	28,903	9.21
Government Securities	13,579,808	76.40	249,607	72.85	250,459	79.81
Quoted Equities	2,299,590	12.94	24,461	7.14	2,556	0.81%
Unquoted Equities	335,237	1.89	-	-	28	0.01
Immovable Property	1,256,727	7.07	-	-	18,177	5.79
Other Investment	-	-	20,098	5.87	-	-
TOTAL	17,775,572	100.0	342,629	100.0	313,816	100

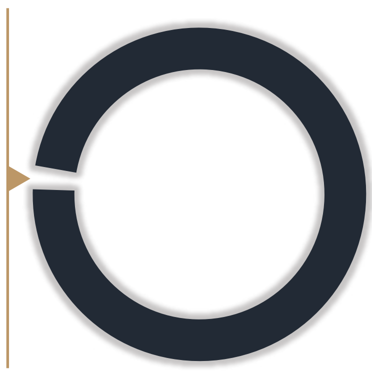
Risk Profile

Moderate

Assets proportion - 0.0%
Assets under management - 3.5 Billion
Scheme Portfolios - 2

Aggressive

Assets proportion - 0.5%
Assets under management - 106 Billion
Scheme Portfolios - 3



Conservative

Assets proportion - 99.5%
Assets under management - 20.4 Trillion
Scheme Portfolios - 62

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	41,254	0.23	13,542	0.13
Fixed Deposit	229,839	1.29	155,457	4.23
Other Fixed Income	33,116	0.19	134,523	9.21
Government Securities	13,579,808	76.40	2,133,819	79.81
Quoted Equities	2,299,590	12.94	251,065	0.81%
Unquoted Equities	335,237	1.89	1,142	0.01
Immovable Property	1,256,727	7.07	18,498	5.79
Other Investment	-	-	20,098	-
TOTAL	17,775,572	100.0	2,730,065	100

During the quarter under review, both Occupational schemes and the National Social Security Fund (NSSF) maintained a significant proportion of their assets under management (AUM) in government securities. For NSSF, 76.4% of their AUM was invested in government securities, while for Occupational schemes, the proportion was even higher at 79.8%.

Under quoted equities, NSSF had a higher proportion invested at 12.9%, while Occupational schemes had only 0.8% invested Overall, these statistics indicate that both Occupational schemes and the NSSF have a conservative investment strategy.

It is worth noting that these percentages represent the proportion of assets under management (AUM) for each.

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	4,090	30,076	44,962	340,598	24,894	28			444,646
GenAfrica	4,206	4,154	55,578	651,579	99,823		18,177		833,517
ICEA	347	13,978	707	97,822	6,156				119,009
Sanlam	3,116	84,276	20,486	868,374	207,554	1,114	321		1,185,241
Xeno			1,919						1,919
UAP	2,553	22,974	10,871	175,446	6,613				218,458
Other*								22,022	22,022
Total	14,312	155,457	134,523	2,133,819	345,040	1,142	18,498	22,022	2,824,810

For the quarter under review, external fund managers held UGX 2.82 trillion under their mandates, with the largest portions of assets held by Sanlam, Genafrica, and Britam respectively. Specifically, Sanlam held the largest share of assets at UGX 1.2 trillion, followed by Genafrica with UGX 834 billion, and Britam with UGX 445 billion.

All Figures in UGX

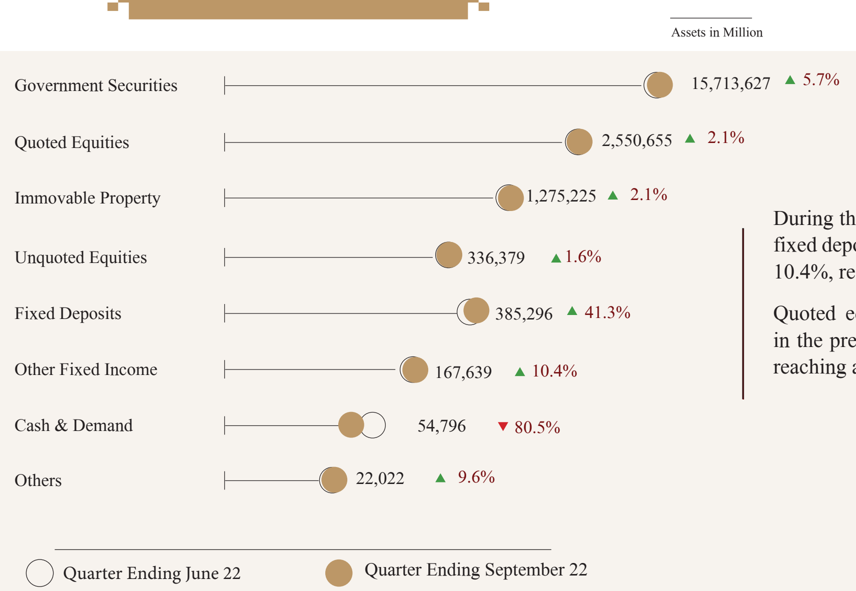
Sector Growth [%]

	Dec -21	Mar -22	June -22	Sept -22	QAGR
Occupational	1.41%	4.84%	0.23%	3.08%	2.39%
NSSF	2.34%	2.19%	0.84%	5.48%	2.71%
Total Sector	2.21%	2.54%	0.75%	5.15%	2.67%

QAGR: Quarterly Average Growth Rate

As of September 2022, the sector experienced an overall growth of 5.1%, resulting in an increase in assets under management to UGX 20.5 trillion from UGX 19.5 trillion in the previous quarter. The National Social Security Fund (NSSF) exhibited a particularly strong performance, with a growth rate of 5.5% while occupational schemes demonstrated a more moderate growth rate of 3.0%. On a quarterly basis, the sector's average growth rate was 2.7%, which is a slight decline compared to the average growth rate of 3.9% in the previous year.

Asset Class Movement



During the quarter, cash and equivalent decreased by 80.5%, while fixed deposits and other fixed income saw an increase of 41.3% and 10.4%, respectively.

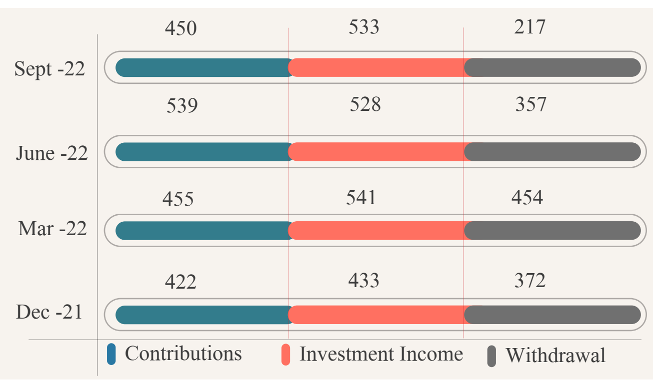
Quoted equities experienced a 2.2% gain after a 7.2% decrease in the previous quarter. Overall, the sector's assets grew by 5.1%, reaching a total of UGX 20.5 trillion.

Assets held by Umbrella Schemes

	June -22 (Million)	Sept -22 (Million)	Growth (%)
The Liaison Umbrella Fund	16,293	16,693	2.46%
Jubilee Life Umbrella Retirement Scheme	16,234	16,992	4.67%
UMOJA Umbrella Retirement Benefits Scheme	3,182	3,470	9.05%
Zamara Retirement Fund	51,548	53,827	4.42%
Enwealth Uganda Umbrella Retirement Scheme	3,466	3,125	-9.84%
Britam Umbrella Scheme	13,904	1,859	15.19%
Octagon Uganda Umbrella Retirement Benefits Scheme	13,905	13,604	-2.17%
ICEA (U) Limited Retirement Benefits Scheme	12,173	94,724	7.51%
Sara Umbrella Retirement Benefits Scheme	4,253	4,324	1.68%
UAP Umbrella Retirement Benefits Scheme	37,047	40,187	8.48%
Xeno Umbrella Retirement Benefits Scheme	1,614	1,859	15.19%
ICEA Lion Teleka Umbrella Fund	12,173	11,999	-1.43%
Total	261,727	276,058	5.48%

Umbrella Retirement Schemes had QoQ growth rate of 5.5% compared to 2.3% in June 2022.

Contribution, Investment Income & Withdrawal



Contributions, Investment Income and Withdrawals stood at UGX 450 Billion, UGX 533 Billion and UGX 217 Billion respectively compared to UGX 393 Billion, UGX 472 Billion and UGX 98 Billion in September 2021.

The quarter-over-quarter decline in withdrawals is mainly due to eligible NSSF members holding off on withdrawing their benefits until the September interest declaration.

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	2.79	-5.03	-14.60	0.71	-0.40	0.62	1.11	14.67	2.24	2.84	7.61	9.07
Median	3.67	-1.85	-8.47	1.60	3.57	7.47	14.61	15.01	2.33	4.42	8.55	9.35
75' Percentile	4.14	-1.19	-7.05	5.67	3.89	7.85	16.21	15.81	2.97	5.50	10.21	12.05
Range	27.50	18.13	30.86	10.24	5.92	12.72	19.88	5.61	3.38	6.32	11.21	9.17
Average	2.91	-3.02	-10.42	2.68	2.37	4.78	10.78	15.05	2.25	4.37	8.96	10.32
W.A.P*	0.46	-0.32	-1.42	0.09	0.25	0.46	1.13	1.18	0.22	0.42	0.85	0.74

* Weighted Average Performance

As at September 2022, the annual median return for Quoted Equities, Fixed Income and Money Markets was -8.5%, 14.6% and 8.6% respectively.

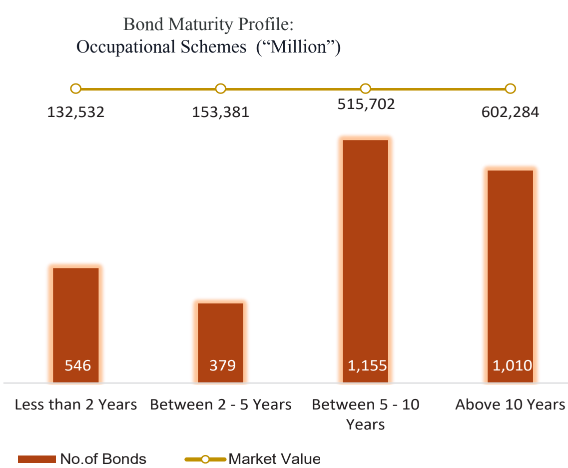
Quoted Equities - Sectors

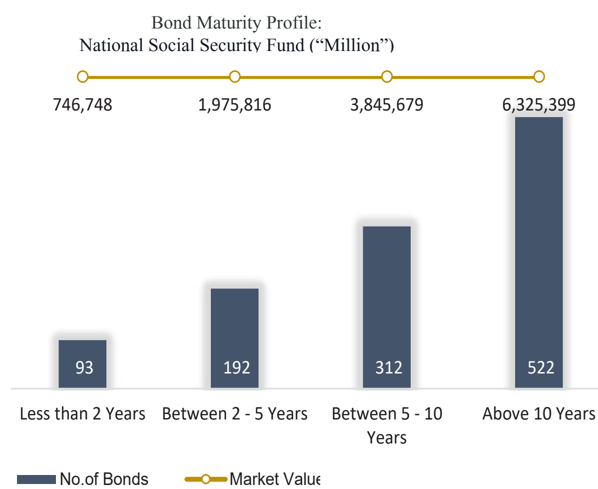
Schemes	Quoted Equities (Billion)	Financial Sector	Consumer Staples	Consumer Discretionary	Utilities	Health Care	Material & Processing	Energy	Producer Durables	Technology & Telecom
NSSF	2,205	44.2%	0.4%	18.6%	0.0%	0.8%	0.5%	3.4%	0.0%	32.0%
Occupational	342	45.7%	1.9%	10.7%	2.2%	0.03%	0.3%	1.1%	0.0%	38.1%

The National Social Security Fund (NSSF) had invested a total of UGX 2,205 billion in quoted equities, with a majority of the investments being concentrated in the financial and technology & telecommunications sectors. Occupational schemes had invested UGX 342 million in equities, also with significant presence in the financial and technology & telecommunications sectors. It should be noted that fund managers are required to classify equities according to the Russell Global Sectors (RGS) classification system.

For the third consecutive quarter, there has been persistent negative foreign flows as massive foreign investors continue to exit the domestic equity space.

Bond Holding





Distribution	Number of Bonds
Occupational Scheme	3,090
NSSF	1,119
Total Sector	4,209

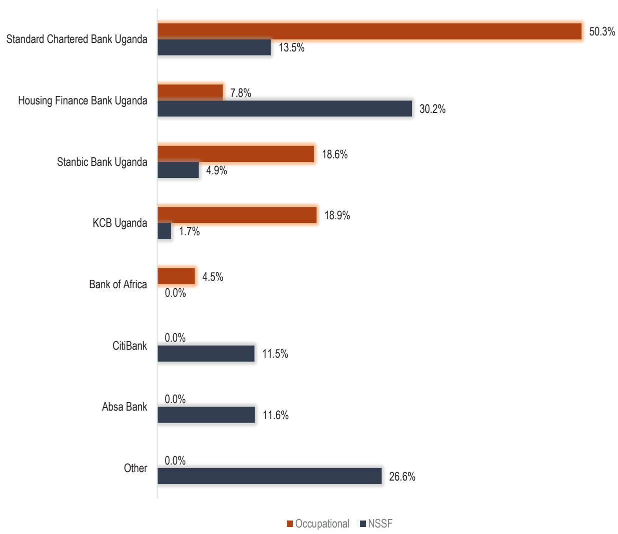
As of September 2022, the Retirement Benefits Sector investment in the bond market amounted to a total of 4,209 investments, with Occupational Scheme holding 3,090 of them, accounting for a dominant 77% of the sector.

An analysis of the maturity of these bonds shows that NSSF's investments were primarily long-term, with 49.1% of their bonds maturing over 10 years and 29.8% maturing between 5-10 years. In contrast, occupational schemes' bond holdings were fairly evenly distributed across maturity periods, with 42.5% maturing over 10 years and 36.7% maturing between 5-10 years.

It is important to note that NSSF's dominance in the government bond market in Uganda is 56%, while occupational schemes hold 100% of their bond holdings in the country.

Cash & Demand (%)
Sector Asset Value: 54 Billion

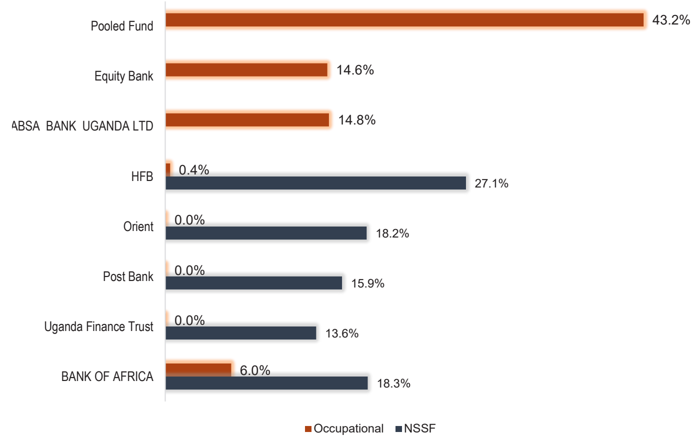
Total UGX 54 Billion



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: 519 Billion

Total UGX 519 Billion

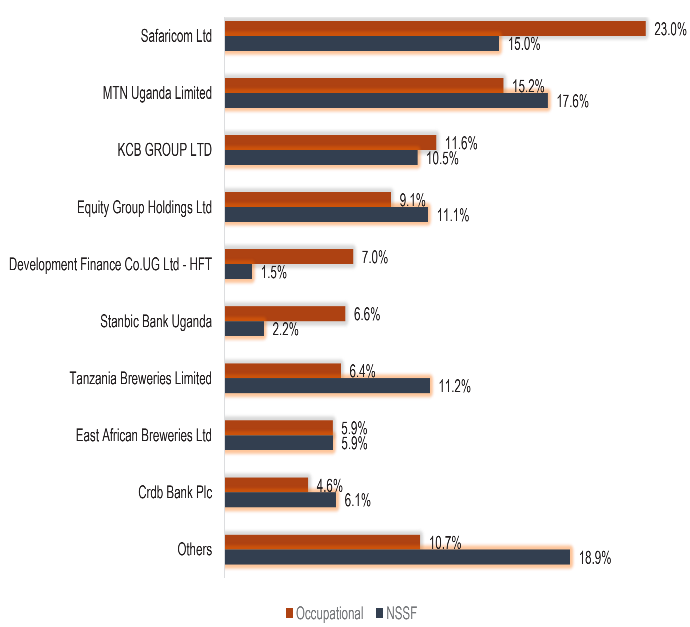


* includes Wealth management, CIS and Unit trusts.

NSSF invested most of its Fixed Deposits in Housing Finance Bank (27.1%), followed by Bank of Africa (18.3%) and Orient Bank (18.2%). Occupational schemes maintained a dominant allocation to Pooled Funds (43.2%)

Quoted Equities(%)
Sector Asset Value: 2.6 Tillion

Total UGX 2.5 Trillion



Safaricom and MTN Uganda remain the driving forces behind the dominance of the technology sector. NSSF held 15.0% and 17.6% in Safaricom and MTN respectively while Occupational Schemes held 23.0% and 15.2% in the same respectively.

The increased stock prices of major companies, such as Equity Group, KCB, and East Africa Breweries Limited, was due to local investors buying up discounted stocks that were affected by the departure of foreign investors. Despite continued net outflows by foreign investors, this created an opportunity for local investors to enter the market.

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

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