



UNIVERSITY OF NAIROBI PENSION SCHEME 2007

MINUTES OF THE HYBRID ANNUAL GENERAL MEETING (AGM) HELD IN CHANDARIA AUDITORIUM, 6TH FLOOR, UNIVERSITY OF NAIROBI TOWERS FROM 12.00 P.M. TO 3.00 P.M. ON 30TH NOVEMBER 2023

TRUSTEES PRESENT

Prof. George K. Gitau	Chairman, Board of Trustees
Ms. Hannah Mukua	Trustee
Mr. Meshack Juma	Trustee
Dr. Caren Angima	Trustee
Prof. Stephen Kiama	Trustee

IN ATTENDANCE

Mrs. T.Kathae-Alyela	Scheme Administrator
Mr. Josiah Kariuki	Scheme Accountant
Mr. Coleman Otago	Scheme Officer
Mrs. Florence Munyao	Scheme Office Assistant
Ms. Shera Norbhai	Zamara
Mr. Linus Makhulo	Zamara
Mr. Bachu Mutsumi	GenAfrica
Mr. Chris Kaaria	OMIG
Mr. Fred Gikonde	Retirement Benefits Authority
Ms. Evelyne Kauna	Office of the Auditor General

MEMBERS IN ATTENDANCE

Members in Attendance Physically & Virtually 382 Members

1.0 OPENING

- (i) The Chairman of the Board called the meeting to order. Mrs. Alyela made the opening prayer.
- (ii) The Chairman presented the AGM agenda as follows: -

Agenda	Facilitator	Time
<i>Opening Prayer</i>	<i>Volunteer</i>	<i>12.00 p.m.</i>
<i>Introductions</i>		
<i>Chairman's Report</i>	<i>Chairman – Board of Trustees.</i>	<i>12.00 p.m. – 12.30 p.m.</i>
<i>Report on Investments</i>	<i>Fund Managers</i>	<i>12.30 p.m.-1.00 p.m.</i>
	<i>Custodian</i>	
<i>Report on Audited Accounts</i>	<i>External Auditors (OAG)</i>	<i>1.00p.m. – 1.15p.m.</i>
<i>Retirement Benefits Authority</i>	<i>RBA Representative</i>	<i>1.15 p.m. – 1.45 p.m.</i>
<i>Approval of Trustees Remuneration Policy for 2024-2027</i>		<i>1.45 p.m. – 2.45 p.m.</i>

<i>Minutes confirmation for AGM held on 20.06.2023</i>	<i>Chairman – Board of Trustees.</i>	
<i>Matters Arising</i>		
<i>Questions & Answers</i>		
<i>Vote of Thanks</i>	<i>Ms. Hannah Mukua</i>	<i>2.45 p.m.</i>

(iii) The Chairman welcomed all Members to the 2022/2023 AGM.

2.0 CHAIRMAN’S REPORT

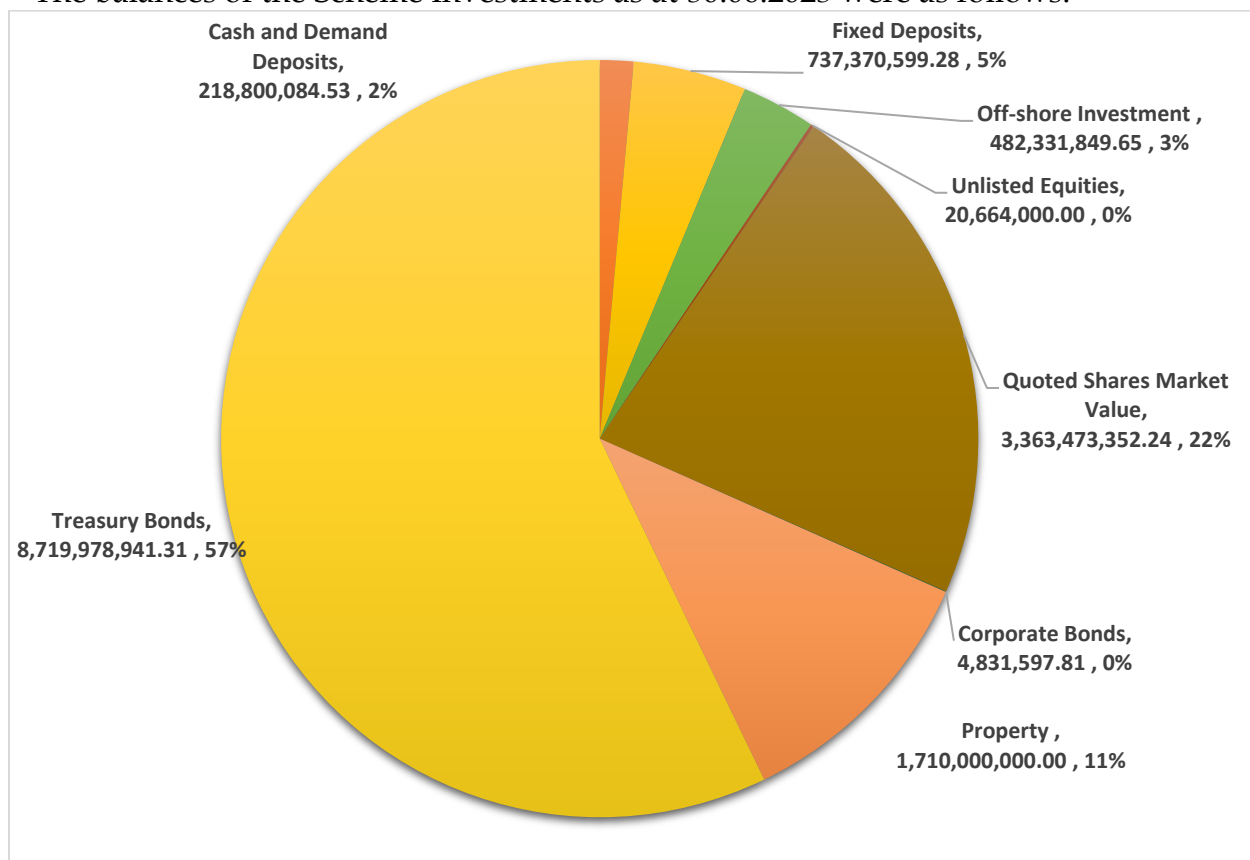
The highlights of the Chairman’s Report were as follows: -

2.1 Scheme Operations

- (i) Members were informed that the Scheme is managed by a Board of Trustees that is established under a Trust as required by the Retirement Benefits Act.
- (ii) The Board of Trustees opted for internal administration of the Scheme which is carried out by a Secretariat that runs the day to day operations of the Scheme on behalf of the Board to meet its objectives. The Secretariat headed by the Scheme Administrator works in liaison with the scheme’s service providers i.e. include fund managers, custodian, actuaries, lawyers and external auditors.

2.2 Scheme’s Fund Value

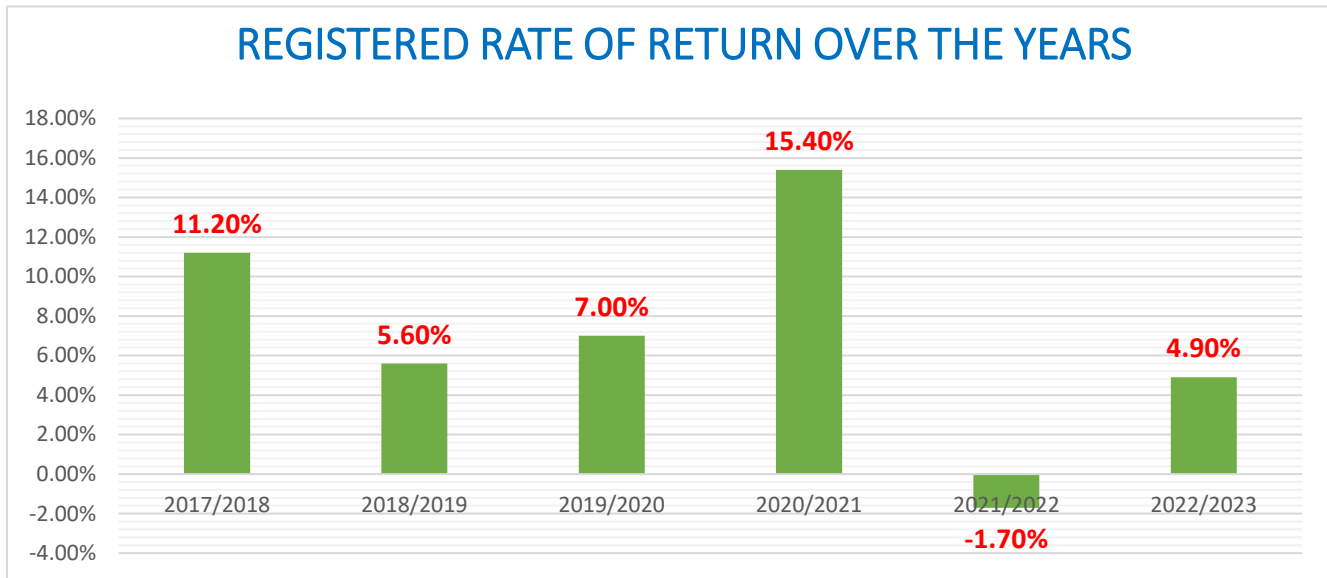
- (i) The Scheme’s assets held by the Custodian as at 30th June 2023 were valued at Kshs. 15,257,450,425 down from Kshs. 15,918,401,701 for the previous year ended 30th June 2022 (unremitted contributions of Kshs. 6,160,872,000 not included).
- (ii) The balances of the Scheme Investments as at 30.06.2023 were as follows:-



All investments were within the RBA Guidelines.

2.5 Rate of Return

- (i) In the year ended 30th June 2023, for registered statements, the Trustees declared a rate of return of 4.9% p.a. up from negative 1.7% p.a. for the year 2022.
- (ii) For the unregistered statements, the Trustees declared a rate of return of 2.2% p.a. up from negative 5.7% p.a for the year 2022.
- (iii) The rate of return over the years was as follows:-



2.6 Changes to the Benefits & Contributions Structure

There were no changes to the benefits and contributions structure and the contributions rates during the year remained as follows:-

- Employer 20% of basic salary
- Employee 10% of basic salary

2.7 Unremitted Pension Contributions

- (i) The unremitted contribution as at 30.06.2023 was Kshs. 6.161 billion.
- (ii) The Sponsor was remitting the 10% employee portion of contributions faithfully
- (iii) The Trustees were following up with the Sponsor to make good of the outstanding pension contributions for retiring or exiting members as the Scheme has continued to pay the accrued benefits fully for the retiring/ exiting members.
- (iv) Despite the unremitted contributions being 31% of the scheme's fund value, the Scheme has continued to pay the retiring/exiting members efficiently and in a timely manner.
- (v) Members were reminded to request for their accrued benefits in good time so that there are no delays in processing
- (vi) The Trustees promised to continue putting pressure on the Sponsor to hasten preparation of a revised feasible remedial plan as required by RBA so that the Scheme operations are not adversely affected.

2.8 Trustees Remuneration Policy

- (i) Every three years, members are required in an AGM to approve the Trustees remuneration policy as per the Retirement Benefits Authority (RBA) Regulations
- (ii) In May 2023, RBA issued new guidelines on Trustees remuneration which had to be implemented by May 2024
- (iii) The Trustees circulated the new Trustees Remuneration Policy for members approval
- (iv) It was to be effective from July 2024

The members adopted and approved the tabled Trustees Remuneration Policy. It was proposed by Mr. Zachariah Kebaso P/NO. 143820 and seconded by Prof. Jacques Kabaruru P/NO. 124690.

2.9 **Unidentified Bankings-Kshs. 5,838,000**

- (i) This was money that had been deposited into the Scheme’s current bank account without details of who had deposited it;
- (ii) The payees had not been identified and therefore those amounts had not been posted into any members statement;
- (iii) These monies were likely to be transfers from other pension schemes for members who joined the University from other employers;
- (iv) Members who had joined the University from other employers were encouraged to scrutinize their statements to ensure monies transferred from their earlier Scheme’s had been posted into their accounts;
- (v) If no one laid claim to the monies, the amounts would be transferred to the Unclaimed Financial Assets Authority.

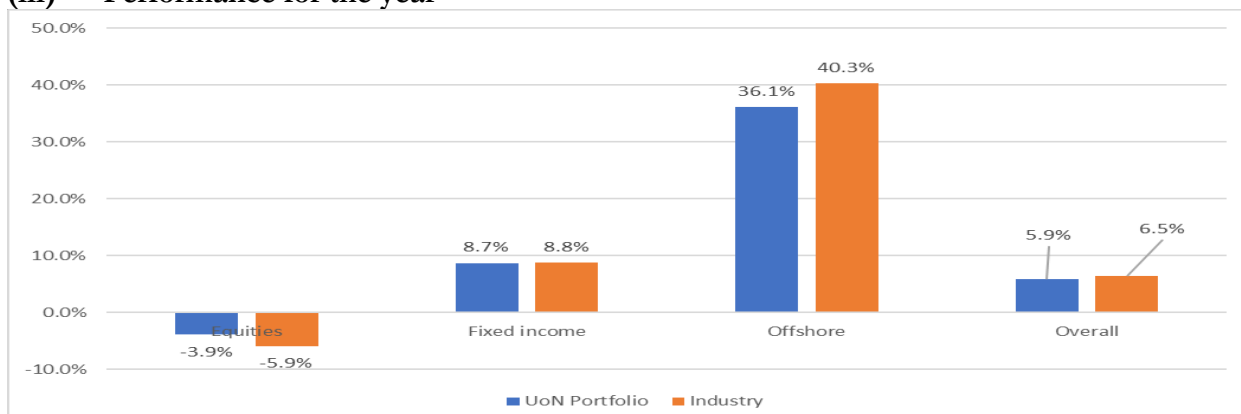
2.10 **Scheme’s Outlook**

- (i) The Trustees would continue to monitor the changes in the macro environment and align its investment strategies to take advantage of investment opportunities as well as mitigate against the investments risks;
- (ii) The Trustees had procured an appropriate pension administration software that would enable automation of all scheme’s operations. Members will be able to transact with the Scheme at their convenience;
- (iii) The Trustees would continue to put pressure on the Sponsor to hasten the preparation of the feasible remedial plan that will ensure the unremitted pension contributions are paid.

3.0 **REPORTS ON INVESTMENTS**

3.1 **FUND MANAGERS REPORT**

- (i) The two Scheme’s Fund Managers – Old Mutual Investments Group and Gen-Africa Asset Managers presented their report which had the following topics: -
 - (a) *Role of the Fund Manager*
 - (b) *Brief review of operating environment & investment classes*
 - (c) *Investment Structure*
 - (d) *Investment Performance*
 - (e) *2023 Update*
- (ii) Every Scheme was required under the RBA Act to appoint a Fund Manager. The role of the Fund Manager was as follows: -
 - (a) **Advisory**
 - Advise the Trustees on Investment Options.
 - Advise the Trustees to comply with the IPS & RBA regulations.
 - (b) **Investment**
 - Conduct research and construct the Most Efficient Portfolio
 - Constant review and rebalance the Portfolio
 - (c) **Reporting**
 - Report the Scheme performance to Trustees
 - Report the Scheme performance to members at the AGM
 - (d) **Regulation and Compliance**
 - Submit appropriate reports and returns to the RBA.
 - Submit appropriate reports to the CMA
- (iii) **Performance for the year**



- The 1 year to June 2023 gross median performance for moderate risk schemes within the industry was 6.5%
- The UNPS 2007 registered a gross return of 5.9%.

**(iv) Outlook
GDP**

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

Inflation:

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

Currency outlook:

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

Equities Outlook:

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

3.2 PRESENTATION BY THE CUSTODIAN

(i) The Scheme's Custodian - Standard Chartered Bank made their presentation, explaining that they were charged with the formidable responsibility of keeping the financial assets of the pension scheme safe and servicing the portfolios related to those assets, whether that be settling trades or collecting the income generated.

(ii) Broadly, their core responsibilities as a custodian for the scheme included:-

- *Safekeeping/ Custody of scheme assets*
- *Investment administration and*
- *Asset servicing (for example: collecting dividend payments on shares and interest on bonds, deposits advising on the scheme's corporate action entitlements, etc.)*

(iv) The role of a Custodian was to ensure that the schemes assets were fully protected at all times.

(v) The statutory and professional obligations for custodians were as follows: -

- *must be licensed by Central Bank of Kenya as a commercial bank*
- *must be licensed by the Retirement Benefits Authority (RBA)*
- *must be licensed by the Capital Markets Authority (CMA) as an Authorized Depository Agent (CDA)*
- *must maintain a segregated bank account for a Pension scheme/ Provident Fund and ensure the Scheme funds are credited to scheme's account(s)*
- *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 capacity and adequate operational system*

(iv) The Custodian confirmed that the Assets for the Scheme as at 30.6.2023 were as follows:-

ASSET CLASS	MARKET VALUE 30.06.2023	RATIO OF TOTAL HOLDINGS
BANK BALANCE	566,746.85	0.00%
CALL DEPOSITS	281,975,904.60	1.43%
FIXED DEPOSITS	787,441,832.45	5.14%
CORPORATE BOND	4,831,597.95	0.03%
EQUITIES	3,384,137,352.20	22.11%
GLOBAL /OFFSHORE INVESTMENTS	482,331,849.65	3.15%
GOVERNMENT SECURITIES(T/BILLS & T/BONDS)	8,719,978,941.30	56.97%
PROPERTY/ REAL ESTATE INVESTMENTS	1,710,000,000.00	11.17%
TOTAL	15,307,521,658.05	100.00%

4.0 REPORT ON AUDITED ACCOUNTS - BY EXTERNAL AUDITORS

The Scheme's External Auditors, Office of the Auditor General (OAG), presented the Report on Audited Accounts for the financial year ended 30th June 2023. The Auditor's report for the year ended 30.06.2023 was qualified on the following basis:

(a) Long outstanding pension contributions-Kshs. 6,160,872,000

The Sponsor had not provided any remedial plan for settlement of the long outstanding employer contributions to the Scheme. The External Auditor could not confirm regularity and valuation of the unremitted contributions

(b) Unsupported Investment Income from Scheme properties

Rent Arrears for Ambank House and Unipen Apartments were outstanding for more than 120 days.

5.0 PRESENTATION BY RETIREMENT BENEFITS AUTHORITY

(i) The Retirement Benefits Authority (RBA) is a State Agency under The National Treasury and Planning Ministry established to:

- Regulate & supervise registered schemes
- Protect interest of members & sponsors
- Develop & Promote the retirement benefits sector
- Advise the Government on sectoral policy.

(ii) RBA activities are guided by:

- Retirement Benefits Act
- Retirements Benefits Regulations
- Guidelines
- Practice Notes
- Trust Deed & Rules

(iii) **Legislative Changes in 2022**

- Minimum disclosure requirements amended to include Net Rate of Return Credited to Members Account
- Access of benefits - 50% of accrued benefits
- Suspension of Mortgage Regulations 2020 that enabled purchase property
- Enactment of NSSF Act 2013
 - Increase in pension contributions
 - Contracting out of schemes
- Guidelines on Trustee Remuneration Policy & Scheme Expenses -5th May 2024
- Corporate Trustees Regulations - 21st July 2023
- Finance Act 2023
 - Post-Retirement Medical Fund relief
 - 15% of contribution or KShs 60,000 p.a
 - Investment income of PRMF exempt from income tax

6.0 MINUTES OF AGM HELD ON 20.06.2023

(i) CONFIRMATION OF MINUTES

(a) The minutes of the AGM held on 20th June 2023 were confirmed as a true record of the proceedings of that meeting.

(b) There were proposed by Mr. Paul Simiyu P/NO. 184370 and seconded by Mr. Emmanuel Terer P/NO. 169360 as a true record of the deliberation held on 20th June 2023.

(ii) MATTERS ARISING

(a) UNREMITTED CONTRIBUTIONS

The outstanding pension contributions had grown from Kshs. 5.533 billion to Kshs. 6.161 billion. The Sponsor had continued to pay the 10% employee deductions on time but the 20% Sponsor contributions continues to accrue.

(b) UNIDENTIFIED BANKING

The amount reduced from Kshs. 8,614,917.70 to Kshs. 5,838,154.10 as some members were able to identify their deposits.

Members who transferred from other schemes were encouraged to confirm that their deposits were identified and posted into their members statements.

(c) RATE OF RETURN

The Scheme returned a positive rate of return as compared to the previous year's negative return.

The fund managers were operating in a very volatile economic environment and the Board of Trustees urged the fund managers to be very alert so as to ensure the scheme's return is maintained above the average return in the market.

7.0 QUESTIONS & ANSWERS

The Chairman conducted the session of "Questions and Answers" and members were responded to adequately.

8.0 VOTES OF THANKS

Ms. Hannah Mukua gave a vote of thanks and the meeting ended at 3.00 p.m. with a word of prayer from one of the members.

APPROVED FOR ISSUE



DATE : 11th December 2023

CONFIRMED IN THE NEXT MEETING

DATE