



**NATIONAL PENSION COMMISSION
(PenCom)**

**THIRD 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

November 2020

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SECTION ONE

Pension Operating Environment

1.1 Macroeconomic Development

Nigeria's aggregate Gross Domestic Product (GDP) stood at **N39,089,460.61** million in nominal terms in the third quarter of 2020. This performance was 3.39% higher when compared to Q3 2019 which recorded an aggregate of **N37,806,924.41** million. Overall, Nigeria recorded a negative growth rate of -3.62% (year-on-year) in real terms in the Q3 2020 and the economy contracted by -2.48%. Although, this was an improvement compared to the -6.10% recorded in Q2 2020, it was nonetheless indicative of two consecutive quarters of negative growth recorded in 2020. This performance reflected residual effects of the restrictions of movement and scaled down economic activity imposed across the country in response to the COVID-19 pandemic.

The oil sector grew by 9.64% and contributed 8.73% to total real GDP in Q3 2020, down from 8.93% recorded in the Q2 2020. This slight decline was attributed to the fall in average daily oil production from the 1.81million barrels per day (mbpd) recorded in Q2 2020 to 1.67 mbpd recorded in Q3 2020. Similarly, the non-oil sector grew by 2.51% in real terms and contributed 91.27% to the nation's GDP in Q3 2020, up from 91.07% recorded in Q2, 2020. Growth in this sector was driven mainly by economic activities in the telecommunications, agriculture, construction, financial services and public administration.

1.2 Developments in the Capital Market

The Nigeria financial markets responded positively to Covid-19 relief measures implemented by the government in the second quarter, which included financial stimulus packages and gradual reopening of economies and easing of lockdown. However, the market resurgence in the third quarter waned amidst fears of a possible 'second wave' of the pandemic, following rising coronavirus cases in several countries. This resulted in sell pressures and depressed activities in the markets. Despite this, the NSE All Share Index recorded a 9.61% return in the quarter and closed at 26, 831.76, as interest rates remained low. Total market capitalization closed at N31.68 trillion in the reporting period representing a 17.49% rise when compared to Q3 2019.

In the equities market, trading activities were mixed as the total volume of securities traded increased by 8.53% while total value traded declined by 12.47%. The average daily volume traded in the quarter was 247.53 million units while average daily value traded was N2.57 billion. The equities market capitalization closed at N14.01 trillion as at 30 September 2020.

At the Government securities market, Nigeria Treasury Bills (NTBs) and long-term FGN Bonds were issued at the primary market. NTBs of 91, 182, and 364 day tenors amounting to N254.38 billion, N340.11 billion and N254.38 billion, respectively, were offered, subscribed and allotted. The bid-cover ratio indicated that investors were risk averse, as the short-term instrument was patronised more than the longer-term instruments. FGN Bonds of 10-, 15- and 30-year tranches were also reopened and offered for sale, while a 25-year new issue was offered for sale in the review period. Term to maturity of the Bonds were 5 years, 5 months to 29 years, 7 months. Total amounts offered, subscribed and allotted, were N150.00 billion, N242.14 billion and N116.65 billion, respectively. The bond market capitalization stood at N16.47 trillion as at 30 September 2020.

1.3 Developments in the Money Market

The banking system recorded adequate liquidity levels, moderate enough to enhance financial intermediation. This led to a decline in key lending and money market rates during the review period. Adequate liquidity levels arose from payments of fiscal disbursements to the three tiers of Government (FAAC), CBN bills and treasury bills maturities in the banking system during the review period. Other sources of liquidity were from the sustained interventions by the CBN to the healthcare sector of the economy. The CBN conducted OMO and discount window activities to moderate liquidity in Q3 2020. The tenors of the instruments were from 96 to 362 days. Total amounts offered, subscribed and allotted, were N130.00 billion, N213.07 billion and N117.86 billion, respectively, with a bid rate of 6.4%, while the stop rate was 6.9%. Repayment of matured CBN bills stood at N571.40 billion, a net injection of N453.54 billion through this medium.

Deposit Money Banks (DMBs) and merchant banks continued to access the Standing Facilities window to square liquidity positions in Q3 2020. The resultant liquidity led to a decline in the Open Buy Back rate at the end of the review period. Consequently, money market rates, generally, trended downwards and moved in tandem with the level of liquidity during the review period. Short-term money market rates traded below the MPR of 12.50% for a major part of the period. Average interbank and OBB rates were 7.38% and 8.39 %, respectively as at 30 September 2020.

*Sources: National Bureau of Statistics: Nigeria Gross Domestic Products Report 3rd Quarter 2020
Central Bank of Nigeria: Monthly Economic Report
Nigerian Stock Exchange: NSE Q3 2020 Fact Sheet*

SECTION TWO

REGULATORY AND SUPERVISORY ACTIVITIES

2.1 Surveillance of the Pension Industry

2.1.1 Update on the On-Site Analysis of Pension Fund Operators

The Commission suspended the 2020 On-Site Examination of Pension Fund Operators due to the Covid-19 pandemic. However, the enhanced Off-Site Surveillance of Pension Operators continued through review of the monthly reports submitted by the Operators.

The review of the Operators' activities during the third quarter of 2020 indicated substantial compliance with the extant laws and regulations issued by the Commission. The key area of regulatory concerns were the rise in unfunded RSAs. The PFAs were directed to ensure all remitted contributions are credited into the RSAs of the beneficiaries and also liaise with the respective employers to ensure up-to-date funding of the contributors' RSAs.

2.1.2 Update on Periodic RMAS Reports rendered by Pension Fund Operators

All Licensed Pension Operators, comprising of twenty-two (22) PFAs, four (4) PFCs and six (6) CPFAs, rendered returns on Assets under Management (AuM) and Company Accounts via the RMAS platform during the quarter.

2.1.3 Annual General Meetings by Pension Fund Operators

One PFA held a virtual Extraordinary General Meeting during the period under review. The key highlights of the meeting was the change of their external auditors and appointment of a new one, pursuant to Section 409 of the Companies and Allied Matters Act (CAMA) 2020.

2.1.4 Review of Compliance Reports

A review of the compliance reports forwarded by the pension operators during the quarter under review revealed a significant rise in the number of RSAs with un-credited pension contributions. The PFAs attributed the backlog of un-reconciled contributions to their skeletal workforce for processing the contributions, in compliance with the COVID-19 induced stay-at-home order. They were nonetheless, directed to ensure all pension contributions received during the lockdown were duly reconciled and credited to the respective RSAs of the contributors.

Other notable observations from the Compliance Report were that all outstanding payment of retirement benefits approved by the Commission had been credited into the respective RSAs of the beneficiaries by the PFAs. The operators also met all the outstanding commitments due from previous routine examinations within the quarter.

2.1.5 Approval for Appointment to Board/ Executive Management Positions

During the period under review, the Commission granted approval to three (3) pension fund operators for the appointments to Board/Executive Management positions. Below are the names and positions of those appointed.

S/N	OPERATOR	NAME OF APPOINTEE	POSITION
1	Nestle Nigeria Trust (CPFA) Limited	Mr. Wassim Alhusseini	Chairman
2	UBA Pension Custodian Limited	Mrs. Blessing Victoria Ogwu	Ag. M/D/CEO
3	Premium Pension Limited	Dr. Nuru Yakubu	Non-Executive Director
4	Premium Pension Limited	Mr. Lawal Aminu	Non-Executive Director
5	Premium Pension Limited	Mr. Ibrahim Alhassan Babayo	Non-Executive Director
6	Premium Pension Limited	Mr. Ahmed Almustapha	Non-Executive Director

2.1.6 Approval of Additional Benefit Schemes

The Commission granted approval to five (5) private sector organizations and one public agency to establish Additional Benefits Schemes for their employees in line with the provisions of Section 4(4)(a) of the PRA, 2014.

2.1.7 Other Regulatory and Supervisory Activities

- i. The Commission issued a revised Circular on the requirements for granting PFA and PFC Licenses, to reflect the provisions of the PRA 2014 and industry developments.
- ii. The Commission issued a framework for virtual meetings by Licensed Pension Operators, setting out the minimum standards and regulatory requirements for virtual meetings in the era of COVID-19 pandemic.
- iii. The Commission granted a “No Objection” for Eustacia Limited, an SPV incorporated in Nigeria and wholly owned by Verod Capital Management Fund, to acquire 100% shareholding in AXA Mansard Pension Limited. The acquisition processes had since been concluded.

- iv. The Commission approved the 2019 Audited Financial Statements of the Company and Funds under the management of five (5) operators namely; Stanbic IBTC Pension Managers Limited; IEI-Anchor Pension Managers Limited; Premium Pension Limited; FCMB Pensions Limited; and Nestle Nigeria Trust Limited

2.2 Update on Compliance by the Private Sector

2.2.1 Issuance of Pension Clearance Certificates

During the quarter under review, 5,700 private sector organizations applied for issuance of Pension Clearance Certificates (PCCs). Out of this number, 5,432 organizations were issued certificates while the remaining 268 applications were declined for not meeting the stipulated requirements. A total sum of **₦24,979,121,189.77** was remitted into the RSAs of 76,498 employees by the 5,432 organizations that were issued with the PCCs.

2.2.2 Update on the Recovery of Outstanding Pension Contributions and penalty from defaulting employers

Following the issuance of demand notices to defaulting employers whose pension liabilities had been established by the Recovery Agents (RAs), a sum of **₦213,071,826.04**, (representing principal contributions of **₦156,533,438.35** and penalty of **₦56,538,387.69**), was recovered from 13 defaulting employers.

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

The Commission received and processed 81 applications for the refund of pension contributions totaling **₦6,136,638.57** to Military and other Security Agencies' personnel who were exempted from the Contributory Pension Scheme (CPS), during the quarter.

2.2.4 Update on the Transfer of NSITF Contributions to Members' Retirement Saving Accounts

During the quarter under review, the Commission received 14 batches of NSITF transfer applications on behalf of 220 NSITF contributors. Accordingly, approval was granted for transfer of the sum of **₦13,699,738.72** to the RSAs of the 220 contributors.

2.2.5 Monthly NSITF Scheme Pensions

In Q3 2020, the Commission granted approval for payment of the sum of **₦62,257,393.08** as monthly pensions to 3,628 NSITF pensioners.

2.2.6 Complaints and Enquiries

The Commission received 124 complaints relating to non-remittance of pension contributions, NSITF pension payments, other benefits and pension payments under the Pension Transition Arrangements Directorate (PTAD). Out of this number, 27 complaints were resolved completely while the remaining 97 were at various stages of resolution.

2.3 Compliance by State Governments

2.3.1 Implementation Update on the States

The status of implementation of the CPS in the States remained relatively the same between Q2, 2020 and Q3, 2020. However, a few States witnessed changes in some implementation milestones. Overall, twenty-five (25) States of the Federation had enacted pension laws on the CPS while seven (7) States were still at the Bill stage. Five (5) States were operating Other Pension Schemes with four (4) of the States adopting the Contributory Defined Benefits Scheme (CDBS) while one state operated the Defined Benefits Scheme (DBS). The detailed status of compliance by the States with the CPS is detailed in Table 2.1 below:

Table 2.1: Status of Implementation of the CPS in States as at Third Quarter, 2020

STATUS OF IMPLEMENTATION OF THE CPS IN STATES AS AT SEPTEMBER 2020										
States At Bill Stage	States with Enacted Laws on CPS	States with Pension Bureaux/Boards	States Remitting ER & EE Pension Contributions	States that Conducted Actuarial Valuation	Availability of RBBRFA	Funding of Accrued Rights	Payment of Pension Under CPS	Valid Group Life	States Remitting only EE Pension Contributions	States with Other Pension Schemes***
(7)	(25)	(15)	(10)	(8)	(7)	(6)	(5)	(5)	(1)	(5)
KWARA	LAGOS	LAGOS	LAGOS	LAGOS	LAGOS	LAGOS	LAGOS	LAGOS	KEBBI	JIGAWA
PLATEAU	FCT	FCT	FCT	FCT	FCT	FCT	FCT	FCT		KANO
CROSS RIVER	OSUN	OSUN	OSUN*	OSUN	OSUN	OSUN	OSUN	OSUN		YOBE
BORNO	KADUNA	KADUNA	KADUNA	KADUNA	KADUNA	KADUNA	KADUNA	ONDO		GOMBE
AKWA IBOM	DELTA	DELTA	DELTA	DELTA	DELTA	DELTA	DELTA	EDO		ZAMFARA
BAUCHI	EKITI	EKITI	EKITI	EKITI	ANAMBRA (LG)	ANAMBRA (LG)				
KATSINA	ONDO	ONDO	ONDO	RIVERS	RIVERS					
	EDO	EDO	EDO	ANAMBRA						
	BENUE	BENUE	BENUE**							
	KEBBI	KEBBI	ANAMBRA*							
	NIGER	NIGER								
	RIVERS	RIVERS								
	OGUN	OGUN								
	BAYELSA	BAYELSA								
	KOGI	KOGI								
	ANAMBRA									
	ABIA									
	TARABA									
	IMO									
	SOKOTO									
	ADAMAWA									
	EBONYI									
	NASARAWA									
	ENUGU									
	OYO									

*Remitting but with back log. **Remittance for only 3 agencies. ***4 CDBS States, while Yobe is DBS.

2.4 Update on the Micro Pension Plan

2.4.1 Registration and Contributions

During the quarter under review, nineteen (19) PFAs registered **6,826** contributors under the Micro Pension Plan (MPP). The participants contributed a total of **₦22,531,779.94** into their respective RSAs. Cumulatively, a total of **58,800** informal sector workers had registered under the MPP and contributed a total sum of **₦64,662,323.38** from inception in March 2019 to 30 September 2020.

2.4.2 Withdrawals and Conversions

The Commission granted approval to four (4) PFAs to pay the sum of **₦208,000.00** to four (4) MPP participants as contingent Withdrawals in line with the Guidelines. A total of fourteen (14) MPP participants converted from MPP to the mandatory CPS following their employment in the formal sector of the economy.

2.5 Update on National Data Bank Activities

2.5.1 Summary of Scheme Membership

A total of 104,736 participants enrolled into the CPS within Q3, 2020, out of which 38,235 or 36.5% were between 30 and 39 years. A further analysis also showed that 37,126 or 35.4% were below 30 years of age. These statistics point to the increasing evidence of the sustainability of the CPS, as the younger generation are actively being enlisted into the scheme. On the gender distribution, 64% of the total 104,736 that registered during the quarter were males, thus sustaining dominance over the female gender. Table 2.2 below provides details of the age and gender distribution of the registrations during the quarter ended 30 September 2020.

Table 2.2: Age and Gender Registration Count for the Third Quarter, 2020

Periods	Female	Male	Total	Percentage
Less than 30 years	14,392	22,734	37,126	35.4
30 - 39 years	12,799	25,436	38,235	36.5
40 - 49 years	7,236	12,257	19,493	18.6
50 - 59 years	3,040	5,697	8,737	8.3
60 - 65 years	152	684	836	0.8
Above 65 years	49	260	309	0.3
Total	37,668	67,068	104,736	100.0
Percentage	36.0	64.0	100%	

Age and Gender Registration Count for 3rd Quarter 2020

2.5.2 Membership by PFAs (RSA Registrations)

During the quarter under review, twenty-two (22) PFAs registered 107,158 new RSAs. This brought the total RSA registration count to 9,147,039 as at 30 September 2020. Table 2.3 below shows the breakdown of RSA counts for Q3, 2020:

Table 2.3: RSA Registration Count per PFA as at Third Quarter, 2020

S/N	PFA	RSA Count Quarter ended 30 Sep- 20	RSA Count ITD	%
1	AllCO Pension	2,880	245,559	2.7
2	ARM Pension	7,216	821,958	9.0
3	AXA Mansard	1,852	88,126	1.0
4	APT Pension	3,441	145,887	1.6
5	Crusader Sterling	5,943	342,701	3.7
6	FCMB Pensions	6,021	435,656	4.8
7	Fidelity Pension	3,803	306,619	3.4
8	First Guarantee	3,421	268,034	2.9
9	IEI-Anchor Pension	4,111	141,214	1.5
10	Investment-One	1,383	81,487	0.9
11	Leadway Pensure	7,030	632,908	6.9
12	NLPC	3,612	323,809	3.5
13	NPF Pension	1,818	291,647	3.2
14	NUPEMCO	656	15,106	0.2
15	Oak Pensions Limited	2,158	207,854	2.3
16	Pensions Alliance	3,393	567,691	6.2
17	Premium Pension	7,957	725,028	7.9
18	Radix Pension	1,199	34,046	0.4
19	Sigma Pensions	4,781	727,636	8.0
20	Stanbic IBTC	25,969	1,847,923	20.2
21	Trustfund Pensions	6,035	751,242	8.2
22	Veritas Glanvills	2,633	144,908	1.6
	Total	107,158	9,147,039	100

2.5.3 Employer Code Generation

During the quarter under review, the Commission generated 2,781 Employer Codes for private sector organisations, accounting for 98%, while employer codes generated for Non-Governmental Organisations, Unions/Associations and MDAs under the Federal and State Governments numbered 48 or 2% of the total as shown in the table overleaf:

S/N	Employer Code Type	Description	Count	%
1	PU	Federal Government MDAs	2	0
2	ST	State Government MDAs	7	0
3	BR	Business Names - Law Firms, Hospitals, Schools, Banks, etc.	255	9
4	PR	Private Registered Companies	2,526	89
5	UN	Unions/Associations	6	0
6	NG	Non-Governmental Organizations	33	1
TOTAL			2,829	100

2.5.4 Update on the RSA Transfer System (RTS)

The Commission conducted Technical and Operational Workshops on the RTS as well as Industry Simulation of the RSA Transfer processes with the PFAs, in preparation for deployment of the RTS in the last quarter of the year. The draft Regulations for the Transfer of Retirement Savings Accounts were also concluded and exposed it to the stakeholders for their inputs.

SECTION THREE

Pension Industry Statistics

3.1 Scheme Memberships

The pension industry recorded a 1.18% growth (107,158) in the scheme membership during the third quarter of 2020, moving from 9.10 million contributors at the end of the preceding quarter to 9.20 million at the end of the third quarter of 2020. The growth in the industry membership was driven by the RSA Scheme, which had an increase of 107,312. However, membership of the Closed Pension Fund Administrator (CPFA) Schemes declined by 154 members to 16,971 while the Approved Existing Scheme (AES) membership remained unchanged at 40,951 as at the end of the third quarter of 2020. The details of the trend in scheme memberships are shown in Table 3.1 below:

Table 3.1: Scheme Memberships as at Third Quarter, 2020

Scheme Type	Q1:2020	Q2:2020	Q3:2020	Change	% Change
				Q2 vs Q3:2020	
RSA	8,998,580	9,039,727	9,147,039	107,312	1.173
CPFA	17,198	17,125	16,971	-154	-0.907
AES	40,951	40,951	40,951	0	0.000
TOTAL	9,056,729	9,097,803	9,204,961	107,158	1.178

3.1.1 Membership of RSA

The cumulative RSA registrations grew to 9,147,039 as at third quarter, 2020 moving from 9,039,727 in the second quarter 2020, representing a growth of 1.17%. The growth was attributable to the increased level of compliance by the private sector as a result of the various steps that were taken by the Commission as well as marketing strategies of the PFAs.

3.1.2 PFA Market Share by RSA Registration.

The ranking of PFAs by number of registered contributors showed a redistribution of the market share across the various groups. The third quarter 2020 witnessed marginal drop in the market share of the bottom three PFAs from 1.50% in Q2 2020 to 1.45% in Q3 2020; that of the bottom five from 3.97% in Q2 2020 to 3.96% in Q3 2020 and that of bottom ten from 15.03% in Q2 2020 to 15.02%. Similarly, the market share of the top three and top 10 marginally declined to 37.39% and 78.44% in Q3 2020 from 37.47% and 78.49% recorded in Q2 2020 respectively. The market share of the top 5 PFAs conversely recorded a marginal increase from 53.26% in Q2 2020 to 53.27% in Q3 2020. The details of the market share by RSA registration is as shown in Table 3.2.

Table 3.2: RSA Registration by Market Share

PFA Ranking	Q2:2020 (%)	Q3:2020 (%)
Top 3	37.47	37.39
Top 5	53.26	53.27
Top 10	78.49	78.44
Bottom 3	1.50	1.45
Bottom 5	3.97	3.96
Bottom 10	15.03	15.02

A further breakdown of the cumulative PFA registrations revealed that 15 PFAs had each registered less than 500,000 RSAs while the remaining 7 PFAs had registered more than 500,000 RSAs each as at the end of the third quarter of 2020. Table 3.3 below shows the details of the RSA registration range.

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

3.1.3 Memberships of CPFAs and AES

The total memberships of the CPFAs and AESs were 16,971 and 40,951, respectively as at the end of the third quarter of 2020 as shown in Table 3.1. A further review of the table showed a marginal decrease of 0.90% in the membership of the CPFAs from 17,125 as at end of Q2 2020 to 16,971 as at the end of Q3 2020. The membership of the AES remained the same at 40,951 between the two periods.

3.2 Pension Contributions

The total pension contributions grew by ₦184.68 billion within the third quarter of 2020. Out of this total, the public sector accounted for ₦117.70 billion or 63.73% while the private sector contributed ₦66.98 billion or 36.27%. The cumulative pension contributions received from both the public and private sectors from inception to the end of the third quarter of 2020, therefore, amounted to ₦6.37 trillion, up from the ₦6.19 trillion as at the end of the second quarter, 2020, representing a growth of 2.98%. The details of the pension contributions is as shown in Table 3.4.

Table 3.4: Pension Contributions as at Third Quarter, 2020

Year/Quarter	Public Sector		Private Sector		Total	
	Amount (N' billion)	% of Total	Amount (N' billion)	% of Total	Amount (N' billion)	% of Total
2004	15.6	0.48	0.00	0.00	15.6	0.24
2005	34.68	1.07	0.00	0.00	34.68	0.54
2006	37.38	1.15	23.03	0.74	60.41	0.95
2007	80.63	2.48	68.34	2.19	148.97	2.34
2008	99.28	3.06	80.81	2.58	180.09	2.82
2009	137.1	4.22	91.21	2.92	228.31	3.58
2010	162.46	5.00	103.03	3.30	265.49	4.16
2011	228.92	7.05	119.53	3.82	348.45	5.47
2012	302.24	9.30	159.52	5.10	461.76	7.24
2013	278.5	8.57	225.42	7.21	503.92	7.90
2014	237.76	7.32	343.97	11.00	581.73	9.13
2015	200.05	6.16	358.91	11.48	558.96	8.77
2016	225.86	6.95	262.33	8.39	488.2	7.66
2017	257.11	7.91	353.73	11.31	610.84	9.58
2018	266.84	8.21	340.72	10.90	607.55	9.53
2019	331.56	10.21	369.13	11.81	700.69	10.99
Q1:2020	116.8	3.59	88.91	2.84	205.37	3.22
Q2:2020	118.5	3.65	70.69	2.26	189.19	2.97
Q3:2020	117.7	3.62	66.98	2.14	184.68	2.90
TOTAL	3,248.97	100.00	3,126.26	100.00	6,374.89	100.00

The aggregate total pension contributions of the public sector increased by 3.76% from ₦3.13 trillion as at the end of the second quarter, 2020 to ₦3.25 trillion as at the end of the reporting period. The aggregate total pension contributions of the private sector on the other hand increased by 2.19% from ₦3.06 trillion as at the end of the second quarter, 2020 to ₦3.13 trillion as at the end of the reporting 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 73.28% of the total contributions as at the end of the third quarter of 2020. Similarly, the top 10 ranked PFAs accounted for 89.36% of the total contributions while the bottom 5 and bottom 10 PFAs accounted for 1.83% and 7.55% of the total pension contributions respectively as at the end of the third quarter 2020.

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

Rank	Amount (N' billion)	Percentage of Total (%)
Top 5	542.53	73.28
Top 10	661.59	89.36
Bottom 5	13.53	1.83
Bottom 10	55.89	7.55

3.3 Pension Fund Investment

The total value of pension fund assets was **N11.56 trillion** as at 30 September 2020 comprising of **N8.00 trillion** of the RSA 'Active' Funds (i.e. RSA Funds I, II, III and V); **N934.19 billion** of the RSA Retiree Fund; **N1.44 trillion** of the CPFAs Fund; and **N1.19 trillion** for the Approved Existing Schemes Funds. The breakdown of the pension assets by fund type is shown in Table 3.6.

Table 3.6: Pension Fund Portfolio by Fund Type as at Third Quarter, 2020

Fund/Period	Q2:2020		Q3:2020		Change	
	N' Billion	% of Total	N' Billion	% of Total	N' Billion	% of Total
RSA Fund I	26.88	0.24	29.59	0.26	2.71	9.16
RSA Fund II	4,767.62	4.01	5,023.50	42.59	88.19	1.82
RSA Fund III	2,874.62	25.93	2,943.91	25.82	69.29	2.35
RSA Fund IV (Retiree)	886.47	8.00	934.19	8.19	47.72	5.11
RSA Fund V	0.03	0.00	0.06	0.00	0.03	50.00
CPFAs	1,371.58	12.37	1,442.60	12.65	71.02	4.92
AESs	1,158.60	10.45	1,193.92	10.47	35.32	2.96
Total	11,085.80	100.00	11,567.78	100.00	314.28	2.76

Table 3.6 further shows that as at the third quarter of 2020, the RSA funds (Funds I – V) had the largest portfolio, accounting for **N8.76 trillion** or **76.87%** of the total AuM. The CPFAs and AESs assets stood at **N1.44 trillion** and **N1.19 trillion**, , thus representing **12.65%** and **10.47%**, respectively of the total assets under management. The Table also revealed that the RSA Fund (I) constituted **0.26%** (**N29.59 billion**) of the total AUM, RSA Fund (II) constituted **42.59%** (**N5.02 trillion**); Fund (III) **25.82%** (**N2.94 trillion**); Fund (IV) accounted for **8.19%** (**N934.19 billion**) while the RSA Fund (V) accounted for less than **1%** (**N60 million**) of the total AuM.

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 65% of the total pension assets (FGN Bonds: 57%, Treasury Bills: 7%, Sukuk Bonds: 1% while Agency Bonds and Green Bonds: less than 1%).

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

S/N	ASSET CLASS	Total Pension Fund Assets 30-Jun-2020		Total Pension Fund Assets 30-Sep-2020		Variance Sept 2020 vs Jun 2020	
		₦' Billion	Weight (%)	₦' Billion	Weight (%)	₦' Billion	Weight (%)
1	Domestic Ordinary Shares	524.77	4.73	585.77	5.06	61.00	11.62
2	Foreign Ordinary Shares	70.85	0.64	76.46	0.66	5.61	7.92
3	Total FGN Securities	7,455.67	67.25	7,552.87	65.29	97.20	1.30
	(i) FGN Bonds	6,311.18	56.93	6,641.06	57.41	329.88	5.23
	(ii) Treasury Bills	1,020.42	9.20	780.57	6.75	(239.85)	-23.51
	(iii) Agency Bonds (NMRC & FMBN)	11.06	0.10	10.61	0.09	(0.45)	-4.07
	(iv) Sukuk Bonds	98.42	0.89	107.58	0.93	9.16	9.31
	(v) Green Bonds	14.60	0.13	13.05	0.11	(1.55)	-10.62
4	State Govt. Securities	152.93	1.38	150.33	1.30	(2.60)	-1.70
5	Corporate Debt Securities	748.16	6.75	670.45	5.80	(77.71)	-10.39
6	Supra-National Bonds	2.76	0.02	1.34	0.01	(1.42)	-51.45
7	Local Money Market Securities	1615.63	14.57	2,008.99	17.37	393.36	24.35
8	Foreign Money Market Securities	14.50	0.13	17.64	0.15	3.14	21.66
9	Mutual Funds	37.11	0.33	35.12	0.30	(1.99)	-5.36
	(i) Open/Close-End Funds	24.20	0.22	22.92	0.20	(1.28)	-5.29
	(ii) REITs	12.91	0.12	12.20	0.11	(0.71)	-5.50
10	Real Estate Properties	230.24	2.08	217.58	1.88	(12.66)	-5.50
11	Private Equity Fund	33.96	0.31	34.46	0.30	0.50	1.47
12	Infrastructure Fund	54.85	0.49	54.57	0.47	(0.28)	-0.51
13	Cash & Other Assets	144.37	1.30	162.21	1.40	17.84	12.36
	Net Assets Value	11,085.79	100.00	11,567.78	100.00	481.99	4.35

The value of investments in domestic quoted ordinary shares was **₦585.77 billion** (5% of Total Assets under Management) as at 30 September 2020, indicating an increase of **₦61.00 billion** (11.62%) compared to the value of **₦524.77 billion** as at 30 June, 2020. The increase in the value of investments in domestic quoted equities was primarily due to the appreciation of some stocks during the reporting period, as the Nigerian Stock Exchange All Share Index (NSE-ASI) rose by 9.61% from 24,479.22 basis points (bps) as at 30 June, 2020 to 26,831.76 bps as at 30 September, 2020. The market capitalization was also up by 9.79%, from **₦12.77 trillion** as at 30 June 2020, to **₦14.01 trillion** as at 30 September 2020.

The value of investments in FGN Bonds increased by **₦329.88 billion** (5.23%), FGN Sukuk by **₦9.16 billion** (9.31%), while investments in Treasury Bills decreased by **₦239.85 billion** (23.51%), Agency Bonds by **₦0.45 billion (4.07%)** and Green Bonds by **₦1.55 (10.62%) billion**. The reduction in the value of the Treasury Bills was due to maturities and reallocation to other asset classes, mainly FGN Bonds and Money Market Securities.

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

PFA Rank	Q1:2020		Q2:2020		Q3:2020	
	Amount (₦' billion)	% of Total RSA Assets	Amount (₦' billion)	% of Total RSA Assets	Amount (₦' billion)	% of Total RSA Assets
Top 3	4,284.74	53.84	4,562.43	53.48	4637.29	52.92
Top 5	5,295.95	66.55	5,647.38	66.20	5803.36	66.22
Top 10	6,955.79	87.41	7,445.11	87.27	7649.92	87.29
Bottom 3	40.78	0.51	47.24	0.55	48.14	0.55
Bottom 5	116.26	1.46	133.77	1.57	155.30	1.77
Bottom 10	552.89	6.95	607.32	7.12	648.90	7.40

A review of the PFAs' ranking by size of assets under management showed that the top five PFAs accounted for 66.22% of the total RSA assets. The top ten PFAs had 87.29% while the bottom ten PFAs accounted for 7.40% of the RSA assets under management at the end of the third quarter 2020.

3.3.1 Portfolio Performance

(i) RSA 'Active' Funds

The Average Rate of Return on the RSA 'Active' Funds in Q3: 2020 net of asset based fees and taxes, were as follows:

Table 3.9: RSA Funds - Average Rate of Return for Q3: 2020

Fund Type	Q3: 2020 The Average Rate of Return (Annualized)
RSA FUND I	20.80%
RSA FUND II	20.09%
RSA FUND III	19.27%

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 9.61% recorded by the NSE-ASI. Furthermore, there were noted gains in the prices of FGN bonds, as yields declined on all maturities. The yields on the FGN Bonds ranged between 6% p.a and 10% p.a for maturities between 5 years and 20 years, which was a significant decrease from that of Q4:2019 (10.50% to 12.10%). Similarly, yields on Treasury Bills ranged between 4% p.a and 8% p.a across all tenors.

(ii) RSA Retiree Fund

The Net Assets Value of the RSA 'Retiree' Funds increased by **₦47.72 billion** in Q3:2020, up from **₦886.47 billion** on 30 June, 2020 to **₦934.19 billion** as at 30 September, 2020. The growth resulted primarily from transfers from the RSA Active Funds, receipt of accrued rights of the Federal Government employees who retired between April 2019 and September 2019 as well as income from investments. The fund recorded an Average Rate of Return (ARR) of 15.91% (annualized), which represented a decrease (occasioned by the decline in bond yields and the resultant increase in bond values) when compared with the annualized ARR of 24.78% recorded in the second quarter of 2020.

(iii) CPFA Funds

The value of pension fund assets held in CPFA Funds recorded a net increase in value to the tune of **₦71.02 billion** (4.92%) from **₦1.37 trillion** as at 30 June 2020, to **₦1.44 trillion** as at 30 September, 2020. 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 Net Assets Value of the Approved Existing Schemes increased by **₦35.32 billion** (2.96%) from **₦1.16 trillion** as at 30 June 2020 to **₦1.19 trillion** as at 30 September, 2020. The annualized rates of return recorded on the AES Funds ranged between 8.21% and 12.23% in Q3:2020, which were reflective of the actual assets allocation of the individual Funds.

3.4 Retirement/Terminal Benefits

3.4.1 Retirees on Programmed Withdrawal (PW)

During the quarter under review, the sum of ₦35.71 billion was approved for payment as lump sum and ₦497.98 million as monthly programmed withdrawals to 12,195 retirees as detailed in the table below. A sectorial breakdown showed that 64.71% of those that received pension under the PW were from the public sector while retirees from the private sector accounted for the remaining 35.29%. Details of these payments are provided in Table 3.10 below:

Table 3.10: Number of Retirees on PW during Third Quarter, 2020

Period	Public		Private	Total	Lump sum	Monthly PW
	FGN	State			(₦' Million)	(₦' Million)
Q3: 2020	5,558	1,025	5,612	12,195	35,710.49	497.98

Note: Public Sector refers to both Federal and State Governments

3.4.2 Retirement by Annuity

The Commission approved a total of 3,215 applications for retirement under life annuity during the third quarter of 2020. The 3,215 retirees received ₦8.75 billion as lump sum and paid premium of ₦20.79 billion to insurance companies in exchange for monthly annuity of ₦188.07 million.

Table 3.11: Retirement by Annuity during Third Quarter, 2020

Period	Public		Private	Total	Lump sum	Premium	Annuity
	FGN	State			(₦ Million)	(₦ Million)	(₦ Million)
Q3: 2020	1,248	469	1,498	3,215	8,745.55	20,788.95	188.07

3.4.3 Withdrawal of 25 Percent of RSA Balances

During third quarter 2020, the Commission granted approval for the payment of ₦8.10 billion to 13,569 RSA holders who were under the age of 50 years and were disengaged from work but unable to secure jobs within 4 months of disengagement.

Table 3.12: Withdrawal of 25% of RSA Balance as during Third Quarter, 2020

Period	Public		Private	Total	Total 25% Paid
	FGN	State			(₦' Million)
Q3: 2020	324	505	12,740	13,569	8,098.47

3.4.4 Approval of Death Benefits

The Commission approved the payment of ₦8.56 billion as death benefits to the beneficiaries of 1,821 deceased employees during the Q3, 2020.

Table 3.13: Approval of Death Benefits during Third Quarter, 2020

Sector	Public		Private	Total	Total Amount Paid
	FGN	State			(₦' Million)
Q3: 2020	954	279	588	1,821	8,559.21

3.4.5 En-Bloc Payments

The Commission granted approval for payment of the entire RSA balances of the categories of retirees whose RSA balances were ₦550,000 or below and considered insufficient to procure 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 ₦820.54 million was paid to 3,207 retirees, which comprised 193 from the public sector (FGN and State) and 3,014 from the private sector during the quarter.

Table 3.14: Enbloc Payment to Retirees/Foreigners during Third Quarter, 2020

Sector	Public		Private	Total	Total Amount Paid
	FGN	State			(₦ Million)
Q3: 2020	49	144	3,014	3,207	820.54

3.4.6 Voluntary Contributions

During the quarter under review, the Commission granted approval for withdrawal of the sum of ₦2.18 billion from the voluntary contribution accounts of 1,286 contributors as shown in Table 3.15 below.

Table 3.15: Access to Voluntary Contributions in Third Quarter, 2020

Sector	Public		Private	Total	Total Amount Paid
	FGN	State			(₦' Million)
Q3: 2020	643	0	643	1,286	2,178.35