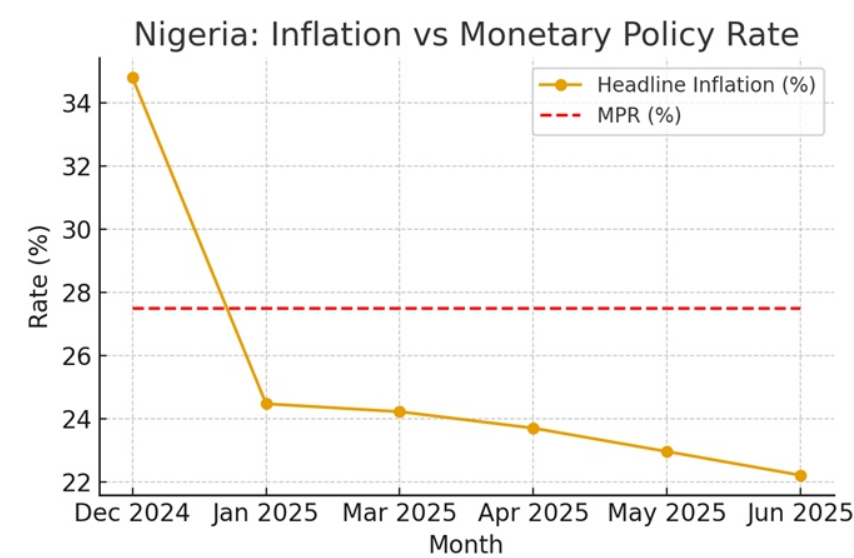


Macroeconomic and Capital Market Update: August-2025 at a Glance

In this edition of our monthly newsletter, we review the activities and resolutions of the Monetary Policy Committee (MPC) of the Central Bank of Nigeria (CBN) since February of 2025. A total of three meetings has been held over this period, and the MPC has adopted a tight-hold stance in all cases, prioritizing inflation control and FX stability over-growth concerns. While disinflation is evident, risks remain, and monetary easing will not happen until inflation falls decisively and sustainably.

► Key Monetary Policy Directions:

- Monetary Policy Rate (MPR) retained at 27.50% across three meetings.
- Cash Reserve Ratio (CRR) held at 50% (DMBs) and 16% (Merchant Banks).
- Liquidity Ratio unchanged at 30%.
- Banking sector recapitalization progressing, oversight strengthened.



Interest Rates Remain Restrictive:

From reviewing the resolutions of the MPC, we conclude that interest rates will remain restrictive in the near terms, and that a pivot to easing could only come if inflation decelerates faster and FX stability is sustained. This is obvious from holding the Monetary Policy Rate (MPR) constant at 27.50%. The consistency shows a clear bias toward a prolonged tight stance, with the MPC signalling patience and caution in loosening policy.

Given persistent inflationary pressures (especially food and core), rate cuts are unlikely before Q4 2025. But a clear disinflationary part is emerging. Under old base year, Dec 2024 inflation was 34.8%, which was rebased to 24.48% y/y in January 2025 and has fallen consistently to 21.88% in July 2025. This moderation was largely driven by a notable drop in core inflation, which fell to 21.33%, reflecting reduced costs in

key sectors such as Housing, Water, Electricity, Gas, and other fuels.

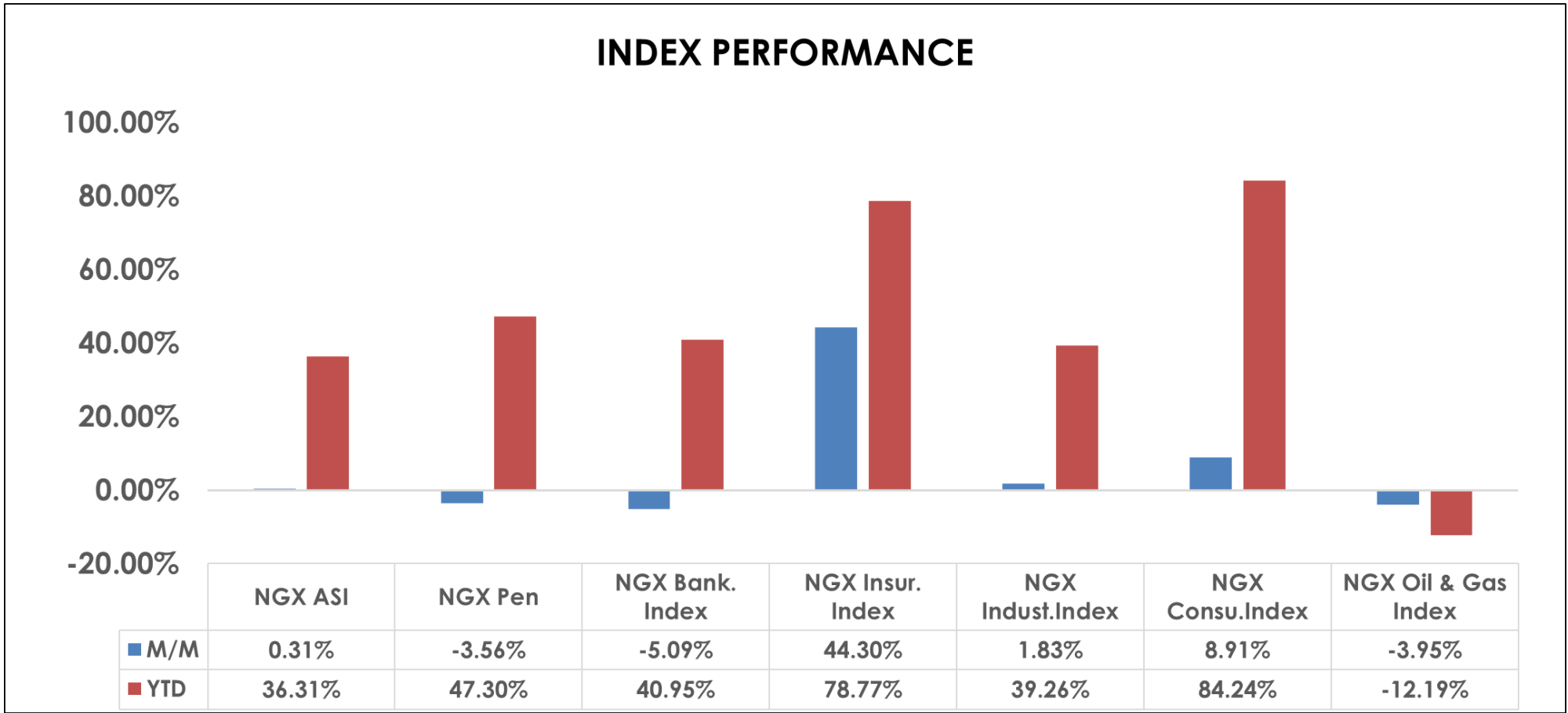
Conversely, while food inflation rose on an annual basis to 22.74%, its monthly growth showed a slight slowdown, increasing by 3.12%. This softer uptick was attributed to smaller price increases in imported food items. Despite the overall annual moderation, the monthly inflation rate increased to 1.99% from 1.68% in June, indicating that underlying price pressures in the economy are still a concern. Risks to inflation remains food price volatility, energy costs, FX demand, geopolitical tensions, and structural bottlenecks.

Overall, we expect high interest rates through most of 2025, with possible easing only from late 2025 or early 2026.

► Capital Market

In August 2025, the Nigerian equities market delivered a mixed performance — ending the month with a marginal gain amid significant volatility driven by investor profit-taking. The NGX All-Share Index (ASI) rose by 0.31% in August, bringing its Year-to-Date (YTD) performance to 36.31%, and closed at 140,295.49 points. Market capitalization stood at NGN 88.77 trillion.

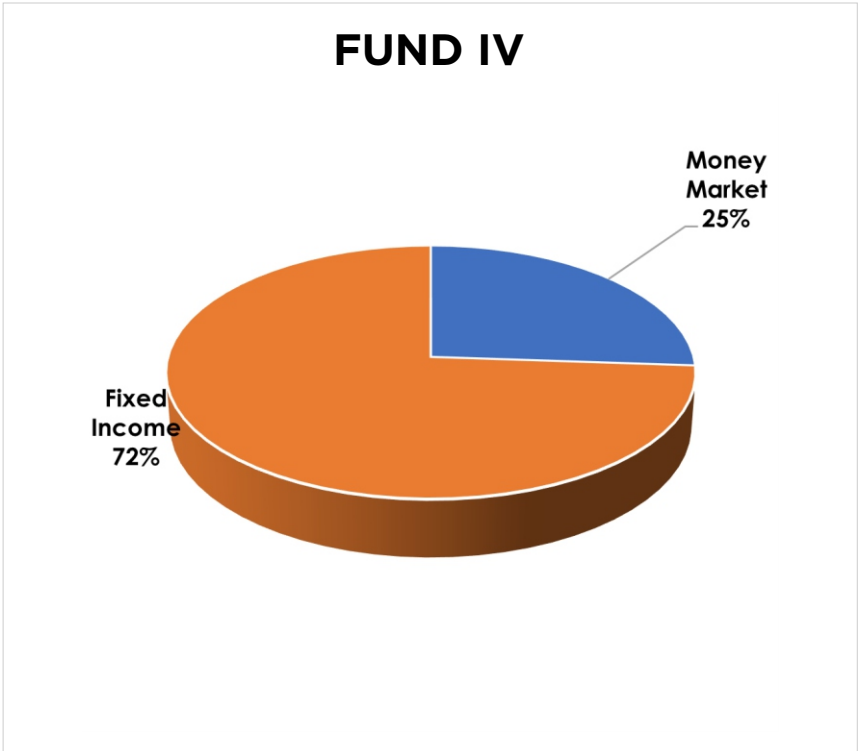
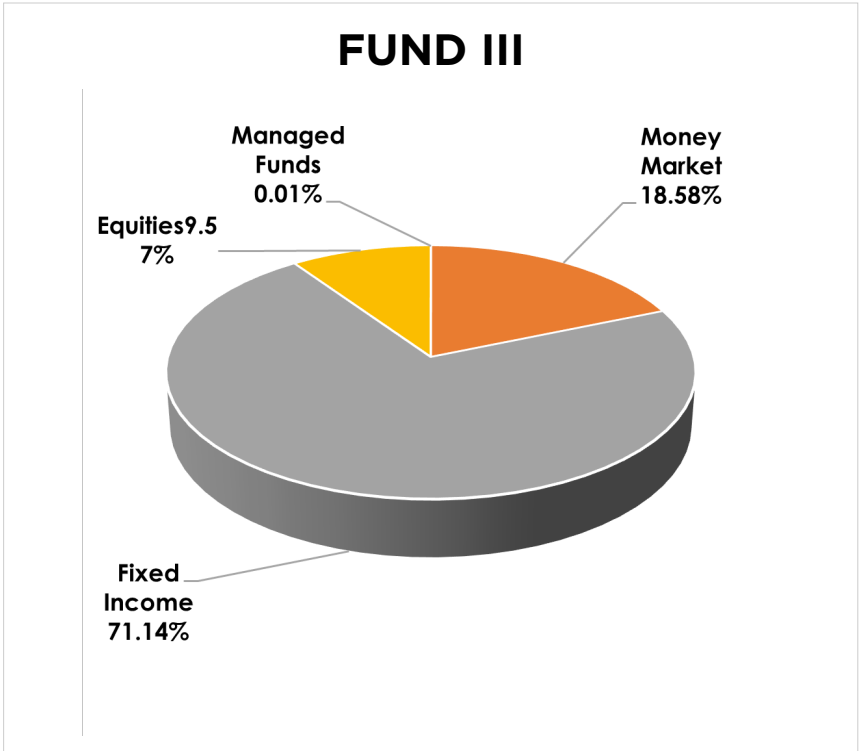
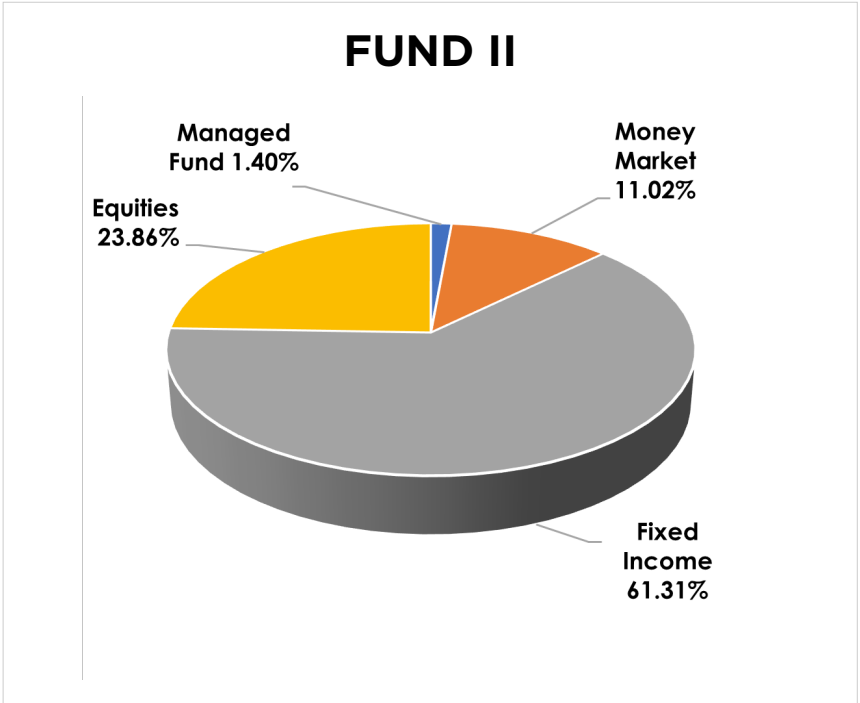
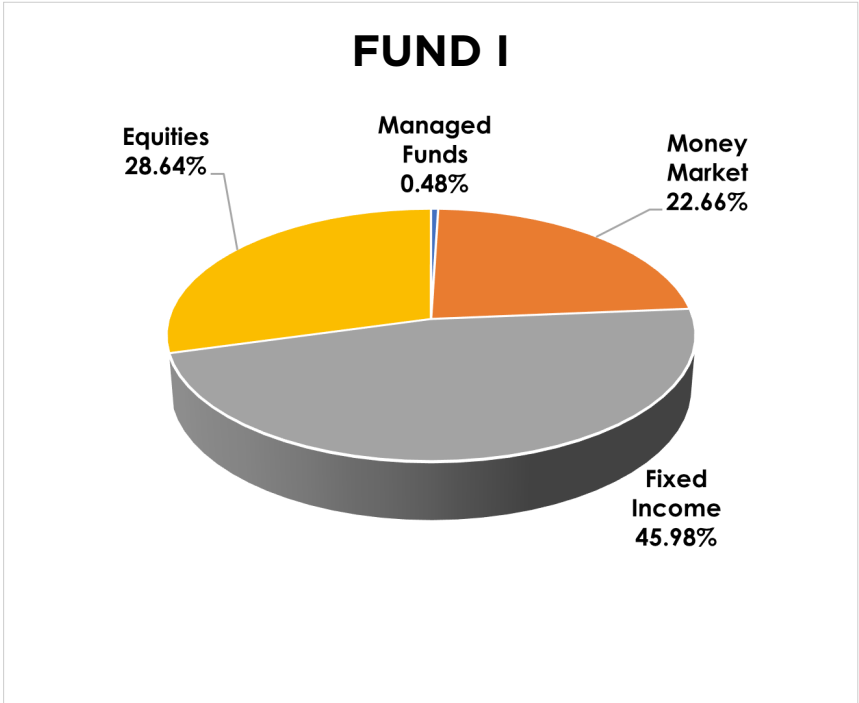
This performance reflected the combined impact of profit-taking, macroeconomic stability, and improved corporate earnings from H1 2025 results. The Insurance sector led the rally, boosted by the Nigerian Insurance Industry Reform Act (NIIRA 2025) and ongoing recapitalization initiatives. The Consumer Goods sector also posted strong gains, achieving a remarkable YTD return of 84.24%. In contrast, the Banking sector witnessed significant profit-taking, weighing on its overall performance.



Fund Returns

FUND	Dec - 25	Jul - 25	Aug - 25	% Change (M/M)	% Change (YTD)
FUND I	1.9802	2.4556	2.4411	-0.59%	23.28%
FUND II	5.8673	6.844	6.8093	-0.51%	16.06%
FUND III	2.3163	2.5724	2.5846	0.47%	11.58%
FUND IV	5.7456	6.3114	6.3931	1.29%	11.27%
FUND V	1.662	1.8004	1.8152	0.82%	9.22%
FUND VI ACTIVE	1.4612	1.7824	1.7557	-1.50%	20.15%
FUND VI RETIREE	1.054	1.144	1.1584	1.26%	9.91%

Funds' Asset Allocation as of 31st August 2025



Protecting Retirees, Strengthening the System

► President Tinubu Orders Free Healthcare & Pension Increases

President Bola Tinubu has directed the expedited rollout of free healthcare access for low-income retirees under the Contributory Pension Scheme (CPS). This initiative aims to safeguard dignity in retirement and expand social protection for vulnerable Nigerians. He also called for the **implementation of long-overdue pension increases** and a **minimum pension guarantee** to provide a stronger safety net. Additionally, the President urged urgent resolution of the longstanding **police pension issue**, stressing the need for dignity and peace of mind for officers after service.

Other highlights from the President's briefing with PenCom:

- Strong support for measures to **preserve pension fund assets** in the face of inflationary pressures.
- Plans to **introduce foreign currency contributions** to enable Nigerians in the diaspora to participate in the pension system.

This reaffirmed his administration’s commitment to **inclusive growth, value preservation, and retirement dignity**.

► Zero Tolerance for Inducements in RSA Transfers

PenCom has reemphasized its zero-tolerance policy on inducements.

PFA’s are strictly prohibited from offering gifts, commissions, or any form of inducement to influence RSA transfers.

Any PFA found violating this rule will be **barred from receiving RSA transfers** and face additional regulatory sanctions.

Your RSA transfer decisions remain entirely **yours to make, free of pressure or influence**.

Programmed Withdrawal Template Upgrade: More Value for Retirees

The **Programmed Withdrawal (PWD) template** has now been upgraded to **Version 3.0**, delivering more benefits to retirees under the Contributory Pension Scheme (CPS).

Here's what's new:

► Higher Returns for You

The expected **Rate of Return (ROI)** has been revised upward from **8% to 10.5%**, meaning retirees can look forward to **better growth on their pension savings**. This adjustment reflects ongoing efforts to ensure your retirement funds keep pace with today's economic realities.

► Fairness for Public Sector Retirees

For the first-time, public-sector **retirees** are now eligible to collect their **maximum possible monthly pension arrears**. This change helps restore balance, ensuring fairness across both public and private sector retirees.

Why this matters

- More sustainable income in retirement.
- Stronger protection against inflation and rising costs.
- A retirement system that values equity, transparency, and dignity.

At Fidelity Pension Managers, we remain committed to making sure your pension works harder for you, today and into the future.

Wellness Corner – Smart Choices for a Healthier Life

► Protein After Workouts – Fact, Not Myth!

It's true; your body needs protein soon after exercise to maximize results. Aim for 20–30g within 30–60 minutes of finishing your workout.

- Repairs and rebuilds muscles.
- Improves strength, recovery, and endurance.
- Boosts long-term fitness and energy.

Pro Tip: You don't always need a protein shake. Everyday foods like **eggs, chicken, beans, milk, or fish** are excellent sources of protein. Pairing carbs with protein (like beans & rice or chicken & potatoes) further speeds up recovery.

► Energy Drinks & Children – Why They're a No-Go

The UK has announced a ban on selling energy drinks to under-16s due to serious health risks: **obesity, poor sleep, reduced concentration, and even dental damage**. Popular brands like **Red Bull, Monster, and Prime Energy** pack high caffeine and sugar levels, which are harmful to children and teens.

What Parents Should Know:

- Energy drinks ≠ safe hydration.
- Encourage healthier options: **water, milk, or fresh juice**.
- Balanced diets, good sleep, and exercise (not caffeine) are the real energy boosters for growing kids.

Remember: small lifestyle changes now can make a big difference in your family's long-term health and well being.



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