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2017
Q2
NEWSLETTER

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dear esteemed customer,

Just as the cycle of time never stops, our efforts to continually deliver excellence is a pact we'll ever stay true to. This, coupled with your wonderful co-operation in past months made a brilliant first quarter for us all. As always, we have every intention to stay at the top of our game by keeping you happy in every way we can...and we will!

In this edition, we give a review of the performance of the Nigerian economy in the second quarter and provide an update on our fund performance. We have also included information on the other exciting things we have been up to as a company. We are certain you will find this an interesting read.

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

Do enjoy your read.

Review of the Nigerian Economy (Q2 2017)

Inflation

Inflation dropped to 16.10% in June from 16.25% in May, making this the fifth consecutive month of decline for this metric. The continuing drop in the inflation reading largely reflects the impact of a higher base in 2016, improved FX liquidity and stable non-food prices. We note however, that domestic food prices continued to weigh on the index as food inflation rose to 19.9% y/y in June compared to 19.3% in May 2017. However, with the on-set of the harvest season in Q3 2017, we expect pressures from the food index to moderate and anticipate further declines in headline inflation through the second half of the year.

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. The decision to leave monetary policy unchanged was hinged on concerns that a change in policy could create instability in the foreign exchange market and led to a resurgence in inflation.

Crude oil prices

Crude oil prices declined during the quarter and traded at an average of US\$50.3/pb compared to an average of US\$54.6/pb in Q1 2017. The drop in prices during the period reflected an oversupply of crude oil in the market as Nigeria and Libya (countries previously exempt from production cuts) and US shale producers ramped up production. Notably, for the first time this year, average crude oil production (including condensates) in Nigeria exceeded 2.0 million barrels per day (mbpd) in June 2017. However, in a bid to curb crude oil supply and support prices, OPEC has imposed a cap of 1.8mbpd on crude oil supplies from Nigeria.

Forex reserves

Nigeria's forex reserves increased by US\$344m to US\$30.3bn in June 2017 from US\$ 29.9bn in March 2017 despite consistent interventions by the CBN in the forex market. The pick-up in oil production has been the obvious reason for the accumulation in the FX reserves. We expect FX reserves to remain above US\$30bn during the second half of the year as oil revenues pick-up on the back of increased production volumes. However, we note that a drop in global crude prices, the resumption of militant attacks on crude oil installations and increased FX intervention by the CBN pose significant downside risks to reserve accretion.

Forex liquidity

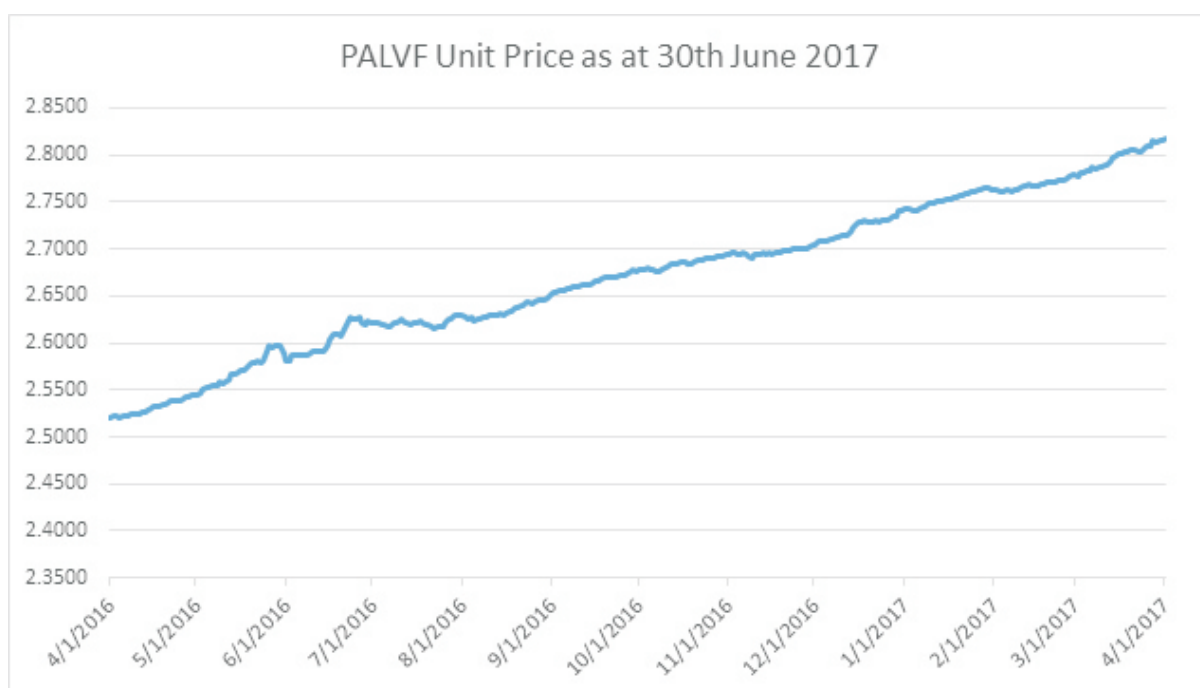
In April 2017, the CBN introduced the Investor & Exporters FX window (I&E FX) and this improved liquidity in the foreign exchange market. Following the introduction of this window, the exchange rate in the parallel market dropped to N350 – N380 per dollar in Q2 2017 from N450-N550 per dollar in Q1 2017, closing the gap between the official and parallel market rates. Furthermore, manufacturing companies are increasingly able to source for dollars at the various foreign exchange windows provided by the CBN while commercial banks like Guaranty Trust Bank have raised monthly international spend limit on their naira MasterCard to US\$1,000 from US\$100.

Stock market

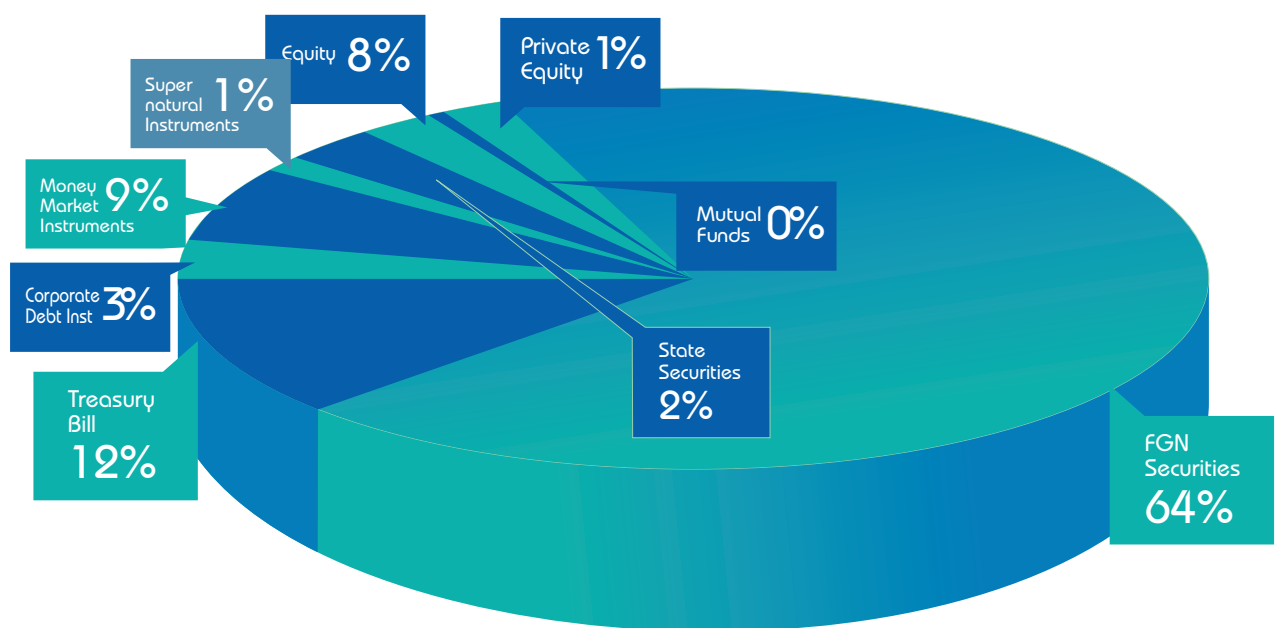
The Nigerian Stock Exchange All Share Index (NSE ASI) has appreciated 29.78% in Q2 2017. The rally in the equities market was driven by improved sentiments following the introduction of the I&E FX window. Other sub-indices such as the NSE30, the banking index and the consumer index appreciated by 31.89%, 45.76% and 26.41% during the period.

Pal Value Fund – 2ND Quarter

The PAL Value fund opened the quarter with a unit price of N2.8174 and stood at N2.9613 as at June 30, 2017. This represents an end of quarter return of 5.11%, and YTD return of 8.02%. The PAL Value fund portfolio as at 30th June, 2017 comprised of the following asset classes: Federal Government Securities (76.41%), Corporate Bonds (3.07%), Supranational Bond (0.55%), State Government Bonds (1.85%), Money Market (9.58%), Equities (7.81%), Other assets (1.1%).



PAVF Asset Allocation Structure As @ 30th June, 2017



What's New!

1. We have moved offices!

Our head office is now at Plot 289, Ajose Adeogun Street, Victoria Island, Lagos.

Our Pensions Service Centre has moved to the mainland – 1st floor, 205b Ikorodu road, Obanikoro, Lagos.

2. 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.

FAQ

FREQUENTLY ASKED QUESTIONS

WHY DO I NEED TO HAVE A 'WILL' IF 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.



just for laughs

The Doctor And The Lawyer

A doctor and a lawyer are talking at a party. Their conversation is constantly interrupted by people describing their ailments and asking the doctor for free medical advice. After an hour of this, the exasperated doctor asks the lawyer, "What do you do to stop people from asking you for legal advice when you're out of the office?" "I give it to them," replies the lawyer, "and then I send them a bill." The doctor is shocked, but agrees to give it a try. The next day, still feeling slightly guilty, the doctor prepares the bills. When he goes to place them in his mailbox, he finds a bill from the lawyer. *Culled from the internet*

#DIDYOUKNOWNIGERIA

Nigeria is one of human existence's oldest locations. According to evidence from archaeological sites and discoveries, Nigeria has a history of human existence that has been dated back as far as 9000BC. The Nok civilization in the country, which took place around 500 BC up to 200 AD.

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