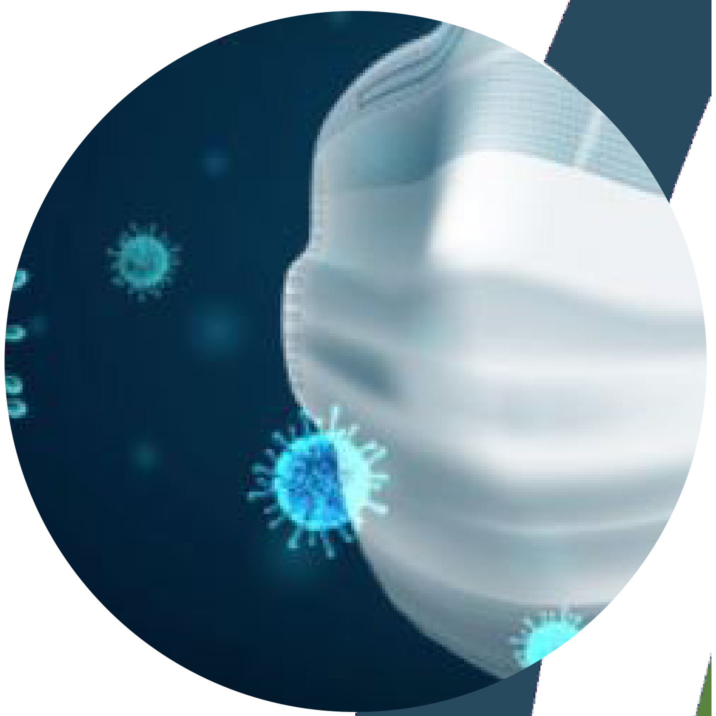
URBRA
UGANDA RETIREMENT BENEFITS REGULATORY AUTHORITY

Retirement Benefits Sector



Total sector portfolio increased by 1.9% from UGX 14.28 trillion to UGX 14.56 trillion

INVESTMENT SNAPSHOT

Quarter | MARCH 2020

Content

URBRA
UGANDA RETIREMENT BENEFITS REGULATORY AUTHORITY

OVERVIEW

The Authority presents the Investment Returns Analysis Snapshot for the quarter ended March 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 industry trends, performance and other developments in the sector with the period. The report is based on the Quarterly Investment Returns for Quarter ended March 2020 as provided by all Licensed Retirement Benefits Schemes inaddition to other supervisory & enforcement work conducted by URBRA within the period.

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	15	323,708
Sanlam Investments E.A	21	858,568
GenAfrica Asset Managers	19	622,596
Xeno Investment Management	1	30
UAP	9	130,027
ICEA	2	50,344
Stanlib*	2	12,754
NSSF Internal management	1	12,525,382

Stanlib* - Portolio represents Stanlib Umbrella Retirement BenefitsScheme and Tullow Uganda Retirement Scheme whose assets are held by the custodian as schemes transition to new fund managers.

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

Following the exit of STANLIB Asset Managers from the market, the AUM for the 10 schemes have been transfered to other licensed fund managers;

Cummulative Growth Rate (%)

	1 Year CAGR (18-19)-%	1 Year CAGR (19-20)-%	2 Year CAGR (18-20)-%	QAGR (19-20)-%
Occupational	28.43	9.74	18.71	2.20
NSSF	18.11	16.75	17.43	3.95
Total Sector	19.52	15.72	17.60	3.69

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

The total AUM amounted to 14.5 trillion for the period of reporting.
The total assets grew by 1.9% on a QoQ basis compared to 5.2% in the previous quarter. Over the four quarters (June-19 to March 2020), Schemes have grown at an average of 3.69% and at a compounded growth rate of 17.6% over a 2 year period.

Median Performance

1 Year Median Performance	Quoted Equities	Fixed Income	Money Market
Median	-8.35	14.24	14.33

Over 1 year, the median return of schemes for Quoted Equities was -8.3% compared to 15.7% the previous quarter; the decline is a result of the stock market plummeting due to impact of COVID-19.

The median return for Fixed Income and Money markets was 14.2% and 14.3% respectively compared to 10.8% and 9.7% over a similar period in 2019

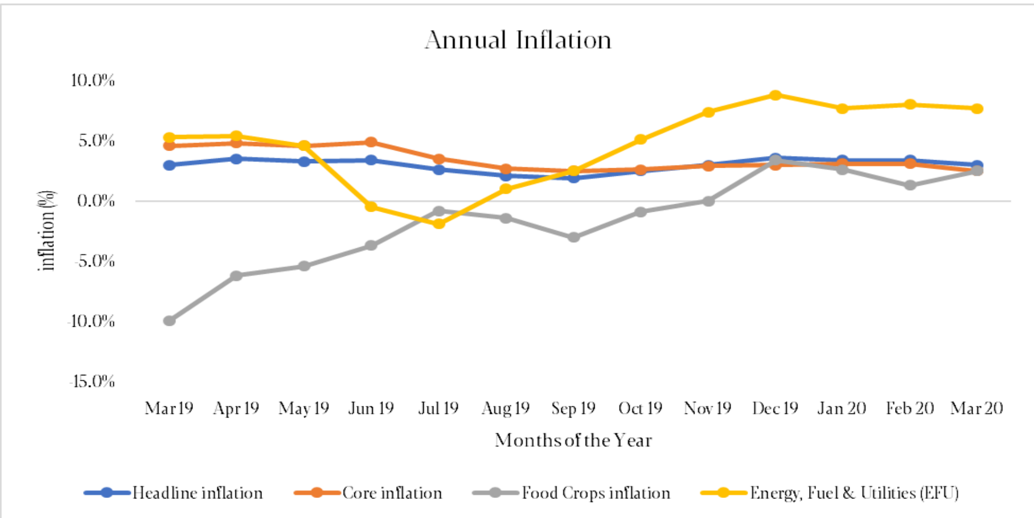
Economic Growth /GDP

Uganda's economic growth projection was in March 2020 revised further downwards to 3.9% from a projection of 6%. The impact of the pandemic continues affect the global economy affecting it from both the supply and demand side. The downside to this outlook remain elevated and heavily dependant on how quickly the pandemic can be contained globally.

Source: MOFPED, UBOS

Inflation

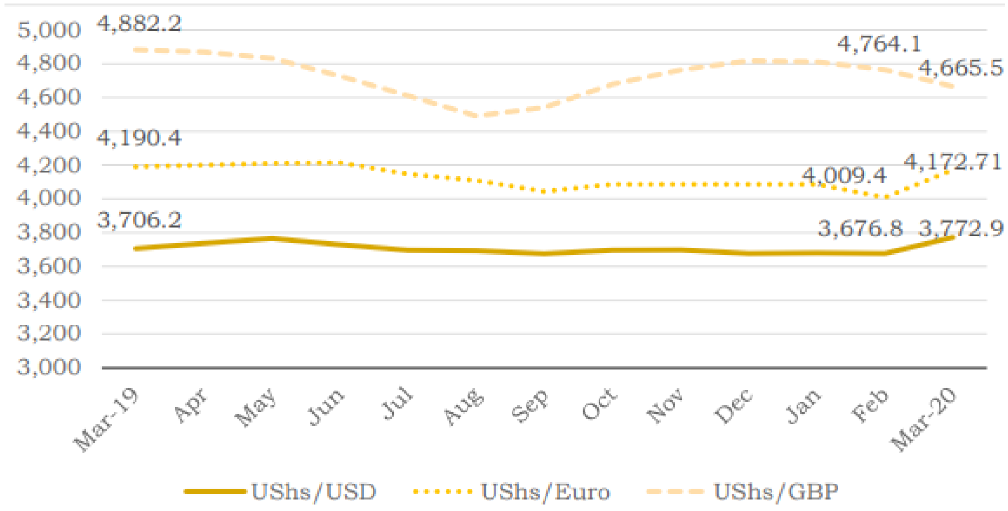
Annual Headline Inflation for Uganda dropped to 3.0% in the year ending March 2020 from 3.4% recorded in both February and January 2020. This was largely due to a decrease in Food Crops Inflation from 3.4% for the quarter ended December 2019 to 1.3% (February 2020) and 2.5% (March 2020).



Source: UBOS, BOU

Currency

The Uganda Shilling depreciated by 2.6% against the US Dollar, to an average mid-rate of 3,772.9/US$ during the Quarter. It also depreciated against the Euro by 4.1% mainly due to subdued inflows but appreciated against the pound sterling by 2.1% due to a decline in its demand.



Source: MOFPED, BOU

CBR

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

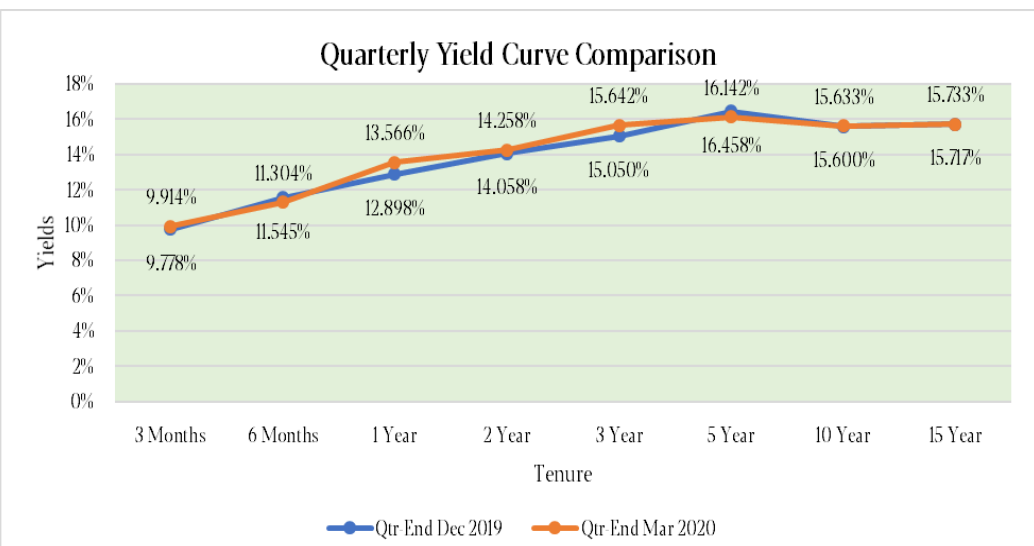
Financial markets- Equities Market

The financial markets have expereienced unprecedented volatilities since the global pandemic crisis; resulting into losss of value of assets due to low business confidence. Consequently prices reduced across all indices except the Rwanda Securities Exchange (ASI (+10.8%)

	USE -ASI	USE-LSI Index	NSE-ASI Index	DARS-DSEI Index	RSE-ASI Index
Qtr End Dec 19	1,800.72	350.25	166.41	2,059.21	135.58
Qtr End Mar 20	1,305.34	342.21	131.92	1,747.70	150.19
% Change	-27.5%	-2.3%	-20.7%	-15.1%	10.8%

Financial markets - fixed income

There were mixed movements in yields across the tenors. Similar to the last quarter, the largest increase in yields (66.800 basis points) was on the 1 year paper. The 3 year, 2 year and 91D papers increased by 59.200, 20.000, and 13.600 basis points respectively. There were declines on the 5 year and 182D papers



Source: BOU (Yields from secondary market trading)

Total Sector Portfolio

	Quarter Ending -December 19		Quarter Ending - March 20	
Asset Class	Amount (UGX Million)	Proportion (%)	Amount (UGX Million)	Proportion (%)
Cash and Demand	46,389	0.3	67,682	0.5
Fixed Deposit	266,128	1.9	249,848	1.7
Other Fixed Income	94,297	0.7	102,443	0.7
Government Securities	10,688,455	74.8	11,037,460	75.8
Quoted Equities	1,921,017	13.4	1,767,977	12.1
Unquoted Equities	372,275	2.6	382,887	2.6
Immovable Property	877,626	6.1	937,659	6.4
Other Investment	17,803	0.1	12,895	0.09
TOTAL	14,283,989	100.0%	14,557,321	100.0%

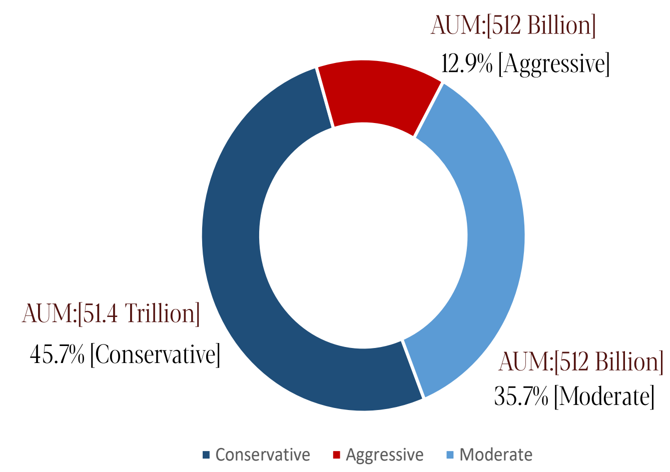
Note: "Other Fixed income" Asset class represents Commercial Paper, Corporate bonds, ABS, CIS, "Other investments" represent guaranted funds and other approved assets structures.

Mandatory Scheme's Portfolio

	NSSF		Parliamentary Pension Scheme	
Asset Class	Amount (Million)	Proportion (%)	Amount (Million)	Proportion (%)
Cash and Demand	54,611	0.44	199	0.07
Fixed Deposit	133,982	1.07%	8,163	2.92
Other Fixed Income	84,203	0.67	3,778	1.35
Government Securities	9,563,104	76.35	204,384	73.08
Quoted Equities	1,396,367	11.15	50,183	18.02
Unquoted Equities	381,448	3.05		0.00
Immovable Property	911,667	7.28	204	0.00
Other Investment		0.10%	12,754	4.56
TOTAL	12,525,382	100	279,666	100

Scheme Risk Profile

Risk Profile	Fixed Income Allocation	Scheme Portfolios	Scheme Proportion	AUM (Million)
Conservative	Over 70%	36	51.4%	13,692,350
Moderate	50% - 70%	25	35.7%	733,174
Aggressive	Less than 50%	9	12.9%	131,798
Total				14,557,321



Fund Managers' Holdings

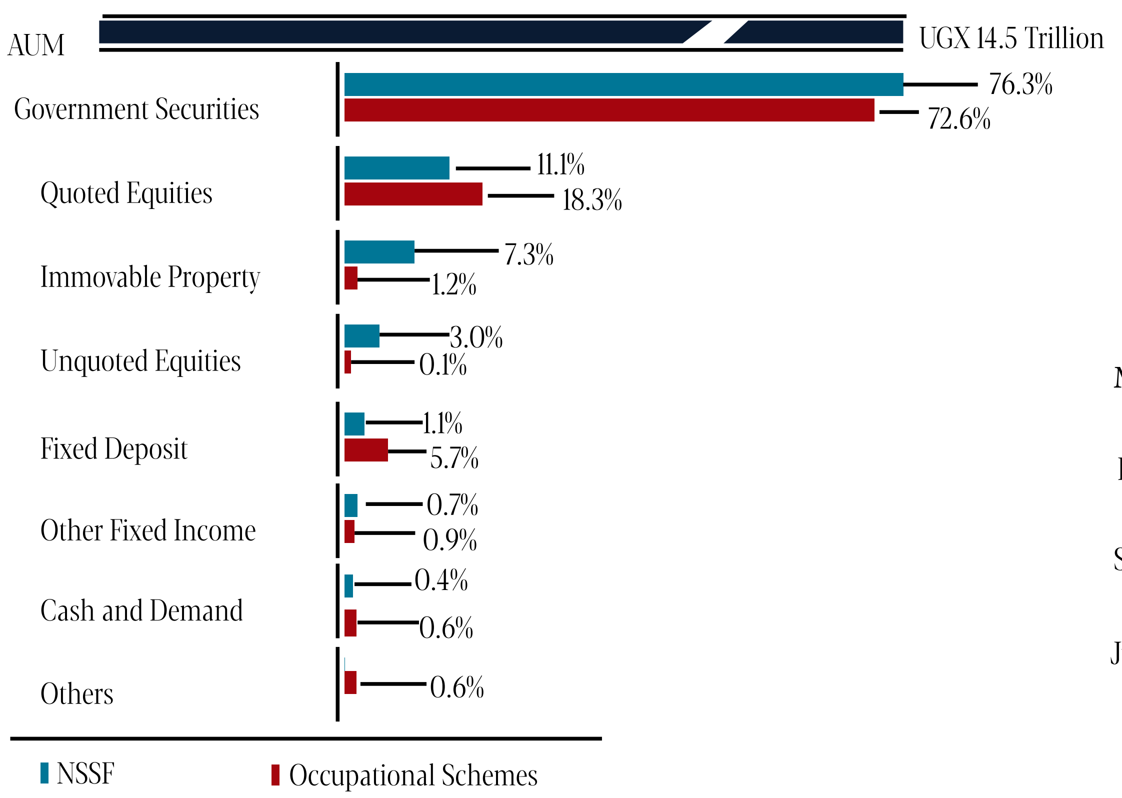
Fund Managers	Cash and Demand	Fixed Deposits	Other Fixed Income	Governement Securities	Quoted Equities	Unquoted Equities	Immovable Property*	Other Investments	AUM
Britam	1,860	14,605	12,942	255,354	38,490	35	422		323,708
GenAfrica	3,306	11,348	103	459,387	137,815		12,167		622,596
ICEA	676	3,103		43,531	3,035				50,344
Sanlam	1,129	64,477	1,246	592,465	184,305	1,404	13,403	141	858,568
Xeno			22	8					30
Stanlib*	1,567	734		28,737	2,875			12,754	33,913
UAP	4,534	21,600	3,928	94,874	5,090				130,027
Other*									12,754
TOTALS	13,072	115,866	18,240	1,474,356	371,610	1,438	25,993	12,895	2,031,939

Stanlib* - Portolio represents Stanlib Umbrella Retirement BenefitsScheme and Tullow Uganda Retirement Scheme whose assets are held by the custodian as schemes transition to new fund managers. | Stanlib Asset Managers have since exited the Ugandan Market
Other" Portfolio represents approved investment held by Parliamentary Pension Scheme
Immovable Property* Includes Real Estate Investment Trust

Tier Distribution of Scheme Asset

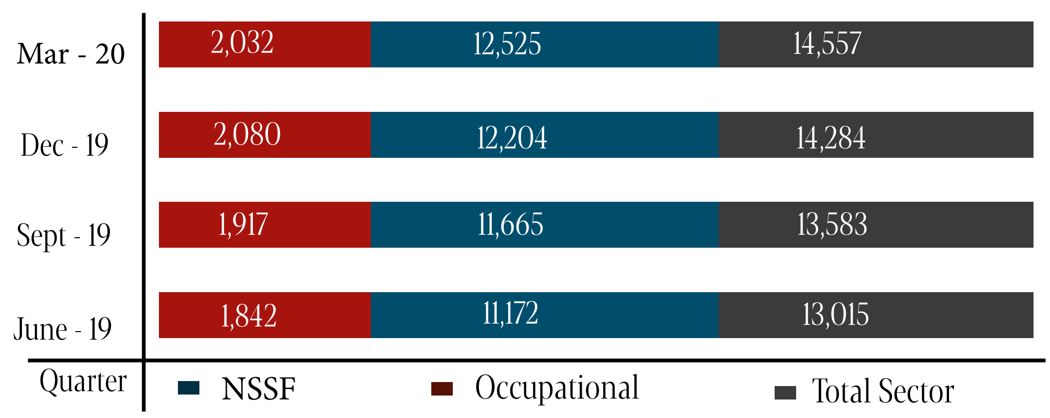
	Categories	Below 20 Billion	20 - 50 Billion	50-80 Billion	Above 80 Billion	Totals
		Assets Under Management of Schemes (Occupational)				
Fund Managers	STANLIB	13,001,842,269	20,910,873,829	-	-	33,912,716,098
	SANLAM	114,642,371,426	249,390,350,986	73,395,914,859	421,139,079,167	858,567,716,438
	UAP	49,396,231,079	22,712,732,266	57,917,701,691	-	130,026,665,036
	Xeno	30,045,725				30,045,725
	ICEA	8,682,390,152	41,661,825,069	-	-	50,344,215,221
	GEN AFRICA	111,628,763,637	-	79,825,103,153	431,142,250,614	622,596,117,404
	BRITAM	45,958,236,427	92,225,082,587	59,050,529,470	126,473,948,360	323,707,796,844
	Other*	12,753,738,066				12,753,738,066
	TOTALS	356,093,618,781	426,900,864,737	270,189,249,173	978,755,278,141	2,031,939,010,831

Asset Allocation [%]



Asset Growth Trend (UGX Billion)

	June - 19	Sept -19	Dec -19	Mar -20	QAGR
Occupational	-0.48%	4.07%	8.45%	-2.31%	2.20%
NSSF	4.14%	4.42%	4.61%	2.63%	3.95%
Total Sector	3.46%	4.37%	5.16%	1.91%	3.69%



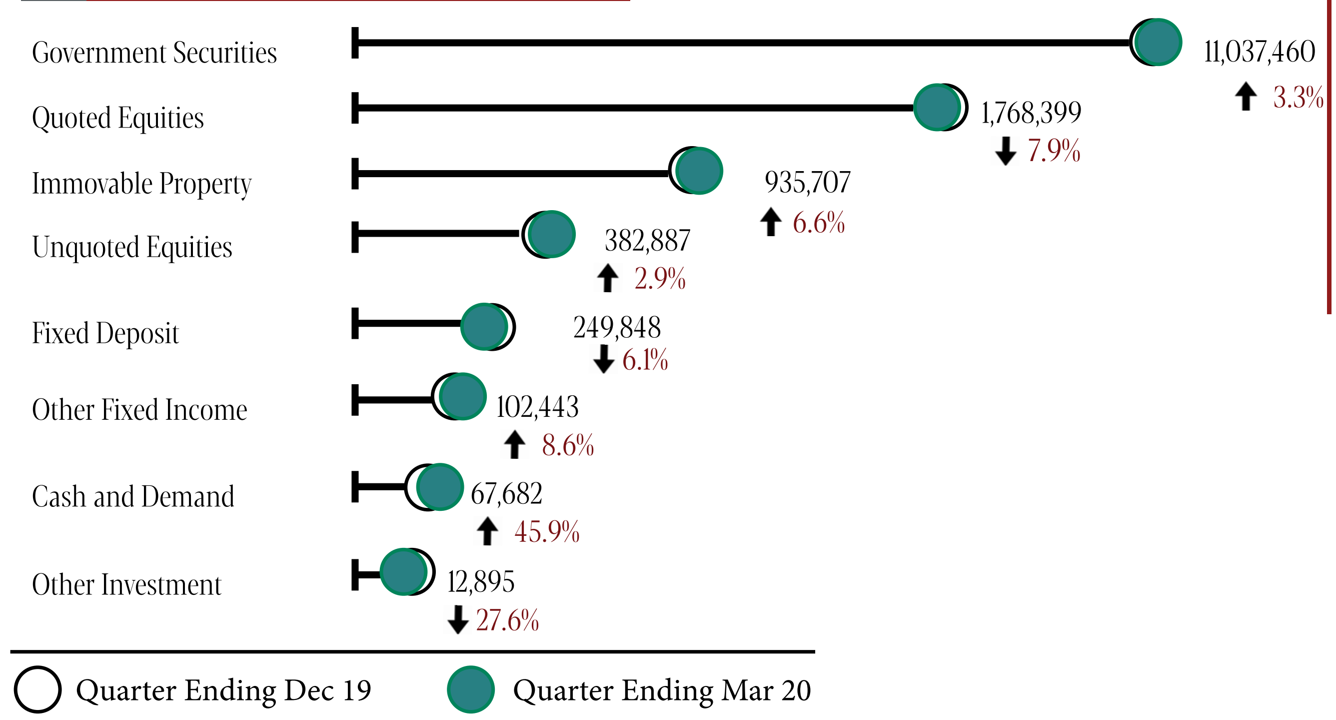
Total sector AUM grew by 1.9% compared to 5.2% and 4.4% in Q2 and Q1 respectively.

There was a reduction in the value of the equity portfolio of occupational schemes reduced by 15.5% compared to 5.7% decline in the NSSF's equity porfolio reduced.

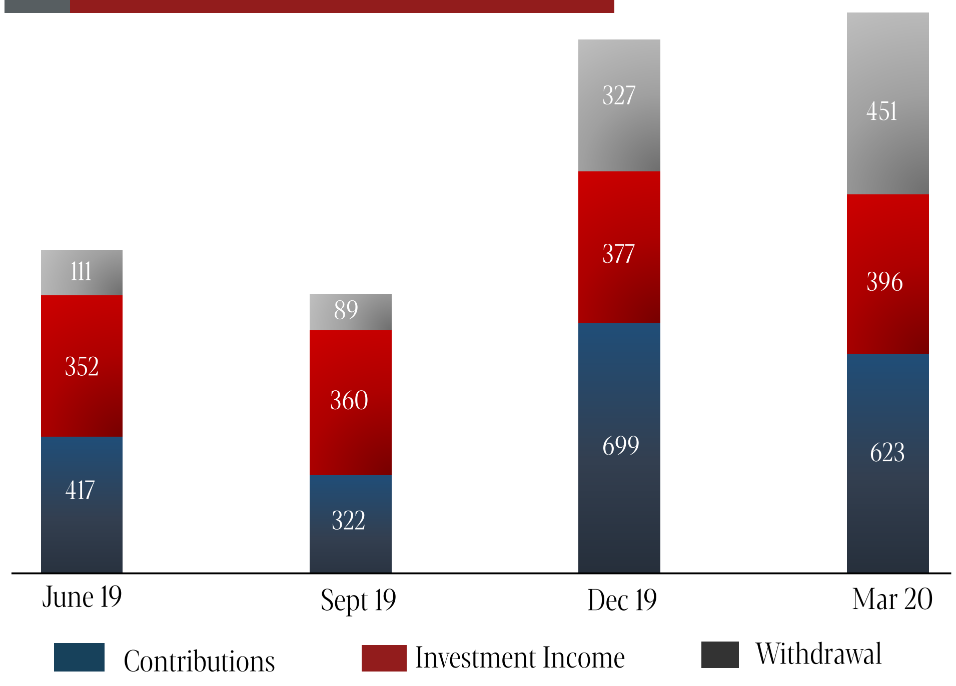
57% of the equities portfolio for occupational schemes is invested in the financial sector compared to 37.2% allocation by NSSF, the financial sector recorded the largest decline in market value compared to other sectors of utilities which recorded an increase.

There was also a large withdrawal of UGX 13.7 Billion by Parliamentary Pension Scheme largely attributed to payment of benefits to exiting members.

Asset Class Movement (UGX Million)



Contribution, Income & Withdrawal (UGX)
Sector Asset Value: 14.5 Trillion



Scheme contributions declined by 10.7% on QoQ basis while outflows and investment income increased by 38% and 4.9% respectively.

Assets held by Umbrella Schemes (Millions

	Dec-19 (Million)	Mar-20 (Million)	Growth (%)
Liaison Umbrella Fund	11,966	12,167	1.68
Jubilee Life Umbrella Retirement Scheme	15,677	17,015	8.54
Umoja Umbrella Retirement Benefits Scheme	734	922	25.58
Zamara Retirement Fund	37,393	39,208	4.85
Octagon Uganda Umbrella Retirement Benefits Scheme	278	890	220.17
ICEA (U) Limited Retirement Benefits Scheme	38,818	41,662	7.33
Stanlib Uganda Umbrella Pension Scheme	22,720	20,911	-7.96
Uap Umbrella Retirement Benefits Scheme	22,027	22,713	3.11
Sara Umbrella Retirement Benefits Scheme	1,991	1,828	-8.21
Enwealth Uganda Umbrella Retirement Scheme	11	20	74.77
Britam Umbrella Scheme	517	1,657	220.36
Total	152,133	158,993	4.51

Source: URBRA database

Umbrella Schemes grew by 4.5% compared to 3.3% over the same period in 2019; Significant growth was posted by Octagon Umbrella and Britam Umbrella Scheme; attributed to on-boarding of new scheme entrants.

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	-17.41	-7.48	-10.32	0.00	1.99	4.03	13.72	13.68	1.99	4.12	13.81	14.93
Median	-14.29	-5.59	-8.35	1.61	3.37	5.69	14.24	15.69	3.37	5.71	14.33	15.78
75' Percentile	-9.76	-3.40	-6.34	4.09	3.52	6.50	15.25	15.95	3.52	6.54	15.31	15.98
Range	24.09	19.39	19.67	16.77	3.64	7.89	17.28	18.11	3.64	7.89	6.57	18.11
Average	-13.51	-5.65	-7.56	1.64	2.92	5.23	13.77	12.51	2.92	5.35	14.48	14.53
W.A.P	-5.92	2.29	0.37	4.63	4.03	8.16	17.32	17.21	9.15	15.58	39.74	37.94

Market Performance

Quoted Equities	NSSF (%)	Occupational (%)	Market Value (31th Dec 19)	Market Value (31st Mar 20)	Capital Gain/ Loss (%)	Dividend per Share	Dividend Yield (%)	Net Return (%)
Safaricom (K) Ltd	21.62	25.6	31.50	26.45	-16.03	1.40 *	4.4	-11.6
Tanzanian Breweries	15.37	5.5	10,900.00	10,900.00	0.00	500.00	4.6	4.6
UMEME IPO	15.26	3.2	233.00	245.00	5.15	41.30*	17.7	22.9
Equity Bank(Kenya)	9.63	9.9	53.50	33.95	-36.54	2.50*	4.7	-31.9
KCB Kenya	8.19	10.1	54.00	35.00	-35.19	2.50*	4.6	-30.6
EABL	6.78	7.3	198.50	149.50	-24.69	3.00	1.5	-23.2
Stanbic Bank Ltd	3.42	7.7	26.09	24.00	-8.01	1.90	7.3	-0.7
CRDB Bank Tanzania	3.14	1.5	95.00	140.00	47.37	8.00	8.4	55.8
Bank of Kigali shares	3.11	0.0	265.00	260.00	-1.89	14.40 *	5.4	3.5
Vodacom Tanzania	2.70	0.0	850.00	850.00	0.00	24.31	2.9	2.9
DFCU Bank	2.51	7.8	645.00	645.00	0.00	33.01	5.1	5.1
Twiga TPCC	2.38	0.0	2,000.00	2,200.00	10.00	290.00 *	14.5*	24.5
CIPLAQ	1.9	0.1	102.00	102.00	0.00	0.00	0.0	0.0
Co-operative Bank of Kenya Ltd (COOP)	0.0	4.0	16.35	12.85	-21.41	1.00	6.1	-15.3
ABSA Bank Kenya	0.0	3.2	13.35	10.10	-24.34	1.10 *	8.2	-16.1
Bank of Baroda Uganda - HFT	0.4	2.7	124.00	124.00	0.00	10.00	8.1	8.1
CFC Stanbic Holdings Plc (SBIC)	0.0	2.7	109.25	92.00	-15.79	5.80*	5.3	-10.5
Diamond Trust Bank Kenya Ltd (DTK)	0.0	2.1	109.00	88.00	-19.27	2.60	2.4	-16.9

Source: URBRA database, www.africanfinancials .com | *dividends declared but pending | Stocks are quoted in their respective domestic currencies

There was general decline in prices at the end of the quarter; In the week ending 3rd April, 2020, Kenya's stock market plunged to a 17-year low with the NSE 20 Share Index nose-diving to 1,958.5 points, down from 2,666.9 points in January, given that 70% of investments in quoted equities are currently held in Kenya, this coupled with the depreciation of the KES against UGX by 1.96% YTD will significantly erode value of pension assets. The key drivers in expected decline in prices include rising NPLs, lower loan growth for banks, lower demand for consumer staples (beverages-EABL,TBL), dampened demand in discretionary like hotels, airlines, insurance claims. Additionally, the Key is the expected depreciation of these currency against the dollar that has led to sell off by many foreign investors.

The Equities Markets is expected to remain volatile with a mixed performance during the year. Post COVID-19, the Performance of the respective stocks will be driven by specific company fundamentals and prospects; with defensive stocks expected to hold or recover faster e.g;- utilities and telecom sectors

Quoted Equities - Distribution by Sector
Sector Asset Value: 1.7 Trillion

	Percentage		
	Occupational	NSSF	Total Sector
Financial Sector	57.1	32.6	47.8
Consumer Staples	3.2	0.3	1.2
Consumer Discretionary	10.3	22.8	25.5
Utilities	1.6	0.0	0.4
Health Care	0.0	2.2	2.2
Material & Processing	0.7	2.5	2.6
Energy	1.6	14.6	15.0
Producer Durables	0.1	0.0	0.0%
Technology and Telecom	25.4	25.0	31.8

Source: URBRA database

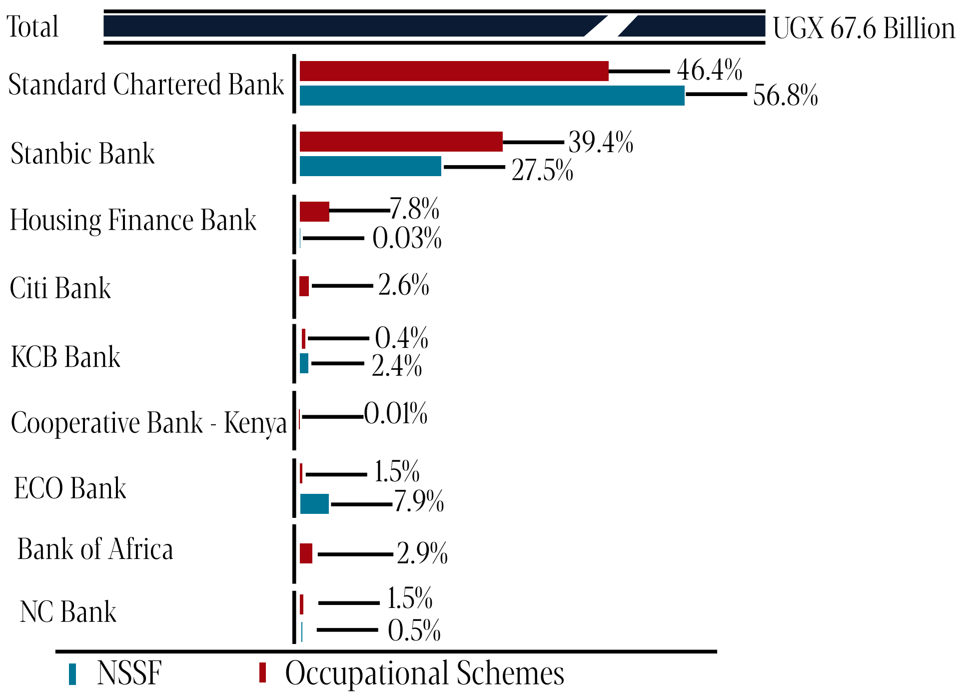
The quarter under review highlighted major declines in eight (8) sectors except utilities and the energy sector which increased by 20.4% and 2.8% respectively. The financial sector dipped by 20.1% while Telecom and technology dipped by 2.8%

Government Security	Q4- (jJune-19)	Q1- (Sept-19)	Q2- (Dec-19)	Q3- (Mar-20)	% Change (QoQ)
91D	9.102%	8.406%	9.778%	9.914%	0.14%
182D	10.564%	10.273%	11.545%	11.304%	-0.24%
364D	11.407%	10.580%	12.898%	13.566%	0.67%
2Y	12.642%	12.717%	14.058%	14.258%	0.20%
3Y	13.703%	13.267%	15.050%	15.642%	0.59%
5Y	14.758%	14.933%	16.458%	16.142%	-0.32%
10Y	15.733%	14.383%	15.600%	15.633%	0.03%
15Y	15.883%	14.550%	15.717%	15.733%	0.02%

Source: Bank of Uganda

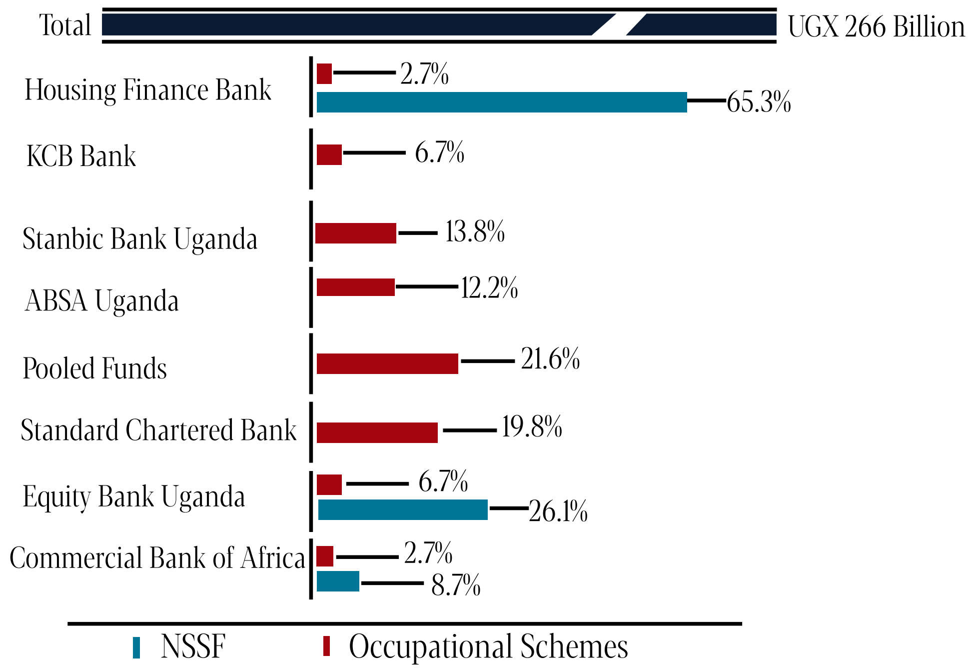
Bank of Uganda maintained CBR at 9.0%. An accommodative monetary stance to be maintained as a stimulus to economic growth.

Cash & Demand (Percentage)
Sector Asset Value: 67.6 Billion



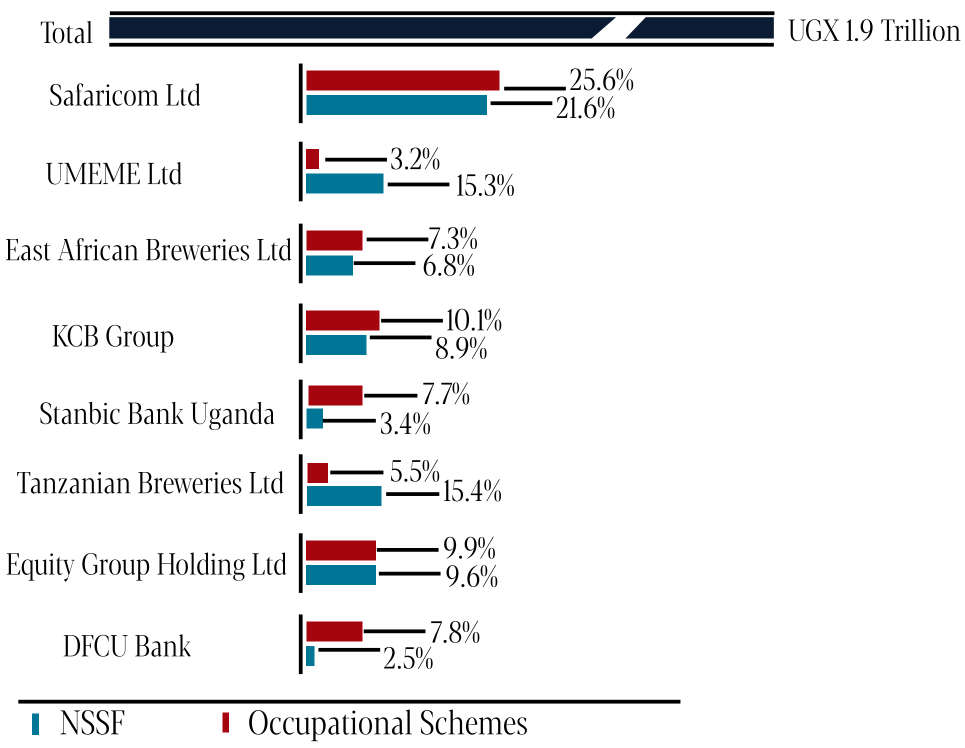
Cash and Demand is largely concentrated in Standard Chartered Bank, Stanbic bank and Housing Finance Bank. These banks form the largest three licensed Custodial banks interms of Assets held under custody.

Fixed Deposit (Percentage)
Sector Asset Value: 249 Billion



Occupational schemes hold 21.6% in Pooled Funds which include, CIS wealth Management Fund and Unit Trust.

Quoted Equities (Percentage)
Sector Asset Value: 1.7 Trillion



70% of the total sector investments in equities is held in the Kenyan stock market compared to 22.6% held in Uganda. This distribution is due to low activity in the stock market. Safaricom remains the dominant stock in EA region followed by UMEME.

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