University of Nairobi Pension Scheme 2007 Annual General Meeting, June 2024

OLD MUTUAL INVESTMENT GROUP

GenAfrica ASSET MANAGERS

Agenda

- Role of the Fund Manager
- Macroeconomic review
- Investment report
- Outlook

The Role of Fund Manager

- Advise the Trustees on the available investment options;
  - ✓ Fixed Income – Treasury bills & bonds, Commercial paper & Corporate bonds and fixed deposits.
  - ✓ Domestic Equities
  - ✓ Offshore Investments
  - ✓ Alternative Investments e.g., unlisted equities

- Invest scheme assets according to the approved investment policy.
- Conduct Research on various asset classes and securities.
- Report to the Trustees on the performance of the scheme funds on a quarterly basis.
- Submit appropriate semi-annual returns to RBA.

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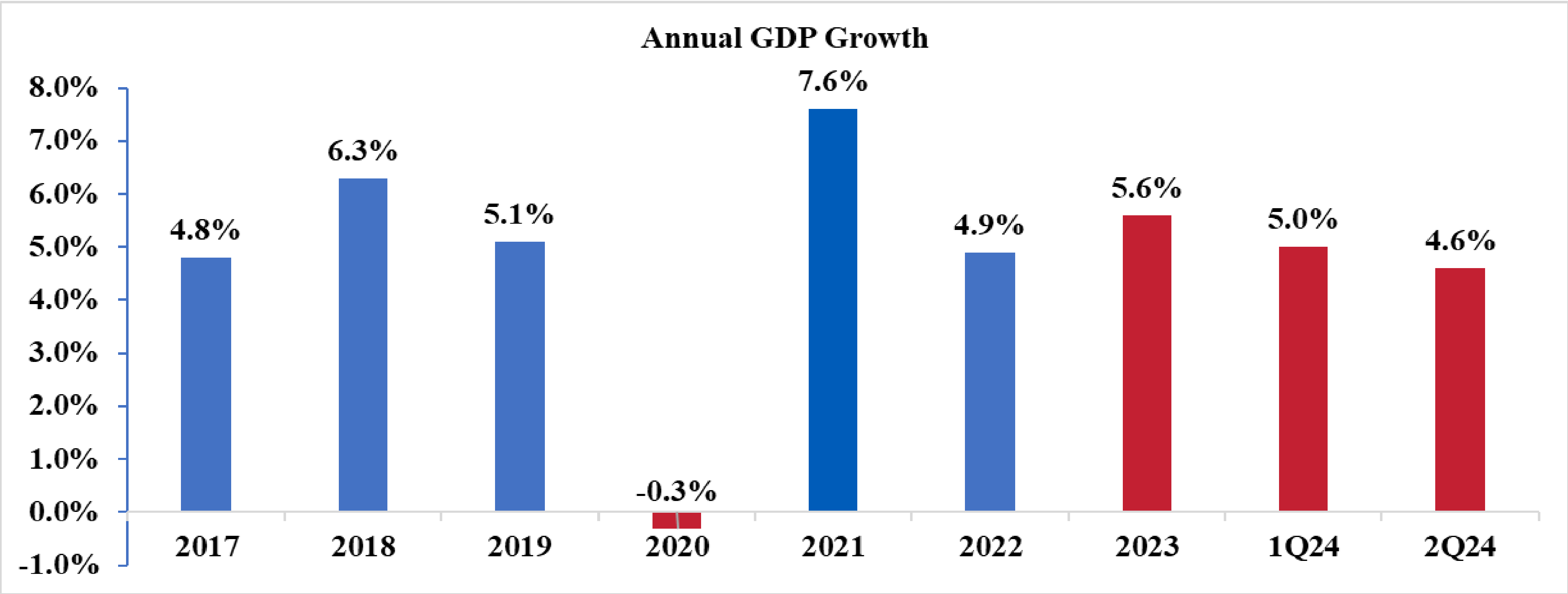
Macroeconomic Review 2023/2024

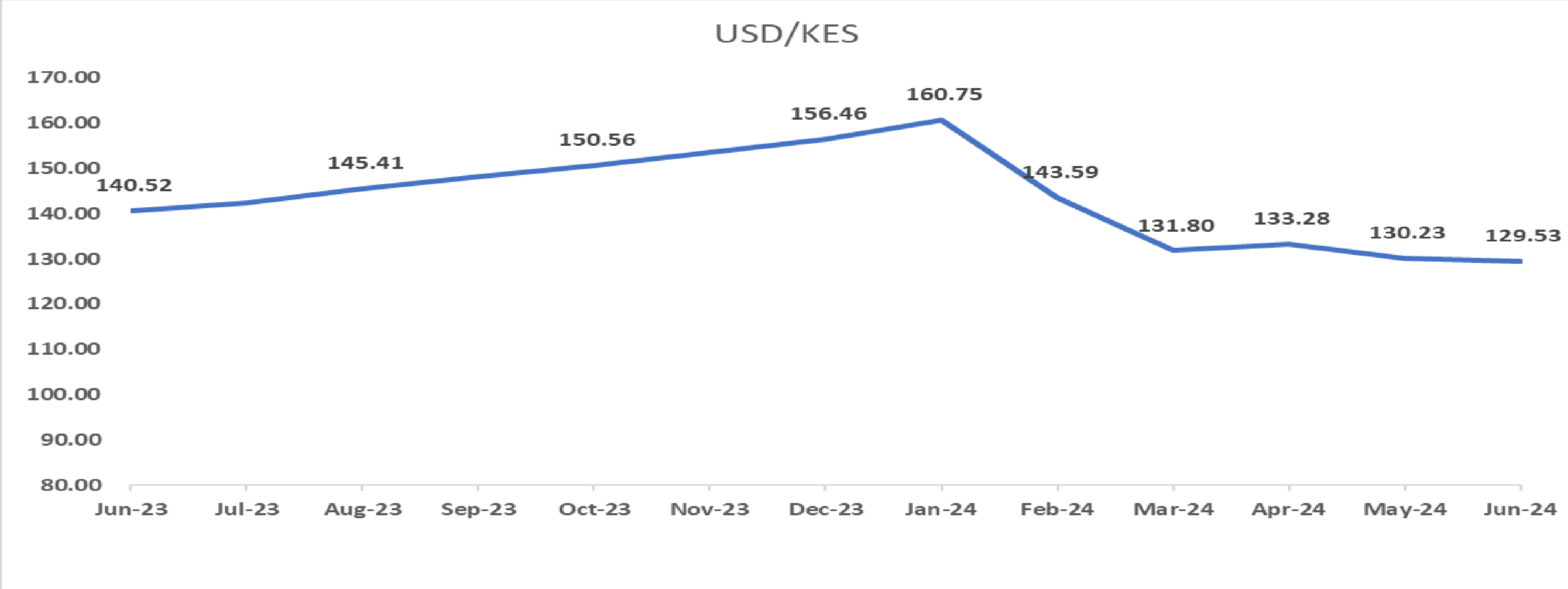
Economic Growth

- The economy grew by 4.6% in 2Q24, down from 5.6% in 2Q23.
- The slowdown was driven by contractions in mining and quarrying (-2.7% y/y) and construction (-2.9% y/y). However, other key sectors showed positive contributions.



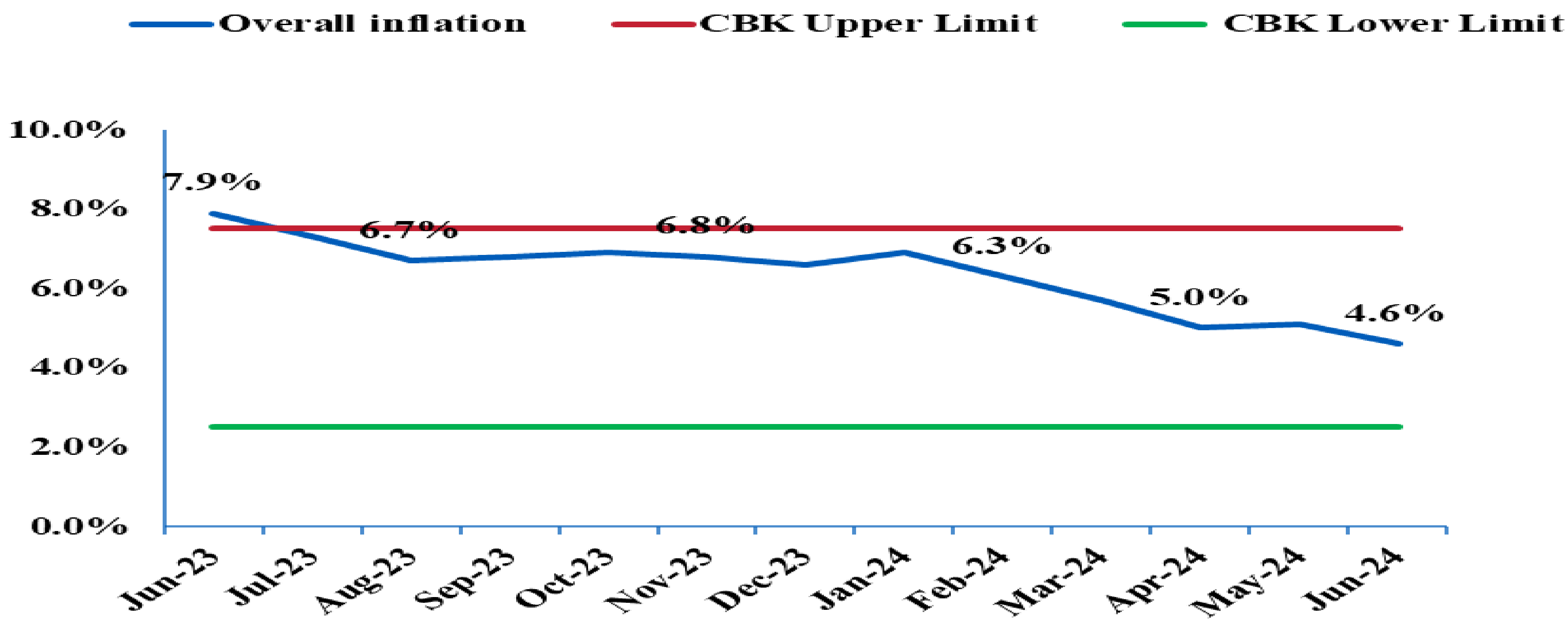
Currency

- The Kenya Shilling gained 17.2% against the USD year-to-date (YTD), closing at 129.5.
- This appreciation was driven by inflows from IMF disbursements and Eurobond refinancing.



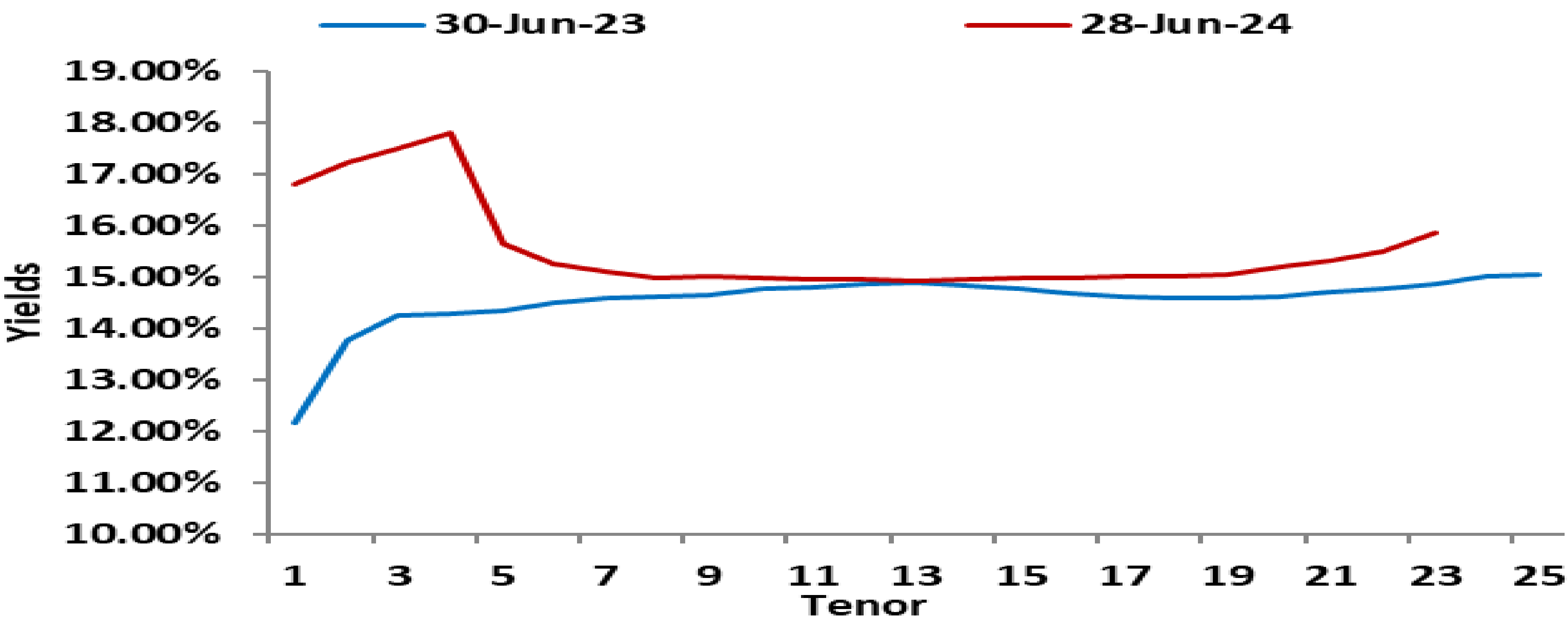
Inflation

- In the period June 2023 to June 2024, overall inflation maintained a downward trend to reach the mid-point of the CBK target range (2.5%- 7.5%).
- The decline was supported by a decline in the prices of electricity and fuel.



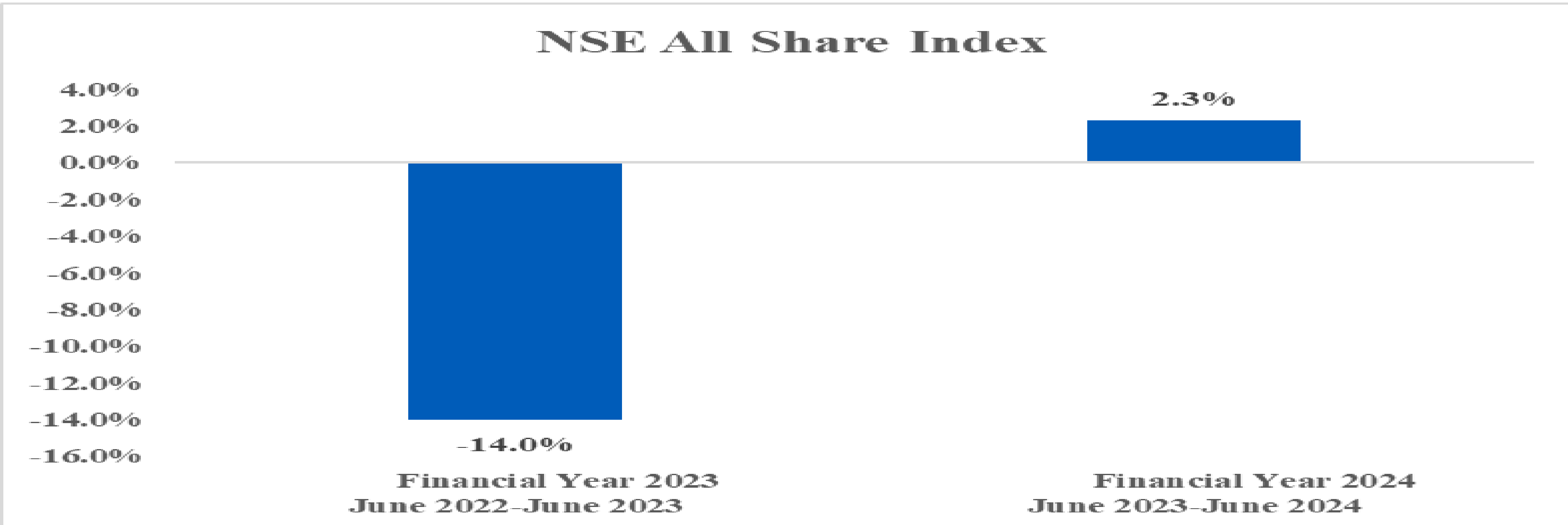
Interest rates

- The yield curve edged upwards across all tenures during the year, with the short end experiencing the highest increase. This rise was primarily driven by increased domestic government borrowing.



Equities Market Performance

- The market experienced a recovery, with the Nairobi All Share Index gaining 2.3% year-on-year, rebounding from a 14%y/y contraction the previous year.
- This recovery is attributed to strong full-year bank results, impressive dividend yields, and positive sentiment fueled by the refinancing of the Eurobond and increased funding from the IMF.



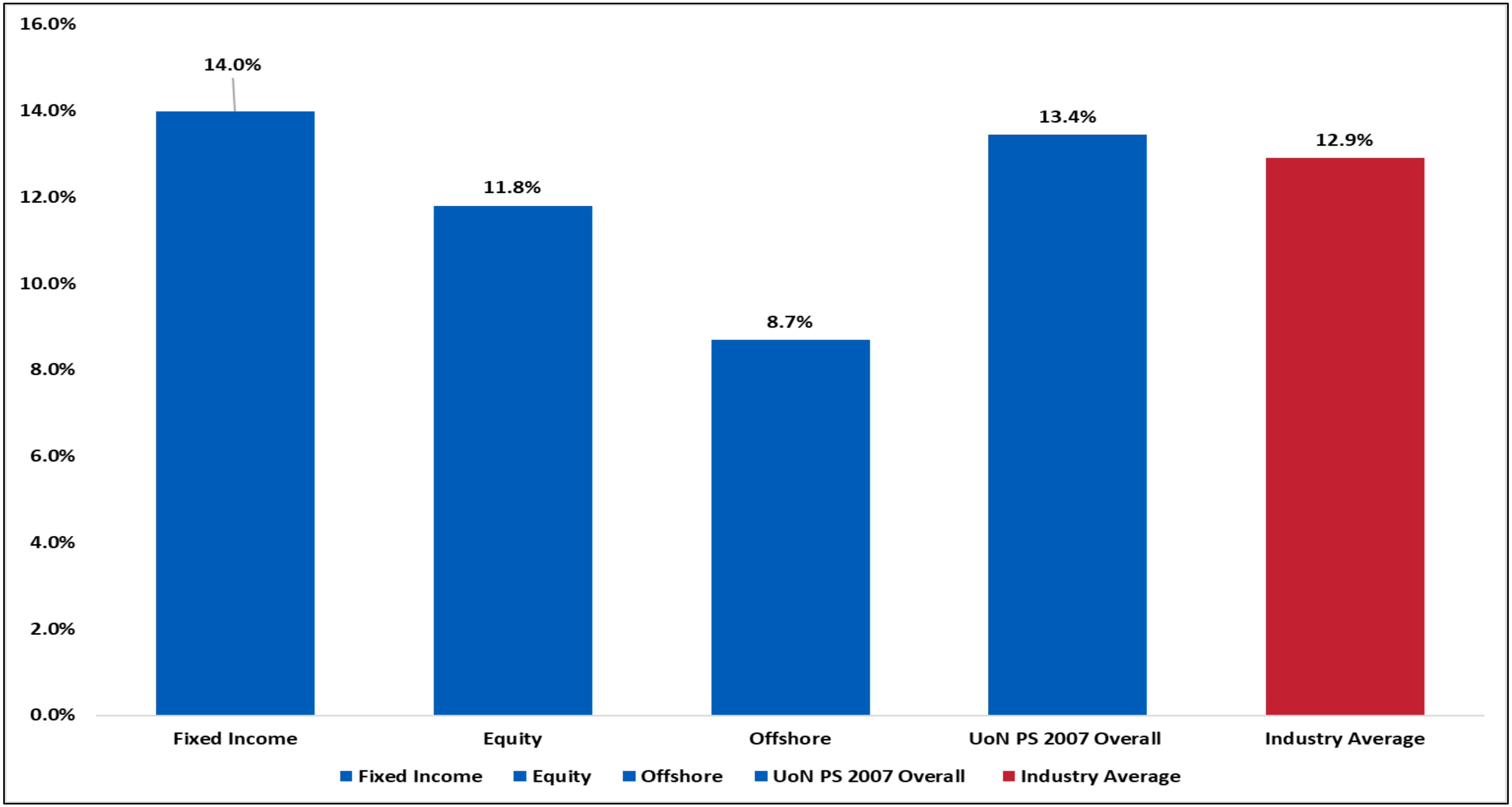
Investment Report

Asset Allocation & Compliance

Asset Class	*Market Value as at 30/06/2023 (KES) "000"*	*% of portfolio*	*Market Value as at 30/06/2024 (KES) "000"*	*% of portfolio*	*IPS Range*	*RBA Limits*
Equities	**3,384,138**	**22.1%**	**2,963,661**	**18.9%**	**5-30%**	**70%**
Interest Bearing Assets (FI)						
Fixed Deposits	783,550	5.1%	1,023,000	6.5%	**5-15%**	**30%**
CP & corporate Bonds	4,730	0.0%	4,833	0.0%	**55-75%**	**20%**
Government Securities	8,719,979	57.0%	9,180,387	58.7%		**90%**
Totals	**9,508,259**	**62.1%**	**10,208,220**	**65.3%**		
Cash and Call deposits	**215,900**	**1.4%**	**110,000**	**0.7%**	**0-5%**	**5%**
Offshore	**482,333**	**3.2%**	**586,725**	**3.8%**	**0-5%**	**15%**
Property	**1,710,000**	**11.2%**	**1,775,000**	**11.3%**	**10-20%**	**30.00%**
Totals	**15,300,630**	**100.0%**	**15,643,606**	**100.0%**		

Scheme is compliant with both the RBA and Investment policy statement guidelines.

Fund Performance



2024/2025 Overall Outlook

- **GDP Growth:** The economy is projected to grow at 5.3% in 2024 supported by the continued recovery in the agricultural sector, a positive growth in the services sectors and the expected recovery in the global economy.

- **Inflation:** Inflation is expected to remain within CBK's target range (2.5%-7.5%). The lower rates will be supported by the high base effects, reduced fuel and electricity prices, lower food prices and the relative stability of the Kenyan currency.

- **Interest rates:** High interest rates are expected to persist in the short term, driven by the government's elevated current budget financing demand. Lower inflation, easing in global rates and a stable KES could see a moderation and potential decline of interest rates in the medium term.

- **Exchange rate:** The Kenyan Shilling is expected to depreciate gradually due to potential build up in seasonal import demand and rising debt service. However, the currency may be supported by concessional debt inflows, lower interest rates in the United State and growth in remittances and tourism.

- **Stock Market:** We expect the stock market to remain range-bound in the short term, supported by attractive valuations, corporate earnings, and foreign inflows from monetary policy easing. However, geopolitical risks and high interest rates may offset these positives.

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THANK YOU

Q & A