

University of Nairobi Staff Pension Scheme 2007 Custodian's report for AGM for period ending 30th June 2023

30th November 2023



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Our Role as Custodians

As the schemes' Custodian we are charged with the formidable responsibility of keeping the financial assets of the pension scheme/provident fund safe and servicing the portfolios related to those assets, whether that be settling trades or collecting the income generated:

Broadly, our core responsibilities as a custodian for the scheme include:

- 1). Safekeeping/Custody of scheme assets
- 2). Investment administration and
- 3). Asset servicing (for example: collecting dividend payments on shares and interest on bonds, deposits advising on the scheme's corporate action entitlements, e.t.c),

Our role as a Custodian is to ensure that the Fund's assets are fully protected at all times, whereas the primary goal of the Fund Manager is to optimize the investment returns that it makes on the invested assets as the custodian does investment administration & asset servicing

This tested model allows transparency of operation and reduces risk and adds value to portfolio (helps to ensure that income due are efficiently collected and promptly credited to account for new investment opportunities)



Our Role as Custodians of the Fund

- Our role as a Custodian is to ensure that the Fund's assets are always protected.
- The primary goal of the Fund Manager is to optimize the investment returns that it makes on the invested assets as the custodian does investment administration & asset servicing.
- This tested model allows transparency of operation and reduces risk and adds value to portfolio (helps to ensure that income due are efficiently collected and promptly credited to account for new investment opportunities)



Duties & Responsibilities

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Duties of the Custodian

- Must be licensed by Central Bank of Kenya as a commercial bank
- Must licensed by the Retirement Benefits Authority (RBA) & licensed by the Capital Markets
- Ensure the Scheme funds are credited to the schemes account within a day of receipt
- Periodically report to the Trustees regarding the transactions on scheme funds
- Keep proper books of record of the fund indicating the portfolio held and investment activity
- Maintain technical and adequate operational system capacity

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Responsibilities of Custodian

- Receipt of Contributions
- Safekeeping/Custody of scheme assets
- Asset servicing (for example: collecting dividend payments on shares and interest on bonds, deposits advising on the scheme's corporate action entitlements, e.t.c),
- Implementation of investment instructions from the fund manager(Investment Administration)
- Implementation of payment instructions
- Reporting to Fund managers
- Provide Banking facilities



Custodian's responsibilities:

In accordance with the Central Bank of Kenya regulations for Banks, the Retirement Benefits Authority regulations for Fund Managers & Custodians and the Capital Markets regulations for Custodians, we confirm that for the year ended 30th June 2023:

- We have effectively discharged the duties prescribed for a Custodian of a Pension Fund in Kenya (and specifically for the University of Nairobi Staff Pension Scheme 2007)
- We have held the assets for the University of Nairobi Staff Pension Scheme 2007 including the securities and income that accrue thereof
- We have also reconciled the positions on the securities we hold for the Scheme with the Fund Managers



Custodian's responsibilities:

For the University of Nairobi Staff Pension Scheme 2007's investment activities and payments, we facilitated the transfer, exchange or delivery of the securities and cash in accordance with the instructions received from the Fund Managers and the Trustees.

- We confirm that we have carried out all our activities for the University of Nairobi Staff Pension Scheme 2007 in accordance with the regulations and responsibilities of a licensed Custodian.

- During the period from 1st July 2022 to 30th June 2023, we also confirm that we **received contributions** from the University of Nairobi (including contributions from members of the Scheme on unpaid leave of absence) amounting to **KES 500,982,827.85.**



Custodians' methods of accounting & asset valuations:

As Custodians we report on actual holdings and cash at hand and exclude accrued income

- Fund Managers and Auditors report on accrual method (i.e. include dividends declared but not yet paid), hence Fund Managers & Auditors numbers always have an element of timing difference when compared to the Custodian's reports.
- Our duties and obligations as Custodians of the Scheme in respect of calculating the asset values are limited to independent calculation of the same, based on prices provided by recognized third parties like the Nairobi Securities Exchange, Other exchanges, e.t.c



Assets Holding Confirmations as at 30.06.2023

Asset Class	Value as at 30th June 2023	Ratio %
Bank Balance	566,746.85	0.00%
Call Deposits	281,975,904.60	1.43%
Fixed Deposits	787,441,832.45	5.14%
Corporate Bonds	4,831,597.95	0.03%
Equities	3,384,137,352.20	22.11%
Offshore	482,331,849.65	3.15%
Government Securities	8,719,978,941.30	56.97%
Property	1,710,000,000.00	11.17%
TOTAL	15,307,521,658.05	100%



Questions

Your Questions?



Thank you



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