



UNIVERSITY OF NAIROBI PENSION SCHEME 2007

MEMBERS' ANNUAL GENERAL MEETING

02 December 2022

Linus Makhulo
Shera Noorbhai

Agenda

- Interest Declaration Approach
- Returns Declared Over the Years
- Scheme Performance over the Year and Years
- ZCASS – Performance – 30 June 2022

Interest Declaration Approach



Interest Declaration Approach

- Most schemes adopt annual approach
 - For simplicity, adopt interim rate of 0% where final rate not declared
- Once final rate declared, apply difference between final rate and interim rate to members who exited during year

Market Based Approach

- Approach: Interest declared to Member Accounts equal to Net of Expenses Return earned on Scheme assets
- Approach consistent with international best practice and recommended for the following reasons:
 - Transparency: reflective of the actual performance
 - Equity: reflective of the actual performance of the scheme assets while they were a member of the scheme
 - Effectiveness: reduce the impact of the volatility inherent in investment
 - Simplicity: eliminating need to track the reserve and to consider the reserve when paying benefits to members.

Market Based Approach

- Main concerns would be in a year of negative performance
 - Potential for negative performance over a given period, but reasonable to expect a positive performance over the long term
 - In addition, past performance provides no guarantee in respect of future performance

Current Practice

- Scheme currently uses market approach
 - Interim rate of 0% applies
 - At end of year, members who exit get the final declared rate
 - Hence no reserve maintained.

Scheme Performance Over the Year and Years



Historical Rates of Return Earned

Year	Rate Earned
2012	14.0%
2013	19.1%
2014	11.3%
2015	8.9%
2016	2.7%
2017	12.9%
2018	12.4%
2019	6.3%
2020	8.2%
2021	15.4%
2022	-1.7%

Returns Declared Over the Years



Historical Rates Declared

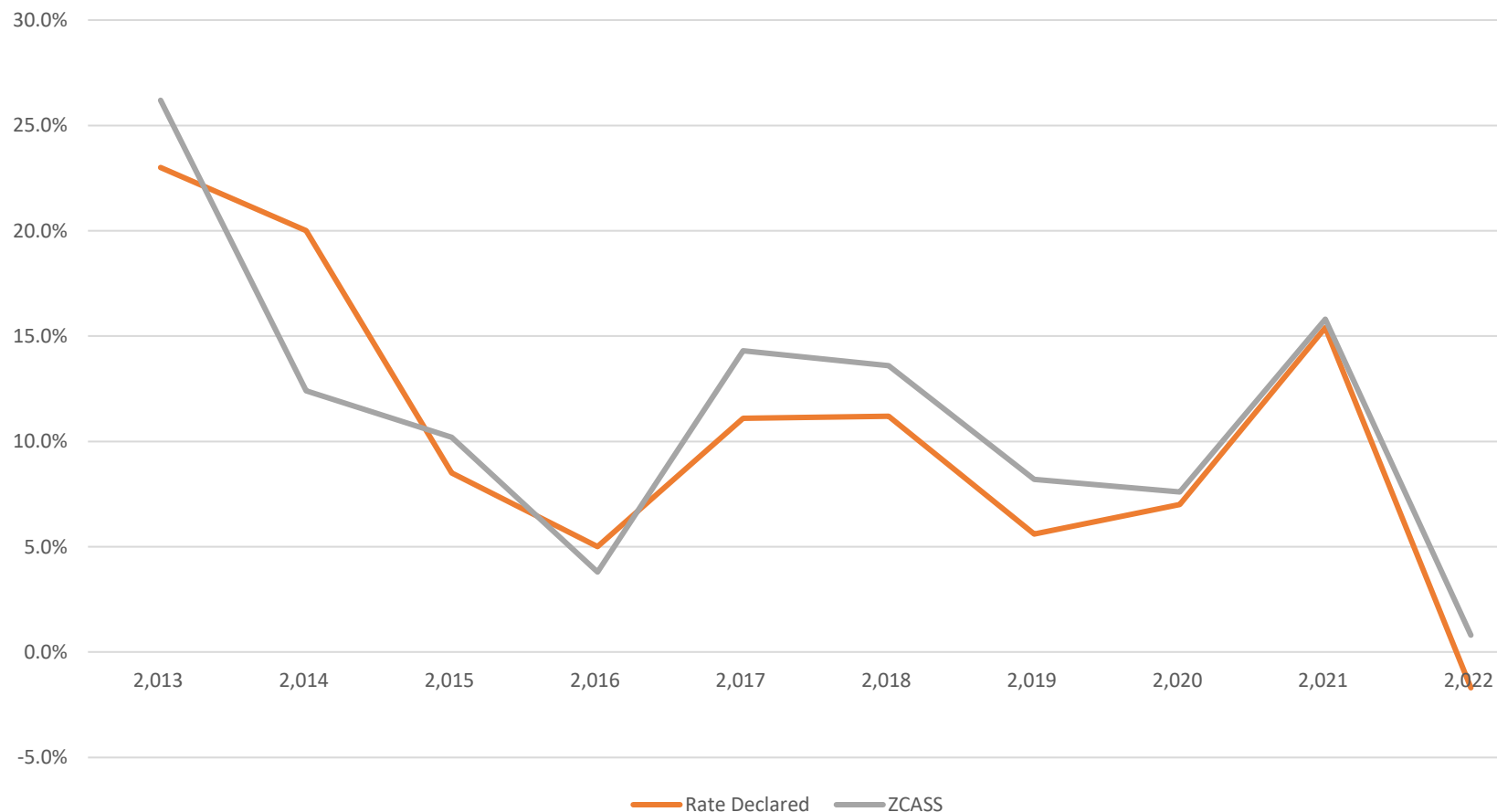
Year	Rate Declared
2012	20.0%
2013	23.0%
2014	20.0%
2015	8.5%
2016	5.0%
2017	11.1%
2018	11.2%
2019	5.6%
2020	7.0%
2021	15.4%
2022	-1.7%

Historical Rates Declared

Year	Rate Earned	Rate Declared
2012	14.0%	20.0%
2013	19.1%	23.0%
2014	11.3%	20.0%
2015	8.9%	8.5%
2016	2.7%	5.0%
2017	12.9%	11.1%
2018	12.4%	11.2%
2019	6.3%	5.6%
2020	8.2% ¹	7.0%
2021	15.4%	15.4%
2022	-1.7%	-1.7%

Note 1 – Return before adjustment for unremitted contributions

Historical Rates Declared



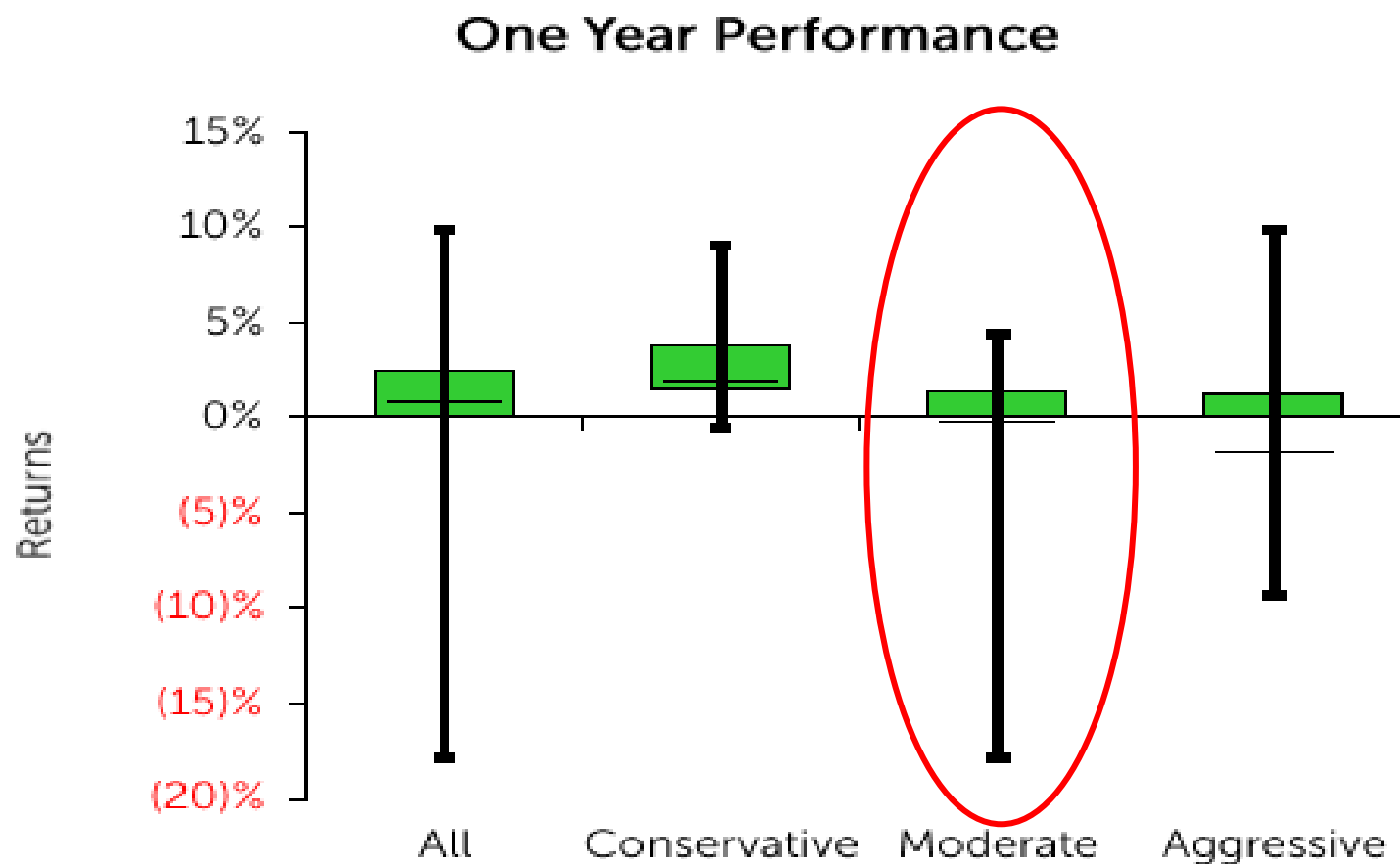
Z-CASS rate reflects only the investments managed by Fund Managers and before adjustment for expenses

Z-CASS

30 June 2022



ZCASS – 1 Year Median Schemes Performance – 30 June 2022



SCHEME'S LIABILITY DISTRIBUTION



Age Liability Distribution

June 2021		
Years to Retirement	Number of Members	Scheme's Liability Distribution
>20	695	9.3%
15 - 20	559	12.5%
10 - 15	527	19.5%
5 - 10	732	23.0%
<5	996	35.7%

SCHEME'S STRATEGIC ASSET ALLOCATION



Asset Allocation

Asset Classes	Current Exposure ⁴	Strategic Allocation	Range	
			Minimum(%)	Maximum(%)
Fixed Income (> 1 year) ¹	45.8%	65%	55%	75%
Fixed Income (<1 year) ²	21.3%	10%	5%	25%
Equities ³	23.3%	10%	5%	30%
Property	8.1%	10%	0%	20%
Offshore	1.5%	5%	0%	10%
Alternative Investments ⁵	0%	0%	0%	5%
Total	100%	100%		

Note:

1. Largely comprise Treasury Bonds and Corporate Bonds.
2. Largely comprise Fixed Deposits, Treasury Bills and Commercial papers.
3. Comprises Quoted and Unquoted Equities.
4. Based on the Scheme's Investments as at 30 June 2021.
5. Alternative investments comprise of Private Equity, Infrastructure Bonds and Any other assets

Current Environment

- Kenyan market has gone through various turbulences through the year
- Some cause by international factors – Ukraine-Russia crisis; some by local factors - election jitters
- Scheme investments has been impacted, as explained by the Fund Managers
- Trustees together with service providers navigating market to maximise returns and protect members benefits – as far as possible, when the investment environment goes through turbulences.

Any
Questions

A large, stylized green question mark is positioned to the right of the text. The word "Any" is in a green, sans-serif font, and the word "Questions" is in a dark blue, bold, sans-serif font. The question mark is a solid green color and is slightly larger than the text.

thankyou

Actuaries | Administrators | Consultants | Insurance Brokers

www.zamara.co.ke