URBRA

UGANDA RETIREMENT BENEFITS REGULATORY AUTHORITY

Retirement Benefits Sector

Investment Snapshot

Quarter end
September 2021

Total sector portfolio increased by 3.4% from UGX 17.8 trillion to UGX 18.4 trillion

Content

OVERVIEW

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

Fund Manager Asset Holding

The report covers 69 portfolios of licensed Retirement Benefits Schemes' Investment Returns as submitted for Quarter ended September 2021.

Fund Manager	Portfolios	AUM (Million)
Britam Asset Managers	14	375,804
Sanlam Investments E.A	21	1,105,686
GenAfrica Asset Managers	19	748,946
Xeno Investment Management	2	1,023
UAP	10	180,551
ICEA	3	101,952
Other*	1	13,628
NSSF Internal management	1	15,981

*Other: Parliamentary Pension Scheme approved asset
Note: 6 Retirement Benefits Schemes have assets are managed by more than one Fund Manager

Cummulative Growth Rate (%)

	1 Year CAGR (19-20)-%	1 Year CAGR (20-21)-%	2 Year CAGR (19-21)-%	QAGR
Occupational	15.22	12.48	13.84	3.00
NSSF	17.07	17.01	17.04	4.01
Total Sector	16.81	16.38	16.60	3.87

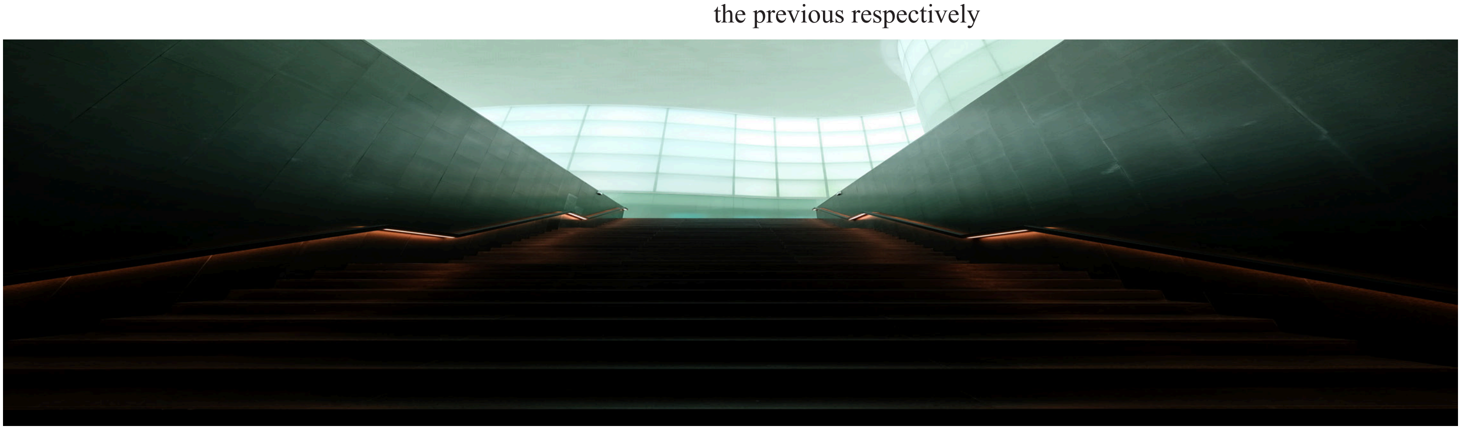
*CAGR: Compounded Annual Growth rate: QAGR: Quarterly Average Growth Rate

Sector assets grew by 16.4% to end the first quarter of the FY 2021/22 at UGX 18.4 trillion compared to UGX 15.8 trillion in September 2020. On Quarter on Quarter basis, the assets grew by 3.4% from UGX 17.9 trillion to UGX 18.5 trillion.

Median Performance (%)

1 Year Median Performance	Quoted Equities	Fixed Income	Money Market
Sept-21	14.85	14.87	10.13
June-21	15.1	16.7	10.0

Annual median performance for Quoted Equities was 14.8%, 25 basis points lower than the previous quarter. Fixed Income and Money market returned an annual median performance of 14.8% and 10.1%; 183 basis points lower and 25 basis points higher than the previous respectively



Economic Growth

UBOS' revised estimates of GDP indicate an economic growth of 3.4% in FY 2020/21 compared to 3.0% in FY 2019/20. The industry and services sector registered growth of 3.4% and 2.7% respectively in FY 2020/21. The biggest sector contributor remains the services sector with a 41.9% share in the FY 2020/21 while the industry sector contributed 27.1% in the same year.

Bank of Uganda projects economic growth to lie in the range of 3.5% - 4.0% for the FY 2021/22; the gradual recovery pinned on ease of restrictive measures as the vaccination rate increases. However economic activity is expected to remain below pre-pandemic economic path for an extended period of time.

Source: UBOS, BOU

Inflation

In the quarter ended September 2021, headline inflation moderately picked up from 1.9% in June 2021 to 2.2% in September 2021 fueled by the 2.9% rise in the prices of the commodities under; 'Food and Non-Alcoholic Beverages.

Core inflation remained unchanged at 2.2% same rate registered in August 2021. Annual services inflation decreased to 1.8% while the annual other goods inflation increased to 2.5%. Additionally Energy fuel and Utilities inflation increased to 0.2% compared to -0.5% in August 2021.

Source: UBOS

CBR

The Bank of Uganda, at the Monetary Policy Committee (MPC) meeting of August 2021 decided to maintain the Central Bank rate at 6.5 percent. The margin on the rediscount rate and bank rate were left unchanged at 3 and 4 percentage points on the CBR respectively.

Source: BOU

Fixed Income

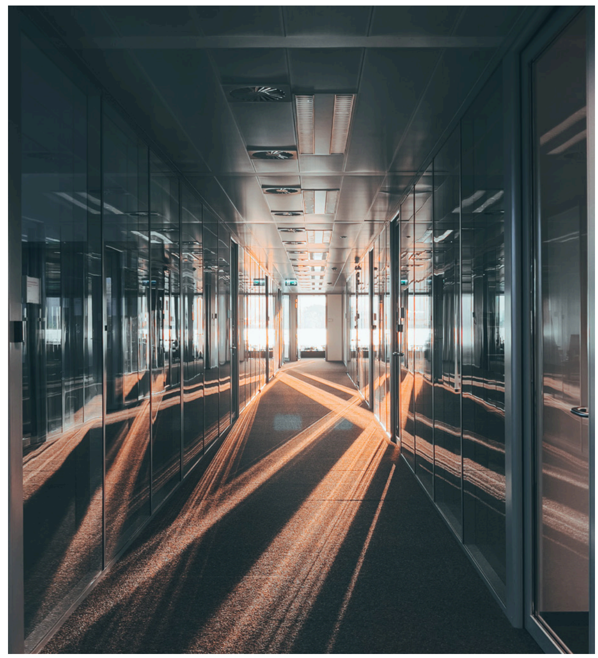
With increased demand for government securities, the quarter under review saw yields fall across all tenors relative to the previous quarter. Yields on 2-year, 3-year, 5-year, 10-year and 15-year Treasury bond stood at 10.0%, 11.3%, 13.5%, 13.4% and 14.1% respectively compared to 11.5%,12.8%,15.1%,13.7% and 14.1% respectively.

Source: MOFPED, BOU

Currency

The UGX remained relatively stable against the USD during the quarter under review; as a result of robust influx of the dollar attributed to foreign investments in treasury securities and relatively low interbank market activities. 0.2% was gained against the USD closing the quarter at UGX/USD 3,555.

With an overvalued view of the shilling, moderate depreciation and pressures on interest rates are expected in the medium term as demand for imports increases.



Quoted Equities

The USE local counter lost 0.9% and the USE ALSI gained 0.9%. The NSE All share index appreciated by 2.8% and 4.3% respectively with Safaricom, KCB and Equity bank gaining 1.6%, 9.6% and 13.4% respectively while EABL declined 5.5%

During the quarter, the DSE ALSI declined by 1.8% while RSE ALSI declined by 0.7%.

	USE-ALSI	USE-LSI	NSE-ALSI	DSE ALSI	RSE-ALSI
Qtr End June 21	1498.22	344.76	173.6	1985.83	147
Qtr End Sept 21	1511.63	341.6	178.3	1948.5	146.2
% Change	0.87%	-0.92%	2.77%	-1.88%	-0.67%

Asset Allocation

Total Sector Portfolio

	Quarter Ending - June 21		Quarter Ending - September 21	
Asset Class	Amount (Million)	Proportion (%)	Amount (Million)	Proportion (%)
Cash and Demand	141,537	0.8	102,608	0.4
Fixed Deposit	379,152	2.1	505,050	1.8
Other Fixed Income*	78,866	0.4	84,434	0.5
Government Securities	13,311,365	74.5	13,849,651	75.9
Quoted Equities	2,383,053	13.3	2,416,395	12.7
Unquoted Equities	385,975	2.2	297,462	2.2
Immovable Property	1,173,754	6.6	1,196,264	6.3
Other Investment**	12,826	0.1	14,079	0.1
TOTAL	17,866,526	100	18,465,945	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	88,220	0.55	5,540	1.74	953	0.4%
Fixed Deposit	319,508	2.00	20,550	6.45	15,088	5.8%
Other Fixed Income	51,825	0.32	64	0.02	80	0.0%
Government Securities	11,931,017	74.66	235,961	74.04	214,278	83.0%
Quoted Equities	2,130,999	13.33	42,966	13.48	7,906	3.1%
Unquoted Equities	296,318	1.85	-	-	30	0.0%
Immovable Property	1,162,827	7.28	-	-	19,956	20.7%
Other Investment	-	-	13,628	4.28		
TOTAL	15,980,715	100.0	318,709	100.0	258,290	100.0

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

Scheme Risk Profile

Risk Profile	Fixed Income Allocation	Scheme Portfolios	Scheme Proportion	AUM (Million)
Conservative	Over 70%	53	76.5%	17,922,079
Moderate	50% - 70%	3	4.4%	256,594
Aggressive	Less than 50%	13	19.1%	286,951
Total				18,465,945

AUM [17.9 trillion]
Conservative

AUM [256 Billion]
Moderate

AUM [286 Billion]
Aggressive

Note: 6 Retirement Benefits Schemes have assets are managed by more than one Fund Manager

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

Asset Allocation

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	8,543	40,944	11,602	286,042	28,644	30	-	-	375,804
GenAfrica	2,795	16,359	3,715	625,261	144,561	-	19,956	-	812,646
ICEA	363	11,585	-	84,289	5,716	-	-	-	101,952
Sanlam	2,584	92,165	5,905	786,417	203,756	1,115	13,481	131	1,105,555
Xeno	-	-	1,023	-	-	-	-	-	1,023
UAP	528	27,374	10,365	136,626	5,658	-	-	-	180,551
Other*	-	-	-	-	-	-	-	13,628	13,628
Total	14,813	188,427	32,609	1,918,634	388,335	1,145	33,437	13,759	2,591,159

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)

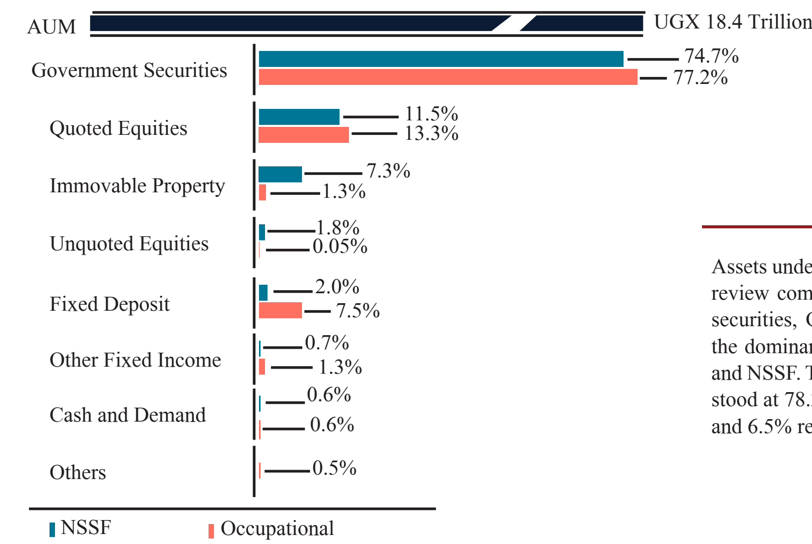
	Assets Under Management of Schemes (Occupational)				
Categories	Below 20 Billion	20 - 50 Billion	50-80 Billion	Above 80 Billion	Totals
Sanlam	92,311	271,465	117,770	624,010	1,105,555
UAP	40,414	65,599	74,538		180,551
Xeno	1,023	-	-	-	1,023
ICEA	26,165		75,788		101,952
GenAfrica	72,941	101,863	-	637,842	812,646
Britam	64,657	31,958	54,951	224,239	375,804
Other*	13,628	-	-	-	13,628
Total	311,138	470,885	323,046	1,486,091	2,591,159

The distribution structure is composed of 39 portfolios with assets below UGX 20 Billion, 15 portfolios with assets between UGX 20-50 Billion and 15 portfolios which have grown to over UGX 50 Billion.

All Figures in UGX

Asset Allocation

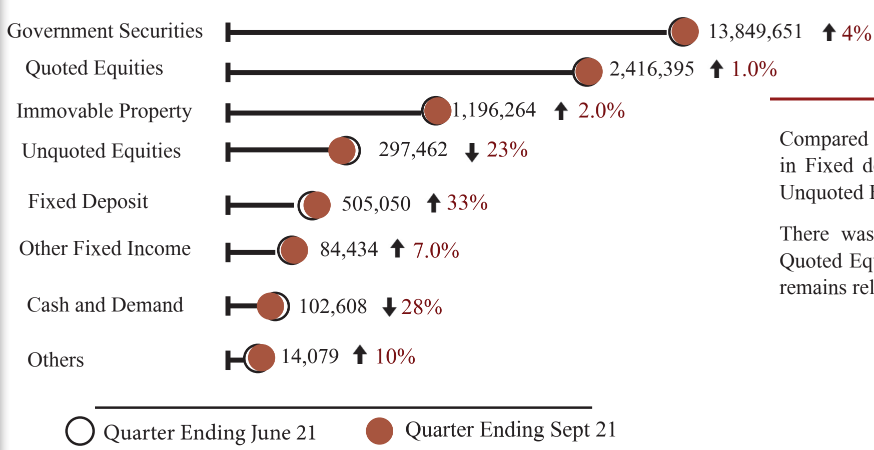
Asset Allocation [%]



Proportions are in respect to AUM of NSSF i.e UGX 15.9 trillion and Occapational schemes i.e. UGX 2.6 trillion

Assets under management grew by 16.4% in the quarter under review compared to 16.8% in September 2020. Government securities, Quoted Equities and Immovable property remain the dominant diverse classes for both Occupational Schemes and NSSF. The Aggregate fixed income portfolio for the sector stood at 78.2% while Equities and Real Estate stood at 13.1% and 6.5% respectively

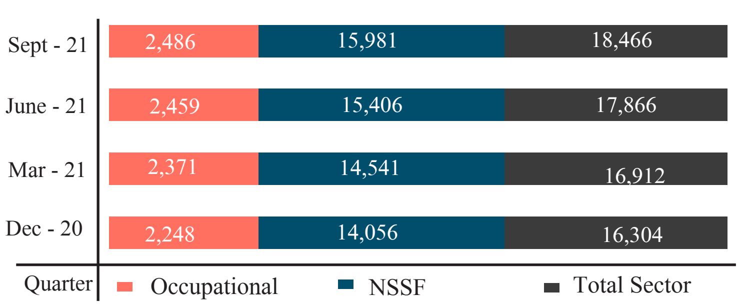
Asset Class Movement



Compared to the previous quarter notable changes were in Fixed deposits which increased by 33% while Cash and Unquoted Equities decreased by 28% and 23% respectively.

There was marginal increase in Immovable Property and Quoted Equities i.e. 2% and 1% respectively, but the change remains relatively flat.

Asset Growth Trend (Billion)

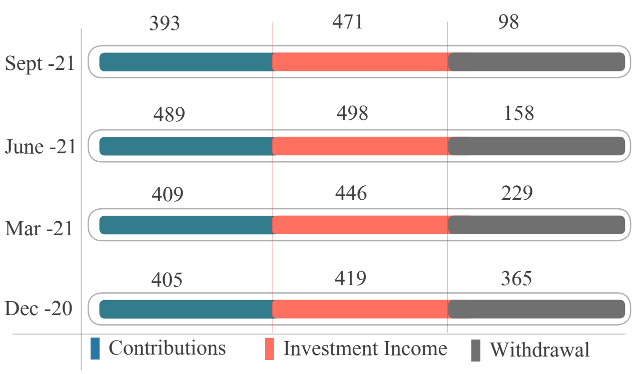


Quaterly Growth [%]

	Dec -20	Mar -21	June -21	Sept -21	QAGR
Occupational	1.74%	5.46%	3.75%	1.04%	3.00%
NSSF	2.92%	3.45%	5.95%	3.73%	4.01%
Total Sector	2.75%	3.72%	5.65%	3.36%	3.87%

QAGR: Quarterly Average Growth Rate

Contribution, Income & Withdrawal (Billion)
Sector Asset Value: 18.4 Trillion



Contributions, Investment Income and Withdrawals stood at UGX 393 Billion, UGX 471 Billion and UGX 98 Billion respectively; Compared to September 2020, withdrawals reduced by 19.5% while Contributions and Investment Income increased by 11.3% and 12.0% respectively.

Assets held by Umbrella Schemes

	June-21 (Million)	Sept-21 (Million)	Growth (%)
The Liaison Umbrella Fund	15,108	15,930	5.44
Jubilee Life Umbrella Retirement Scheme	20,959	22,163	5.75
UMOJA Umbrella Retirement Benefits Scheme	1,916	2,294	19.70
Zamara Retirement Fund	46,722	50,656	8.42%
Enwealth Uganda Umbrella Retirement Scheme	152	197	29.97
Britam Umbrella Scheme	8,128	9,795	20.51
Octagon Uganda Umbrella Retirement Benefits Scheme	11,953	13,250	10.85
ICEA (U) Limited Retirement Benefits Scheme	68,776	75,788	10.20
Sara Umbrella Retirement Benefits Scheme	2,734	2,725	-0.35
UAP Umbrella Retirement Benefits Scheme	30,457	32,631	7.14
Xeno Umbrella Retirement Benefits Scheme	735	971	32.01
ICEA Lion Teleka Umbrella Fund	11,585	12,219	5.47
Total	221,419	240,834	8.77

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	0.18	6.83	13.49	1.13	2.11	4.36	8.99	9.88	1.97	4.11	8.80	9.76
Median	1.52	8.13	14.85	2.13	3.56	7.01	14.87	10.13	2.20	4.49	9.50	9.99
75' Percentile	2.61	9.89	19.22	2.77	4.81	7.89	18.75	11.70	2.63	5.21	11.25	10.57
Range	12.46	18.82	25.74	18.88	6.19	17.69	1578.67	6.91	3.20	6.69	12.41	12.00
Average	1.65	8.34	15.06	2.21	3.79	8.09	50.68	11.34	2.20	4.59	9.44	9.92
W.A.P*	0.07	0.49	1.08	0.11	0.38	0.45	1.54	0.08	0.98	1.95	3.89	3.42

* Weighted Average Performance

The quarterly median return of Quoted Equities, Fixed Income and Money Market reduced to 1.5%,3.5% and 2.2% respectively compared to 7.6%,3.9% and 2.4% in June 2021.

Source: URBRA database | W.A.P* Weighted Average Performance

Distribution, Growth and Performance

Top Quoted Equities	NSSF (%)	Occupational (%)	Market Value (30th June21)	Market Value (30th Sept 21)	Capital Gain/ Loss (%)	Dividend per Share	Dividend Yield (%)	Net Return (%)
Safaricom Ltd	27.3%	29.9%	40.85	42.10	3.1%	1.37	3.4%	6.41%
Equity Group Holdings Ltd	13.8%	12.4%	44.75	50.75	13.4%	0.00	0.0%	13.41%
Kenya Commercial Bank Ltd	12.5%	13.8%	42.65	46.75	9.6%	2.50	5.9%	15.47%
Tanzania Breweries Limited	12.1%	5.2%	10,900.00	10,900.00	0.0%	160.00	1.5%	1.47%
East African Breweries PLC	8.3%	6.8%	180.60	170.75	-5.5%	3.00	1.7%	-3.79%
UMEME Ltd	4.4%	2.7%	219.00	210.00	-4.1%	12.20	5.6%	1.46%
Stanbic Bank Uganda	3.1%	8.3%	26.50	26.38	-0.5%	1.86	7.0%	6.57%
Crdb Bank Plc	4.1%	2.4%	270.00	240.00	-11.1%	22.00	8.1%	-2.96%
Development Finance Co.UG Ltd	1.9%	6.6%	590.00	582.00	-1.4%	17.38	2.9%	1.59%
Twiga TPCC	3.1%	0.0%	3,600.00	3,759.00	4.4%	390.00	10.8%	15.25%
Bank of Kigali shares	2.1%	0.0%	265.00	245.00	-7.5%	14.40	5.4%	-2.11%
Vodacom Tanzania	1.9%	0.0%	740.00	740.00	0.0%	190.83	25.8%	25.79%
JUBILEE HOLDINGS LTD	1.5%	0.1%	350.50	350.00	-0.1%	8.00	2.3%	2.14%
Cipla Quality Chemicals Industries Ltd	1.4%	0.0%	100.00	95.00	-5.0%	0.00	0.0%	-5.00%
Bank Of Baroda (Uganda)	0.3%	2.2%	120.00	117.00	-2.5%	10.00	8.3%	5.83%
British-American Inv. Co.Ltd	0.6%	0.0%	7.24	8.08	11.6%	0.25	3.5%	15.06%
ABSA Bank Kenya Ltd	0.0%	2.5%	9.92	10.55	6.4%	1.10	11.1%	17.44%
National Microfinance Bank (NMB)	0.5%	0.0%	2,240.00	2,140.00	-4.5%	137.00	6.1%	1.65%
CFC Stanbic Holdings	0.0%	2.1%	81.00	92.00	13.6%	1.70	2.1%	15.68%
Co-Operative Bank	0.0%	1.8%	13.80	13.05	-5.4%	1.00	7.2%	1.81%

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

During the quarter, the NSE All Share, NSE 25 and NSE 20 recorded gains of 2.8%, 3. % and 5.4% respectively. The USE domestic counter (USE LCI) LOST 0.9% while the USE ALSI gained 0.9%. NSE's aggregate market cap is still dominated by Safaricom, Equity Bank, East African Breweries and KCB Group account for over 77%; market performance of the different indices and liquidity incentive is mainly driven by these stocks.

In June 2021, Nation Media Group Plc shareholders approved the buyback of up to ten percent (10%) of the Company's issued and paid-up share; In September the company raised 17.1 million shares in the buyback and this represents 8.25% of the issued capital.

The Uganda Securities Exchange suspended UCHUMI for failure to comply with listing obligations prescribed under the USE fees, charges and penalties Rules of 2021 and the USE Listing Rules of 2021.

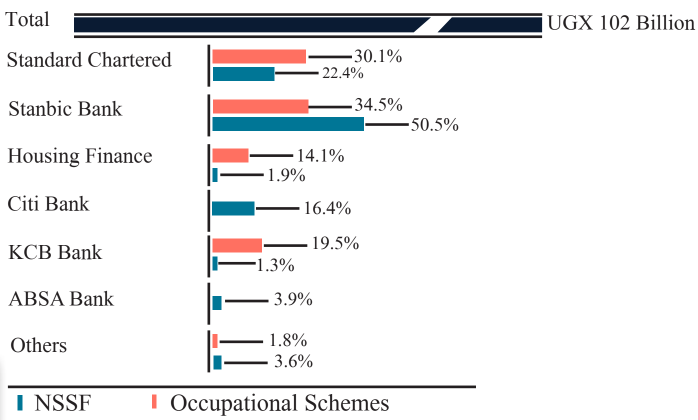
During the quarter Nairobi Securities Exchange (NSE) instituted ESG disclosures guidance manual for application by listed companies.

Positive performance expectations tagged to the financial sector particularly large cap banks and the Telecom sector. Additionally, the listing of MTN Uganda is expected to boost trading activity in the market

Quoted Equities - Distribution by Sector
Sector Asset Value: 2.4 Trillion

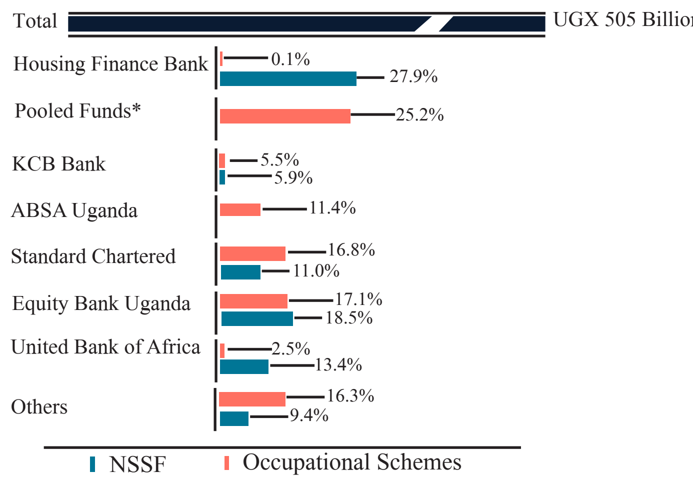
Sectors	Occupational	NSSF	Total Sector
Financial Sector	54.61%	40.24%	42.55%
Consumer Staples	2.76%	0.00%	0.44%
Consumer Discretionary	9.75%	21.42%	19.54%
Utilities	1.64%	0.00%	0.26%
Health Care	0.04%	1.26%	1.07%
Material & Processing	2.45%	0.46%	0.78%
Energy	1.04%	11.13%	9.51%
Producer Durables	0.00%	0.00%	0.00%
Technology and Telecom	27.71%	25.49%	25.85%

Cash & Demand (Percentage)
Sector Asset Value: 102 Billion



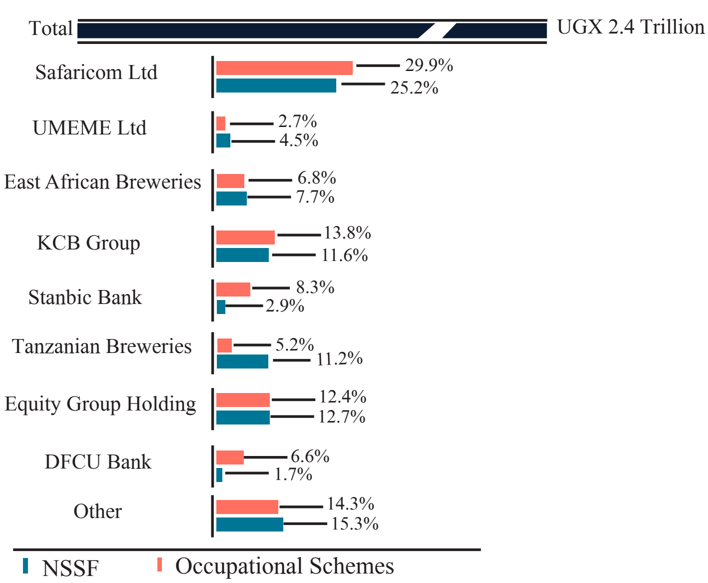
Compared to the previous quarter, Cash and demand declined by 28%. Occupational schemes held 30.1% and 34.5% in Stanbic Bank and Standard Chartered Bank respectively while NSSF largely held over 50% in Stanbic Bank.

Fixed Deposit & Pooled Funds (Percentage)
Sector Asset Value: 505 Billion



Over UGX 90 Billion of NSSF's bank placement was held in Housing Finance Bank while pooled funds held the largest allocation by occupational schemes i.e. UGX 51.9 Billion

Quoted Equities (Percentage)
Sector Asset Value: 2.4 Trillion



Over 60% of sector investments in Quoted Equities is concentrated among only 4 Companies i.e. Safaricom, KCB Group, Equity Bank, EABL; concentration mainly driven by performance and activity; The dominance of these companies present a concentration risk and often may lead to excess volatility in event of financial disruprions.

There is expectation of reserved appetite by market players as Kenya heads into elections in 2022 and new variants of COVID-19 could further impair recoveries of economic activities.

* includes Wealth management, CIS and Unit trusts.

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

Uganda Retirement Benefits Regulatory Authority (URBRA)
3rd – 6th floor, Plot 1 Clement Hill Road
P.o Box 7561, Kampala – Uganda
Telephone: +256 417304500/ +256200513500/ +256312324500
z
Website: www.urbra.go.ug | Twitter:@urbraUg | Facebook: urbraUg

DIRECTORATE OF SUPERVISION AND MARKET CONDUCT;
Risk and Investment Department
Email: investment@urbra.go.ug