

# UNIVERSITY OF NAIROBI PENSION SCHEME 2007

Annual General Meeting – Financial Year 2022/2023  
ending 30th June 2023



DO GREAT THINGS EVERY DAY





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# ROLE OF THE FUND MANAGER



## ❑ Advisory

- Advise the Trustees on Investment Options
- Advise the Trustees to comply with the IPS & RBA regulations.

## ❑ Investment

- Conduct research and construct the Most Efficient Portfolio
- Constant review and rebalance the Portfolio

## ❑ Reporting

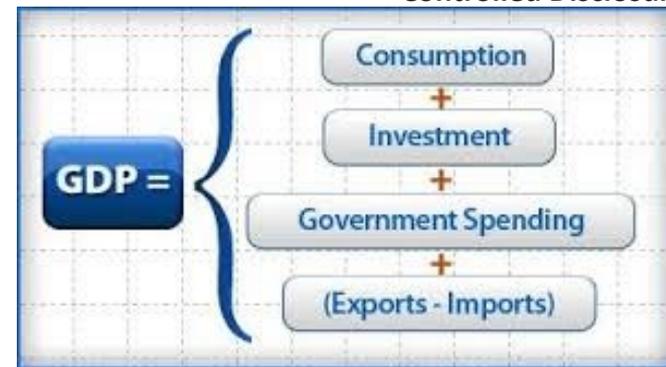
- Report the scheme performance to trustees
- Report the scheme performance to members at AGM

## ❑ Regulation & Compliance

- Submit appropriate reports and returns to the RBA.
- Submit appropriate reports to the CMA

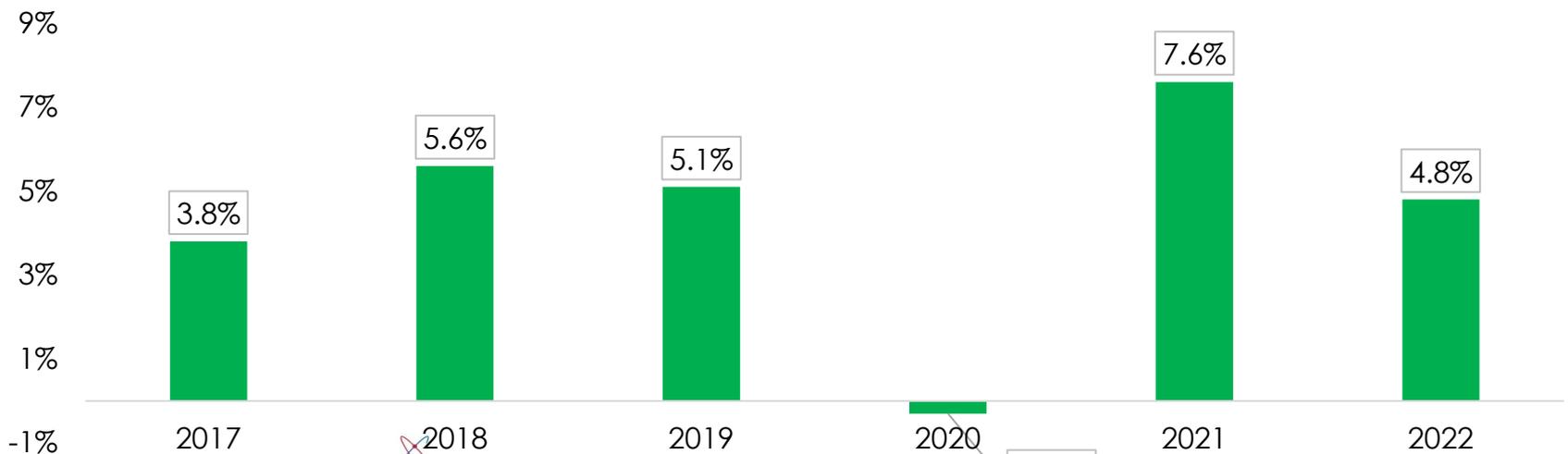


# ECONOMIC ENVIRONMENT: GDP



- The economy expanded by 4.8% in 2022, a slowdown from 7.6% growth in 2021. Q1 2023 : **5.3%** and Q2 2023 : **5.4%**.
- The pick-up in **H1: 2023** growth mostly attributable to an improvement in agricultural production.

### GDP Growth

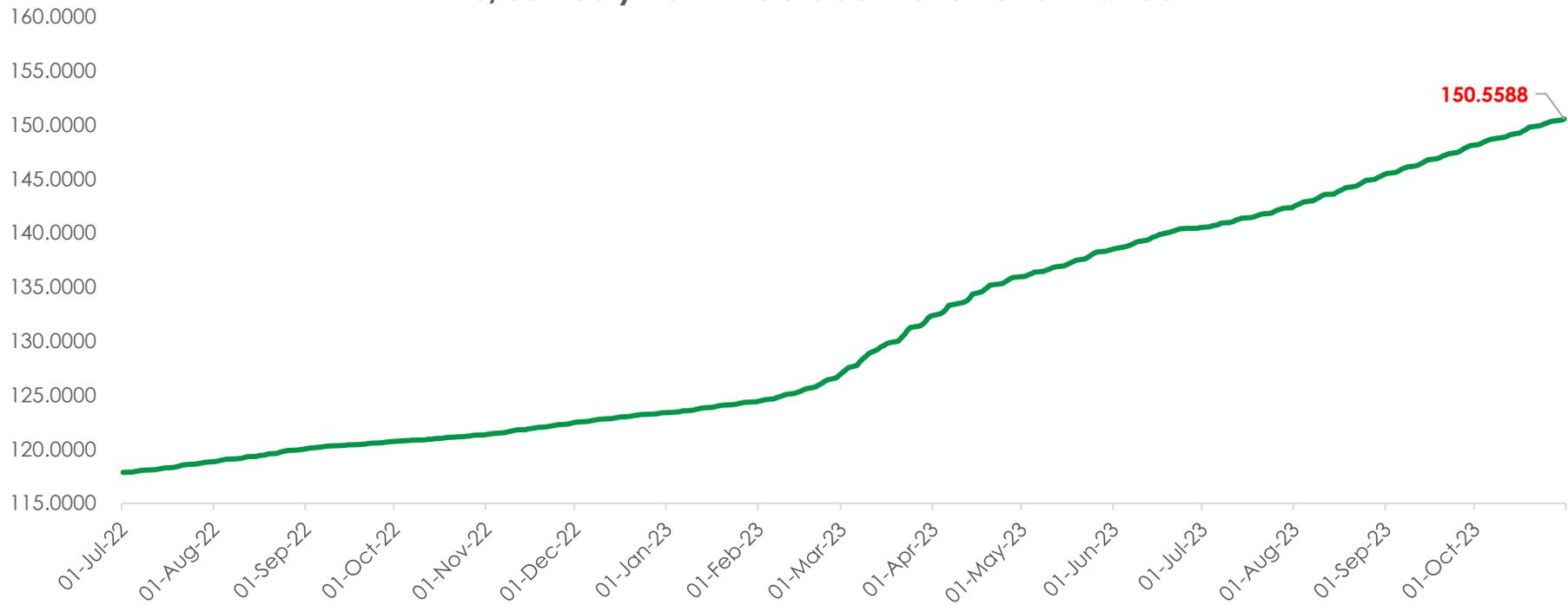




# Currency performance

- The Kenyan Shilling has continued to weaken due to increased capital outflows and increased imports to meet domestic demand. The FX shortage continues to subdue equity market returns/prices (**note 9**) despite company profit/dividend growth (**note 7**).

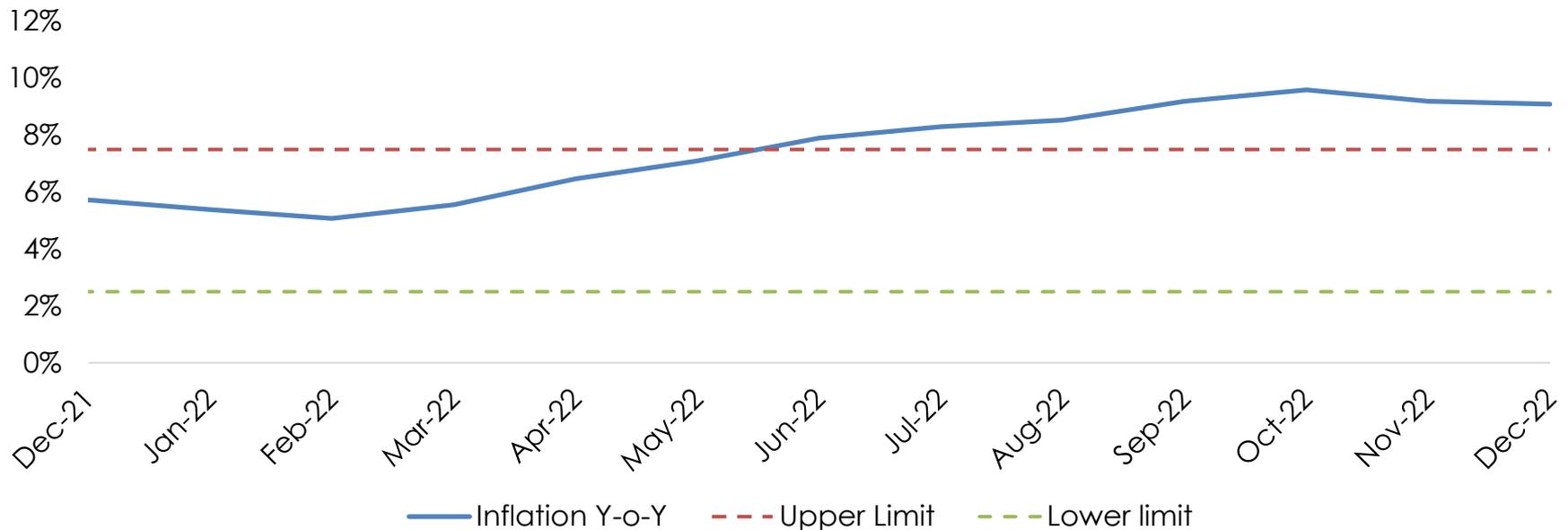
KES/USD July 2022 - October 2023 Performance

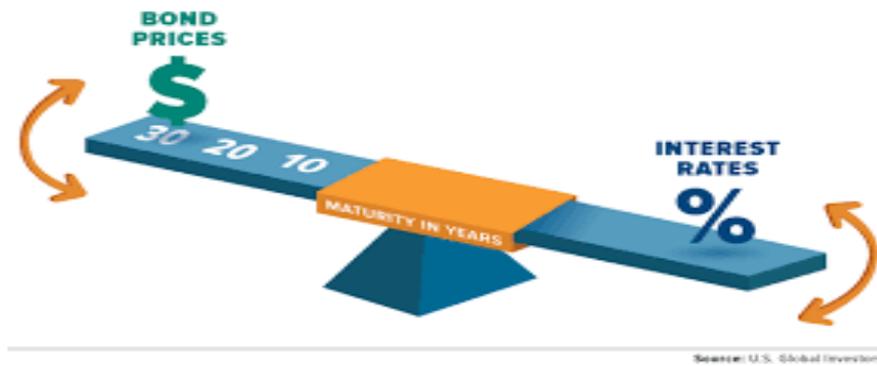




# ECONOMIC ENVIRONMENT: INFLATION

- Inflation on **average** was at **7.60%** for the year, peaking at 9.6% in October 2022. This was largely due to rising food & fuel prices and a weakening Kenya Shilling.

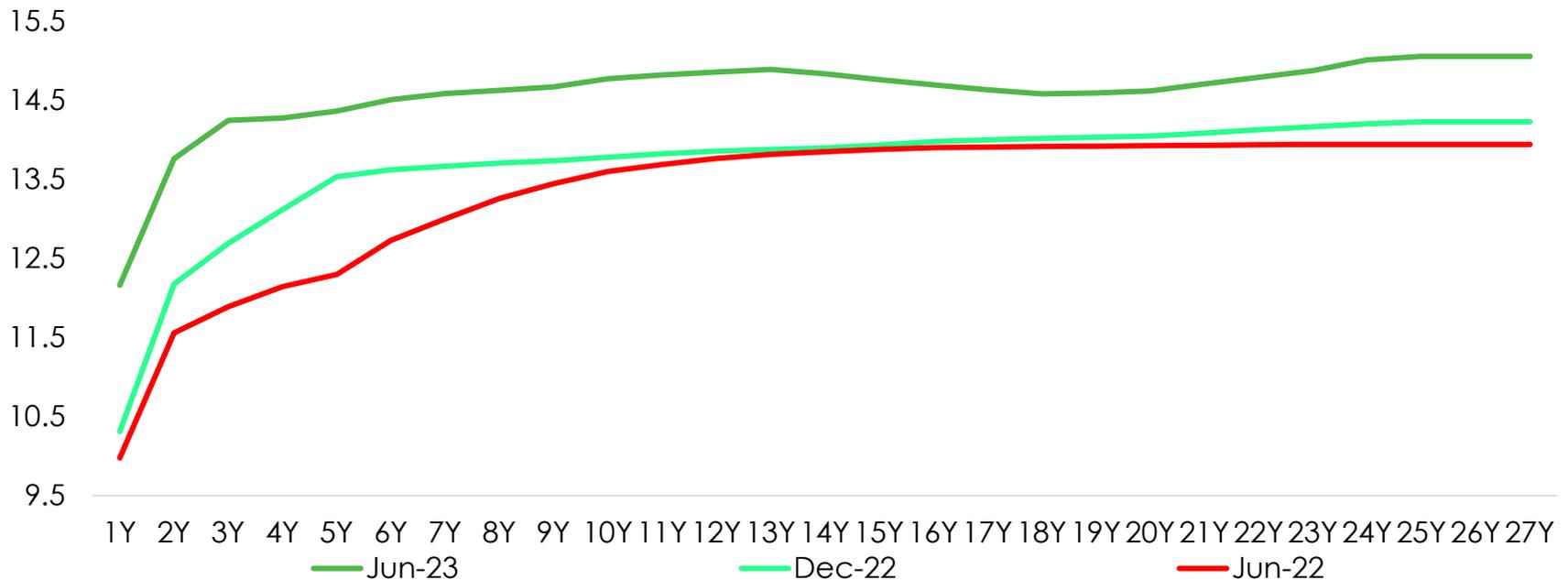




# ECONOMIC ENVIRONMENT: YIELDS

- Government bond yields increased due to government's borrowing pressure to plug the budget deficit. This led to a **decline** in bond valuations in the year (note 7).

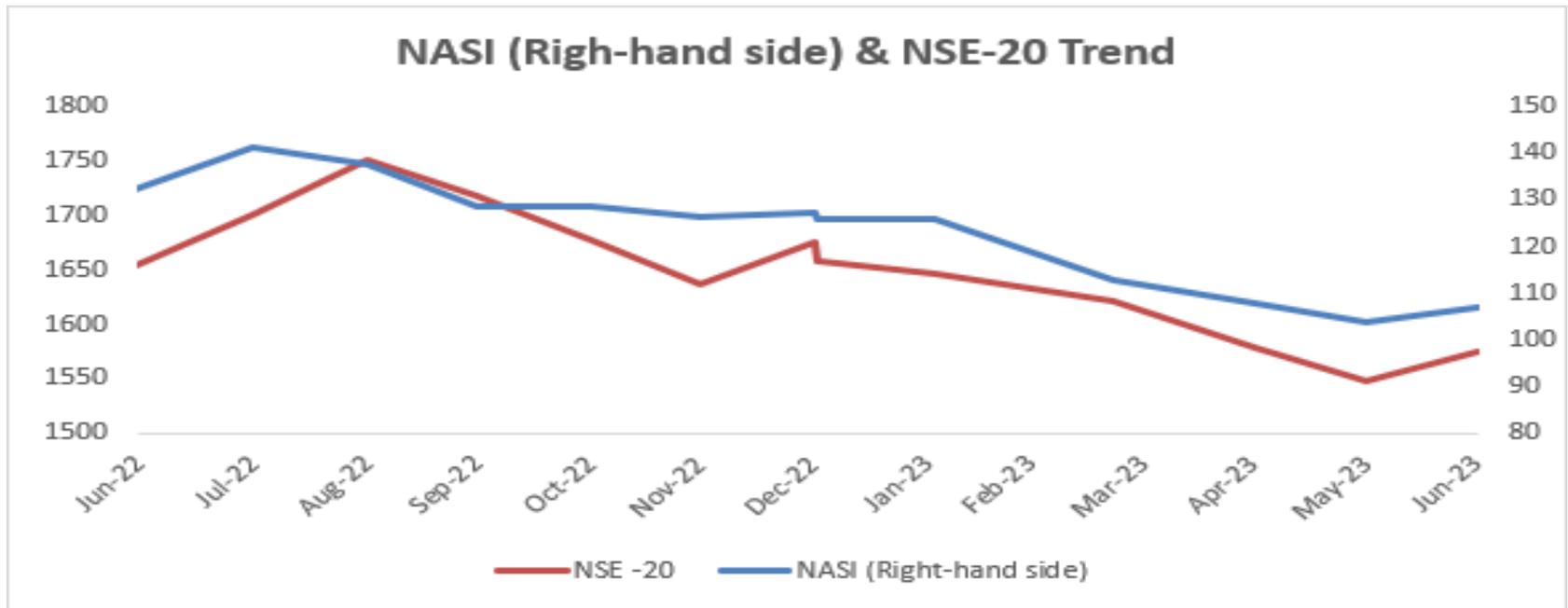
**Government Bond Yield Curve**





## DOMESTIC EQUITY MARKET

- The Equities/Shares market **was weak** in FY2022/23, with the **Nairobi All Share Index** losing **14%** in the year attributable to heavy foreign investor sell-off in response to increased global interest rates, local exchange rate concerns and geopolitical tension (**note 7**).





# University of Nairobi Pension Scheme



# ASSET ALLOCATION AS AT 30<sup>th</sup> JUNE 2023

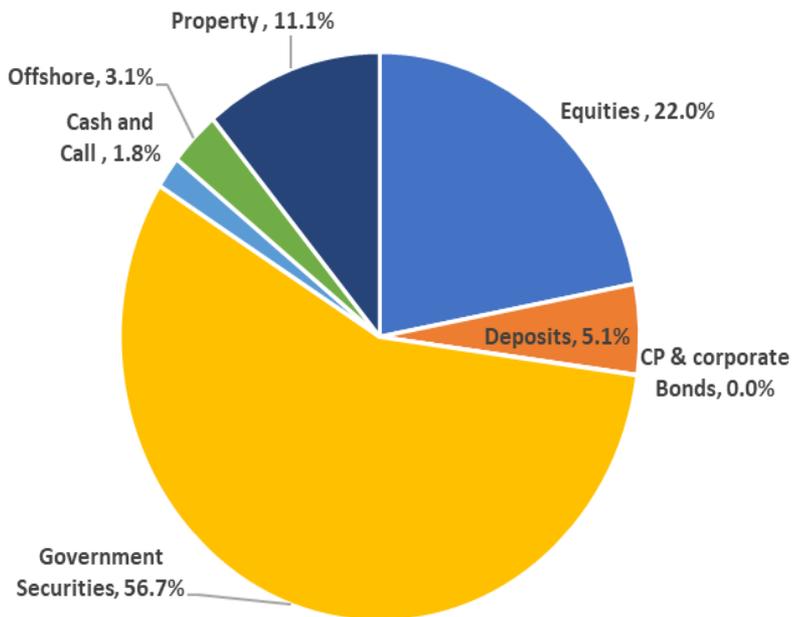
## RBA & IPS Compliance

<i>Asset Class</i>	<i>Market Value as at 30/06/2022</i>	<i>% of portfolio</i>	<i>Market Value as at 30/06/2023</i>	<i>% of portfolio</i>	<i>IPS Range</i>	<i>RBA Limits</i>
<b>Equities</b>	<b>3,887,871,072</b>	<b>24.3%</b>	<b>3,384,137,316</b>	<b>22.0%</b>	<b>5-30%</b>	<b>70%</b>
<b><i>Interest Bearing Assets (FI)</i></b>						
Deposits	82,791,292	0.5%	787,300,747	5.1%	<b>5-15%</b>	<b>30%</b>
CP & corporate Bonds	8,915,128	0.1%	4,831,877	0.0%	<b>55-75%</b>	<b>20%</b>
Government Securities	9,676,454,527	60.4%	8,721,710,604	56.7%		<b>90%</b>
<b>Totals</b>	<b>9,768,160,947</b>	<b>61.0%</b>	<b>9,513,843,228</b>	<b>61.9%</b>		
<b>Cash and Call deposits</b>	<b>366,778,043</b>	<b>2.3%</b>	<b>280,744,712</b>	<b>1.8%</b>	<b>0-5%</b>	<b>5%</b>
<b>Offshore</b>	<b>277,472,092</b>	<b>1.7%</b>	<b>484,170,591</b>	<b>3.1%</b>	<b>0-5%</b>	<b>15%</b>
<b>Property</b>	<b>1,710,000,000</b>	<b>10.7%</b>	<b>1,710,000,000</b>	<b>11.1%</b>	<b>10-20%</b>	<b>30.00%</b>
<b>Totals</b>	<b>16,010,282,154</b>	<b>100.0%</b>	<b>15,372,895,848</b>	<b>100.0%</b>		

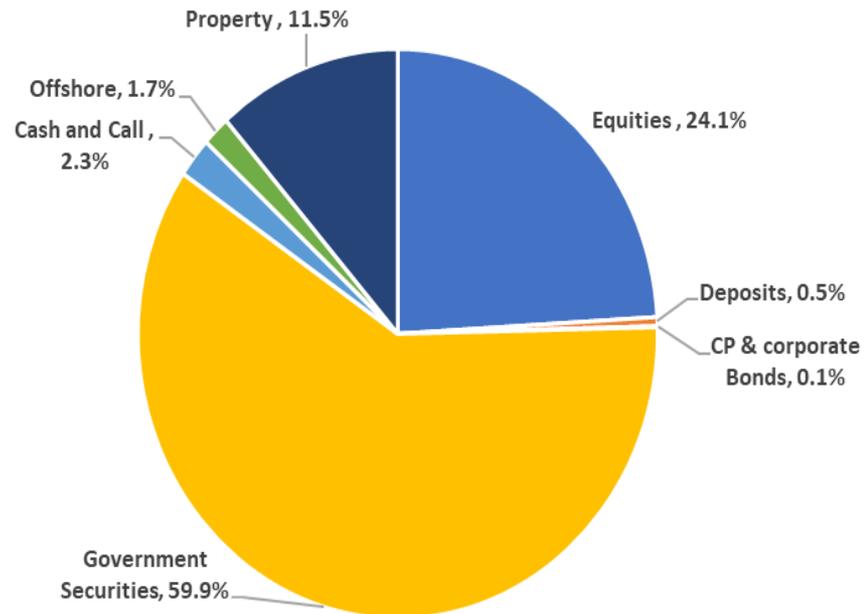


# ASSET ALLOCATION AS AT 30<sup>th</sup> JUNE 2023

Asset Allocation as of 30<sup>th</sup> June 2023

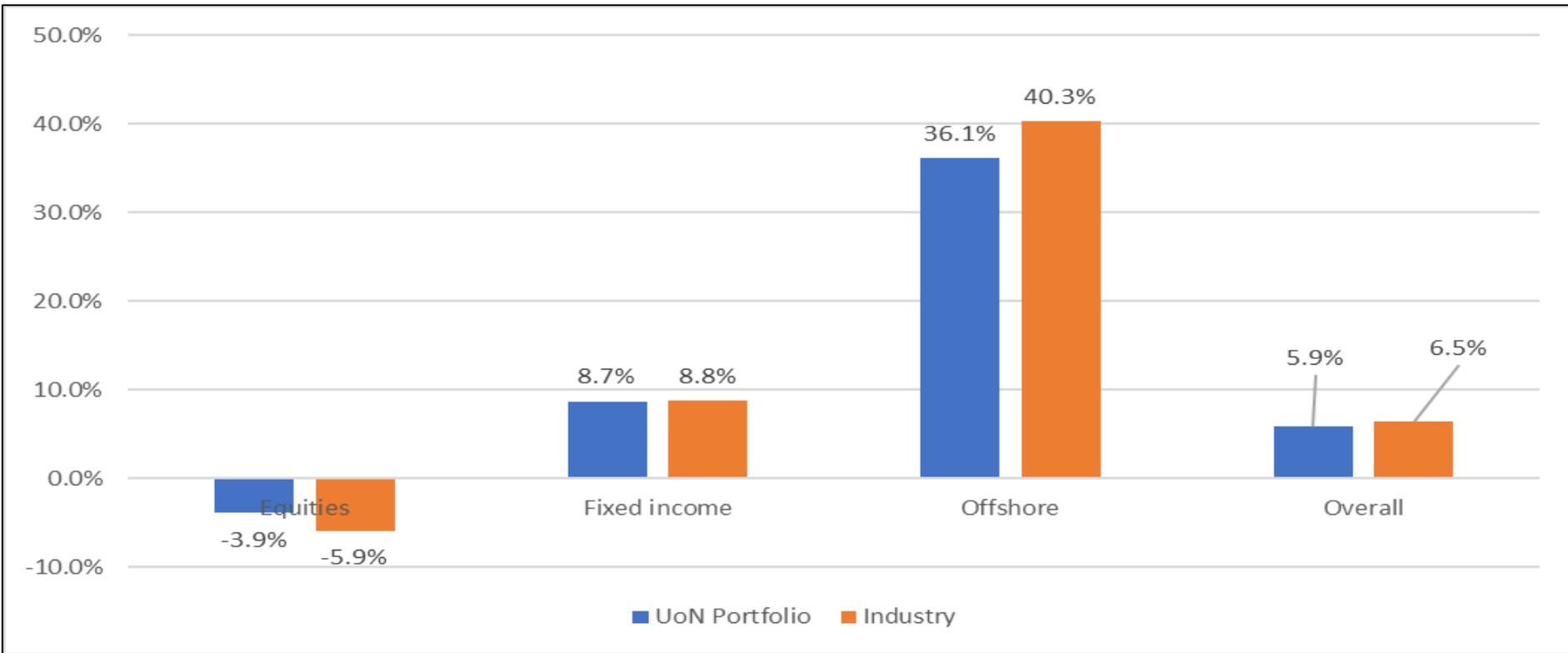


Asset Allocation as of 30<sup>th</sup> June 2022





## Portfolio Investment Performance – 12 Months to June 2023



- The 1-year to June 2023 gross median performance for moderate risk schemes within the industry was 6.5%.
- Your Scheme registered a gross return of 5.9%.



# OUTLOOK



## GDP:

- According to the IMF, economic growth expected to 5.3% in FY2023.
- Key Risks: Local & Global Macro-economic shocks, Weather-related shocks



## Inflation:

- Expected to slow down but remain elevated on the back of proposed higher taxes and imported inflation from increased commodity prices like oil.



## Yields:

- Yields expected to remain elevated due to persistent national budget deficit and increased domestic borrowing appetite.



## Currency outlook

- The Kenya Shilling is expected to remain under pressure weighed down by increasing foreign debt repayments & a strong dollar.



## Equities Outlook

- We expect the attractive dividend pay-outs and stronger corporate earnings growth in 2023 to support equity prices in the medium term. However, in the short-term, tightening monetary policy conditions and increased risk aversion will likely drag the market.

OLD MUTUAL

# Q&A



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