



FUND MANAGER'S REPORT FOR THE PERIOD OCT. - DEC. 2020 (Q4 2020)

Investment Philosophy: Our investment activities are guided by the need to secure the long-term interest of our contributors and fund owners. To this end, our goal is to ensure capital preservation whilst delivering positive real return to our contributors' funds through the implementation of investment strategies, risk management policies, careful execution of transactions and best practices, all of which deliver value consistently.

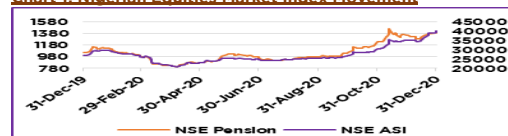
ECONOMIC & FINANCIAL MARKETS REVIEW

The last quarter of 2020 was trailed by a decent improvement in global economic activities. However it received less than the desired boost required to lift the economy back to levels observed at the start of the year. While we are of the view that the worst is behind us, given the recent development of effective vaccines for Covid-19 and improved investors' confidence that comes with it, uncertainties remains the new normal in the global economy.

The Nigerian economy officially entered into another recession in the third quarter of 2020 given a -3.62% GDP YOY growth rate. The Nigerian PMI also remained subdued at below 50pts for both manufacturing and non-manufacturing sectors during the review period and Inflation rate continue to rise (Nov'20: 14.89%) as the hike in food prices persist.

The Nigerian Stock Exchange All Share Index (NSE ASI) gained 50.05% during the period under review (Q3 2020: 10.30%) as strong buy momentum crowded the market amidst the low interest rate regime in the fixed income space.

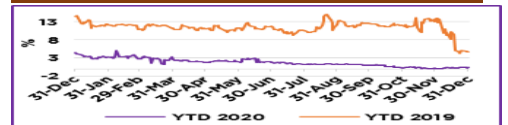
Chart 1: Nigerian Equities Market Index Movement



Sources: Bloomberg and FCMB Pensions

Average Overnight rates in Q4 2020 declined further by 584bps to 2.09% from 7.93% in Q3 2020 as system liquidity rose by 114.89% from N209.13 billion (in Q3 2020) to N449.39 billion, on CBN's lower OMO bills issuance, reduction in MPR and lower yields on new issuances by the DMO. Please see Treasury bills yield trend in the chart below.

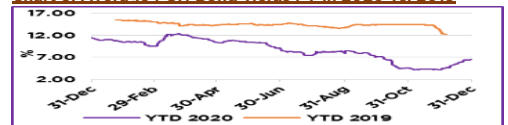
Chart 2: 90 days Nigerian Treasury Bill True Yield (NITTY)



Sources: Bloomberg and FCMB Pensions

Bond prices appreciated as average yields (across tenors) fell further by 293bps from 8.02% recorded in Q3 2020 to 5.09% recorded in Q4 2020 as shown in the chart below.

Chart 3: Average FGN Bond yields FY in 2020 vs. 2019



Sources: Bloomberg and FCMB Pensions

ECONOMIC & FINANCIAL MARKETS OUTLOOK FOR Q1 2021

Breakthrough on Covid-19 vaccine is likely to encourage a growth comeback in 2021. With the base expectation of a vaccine rollout in first half of 2021, the expectation is that normalcy can return to many countries. In addition, a more cordial and diplomatic relationship between the US and the rest of the world, especially with respect to trade is expected to be positive. This could tilt global macroeconomic risks to the upside, putting most nations on the path of growth.

At home, we are of the view that although the reopening of the borders in Q4 2020 should ease pressures on food prices, other structural factors such as FX illiquidity and need for harmonization across various windows, likely further increase energy prices may keep general prices elevated in H1'21. However we expect a gradual rebound in GDP as economic activities improve and oil prices to remain elevated although a lid on output should cap oil & gas sector contribution to growth.

DISCLAIMER: The views expressed in this report are provided for information purposes only. Please note that past performance is not a guarantee for future performance. The material herein is obtained from a variety of sources and we make no representation as to its accuracy or completeness. This material has been issued by FCMB Pensions Limited which is regulated by the National Pension Commission.

ASSET ALLOCATION LIMITS

The Fund assets can only be invested in asset types approved by the National Pension Commission (PenCom). The prescribed asset classes and their maximum limits are listed below:

Table 1: Regulatory Maximum Limit

Asset Class	Fund I	Fund II	Fund III	Fund IV
Ordinary shares	30%	25%	10%	5%
Money Market Instruments	30%	30%	35%	35%
FGN and CBN Securities	60%	70%	80%	80%
Corporate Debt Securities	35%	40%	45%	45%
State and Local Govt. Debts	10%	15%	20%	20%
Supra-national bonds/sukuk	20%	20%	20%	20%
Infrastructure Funds	10%	5%	0%	0%
Private Equity Funds	10%	5%	0%	0%
Open, Closed and Hybrid Funds	25%	20%	10%	5%

Source: FCMB Pensions

FCMB PENSIONS RSA FUNDS

FCMB PENSIONS RSA Funds' assets are invested in a mix of securities in line with the Pension Commission's regulation on investment of pension assets. The Fund's asset allocation structure as at Dec. 31, 2020 across the Funds is shown in the table below:

Table 2: Structure of Funds Investment Portfolio (as at Dec. 31, 2020)

Securities	Fund I	Fund II	Fund III	Fund IV
Ordinary Shares	10.52%	8.20%	4.62%	0.00%
Money Market Instrument	29.52%	21.94%	28.49%	34.97%
Treasury Bills	0.00%	0.00%	0.00%	0.00%
Bonds	59.96%	69.40%	66.52%	65.01%
Supranational Securities	0.00%	0.00%	0.04%	0.02%
Hybrid Funds	0.00%	0.36%	0.34%	0.00%
Real Estate Investment Trust	0.00%	0.09%	0.00%	0.00%
Total	100.00%	100.00%	100.00%	100.00%

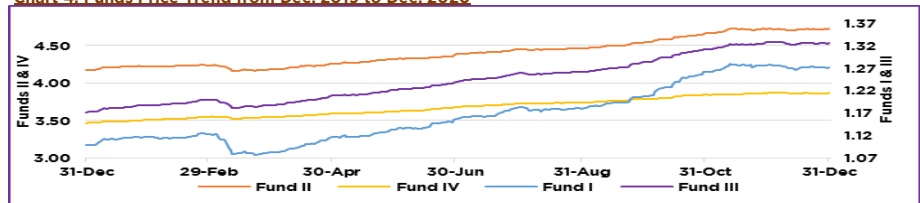
Source: FCMB Pensions

The table below shows the Unit prices of each Fund as at end of FY 2019, Q1 2020, Q2 2020, Q3 2020 and FY 2020.

Table 3: Periodic Unit Prices

Period	Fund I	Fund II	Fund III	Fund IV
FY 2019	1.0983	4.1708	1.1718	3.4671
Mar. 2020	1.0819	4.1805	1.1876	3.5466
Jun. 2020	1.1573	4.3851	1.2397	3.6779
Sep. 2020	1.2069	4.5387	1.2825	3.7824
FY 2020	1.2721	4.7222	1.3266	3.8688

Chart 4: Funds Price Trend from Dec. 2019 to Dec. 2020



Source: FCMB Pensions

PENSION INDUSTRY NEWS ON TRANSFER WINDOW

Section 13 of the Pension Reform Act (PRA) 2014 specifies that an employee can transfer his or her Retirement Savings Account (RSA) from one Pension Fund Administrator (PFA) to another, not more than once in year.

We are pleased to inform you that the National Pension Commission (PenCom) on November 9, 2020 announced November 16, 2020 as date for the official launch of the Retirement Savings Account (RSA) Transfer System.

The Transfer Window allows you as a contributor to transfer your Retirement Savings Account (RSA) from your current Pension Fund Administrator (PFA) via the RSA Transfer System (RTS) which is a robust electronic platform that would enable seamless RSA transfers. Kindly note that the RSA Transfer is subject to a prior data recapture with your current Pension Fund Administrator (PFA).

NOTICE, COMPLAINTS AND FEEDBACK

In order to serve our customers better, kindly contact us at our Head Office located at **Plot 207 Zakaria Maimalari Street, Cadastral Zone AO, CBD, Abuja, FCT**. We can also be reached via FCMB branches nationwide. You can visit our website at www.fcmbpensions.com, call us on any of following telephone numbers **(+234) 07080633000-4** or send us an email at info@fcmbpensions.com.

We value your opinion and feedback and would want to hear from you, with regards the quality of our services. We are committed to ensuring you receive the best service possible. **Thank you for your highly valued patronage. FCMP Pensions... the smart choice for a happy retirement.**