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NATIONAL PENSION COMMISSION

**UPDATE ON ACTIVITIES OF THE NATIONAL PENSION COMMISSION (PENCOM) SUBMITTED FOR THE THIRD QUARTER 2015 CAPITAL MARKET COMMITTEE (CMC) MEETING**

1. **Overview of Industry Pension Fund Portfolio**

The Table 1 below provides the portfolio valuation summary of the four categories of pension funds for the period ended 30September 2015:

|  |  |  |  |
| --- | --- | --- | --- |
| **Asset Class** | **31-Dec-14** | **30-Sep-15** | **Variance btw Dec'14 & Sept'15** |
|  | **~~N~~' Billion** | **%** | **~~N~~' Billion** | **%** | **~~N~~' Billion** | **%** |
| Ordinary Shares | 543.54 | 12% | 540.92 | 11% | (2.62) | 0% |
| FGN Securities: |   |   |   |   | 0.00  |   |
| FGN Bonds |  2,396.55  | 52% | 2776.51 | 54% | 379.96  | 16% |
| Treasury Bills |  497.78  | 11% | 653.68 | 13% | 155.90  | 31% |
| State Govt. Bonds |  172.40  | 4% | 160.52 | 3% | (11.88) | -7% |
| Corporate Debt Securities |  118.92  | 3% | 148.32 | 3% | 29.40  | 25% |
| Supranational Bonds |  12.88  | 0% | 12.47 | 0% | (0.41) | -3% |
| Local Money Market Instruments |  541.69  | 12% | 475.11 | 9% | (66.58) | -12% |
| Open/Close-End Funds |  20.35  | 0% | 19.97 | 0% | (0.38) | -2% |
| Real Estate Properties |  213.25  | 5% | 208.31 | 4% | (4.94) | -2% |
|  Private Equity Fund |  11.77  | 0% | 13.84 | 0% | 2.07  | 18% |
| Infrastructure Fund | 0  | 0%  | 1.22 | 0% | 1.22  | 0% |
| Foreign Investments: |   |   |   |   |  |   |
|  Equities |  59.50  | 1% | 64.58 | 1% | 5.08  | 9% |
|  Money Market Instruments |  0.12  | 0% | 0.97 | 0% | 0.85  | 708% |
| Cash & Other Assets |  23.20  | 1% | 27.38 | 1% | 4.18  | 18% |
| **Total Pension Fund Assets** | **4,611.95** | **100%** |  **5,103.80**  | 100% | **491.85**  | **11%** |

1. The value of industry pension fund assets grew from N4.61Trillion on 31 December 2014, to N5.10Trillion as at 30 September, 2015. This resulted in a net growth ofN492Billion (11%) between December 2014 and September, 2015. The growth in pension fund assets was mostly from new pension contributions into the RSA Funds.
2. New investments during the period were mostly in FGN Securities (FGN Bonds and Treasury Bills), which accounted for 67% of total pension fund assets and grew by 16% and 31%, respectively due to attractive yields relative to other alternative securities with similar tenors.
3. There were freshinvestments in newly issued Corporate Bonds of Fidelity Bank and Nigerian Mortgage Refinancing Company (NMRC) Bond.

**Major Challenge:** Death of investible products for pension fund investments

1. **Draft Amended Investment Regulation**

The Draft Amended Investment Regulation which includes a MultiFund Structure and Non-Interest Capital Market Products, is awaiting final approval by the Commission’s Board, prior to release. This is expected as soon as the new Governing Board is re-constituted by Mr President.

1. **Guidelines on Accessing RSA Balances for Residential Mortgage**

The Draft Guidelines on Accessing Retirement Savings Accounts (RSAs) for Payment of Equity Contributiontowards Residential Mortgage was exposed to relevant stakeholders for feedback comments. Thefeedback comments are currently being reviewed by the Commission, prior to the required Board approval and its subsequent release.

1. **Establishment of Product Review Committee**

The Commission is working at establishing a Product Review Committee, comprising of some stakeholders such as CBN, SEC, DMO, Capital Market Operators, and Pension Operators.The main objective of the Committee shall be to liaise /work with the pension industry, in the development of investible products that would satisfy the minimum quality requirements for pension fund investments. This will accelerate the effective development of the pension assets to critical sectors of the economy, such as Infrastructure and Real Estate.

Thank you

**Ehimeme Ohioma**