

Dear Esteemed Customer,

It is a delight to bring you the final edition of our quarterly newsletter for the year 2017. Our Company's dedication in delivering excellent services and investment returns remains unwavering.

In this edition, a review of the performance of the Nigerian economy shows a positive index, which is impressive and assuring when compared to the indices from the previous year. This is reflective in the update on the Company's fund performance. Also, addressed in this issue are the modalities for enhancement of the pension of retirees on Programme Withdrawal (PW) under the Contributory Pension Scheme (CPS) as mandated by PENCOM. We are certain this will make for an informative and interesting read.

As is our practice, we welcome your suggestions and contributions on how best we can meet and surpass your expectations. Kindly, reach us on 01-2776900, 0800PALPENSIONS or send an email to info@palpensions.com
Happy Reading!

Review of the Nigerian Economy (Q4 2017)

GDP

According to the GDP figures released by the Nigerian Bureau of Statistics, Nigeria's GDP grew by 1.92% YoY in Q4'17 and 4.29% QoQ in real terms, maintaining its growth since the emergence of the economy from recession in Q2 2017. The main contributor to the growth was the positive performance of the oil sector which grew by 4.3%. Crude oil production averaged 1.7mbpd over the period reflecting relative calm in the Niger Delta and improvements in non-oil GDP. The economy is expected to remain on the path to recovery in 2018 as oil prices is likely to remain elevated.

Crude oil prices

Crude oil prices increased during the quarter from US\$54.4/pb in September 2017 to US\$64.06 in December 2017. Prices were buoyed by political tensions in Iran and productions cuts by OPEC members including Nigeria which was previously exempted from the production cut deal.

Forex reserves

Nigeria's forex reserves increased by US\$6.57bn to US\$38.77bn in December 2017 from US\$32.2bn in September 2017. The accumulation in the FX reserves is attributed to US\$2.5bn in Eurobond sales, elevated crude oil price, increase in crude oil production in Nigeria and

inflow of capital from foreign FPIs. We expect forex reserves to rise further in 2018 on the back of increased oil production, high crude prices and additional foreign borrowing. The downside risk to our outlook is the probable exit of portfolio investments as we approach the 2019 elections.

Inflation

Inflation decreased to 15.37% in December from 15.98% in September. Core inflation only decreased marginally to 12.09% in December from 12.12% in September whilst on the other hand, food inflation decreased to 19.42% in December from 20.32% in September due to lower domestic food prices during the festive period. We expect inflation to decelerate further in 2018 largely due to base effects.

Monetary Policy

The Monetary Policy Committee of the Central Bank of Nigeria (CBN) left the monetary policy rate unchanged at 14% despite the drop-in inflation figures for the period. Given our expectations for further declines in inflation, we expect the MPC to ease monetary policy sometime in 2018.

Stock market

The Nigerian Stock Exchange All Share Index (NSE ASI) appreciated 7.91% in the period between September to December 2017 (YTD: 42.30%). Compared to Q3, there was significant market activity in Q4 as investors took considerable capital gains. Other sub-indices such as the NSE30 and the banking index appreciated by 7.66% and 8.01% during the period.

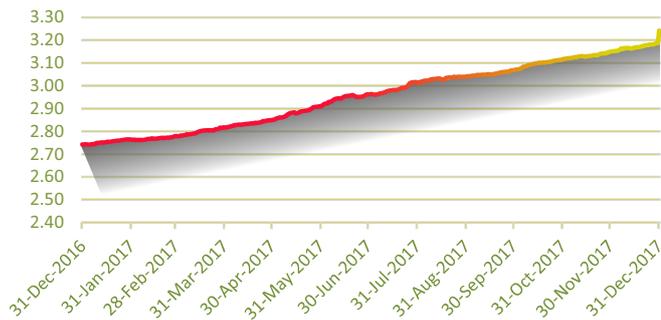
Fixed Income Market

Yields on treasury bill instruments declined over the quarter as discount rates on the 90, 180 and 364-day instruments closed at 12.95%, 15.0% and 15.57% respectively in at the last auction for the year held in November, lower than the 13.15%, 16.80% and 17.00% each instrument closed at the auction in September. The decline can be attributed to an increased demand of the one-year instrument and lower clearing rates at OMO auctions which CBN issued almost on a daily basis. Bond yields traded downwards in the secondary market to 13%-14% levels due mainly to high demand and low supply in the form of DMO primary market auction (only one auction was held in the quarter).

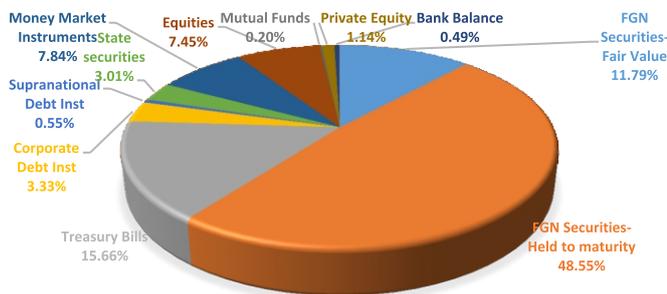
PAL VALUE FUND – 4th Quarter

The PAL Value fund opened the quarter with a unit price of N3.0685 and ended the quarter with a unit price of N3.2417. This represents an end of quarter return of 5.82%. Overall, in 2017, we generated a return of 18.25%. The PAL Value fund portfolio as at 29th December 2017 comprised of the following asset classes: Federal Government Securities (76.34%), Corporate Bonds (3.34%), Supranational Bond (0.55%), State Government Bonds (3.02%), Money Market (8.34%), Equities (7.49%), Other assets (1.35%).

PALVF Unit Price to 31st December 2017



PAVF ASSET ALLOCATION STRUCTURE AS @ 31st December, 2017



Pension Enhancement for Retirees

The appreciable growth in the Retirement Savings Account (RSA) has given room to the clarion call for enhancement of pension. In pursuant to this, the National Pension Commission therefore sets the modalities for enhancement of the pension of retirees on Programme Withdrawal (PW) under the Contributory Pension Scheme (CPS). The objective is to ensure periodic pension enhancement for retirees on Programme Withdrawal under the CPS by using the surpluses generated from Return on Investment.

This will give rise to the monthly pension received by retirees on periodic basis which is a major benefit of Programme Withdrawal (PW) over the Annuity plan option available to retirees at retirement.

Eligibility and Commencement

Only retirees on Programme Withdrawal (PW) with appreciable growth in their RSAs are entitled to receive enhanced pensions which commences December, 2017.

General Provisions

The first set of pension enhancement would be for employees, who retired between July 2007- December 2014, using their current age, RSA balances as at 31 December 2016 which shall be exclusive of the balance in the Voluntary Contribution (VC) and other criteria to be provided by the Commission as the basis to facilitate the process for the initial enhancement. The PFA shall use the surplus to enhance the pension of eligible retirees.

To this extent, all affected retirees shall be required to sign and execute a Consent Form with their respective PFAs based on their RSA balances as at 31 December 2016 before commencement of payment.

WHAT'S NEW!

1. New and improved ways to serve you better:
 - You can now reach our Call Centre on **0800PALPENSIONS (08007257367467)**
 - You can download the PAL App to access a full bouquet of PAL Pensions' services at your fingertips. It is available on the App Store and Google Play store.
 - You can access your Pension balance on the go. Send PAL to 20052 and following the prompts.



FREQUENTLY ASKED QUESTIONS

WHY DO I NEED A 'WILL' I HAVE IDENTIFIED MY NEXT OF KIN?

With a 'Will' the process of administering your funds to the beneficiary is made easy as it is a binding legal document by law. A 'Will' eases the stress of the beneficiary having to obtain a letter of administration from the court.



The barber and the young boy

A young boy enters a barber shop and the barber whispers to his customer, "This is the dumbest kid in the world. Watch while I prove it to you."
The barber puts a dollar bill in one hand and two quarters in the other, then calls the boy over and asks, "Which do you want, son?" The boy takes the quarters and leaves.
"What did I tell you?" said the barber. "That kid never learns!"
Later, when the customer leaves, he sees the same young boy coming out of the ice cream parlor.
"Hey, son! May I ask you a question? Why did you take the quarters instead of the dollar bill?"
The boy licked his cone and replied:
"Because the day I take the dollar the game is over!"

Culled from the internet

#DIDYOUKNOWNIGERIA

The Nigerian National flag designed by Micheal Taiwo Akinkumi in 1959, originally have a red quarter sun on the white part as a symbol of divine protection and guidance, but this was removed by the committee.

Thank you for reading.....PAL Pensions; Your Pal for Life!

