



FIDELITY PENSION MANAGERS LIMITED

Summary

March 2019 Edition



Review of **Macro Economic Environment**

Nigeria's recovery gained traction in the final quarter of 2018, with growth accelerating to an over three-year high. According to data released by the National Bureau of Statistics (NBS), GDP expanded 2.4% annually in Q4, well above Q3's 1.8% increase. The acceleration was driven by the non-oil segment of the economy, while momentum within the oil sector remained weak. For the year as a whole, growth came in at 1.9%, picking up notably from the 0.8% expansion logged in 2017.

Interest Rate



March Report 2019

MPC Meeting

At its 25–26 March meeting, the Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) cut the monetary policy rate from a record-high of 14.00%, which had remained in place since July 2016, to 13.50% in a move that took market analysts by surprise.

However, the committee left all other monetary policy parameters unchanged, with the asymmetric corridor remaining at plus 200 and minus 500 basis points around the monetary policy rate, the liquidity ratio at 30.00% and the cash reserve ratio at 22.50%. Notably, the MPC was not unanimous in its decision, with only 6 out of the 11 members voting in favor of lowering the policy rate.

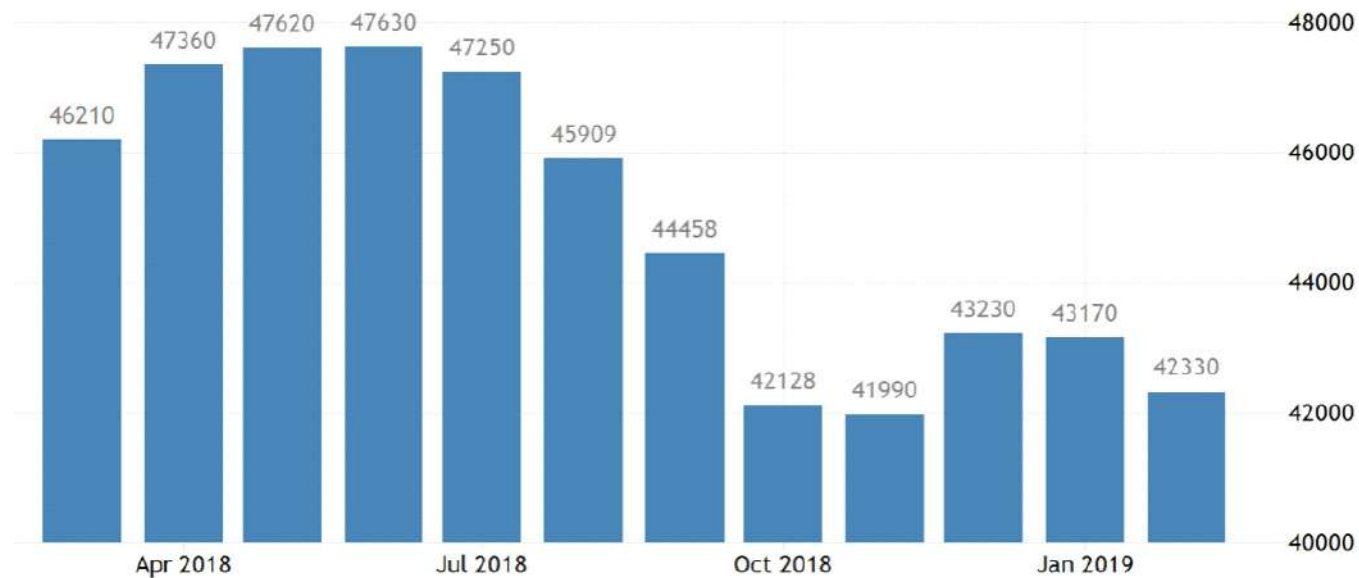
The Bank's decision signaled a new direction for monetary policy, which had previously been held tight to curb stubbornly-high inflation. In the accompanying statement, the CBN acknowledged that inflation has moderated steadily and that upside risks to the outlook persist; however, they specified that these are mostly due to external factors removed from "the ambit of monetary policy"

2019 First Quarter Macro Economics **Review**

Crude Oil Production

- Crude oil prices, which plunged in the fourth quarter of 2018, have rebounded significantly in 2019. In the first quarter of 2019, oil prices recorded the best quarterly gain since 2009 and best first-quarter gain since 2002.
- Moreover, on Apr 8, crude oil prices reached the highest level in five months. The U.S. benchmark West Texas Intermediate (WTI) crude gained \$1.32 or 2.1% to close at \$64.40 a barrel, its highest since Nov 1, 2018. The global benchmark Brent crude rose 76 cents or 1.1% to \$71.10 a barrel, its highest since Nov 7, 2018. Year to date, prices of WTI crude and Brent crude are up 41.8% and 40.6%, respectively.
- OPEC and Russia-led oil exporters decided to cut crude oil supplies by 1.2 million barrels per day (bpd) in 2019. On Mar 11, per a Reuters report, Saudi Arabia's energy minister Khalid al-Falih said that the country will keep its oil production below 10 million bpd in April, much lower than Saudi's previous estimate of 12 million bpd.
- We have heard that Russia is pushing for an increased production in the next meeting June.

External Reserve



- The Central Bank of Nigeria (CBN) has disclosed that the nation's foreign reserves appreciated by \$1.26 billion in first quarter of 2019.
- The foreign reserves at the beginning of 2019 opened at \$43.17 billion to close March 30, 2019 at \$44.43 billion, representing an increase of \$1.26 billion or 2.9 per cent.
- The positive growth in the reserve has been attributed to the FGN Euro bond late 2018, rising oil prices and increased flows from the diasporas.

Inflation, & Exchange Rate



- Nigeria's annual inflation rate dropped to 11.31 percent in February 2019 from 11.37 percent in the previous month, as prices rose at a slower pace for all categories
- The first quarter of the year saw fixed income yield decline by over 200bps across the curve. This was supported by robust system liquidity and deliberate move by DMO to issue Bonds at cheaper rates.
- The foreign Exchange market has remained stable for most part of the year following the introduction of the importer and Exporters window and the occasional intervention by the CBN.

Equities Market

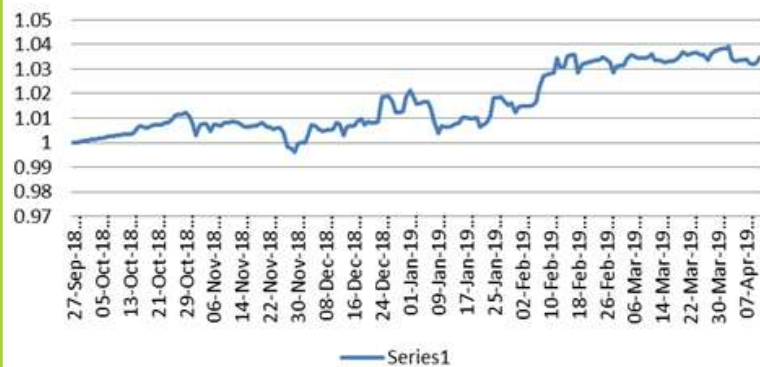
All Share Index



Equity: The equities market displayed further lackluster performance as sell pressure intensified across bellwether stocks and Portfolio Fund managers focused more on the Fixed Income Securities due to the attractive yield. The equities market was bearish for most part of the month as the benchmark index declined by 0.3% w/w to close at 31,041.42. The market ought to benefit from the continuous declining of the yields across fixed income securities coupled with the Monetary Policy Rate (MPR) cut by 50bps. The reverse was the case of the positive sentiments which the market witnessed in the penultimate month. Consequently, the MtD and YtD losses increased to 2.1% and 1.2%, compared to the 3.80% and 0.92% gains (for February), respectively

Fund Performances

FUND I PRICES CHART



FUND II PRICES CHART



FUND III PRICES CHART



FUND IV PRICES CHART



A background image showing a close-up of hands dropping coins into a piggy bank. The image is slightly blurred and has a green overlay at the bottom. A bright green triangle is in the top left corner.

Are you taking advantage of your Voluntary Contribution?

Background

The principal purpose of the Pension Reform which is outlined in the Pension Reform Act (PRA) 2014 is to create a sustainable pension system with capacity to provide a stable, predictable and adequate source of retirement income. In a bid to achieve this goal and to cater for the needs of those individuals desirous of saving more towards their retirement, National Pension Commission (PenCom) in line with Pension Reform Act (PRA) 2014 released a guideline on voluntary contribution to provide the procedure for making voluntary contributions and modalities for withdrawal.

What is Voluntary Contribution

Voluntary Contributions refer to additional contributions you can decide to include to your mandatory pension contributions for the purpose of augmenting them or simply to set aside as savings towards a goal other than retirement. These contributions differ from the regular pension contribution and are deducted separately from them. These additional contributions will be deducted from your monthly emoluments by your employer and remitted into your Fidelity Pension Retirement Savings Account (RSA), alongside your usual monthly pension contributions



Features Flexibility in contribution

- **An additional advantage**, and a major difference from regular pension contributions, is that YOU are at liberty to decide the amount you wish to contribute. It is pertinent to note that you are restricted to contributing only once in a month.
- **Voluntary Contributions** differs from other regular savings you may have, as it is deducted from your salary before tax. This peculiarity is a significant advantage of Voluntary Contributions, as it means the contributions are tax-free and lower your overall tax liability, thereby aiding you in saving more money.

Investment of the funds

- **The funds** received from your employer as Voluntary Contributions are invested in a diversified portfolio in accordance with guidelines released by the National Pension Commission (PENCOM). This ensures that your contributions do not remain dormant but generate income, thereby increasing their value. In addition, it also hedges your contributions against the corrosive effects of inflation, as capital preservation is a guiding tenet in the management of funds at Fidelity Pension Managers Limited.
- **Voluntary contributions** also augment your pension contributions, ensuring that you retire happily and live your life to the fullest after retirement.

Benefits

Flexibility

- When you decide to commence an AVC, you have absolute control over the amount and frequency of the AVC. You can also increase or decrease the amount or temporarily cease an AVC without accruing any penalties or additional costs.

Cost effectiveness

- Paying an AVC on an existing retirement account won't cost you more fees, it may be more cost effective for you to rather pay an AVC into your current Retirement Savings Account.

Tax Savings

- Voluntary Contributions are deducted from your total emoluments before tax. Therefore, it immediately reduces the total taxable portion of the contributor's remuneration. From a financial perspective, this immediately saves the contributor more money which will, in the long term, accrue to massive savings and leave more money at his/her disposal.

Benefits

Convenient Savings Plan

- Contributions can be tailored to act as mid to long-term savings plan to help achieve identified projects or specified goals. The contributions can be used to meet property ownership requirements (mortgage contributions or outright ownership), it can be structured to be withdrawn to meet the educational fees of the children, a family vacation or even designed to aid in the establishment of a business. As with many things, the only limit is your imagination.

Contribution

- Every employee covered under the contributory pension scheme is eligible to make Voluntary Contributions. All you need to do is inform the relevant department in your organization (e.g. Human Resources or Finance) about your desire to make voluntary contributions, stating the additional amount to be deducted from your monthly emoluments and remitted to your PFA - Fidelity Pension Managers Limited.

A background image showing a close-up of a person's hands holding a small, round, light-colored coin. The image is slightly blurred and has a dark, muted color palette. A bright green triangle is visible in the top-left corner of the slide.

Withdrawal process

WITHDRAWAL

- To withdraw from your Voluntary Contributions, all you need to do is complete and submit our Voluntary Contributions withdrawal form and attach relevant supporting documents. Your application will be processed and benefits paid within 10 working days subject to approval from National Pension Commission (PenCom). The time frame for withdrawal from your Voluntary/Additional voluntary account has been fixed by PENCOM to be once every 2 years. We recommend that you keep your Voluntary Contributions In your RSA for a minimum of five (5) years to take maximum advantage of the tax exemptions provided for that time frame.
- In accordance with the guidelines, 50% of your contributions shall be treated as contingent, which will be available for withdrawal within the stipulated time frame of every 2 years, while the remaining 50% shall be fixed for pension and utilized at date of retirement to augment the contributor's retirement benefits.



**We are available to answer all your questions and help
you start a simple savings plan today.**

For Details:

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