



Zamara Consulting Actuaries Schemes Survey

September 2021



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Powering Prosperity

Introduction

We are pleased to present our 63rd Investment Performance Survey for the period ending 30 September 2021.

This Survey covers 423 schemes with a total of K Shs 1.03 trillion 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	2		
British American Asset Managers	26		
CIC Asset Management	7		
Co-op Trust Investments	65		
GenAfrica Asset Managers	96		
ICEA Lion Asset Management Limited	57		
NCBA Investment Bank Limited	2		
Old Mutual Investment Group Limited	83		
Sanlam Investments East Africa Limited	76		
Cytonn	2		
Subtotal	423		1,033,133

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 Q3 2021

General Economic Review: The Kenyan economy is projected to grow at an average of 5.3% in 2021 on account of the loosening of the stringent COVID-19 containment measures. In addition, the expanded COVID 19 vaccination programs in the country are also anticipated to drive economic recovery.

Inflation: Year on year inflation at the end of the quarter was 6.9% compared to 6.3% in the previous quarter. The increase was caused by the rising cost of importing oil products.

Currency Market: The Kenya Shilling depreciated by 1.2% during the quarter against the U.S. Dollar to close at Kshs 110.5, from Kshs 107.9 on 30 September 2021. The depreciation is partly attributable to increased import activities by local traders and increased dollar demand across various sectors, including energy amidst weak dollar inflows.

Index	Q3	1 yr	3 yr ³	5yr ³
NASI	2.8%	27.5%	6.0%	5.5%
Zamara Kenya Equity Index	4.1%	25.7%	7.9%	8.1%
NSE 25 Share Index	3.8%	20.1%	0.8%	1.6%
S&P Kenya Sovereign Bond Index	3.5%	10.1%	12.9%	13.6%
FTSE Bond Performance Index	3.0%	11.3%	13.2%	14.5%
91 Day Tbill	1.6%	6.8%	6.9%	7.4%
Inflation CPI K Shs	0.8%	6.9%	5.5%	5.9%
USD/K Shs ¹	(2.4%)	(1.8%)	(3.0%)	(1.7%)
MSCI ACWI Index ²	1.0%	27.8%	14.0%	13.1%
MSCI Emerging Markets ²	(6.6%)	17.9%	9.4%	8.6%
MSCI World Index ²	2.1%	29.3%	14.7%	13.7%

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 September 2021

Source: NSE, CBK, MSCI, KNBS

Equity Market: : The equity market posted positive performance at the end of the quarter as NASI & ZKEI gained 2.8% and 4.1%, respectively. The equity performance was mainly driven by gains attributable to positive investor sentiment on banking and telecommunications stocks.

Fixed Income: The Monetary Policy Committee retained the Central Bank Rate at 7.0%. The committee believed that the economy had responded positively to the current monetary policy stance.

The average yields for the 364-day, 182-day, and 91-day T-bills declined to 7.6%, 7.1%, and 6.7% during the quarter.

The S&P Kenya Sovereign Bond Index gained 3.5% over the quarter compared to 3.2% in June 2021.

Offshore markets: Global equity markets performance over the quarter was in the red. Evergrande, one of the largest property developers in China, announced it may default on upcoming loan payments. This announcement led to concerns about potential contagion effects, and markets turned downwards. The All Country World Index, All World Equity Index, and the Emerging Markets Index lost 1.5%, 0.4% and 8.8% respectively in USD terms over the quarter.

Executive Summary and Key Highlights

Key Highlights

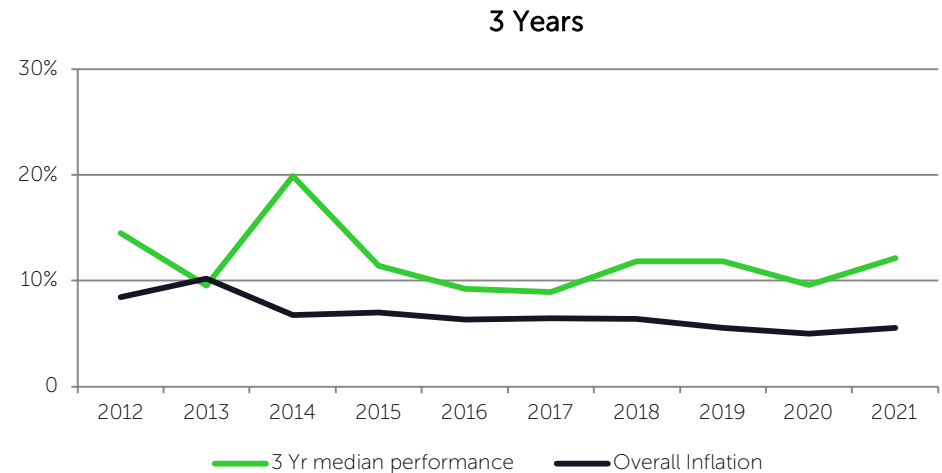
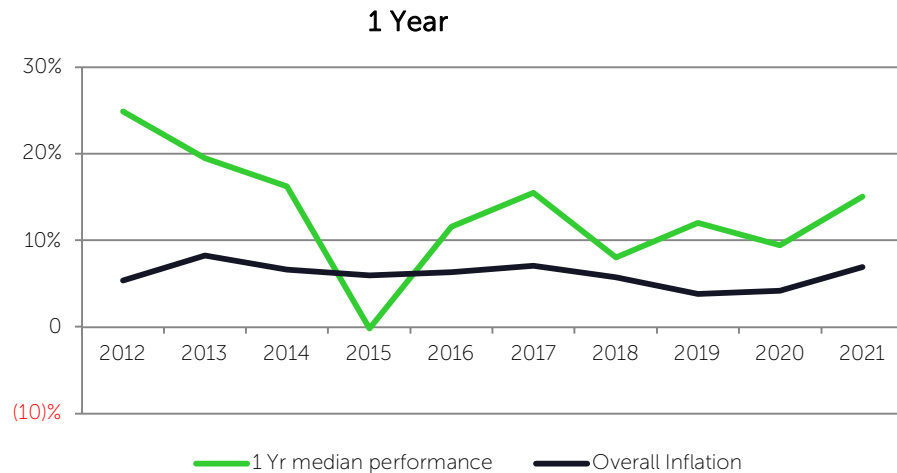
We set out in the table below, a summary of the median performance of schemes for each of the years from 30 September 2012 to 30 September 2021.

Period Ending 30 September	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Number of Schemes Participating	134	128	383	380	386	372	404	411	417	423
Total Assets K Shs Bn	175.0	197.2	524.9	510.3	596.8	633.4	727.7	837.6	922.3	1,033.1
1 Yr Median performance	24.9%	19.5%	16.2%	(0.2)%	11.6%	15.5%	8.0%	12.0%	9.4%	15.1%
3 Yr Median performance	14.5%	9.5%	19.9%	11.4%	9.2%	8.9%	11.8%	11.8%	9.6%	12.1%
Overall 1 year Inflation ¹	5.3%	8.3%	6.6%	6.0%	6.3%	7.1%	5.7%	3.8%	4.2%	6.9%
Overall 3 year Inflation ²	8.4%	10.2%	6.7%	6.9%	6.3%	6.5%	6.4%	5.5%	5.0%	5.5%

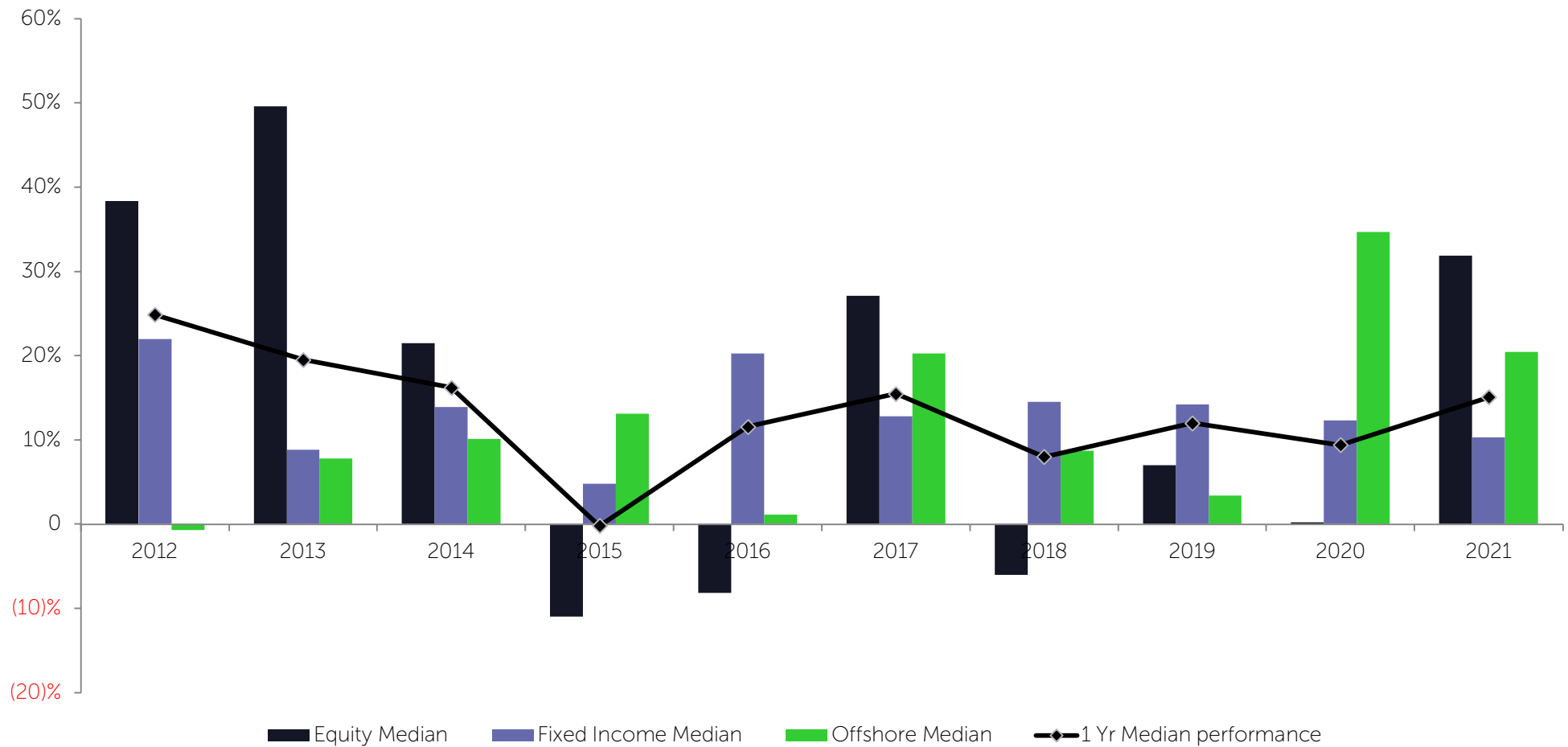
Notes:

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 2015 as shown in the 1 year chart below. Over 3 years, median returns underperformed inflation in 2013 as shown in the 3 year chart below.



Executive Summary and Key Highlights



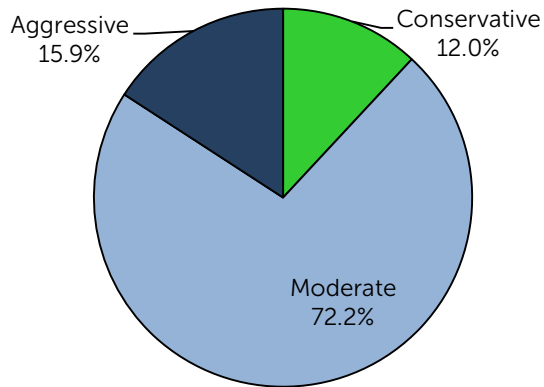
The chart above shows the median performance trend of the three asset classes (equity, fixed income and offshore) as at 30 September for each of the last 10 years.

Risk Profile of Participating Schemes

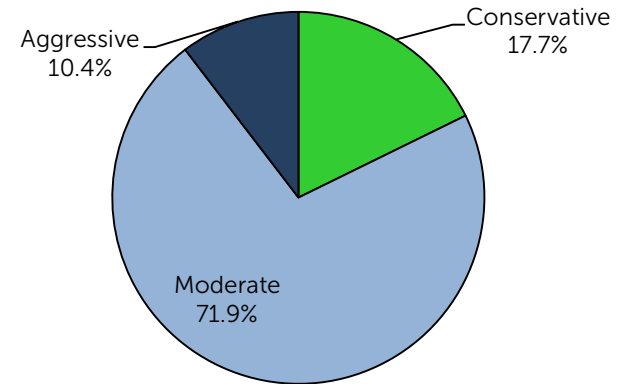
STATISTICS					
Risk Profile	Fixed Income Allocation*	Number of Schemes	Scheme Percentage %	Assets Under Management K Shs m*	Asset Percentage %
Conservative	Over 80%	75	17.7%	106,578	12.0%
Moderate	65% to 80%	304	71.9%	643,664	72.2%
Aggressive	Less than 65%	44	10.4%	141,372	15.8%
Total		423	100.0%	891,614	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



423 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 71.9% of participating schemes and manage 72.2% of assets in this survey.

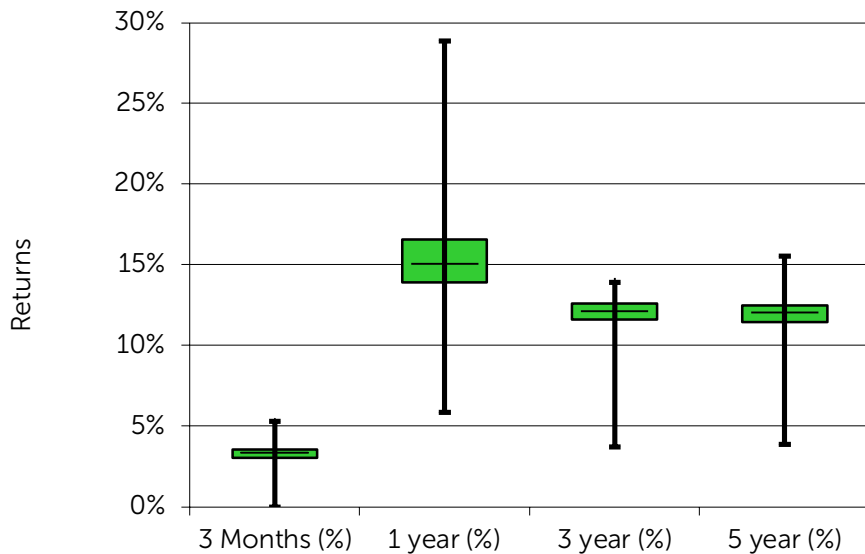
Conservative schemes make up 17.7% of number of participating schemes with 12.0% of assets under management. Aggressive schemes make up 10.4% of number of participating schemes with 15.8% of assets under management.

Analysis and Distribution of Returns for the Period

	3 Month	1 year	3 year*	5 year*
25th Percentile	3.0%	13.9%	11.6%	11.4%
Median	3.4%	15.1%	12.1%	12.0%
75th Percentile	3.6%	16.6%	12.6%	12.5%
Range of Returns	3.8%	23.0%	13.9%	15.5%
Average	3.3%	15.9%	12.0%	11.9%
Weighted Average	3.4%	14.9%	12.0%	11.8%

*Annualised return

All Schemes Performance



Over the quarter ended 30 September 2021, the median return of the participating schemes was 3.4%, compared to 5.4% in June 2021. The positive performance has been attributed to gains in the equities market

Over the 1-year period to 30 September 2021, the median return of the participating schemes was 15.1% compared to 9.4% over a similar period in 2020. Performance in 2021 was positively impacted by economic recovery due to increased COVID 19 vaccination drives and loosening of stringent measures.

Over the 3-year period to 30 September 2021, the median return of the participating schemes was an annualized 12.1%.

Over the 5-year period to 30 September 2021, the median return of the participating schemes was an annualized 12.0% with a range of returns of 15.5%.

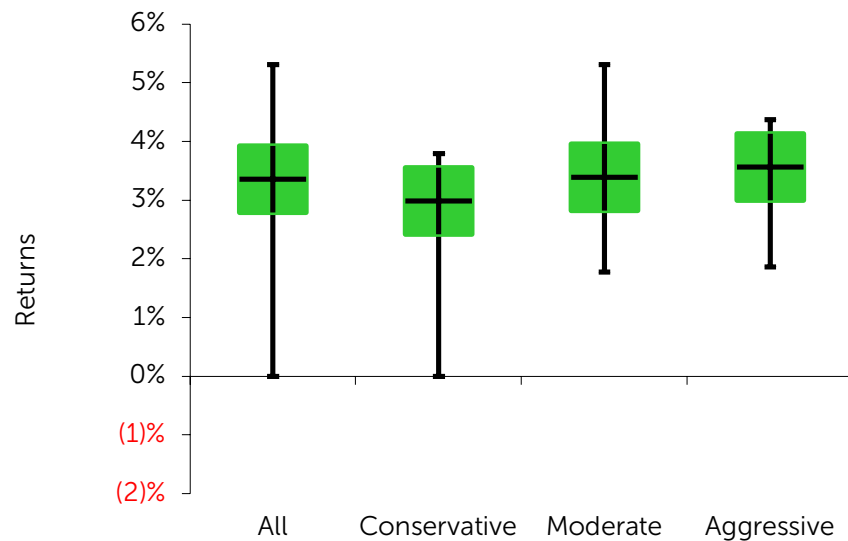
The box plots on the next page show our analysis of the median and range of returns of the participating schemes categorized by risk profile: conservative, moderate and aggressive schemes

Analysis and Distribution of Returns

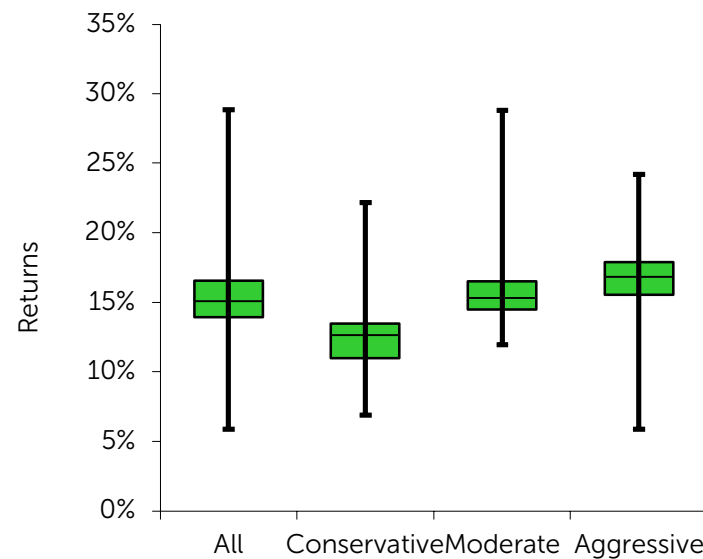
	Return Distribution											
	Conservative Schemes				Moderate Schemes				Aggressive Schemes			
	3 Month	1 year	3 year*	5 year*	3 Month	1 year	3 year*	5 year*	3 Month	1 year	3 year*	5 year*
25th Percentile	2.7%	11.0%	11.3%	11.6%	3.2%	14.5%	11.7%	11.5%	3.1%	15.6%	11.5%	11.3%
Median	3.0%	12.6%	11.9%	12.1%	3.4%	15.3%	12.2%	12.1%	3.6%	16.8%	12.4%	11.9%
75th Percentile	3.1%	13.5%	12.4%	12.5%	3.6%	16.5%	12.7%	12.5%	3.8%	17.9%	12.9%	12.4%
Range of Returns	2.3%	16.6%	9.3%	9.2%	3.5%	16.9%	4.5%	5.5%	2.5%	18.3%	8.4%	6.9%
Average	2.9%	12.2%	11.6%	11.7%	3.4%	16.6%	12.1%	12.0%	3.4%	16.5%	11.9%	11.7%
Weighted Average	3.1%	12.7%	11.6%	12.0%	3.4%	16.0%	12.1%	11.8%	3.5%	16.1%	12.2%	11.9%

*Annualised return

Three Months Performance

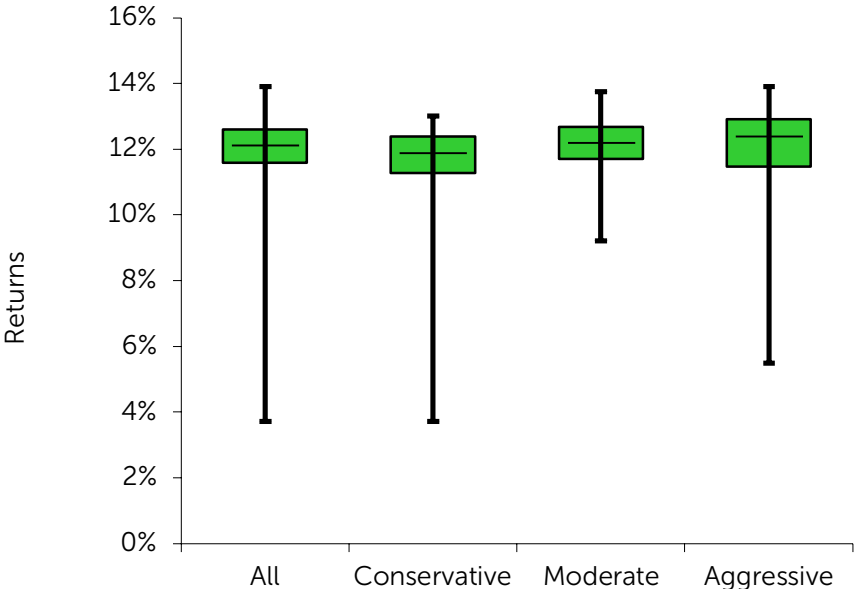


One Year Performance

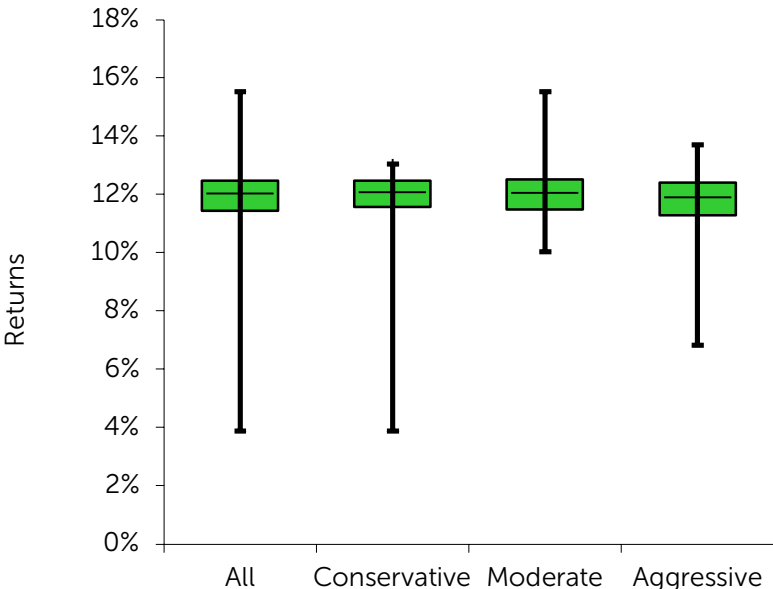


Analysis and Distribution of Returns

Three Year Performance



Five Year Performance



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

Moderate schemes posted the highest median returns over the 3 years and 5 years periods.

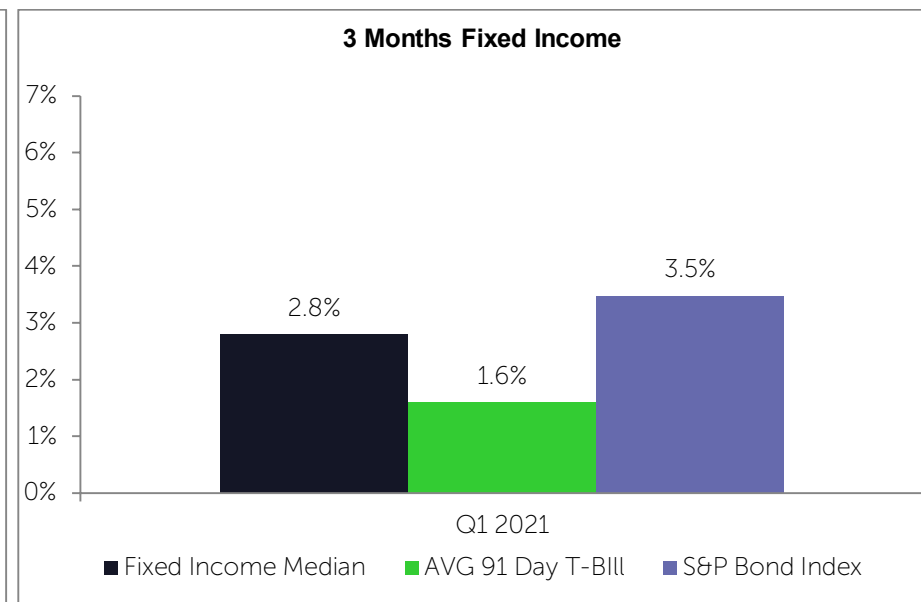
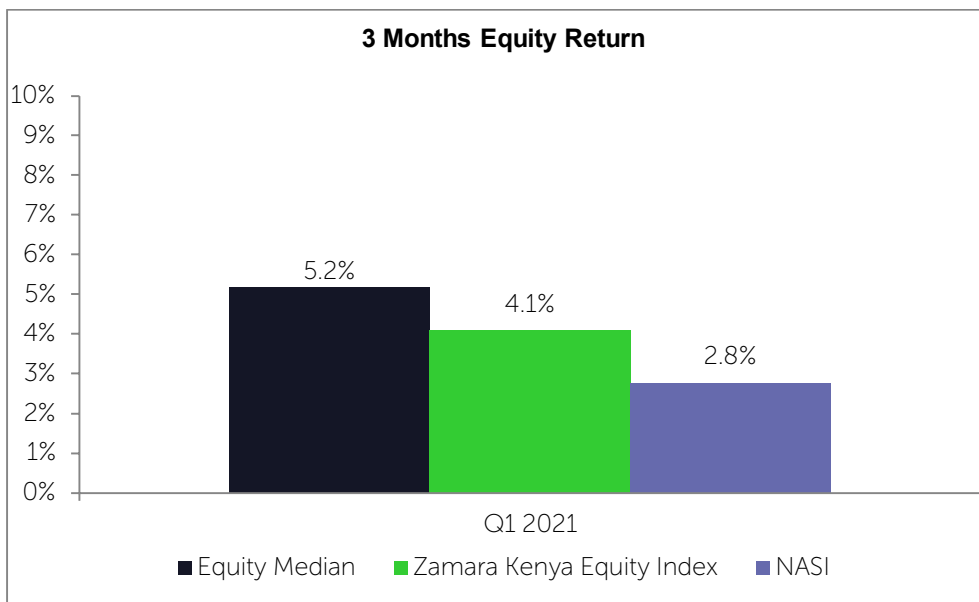
Asset Class Returns for 3 Months Ending 30 September 2021

	Equity	Fixed Income	Offshore
25th Percentile	4.7%	2.7%	0.9%
Median	5.2%	2.8%	2.5%
75th Percentile	5.6%	2.9%	2.8%
Range of Returns	10.8%	4.1%	17.2%
Average	5.1%	2.8%	1.9%
Weighted Average	4.9%	2.8%	1.0%

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

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

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



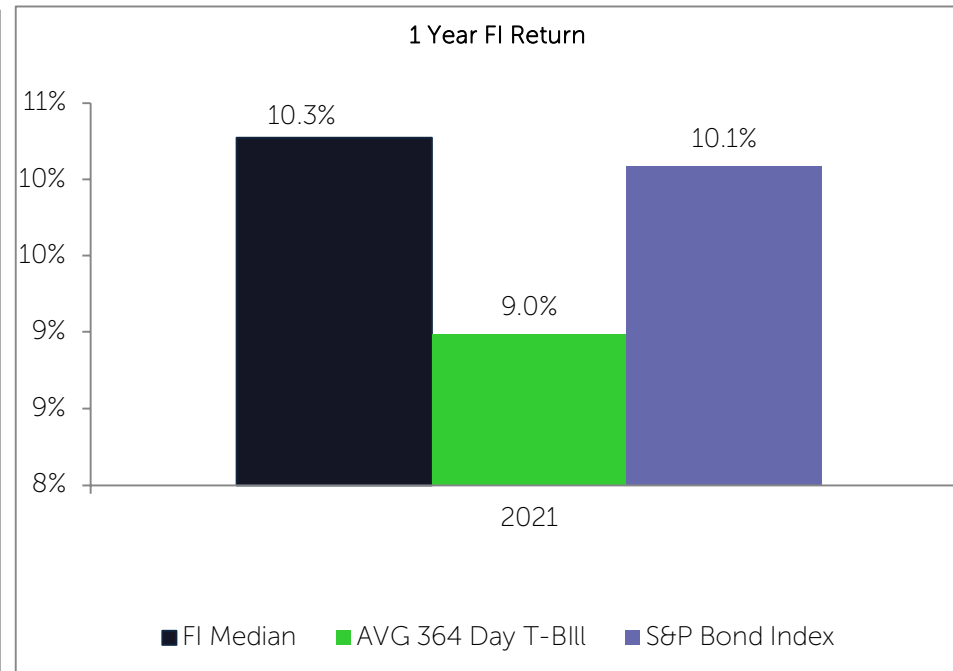
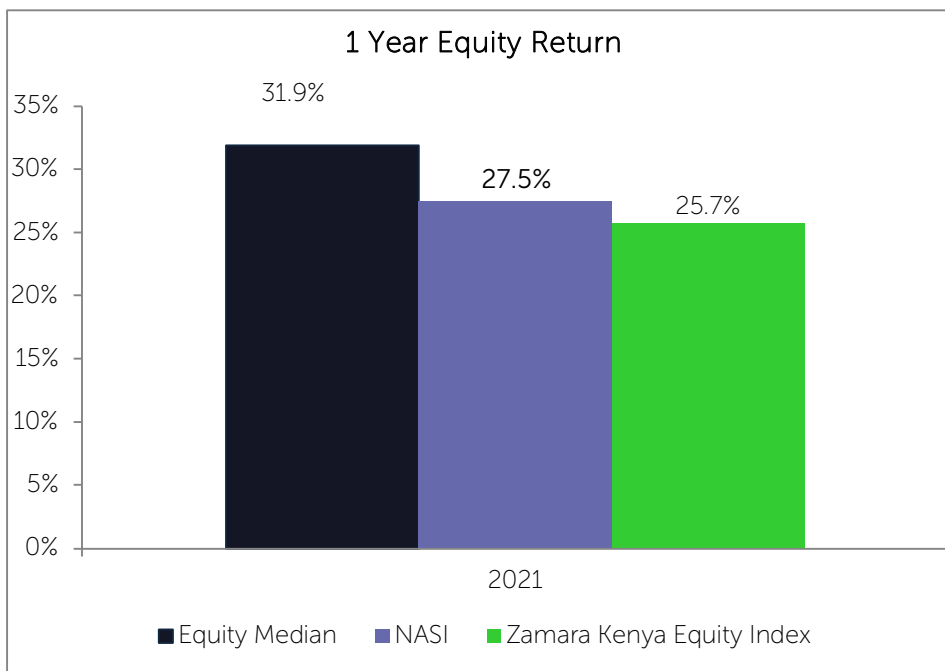
Asset Class Returns for 1 Year Ending 30 September 2021

	Equity	Fixed Income	Offshore
25th Percentile	30.0%	9.9%	16.2%
Median	31.9%	10.3%	20.4%
75th Percentile	33.2%	10.6%	25.6%
Range of Returns	65.6%	11.3%	52.8%
Average	31.2%	10.3%	19.9%
Weighted Average	29.2%	10.1%	20.8%

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.



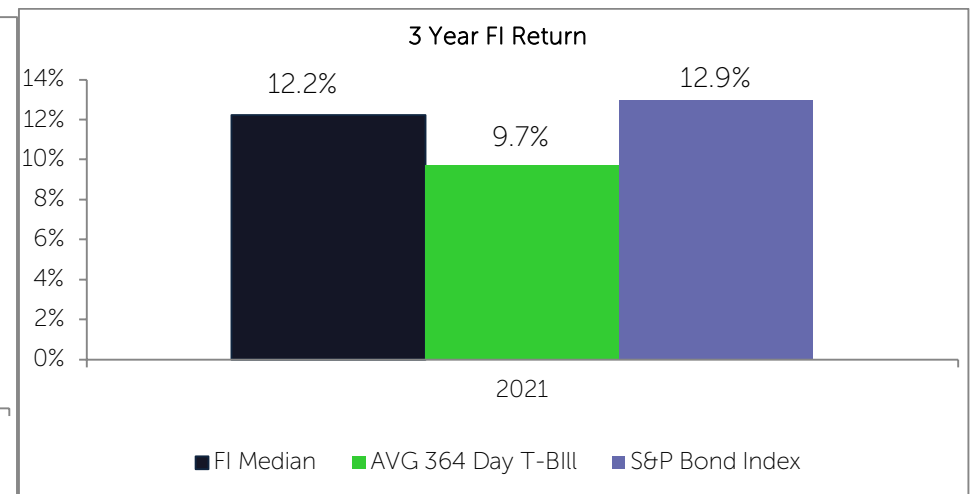
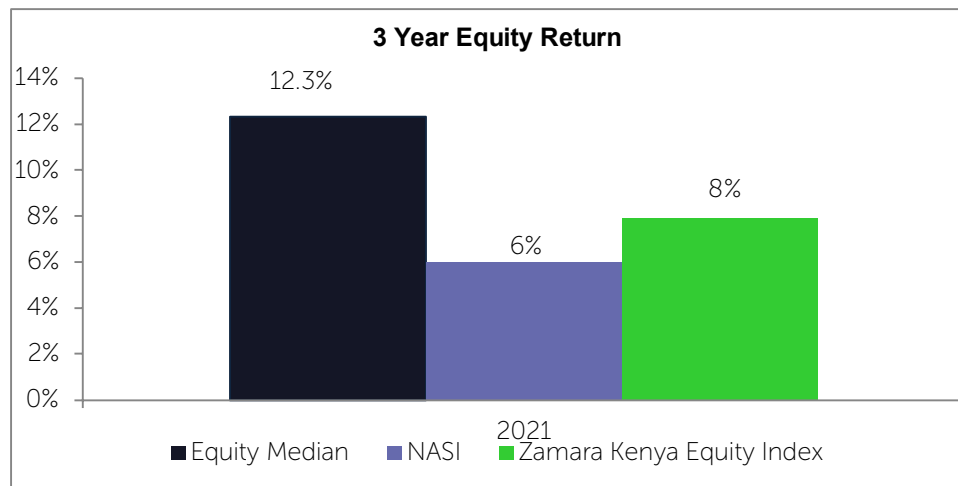
Asset Class Returns for 3 Years Ending 30 September 2021

	Equity	Fixed Income	Offshore
25th Percentile	9.8%	11.9%	10.4%
Median	12.3%	12.2%	19.9%
75th Percentile	13.6%	12.6%	21.8%
Range of Returns	49.6%	7.3%	47.9%
Average	11.7%	12.2%	16.9%
Weighted Average	11.6%	12.3%	18.8%

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.



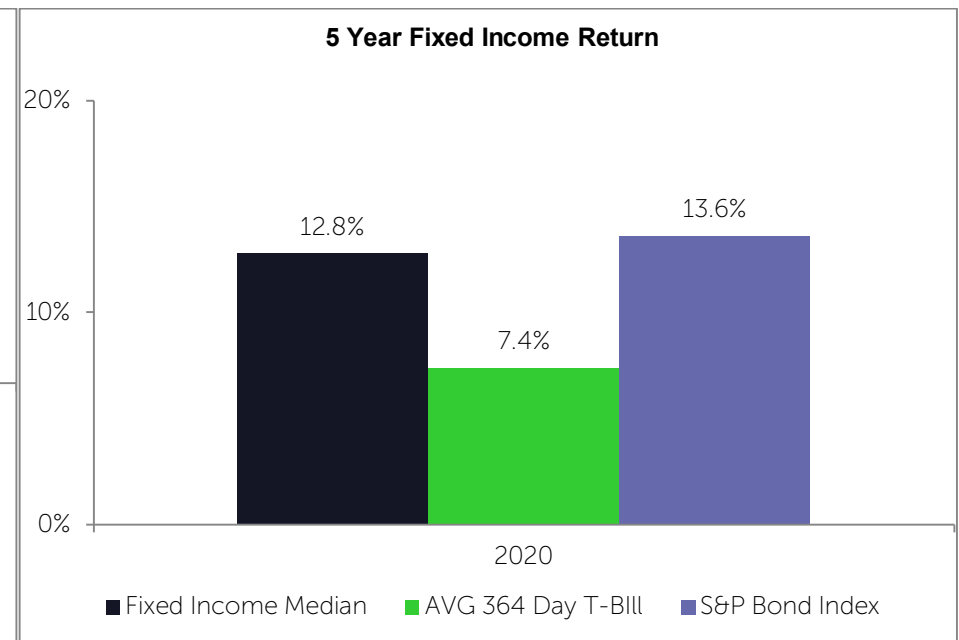
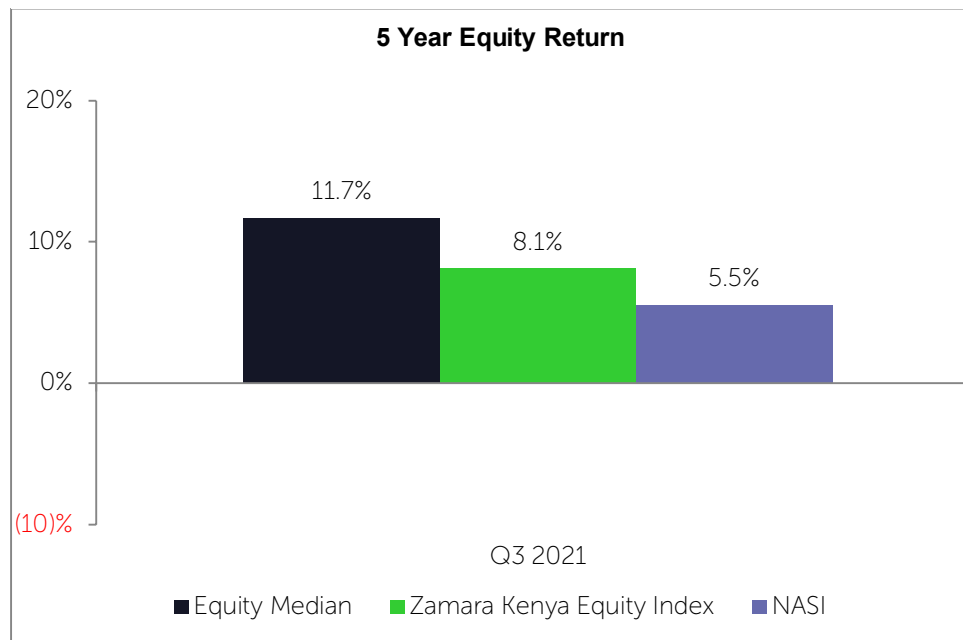
Asset Class Returns for 5 Years Ending 30 September 2021

	Equity	Fixed Income	Offshore
25th Percentile	9.6%	12.4%	13.7%
Median	11.7%	12.8%	18.2%
75th Percentile	13.1%	13.1%	19.8%
Range of Returns	44.8%	8.5%	23.9%
Average	11.6%	12.7%	15.3%
Weighted Average	11.1%	12.7%	15.4%

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 September 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%	70.9%	5.4%	1.3%	10.4%	86.0%	3.2%	0.4%	24.1%	70.2%	4.5%	1.2%	30.2%	49.8%	16.4%	3.6%
Weighted Average	24.1%	60.7%	13.7%	1.6%	8.9%	61.4%	29.4%	0.2%	24.1%	65.9%	8.5%	1.5%	36.7%	38.2%	21.6%	3.5%
Range of Allocation	70.8%	100.0%	100.0%	13.5%	19.9%	100.0%	100.0%	6.9%	25.8%	57.5%	66.7%	6.5%	62.9%	61.3%	88.6%	13.5%
Median	19.6%	66.3%	-	-	11.7%	87.1%	-	-	21.7%	68.1%	-	-	31.6%	56.8%	-	3.0%

For comparison, we include the asset allocation figures as shown in our June 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	22.4%	71.2%	5.3%	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%

21.7% of the Schemes participating in the Survey had an allocation to property.

37.4% 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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