URBRA
UGANDA RETIREMENT BENEFITS REGULATORY AUTHORITY

Retirement Benefits Sector

Total sector portfolio increased by 4.3% from UGX 15.2 trillion to UGX 15.8 trillion

Investment Snapshot

Quarter End Sept 2020

Content

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OVERVIEW

The Authority presents the Investment Returns Analysis Snapshot for the quarter ended September 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 September 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	338,636
Sanlam Investments E.A	21	942,565
GenAfrica Asset Managers	19	696,350
Xeno Investment Management	2	168
UAP	9	148,035
ICEA	3	73,355
Other*	1	10,616
NSSF Internal management	1	13,657,675

*Other: Parliamentary Pension Scheme approved asset

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

Cummulative Growth Rate (%)

	1 Year CAGR (18-19)-%	1 Year CAGR (19-20)-%	2 Year CAGR (18-20)-%	QAGR (19-20)-%
Occupational	18.5	15.2	16.8	3.45
NSSF	15.8	17.1	16.4	4.02
Total Sector	16.1	16.8	16.5	3.94

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

The sector recorded an annual growth of 16.8% in September 2020 compared to 16.1% the previous year.; the sector highlighted a quarterly average growth of 3.9% compared to 3.6% in June 2020.

Median Performance

1 Year Median Performance	Quoted Equities	Fixed Income	Money Market
Median	-2.69	14.46	10.9

The equities market made a slight recovery with the 1 year median return of -2.7% compared to -8.4% in the previous quarter. The median returns for Fixed Income and Money markets were 14.4% and 10.9% compared to 14.3% and 10.9% the previous quarter.

Economic Growth /GDP

The FY 2019/20 presented slowed performance across all sectors of the economy mainly due to the effects of COVID-19 Pandemic; the revised GDP estimate of FY 2019/20 highlighted growth of 2.9% compared to 6.8% the previous fiscal year. The downside risks to the economic growth outlook remained the uncertainty with regards to COVID-19, extreme weather conditions and volatility in the global financial markets.

Source: UBOS, BOU

Inflation

For the quarter ended September 2020, the annual headline inflation increased to 4.5% compared to 4.1% the previous quarter; over the same period core inflation was recorded at 6.2% majorly driven by hiked transport fares in response to government issued operating procedures for public transportation aimed at containing further spread of the COVID-19 pandemic

Source: UBOS, BOU

CBR

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

Financial markets - fixed income

From the total governement issuance during the quarter, domestic borrowing for fiscal purposes was up 94% from a total of UGX 602.13 billion in the quarter ended June 2020 to UGX 1,166.41 billion.

During the period of review, yields on the 2YR and 3YR bonds increased by 64.2 and 57.5 basis points respectively.

	Issuance	Domestic finance	Refinance
July 2020	1,120.66	486.84	633.82
Aug 2020	974.09	377.33	596.76
Sept 2020	1,059.29	302.23	757.06
Total	3,54.05	1,166.41	1,987.64

Source: MOFPED

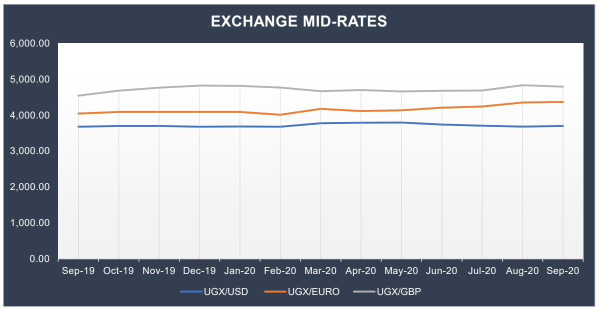
Financial markets - Equities Market

All regional indices decreased within the quarter with the exception of NSE-ASI which increased by 1.61%; mainly due to recoveries of major stocks.

	USE -ASI	USE-LSI Index	NSE-ASI Index	DARS-DSEI Index	RSE-ASI Index
Qtr End June 20	1,369.84	339.17	137.68	1,830.13	150.19
Qtr End Sept 20	1,361.95	338.51	139.89	1,824.71	148.75
% Change	-0..58%	-0.19%	1.61%	-0.30%	-0.96%

Currency

At close of the quarter, the shilling depreciated against the USD and EURO by 0.48% and 0.33% respectively. It also depreciated against the Kenya Shilling by 0.23% but appreciated against the pound (GBP) by 0.79%.



Source: BOU

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Total Sector Portfolio

	Quarter Ending June 20		Quarter Ending September 20	
Asset Class	Amount (UGX Million)	Proportion (%)	Amount (UGX Million)	Proportion (%)
Cash and Demand	58,641	0.4	69,901	0.4
Fixed Deposit	330,185	2.2	408,665	2.6
Other Fixed Income	97,734	0.6	99,624	0.6
Government Securities	11,538,847	75.9	11,912,237	75.1
Quoted Equities	1,878,768	12.4	1,982,120	12.5
Unquoted Equities	362,522	2.4	377,298	2.4
Immovable Property	928,189	6.1	1,006,800	6.3
Other Investment	11,884	0.1	10,754	0.1
TOTAL	15,206,771	100	15,867,400	100

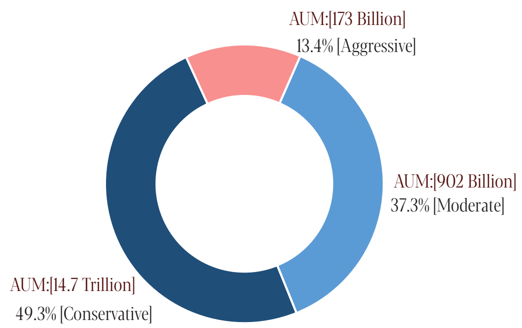
Note: "Other Fixed income" Asset class represents Commercial Paper, Corporate bonds, ABS, CIS, "Other investments" represent guaranted funds and other approved assets structures.

Mandatory Scheme's Portfolio

	NSSF		Parliamentary Pension Scheme	
Asset Class	Amount (Million)	Proportion (%)	Amount (Million)	Proportion (%)
Cash and Demand	58,235	0.4	315	0.10
Fixed Deposit	221,945	1.6	11,544	3.60
Other Fixed Income	74,348	0.5	7,338	2.29
Government Securities	10,330,001	75.6	238,934	74.52
Quoted Equities	1,613,635	11.8	51,763	16.14
Unquoted Equities	376,783	2.7	-	-
Immovable Property	982,728	7.2	124	0.04
Other Investment	-	-	10,616	3.31
TOTAL	13,657,675	100	320,635	100

Scheme Risk Profile

Risk Profile	Fixed Income Allocation	Scheme Portfolios	Scheme Proportion	AUM (Million)
Conservative	Over 70%	35	50.7%	14,791,395
Moderate	50% - 70%	25	36.2%	901,975
Aggressive	Less than 50%	9	13.0%	173,513
Total				15,866,884



Fund Managers' Holdings (Million)

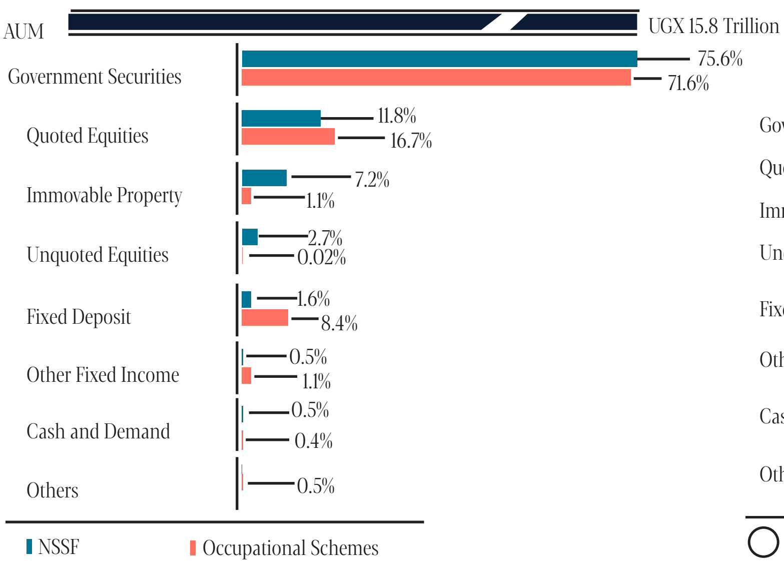
Fund Managers	Cash and Demand	Fixed Deposits	Other Fixed Income	Governement Securities	Quoted Equities	Unquoted Equities	Immovable Property*	Other Investments	AUM
Britam	3,876	36,149	18,966	240,038	39,450	33	124		338,636
GenAfrica	2,590	7,333	77	537,291	136,996		12,062		696,350
ICEA	378	5,647		63,145	4,185				73,355
Sanlam	3,859	107,116	957	638,179	179,946	483	11,886	138	942,565
Xeno			168						168
UAP	963	30,474	5,108	103,583	7,907				148,035
Other*								10,616	10,616
Total	11,666	186,720	25,277	1,582,236	368,484	516	24,072	10,754	2,209,725

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

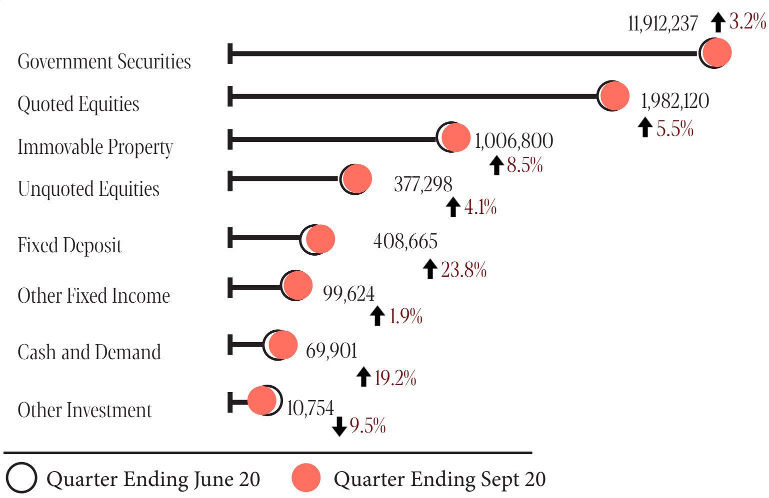
Tier Distribution of Scheme Asset

	Assets Under Management of Schemes (Occupational)				
Categories	Below 20 Billion	20 - 50 Billion	50-80 Billion	Above 80 Billion	Totals
Sanlam	112,015,757,895	195,608,127,386	191,724,428,030	443,216,678,912	942,564,992,223
UAP	33,526,486,203	50,423,642,031	64,085,179,246	-	148,035,307,480
Xeno	168,380,202				168,380,202
ICEA	20,329,055,791	-	53,025,759,528	-	73,354,815,319
GenAfrica	78,836,500,377	60,679,727,484	-	556,833,338,835	696,349,566,696
Britam	52,709,831,135	71,827,697,944	67,320,670,789	146,777,488,866	338,635,688,734
Other*	10,616,031,685				10,616,031,685
Total	308,202,043,288	378,539,194,845	376,156,037,593	1,146,827,506,613	2,209,724,782,339

Asset Allocation [%]

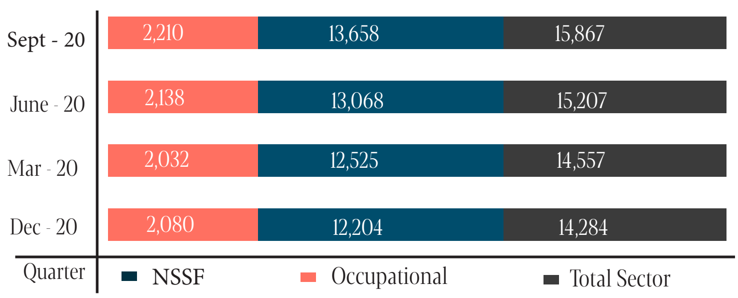


Asset Class Movement



During the quarter under review all asset classes highlighted quarterly growths with the exception of "Other investments" that declined by 9.5%.

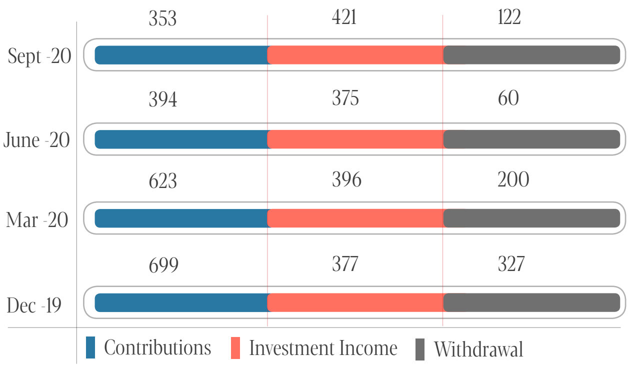
Asset Growth Trend (UGX Billion)



	Dec - 19	Mar -2	June -20	Sept -20	QAGR
Occupational	7.53%	-2.31%	5.24%	3.34%	3.45%
NSSF	4.61%	2.63%	4.34%	4.51%	4.02%
Total Sector	5.03%	1.91%	4.46%	4.34%	3.94%

The Retirement Benefits Sector made an annual growth of 16.8% compared to 16.1% the previous year; NSSF grew by 17.1% while occupational schemes grew by 15.2%.

Contribution, Income & Withdrawal (Billion)
Sector Asset Value: 15.8 Trillion



During period of review, contributions declined by 10.2% QoQ and 16.8% on an annual basis. Withdrawals and investment income increased by 103% and 12.4% respectively.

Assets held by Umbrella Schemes (Millions)

	June-20 (Million)	Sept-20 (Million)	Growth (%)
Liaison Umbrella Fund	13,061	13,604	4.15%
Jubilee Life Umbrella Retirement Scheme	17,943	18,653	3.96%
Umoja Umbrella Retirement Benefits Scheme	1,057	1,309	23.92%
Zamara Retirement Fund	38,155	61,822	62.03%
Octagon Uganda Umbrella Retirement Benefits Scheme	7,862	9,972	26.84%
ICEA (U) Limited Retirement Benefits Scheme	45,351	53,026	16.92%
Stanlib Uganda Umbrella Pension Scheme	19,362	10,996	-43.21%
Uap Umbrella Retirement Benefits Scheme	25,010	26,485	5.90%
Sara Umbrella Retirement Benefits Scheme	2,141	2,476	15.64%
Enwealth Uganda Umbrella Retirement Scheme	58	126	116.76%
Xeno Umbrella Retirement Benefits Scheme	-	134	-
Britam Umbrella Scheme	2,886	4,149	43.75%
Total	172,887	202,753	17.27%

Assets held by Umbrella Schemes increased by over 17% during the review period to UGX 202 Billion; a 45.7% increase on an annual basis.

All Umbrella Schemes recorded growth with the exception of Stanlib Uganda Umbrella Retirement Benefits Scheme which declined by 43.2%, attributed to large transfers out of the Umbrella of over UGX 9 Billion.

Tullow Uganda Retirement Benefits Scheme joined Zamara Retirement Fund with a transfer in of over UGX 8.2 Bilion ; thus the significant growth of 62%

Xeno Umbrella Retirement Benefits Scheme, a newly licensed Umbrella had assets under management of UGX 134 million.

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	1.00	1.76	-6.91	-1.09	3.72	7.89	14.02	15.12	2.39	5.01	10.40	10.32
Median	1.74	3.03	-2.69	0.70	3.84	7.95	14.46	15.73	2.61	5.37	10.91	10.63
75' Percentile	2.72	4.62	-1.80	1.22	3.91	10.02	15.72	15.88	2.89	6.28	11.98	11.69
Range	10.30	11.62	19.32	11.50	3.41	10.65	8.62	4.05	3.04	626.18	13.65	13.89
Average	1.89	3.12	-3.35	-0.19	3.80	8.95	14.79	15.32	2.59	20.31	10.93	10.68
W.A.P	0.30	0.52	-0.14	0.02	0.46	1.11	1.67	1.13	0.23	0.76	0.89	0.50

Source: URBRA database

Market Performance

Top Quoted Equities	NSSF (%)	Occupational (%)	Market Value (30th June 20)	Market Value (30th Sept 20)	Capital Gain/Loss (%)	Dividend per Share	Dividend Yield (%)	Net Return (%)
Safaricom Ltd - HFT	21.47	26.72	28.65	29.70	3.66	1.40	4.9	8.6
Tanzania Breweries Limited	13.63	5.42	10,900	10,900	0.00	160.00	1.5	1.5
UMEME LIMITED - HFT	13.80	2.88	245.00	222.37	-9.24	41.30	16.9	7.6
Equity Group Holdings Ltd - HFT	10.65	11.05	34.70	36.70	5.76	2.00	5.8	11.5
KCB Group Ltd - HFT	9.26	12.35	36.35	39.10	7.57	2.50	6.9	14.4
East African Breweries Ltd	6.38	8.25	162.50	169.25	4.15	3.00	1.8	6.0
National Microfinance Bank (NMB)	5.37	0.00	2340.00	2,340.00	0.00	96.00	4.1	4.1
Stanbic Bank Uganda - HFT	3.01	7.71	24.00	24.00	0.00	1.90	7.9	7.9
Development Finance Co.UG Ltd - HFT	2.17	7.62	645.00	635.00	-1.55	33.01	5.1	3.6
Crdb Bank Plc	2.89	1.60	145.00	150.00	3.45	17.00	11.7	15.2
Bank of Kigali shares	2.33	0.00	260.00	233.00	-10.38	14.40	5.5	-4.8
Twiga TPCC	2.16	0.00	2,200.00	2,320.00	5.45	290.00	13.2	18.6
Vodacom Tanzania	2.10	0.00	850.00	770.00	-9.41	190.83	22.5	13.0
Cipla Quality Chemicals Industries Ltd- HFT	1.67	0.05	100.00	101.00	1.00	0.00	0.0	1.0
Jubilee Holdings Ltd - HFT	1.12	0.09	242.00	242.00	0.00	8.00	3.3	3.3
Bank of Baroda	0.38	2.58	110.00	125.00	13.64	10.00	9.1	22.7
Co-operative Bank of Kenya	0.00	3.48	12.15	11.85	-2.47	1.00	8.2	5.8%
Absa Bank Ltd	0.00	2.86	10.00	9.82	-0.99	1.10	11.0	10.0

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

The retirement sector holds 12.5 percent of its investment in quoted equities as at September 2020. The total sector equity exposure to Safaricom stood at 22.4%, the stock posted a quarterly gain of 3.66% but was down 5.7% YTD.

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

Sectors	Percentage		
	Occupational	NSSF	Total Sector
Financial Sector	66.2	36.6	51.7
Consumer Staples	3.0	0.3	1.0
Consumer Discretionary	5.7	20.3	21.6
Utilities	1.4	0.0	0.3
Health Care	0.4	2.8	2.9
Material & Processing	0.3	2.2	2.3
Energy	1.3	14.0	14.3
Producer Durables	0.2	0.0	0.0
Technology and Telecom	21.5	23.9	28.8

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.

There was a 12% increase in allocations to the Financial sector by schemes within the quarter.

QoQ, the financial sector recorded an average price loss of 2.39%; however average gains of 1.79% and 0.79% were noted in the closing months of August and September 2020 respectively.

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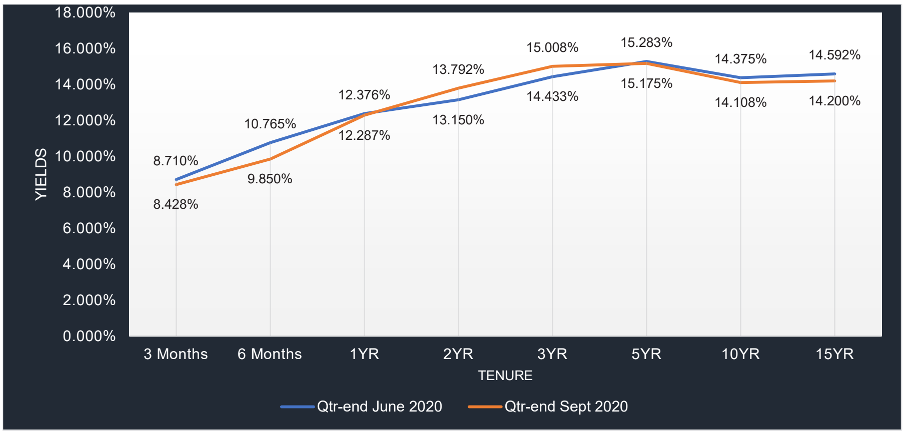
Fixed Income

Government Security	Q2 (jDec-19)	Q3 (Mar-20)	Q4 (June-20)	Q1 (Sept-20)	% Change (QoQ)
91D	9.778%	9.914%	8.710%	8.428%	-0.28
182D	11.545%	11.304%	10.765%	9.850%	-0.91
364D	12.898%	13.566%	12.376%	12.287%	-0.09
2Y	14.058%	14.258%	13.150%	13.792%	0.64
3Y	15.050%	15.642%	14.433%	15.008%	0.57
5Y	16.458%	16.142%	15.283%	15.175%	-0.11
10Y	15.600%	15.633%	14.375%	14.108%	-0.27
15Y	15.717%	15.733%	14.592%	15.733%	-0.39

Yield Curve Movement



Yields declined across the short & long term tenors,but increased on the medium end of the curve. The decline in yields was premised on account of high liquidity brought about by the accomodative monetary policy pursued by the Central Bank in addition to the increased demand for safer assets in light of the pandemic.

During the period of review, the 91D paper dropped by 28.2 basis points, 182D by 91.5 basis points and 364D by 8.9 basis points.

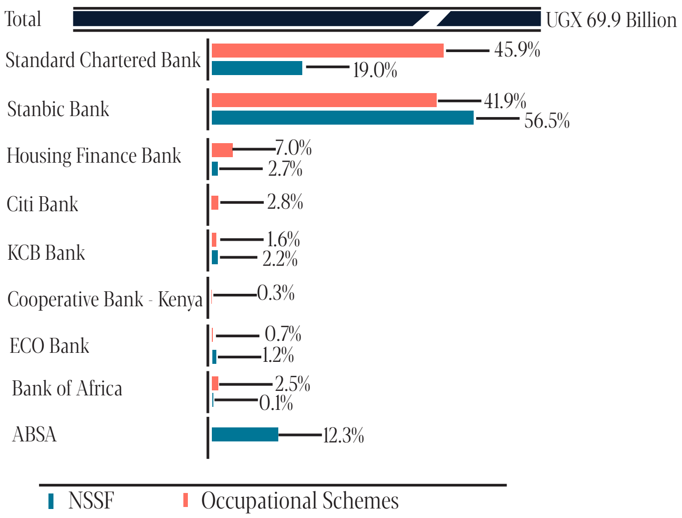
NSSF Bond Holding

Treasury Bond (Million)	
Government of Uganda	6,244,048
Government of Kenya	1,124,531
Government of Tanzania	1,295,323
Government of Rwanda	29,755
Infrustructural Bond (Million)	
Government of Kenya	1,620,180

Corporate Bond (Million)	
ADB	3,127
Kakira	53,039

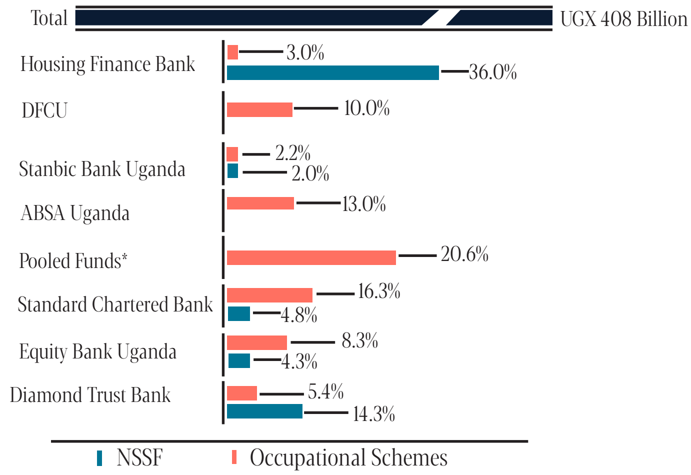
Over 60% of the total holding in Bonds is in Uganda followed by 26.6% held with the Government of Kenya; with UGX 1.6 trillion invested in Infrustructural bond of Kenya.

Cash & Demand (Percentage)
Sector Asset Value: 69.9 Billion



Cash and Demand is largely concentrated in Standard Chartered Bank and Stanbic bank. Occupational schemes held 0.3% of cash and demand with Cooperative bank of Kenya

Fixed Deposit (Percentage)
Sector Asset Value: 408 Billion

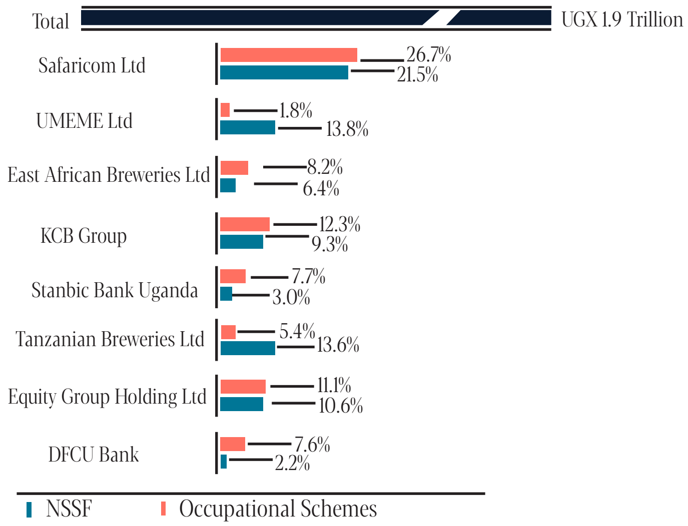


Pooled funds* includes Wealth management, CIS and Unit trusts.

The total allocation to Fixed deposits increased by 23.8%; NSSF still holds its biggest portion in Housing Finance Bank.

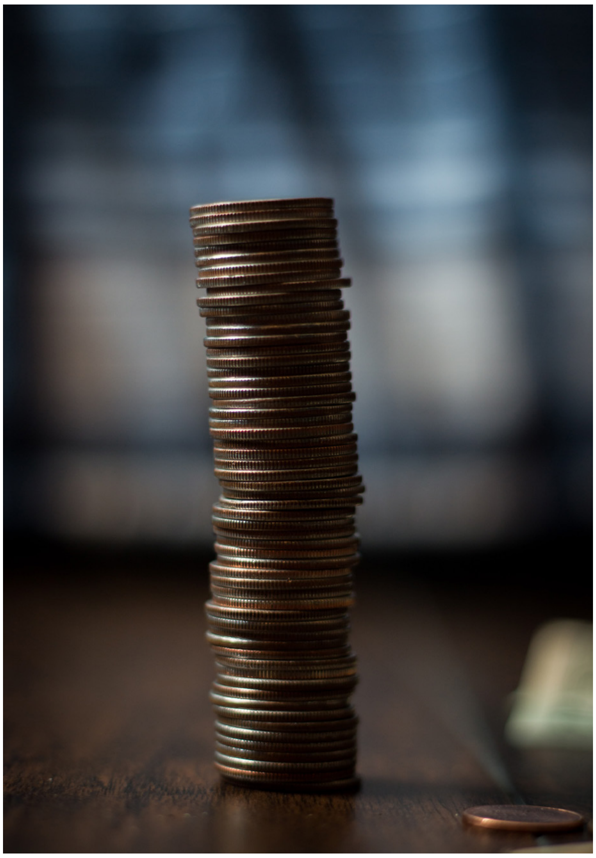
Pooled funds, ABSA and Standard Chartered Bank hold 50% of the occupational scheme investment in fixed deposits.

Quoted Equities (Percentage)
Sector Asset Value: 1.9 Trillion



The equity market registered slow recovery due to gradual improvement of economy; the asset class recorded a positive 3- months median performance of 2.7%.

The financial sector dominates allocation of scheme funds followed by Telecom & Technology which is more than 90% concentrated in Safaricom.



Uganda Retirement Benefits Regulatory Authority (URBRA)
4th - 6th floor, Plot 1 Clement Hill Road
P.o Box 7561, Kampala - Uganda
Telephone: +256 417304500/ +256200513500/ +256312324500
Website:|www.urbra.go.ug|Twitter:@urbraUg | Facebook: urbraUg

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