URBRA
UGANDA RETIREMENT BENEFITS REGULATORY AUTHORITY

Retirement Benefits Sector

INVESTMENT SNAPSHOT

Quarter Ending
December 2019

Total sector portfolio increased by 5.16% from UGX 13.58 trillion to UGX 14.28 trillion

Content

OVERVIEW

The Authority presents the Investment Returns Analysis Snapshot for the quarter end December 2019. This snapshot is compiled to provide consolidated statistics and analysis relating to Schemes' Investments under management. The purpose of this snapshot is to provide industry statistics as well as the latest industry trends, performance and other developments. The report is based on the Quarterly Investment Returns for Quarter end December 2019 provided by all Licensed Retirement Benefits Schemes and the supervisory & enforcement work conducted by URBRA.

The quality and depth of analysis depends on the data availed and the accuracy of the data submitted by the Schemes.

Fund Manager Asset Holding

Fund Manager	Number of Schemes	AUM (Million)
Britam Asset Managers	11	149,291
Sanlam Investments E.A	20	802,703
GenAfrica Asset Managers	15	534,706
Xeno Investment Management	0	0
UAP	8	70,238
ICEA	2	47,798
Stanlib	13	475,249
NSSF Internal management	1	12,204,003

Cummulative Growth Rate (%)

	1 Year CAGR (17-18)-%	1 Year CAGR (18-19)-%	2 Year CAGR (17-19)-%	QAGR (18-19)-%
Occupational	12.82	26.11	19.28	5.85
NSSF	18.43	20.07	19.24	4.68
Total Sector	17.61	20.91	19.25	4.83

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

The retirement sector portfolio for Quarter end December 2019 includes two umbrella funds i.e. Britam Umbrella Retirement Benefits Scheme and Enwealth Umbrella Retirement Benefits Scheme.

Stanlib Asset Managers ceased investment management in Uganda on 31st December 2019

Total Assets grew at an average of 4.8%

Median Performance

1 Year Median Performance	Quoted Equities	Fixed Income	Money Market
Median	15.78	15.53	10.88

The 1 Year median return for Quoted Equities, Fixed income and money markets was 15.8%, 15.5%, 10.9% respectively compared -4.1%, 16.7%, 10.5% in the previous quarter.

Economic Growth/ GDP

The BoU's high frequency indicator of economic activity, the Composite Index of Economic activity (CIEA), pointed to a moderation of economic activity since the beginning of 2019. This has been driven by both slowing global activity and domestic factors. Going forward, a combination of persistent global geo-political tensions and uncertainty around trade policies and softening domestic private sector investment spending could generate headwinds to economic growth.

Outlook

Overall, economic growth is projected to be in the range of 5.5-6.0 percent in 2019 and the pace sustained into 2020. This projection remains subject to downside risks, stemming from uncertainties in the global economy. Over the medium term, monetary and fiscal impetus is expected to support stronger GDP growth. As a result, private sector investment will increase, providing additional support to the economic growth outlook.

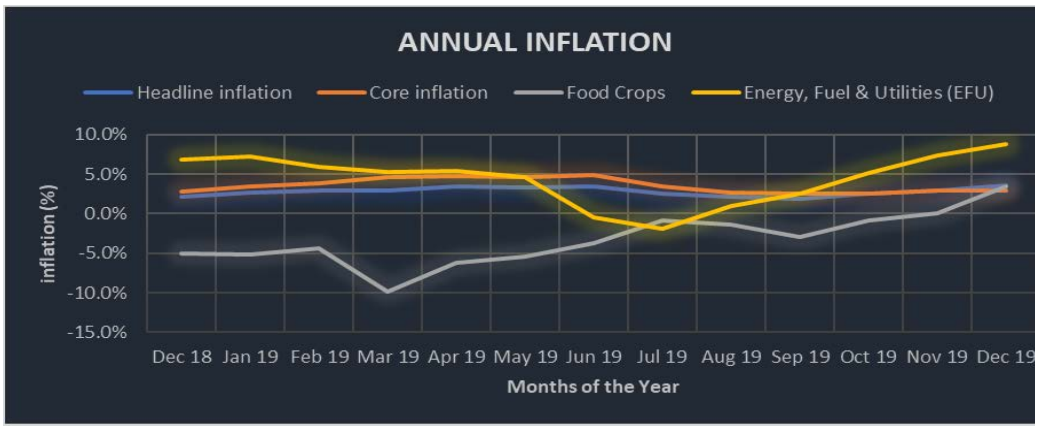
Inflation

Annual Headline Inflation rose to 3.6% in the year ending December 2019 from 3.0% recorded in November 2019 and 2.5% in October 2019. This was largely due to an increase in Food Crops Inflation (from 0.0% in November to 3.4% in December 2019). The Annual Core Inflation rose to 3.0 percent for the year ending December 2019 from 2.9 percent recorded for the year ended November 2019.

Outlook

The inflation outlook in October was revised downwards compared to the August 2019 round of forecast.

The inflation outlook remains unchanged from the October 2019 with the Annual core inflation projected to remain below the 5 percent target until the fourth quarter of 2020. However, the risks to this outlook in the near term (12 months ahead) remain elevated. Nonetheless, inflation is forecasted to converge to the target of 5 percent in the medium-term (2-3 years).



Source: BOU, UBOS

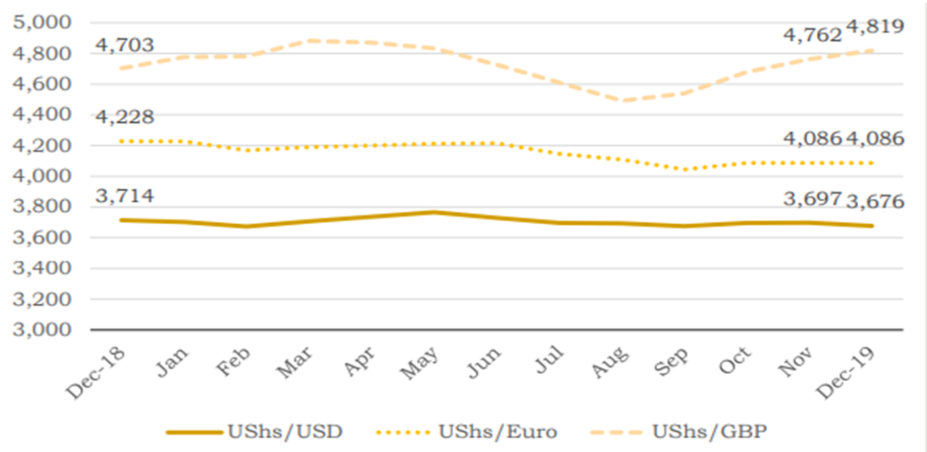
Financial markets – Government Securities.

There was a general increase in yields across tenors. The most significant increase was the 1-year paper by 231.80 basis points, while the 91D and 182D bills increased by 137 and 127.20 basis points respectively.

Source: BOU (Secondary Market Yields)

Currency

The foreign exchange market remained relatively stable with the shilling appreciating against the USD by 0.6% and depreciating by 1.2% against GDP. RWF and BIF appreciated against the USD by 0.5% and 0.3% respectively while the KES depreciated in December 2019.



Source: BOU, MOFPED

CBR

Bank of Uganda dropped and maintained the Central Bank rate at 9% throughout the quarter.

Financial markets- Equities Market

	USE -ASI	USE-LSI Index	NSE-ASI Index	DARS-DSEI Index	RSE-ASI Index
Qtr-End June 19	1614.8	375.97	149.61	1892.3	126.94
Qtr-End Sept 19	1559.53	368.72	145.46	1934.12	124.86

Source: African Market Terminal LP,Crested Capital

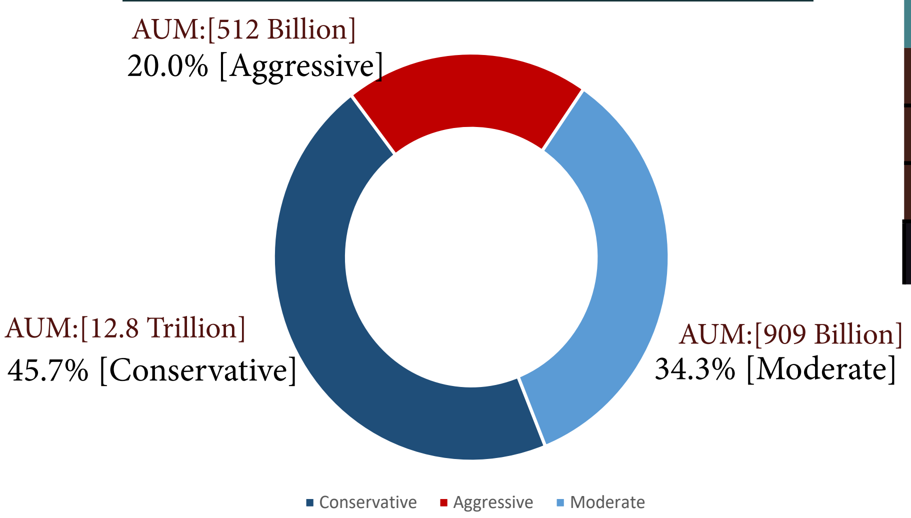
There was a decrease in the USE LCI (-5.0%), closing the quarter at UGX 350.25. Equity markets in Uganda, Kenya, Tanzania and Rwanda all recorded increases i.e. +15.5%, +14.4%, +6.5 and +8.6% respectively as measured by the USE, NSE, DARS and RSE All Share indices during the quarter.

Total Sector Portfolio

	Quarter Ending -Sept 19		Quarter Ending - Dec 19	
Asset Class	Amount (UGX Million)	Proportion (%)	Amount (UGX Million)	Proportion (%)
Cash and Demand	70,853	0.52	46,389	0.32
Fixed Deposit	326,945	2.41	266,128	1.86
Other Fixed Income	105,718	0.78	94,297	0.66
Government Securities	10,175,089	74.91	10,688,455	74.83
Quoted Equities	1,710,380	12.59	1,921,017	13.45
Unquoted Equities	332,243	2.44	372,275	2.61
Immovable Property	845,154	6.22	877,626	6.14
Other Investment	17,256	0.13	17,803	0.12
TOTAL	13,583,637	100	14,283,989	100

Note:"Other Fixed income"Asset class represents Commercial Paper, Corporate bonds, ABS, CIS, "Other investments" represent guaranted funds and other approved assets

Risk Profile



Risk Profile	Fixed Income Allocation	Number of Schemes	Scheme Proportion	AUM (Million)
Conservative	Over 70%	32	45.7%	12,862,044
Moderate	50% - 70%	20	34.3%	909,181
Aggressive	Less than 50%	14	20.0%	512,765
Total				14,283,989

Conservative investment strategy constitutes investments in fixed income securities dominating with 45.7%, up from 40.3% in the previous quarter.

Mandatory Schemes	NSSF		Parliamentary Pension Scheme	
Asset Class	Amount (Million)	Proportion (%)	Amount (Million)	Proportion (%)
Cash and Demand	32,348	0.27	434	0.15
Fixed Deposit	138,990	1.14	29,707	10.44
Other Fixed Income	85,917	0.70	331	0.12
Government Securities	9,278,506	76.03	183,718	64.55
Quoted Equities	1,481,159	12.14	52,558	18.47
Unquoted Equities	333,869	2.74		0.00
Immovable Property	853,214	6.99	222	0.08
Other Investment		0.00	17,660	6.20
TOTAL	12,204,003	100	284,631	100

**All figures in UGX million*

Fund Managers	Cash and Demand	Fixed Deposits	Other Fixed Income	Governement Securities	Quoted Equities	Unquoted Equities	Property	Other	AUM
Britam	5,746	17,416	2,388	108,054	15,653	35			149,291
Gen-Africa	1,331	7,590	132	402,380	112,737		10,536		534,706
ICEA	19	5,289		39,106	3,384				47,798
Sanlam	1,975	32,998	1,605	531,598	219,724	1,400	13,403		802,703
Stanlib	3,587	44,034	199	290,159	82,023	36,971	472	17,803	475,249
UAP	1,384	19,810	4,054	38,653	6,337				70,238
TOTALS	**14,041**	**127,137**	**8,379**	**1,409,949**	**439,858**	**38,406**	**24,411**	**17,803**	**2,079,986**

**All figures in UGX million*

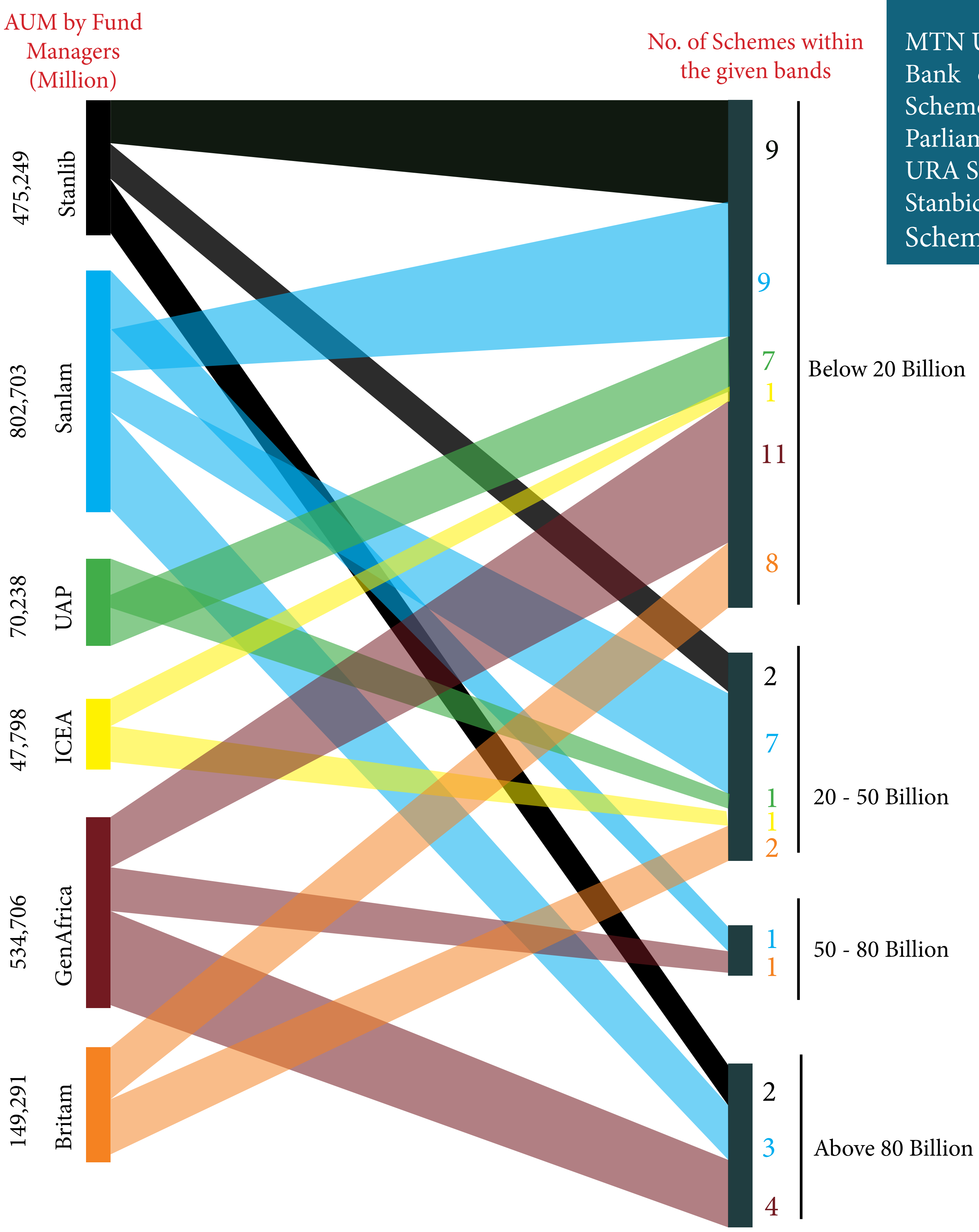
Quarter end December 2019 highlighted an 8.45% QoQ growth in occupational scheme funds.

		Assets Under Management of Schemes (Occupational)				
	Categories	Below 20 Billion	20 - 50 Billion	50-80 Billion	Above 80 Billion	Totals
Fund Managers	Stanlib	84,079,323,157	50,907,485,761	-	340,262,469,918	475,249,278,835
	Sanlam	100,313,164,781	246,869,330,612	72,184,954,561	383,335,268,853	802,702,718,807
	UAP	48,211,698,609	22,026,723,532	-	-	70,238,422,141
	ICEA	8,980,703,943	38,817,716,218	-	-	47,798,420,161
	GenAfrica	62,456,184,467	-	-	472,250,225,642	534,706,410,109
	Britam	33,056,880,323	63,541,935,591	52,692,148,978	-	149,290,964,892
	Total	337,097,955,280	422,163,191,714	124,877,103,539	1,195,847,964,413	2,079,986,214,945

Portfolio holdings of the following schemes are managed by more than one (1) fund manager.

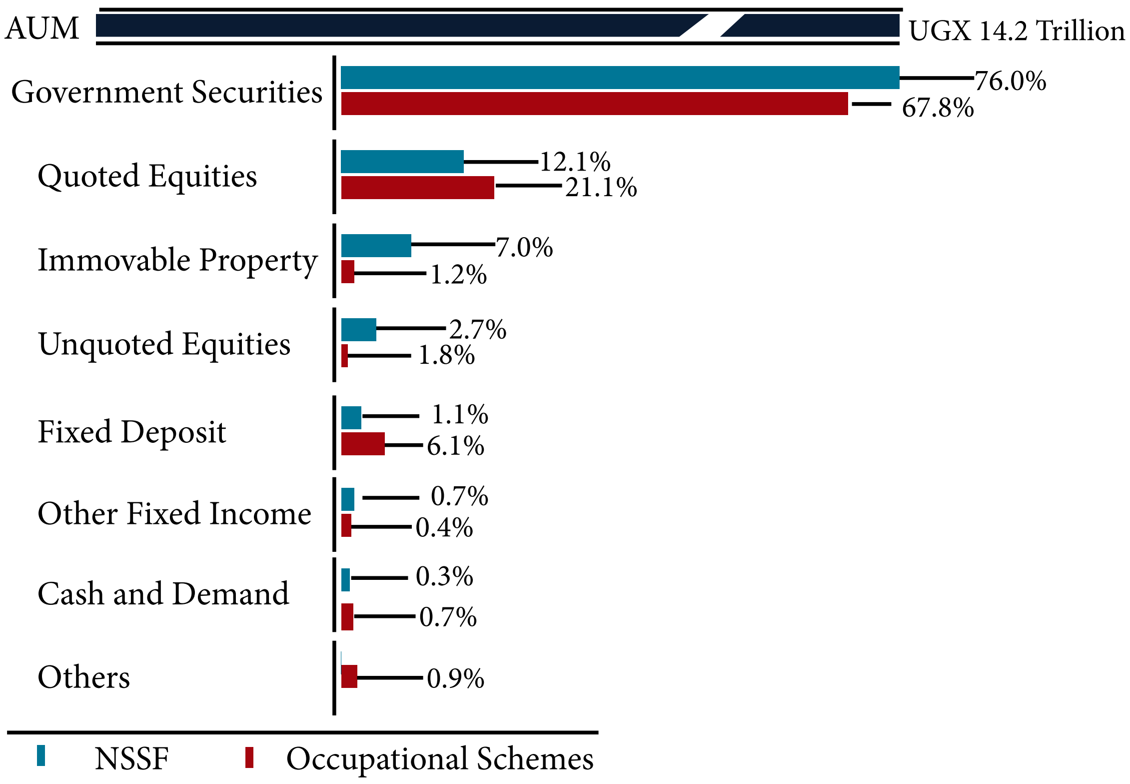
MTN Uganda Retirement Benefits Scheme
Bank of Uganda Staff Retirement Benefits Scheme
Parliamentary Pension Scheme
URA Staff Retirement Benefits Scheme
Stanbic Bank (U) Ltd Staff Retirement Benefits Scheme

Distributions within the given Asset Size Bands



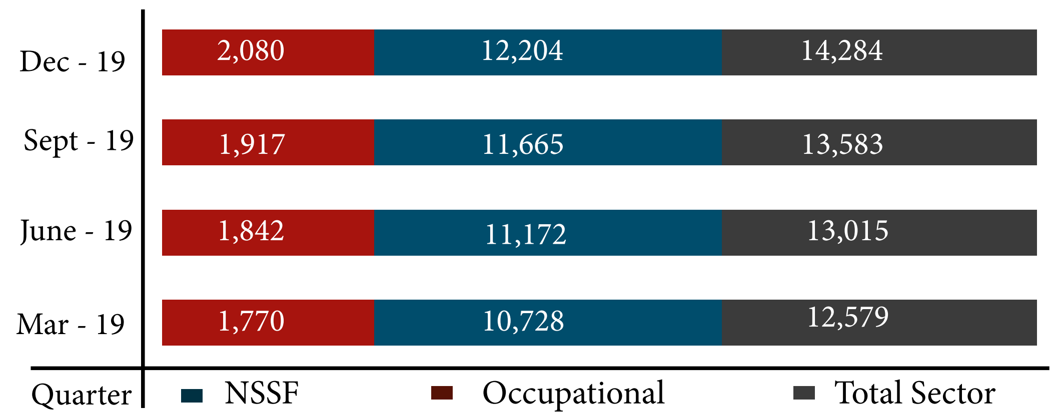
Growth of assets held by licensed fund managers averaged at 8.2%.

Asset Allocation (%)



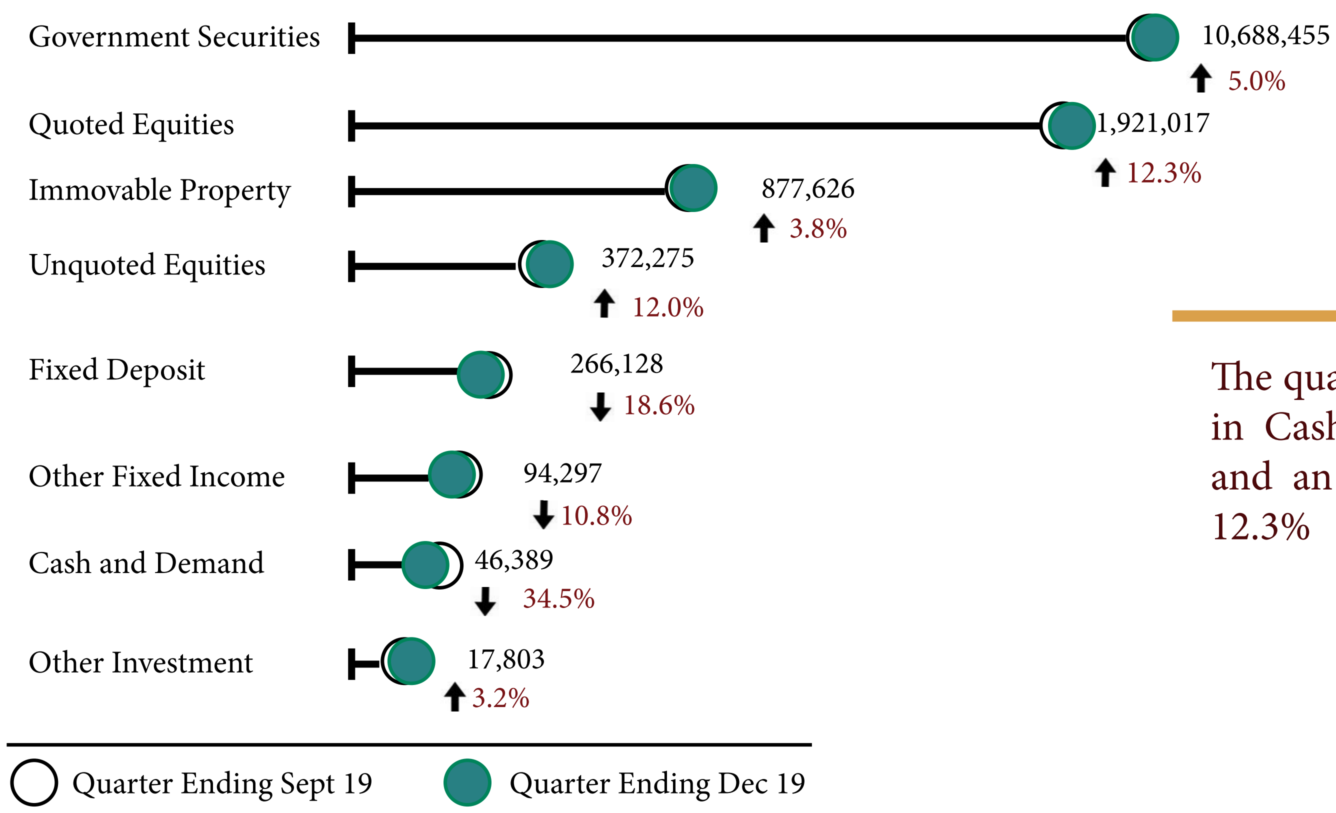
Total sector investment in Real Estate and Quoted Equities is still dominated by NSSF

Quarterly Asset base (UGX Billion)



Occupational schemes grew by 8.4% and NSSF by 4.6% on QoQ basis.

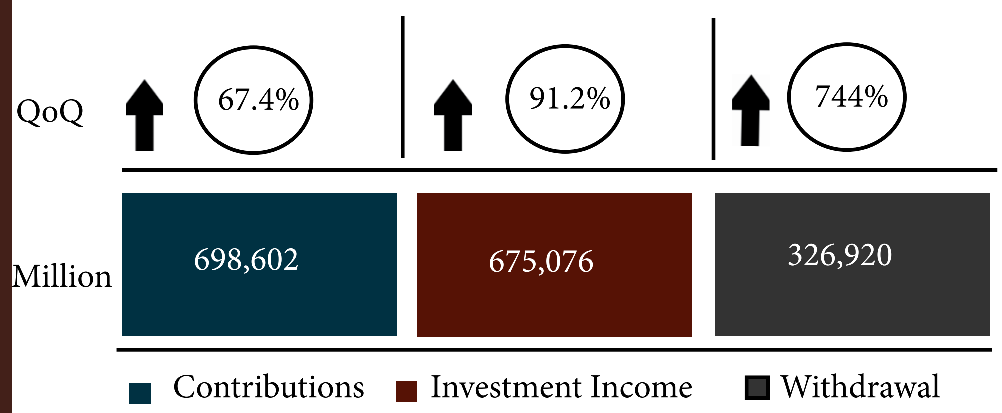
Asset Class Movement (UGX Million)



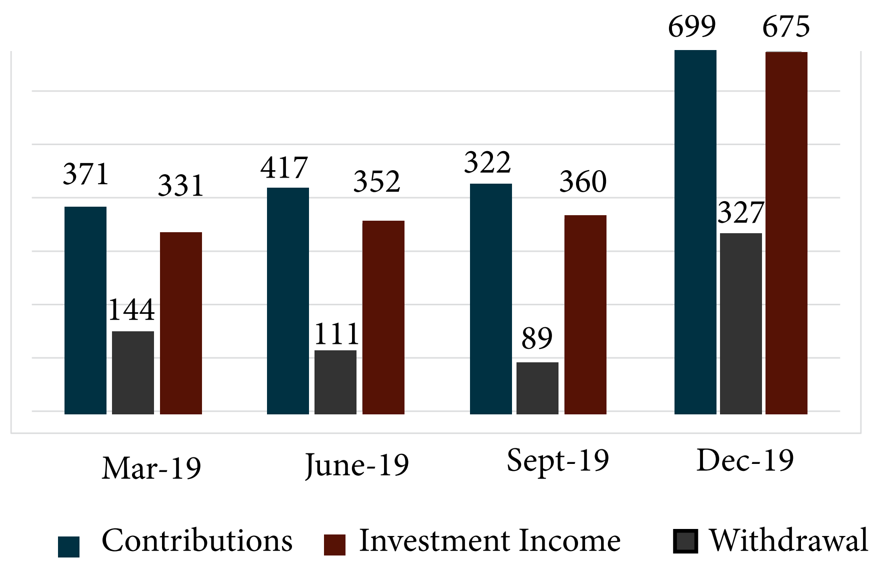
The quarter under review noted a decline in Cash and Demand deposits (34.5%) and an increase to Quoted Equities by 12.3%

Contribution, Income & Withdrawal (UGX Millions)

Sector Asset Value: UGX 14.2 Trillion

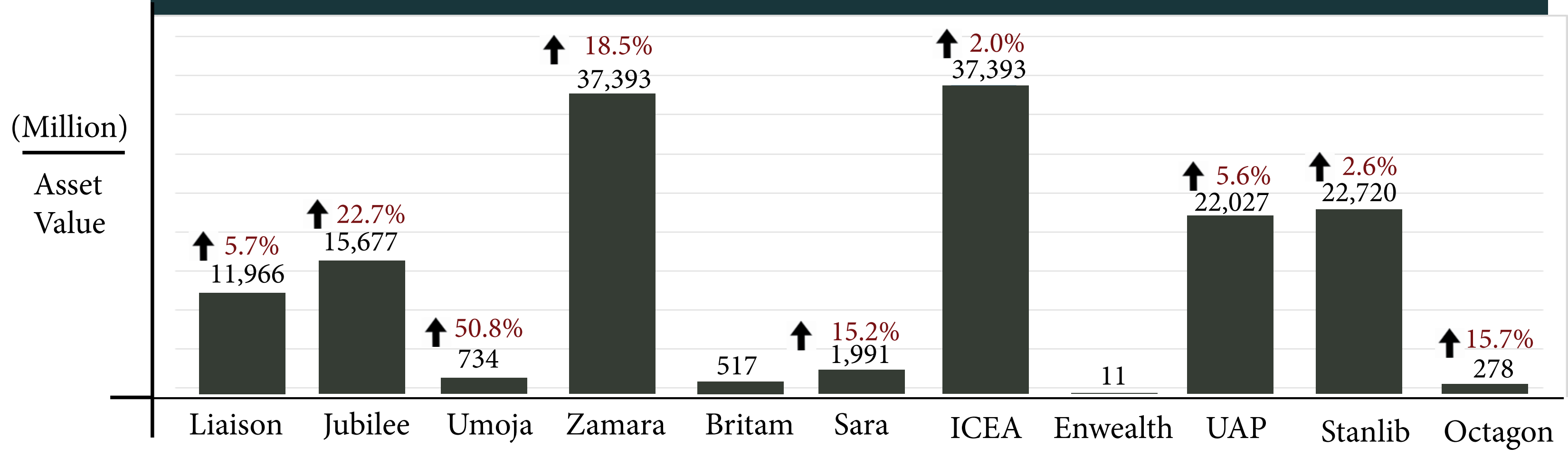


Quarterly movement (Billions)



The significant increase in withdrawal is attributed to NSSF's benefits payment of UGX 244 Billion tagged on member sentiment of declaration of Financial year interest.

Assets Held by Umbrella Schemes (Million)



AUM of Umbrella Retirement Benefits schemes grew by 9.3% to UGX 152 Billion. Two new umbrella schemes i.e. Enwealth and Britam Umbrella Schemes onboarded clients during the period.

Quarterly Sector Growth (%)

	Mar - 19	Jun -19	Sept - 19	Dec -19	QAGR
Occupational	12.27	-0.48	4.07	8.45	6.08
NSSF	5.54	4.14	4.42	4.61	4.68
Total Sector	6.48	3.46	4.37	5.16	4.87

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	7.10	6.96	8.13	4.13	2.63	5.30	10.15	4.13	2.59	5.08	10.61	10.77
Median	11.59	11.23	15.78	8.28	10.48	10.51	15.53	8.28	2.67	5.38	10.88	11.43
75' Percentile	14.19	14.14	20.24	10.37	14.00	13.22	20.24	10.37	2.75	5.50	11.40	12.01
Range	26.52	30.67	50.41	17.05	26.52	30.67	50.41	17.05	13.25	11.37	7.71	7.69
Average	9.88	9.42	13.37	7.22	8.40	8.92	14.00	7.22	2.83	5.55	11.02	11.30
W.A.P	10.36	7.94	15.92	8.07	9.55	6.83	15.09	7.95	1.38	2.57	4.95	3.87

Market Performance during the Quarter

Quoted Equities

Security	NSSF	Occupational	Market Value (30th Sept 19)	Market Value (31st Dec 19)	Dividend per share	Capital Gain/ Loss	Dividend Yield	Net Return
Safaricom (K) Ltd	22.8%	23.5%	27.55	31.50	14.34%	1.87	5.9%	20.5%
UMEME IPO	14.6%	2.7%	296.22	233	-21.34%	40.90	17.6%	-3.8%
Equity Bank(Kenya)	14.3%	11.1%	37.45	53.50	42.86%	2.00	3.7%	46.6%
KCB Kenya	11.4%	5.5%	42	54	28.57%	3.50	6.5%	35.1%
EABL	8.4%	8.7%	192.50	198.50	3.12%	8.50	4.3%	6.7%
Tanzanian Breweries	8.3%	10.6%	11,400	10,900	-4.39%	700.00	6.4%	2.0%
Stanbic Bank Ltd	3.6%	0.0%	28	26.09	-6.82%	1.90	7.3%	0.5%
Bank of Kigali shares	2.9%	10.0%	268	265	-1.12%	13.92	5.3%	4.1%
Vodacom Tanzania	2.5%	9.2%	850	850	0.00%	17.33	2.0%	2.0%
DFCU Bank	2.4%	7.8%	650	645	-0.77%	33.01	5.1%	4.3%
Twiga TPCC	2.0%	0.0%	2,000	2,000	0.00%	290.00	14.5%	14.5%
CIPLAQC	1.8%	0.1%	128.00	102	-20.31%	-	0.0%	-20.3%

Source: Crested Capital

Several listed stocks across the region posted mixed results with Equity Bank (Kenya), Safaricom and KCB Group recording gains.

Cipla QCIL price continued to drop; Revenues fell 8.94% from Ugx84.23Bn ($22.96Mn) in 1H2019 to Ugx76.74Bn

Government Securities

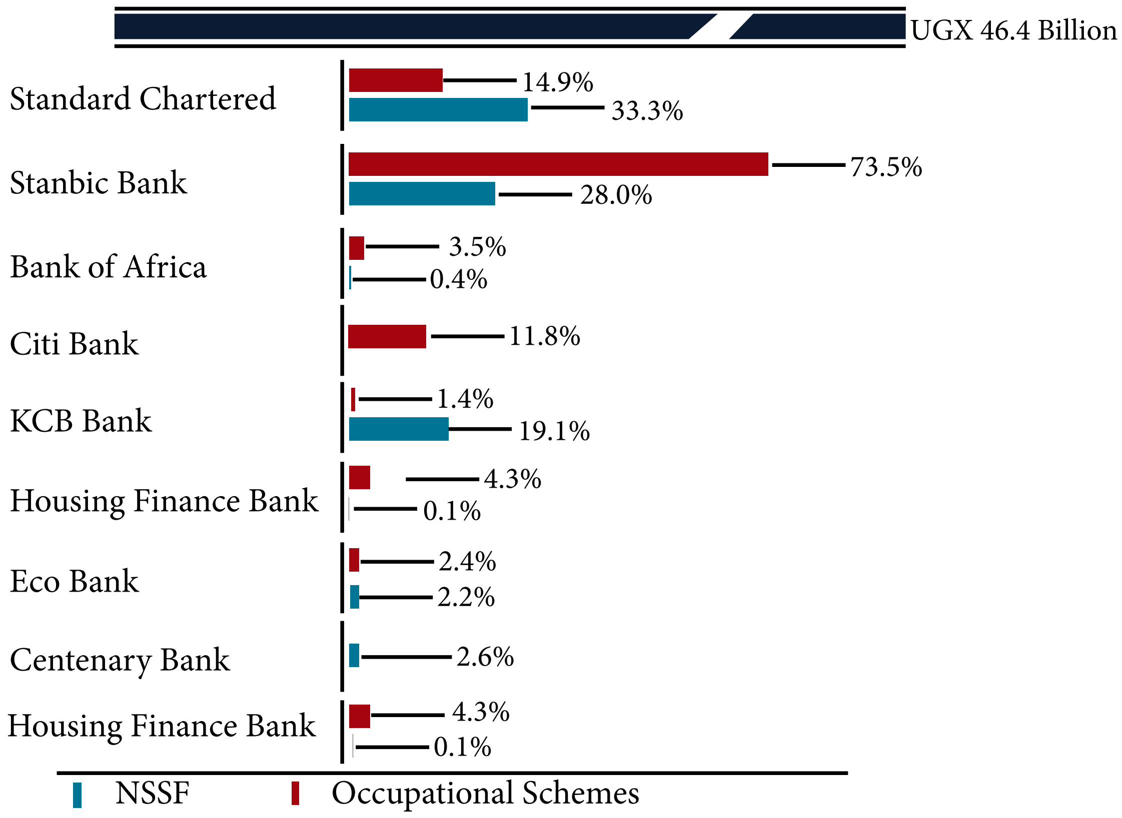
Tenor	Q3-(Mar-19)	Q4-(Jun-19)	Q1-(Sept-19)	Q2-(Dec-19)	% Change (QoQ)
91D	9.662%	9.102%	8.406%	9.778%	16.32%
182D	10.695%	10.564%	10.273%	11.545%	12.38%
364D	12.253%	11.407%	10.580%	12.898%	21.91%
2Y	13.867%	12.642%	12.717%	14.058%	10.54%
3Y	14.883%	13.703%	13.267%	15.050%	13.44%
5Y	15.392%	14.758%	14.933%	16.458%	10.21%
10Y	15.700%	15.733%	14.383%	15.600%	8.46%
15Y	16.267%	15.883%	14.550%	15.717%	8.02%

Source: Bank of Uganda, Crested Capital Economic review snapshot

There was a general increase in yields across tenors. The most significant increase was the 1-year paper by 231.80 basis points, while the 91D and 182D bills increased by 137 and 127.20 basis points respectively.

Cash and Demand (Percentage)

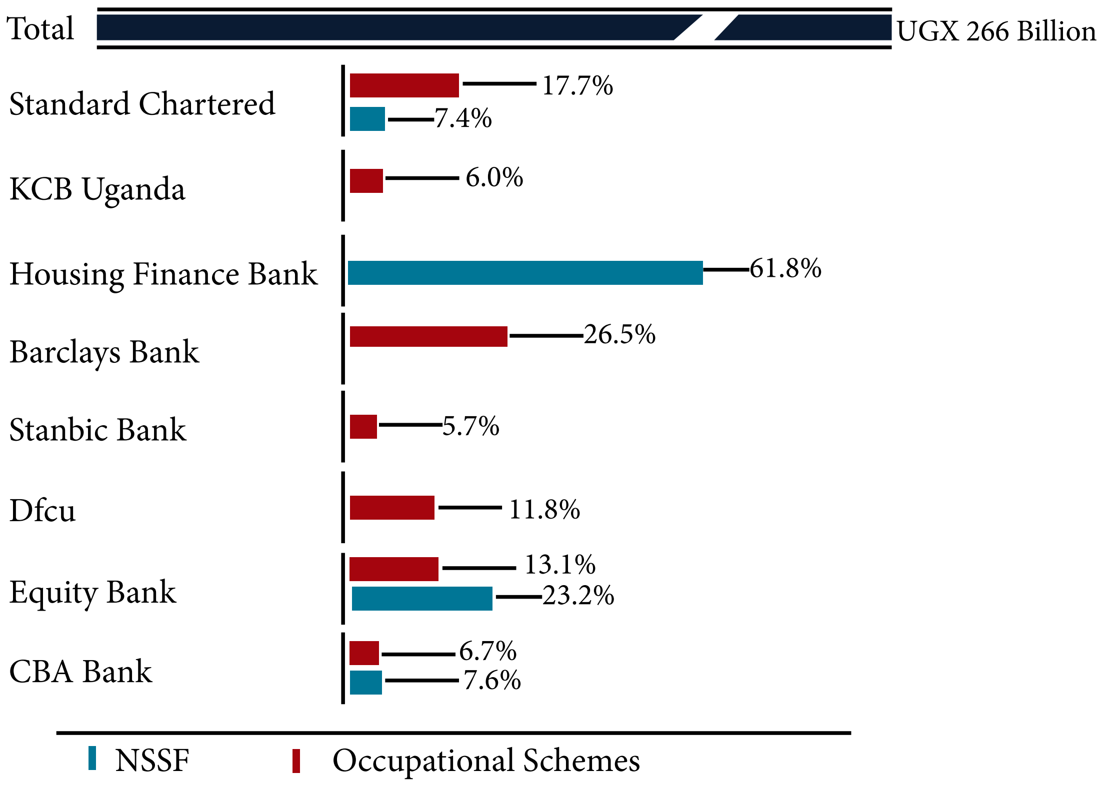
Total Value: UGX 46.4 Billion



Cash and demand stood at UGX 46.4 Billion fo Quarter end December 2019; with Stanbic Bank and Standard Chartered Bank holding the biggest portion of scheme funds

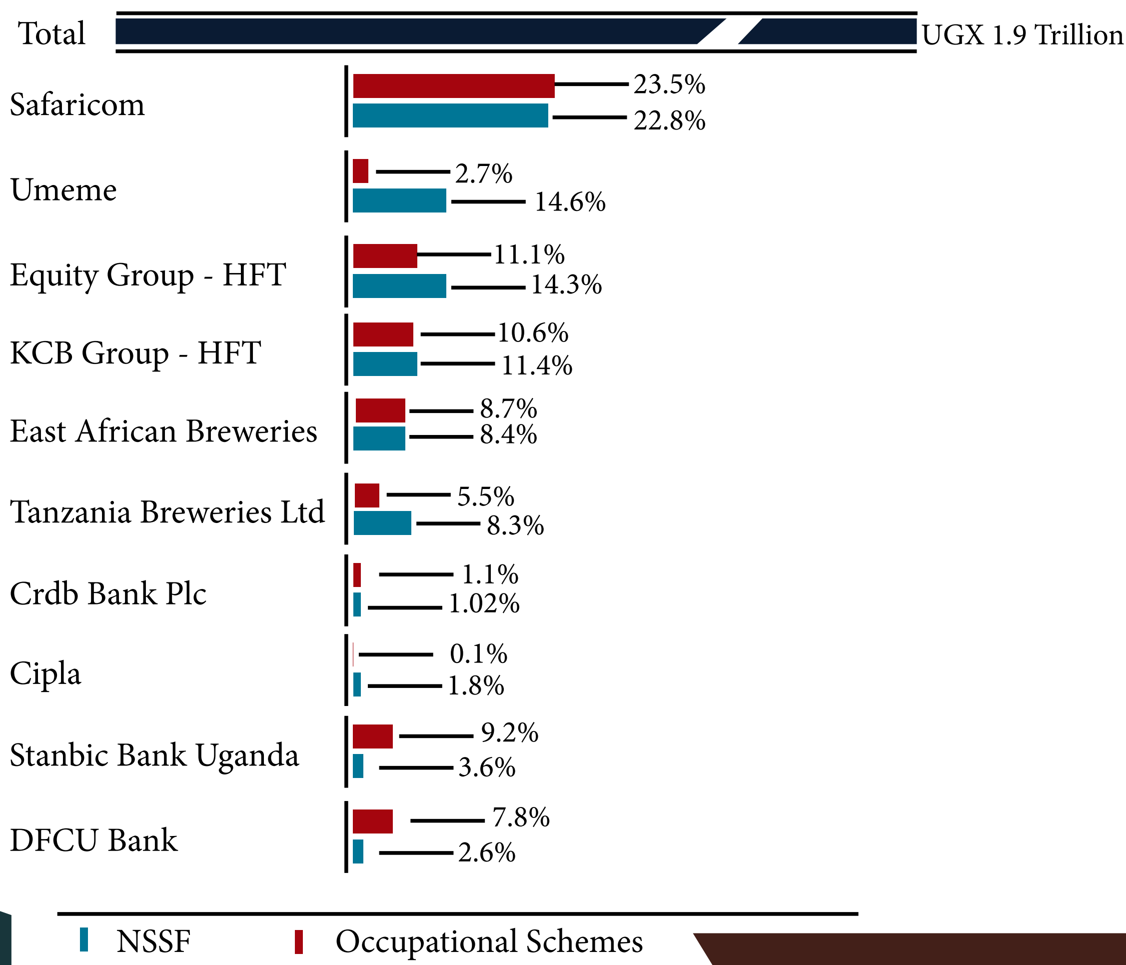
Fixed Deposit (Percentage)

Total Value: UGX 266 Billion



61.8% of NSSF's investments in fixed deposits is held in Housing Finance Bank while 26.5% is in Barclays Bank for the occupational schemes.

Quoted Equities (Percentage)



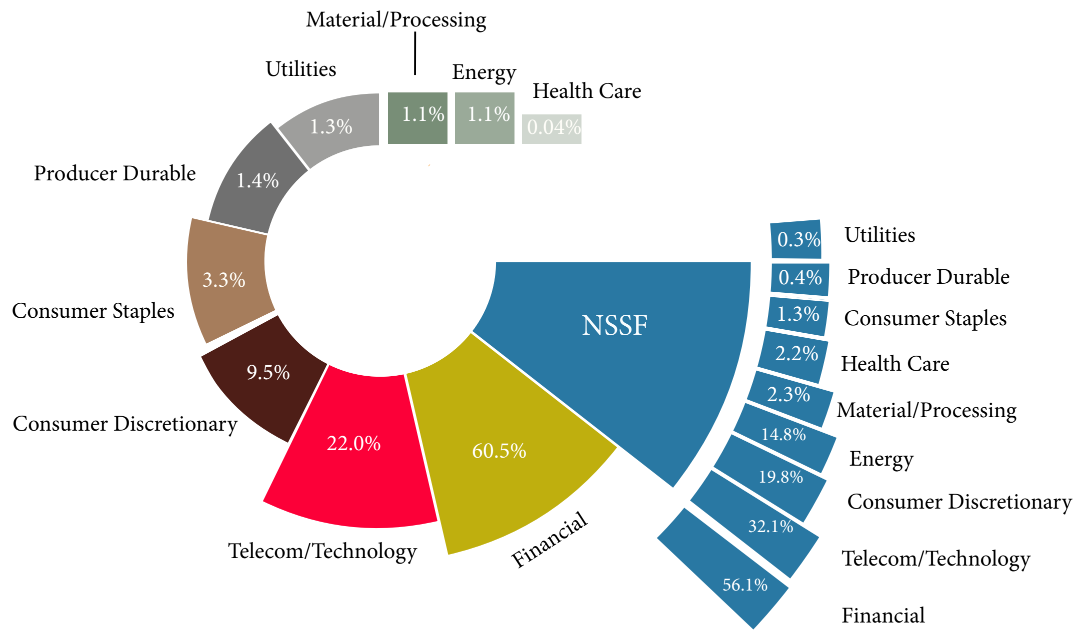
Over 20% of the total sector investments in quoted equities continues to be held in Safaricom

NSSF - Bonds Maturity Profile

Region	Market Value	<5 (Years)	5<x>10 (Years)	>10 (Years)
Uganda	87%	94%	92%	77%
Kenya	0%	0%	0%	1%
Tanzania	11%	5%	7%	22%
Rwanda	0%	0%	0%	0%
Infrustrutural Bonds				
Kenya	1%	0%	1%	1%
Total	100%	31%	35%	34%

Quoted Equities

Distribution of Quoted Equities by Sector



Regional distribution of investments in listed equities stood at 62% in Kenya, 22.9% in Uganda, 12.8% in Tanzania and 2.4% in Rwanda

URBRA Investment of Scheme Funds Regulations prescribe the maximum percentages for investment of scheme funds.

Asset Class	Maximum percentage (Aggregate Market Value)
Cash and demand deposits	5%
Fixed deposits, time deposits and certificates	30%
Commercial paper, corporate bonds, mortgage bonds and asset backed securities and collective investment schemes	30%
Government securities	80%
Quoted Equities	70%
Immovable property in Uganda, real estate investment trusts and property unit trust	30%
Private Equity	15%
Other Approved assets	5%

Source: URBRA Investment for scheme funds regulations 2014

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