

# Radix

PENSION MANAGERS

Q2-2020  
**NEWSLETTER**

We trust that you and yours are keeping safe and healthy this challenging and unsettling time, as the world grapples with the Covid-19 pandemic. Aside the health effect on the world population, it has also brought about an unprecedented socio-economic crisis. Everyday people are losing their jobs, income with no way of knowing when normality will return.

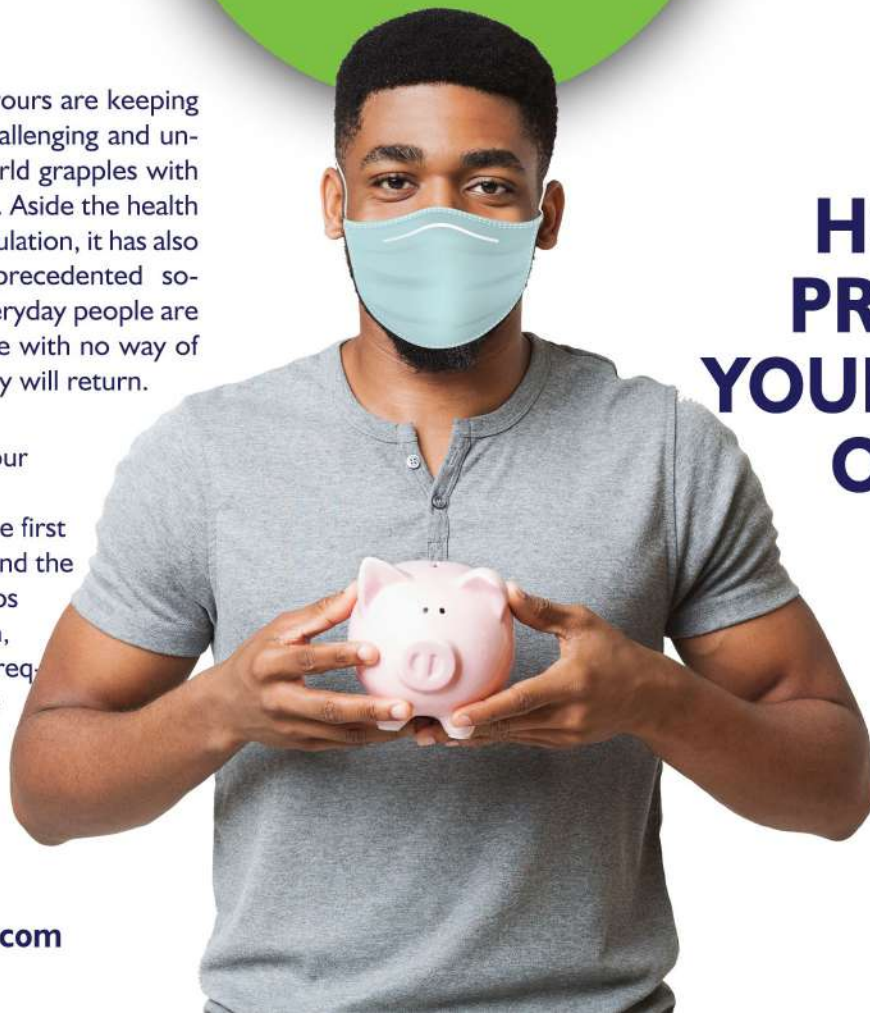
The maiden edition of our Newsletters include an Economic Review of the first half (H1) of year 2020 and the impact on the funds, Tips on Covid-19 prevention, Healthy Lifestyle tips, Frequently Asked Questions and general update.

Thank you!

[www.radixpension.com](http://www.radixpension.com)

**COVID-19**  
**HOW TO**  
**PROTECT**  
**YOURSELF &**  
**OTHERS**

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### Global Economy

In HI 2020 the global economy was overshadowed by the COVID-19 pandemic as economies began to witness strong signs of recession. This led to border closures, export restrictions of critical medical supplies, business shutdowns, demand and supply shocks and initial panic across the financial markets. Consequently, in Q1 2020 Eurozone, China and United States Q1 2020 GDP declined by -3.60%, -10% and -5% respectively. However the Chinese economy rebounded in Q2'20 and grew by 11.50%.

### Domestic Economy

The domestic economy is not immune to the impact of the pandemic that is ravaging the global economy. This followed weeks of lockdown witnessed in major economic nerves of the country. However; according to the NBS, in Q1 2020, GDP grew by 1.87% compared to 2.55% growth in Q4 2019 and 2.01% in Q1 2019. GDP Growth within this period was propelled by oil & gas and non-oil sectors which grew by 5.06% and 1.55% from 6.36% and 2.26% respectively. The Q2 2020 GDP growth data is expected to show the relatively actual impact of the pandemic in the economy when released by the NBS. HI 2020 majorly reflected the vulnerability of the local economy to global and external shocks. Within the period, global crude oil prices plunged to \$14.67 per barrel from \$68.10 at the end of December 2019. This led to fall in reserves as external reserves dropped to \$33.45 billion from 38.60 billion at the end of December 2019. The naira also depreciated over this period. At the official CBN window, naira plunged from N307/\$ to N361/\$ between December 2019 and June 2020. At the CBN SMIS Window and I&E FX Window, the naira also plunged from N358.51/\$ and N364.51/\$ to N380.69/\$ and 386.50/\$ respectively over the same period.

### Equities Market

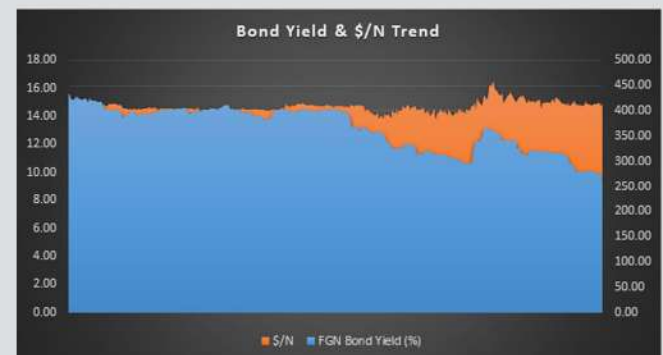
The equities market witnessed relatively sustained bearish run in HI 2020. This is as investors reacted to the impact of the global pandemic and government lockdown within the period. According to the NSE, foreign portfolio outflow in the first five months of 2020 stood at N235.61 billion, while inflow within same period stood at N104.68 billion compared to N198.74 billion outflow and N177.31 billion inflow between January and May 2019. Consequently, the All Share Index at the end of HI 2020 was -8.80%. This was as the stock market gained 14.92% in Q2 2020 and dipped by -20.65% in Q1 2020. The bearish trend was also seen across sectors as Consumer Goods sector plunged by -25.49% driven by dip in Guinness Nigeria and International Breweries. Price slides in Oando and SEPLAT led to -25.17% drop in the Oil & Gas sector. In the

Bank sector, sell off in Stanbic IBTC, Zenith Bank, GTB and Access Bank led to 20.98% decline in the sector.



### Fixed Income

In the fixed income space, H1 2020 witnessed further impact of the CBN ban on high net worth individuals and non-bank financial institutions from participating in its Open Market Operations as yields declined across all FGN bond spectrum. Consequently, the DMO took advantage of market situation to average out government borrowing cost within the period by selling 1.2x more amount of short dated papers at an average rate of 3.6% compared to 10.30% in H2 2019. The CBN within the period mopped only N3.4 trillion of the N5.4 trillion OMO bills that matured leading to improved systemic liquidity. Further to the sustained monetary policy easing within the period, market witnesses increased demand for short and long term FGN debt instruments which led to sustained crash in NTB stop rates; 364-day T-Bills fell to 3.75% in June 2020 from 5.50% in December 2019, while 5-year FGN Bonds fell to 8% in June 2020 from 11% in December 2019.



### Fund Growth & Performance

Despite the high volatility witnessed in across markets coupled with instability in the economy in HI 2020, RSA Fund I, II, III & IV had returned 3.11%, 5.81%, 7.64% and 6.84%. Consequently, the funds have re-

returned 13.73%, 135.35%, 25.67% and 121.93% from inceptions.

Irrespective of events and trends across markets and the economy, we remain committed and resolute in ensuring that we attain optimum return on each fund through an efficient investment strategy driven by sound investment research and risk management process

## H2 2020 Outlook

According to the IMF, 2020 global GDP outlook is expected to be significantly below the economic growth witnessed in 2019 driven by economic lockdowns witnessed across the world as a result of the COVID-19 pandemic. The IMF projects that United States, Euro Area, United Kingdom, and China will grow by -8.0%, -10.2%, -10.2% and 1% in 2020 compared to 2.3%, 1.3%, 1.4% and 6.1% in 2019 respectively. The domestic economy is expected to have a negative growth of -5.4% compared to 2.2% growth in 2019.

As the pandemic continue to impact the local economy and oil price remain short of 2019 levels, we expect further pressure on the external reserve as the Apex Bank tries to stabilize and defend the naira. Consequently, we expect to see further depreciation of the naira.

Two very important factors that will define H2 2020 are the decision of the Monetary Policy Committee (MPC) and fiscal policy shifts that may take place within the period. These will be key to any form of growth across sectors. In our view, the FGN will sustain its expansionary fiscal policies, especially from the angle of infrastructural projects which will be funded majorly by borrowings amid anticipated shortfall in revenue. As inflation continues its upward trend, we expect a relative reaction from the MPC by raising the benchmark.

In the fixed income market, we expect the current low yield to be sustained through the rest of the year. This might relatively be slightly impacted by monetary policy related shift by the MPC. We anticipate that the low yield in the market would lead to more government and corporate borrowing in H2 2020 as they are expected to take advantage of the current market situation.

In our view, the discovery of COVID-19 Vaccine or a reliable form of treatment would be extremely vital to any form of growth and traction in the stock market. The absence of a relative cure and sustained partial closure being witnessed across the country, would continue to impact the stock market particularly consumer

good sector. Therefore, we expect foreign portfolio investors to begin to return and local investors to take position in the market, given the real negative returns investors currently receive from the fixed income market.



### 1. What is the implication of not participating in the data recapture exercise?

All existing RSA holders must participate in the data recapture exercise to update their biometric and biometric (picture and signature) information. The implication of not participating in the data recapture exercise includes:

- i. Inability to access retirement benefits at retirement.
- ii. Non-resolution of multiple RSA registrations.
- iii. Reconciliation of multiple registration of RSAs with balances will be hampered.
- iv. Inability of RSA holders to update registration records in the future.
- v. Inability to transfer RSA from current PFA to another PFA upon transfer window implementation.

### 2. How can I contribute voluntarily?

The Pension Reform Act (PRA) 2014 allows employees to make, Voluntary Contributions into their Retirement Savings Account (RSA), in addition to their mandatory pension contributions, with the sole aim of enhancing their retirement benefits.

An interested contributor shall notify his employer of his intention to make voluntary contributions and the amount to be deducted from his emoluments and remitted as Voluntary Contributions, alongside the mandatory pension contributions.

# HOW TO PROTECT YOURSELF & OTHERS

o Wash your hands often with soap and water for at least 20 seconds or use a hand sanitizer with at least 60% alcohol.

o Avoid touching your eyes, nose and mouth with unwashed hands.

o Avoid close contact with people who are sick.

o Stay home as much as possible and avoid non-essential travel.

o Practice social distancing by keeping at least 6 feet — about two arm lengths — away from others if you must go out in public.

o Stay connected with loved one through video and phone calls, texts and social media.

☑ Cover your mouth and nose with a cloth face cover when around others.

☑ Cover your coughs and sneezes. Use a tissue to cover your nose and mouth, and throw used tissues in a lined trash can. If a tissue isn't available, cough or sneeze into your elbow — not your hands. Wash your hands immediately.

☑ Clean and disinfect frequently touched surfaces daily. This includes tables, doorknobs, light switches, countertops, handles, desks, phones, keyboards, toilets, faucets and sinks (Follow NCDC guideline)

# HEALTHY LIFESTYLE

## BOOSTING THE IMMUNE SYSTEM

☑ **Improve Your Diet:** The food you eat plays a key aspect in determining your overall health and immunity. Eat low carb diets, as this will help control high blood sugar and pressure. A low carb diet will help slow down diabetes and focus on a protein-rich diet to keep you in good shape. And regularly consume vegetables and fruits rich in Beta carotene, Ascorbic acid & other essential vitamins, to build resilience in the body against infections.

☑ **Don't Compromise on Sleep**  
Good snooze time for 7-8 hours is the best way to help your body build immunity; lesser sleep will leave you tired and impair your brain activity.

☑ **Stay Hydrated**  
Drink up to 8-10 glasses of water every day, to stay hydrated. Hydration will help flush out the toxins from the body and lower the chances of flu. Other alternatives

include juices made of citrus fruits and coconut water, to beat the heat.

☑ **Don't Skip on Exercise**

A good diet should be followed by an exercise routine. Remember to exercise regularly. It is recommended to exercise for 30 to 45 minutes, depending on your stamina.

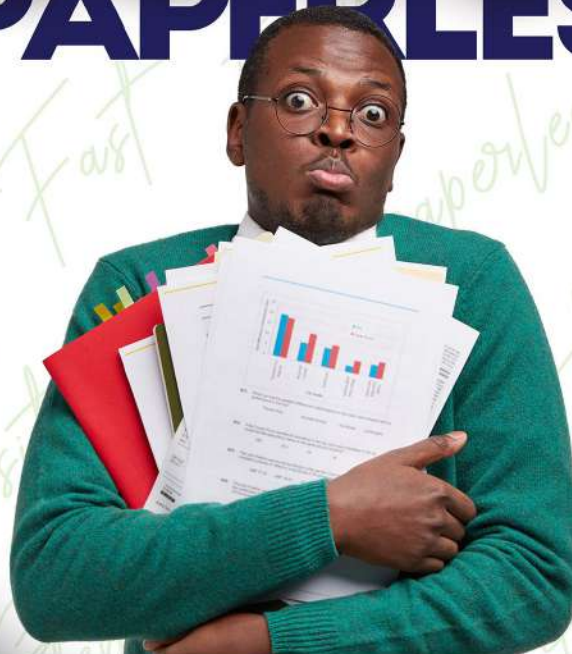
☑ **Supplements and immunity boosting foods**

If you're concerned whether you are getting the right amount of nutrients from your diet, consult with your doctor about a supplementation regimen to boost your immune system.



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# 100% PAPERLESS



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