



An update of activities of the National Pension Commission

A Presentation to the:

Capital Market Committee Meeting

National Pension Commission

Abuja, Nigeria

March, 2021

Outline

- **Recent developments from last CMC Meeting**
- **Pension Statistics as at January 2021**

Recent developments from last CMC Meeting

Framework for the implementation of the Non-Interest Fund:

- The Commission has developed a draft Operational Framework on the Non-Interest Fund (Fund VI).
- The Financial Regulation Advisory Council of Experts (FRACE) has certified that the draft Framework is in compliance with the Non-Interest (Islamic) Finance Principles.
- The draft Framework will be exposed to industry stakeholders for further inputs and comments.

Recent developments from last CMC Meeting

New Fees Regime for the Micro Pension Plan:

- The Commission had developed the proposed new Fees Regime for the Micro Pension Plan.
- The new Fees Regime is aimed at providing economic incentives to Operators that are commensurate with the risks and cost of the Micro Pension Plan.

Recent developments from last CMC Meeting

Circular for the Reclassification and Valuation of Pension Fund Assets Under International Financial Reporting Standards (IFRS 9):

- The Commission issued a circular to Pension Fund Operators with regard to reclassification and valuation of Pension Fund Assets under IFRS 9.
- The key thrust of the circular is the directive that Pension Fund Operators can only consider a change to their existing Business Model when the liability structure of any pension fund under management has changed or is about to change.

Summary of Pension Fund Assets – January 2021

ASSET CLASS	31-Dec		31-Jan		Variance	
	Amount	Weight	Amount	Weight	Between	
	N Million	%	N Million	%	December 2020 and January 2021	
					N Million	% Change
Domestic Ordinary Shares	858,464.71	7%	919,846.69	7%	61,381.98	7.15%
Foreign Ordinary Shares	92,918.56	1%	88,901.76	1%	(4,016.79)	-4.32%
FGN Securities:	8,130,682.47	66%	8,107,195.50	66%	(23,486.97)	-18.43%
<i>FGN Bonds</i>	7,384,474.12	60%	7,331,829.86	60%	(52,644.26)	-0.71%
<i>Treasury Bills</i>	628,218.96	5%	670,343.66	5%	42,124.70	6.71%
<i>Agency Bonds (NMRC & FMBN)</i>	10,623.21	0%	12,278.46	0%	1,655.25	15.58%
<i>Sukuk Bonds</i>	93,551.78	1%	82,522.15	1%	(11,029.63)	-11.79%
<i>Green Bonds</i>	13,814.40	0%	10,221.37	0%	(3,593.03)	-26.01%
State Govt. Securities	136,589.29	1%	133,572.36	1%	(3,016.94)	-2.21%
Corporate Debt Securities:	836,339.11	7%	835,765.45	7%	(573.66)	-58.97%
Corporate Bonds	793,788.76	6%	806,385.56	7%	12,596.80	1.59%
Corporate Infrastructure Bonds	15,973.12	0%	13,037.56	0%	(2,935.56)	-18.38%
Corporate Green Bond	26,577.23	0%	16,342.33	0%	(10,234.90)	-38.51%
Supra-National Bonds	1,442.19	0%	1,389.25	0%	(52.95)	-3.67%
Local Money Market Securities:	1,687,471.17	14%	1,647,582.44	13%	(39,888.73)	-2.76%
<i>Banks</i>	1,530,781.18	12%	1,484,285.96	12%	(46,495.22)	-3.04%
<i>Commercial Papers</i>	156,689.99	1%	163,296.49	1%	6,606.49	4.22%
Foreign Money Market Securities	18,687.28	0%	17,951.64	0%	(735.64)	-3.94%
Mutual Funds:	161,391.77	1%	162,090.06	1%	698.29	0.45%
<i>Open/Close-End Funds</i>	76,358.88	1%	75,529.79	1%	(829.09)	-1.09%
<i>Reits</i>	85,032.89	1%	86,560.27	1%	1,527.38	1.80%
Real Estate Properties	159,703.20	1%	159,823.54	1%	120.34	0.08%
Private Equity Fund	33,235.78	0%	32,493.93	0%	(741.85)	-2.23%
Infrastructure Fund	66,430.36	1%	65,186.82	1%	(1,243.54)	-1.87%
Cash & Other Assets	122,796.87	1%	127,428.11	1%	4,631.23	3.77%
Net Assets Value	12,306,152.76	100.00%	12,299,227.54	100.00%	-6,925.23	-0.06%

Summary of Pension Fund Assets

- The total value of pension assets amounted to N12.299 Trillion as at 31 January, 2021, representing a net decline of N6.9 billion (0.06%), when compared to the value of N12.30Trillion as at 31 December 2020. This slight decline was as a result of **Unrealized losses** on bonds, arising from the depreciation of bond prices. Nevertheless, Pension funds are long-term funds and there will always be volatilities in the short-medium term, but the long term objective is to earn fair returns on pension fund assets.
- Investments in FGN Securities still dominate assets allocation with amounted to N8.107 Trillion, representing about 66% of total industry portfolio. This was made up of investments in FGN Bonds (N7.33Trillion); Treasury Bills (N670Billion); Agency Bonds (N12.27Billion); FGN Sukuk (N82.52Billion) and FGN Green Bond (N10.22Billion).
- Pension assets investments in the alternative assets space accounted for around 2%. This is because very few offerings met the requirements of the Regulation on Investment of Pension Assets.