URBRA
UGANDA RETIREMENT BENEFITS REGULATORY AUTHORITY

Retirement Benefits Sector

Investment Snapshot

Quarter End Sept 2019

Total sector portfolio increased by 4.37% from UGX 13.01 trillion to UGX 13.58 trillion

Content

OVERVIEW

The Authority presents the Investment Returns Analysis Snapshot for the quarter end September 2019. This snapshot presents consolidated statistics and analysis relating to Schemes' Investments Under M anagement, as well as the latest industry trends, performance and other developments. The report is based on the Quarterly Investment Returns for Quarter end September 2019 provided by all Licensed Retirement Benefits Schemes.

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	10	135,344
Sanlam Investments E.A	20	756,432
GenAfrica Asset Managers	14	489,477
Xeno Investment Management	0	0
UAP	8	64,676
ICEA	2	46,351
Stanlib	12	425,571
NSSF Internal management	1	11,665,787

Cummulative Growth Rate (%)

	1 Year CAGR (17-18)	1 Year CAGR (18-19)	2 Year CAGR (17-19)	QAGR (18-19)
Occupational	14.9	18.5	16.7	4.44%
NSSF	21.8	15.8	18.8	3.74%
Total Sector	20.8	16.1	18.5	3.83%

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

The report covers 60 licensed Retirement Benefits Schemes. The total portfolio includes four newly licensed schemes i.e. NWSC Staff Provident Fund, KCCA Retirement Benefits Scheme, Opportunity Bank Retirement Benefits Scheme and Britam Umbrella Retirement Benefits Scheme.

Total assets have grown at an average of 3.8% over the past 4 Quarters.

Median Performance

1 Year Median Performance	Quoted Equities	Fixed Income	Money Market
Median	-4.09	16.68	10.55

The 1 Year median return for Quoted Equities, Fixed income and money markets was -4.1%, 16.7%, 10.5% respectively compared to -11.8%, 15.6%, 9.8% in the previous quarter.

Economic Growth/ GDP

For the period end September 2019, GDP stood at 5.4% compared to 4.9% recorded in Q2 2018. The economic key highlights showed growth in the agricultural sector i.e. Food/crop which grew by 4.4% and 9.2% respectively, Industry and Service industry grew by 5.3% fronted by the manufacturing activities.

Outlook

Growth strategy stipulated in the NDPII emphasises promotion of inclusive growth and private sector development. Average targeted growth in the medium term is still expected to remain within the band of 6.0% - 6.5%.
The economy is expected to exibit growth in the medium term due to accomodative monetary policy, strong impacts from public and private investments.

Inflation

Headline inflation dropped to 1.9% compared to 2.1% the previous year (YoY) and core inflation stood at 2.5%. According to UBOS declines in Headline inflation was attributed to decrease in Annual crop inflation, while core inflation was attributed to declines in other goods inflation which reduced by 3.3%.

Outlook

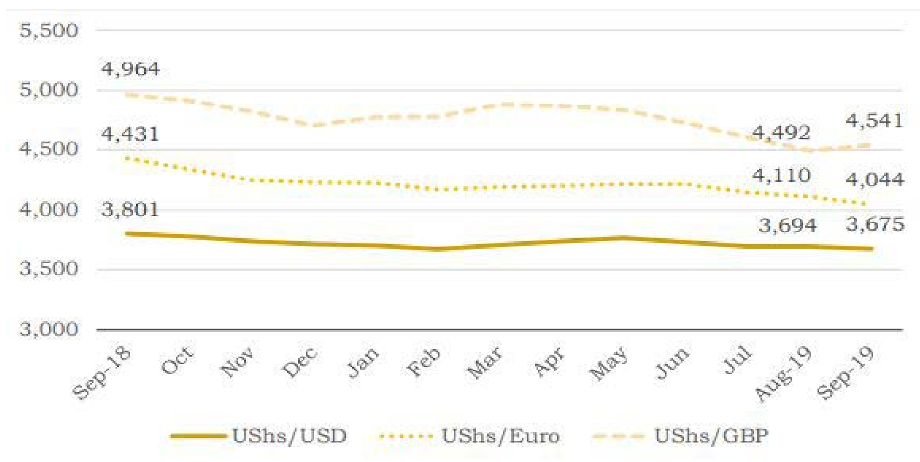
Annual Core inflation is still projected to remain below the target of 5% and Headline inflation expected to be subdued given the gains of the shilling against foreign currencies.

	2017/18 Outturn	2018/19 Proj:	2019/20 Proj:	2020/21 Proj:	2021/22 Proj:
Real GDP Growth	6.1	6.0	6.2	6.2	6.0
Annual Headline Inflation (Average)	3.4	5.1	4.7	4.7	4.9
Annual Headline Inflation (Average)	2.7	4.6	5.4	5.4	4.6

Source: IMF, MOFPED

Currency

The UGX continues to appreciate against the US dollar recording a period average of 3,675.5 at Sept 2019. Also notable gains was registered against both Euro, GBP and KES.



Source: BOU, MOFPED

CBR

The CBR remained unadjusted at 10% due to relatively stable economic stance indicative by the monetary policy and current inflation levels.

Financial markets – Government Securities.

Period-Q1	Issuance	Domestic finance	Refinancing
July	669.34	114.62	554.72
August	857.68	383.63	474.05
September	663.81	30.19	633.63
Total	2190.83	528.44	1662.40

Source: BOU, MOFPED

UGX 2.1 Trillion was raised during the quarter, 75.8% being attributed to refinancing of maturing instruments and 24.1% on domestic finance. This was a 26.3% growth compared to the previous quarter.

Outlook

Yields still expected to decline due to positive GDP, subdued inflation levels and accomodative policy measures.

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

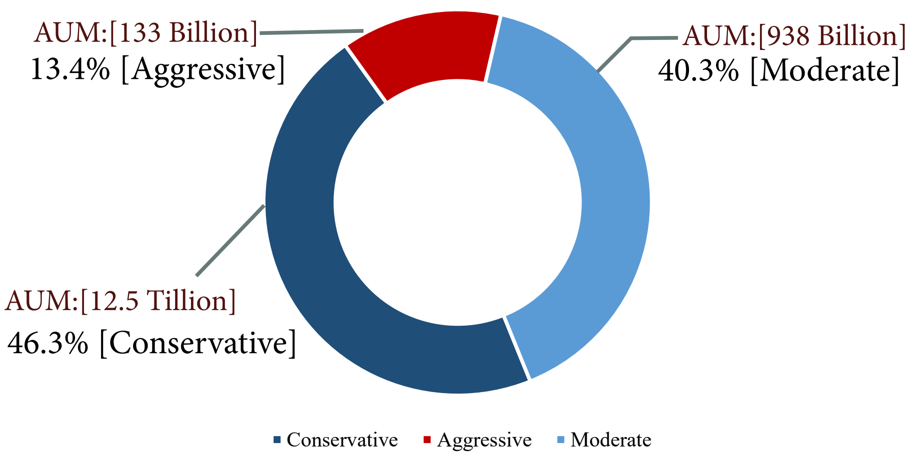
During the quarter USE experienced low market turnover, an aggregate of UGX 6.3 Billion, with Stanbic Bank holdings and Umeme dominating activity i.e UGX 4.7 Billion and UGX 1.3 Billion respectively.
NSE ASI and NSE 20 share index recorded declines of 2.7% and 7.6% respectively.

Total Sector Portfolio

	Quarter Ending -June 19		Quarter Ending - Sept 19	
Asset Class	Amount (UGX Million)	Proportion (%)	Amount (UGX Million)	Proportion (%)
Cash and Demand	58,460	0.45	70,853	0.52
Fixed Deposit	246,344	1.89	326,945	2.41
Other Fixed Income	105,071	0.81	105,718	0.78
Government Securities	9,705,014	74.57	10,175,089	74.91
Quoted Equities	1,756,119	13.49	1,710,380	12.59
Unquoted Equities	339,116	2.61	332,243	2.44
Immovable Property	788,405	6.06	845,154	6.22
Other Investment	16,706	0.13	17,256	0.13
TOTAL	13,015,236	100	13,583,637	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%	31	46.3%	12,511,856
Moderate	50% - 70%	27	40.3%	938,161
Aggressive	Less than 50%	9	13.4%	133,621
Total				13,583,638

Conservative strategy of investment constitutes 46.3%. This represents schemes with over 70% of Assets held in fixed income securities.

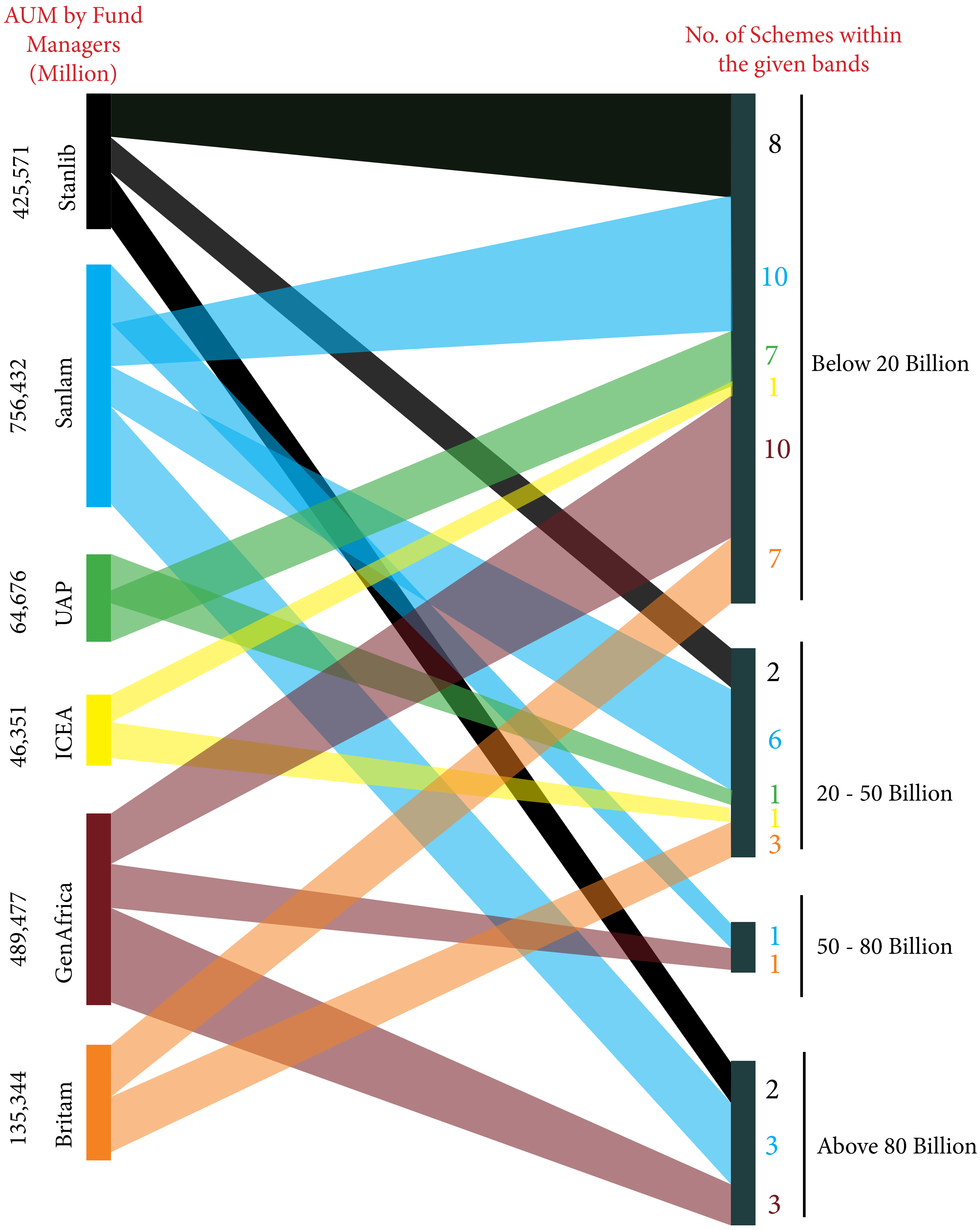
Mandatory Schemes	NSSF		Parliamentary Pension Scheme	
Asset Class	Amount (Million)	Proportion (%)	Amount (Million)	Proportion (%)
Cash and Demand	54,334	0.47	781	0.29
Fixed Deposit	205,709	1.76	24,045	8.95
Other Fixed Income	96,517	0.83	322	0.12
Government Securities	8,836,937	75.75	179,224	66.67
Quoted Equities	1,309,702	11.23	47,315	17.60
Unquoted Equities	330,870	2.84	0	0.00
Immovable Property	831,751	7.13	0	0.00
Other Investment	0	0.00	17,126	6.64
TOTAL	11,665,787	100	268,814	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	1,613	15,601	2,123	94,857	21,116	34	0	0	135,344
Gen-Africa	2,446	13,525	128	368,508	104,869		0	0	489,477
ICEA	59	8,276		35,011	3,004		0	0	46,351
Sanlam	4,643	31,481	1,983	511,672	191,877	1,373	13,403	0	756,432
Stanlib	1,693	36,017	193	296,689	73,723		0	17,256	425,571
UAP	6,064	16,335	4,773	31,416	6,088		0	0	64,676
TOTALS	**16,519**	**121,235**	**9,201**	**1,338,152**	**400,677**	**1,408**	**13,403**	**17,126**	**1,917,851**

*All figures in UGX million

Distributions within the given Asset Size Bands



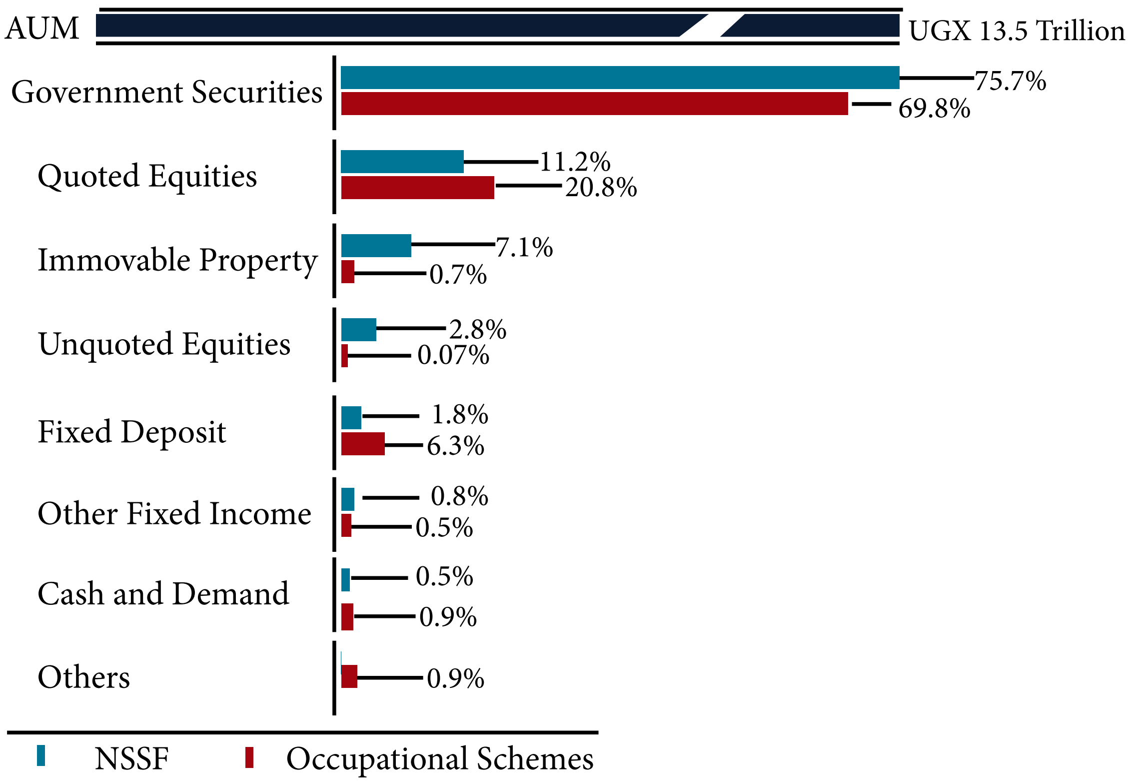
Discretionary portfolio management and investment is undertaken by licensed fund managers. Portfolio holdings of the following schemes are managed by more than one (1) fund manager.

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

		Assets Under Management of Schemes (Occupational)				
Categories		Below 20 Billion	20 - 50 Billion	50-80 Billion	Above 80 Billion	Totals
Fund Managers	Stanlib	80,035,655,058	51,850,252,419	-	293,684,886,214	425,570,793,691
	Sanlam	115,595,669,766	209,739,162,262	69,197,857,876	361,899,596,602	756,432,286,506
	UAP	43,814,310,766	20,861,508,551	-	-	64,675,819,317
	ICEA	8,279,326,972	38,071,411,278	-	-	46,350,738,250
	GenAfrica	54,486,800,541	-	76,667,589,882	358,322,599,976	489,476,990,399
	Britam	25,807,501,419	109,536,647,522	-	-	135,344,148,941
	Total	328,019,264,522	430,058,982,032	145,865,447,758	1,013,907,082,792	1,917,850,777,104

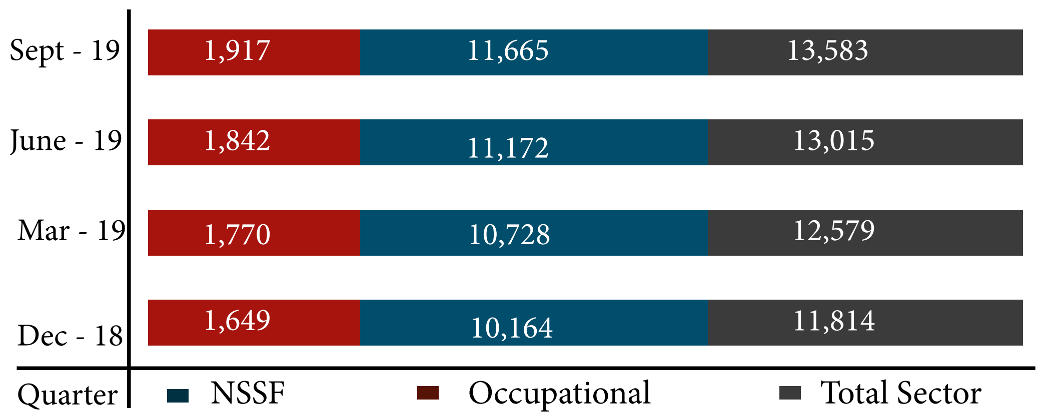
Majority of the schemes (65%) have AUM's below UGX 20 billion. Sanlam manages 39% of the occupational schemes' total portfolio.

Asset Allocation (%)



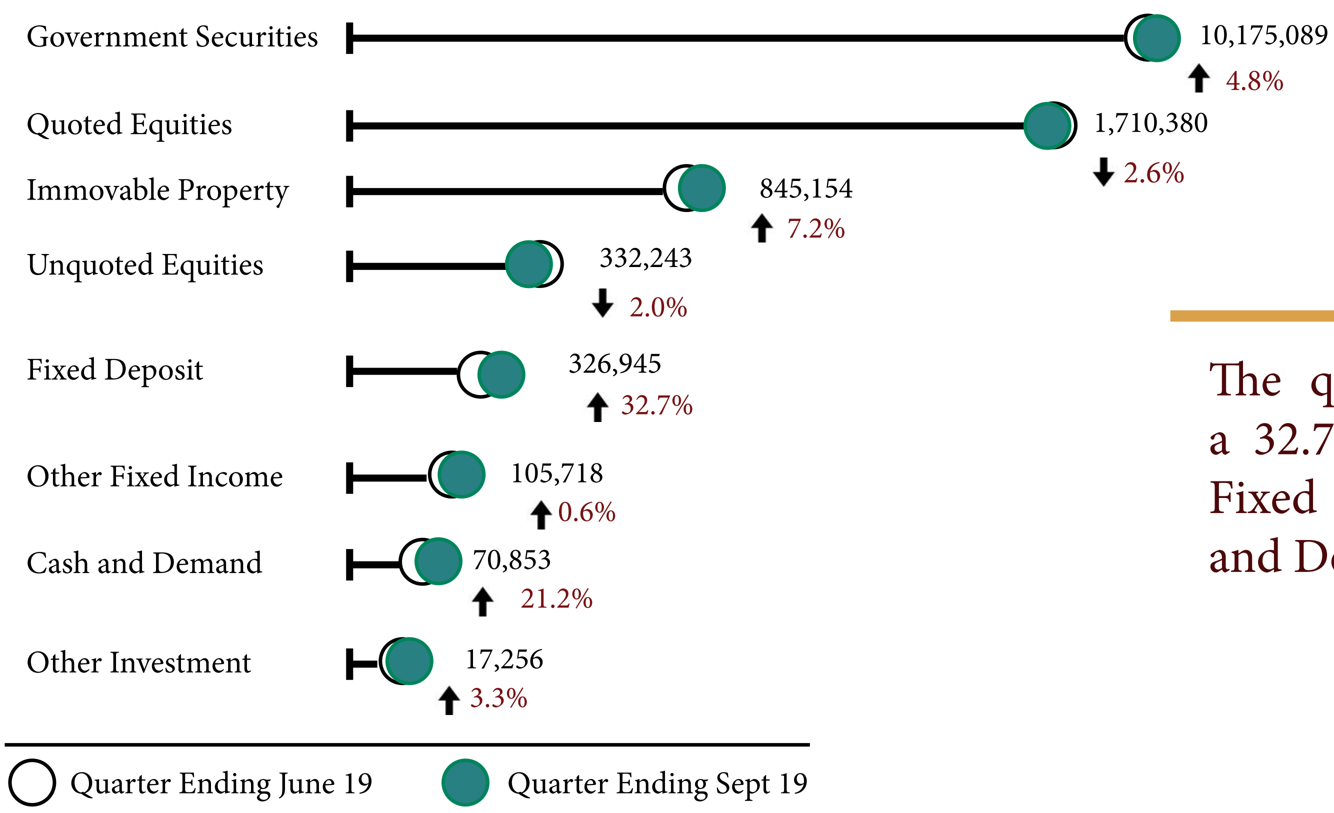
Allocation to Government securities remained the dominant asset class.

Quarterly Asset base (UGX Million)



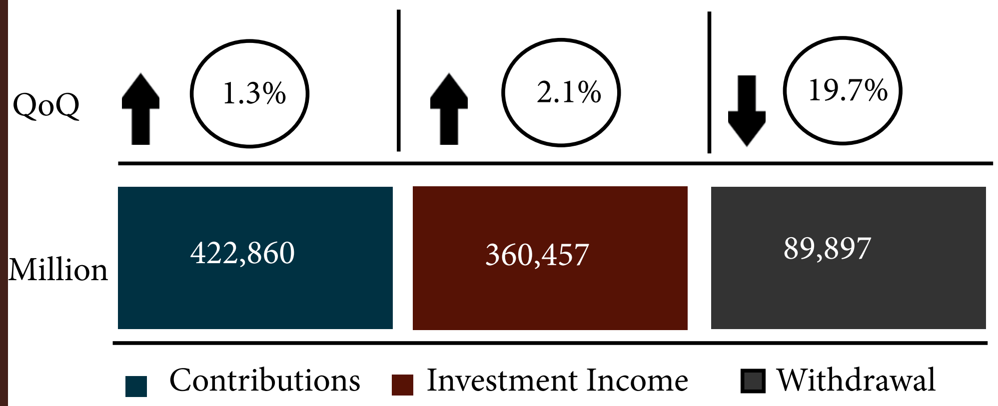
The total sector Assets increased by 4.3% on QoQ basis and 16.1% on an annual basis.
Occupational schemes Assets marked an annual compounded growth of 18.5% and NSSF at 15.8%

Asset Class Movement (UGX Million)



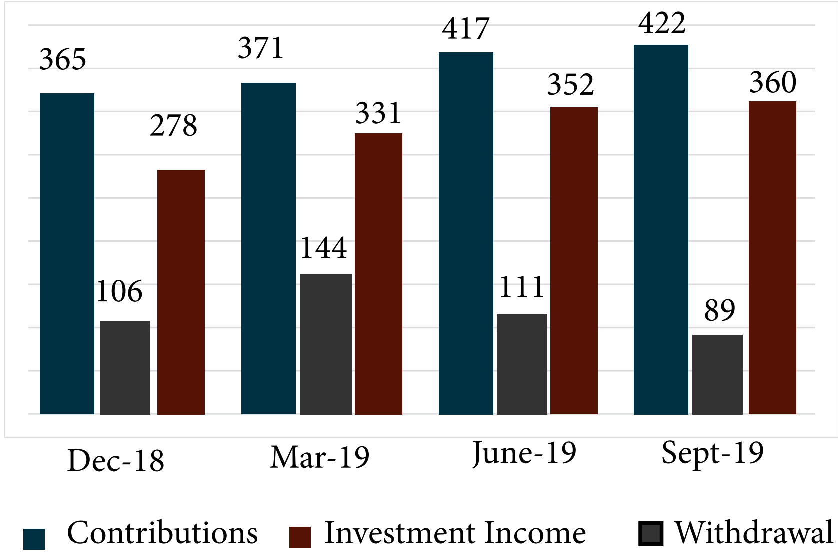
The quarter under review noted a 32.7% increase in allocation to Fixed Deposits and 21.2% to Cash and Demand Deposits.

Contribution, Income & Withdrawal (UGX Millions)
Sector Asset Value: UGX 13.5 Trillion

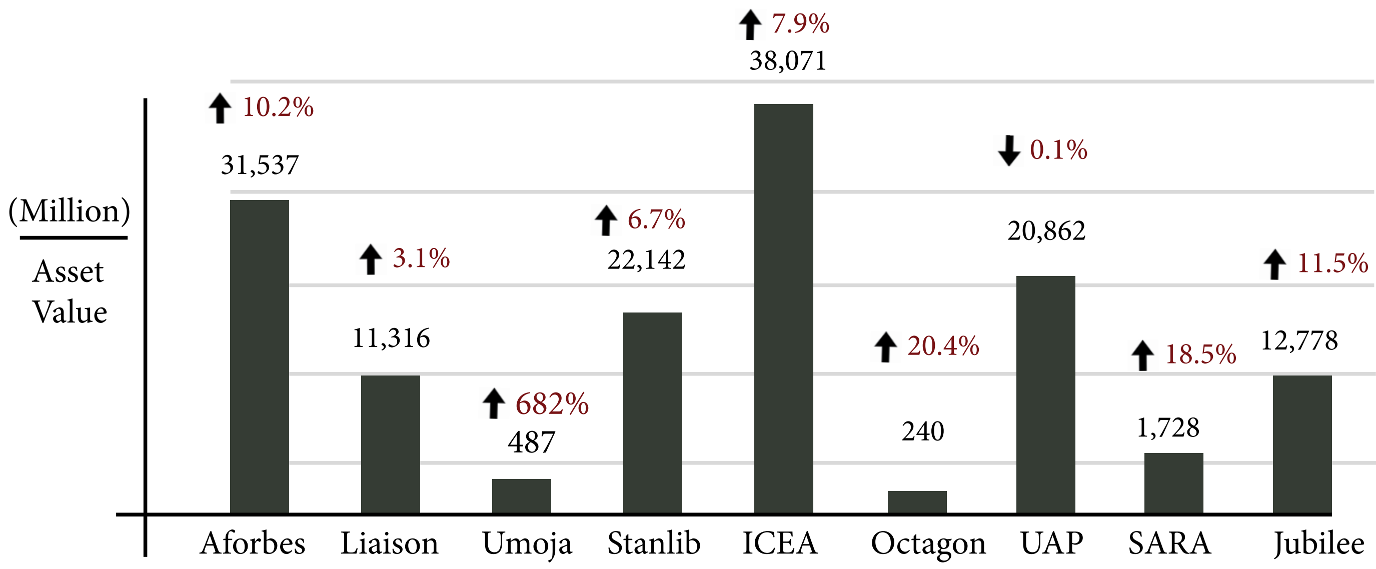


There was marginal increment of 1.3% and 2.1% in contribution and investment income respectively. Withdrawals during the quarter declined by 19.7% to 89.8 Billon.

Quarterly movement (Billions)



Assets Held by Umbrella Schemes (Million)



Umoja Umbrella Retirement Benefits Scheme received a lumpsum contribution of UGX 403 Million during Q1. This brings it to an asset base of UGX 487 Million.

Quarterly Sector Growth (%)

	Dec - 18	Mar -18	June - 19	Sept -19	QAGR
Occupational	1.90%	12.27%	4.08%	4.07%	4.44%
NSSF	0.88%	5.54%	4.14%	4.42%	3.74%
Total Sector	1.02%	6.48%	4.13%	4.37%	3.83%

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	-2.78	-4.03	-5.73	0.00	3.58	7.48	14.22	0.00	2.50	4.96	10.01	0.00
Median	-0.25	-3.72	-4.09	0.7	3.81	7.86	16.68	13.9	2.67	5.33	10.55	8.35
75' Percentile	0.49	-2.15	-1.17	5.70	5.00	10.21	21.66	16.32	2.90	5.70	11.40	12.23
Range	13.66	14.66	23.25	17.97	6.70	15.65	30.23	18.56	4.22	9.69	15.05	14.5
Average	-1.19	-2.94	-4.09	2.92	4.23	8.27	16.77	9.14	2.51	5.06	9.26	6.22
W.A.P	-0.08	-0.79	-0.85	0.95	1.59	3.13	6.72	4.58	0.65	1.33	2.65	2.22

Market Performance during the Quarter

Quoted Equities

Security	NSSF	Occupational	Market Value (1st July 19)	Market Value (30th Sept 19)	Dividend per share	Capital Gain/ Loss	Dividend Yield	Net Return
Safaricom (K) Ltd	22%	25%	28.15	27.50	1.25	-2.31%	4.44%	2.13%
UMEME	15%	3%	300.00	296.22	40.90	-1.26%	13.63%	12.37%
Equity Bank Kenya	11%	7.9%	39.20	37.45	2.00	-4.46%	5.10%	0.64%
Tanzania Breweries Ltd	10%	4.9%	11,400	11,400	700.00	0.00%	6.14%	6.14%
East African Breweries	9%	9.4%	199.25	193.75	8.50	-2.76%	4.27%	1.51%
Kenya Commercial Bank	9%	8.9%	38.70	42.00	3.50	8.53%	9.04%	17.57%
Bank of Kigali Shares	3%	0%	275.00	268.00	12.20	-2.55%	4.44%	1.89%
Cipla Shares	3%	0.06%	160.00	128.00	-	-20.00%	0.00%	-20.00%
Stanbic Bank Ltd	3%	7.4%	29.00	28.00	1.90	-3.45%	6.55%	3.10%
DFCU Bank	3%	7.4%	650.00	650.00	33.01	0.00%	5.08%	5.08%
Vodacom TZ Shares	3%	0%	800.00	850.00	12.74	6.25%	1.59%	7.84%
Bank of Baroda	0%	2.3%	128.36	125.71	10.00	-2.06%	7.79%	5.73%

Source: Crested Capital

Several local companies posted mixed results for the 1H of the period during the quarter. Safaricom paid a special dividend of 0.62 to retail investors in September with institional investors expected to be paid by the end of November 2019. Cipla QCIL, Tanzania Breweries Ltd and UMEME registered period highs of UGX 160, UGX 11,400 and UGX 300 respectively. KCB Group was the sole gainer in the period after the Bank finalized its acquisition of National Bank of Kenya in a share swap.

Government Securities

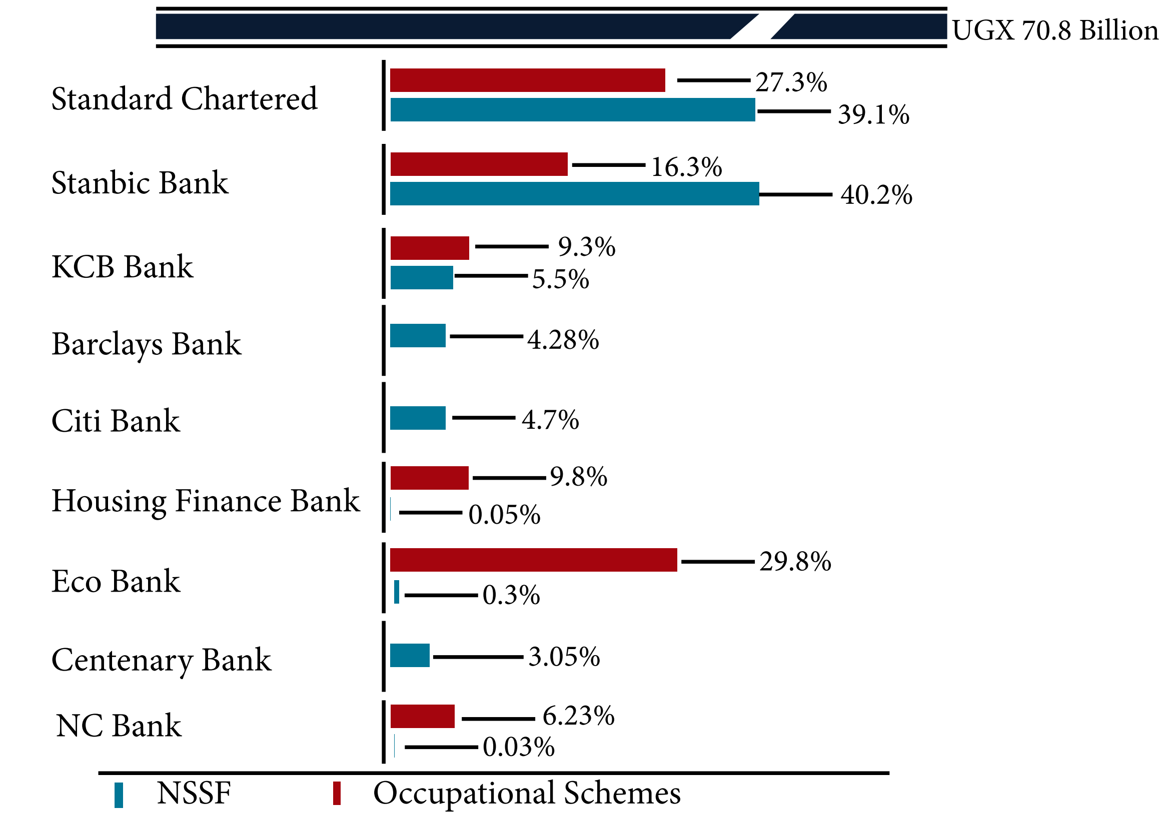
Tenor	Q2-(Dec-18)	Q3-(Mar-19)	Q4-(June-19)	Q1-(Sept-19)	% Change (QoQ)
91D	10.457%	9.662%	9.102%	8.406%	-7.65%
182D	11.792%	10.695%	10.564%	10.273%	-2.75%
364D	13.267%	12.253%	11.407%	10.580%	-7.25%
2Y	15.017%	13.867%	12.642%	12.717%	0.59%
3Y	16.250%	14.883%	13.703%	13.267%	-3.18%
5Y	16.358%	15.392%	14.758%	14.933%	1.19%
10Y	17.008%	15.700%	15.733%	14.383%	-8.58%
15Y	17.375%	16.267%	15.883%	14.550%	-8.39%

Source: Bank of Uganda, Crested Capital Economic review snapshot

Yields generally continued to trend downwards with the longer end of the curve (10y and 15y) tailing off 135bps and 133.30bps respectively. Yields on the 3y shed 43.60 bps while the 2y and 5y bonds added 7.5bps and 17.5 bps.

Cash and Demand (Percentage)

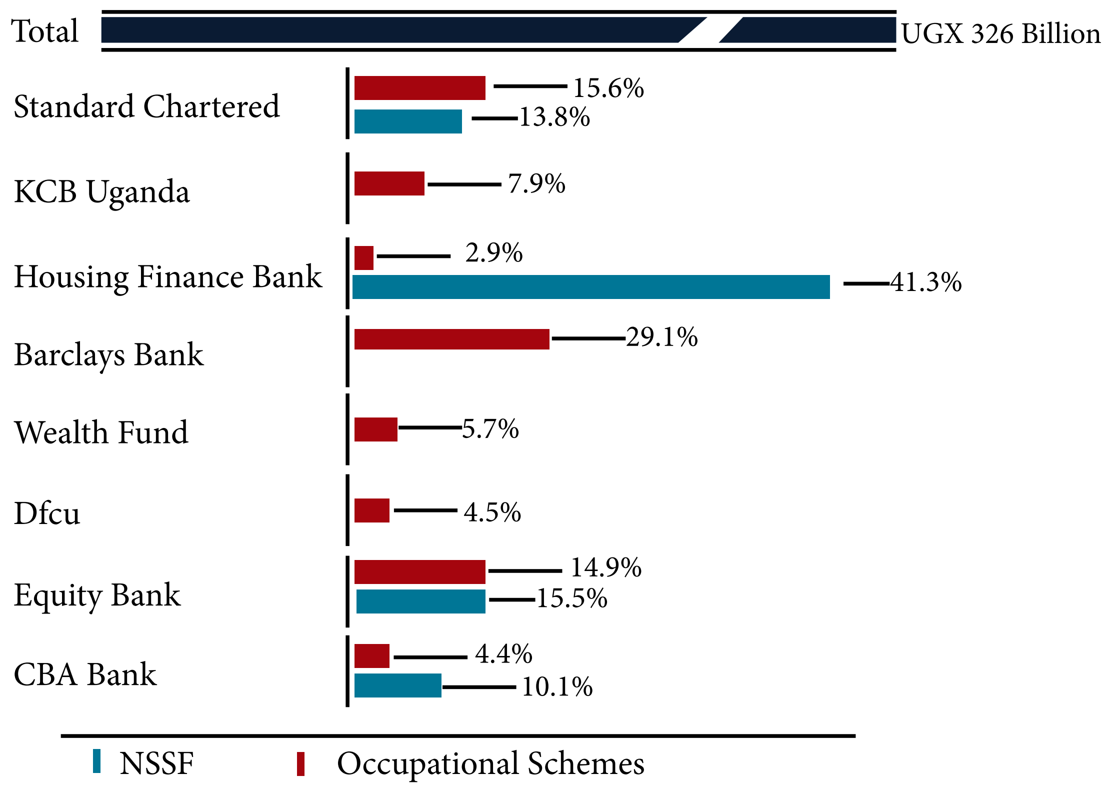
Total Value: UGX 70.8 Billion



Allocation to Cash and Demand by occupational schemes in Ecobank increased by 27.7%.

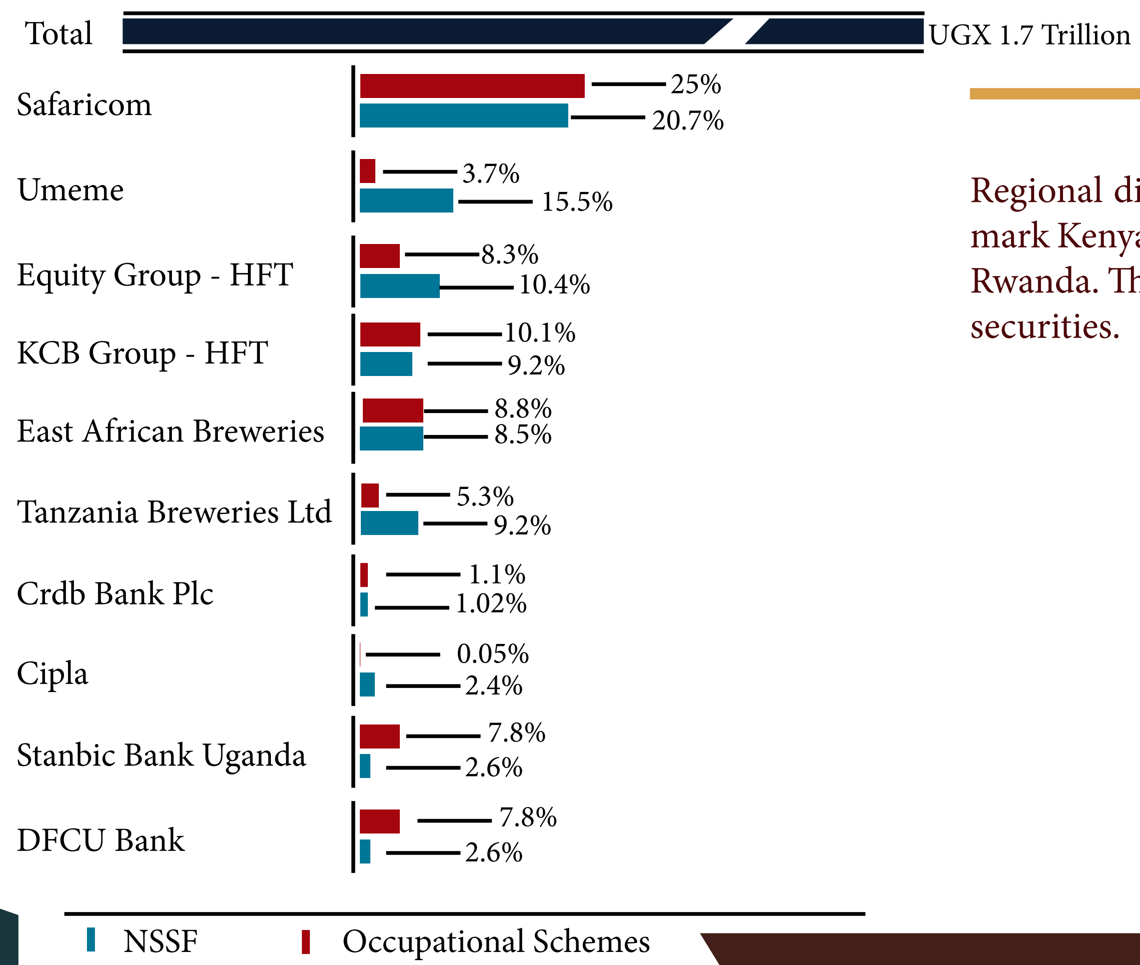
Fixed Deposit (Percentage)

Total Value: UGX 326 Billion



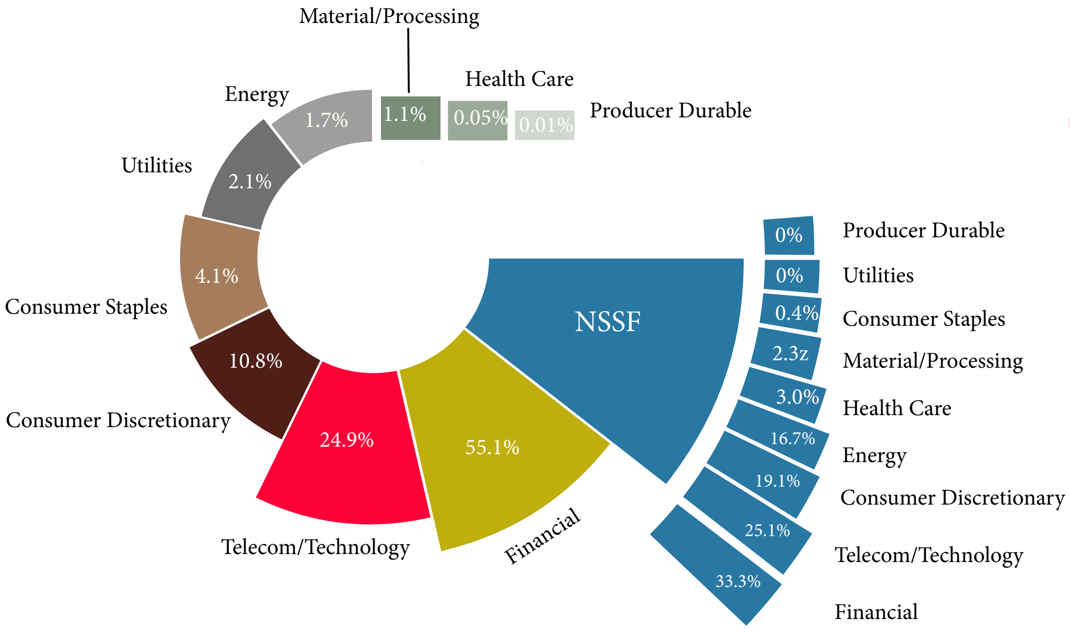
About 60% of Occupational Schemes' holding in fixed deposit is concentrated in Barclays Bank (29.1%), Standard Chartered Bank (15.6%) and Equity Bank (14.9%).

Quoted Equities (Percentage)



Regional distribution of retirement benefits funds in Quoted Equities mark Kenya at 70.4%, 23.2% in Uganda, 6.3% in Tanzania and 0.01% in Rwanda. This remains a second dominant asset class after Government securities.

Distribution of Quoted Equities by Sector



UAP Financial services,NSSF and Britam Asset managers are the only fund managers with Asset allocation to the Health Sector.

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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