



Zamara Consulting Actuaries Schemes Survey

June 2021



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Powering Prosperity

Introduction

We are pleased to present our 62nd Investment Performance Survey for the period ending 30 June 2021.

This Survey covers 424 schemes with a total of K Shs 976.8 billion of assets under management.

We acknowledge and thank each of the participating Fund Managers for providing the necessary asset and performance data in a timely manner.

Fund Manager	Number of Participating Schemes	Value of Assets Under Management (KShs m)	
African Alliance Kenya Investment Bank Limited	7		
Apollo Asset Managers	3		
British American Asset Managers	28		
CIC Insurance	7		
Co-op Trust Investments	61		
GenAfrica Asset Managers	98		
ICEA Lion Asset Management Limited	56		
NCBA Investment Bank Limited	2		
Old Mutual Investment Group Limited	84		
Sanlam Investments East Africa Limited	75		
Cytonn	3		
Subtotal	424		976,806

Some schemes did not qualify to be included in the survey. This was due to one or more of the following reasons:

- Incomplete data.
- Data received did not pass sense checks.
- Responses to queries were not received as at the date of issuing this report.

Market Commentary Q2 2021

General Economic Review: The Kenyan economy is projected to grow at an average of 4.5% according to an economic update report released by the World Bank. The growth is attributed to reopening of the economy due to the COVID-19 vaccine drive and adequate agricultural output and sales.

Inflation: Year on year inflation at the end of the quarter was 6.3% compared to 5.9% in the previous quarter. The increase was caused by the rising cost of importing oil products.

Currency Market: The Kenya Shilling appreciated by 1.5% during the quarter against the U.S. Dollar to close at Kshs 107.9, from Kshs 109.5 at 31 March 2021. The appreciation was attributable to dollar inflows from the IMF and World Bank loan disbursements.

Index	Q2	1 yr	3 yr ⁴	5yr ⁴
NASI	9.4%	26.0%	(0.2%)	4.3%
Zamara Kenya Equity Index	12.7%	25.7%	1.8%	6.4%
NSE 25 Share Index ³	6.8%	11.8%	(5.4%)	(0.9%)
S&P Kenya Sovereign Bond Index	3.2%	10.9%	13.2%	14.3%
FTSE Bond Performance Index	2.7%	12.6%	13.4%	14.6%
91 Day Tbill	1.7%	6.7%	7.0%	7.5%
Inflation CPI K Shs	1.1%	6.3%	5.3%	5.9%
USD/K Shs ¹	1.5%	(1.2%)	(2.1%)	(1.3%)
MSCI ACWI Index ²	8.6%	35.5%	10.1%	11.1%
MSCI Emerging Markets ²	6.0%	36.4%	6.4%	9.1%
MSCI World Index ²	9.0%	35.3%	10.6%	11.3%

1. Negative implies Shilling depreciated, positive implies Shilling appreciated.
2. Returns are Kenya Shilling adjusted
3. The index was launched in September 2015
4. For periods more than 1-year; returns are annualized
5. All values are as at 30 June 2021

Source: NSE, CBK, MSCI, KNBS

Equity Market: : The equity market posted positive performance at the end of the quarter as NASI & ZKEI gained 9.4% & 12.7%, respectively. The equity performance was mainly driven by gains recorded by large cap stocks such as Safaricom, Equity Group and EABL. Safaricom Plc announced their entry into the Ethiopian telecommunications sector this quarter, this led to an all time high price rally of K Shs 43.45 as investor sentiment increased..

Fixed Income: The Monetary Policy Committee retained the Central Bank Rate at 7.0%. The Committee’s assessment in May 2021 cited strong recovery of the economy, thus no further easing was warranted. The average yield on the three-month Treasury Bill remained relatively stable during the quarter due to sufficient liquidity in the money markets. The S&P Kenya Sovereign Bond Index gained 3.2% over the quarter compared to 0.6% in the quarter ending March 2021.

Offshore markets: Investor sentiment in the global equity markets remained positive this quarter as large proportions of their populations were vaccinated. The Developed Markets Equity Index, the All World Equity Index and the Emerging Markets Index gained 7.3%, 6.9%, and 4.4% respectively in USD terms over the quarter.

Executive Summary and Key Highlights

Key Highlights

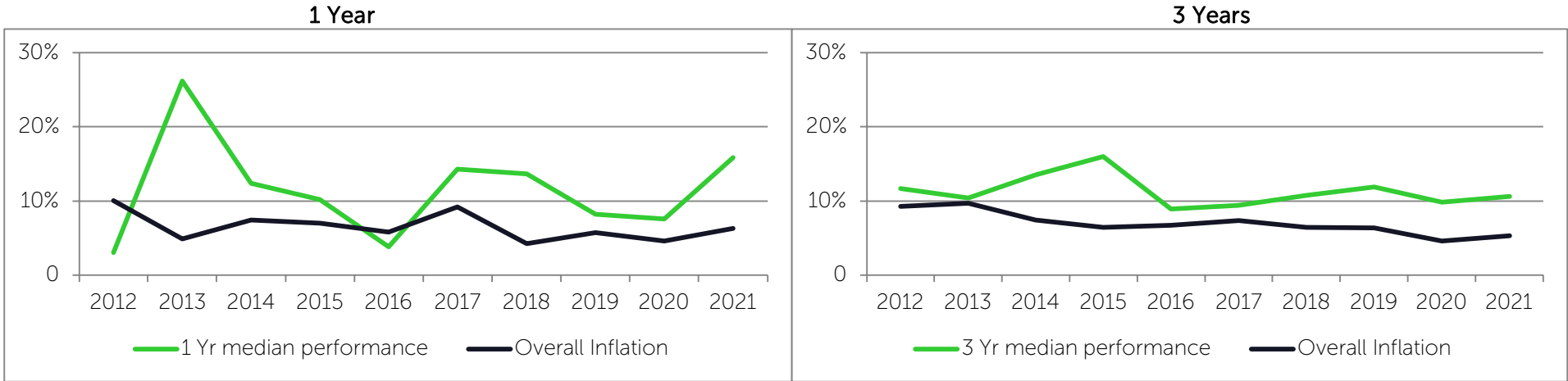
We set out in the table below, a summary of the median performance of schemes for each of the years from 30 June 2012 to 30 June 2021.

Period Ending 30 June	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Number of Schemes Participating	134	131	381	372	388	379	417	417	421	424
Total Assets K Shs Bn	162.7	201.3	500.7	548.0	581.3	654.8	732.1	822.7	902.0	976.8
1 Yr Median performance	3.1%	26.2%	12.4%	10.2%	3.8%	14.3%	13.6%	8.2%	7.6%	15.8%
3 Yr Median performance	11.7%	10.4%	13.5%	16.0%	9.0%	9.4%	10.7%	11.9%	9.8%	10.6%
Overall 1 year Inflation ¹	10.0%	4.9%	7.4%	7.0%	5.8%	9.2%	4.3%	5.7%	4.6%	6.3%
Overall 3 year Inflation ²	9.2%	9.7%	7.4%	6.4%	6.7%	7.3%	6.4%	6.4%	4.6%	5.3%

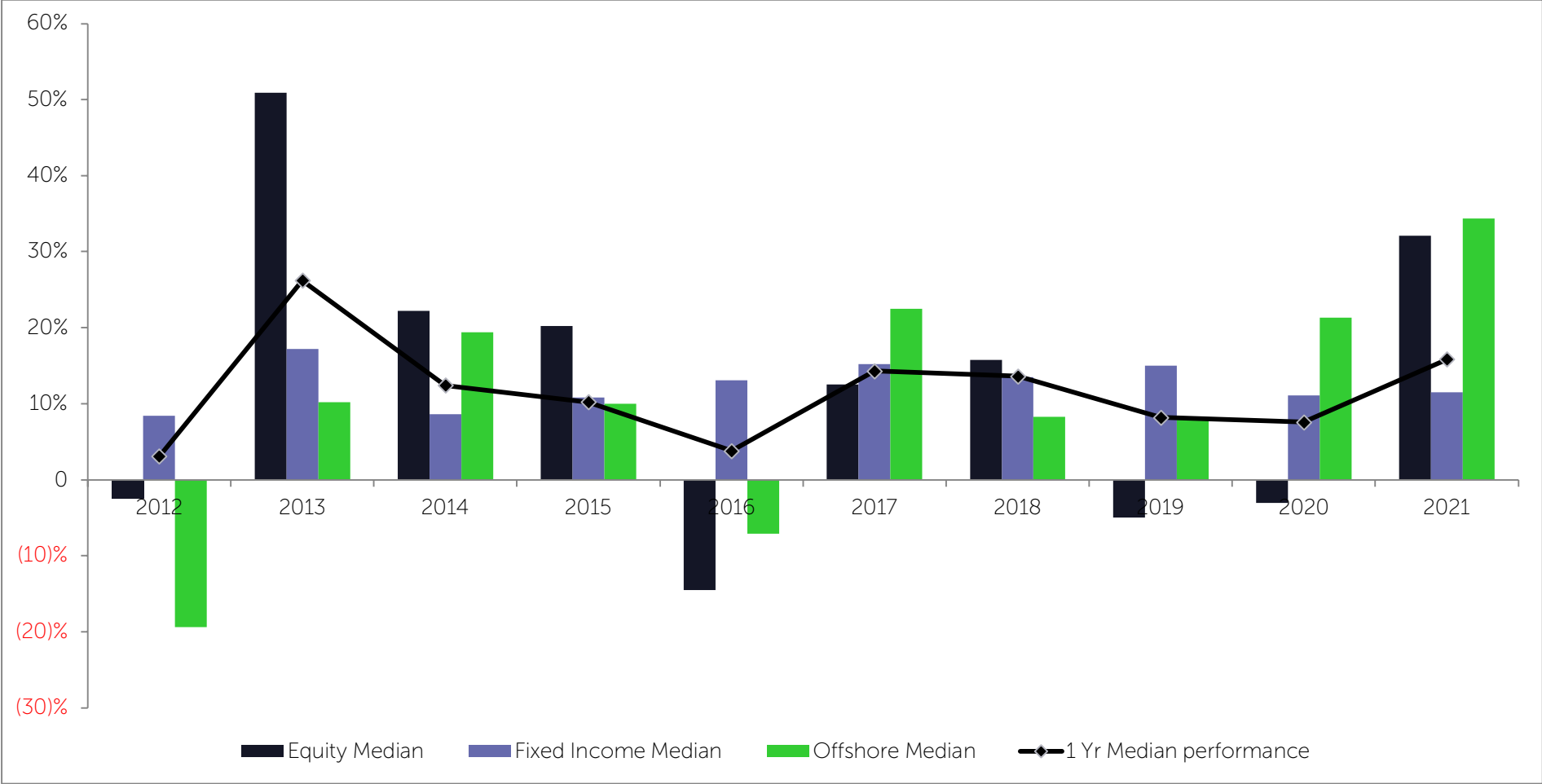
Notes:

1. Based on KNBS Statistics 2012 – 2021: www.knbs.or.ke/
2. Calculated geometric average over 3 years.

The Survey indicates that the median scheme did not always outperform overall inflation over the 1 year. Over 1 year, median returns underperformed inflation in 2012 and 2016 as shown in the 1 year chart below. Over 3 years, median returns have outperformed inflation in all periods. as shown in the 3 year chart below.



Executive Summary and Key Highlights



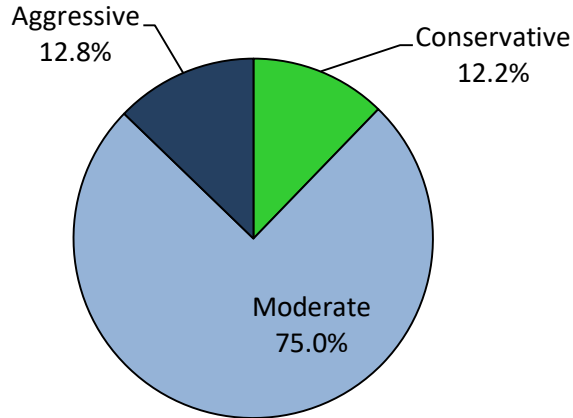
The chart above shows the median performance trend of the three asset classes (equity, fixed income and offshore) as at 30 June for each of the last 10 years.

Risk Profile of Participating Schemes

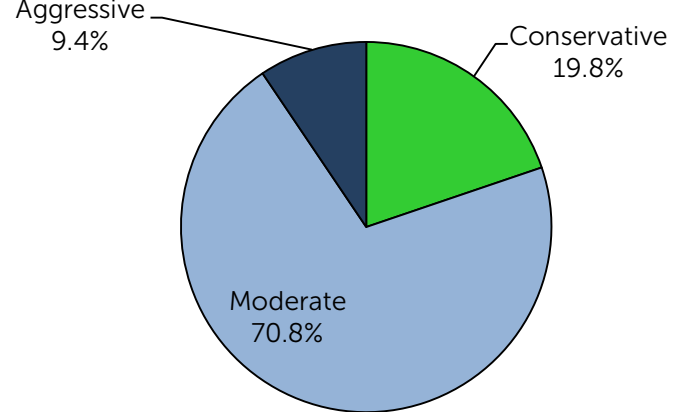
STATISTICS					
Risk Profile	Fixed Income Allocation*	Number of Schemes	Scheme Percentage %	Assets Under Management K Shs m*	Asset Percentage %
Conservative	Over 80%	84	19.8%	106,991	12.2%
Moderate	65% to 80%	300	70.8%	656,213	75.0%
Aggressive	Less than 65%	40	9.4%	111,806	12.8%
Total		424	100.0%	875,010	100.0%

*Asset allocation shown above and used to determine the above profiles excludes property

DISTRIBUTION OF PARTICIPATING SCHEMES BY ASSET SIZE



DISTRIBUTION OF PARTICIPATING SCHEMES BY NUMBER



424 Schemes qualified for inclusion in the Survey on the basis of being segregated arrangements with at least 3 months return periods.

The survey is dominated by moderate schemes; they comprise 70.8% of participating schemes and manage 75.0% of assets in this survey.

Conservative schemes make up 19.8% of number of participating schemes with 12.2% of assets under management. Aggressive schemes make up 9.4% of number of participating schemes with 12.8% of assets under management.

Analysis and Distribution of Returns for the Period

	3 Month	1 year	3 year*	5 year*
25th Percentile	5.0%	14.9%	9.9%	11.3%
Median	5.4%	15.8%	10.6%	12.0%
75th Percentile	5.7%	16.9%	11.1%	12.4%
Range of Returns	7.7%	18.3%	6.1%	7.8%
Average	5.2%	15.7%	10.5%	11.8%
Weighted Average	5.4%	15.9%	10.1%	11.0%

*Annualised return



Over the quarter ended 30 June 2021, the median return of the participating schemes was 5.4%, compared to 2.5% in March 2021. The positive performance has been attributed to gains in the equities market and offshore investments

Over the 1-year period to 30 June 2021, the median return of the participating schemes was 15.9% compared to 7.6% over a similar period in 2020. Performance in 2021 was positively impacted by the resilience in the equities market and offshore investments.

Over the 3-year period to 30 June 2021, the median return of the participating schemes was an annualized 10.6%.

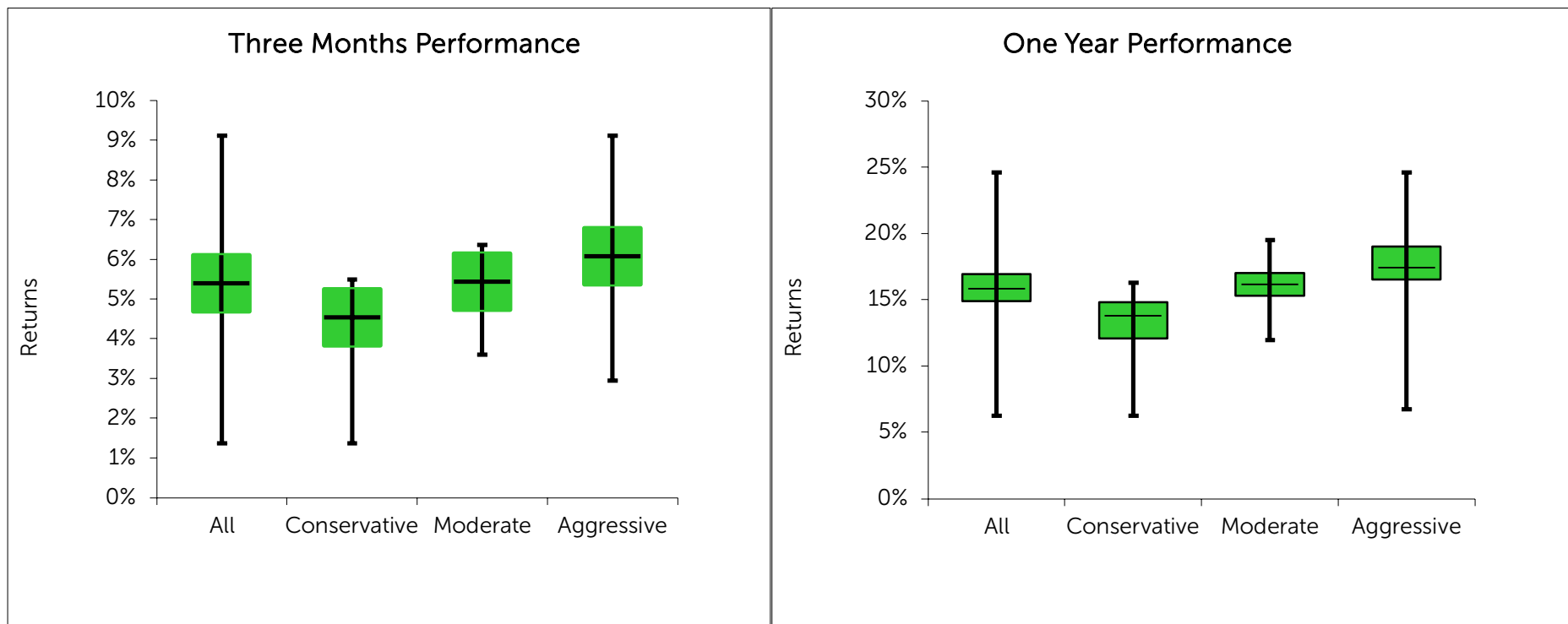
Over the 5-year period to 30 June 2021, the median return of the participating schemes was an annualized 12.0% with a range of returns of 7.8%.

The box plots on the next page show our analysis of the median and range of returns of the participating schemes categorized by risk profile: conservative, moderate and aggressive schemes

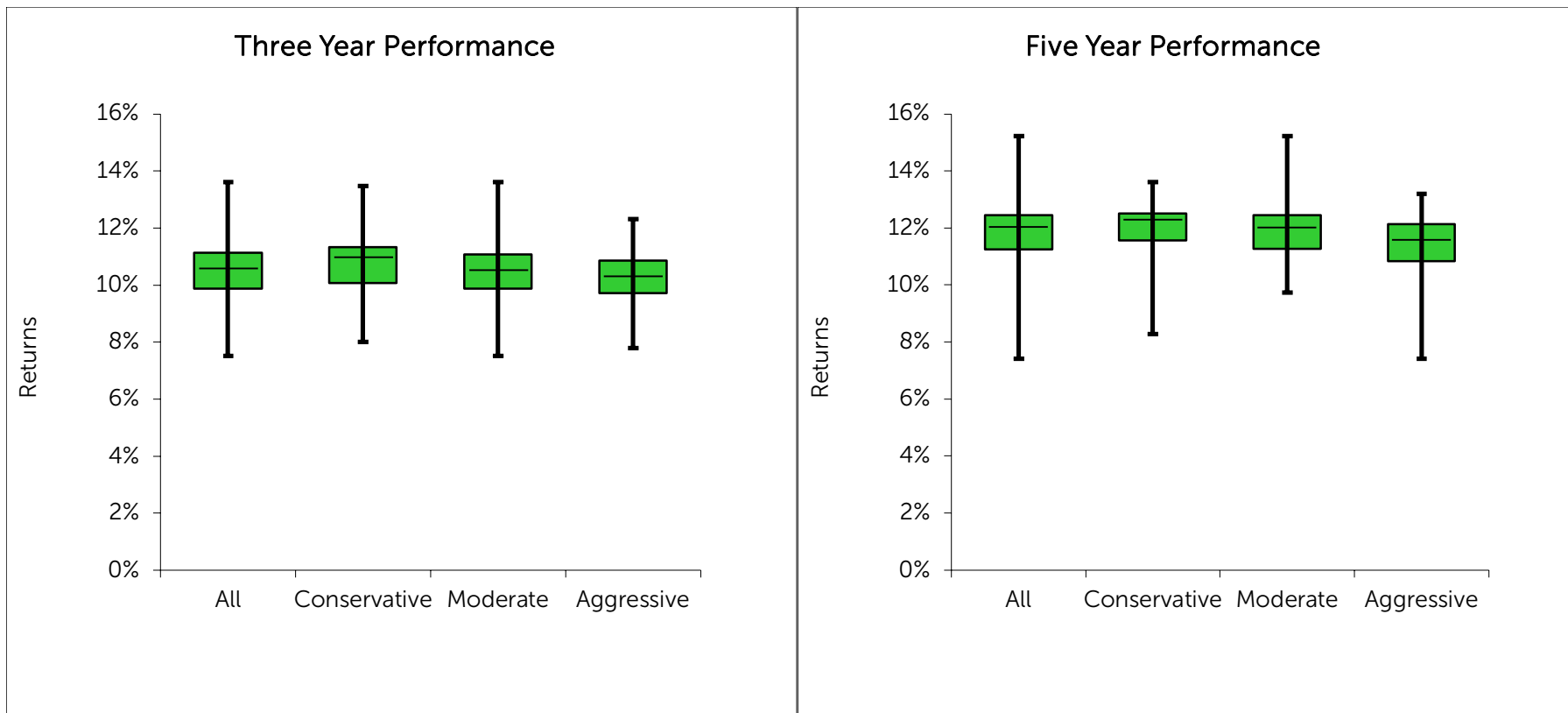
Analysis and Distribution of Returns

	Return Distribution											
	Conservative Schemes				Moderate Schemes				Aggressive Schemes			
	3 Month	1 year	3 year*	5 year*	3 Month)	1 year	3 year*	5 year*	3 Month	1 year	3 year*	5 year*
25th Percentile	3.6%	12.1%	10.1%	11.6%	5.2%	15.3%	9.9%	11.3%	5.8%	16.5%	9.7%	10.8%
Median	4.5%	13.8%	11.0%	12.3%	5.4%	16.2%	10.5%	12.0%	6.1%	17.4%	10.3%	11.6%
75th Percentile	4.9%	14.8%	11.3%	12.5%	5.7%	17.0%	11.1%	12.5%	6.3%	19.0%	10.9%	12.1%
Range of Returns	4.1%	10.0%	5.5%	5.3%	2.8%	7.6%	6.1%	5.5%	6.2%	17.9%	4.5%	5.8%
Average	4.2%	13.2%	10.7%	11.9%	5.4%	16.1%	10.5%	11.9%	6.0%	17.4%	10.2%	11.4%
Weighted Average	4.5%	13.9%	10.2%	10.9%	5.5%	16.0%	10.0%	11.1%	6.0%	17.4%	9.9%	11.2%

*Annualised return



Analysis and Distribution of Returns



Aggressive schemes had the strongest performance median return over the 3 months and 1 year; on the background of better performance from the equities and offshore asset classes over these periods. Aggressive schemes have a higher allocation towards equities and offshore markets

Conservative schemes posted the highest median returns over the 3 years and 5 years periods, aided by a higher allocation towards Fixed Income that performed strongly over these periods.

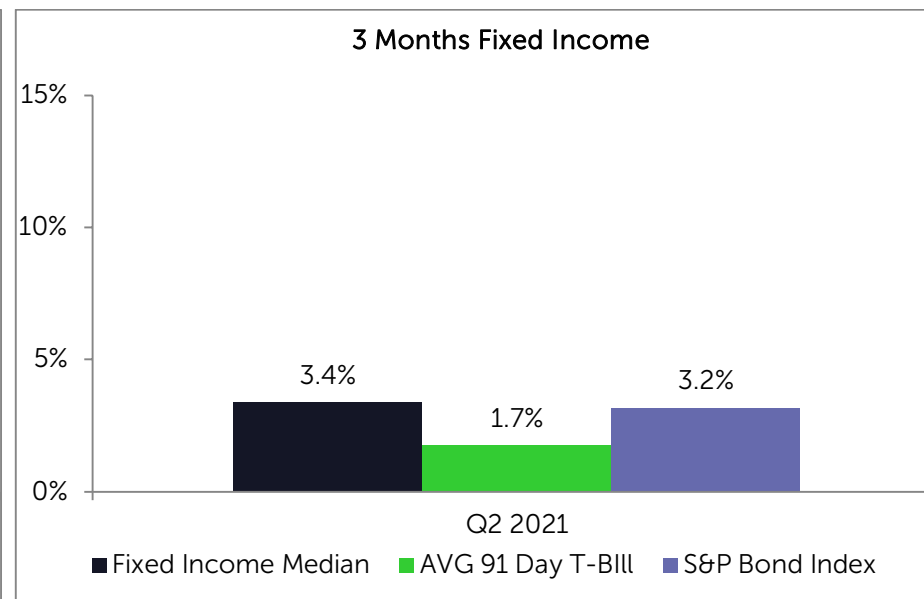
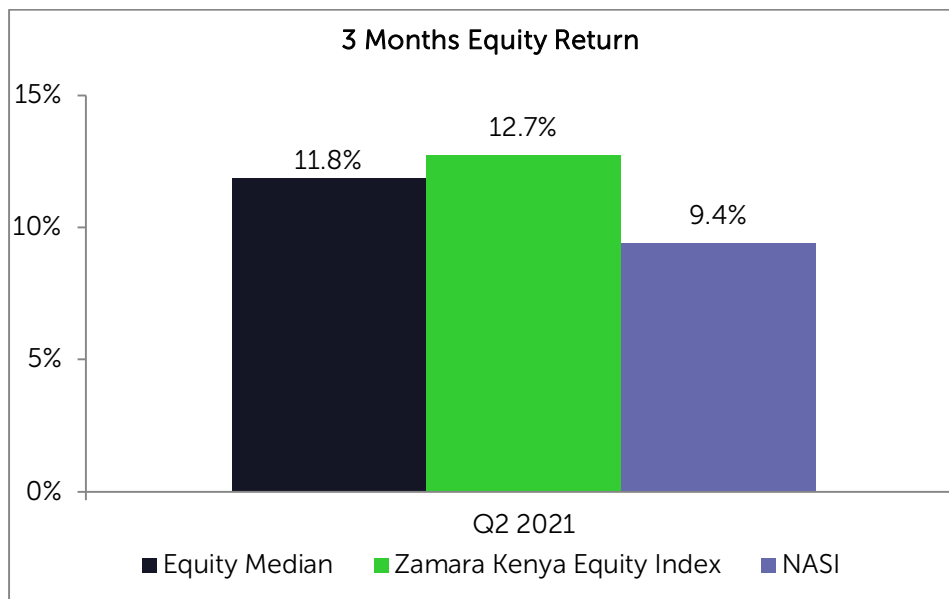
Asset Class Returns for 3 Months Ending 30 June 2021

	Equity	Fixed Income	Offshore
25th Percentile	11.1%	3.2%	8.4%
Median	11.8%	3.4%	10.8%
75th Percentile	12.4%	3.5%	13.6%
Range of Returns	26.7%	3.4%	28.5%
Average	11.7%	3.3%	10.7%
Weighted Average	11.9%	3.3%	10.2%

Equity: The equity median return underperformed Zamara Kenya Equity Index while outperforming NASI.

Fixed Income: The fixed income median return outperformed the average 91 Day Treasury Bill, and the S&P Bond index.

Offshore: The offshore median return out-performed MSCI Emerging, MSCI world and MSCI ACWI Indices.



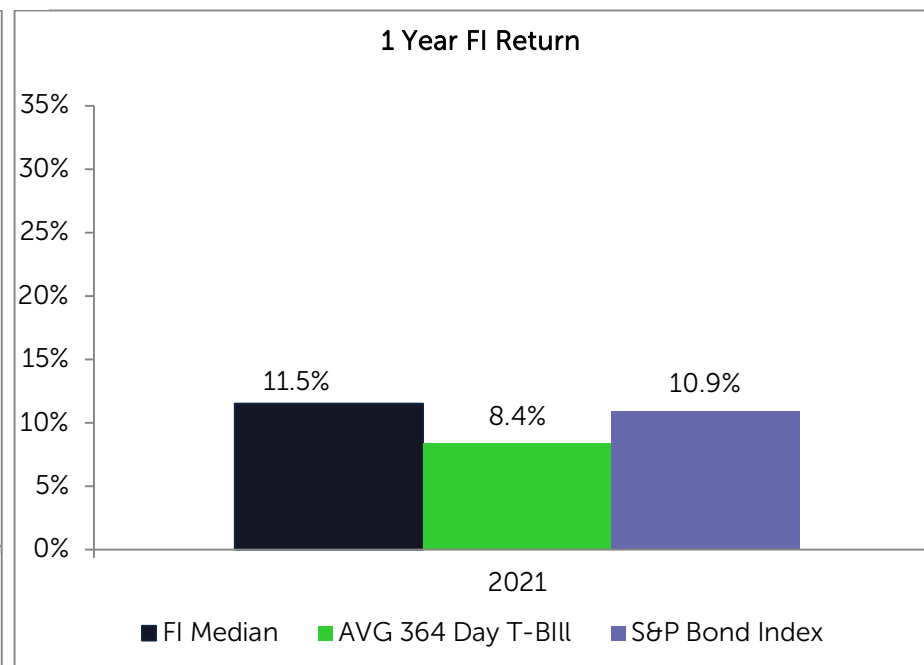
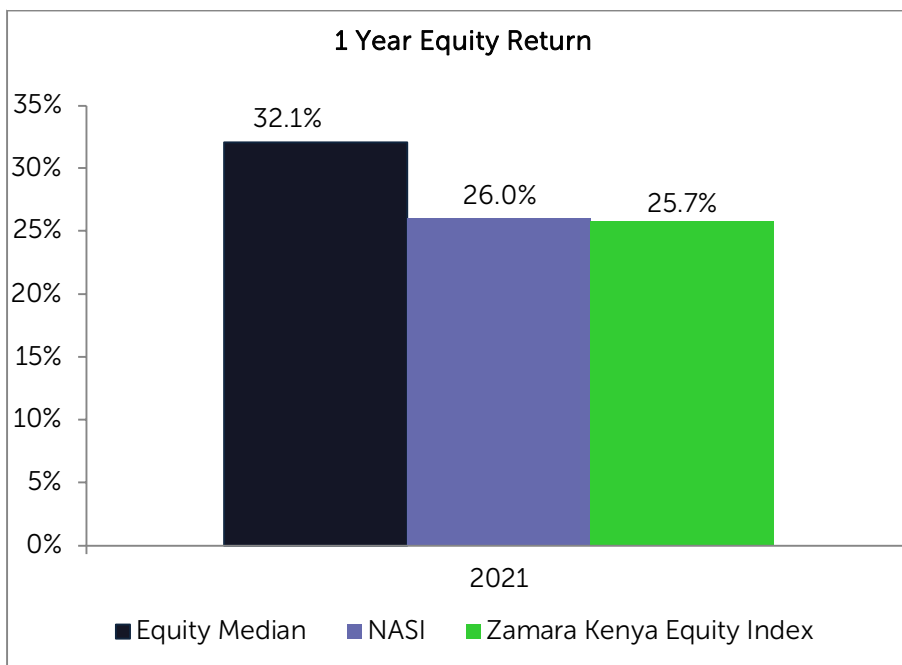
Asset Class Returns for 1 Year Ending 30 June 2021

	Equity	Fixed Income	Offshore
25th Percentile	29.7%	11.1%	27.1%
Median	32.1%	11.5%	34.4%
75th Percentile	33.9%	11.8%	38.5%
Range of Returns	56.6%	9.2%	67.8%
Average	31.6%	11.4%	31.6%
Weighted Average	31.1%	11.3%	31.1%

Equity: The equity median return outperformed Zamara Kenya Equity Index and NASI.

Fixed Income: The fixed income median return outperformed the average 91 Day Treasury Bill and the S&P Bond index.

Offshore: The offshore median return under-performed MSCI Emerging, MSCI world and MSCI ACWI Indices.



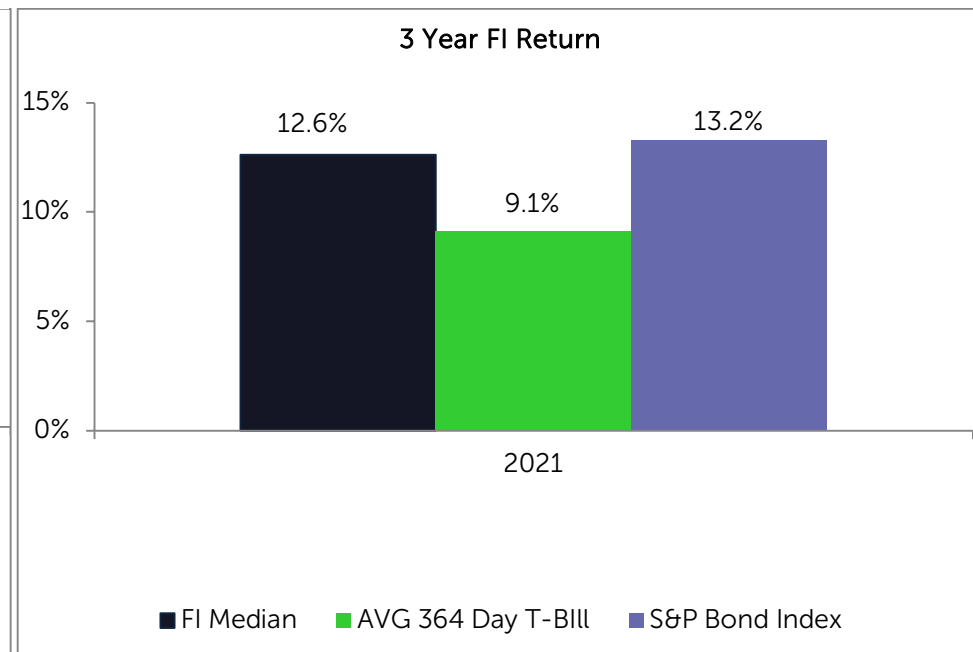
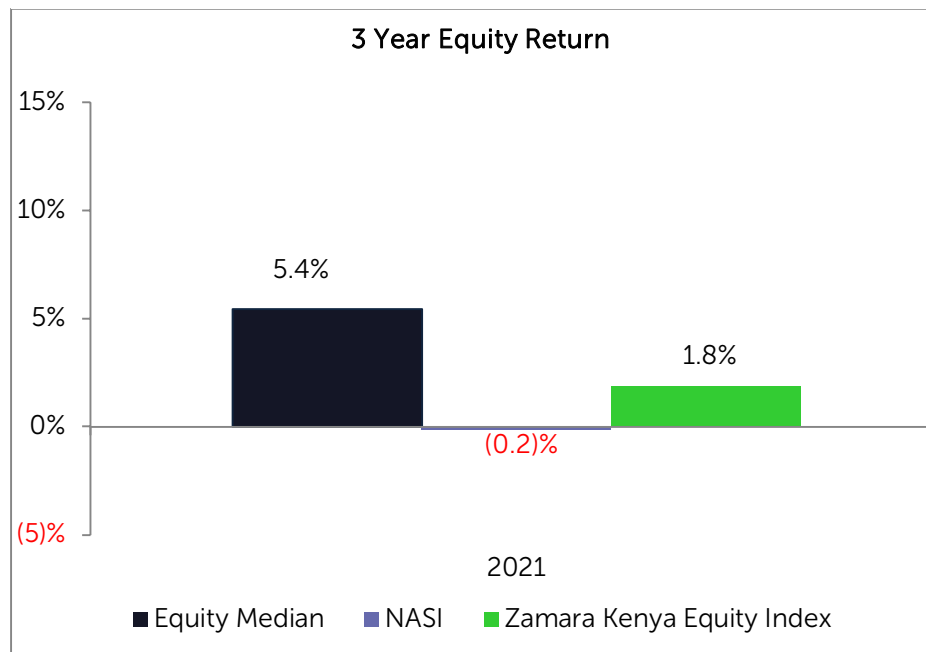
Asset Class Returns for 3 Years Ending 30 June 2021

	Equity	Fixed Income	Offshore
25th Percentile	3.3%	12.3%	9.7%
Median	5.4%	12.6%	20.6%
75th Percentile	6.7%	12.9%	22.5%
Range of Returns	23.9%	7.8%	33.9%
Average	5.0%	12.6%	17.1%
Weighted Average	5.1%	12.1%	17.6%

Equity: The equity median return outperformed the NASI and the Zamara Kenya Equity Index.

Fixed Income: The fixed income median return outperformed the average 364 Day Treasury Bill but underperformed the S&P Bond Index.

Offshore: The offshore median return out-performed MSCI Emerging, MSCI world and MSCI ACWI Indices.



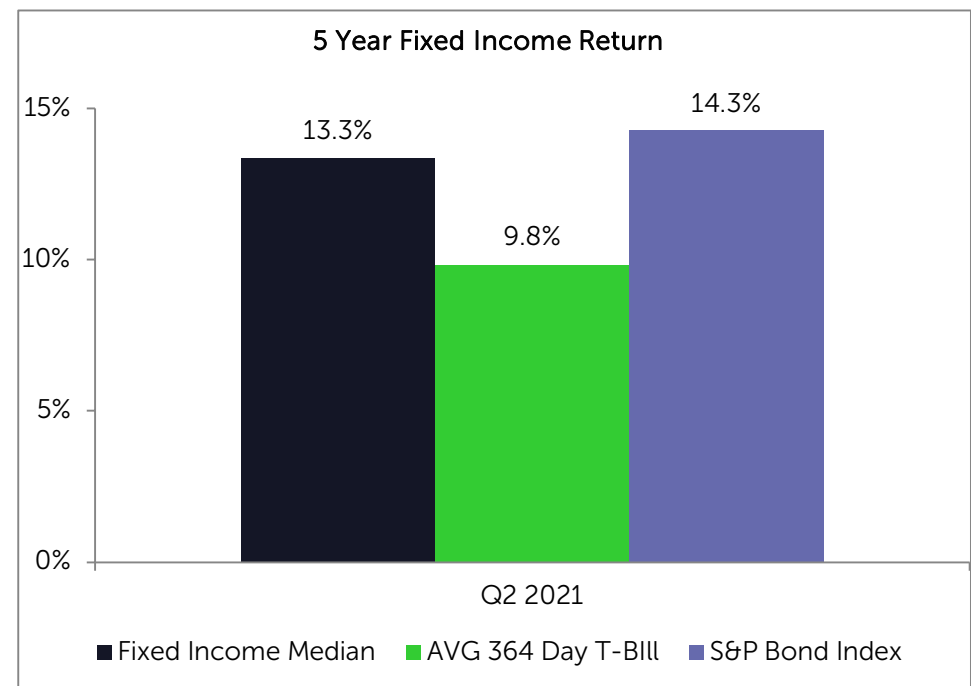
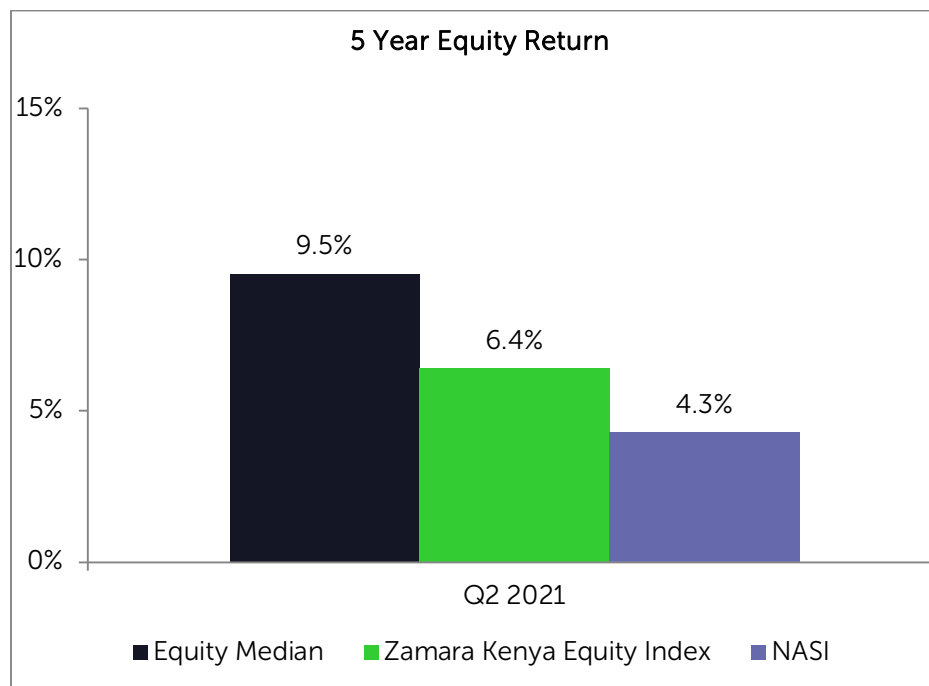
Asset Class Returns for 5 Years Ending 30 June 2021

	Equity	Fixed Income	Offshore
25th Percentile	7.3%	13.0%	13.7%
Median	9.5%	13.3%	19.5%
75th Percentile	10.8%	13.6%	21.1%
Range of Returns	24.8%	7.5%	24.9%
Average	9.2%	13.3%	16.7%
Weighted Average	8.8%	13.3%	16.9%

Equity: The equity median return outperformed the NASI and the Zamara Kenya Equity Index.

Fixed Income: The fixed income median return outperformed the average 364 Day Treasury Bill but underperformed the S&P Bond Index.

Offshore: The offshore median return out-performed MSCI Emerging, MSCI world and MSCI ACWI Indices.



Analysis of Asset Allocation for the Period Ending 30 June 2021

Asset Class Allocation																
	All Schemes				Conservative Schemes				Moderate Schemes				Aggressive Schemes			
	Equity	Fixed Income	Property	Offshore	Equity	Fixed Income	Property	Offshore	Equity	Fixed Income	Property	Offshore	Equity	Fixed Income	Property	Offshore
Average	22.4%	71.2%	5.2%	1.2%	11.0%	86.8%	1.8%	0.4%	24.4%	69.6%	4.8%	1.2%	30.4%	51.0%	15.3%	3.3%
Weighted Average	22.9%	65.1%	10.3%	1.7%	12.4%	83.7%	3.5%	0.4%	24.1%	66.0%	8.6%	1.4%	25.1%	47.0%	23.6%	4.3%
Range of Allocation	66.3%	96.6%	88.8%	14.2%	20.0%	74.5%	74.5%	7.5%	23.8%	56.1%	65.3%	6.8%	58.5%	61.5%	88.8%	14.2%
Median	23.7%	73.1%	-	-	12.2%	85.1%	-	-	24.5%	72.4%	-	-	31.1%	58.9%	-	2.8%

For comparison, we include the asset allocation figures as shown in our March 2021 report.

Asset Class Allocation																
	All Schemes				Conservative Schemes				Moderate Schemes				Aggressive Schemes			
	Equity	Fixed Income	Property	Offshore	Equity	Fixed Income	Property	Offshore	Equity	Fixed Income	Property	Offshore	Equity	Fixed Income	Property	Offshore
Average	21.3%	72.5%	5.3%	0.9%	12.5%	85.4%	1.9%	0.2%	23.6%	70.0%	5.4%	1.0%	30.4%	47.4%	18.7%	3.6%
Weighted Average	21.8%	66.7%	10.3%	1.2%	13.2%	82.6%	4.0%	0.2%	23.6%	67.2%	8.2%	1.0%	20.3%	38.7%	36.4%	4.6%
Range of Allocation	71.2%	96.5%	94.4%	15.5%	19.8%	74.8%	74.8%	6.8%	24.8%	55.9%	65.1%	8.4%	69.0%	61.0%	94.4%	15.5%
Median	22.0%	74.8%	-	-	15.0%	84.4%	-	-	23.3%	73.3%	-	-	32.3%	54.5%	-	2.6%

21.2% of the Schemes participating in the Survey had an allocation to property.

33.5% of the Schemes participating in the Survey had an allocation to offshore assets.

The Survey indicates that the average scheme's exposure to equity and offshore increased with allocations to fixed income and property decreasing over the quarter.

Zamara Consulting Actuaries Schemes Survey

FAQs

What is the Z - CASS Survey?

The Z - CASS Survey is an industry first initiative of Zamara Actuaries, Administrators and Consultants Limited and analyses the returns of retirement schemes invested in segregated vehicles with both discretionary and non-discretionary mandates. Schemes invested on an insured deposit administration basis are excluded as well as schemes having incomplete performance periods or returns.

What does the Consulting Actuaries Schemes Survey mean to a trustee?

One of the benefits of having a scheme based survey is that retirement scheme trustees are given the opportunity to compare the performance of their scheme relative to their peers within the broader retirement scheme industry. The Survey considers the returns over a rolling one (1) three (3) year and five (5) year period and trustees can gain valuable insight into how similar sized schemes performed over the same period.

The Survey further analyses the allocation across four broad asset classes: equity, fixed income, property and offshore. The asset class allocation analysis is based on a point in time, which corresponds with the Survey reporting period. The benefit of this is that trustees can gain valuable insight into how similar sized schemes are invested and how asset class allocation contributed to their specific scheme's performance. Attribution performance for property asset class was unavailable from the data provided and hence excluded from the Survey.

Important issues to be aware of

The Survey is based on individual scheme returns rather than fund manager performance. Trustees also need to be aware that the schemes in the Survey differ in terms of their risk profiles, investment mandates and fund manager reporting bases (as a consequence of the absence of a uniform reporting basis by the fund managers). These factors may have an impact on the reported performance. It should also be noted that performance should not be assessed over the short-term and past performance is not necessarily a guide to future performance.

For specific Consulting Actuaries Schemes Survey queries, contact:

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Glossary of Terms

Annualised

To convert an investment return into an equivalent one-year rate of return.

Asset Class Allocation

The allocation of a scheme's assets between different asset classes. i.e. equity, fixed income and interest, property and offshore investments.

Average

The mean or simple average of the schemes' performance and asset class allocation.

Discretionary Investment Mandate

This refers to the level of freedom (i.e. discretion) given to a fund manager by the trustees to invest the scheme's assets in accordance with the fund manager's best investment view. In many instances broad parameters are set by the trustees but the fund manager has complete autonomy in the investment decision making.

Inflation

Inflation is defined as a continued increase in the general level of prices and represents the cost of living index. Overall inflation includes in the 'basket' fuel and food stuffs, while underlying inflation excludes these from the 'basket'.

Median

The median is the return or weighting of the middle scheme (irrespective of size) when all the schemes' returns and asset allocations are ranked in order of performance or weighting. The median is not skewed by a wide range of returns or asset class weightings.

Non-Discretionary Investment Mandate

This refers to the degree of prescription to how the scheme's assets are invested and is the opposite of a fully discretionary mandate. The Trustees will be involved in the investment decision making and will instruct the fund manager how and in which assets to invest.

Percentile

Or quartile is one quarter of a sample. If returns of a scheme are ranked in a league table, then, for example, a second quartile ranking indicates that 25% of the schemes performed better and 50% achieved a lower return. i.e. the return in the second quarter or 25% of returns.

Performance Attribution

The composite performance broken down between the asset classes to determine how the respective classes contributed to the overall performance i.e. to which asset classes the performance was attributed.

Return

The increase in the value of an investment over a period of time, expressed as a percentage of the value of the investment at the start of the period.

Weighted Average

The mean or average of the schemes weighted according to the size of the assets under management.

Disclaimer

In preparing this Survey, we have used data supplied by the fund managers of the participating schemes. The data has been checked for reasonability where possible. While all possible care is taken in the compilation of the Survey to ensure that this document is accurate in all material respects, reliance is placed on information received from the fund managers.

Whereas the above constitutes the participating schemes per manager in the survey, it is not representative of the total schemes under management by the various fund managers

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