



Press Release
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NSIA ANNOUNCES 2016 FINANCIAL PERFORMANCE

Abuja, Nigeria -April 04, 2017

The Nigeria Sovereign Investment Authority ("NSIA" or "The Authority"), manager of Nigeria's sovereign wealth funds, today announced its performance for the year ended 31st December 2016 as audited by PricewaterhouseCoopers.

FINANCIAL PERFORMANCE:

Highlights of NSIA's audited performance as of 31st December 2016 are as follows:

- Total Comprehensive Income increased to ₦149.83bn representing a 469% growth.
- Total Assets recorded a growth of 97% to ₦420.93bn as at year end.

NIGERIA INFRASTRUCTURE FUND:

- Over the period, the NSIA sustained its infrastructure strategy, anchored on three pillars: i) direct investment, ii) co-Investment, and iii) creation of institutions to support infrastructure development. NSIA's five-year infrastructure rolling investment plan covers: Agriculture, Healthcare, Motorways, Power and Real Estate.

Highlights:

- **Presidential Fertiliser Initiative (PFI)**

- A Presidential initiative by President Muhammadu Buhari to deliver locally produced Fertiliser to farmers, ahead of the 2017 farming season, at an affordable price.
- Target of one million metric tonnes to be delivered in five equal batches from Q1'17.
- Other benefits include i) significant foreign exchange savings by maximizing local content; ii) savings on budgetary provisions for fertilizer subsidies; iii) creation of significant direct and indirect jobs and iv) enhancement of food security. The project is an important part of NSIA's overall strategy to expand and modernize Nigeria's agriculture sector.

- **Pre-privatisation of the Abuja Commodity Exchange (NCX)**

- NSIA is considering an investment of up to US\$10mn to revitalize and enhance the value and viability of the NCX in readiness for the envisaged privatization by the Bureau of Public Enterprise (BPE).
- The NCX is central to developing the commodity value chain as it promotes investment activities which improve storage, grading of products and transparent pricing

- **US\$200mn Agriculture Fund with UFF Agri Asset Management**

- NSIA established a fund to develop large scale farming that will address food security and reverse loss of foreign exchange by leveraging out-grower schemes, and decreasing imports.
- The initial target areas are maize, rice, dairy farming and cassava. UFF Agri is backed by Old Mutual Investment Group, Africa's largest private sector investment manager with over US\$44.6bn in AUM

- **Ogun State Land Reforestation and Waste to Energy Project**

- NSIA entered into a partnership with Ogun State Government and Lafarge Africa which comprises three sub-projects; i) waste to energy, ii) land degradation neutrality, and iii) bio-fertilisers.
- The project's goal is to help transform 108,000 hectares of heavily degraded land into an arable green area, using the latest techniques in agro-ecology and agro-forestry.



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- **Second Niger Bridge (2NB)**

- A new financing strategy is being discussed for the Second Niger Bridge with the Federal Ministry of Works, Power and Housing.
- Contractors will be fully mobilised to site once the strategy is finalised.

- **Healthcare the Lagos University Teaching Hospital (LUTH)**

- NSIA and LUTH are jointly developing a private multi-specialist hospital to be co-located within the teaching hospital with the aim of providing affordable, high quality and accessible healthcare services for the diagnosis and treatment of critical non-communicable diseases. The specialties expected to be covered by the facility include oncology, cardiac surgery, cardiology, neurosurgery, orthopedic surgery, and other vital medical services as these account for over 80% of medical tourism.

- **\$500mn Real Estate Fund with Old Mutual Investment Group**

- NSIA established a fund, in partnership with Old Mutual to stimulate the real estate sector in Nigeria. The fund targets commercial, industrial and retail real estate investments within Nigeria's major cities.

- **Family Homes Fund Limited**

- A flagship initiative of the Honourable Minister of Finance, Family Homes Fund Limited seeks to provide affordable homes and mortgages. NSIA owns a 49% stake in the company, which is designed to create a blended pool of long-term funds to solve the problems in mass housing development.
- The target ₦1trn Fund (₦500bn initial) will bridge the gaps in housing development finance and mortgage provision.

- **National Customs Single Window Project**

- The NSIA is working with the Federal Ministry of Finance (FMF), Nigeria Customs Service (NCS) and Nigeria Ports Authority to create a single-user window system; a centralized technology platform for import and export processing in Nigeria.
- The system is expected to improve the ease of doing business in Nigeria, ensure security of the nation's data and enhance revenue generation and collection efficiency.

- **Infrastructure Credit Guarantee Ltd (InfraCredit)**

- NSIA established an infrastructure credit enhancement facility to help tap the almost \$20bn worth of Nigerian pension funds mostly sitting idle in government securities for deployment towards developing critical infrastructure in the country.
- The vehicle for operationalizing the initiative is the Infrastructure Credit Guarantee Company Limited (InfraCredit) which was set up in Q1'17 in partnership with GuarantCo, a London-based provider of infrastructure credit guarantees supported by the governments of Australia, the Netherlands, Sweden, Switzerland and the UK.
- InfraCredit is a monoline insurance company set up to provide guarantees to enhance the credit quality of local currency debt instruments, making it legally possible for Pension Funds to invest in infrastructure. The company commenced operations in Q1'17

STABILIZATION FUND:

- The Authority has consistently managed the Fund with the goal of ensuring capital preservation and maintaining liquidity in view of its objective of providing stabilisation support to the Federation in times of economic stress.



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- The Fund has a short time horizon and invests in conservative fixed income mandates. In the period, allocation to the US Treasuries was increased with the intent of benefiting from predictable return streams. The rest of the capital continues to be invested in cash management products with 'A' rated international financial institutions.

FUTURE GENERATIONS FUND:

- The global markets experienced significant changes in 2016 with the unexpected Brexit vote and the outcome of the US presidential elections. These geopolitical events led to heightened market volatility resulting in a market rally, which benefitted the FGF.
- The Fund adopted a multi asset strategy and therefore invested in a diversified portfolio of growth assets across global public equities, private equity, hedge funds and 'other diversifiers' (investments designed to reduce correlation between asset classes).

MANAGED FUNDS:

- The Authority continues to manage assets for Nigeria Bulk Electricity Trading Company (NBET) and The Debt Management Office (DMO). It was also appointed to manage the Federal Governments Stabilisation Fund (FGN Stab.), a Naira denominated fund.
- NBET's \$350mn and DMO's \$100mn remains fully invested while the total contribution to the FGN Stab fund up to December 2016 was ₦8.9bn.

MANAGEMENT'S COMMENTS

- Mr. Uche Orji, stated that "The year 2016 was a favourable period for the NSIA in terms of performance. However, we are cautiously optimistic about 2017. The Authority's sector focus is expected to expand with at least 3 more focus areas including middle market industrialization, water resources management and petroleum product refining amongst others. As we look forward to 2017, our goal is to balance social and commercial returns. However, we expect the investments to be opportunity driven".

OUTLOOK FOR 2017

In 2017, NSIA anticipates:

- Shielding its assets from expected market volatility. Tactical rebalancing is being undertaken in the asset allocation to achieve sustained profitability.
- Additional asset management opportunities on behalf of the Federation.
- To consolidate its position as a preferred partner for foreign investors looking to access attractive co-investment opportunities for infrastructure development in Nigeria.

SUBSEQUENT EVENTS

- At the 74th session of the National Economic Council, the Governing Council approved the injection of additional capital contribution of \$250mn from the Excess Crude Account (ECA) to the NSIA.
- The Council also nominated new members to serve on the Board of the Authority. The list of nominees was subsequently approved by the President of the Federal Republic of Nigeria.

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About the Nigeria Sovereign Investment Authority

The Nigeria Sovereign Investment Authority is an investment agency of the Federation set up to manage funds in excess of budgeted hydrocarbon revenues. Its mission is to play a leading role in driving sustained economic development for the benefit of all Nigerians through building a savings base for the Nigerian people, enhancing the development of Nigeria's infrastructure, providing stabilisation support in times of economic stress.

NSIA operates three mandate funds: the Stabilisation Fund, the Future Generations Fund and the Nigeria Infrastructure Fund. For more information please visit www.nsia.com.ng

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