



NATIONAL PENSION COMMISSION (PenCom)

SECOND QUARTER 2020 REPORT

Corporate Vision and Mission

Vision

By 2020, to be a pension industry with 20 million contributors delivering measurable impact on the Economy

Mission

PenCom exists for the effective regulation and supervision of the Nigerian Pension Industry to ensure that retirement benefits are paid as and when due

August, 2020

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Section One

Pension Operating Environment

1.1 Macroeconomic Development

In the second quarter of 2020, Nigeria's aggregate Gross Domestic Product (GDP) stood at **N34,023,197.60** million in nominal terms, This was 2.8% lower when compared with the second quarter of 2019 which recorded an aggregate GDP of **N35,001,877.95** million. Overall, the nominal growth rate was 16.81% lower than the rate recorded in the second quarter of 2019 and 14.81% lower than recorded in the first quarter of 2020. Consequently, for the first half of 2020, real GDP declined by 2.18% year on year, compared with 2.11% recorded in the first half of 2019.

The decline was largely attributable to significantly lower levels of both domestic and international economic activity during the quarter, which resulted from nationwide shutdown efforts aimed at containing the COVID-19 pandemic. The domestic efforts ranged from initial restrictions of human and vehicular movement implemented in only a few states to a nationwide curfew, bans on domestic and international travels, closure of schools and markets etc. which affected both local and international trade. The efforts, led by both the Federal and State governments, evolved over the course of the quarter and persisted throughout.

The oil sector accounted for 8.93% of aggregate GDP and recorded a real growth of 6.63% (year-on-year) in Q2 2020 indicating a decrease of 13.80% relative to the rate recorded in the corresponding quarter of 2019. Conversely, the non-oil sector accounted for 91.07% of aggregate GDP in the second quarter of 2020 but declined by 6.05%. Activities in the non-oil sector were driven by Financial and Insurance (Financial Institutions), Information and Communication (Telecommunications), Agriculture (Crop Production) and Public Administration, while the highest negative growth was experienced in the Transport and Storage, Accommodation and Food Services, Construction, Education, Real estate and Trade among others.

1.2 Developments in the Capital Market

The NSE All share index was 24,479.22 as at 30 June 2020, down -18.31 percent over the corresponding period in 2019. Total market capitalization was N28.62 trillion in the reporting period. All the NSE market indices recorded a mix of positive and negative performance, with the highest performer being Construction/Real Estate with 49.18 percent and the lowest being Oil & Gas with -26.04 percent. The bond market capitalization increased to N13.40, representing a 25.90% increase. The debt instruments for Q2 2020 include FGN Bond at N11.24 trillion (72.73%), FGN savings bond at N12.98 billion (0.08%), FGN Sukuk at N362.56 billion (2.35%), Green Bond at N25.69 billion (0.17%), Nigeria Treasury bill at N2.76 trillion (17.86%), Nigeria Treasury bond at N100.99 billion (0.65%), and promissory note at N951.74 billion (6.16%) totalling N15.46 trillion.

1.3 Developments in the Money Market

The Central Bank of Nigeria (CBN) changed the Monetary Policy Rate (MPR) to 12.50% in May, 2020. Cash Reserve Ratio (CRR) on private sector deposit was increased to 27.5%. The monetary indicators were deposits of various maturities closing at a range of 4.90% – 7.63% in the period under review compared to a range of 8.81% – 10.57% in the previous year. The interbank rates closed at 5.75%, downwards from 8.38% recorded in Q2 2019. The prime and maximum lending rates closed at 15.65% and 30.57%, respectively.

Sources: National Bureau of Statistics: Nigeria Gross Domestic Products Report 2nd Quarter 2020

Central Bank of Nigeria: Economic Report 2nd Quarter, 2020

Section Two

Regulatory and Supervisory Activities

2.1 Surveillance of the Pension Industry

2.1.1 Update on the Off-Site Analysis of Licensed Operators

The Commission continued its enhanced Offsite analysis and monitoring of the activities of the Licensed Pension Fund Operators during the quarter. Regular follow-ups were carried out with relevant Operators to address noted exceptions and outstanding commitments from the 2019 routine examinations.

2.1.2 Review of Periodic RMAS Reports of Pension Operators

A total of 32 Licensed Pension Operators, comprising of 22 PFAs, 4PFCs and 6 CPFAs rendered the returns on the Funds under their management/custody as well as their Companies, for the quarter ended 30 June, 2020. The returns from the Operators were reviewed and found to be in line with regulatory requirements.

2.1.3 Presentation of 2019 Routine Examination Reports

The Commission presented the 2019 Routine Examination Reports to the Board of Directors of 21 PFAs, 6 CPFAs and 4 PFCs in line with the provisions of section 95(2) of the PRA, 2014. Comments and feedbacks from the various Boards were noted, with assurances given on the implementation of the Commission's recommendations on noted exceptions in their operational activities. However, the 2019 Examination Report of one PFA was yet to be presented, due to the inability of its Board to form a quorum.

2.1.4 Annual General Meetings by Licensed Operators

Due to the impact of Covid-19 pandemic, 26 Operators had virtual Annual General Meetings (AGM) with the Commission in attendance. However, six (6) pension Operators were yet to conduct their AGMs as at the end of Q2, 2020.

2.1.5 Review of Control Function Reports of Pension Operators

The reviews of the control function reports submitted by Licensed Pension Fund Operators revealed relative high compliance with stipulated guidelines and regulations. However, most of the risk management reports of the PFAs focused, primarily, on investment/market risks.

2.1.6 Approval for Appointment to Board and Top Management Positions

The Commission approved the following appointments during the second quarter, 2020:

S/N	OPERATOR	NAME OF APPOINTEE	POSITION	DATE APPROVED
1	FCMB Pensions Limited	Mr. Kabir Ibrahim Waziri	Non-Executive Director	18 May, 2020
2	FCMB Pensions Limited	Mrs. Titi Odunfa Adeoye	Independent Director	18 May, 2020
3	Pension Alliance Limited	Mr. Funso Doherty	Managing Director	8 May, 2020
4	Pension Alliance Limited	Mr. Sa'adu A. Jiji	Executive Director, Technical	8 May, 2020
5	Premium Pension Limited	Alh. Ibrahim Alhassan Babayo	Chairman	11 May, 2020
6	Premium Pension Limited	Maj. Gen. B. V. T. Kwaji (Rtd)	Non-Executive Director	11 May, 2020
7	Premium Pension Limited	Mr. Muhammad M. Makarfi	Non-Executive Director	11 May, 2020
8	First Guarantee Pension Limited	Mr. Wilson Ideva	Managing Director	22 May, 2020
9	UBA Pensions Custodian Limited	Mr. Chukwuma E. Nweke	Non-Executive Director	29 May, 2020
10	Oak Pensions Limited	Mr. Abdullahi Mi. Aliyu	Managing Director	11 May, 2020
11	Access Pension Fund Custodian Limited	Mrs. Idu C. Okwuosa	Managing Director	3 June, 2020
12	Sigma Pension Limited	Mrs. Folaseto Akin-Olugbade	Non-Executive Director	4 June, 2020

2.1.6 Update on Regulatory Interventions in Pension Operators

The Commission successfully handed over the management of a PFA that had been under regulatory intervention to the shareholders on 1 May, 2020, following the Court of Appeal Judgement delivered on 20 April, 2020.

2.2 Update on Compliance by the Private Sector

2.2.1 Issuance of Pension Clearance Certificate

During the quarter under review, 5,100 private sector organizations applied for issuance of Pension Clearance Certificate (PCC) out of which 4,937 were processed and issued PCCs while 163 applications were turned down due to non-remittance of pension contributions for the appropriate period and/or non-provision of Group life Insurance Policy. The 4,937 organizations that were issued Certificates, remitted the sum of ₦19,390,366,144.94 into the RSAs of 67,692 employees.

2.2.2 Update on the Recovery of Outstanding Pension Contributions and Penalty from Defaulting Employers

Following the issuance of demand notices to some defaulting employers whose outstanding pension contribution liabilities had been established by the Recovery Agents (RAs), Sixteen (16) of the affected employers remitted the sum of ₦261,333,630.10 representing principal contribution (₦152,790,861.64) and penalty (₦108,542,768.46) during the quarter. This brought the total recoveries made from inception to 30 June 2020 to ₦17,519,053,461.59 comprising principal contribution of ₦8,890,148,579.90 and penalty of ₦8,628,904,882.19.

2.2.3 Update on Refund of Pension Contributions to Military Personnel and State Security Agencies

A total of 16 applications for the refund of pension contributions of Military personnel and other Security Agencies were processed during the quarter under review and the sum of ₦875,440.25 was refunded to the personnel.

2.2.4 Supervision of Pension Transitional Arrangement Directorate (PTAD)

In the quarter under review, the Commission continued to monitor payment of pensions to Public Service Retirees under the Defined Benefit Scheme (DBS), through monthly statutory returns by PTAD.

2.2.5 Update on Transfer of NSITF Contributions to Members Retirement Saving Account

During the quarter, there was no application for transfer of contributions from NSITF members. One (1) batch of NSITF Lump sum payment application totaling 225,442.72 was however received on behalf of five (5) NSITF members during the quarter ended 30 June, 2020. The application was processed and five (5) members' contributions transferred to their bank accounts. Consequently, the cumulative sum of ₦2,941,995,305.67 had been paid into the bank accounts of 36,551 NSITF contributors as lump sum/ one off payment from inception to 30th June 2020.

2.2.6 Monthly NSITF Scheme Pensions

For the quarter ended June 2020, the Commission processed monthly pension payments totaling ₦62,257,393.08 in respect of 3,629 NSITF pensioners. As at 30th June 2020, the total pension payment to NSITF pensioners amount to ₦4,738,858,263.83.

2.2.7 Payment of Attributable Income to Eligible NSITF Scheme Members

The Commission reviewed the request for the payment of attributable income to eligible NSITF members and granted a "no objection" for payment of **₦2,917,651,171.44** to 165,954 eligible NSITF members whose NSITF contributions were transferred/refunded to their RSAs or bank accounts as at December 2018.

2.2.8 Complaints and Enquiries

A total of 51 complaints relating to non-remittance of pension contributions, NSITF pension payment, other benefits and pension payment under PTAD were received during the quarter out of which 24 were resolved while the remaining 27 were at various stages of processing.

2.3 Compliance by State Governments

2.3.1 Implementation Update by the State Governments

A total number of twenty five (25) States of the Federation have enacted pension laws on the Contributory Pension Scheme (CPS) while seven (7) States are at the bill stage. Out of the five (5) States operating other pension schemes, four (4) States have adopted the Contributory Defined Benefits Scheme (CDBS), while one operates the Defined Benefits Scheme (DBS). The level of compliance with the CPS by States is as detailed in Table 2.1 below:

Table 2.1: Status of Implementation of the CPS in States as at June 2020

States At Bill Stage	States with Enacted Laws on CPS	States with Pension Bureaux/Boards	States Remitting ER & EE Pension Contributions	States Remitting only EE Pension Contributions	States that Conducted Actuarial Valuation	Availability of RBBRFA	Funding of Accrued Rights	Payment of Pension Under CPS	Valid Group Life	States with Other Pension Schemes *
(7)	(25)	(14)	(9)	(2)	(8)	(6)	(6)	(5)	(4)	(5)
KWARA	LAGOS	LAGOS	LAGOS	RIVERS	LAGOS	FCT	KADUNA	LAGOS	FCT	JIGAWA
PLATEAU	KADUNA	KADUNA	KADUNA	KEBBI	KADUNA	DELTA	FCT	KADUNA	KADUNA	KANO
CROSS RIVER	EDO	FCT	FCT		FCT	KADUNA	DELTA	FCT	EDO	YOBE
BORNO	ABIA	DELTA	ONDO		DELTA	OSUN	OSUN	DELTA	LAGOS	GOMBE
AKWA IBOM	OSUN	OSUN	EDO		OSUN	ANAMBRA (LG)	ANAMBRA (LG)	OSUN		ZAMFARA
BAUCHI	EKITI	EKITI	ANAMBRA*		ANAMBRA	RIVERS	LAGOS			
KATSINA	ONDO	ONDO	EKITI		RIVERS					
	ANAMBRA	RIVERS	OSUN*		EKITI					
	RIVERS	OGUN	DELTA							
	OGUN	KEBBI								
	KOGI	NIGER								
	TARABA	EDO								
	IMO	BAYELSA								
	SOKOTO	BENUE								
	DELTA									
	EBONYI									
	NASARAWA									
	KEBBI									
	NIGER									
	BAYELSA									
	ENUGU									
	OYO									
	FCT									
	ADAMAWA									
	BENUE									

* OTHER PENSION SCHEMES: DB, CDBS

Among the States that had enacted laws on CPS is Niger State which suspended the implementation of the CPS in April, 2015. However, the State Governor recently approved the resumption of the Scheme with effect from June 2020. Amongst the States that adopted CDBS, Jigawa State is the only State that is fully implementing the Scheme by consistently remitting employee pension contributions to selected PFAs to manage and had conducted actuarial valuation to ascertain any shortfall in the Fund. Kano State was yet to transfer its pension funds to licensed operators, and had huge arrears of pension liabilities as at the end of the review period. Zamfara and Gombe States were yet to commence implementation of the CDBS as at the end of the quarter.

2.4 Update on Micro Pension Plan

2.4.1 Update on Registration of Micro Pension Plan

During the quarter under review, the PFAs registered a total of **2,839** contributors under the Micro Pension Plan (MPP) for whom a total of **₦7,402,305.04** had been remitted to the RSAs as pension contributions. Cumulatively, a total of 51,974 informal sector workers had registered for the MPP and contributed the sum of **₦42.1 Million** as at 30 June 2020.

2.4.2 Update on Conversion from MPP to CPS

During the quarter, six (6) participants converted from MPP to the mandatory CPS sequel to their employment in the formal sector. This brought the total number of MPP participants who had converted to the mandatory CPS to eighteen (18) as at 30th June 2020.

2.5 Update on National Data Bank Activities

2.5.1 Update on RSA Data Recapturing Exercise

During the quarter under review, the PFAs recaptured **56,990** RSA holders and uploaded their data on the Enhanced Contributory Registration System (ECRS). The Enhanced Contributor Registration System (ECRS) which was deployed in June 2019 have provided a platform for addressing various issues identified with the Contributor Registration System (CRS) Furthermore, the PFAs under the assistance of Pension Operators Association (PenOp), have commenced the implementation of a shared service approach in order to speed up the Data recapture Exercise.

2.5.2 Update on the Employer Code

The Commission generated a total number of **190** employer codes in the period under review using the ECRS. Over 92% of employer codes generated were for private sector companies including about 7% for small businesses.

2.5.3 Update on Employee RSA Registration by Organization Size

An analysis of RSA registration revealed that organizations with employees between 11 to 100 had the highest number of registration during the period under review, while large organizations with more than 2000 had the lowest number of registrations. This was an indication that small and medium enterprises are increasingly embracing the CPS.

RSA Registration by Organization Size	Female	Male	Total	Percentage
< 3	10,17	1,797	2,814	8.7
11 to 100	9,561	20,573	30,134	67.6
501 to 2000	1,658	2,438	4,096	8.0
> 2000	2,185	2,943	5,128	15.7
Total	14,421	27,751	42,172	100
Percentage	34.2%	65.8%	100%	

2.5.4 Update on the RSA Transfer System (RTS)

The design and development of the RTS was completed and the user acceptance test successfully carried out during the quarter. Training of pension operators and full deployment which were suspended due to Covid-19 pandemic are expected to take place in the third or fourth quarter of the year.

Section Three

Pension Industry Statistics

3.1 Scheme Memberships

The pension industry recorded a 0.45% growth (41,074) in the scheme membership during the second quarter of 2020, moving from 9.06 million contributors at the end of the preceding quarter to 9.10 million. The growth in the industry membership was driven by the Retirement Savings Account (RSA) Scheme, which had an increase of 41,147 contributors representing 0.46%. However, membership of the Closed Pension Fund Administration (CPFA) Scheme declined by 73 members to 17,125 while the Approved Existing Scheme (AES) membership remained unchanged at 40,951 as at the second quarter 2020. Details are shown in Table 3.1 below:

Table 3.1 Scheme Memberships as at Second Quarter, 2020

Scheme Type	Q4:2019	Q1:2020	Q2:2020	Change between Q1:2020 and Q2:2020	% Change
RSA	8,891,236	8,998,580	9,039,727	41,147	0.46
CPFA	17,349	17,198	17,125	(73)	(0.42)
AES	40,951	40,951	40,951	0	0
TOTAL	8,949,536	9,056,729	9,097,803	41,074	0.45

3.1.1 Membership of RSA

The RSA registrations grew to 9,039,727 as at second quarter, 2020 moving from 8,998,580 in the first quarter, 2020, representing a growth of 0.46%. The growth was attributable to the increased level of compliance by the private sector as a result of the various steps taken by the Commission as well as marketing strategies of the PFAs.

3.1.2 RSA Registrations by PFA Market Share

The ranking of PFAs by number of registered contributors showed a redistribution of the market share across the various groups. During the second quarter, 2020, the market shares of the bottom three, five and ten PFAs had continued to grow, while those of the top three, five and ten slightly dipped. The shares of the bottom five and ten PFAs increased from 3.96% and 15.02% in the first quarter of 2020 to 3.97% and 15.03% respectively as at the end of the reporting period. On the other hand, the market share of top five dropped from 53.28% in the previous quarter to 53.26% as at the end of second quarter, 2020 as shown in Table 3.2.

Table 3.2: RSA Registration by Market Share

PFA Ranking	Q1:20 (%)	Q2:20 (%)
Top 3	37.47	37.47
Top 5	53.28	53.26
Top 10	78.48	78.49
Bottom 3	1.50	1.50
Bottom 5	3.96	3.97
Bottom 10	15.02	15.03

Table 3.2 further indicated that the share of the top three and bottom three PFAs had remained 37.47% and 1.50% respectively as at second quarter, 2020.

Table 3.3: Range of RSA Registration per PFA

Range of RSA Registrations	Number of PFAs
Above 1,000,000	1
500,000 – 1,000,000	6
100,000 – 499,999	11
Less than 100,000	4

Table 3.3 shows that 15 PFAs (68.18%) had each registered less than 500,000 RSAs while the remaining 7 PFAs (31.81%) had registered more than 500,000 RSAs each as at second quarter 2020.

3.1.3 Memberships of CPFAs and AES

The total memberships of the CPFAs and AESs were 17,125 and 40,951 respectively as at the end of the second quarter of 2020 as shown in Table 3.1. A further review of the table showed a slight decrease of 0.42% in the membership of the CPFAs from the figures of the previous quarter, while that of the AES remained stable.

3.2 Pension Contributions

The total monthly pension contributions received from contributors from both the public and private sectors was ₦6.19 trillion as at the end of the Second quarter, 2020. This shows an increase of ₦189.19 billion (representing 3.15% growth) over the total contributions as at the end of the previous quarter as shown in Table 3.4. During the second quarter of 2020, the total contributions received from the public sector amounted to ₦118.50 billion (62.64%) while the private sector contributed ₦70.69 billion (37.36%).

A review of the aggregate total contribution received shows that ₦3.13 trillion or 50.58% of the contributions came from the public sector, while the private sector contributed the remaining 49.42% (₦3.06 trillion).

Table 3.4: Pension Contributions as at Second Quarter, 2020

Year/Quarter	Public Sector		Private Sector		Total	
	Amount (₦ billion)	% of Total	Amount (₦ billion)	% of Total	Amount (₦ billion)	% of Total
2004	15.6	0.50	0	0.00	15.60	0.25
2005	34.68	1.11	0	0.00	34.68	0.56
2006	37.38	1.19	23.03	0.75	60.41	0.98
2007	80.63	2.57	68.34	2.23	148.97	2.41
2008	99.28	3.17	80.81	2.64	180.09	2.91
2009	137.10	4.38	91.21	2.98	228.31	3.69
2010	162.46	5.19	103.03	3.37	265.49	4.29
2011	228.92	7.31	119.53	3.91	348.45	5.63
2012	302.24	9.65	159.52	5.21	461.76	7.46
2013	278.50	8.89	225.42	7.37	503.92	8.14
2014	237.76	7.59	343.97	11.24	581.73	9.40
2015	200.05	6.39	358.91	11.73	558.96	9.03
2016	225.86	7.21	262.33	8.58	488.20	7.89
2017	257.11	8.21	353.73	11.56	610.84	9.87
2018	266.84	8.52	340.72	11.14	607.55	9.81
2019	331.56	10.59	369.13	12.07	700.69	11.32
Q1:2020	116.80	3.73	88.91	2.91	205.37	3.32
Q2:2020	118.50	3.78	70.69	2.31	189.19	3.06
Total	3,131.27	100.00	3,059.28	100.00	6,190.21	100.00

The aggregate total pension contributions of the private sector increased from ₦2.99 trillion as at first quarter, 2020 to ₦3.06 trillion as at the end of the reporting period representing a growth of 2.37% whereas, the aggregate total pension contribution of the public sector increased by 3.93% from ₦3.01 trillion to ₦3.13 trillion over the same period.

3.2.1 Ranking of PFAs by the Amount of Contributions Received

The ranking of PFAs by total pension contributions received into the pension fund indicated that the top 5 ranked PFAs received 64.91% of the total contributions as at the end of the second quarter of 2020. The top 10 ranked PFAs accounted for 86.29% of the total contributions. The bottom 5 and 10 PFAs received ₦147.75 billion and ₦702.33 billion pension contributions, representing 2.26% percent and 10.76% of the total contributions respectively as at the end of the quarter under review.

Table 3.5: PFA Ranking by Size of Contributions as at Second Quarter 2020

Rank	Amount (₦ billion)	Percentage of Total (%)
Top 5	4,236.20	64.91
Top 10	5,631.00	86.29
Bottom 5	147.75	2.26
Bottom 10	702.33	10.76

3.3 Pension Fund Investment

The total value of pension fund assets based on unaudited valuation reports grew from ₦10.33 trillion as at March 2020 to ₦11.09 trillion as at June, 2020, representing a growth of 7.36%. The growth was mainly due to market valuation of quoted equities. The breakdown of the pension assets by fund type is shown in Table 3.6

Table 3.6: Pension Fund Portfolio by Fund Type During Second Quarter, 2020

Fund/Period	Q2:2020		Q1:2020		Change between Q2:2020 & Q1:2020	
	N' Billion	% of Total	N' Billion	% of Total	N' Billion	% of Total
RSA Fund I	26.88	0.24	24.23	0.23	2.65	10.92
RSA Fund II	4,767.62	43.01	4,480.84	43.39	286.78	6.40
RSA Fund III	2,874.62	25.93	2,649.47	25.66	225.14	8.50
RSA Fund IV (Retiree)	886.47	8.00	827.93	8.02	58.53	7.07
RSA Fund V	0.03	0.00	0.01	0.00	0.02	0.00
CPFAs	1,371.58	12.37	1,228.13	11.89	143.45	11.68
AESs	1,158.60	10.45	1,115.39	10.80	43.21	3.87
Total	11,085.79	100.00	10,326.02	100.00	759.78	7.36

Table 3.6 shows that as at second quarter of 2020, the RSA funds (Funds I – V) had the largest portfolio, accounting for ₦8.56 trillion (77.18%) of the total assets under management. CPFAs and AESs assets stood at ₦1.37 trillion and ₦1.16 trillion representing 12.37% and 10.45% of the total assets under management respectively. The Table also revealed that the RSA Fund (I) constituted 0.24% (₦26.88 billion) of the total AUM, RSA Fund (II) constituted 43.01% (₦4.77 trillion); Fund (III) 25.93% (₦2.87 trillion); Fund (IV) i.e. the 'Retiree' Fund accounted for 8.00% (₦886.47 billion) while RSA Fund (V) accounted for less than 1% (₦32.32 million) of the Fund.

A breakdown of the pension industry portfolio as shown in Table 3.7 indicated that the pension funds were mainly invested in Federal Government Securities, with an allocation of about 67% of the total pension assets (FGN Bonds: 57%, Treasury Bills: 9%, Sukuk Bonds: 1% while Agency Bonds and Green Bonds: less than 1%).

Table 3.7: Pension Industry Portfolio as at Second Quarter, 2020

S/N	ASSET CLASS	Total Pension Fund Assets 30-Jun-20		Total Pension Fund Assets 31-Mar-20		Variance Between June 2020 and March 2020	
		₦ Billion	Weight (%)	₦ Billion	Weight (%)	₦ Billion	Weight (%)
1	Domestic Ordinary Shares	524.77	4.73	441.95	4.28	82.82	18.74
2	Foreign Ordinary Shares	70.85	0.64	59.42	0.58	11.43	19.23
3	Total FGN Securities	7,455.67	67.25	7,018.04	68.00	437.63	6.24
	(i) FGN Bonds	6,311.18	56.93	5,604.77	54.30	706.41	12.60
	(ii) Treasury Bills	1,020.42	9.20	1,317.95	12.80	(297.53)	(22.58)
	(iii) Agency Bonds (NMRC & FMBN)	11.06	0.10	10.54	0.10	0.52	4.92
	(iv) Sukuk Bonds	98.42	0.89	70.99	0.70	27.43	38.64
	(v) Green Bonds	14.60	0.13	13.78	0.10	0.82	5.95
4	State Govt. Securities	152.93	1.38	156.54	1.52	(3.61)	(2.31)
5	Corporate Debt Securities	748.16	6.75	649.97	6.29	98.19	15.11
6	Supra-National Bonds	2.76	0.02	2.69	0.03	0.07	2.73
7	Local Money Market Securities	1,615.63	14.57	1,594.09	15.44	21.54	1.35
8	Foreign Money Market Securities	14.50	0.13	8.54	0.08	5.96	69.79
9	Mutual Funds	37.11	0.33	24.83	0.24	12.28	49.45
	(i) Open/Close-End Funds	24.20	0.22	14.18	0.14	10.02	70.63
	(ii) REITs	12.91	0.12	10.65	0.10	2.26	21.24
10	Real Estate Properties	230.24	2.08	217.61	2.11	12.63	5.81
11	Private Equity Fund	33.96	0.31	39.25	0.38	(5.29)	(13.47)
12	Infrastructure Fund	54.85	0.49	46.98	0.45	7.87	16.75
13	Cash & Other Assets	144.37	1.30	66.12	0.64	78.25	118.36
	Net Assets Value	11,085.80	100.00	10,326.02	100.00	759.78	7.36

Table 3.7 further indicated that the value of investments in domestic quoted ordinary shares was ₦524.77 billion (5% of Total Assets under Management) as at 30 June 2020, an increase of ₦82.82 billion (18.74%) compared to the value of ₦441.94 billion as at 31 March, 2020. The increase in the value of investments in domestic quoted equities, was primarily due to the appreciation of some stocks prices during the reporting period, as the Nigerian Stock Exchange All Share Index (NSE-ASI) appreciated by 15.05% from 21,300.47 basis points as at 31st March 2020 to 24,479.22 bps as at 30 June, 2020.

The value of investments in FGN Bonds increased by ₦706.41 billion (12.60%), FGN Sukuk by ₦27.43 billion and Agency Bonds by ₦0.52 billion, while investments in Treasury Bills decreased by ₦297.53 billion (22.58%). The reduction in the value of the Treasury Bills was due to maturities and reallocation to other asset classes, mainly FGN Bonds and other Money Market Securities.

Table 3.8: Ranking of PFAs by Asset Size as at June, 2020

PFA Rank	Q3:2019		Q1:2020		Q2:2020	
	Amount (N' Billion)	% of Total RSA Assets	Amount (N' Billion)	% of Total RSA Assets	Amount (N' Billion)	% of Total RSA Assets
Top 3	3,976.31	54.07	4,284.74	53.84	4,562.43	53.48%
Top 5	4,909.80	66.77	5,295.95	66.55	5,647.38	66.20%
Top 10	6,449.94	87.76	6,955.79	87.41	7,445.11	87.27%
Bottom 3	43.42	0.51	40.78	0.51	47.24	0.55%
Bottom 5	149.51	1.93	116.26	1.46	133.77	1.57%
Bottom 10	687.28	9.22	552.89	6.95	607.32	7.12%

A review of PFAs' ranking by size of assets under their management showed that the top five PFAs accounted for 66.20% of the total RSA assets. The top ten PFAs had 87.27% while the bottom ten PFAs accounted for 7.12% of the RSA assets under management at the end of the reporting period.

3.3.1 Portfolio Performance

(i) RSA 'Active' Funds

The Net Assets Value (NAV) of the RSA 'Active' Funds, which includes RSA 'Active' Funds I, II and III, as well as Fund V (the recently established Micro Pension Fund) was ₦7.67 trillion as at second quarter 2020. This represented a net growth of ₦514.59 billion (7.19%), as it increased from ₦7.15 trillion in 31 March, 2020. The growth resulted primarily from monthly inflows of pension contributions into the Funds and the investment incomes.

The Weighted Average Rates of Return (WARR) of the RSA 'Active' fund (net of asset based fees and taxes) were: RSA Fund I recorded 34.18%; RSA Fund II recorded 34.81% and RSA Fund III recorded 33.30%. This shows an increase in the performance of Funds I, II and III when compared to the performance recorded in the previous quarter. The performances of the RSA Funds were positively impacted by the continued appreciation in the market prices of quoted stocks as reflected by the return of 14.92% recorded by the NSE-ASI as well as the decline in yields on FGN Bond of between 6% p.a and 11%p.a down from 11.88% to 13.10% recorded in Q4:2019 for maturities between 5 and 20 years, respectively.

(ii) RSA Retiree Fund

The Net Asset Value of the RSA Retiree Fund increased by ₦58.53 billion (7.07%), from ₦827.93billion as at 31 march, 2020 to ₦886.47 billion as at 30 June, 2020. The growth resulted primarily from transfers from RSA Active Funds into the RSA Retiree Funds including accrued rights of Federal Government retirees and income from investment. The fund recorded a WARR of 24.78% (annualized), which was a significant increase

(occasioned by decline in bond yield and resultant increase in bond value) when compared with the annualized WARR of 7.1% recorded in first quarter, 2020.

(iii) CPFA Funds

The value of pension fund assets held by the CPFA Funds recorded an increase of ₦143.45 billion (11.68%), from ₦1.23 trillion as at 31 March, 2020 to ₦1.37 trillion as at 30 June, 2020. The annualized rates of return recorded on the CPFA Funds ranged between -13.00% to 24.50%, reflective of the actual assets allocation of the individual Funds. The Funds with relatively high exposure to equity/equity funds recorded lower performances, when compared to Funds with more investments in fixed income assets.

(iii) Approved Existing Schemes

The NAV of the AESs increased by ₦43.21 billion (3.87%), from ₦1.12 trillion as at 31 March, 2020, to ₦1.16 trillion as at 30 June, 2020. The net increase in the total portfolio value was attributed mainly to additional fund injections by the fund sponsors and income earned on fixed income investments in the second quarter of 2020. The annualized rates of return recorded on the AES Funds ranged between 8.21% and 25.23% in second quarter, 2020, which were reflective of the actual assets allocation of the individual Funds.

3.4 Retirement/Terminal Benefits

3.4.1 Retirees on Programmed Withdrawal

During the quarter under review, the sum of ₦15.44 billion was approved for payment as lump sum and ₦215.57 million as monthly programmed withdrawals to 4,684 retirees as detailed in the table below.

Table 3.9: Number of Retirees on PW During Second Quarter, 2020

Period	Public		Private	Total	Lump sum	Monthly PW
	FGN	State			(₦Million)	(₦ Million)
Q2: 2020	2,130	788	1,766	4,684	15,444.34	215.57

Note: Public Sector refers to both Federal and State Governments

3.4.2 Retirement by Annuity

The Commission approved a total of 1,382 applications for retirement under life annuity during the quarter. The 1,382 retirees received ₦4.41 billion as lump sum payment and paid premium of ₦9.80 billion to insurance companies in exchange for monthly annuity of ₦89.33 million.

Table 3.10: Retirement by Annuity During Second Quarter, 2020

Period	Public		Private	Total	Lump sum	Premium	Annuity
	FGN	State			(₦ Million)	(₦ Million)	(₦ Million)
Q2: 2020	621	251	510	1,382	4,408.63	9,798.88	89.33

3.4.3 Withdrawal of 25 Percent of RSA Balances

Approval was granted for payment of ₦2.56 billion to 4,668 RSA holders who were under the age of 50 years and were disengaged from work but unable to secure another job within 4 months of disengagement during the second quarter as shown in Table 3.11

Table 3.11: Withdrawal of 25% of RSA Balance During Second Quarter, 2020

Period	Public		Private	Total	Total 25% Paid
	FGN	State			(₦ Million)
Q2: 2020	144	261	4,263	4,668	2,556.12

3.4.4 Approval of Death Benefits

The Commission approved the payment of ₦2.58 billion as death benefits to the beneficiaries of the 591 deceased employees during the quarter under review.

Table 3.12: Approval of Death Benefits During Second Quarter, 2020

Sector	Public		Private	Total	Total Amount Paid
	FGN	State			(₦ Million)
Q2: 2020	288	135	168	591	2,577.58

3.4.5 En-Bloc Payments

The Commission granted approval for the payment of the entire RSA balances of the categories of retirees whose RSA balances were ₦550,000 or below and considered insufficient to procure a Programmed Withdrawal or Annuity of a reasonable amount over an expected life span. Approval was also granted for payment of RSA balances to foreign nationals who decided to return to their home countries after making contributions under the CPS. Accordingly, the sum of ₦274.78 million was paid to 1,085 retirees, which comprised 140 from the public sector retirees (FGN and State) and 1,085 from the private sector retirees during the second quarter as detailed below.

Table 3.13: Enbloc Payment to Retirees/Foreigners During Second Quarter, 2020

Sector	Public		Private	Total	Total Amount Paid
	FGN	State			(₦ Million)
Q2: 2020	22	118	945	1,085	274.78