June 2026 Newsletter

Economic Update

June marked a significant turning point in global energy markets, as diplomatic progress between the United States and Iran triggered a sharp correction in oil prices. Brent crude, which had peaked above $117 per barrel in early April, fell to approximately $72 per barrel by late June as tankers resumed flows through the Strait of Hormuz and ceasefire optimism took hold. The IEA's June Oil Market Report confirmed that Strait shipments had recovered from a May low of 9.6 million barrels per day to around 12 million barrels per day by early June, though a full supply recovery is not expected until early 2027 as trade patterns normalize. Despite the price relief, the IEA cautioned that global oil inventories remain at their lowest since 2003, leaving significant upside risk to prices if hostilities resume. Major central banks held steady through June, maintaining their higher-for-longer posture as energy-driven inflation continued to unwind gradually.

Domestically, headline inflation rose for the third consecutive month, climbing to 15.93% in May from 15.69% in April, according to NBS data released on June 15. However, the monthly pace of increase continued to slow, easing to 1.75% month-on-month in May from 2.13% in April, suggesting the energy-driven price shock is gradually passing. Food inflation remained the dominant driver at 16.96% year-on-year, though monthly food price growth also moderated to 2.98% from 3.63% in April, supported by improved logistics and seasonal harvest supply. Notably, May 2026 inflation of 15.93% compares favorably to 26.06% recorded in the same month of 2025, reflecting the significant disinflation achieved over the past year.

The naira remained broadly stable, closing June at approximately ₦1,379.7/$ on the official NFEM market. External reserves crossed the landmark $50 billion threshold during the month, rising to a record $51.06 billion, surpassing the CBN's own year-end target and representing a 32.6% increase from the same period in 2025. The improvement was driven by stronger oil export receipts, growing capital importation, and the CBN's new Foreign Exchange Manual effective June 1. On the production front, Nigeria's crude output peaked at approximately 1.86 million barrels per day in May, the highest level in recent years, with the NUPRC confirming potential to sustain production at 1.9 million barrels per day. With reserves at record highs and inflation moderating, Nigeria's macroeconomic outlook heading into H2 2026 is cautiously positive.

Markets Update

The Nigerian equities market extended its strong performance in June 2026, with the NGX All Share Index (ASI) delivering a 47.4% year-to-date return despite heightened volatility and profit-taking. Market sentiment remained supported by strong Q1 corporate earnings, particularly in the banking sector, improving macroeconomic confidence, and sustained domestic institutional participation. While investors became more selective amid attractive fixed income yields, demand remained concentrated in fundamentally strong large-cap stocks, with Pension Fund Administrators (PFAs) continuing to provide liquidity and absorb market corrections
.
The domestic fixed income market also remained resilient despite increased sovereign borrowing. The Debt Management Office (DMO) successfully raised over ₦1.2 trillion through its June bond auction, while Treasury Bill auctions attracted strong oversubscriptions, reflecting robust investor appetite for government securities. Elevated yields, supported by the CBN's tight monetary policy stance and persistent inflation, continued to attract institutional investors, with PFAs, banks, and other long-term investors driving demand across both the primary and secondary markets.

Overall, both the equity and fixed income markets remained well supported by strong domestic liquidity, resilient institutional participation, and improving macroeconomic fundamentals, positioning the markets on a constructive footing heading into the second half of 2026.

FUND PERFORMANCE – JUNE 2026

	Fund I	Fund II	Fund III	Fund IV	Fund V	Fund VI Active	Fund VI RETIREE
Performance	18.24%	15.65%	9.84%	7.58%	8.16%	9.61%	8.59%
Allocations							
Govt Securities	31.69%	45.12%	61.05%	71.63%	2.71%	37.07%	-
Corporate Securities	13.07%	10.42%	7.12%	8.25%	-	-	-
Equity Market	35.45%	28.37%	15.48%	7.04%	1.25%	21.14%	-
Money Market/Tbills	16.47%	8.21%	14.09%	10.50%	95.44%	40.67%	99.98%
Alternative assets	3.04%	8.36%	2.00%	0.68%	-	-	-
Others	0.28%	0.39%	0.26%	1.90%	0.60%	1.12%	0.02%

Industry Update

Pension assets hit N31.2 trillion in H1 2026 as PenCom deepens investment diversification

Nigeria's pension industry entered the second half of 2026 with a record asset base of approximately N31.2 trillion, as PenCom continued to widen the regulatory space for alternative asset investments. The Commission has raised allowable exposure to alternative assets, including infrastructure, private equity, agriculture-linked funds, and equities, to materially higher limits across fund classes, with infrastructure exposure in some funds permitted up to 25% of assets. Despite the expanded regulatory room, actual deployment to alternative assets currently remains below 5% of total pension assets, signalling significant headroom for growth as more regulation-compliant projects come to market across energy, housing, healthcare, and agriculture sectors.

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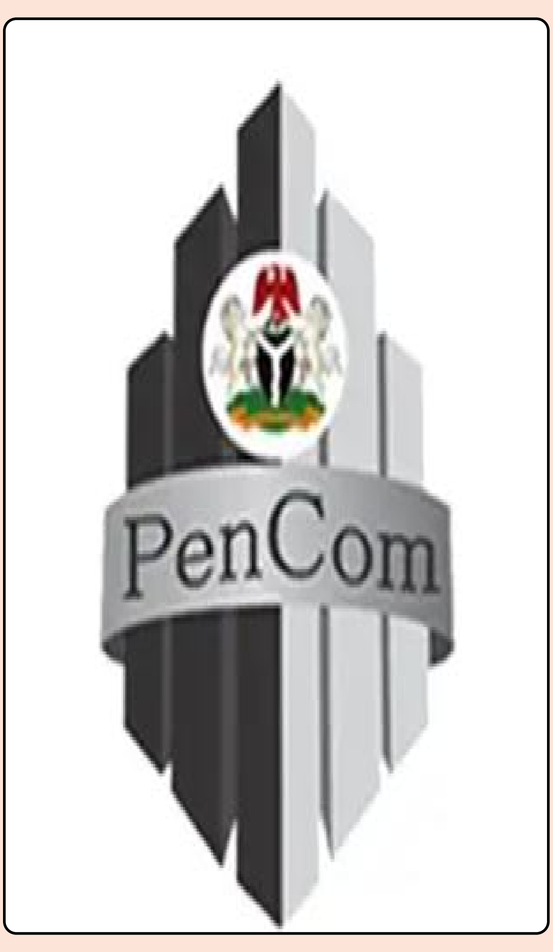

PenCom Q4 2025 report flags dormant PPP accounts and uneven state compliance

PenCom's Fourth Quarter 2025 Industry Report, released on June 2, 2026, revealed key structural gaps in Nigeria's pension system alongside strong overall growth. Total pension contributions in Q4 2025 reached N903.7 billion, with the public sector recording a 234.85% surge driven by improved compliance and settlement of outstanding arrears. However, the report stated that
92% of registered Personal Pension Plan accounts remained dormant with no contributions recorded in Q4, highlighting the significant work still needed to activate informal sector participation. On state compliance, only eight of Nigeria's 36 states and the FCT were fully compliant with the Contributory Pension Scheme, with PenCom warning of strengthened enforcement action against defaulting employers and non-compliant states in 2026.

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Nigeria marks 22 years of the Contributory Pension Scheme

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92% of registered Personal Pension Plan accounts remained dormant with no contributions recorded in Q4, highlighting the significant work still needed to activate informal sector participation. Real returns across all RSA fund categories also remained below inflation over a 36-month basis. On state compliance, only eight of Nigeria's 36 states and the FCT were fully compliant with the Contributory Pension Scheme, with PenCom warning of strengthened enforcement action against defaulting employers and non-compliant states in 2026.

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