UGANDA RETIREMENT BENEFITS REGULATORY AUTHORITY

Retirement Benefits Sector

Investment Snapshot

Quarter end December 2020

Total sector portfolio increased by 2.7% from UGX 15.8 trillion to UGX 16.3 trillion

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OVERVIEW

The Authority presents the Investment Returns Analysis Snapshot for the quarter ended December 2020. 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 industry trends, performance and other developments. The report is based on Investment Returns for Quarter ended December 2020 provided by all Licensed Retirement Benefits Schemes and the supervisory & enforcement work conducted by URBRA.

The scope 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	14	350,735
Sanlam Investments E.A	21	945,221
GenAfrica Asset Managers	19	708,686
Xeno Investment Management	2	399
UAP	9	154,952
ICEA	3	78,090
Other*	1	10,150
NSSF Internal management	1	14,056,239

*Other: Parliamentary Pension Scheme approved asset

The report covers 70 portfolios of licensed Retirement Benefits Schemes' Investment Returns as submitted for Quarter ended December 2020.

Cummulative Growth Rate (%)

	1 Year CAGR (18-19)-%	1 Year CAGR (19-20)-%	2 Year CAGR (18-20)-%	QAGR (19-20)-%
Occupational	26.11	8.09	16.75	2.00
NSSF	20.07	15.18	17.60	3.60
Total Sector	20.91	14.15	17.48	3.37

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

The sector grew at an average rate of 3.9%; On YoY basis, the sector declined to 14.1%, attributed to a reduction in investment income and increased withdrawals.

Median Performance (%)

1 Year Median Performance	Quoted Equities	Fixed Income	Money Market
Median	-11.16	14.07	11.1

The annual median return was recorded at -11.1%, 14.1% and 11.1% for Quoted Equities, Fixed Income and Money Markets respectively; QoQ, median performance for Quoted Equities sustained positive results; at 1.4% attributed to continuos recovery of stocks especially the NSE.

Economic Growth /GDP

Year on Year Quarterly Gross Domestic Product (QGDP) for the First Quarter (Q1) of 2020/2021 contracted by 2.2 percent compared to the growth of 8.7 percent (revised) registered in Q1 of the previous year;this was an improvement from a 6.3% contraction in Q4 19/20. BOU indicated growth of 2.6% in the quarter ended December 2020 down from a growth of 9.2% the prior quarter; economic growth is expected to gradually improve to 3.0 - 3.3 percent in the FY 20/21 and 4.0 - 4.5 percent in FY 21/22.

Source: UBOS, BOU

Inflation

Annual headline inflation in December dropped to 3.6% from 3.7% recorded in November 2020. This was on account of a decline in Energy, Fuels & Utility inflation as prices for solid fuels such as firewood and charcoal dropped.

Source: UBOS, BOU

Central Bank Rate

The Bank of Uganda, at the Monetary Policy Committee (MPC) meeting of December 2020 maintained the Central Bank Rate (CBR) at 7 percent

Currency

The Uganda shilling appreciated by 1.19% against the USD in December 2020 attributed to the steady inflow from remittances and offshore investments into the domestic market securities. It however weakened against the Euro (1.58%) and Pound (0.49%).

Financial markets - Equities Market

	USE-ALSI	USE-LSI	NSE-ALSI	DSE ALSI	RSE-ALSI
Qtr End Sept 20	1361.95	338.51	139.89	1824.71	148.75
Qtr End Dec 20	1309.86	331.85	152.10	1816.88	148.05
% Change	-3.9%	-1.9%	8.72%	-0.42%	-0.47%

Source: URBRA Database

All Regional indices decreased within the quarter with the exception of NSE-ASI which increased by 8.72%; mainly due to price recoveries of major stocks.

The Safaricom share touched Shs.35.10 brightening prospects of recovery from covid-19 induced price plunges.

Financial markets – fixed income

Government raised UGX. 4,322.85 (at cost) from the sale of Government securities in the Quarter. Domestic borrowing for other fiscal purposes for the quarter under review was up 166% from UGX. 1,166.41 Billion last quarter.

Yields edged upwards across all tenors, partly attributed to high government demand (an additional net domestic financing (NDF) requirements of Shs 4.3 trillion) and tensions surrounding the elections.

	Issuance	Domestic finance	Refinance
Oct 2020	1,170.94	740.75	430.19
Nov 2020	1,360.01	974.80	385.21
Dec 2020	1,791.90	1,382.45	409.45
Total	4,322.85	3,098.00	1,224.85

Source: MOFPED

Total Sector Portfolio

	Quarter Ending - September 20		Quarter Ending - December 20	
Asset Class	Amount (UGX Million)	Proportion (%)	Amount (UGX Million)	Proportion (%)
Cash and Demand	69,901	0.4	68,419	0.4
Fixed Deposit	408,665	2.6	290,028	1.8
Other Fixed Income	99,624	0.6	86,467	0.5
Government Securities	11,912,237	75.1	12,408,646	76.1
Quoted Equities	1,982,120	12.5	2,032,435	12.5
Unquoted Equities	377,298	2.4	371,611	2.3
Immovable Property	1,006,800	6.3	1,036,582	6.4
Other Investment	10,754	0.1	10,286	0.1
TOTAL	15,867,400	100	16,304,472	100

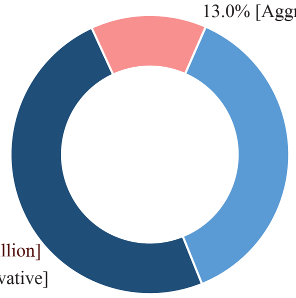
Note: "Other Fixed income" Asset class represents Commercial Paper, Corporate bonds, ABS, CIS, "Other investments" represent guaranted funds and other approved assets structures.

Mandatory Schemes' Portfolio

	NSSF		Parliamentary Pension Scheme	
Asset Class	Amount (Million)	Proportion (%)	Amount (Million)	Proportion (%)
Cash and Demand	58,247	0.4	65	0.0
Fixed Deposit	146,836	1.0	14,984	4.6
Other Fixed Income	63,297	0.5	7,224	2.2
Government Securities	10,746,618	76.5	241,670	73.8
Quoted Equities	1,659,169	11.8	53,456	16.3
Unquoted Equities	370,286	2.6	-	-
Immovable Property	1,011,786	7.2	-	-
Other Investment	-	0.1	10,150	3.1
TOTAL	14,056,239	100	327,550	100

Scheme Risk Profile

Risk Profile	Fixed Income Allocation	Scheme Portfolios	Scheme Proportion	AUM (Million)
Conservative	Over 70%	42	60.9%	15,384,473
Moderate	50% - 70%	18	26.1%	786,782
Aggressive	Less than 50%	9	13.0%	132,985
Total				16,304,241



Fund Managers' Holdings (Million)

Fund Managers	Cash and Demand	Fixed Deposits	Other Fixed Income	Governement Securities	Quoted Equities	Unquoted Equities	Immovable Property*	Other Investments	AUM
Britam	3,580	32,450	18,245	254,409	42,018	32			350,735
GenAfrica	1,991	9,714	79	547,280	138,229		11,393		708,686
ICEA	249	5,916		67,524	4,401				78,090
Sanlam	2,956	75,358	965	670,514	180,598	1,293	13,403	135	945,221
Xeno		399							399
UAP	1,396	19,355	3,880	122,300	8,020				154,952
Other*								10,150	10,150
Total	10,172	143,192	23,170	1,662,027	373,266	1,325	24,796	10,286	2,248,233

Other* | Portfolio represents approved investment held by Parliamentary Pension Scheme
Immovable Property* | Includes Real Estate Investment Trust

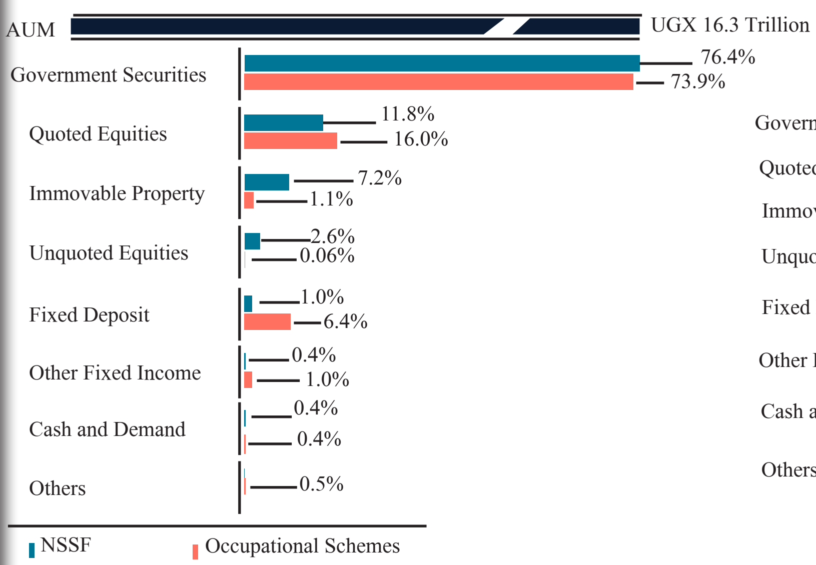
Tier Distribution of Scheme Asset

The distribution structure below shapes the schemes' assets under management by Fund Managers into 4- tiers

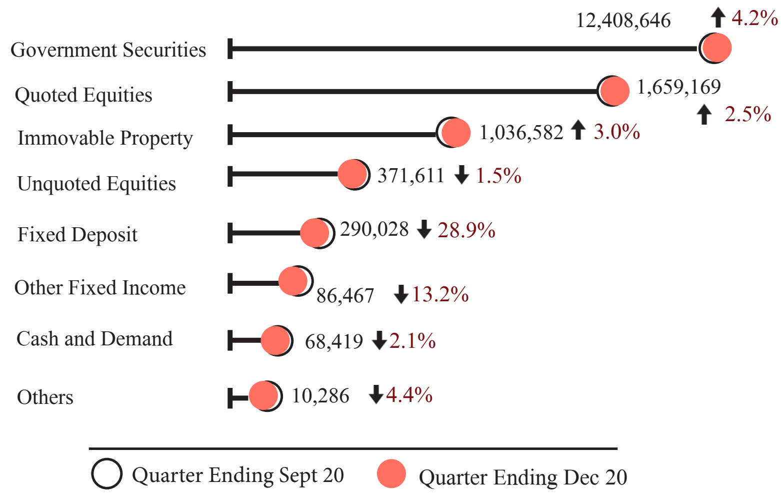
Categories	Assets Under Management of Schemes (Occupational)				
	Below 20 Billion	20 - 50 Billion	50-80 Billion	Above 80 Billion	Totals
Sanlam	115,867,038,034	239,499,681,513	56,671,599,314	533,183,119,197	945,221,438,058
UAP	34,673,508,962	52,653,809,082	67,624,346,351	-	154,951,664,395
Xeno	168,380,202				168,380,202
ICEA	21,248,445,624	-	56,841,495,899	-	78,089,941,523
GenAfrica	77,085,390,320	62,773,268,994	-	568,827,078,642	708,685,737,956
Britam	54,618,158,749	72,706,193,709	72,597,670,471	150,812,768,575	350,734,791,504
Other*	10,616,031,685				10,616,031,685
Total	314,276,953,575	427,632,953,298	253,735,112,035	1,252,822,966,414	2,248,467,985,323

Distribution of assets vary by Fund Managers; the biggest number of portfolio managed is below 20 Billion i.e 41 scheme portfolio

Asset Allocation [%]

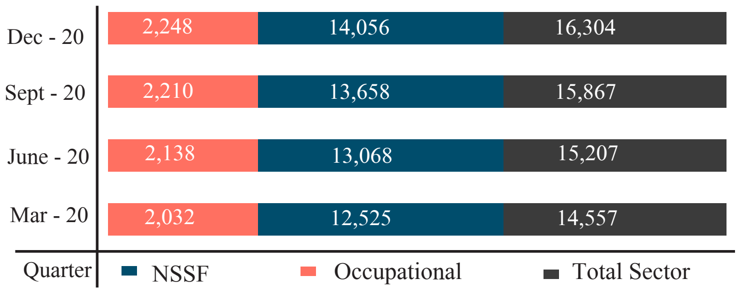


Asset Class Movement



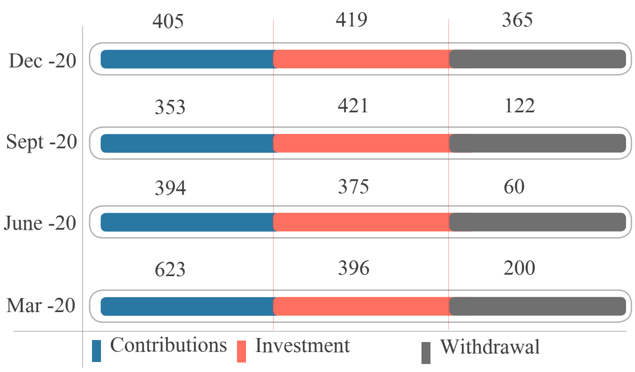
Government securities. Quoted Equities and Immovable Property highlighted positive growth i.e. 4.2%, 2.5% and 3.0% respectively; fixed deposit noted a significant decline of 29% in December 2020.

Asset Growth Trend (UGX Billion)



	Mar - 19	Jun -20	Sept -20	Dec -20	QAGR
Occupational	-2.31%	5.24%	3.34%	1.74%	2.00%
NSSF	2.63%	4.34%	4.51%	2.92%	3.60%
Total Sector	1.91%	4.46%	4.34%	2.75%	3.37%

Contribution, Income & Withdrawal (Billion)
Sector Asset Value: 16.3 Trillion



During period of review, there was significant withdrawal of UGX 365 Billion; majorly attributed to benefits payments by NSSF of UGX 302 Billion; Additionally contributions grew by 14.8% while Investment income declined by 0.4% compared to the previous quarter.

Assets held by Umbrella Schemes

	Sept-20 (Million)	Dec-20 (Million)	Growth (%)
Liaison Umbrella Fund	13,604	14,454	6.25
Jubilee Life Umbrella Retirement Scheme	18,653	19,893	6.65
Umoja Umbrella Retirement Benefits Scheme	1,309	1,567	19.67
Zamara Retirement Fund	47,740	39,096	-18.11
Octagon Uganda Umbrella Retirement Benefits Scheme	9,972	9,566	-4.06
ICEA (U) Limited Retirement Benefits Scheme	53,026	56,841	7.20
Stanlib Uganda Umbrella Pension Scheme	10,996	11,585	5.35
UAP Umbrella Retirement Benefits Scheme	26,485	26,527	0.16
Sara Umbrella Retirement Benefits Scheme	2,476	2,734	10.43
Enwealth Uganda Umbrella Retirement Scheme	126	147	16.03
Xeno Umbrella Retirement Benefits Scheme	134	351	161.34
Britam Umbrella Scheme	4,149	4,642	11.89
Total	188,671	187,403	-0.67

There was 0.6% dccline in Assets held by Umbrella Schemes; Outflows significantly exceeded growth in both Investment income and Contributions; Over UGX 20 Billion was withdrawn during the quarter by Umbrella Schemes.

Zamara Retirement fund had the largest withdrawal of UGX 13 Billion; with UGX 8 Billion due to exits by Tullow RBS.

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	-1.06	2.12	-14.43	-0.04	0.26	3.87	13.69	13.99	2.27	4.73	10.18	10.25
Median	1.41	2.97	-11.16	0.27	3.65	7.34	14.07	15.61	2.62	5.26	11.01	10.46
75' Percentile	1.97	4.10	-8.02	1.18	3.81	7.88	15.00	15.75	2.91	6.13	12.12	11.41
Range	6.84	10.36	22.22	7.68	8.83	15.59	6.77	4.26	1.52	3.82	9.03	3.88
Average	0.60	2.88	-11.01	0.35	2.17	6.27	14.06	14.87	2.59	5.36	11.30	10.89
W.A.P*	0.26	0.60	-2.17	-0.07	0.14	0.61	1.63	1.01	0.22	0.46	0.93	0.49

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

Market Performance

Top Quoted Equities	NSSF (%)	Occupational (%)	Market Value (30th Sept 20)	Market Value (31st Dec 20)	Capital Gain/ Loss (%)	Dividend per Share	Dividend Yield (%)	Net Return (%)
Safaricom Ltd - HFT	29.07	23.86	22.4	24.8	15.32	0.45	1.5	16.84
Tanzania Breweries Limited	5.24	13.14	12.1	11.7	-4.59	160.00	1.5	-3.12
UMEME LIMITED - HFT	2.83	13.51	11.8	11.6	-1.52	41.30	18.6	17.06
Equity Group Holdings Ltd - HFT	10.81	10.22	10.7	10.3	-0.41	2.00	5.4	5.04
KCB Group Ltd - HFT	11.97	8.69	9.8	9.3	-2.56	2.50	6.4	3.84
East African Breweries Ltd	7.28	5.60	6.7	5.9	-8.86	3.00	1.8	-7.09
National Microfinance Bank	0.00	5.18	4.4	4.2	-4.27	96.00	4.1	-0.17
Stanbic Bank Uganda - HFT	7.26	2.82	3.9	3.6	-4.17	2.15	9.0	4.79
Development Finance Co.UG Ltd	2.00	3.62	2.7	3.3	33.33	17.00	11.3	44.67
Crdb Bank Plc	7.41	2.09	3.2	3.1	-1.57	33.01	5.2	3.62
Bank of Kigali shares	0.00	2.24	1.8	1.8	12.07	290.00	12.5	24.57
Twiga TPCC	0.01	2.20	1.9	1.8	13.73	14.40	6.2	19.91
Vodacom Tanzania	0.00	2.02	1.7	1.7	-3.90	190.83	24.8	20.89
Cipla Quality Chemicals Industries Ltd- HFT	0.04	1.66	1.4	1.4	1.98	0.00	0.0	1.98
Jubilee Holdings Ltd - HFT	0.10	1.27	0.9	1.1	17.36	8.00	3.3	20.66
Bank of Baroda	2.31	0.36	0.8	0.7	-4.00	10.00	8.0	4.00
Co-operative Bank of Kenya	3.53	0.00	0.6	0.6	5.49	1.00	8.4	13.92
Absa Bank Ltd	2.71	0.00	0.5	0.5	-1.63	1.10	11.2	9.57

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

The Retirement Sector has concentrated over 60 % of investment in Quoted Equities in Kenya; the quarter under review recorded increases in the NSE 20 Share Index and the NSE All Share Index of 0.87% and 8.74% respectively as compared to the previous quarter, closing the quarter at 1,868.39 and 152.11. The International Monetary Fund (IMF) now projects that Kenya's economy will grow at 1 per cent from the initial -0.3 per cent whereas the National Treasury of Kenya projects recovery to 5.3% in 2021

Quoted Equities - Distribution by Sector
Sector Asset Value: 1.9 Trillion

	Percentage		
Sectors	Occupational	NSSF	Total Sector
Financial Sector	55.1	35.6	48.1
Consumer Staples	2.9	0.3	1.0
Consumer Discretionary	9.8	18.8	21.1
Utilities	1.4	0.0	0.3
Health Care	0.04	2.9	2.9
Material & Processing	0.4	2.6	2.7
Energy	1.4	13.6	13.9
Producer Durables	0.1	0.0	0.0
Technology and Telecom	28.7	25.0	32.5

The Authority requires all the Scheme Fund Managers to report and classify quoted equities using the guiding principle of the Russel Global Sector Classification (RGS) defined under a Three tier system with 9 Sectors.

For the period End Dec 2020, the dominant sectors were; Financial and Technology/Telecom at 48.1% and 32.5% respectively

Fixed Income

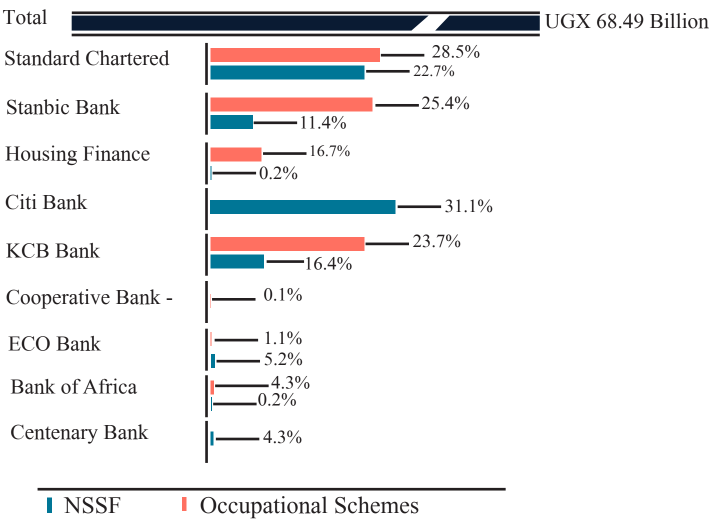
Government Security	Q2- (Mar-19)	Q3- (June-20)	Q4- (Sept-20)	Q1- (Dec-20)	% Change (QoQ)
91D	9.914%	8.710%	8.428%	8.464%	0.036%
182D	11.304%	10.765%	9.850%	10.982%	1.132%
364D	13.566%	12.376%	12.287%	13.579%	1.292%
2Y	14.258%	13.150%	13.792%	15.056%	1.264%
3Y	15.642%	14.433%	15.008%	15.728%	0.720%
5Y	16.142%	15.283%	15.175%	16.171%	0.996%
10Y	15.633%	14.375%	14.108%	16.191%	2.083%
15Y	15.733%	14.592%	14.200%	16.414%	2.214%

Source: BOU Secondary Market Yields

Yields edged upwards across all tenors, partly attributed to high government demand (an additional net domestic financing (NDF) requirements of Shs 4.3 trillion) and tensions surrounding the elections.

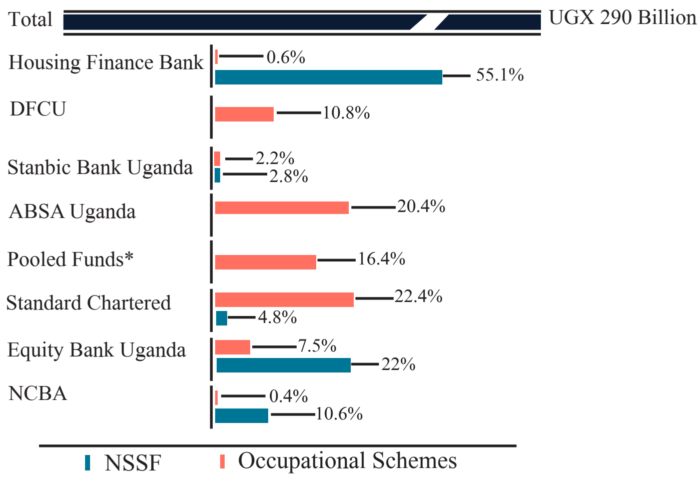
For the December primary auctions, YTM for the 91D, 182D and 364D tenors increased by approximately 0.8,1.5 and 2.0 percent points respectively (to 8.774%, 11.198% and 14.002%), while the yields on the 2YR and 5YR bond re-openings increased to 15.25% and 16.50% from 14.50% and 14.90% when they were last issued.

Cash & Demand (Percentage)
Sector Asset Value: 68.4 Billion



The quarter end December 2020 reported over UGX 68 Billion in Cash and demand deposits; largely held by Standard Chartered Bank, Stanbic Bank and Housing Finance Bank.

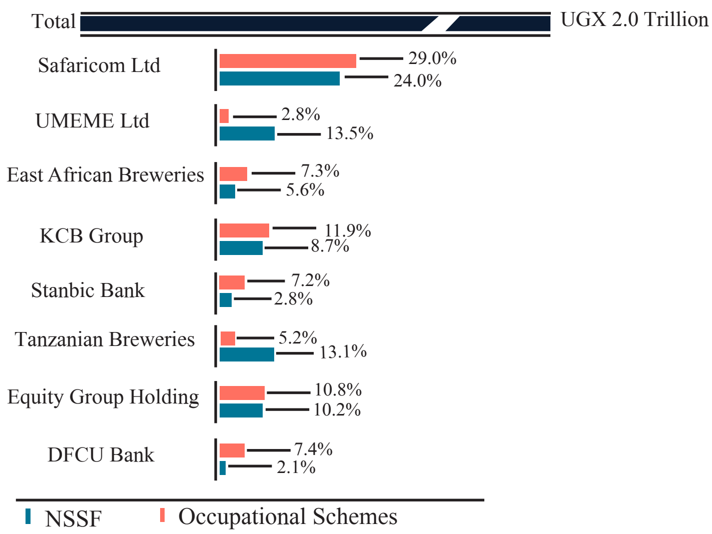
Fixed Deposit (Percentage)
Sector Asset Value: 290 Billion



Pooled funds* includes Wealth management, CIS and Unit trusts.

In comparison to the previous quarter; the period end December 2020 reported over 29% decline in sector allcoation in fixed deposits; from UGX 480 Billion to UGX 290 Billion.

Quoted Equities (Percentage)
Sector Asset Value: 2.0 Trillion



Allcoation to Quoted Equities increased by 2.5%; partly attribed to improved peformance of the NSE in Q2 as well the need to strategically purchase equities during depressed market conditions..

The financial and Telecome/Technology sector dominate allocations.

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