



## **NEWS RELEASE**

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### **NOVARE BULLISH ON NIGERIAN PENSION OPPORTUNITIES**

Novare, one of South Africa's leading independent institutional investment advisers, has successfully applied its skills to the Nigerian pension fund market where it sees continued opportunities despite strong growth over recent years.

Now with over \*N680 billion (US\$4.4 billion) under management and advisement in Nigeria, Novare was one of the first South African financial services companies to appreciate the growth opportunities presented by Africa.

Derrick Roper, chief executive of Novare Equity Partners commented: "In 2006 we took a decision to go into new markets and subsequently entered a strategic partnership with First Guarantee Pension Limited (FGPL) in Nigeria.

"While the majority of shares in FGPL are held by Nigerians, Novare's business has benefitted from the partnership which has also resulted in FGPL making great strides in improving its operations."

FGPL's investment and treasury activities boast processes of an international standard, which is reflected in superior returns. On the administrative side, infrastructure has been significantly upgraded while training programs facilitate the flow of expertise and knowledge between Novare and FGPL.

"First Guarantee Pension has a vision to be the pension fund advisers of choice in Nigeria. Novare bought into that vision and we are excited about the prospects this long-term partnership will bring," Roper said.

Nigeria recently embarked on a process to legislate financial provision for retirement, with the Pension Reform Act of 2004 requiring compulsory membership of retirement funds, stipulating that 15% (based on an equal contribution from employers and employees) of the nation's salary bill is to be invested before being accessed by individuals after the age of 50.

Roper explained: "The National Pension Commission (PENCOM) is charged with the regulation and supervision of pension schemes and, to instil confidence in the security of the new system, the Nigerian authorities have opted for a prescriptive and highly regulated approach, with a clear segregation of duties."

Registered pension funds are required to report to the regulator on a daily basis. In terms of Nigerian structures, retirement fund administration and asset management are carried out by the same company, but one of the country's four big banks must be appointed as custodian of the fund's assets. This three-way system of checks and balances is intended to manage risk.

"The creation of a compulsory savings industry in Nigeria, with its population of some 150 million people, will result in a large amount of money for investment. That is prompting new investment vehicles and a host of product and service providers keen on securing a piece of the action. However, licences are difficult to obtain," Roper said.

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**Notes:**

\* Nigerian Naira.