



Zamara Consulting Actuaries Schemes Survey

March 2021



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Powering Prosperity

Introduction

We are pleased to present our 61st Investment Performance Survey for the period ending 31 March 2021.

This Survey covers 421 schemes with a total of K Shs 969.2 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	30	
CIC Insurance	7	
Co-op Trust Investments	59	
GenAfrica Asset Managers	97	
ICEA Lion Asset Management Limited	56	
NCBA Investment Bank Limited	2	
Old Mutual Investment Group Limited	85	
Sanlam Investments East Africa Limited	73	
Cytonn	2	
Subtotal	421	969,195

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 Q1 2021

General Economic Review: Kenya's Government introduced new Covid-19 restrictions that included restricted travel in Nairobi and four other counties, longer curfew hours and closure of bars and restaurants. The restrictions have raised fears of a second wave of job losses and pay cuts across sectors of the economy.

Inflation: Year on year inflation at the end of the quarter was 5.9% compared to 5.6% in the previous quarter. The increase was caused by the rising cost of importing oil products.

Currency Market: The Kenya Shilling depreciated by 0.3% during the quarter against the U.S. Dollar to close at K Shs 109.5, from K Shs 109.2 at 31 December 2020. Over the 1-year period the Shilling had fallen against the dollar because of global economic uncertainty.

Index	Q1	1 yr	3 yr ⁴	5yr ⁴
NASI	4.3%	20.2%	(6.0%)	1.5%
Zamara Kenya Equity Index	4.8%	17.7%	(5.4%)	3.1%
NSE 25 Share Index ³	3.4%	13.6%	(10.7%)	(3.7%)
S&P Kenya Sovereign Bond Index	0.6%	10.9%	13.3%	14.3%
FTSE Bond Performance Index	1.9%	13.1%	13.8%	14.7%
91 Day Tbill	1.7%	6.8%	7.1%	7.5%
Inflation CPI K Shs	1.7%	5.9%	5.2%	5.8%
USD/K Shs ¹	(0.3%)	(4.4%)	(2.7%)	(1.5%)
MSCI ACWI Index ²	3.9%	45.5%	7.0%	9.4%
MSCI Emerging Markets ²	1.6%	48.3%	1.2%	7.8%
MSCI World Index ²	4.5%	45.1%	7.8%	9.6%

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 31 March 2021

Source: NSE, CBK, MSCI, KNBS

Equity Market: The equity market posted positive performance at the end of the quarter as NASI & ZKEI gained 4.3% & 4.8%, respectively. The rally was due to gains in blue-chip stocks in the banking, telecommunications, and manufacturing sectors. The blue-chip stocks are favorites of foreign investors who trooped back into the local equities market. Over the 12 months leading to the end of the quarter, the equity market defied the negative hit on the economy caused by the Covid-19 pandemic to record gains of 20.2% and 17.7% for NASI & ZKEI, respectively.

Fixed Income: The Monetary Policy Committee retained the Central Bank Rate at 7.0% for the seventh straight time. The Committee believed that measures it had put in place since March last year had helped mitigate Covid-19's effect on the economy.

The average yield on the three-month Treasury Bill increased to 6.8% at the end of the quarter from 6.2% at the end of the previous quarter. Yields evolved upward across all tenors. The upward momentum in the yield curve hurt the bond valuations.

The S&P Kenya Sovereign Bond Index gained 0.6% over the quarter compared to 4.3% in the previous quarter.

Offshore markets: The global equity market sustained its positive performance during the quarter on the backdrop of the vaccine uptake and the coronavirus stimulus bill approval in the USA. The Developed Markets Equity Index, the All World Equity Index and the Emerging Markets Index gained 4.8%, 4.2%, and 1.9% respectively in USD terms over the quarter.

Executive Summary and Key Highlights

Key Highlights

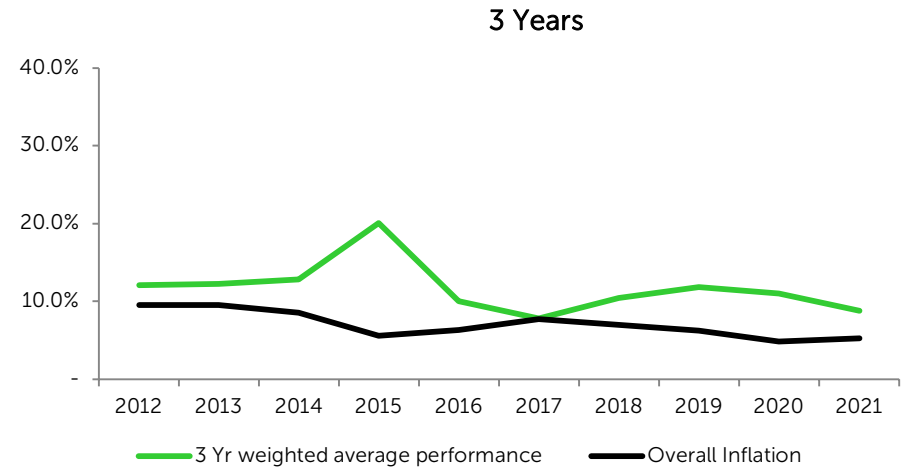
We set out in the table below, a summary of the median performance of schemes for each of the years from 31 March 2012 to 31 March 2021.

Period Ending 31 March	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Number of Schemes Participating	131	132	126	317	373	379	389	417	415	421
Total Assets K Shs Bn	146.5	195.2	224.6	490.4	535.3	582.5	717.9	808.3	852.4	969.2
1 Yr Median performance	(3.5)%	29.4%	15.9%	14.9%	1.4%	7.8%	22.6%	5.6%	5.7%	14.2%
3 Yr Median performance	12.1%	12.2%	12.8%	20.1%	10.0%	7.8%	10.4%	11.8%	11.0%	8.7%
Overall 1 year Inflation ¹	15.6%	4.1%	6.3%	6.3%	6.5%	10.3%	4.2%	4.3%	6.1%	5.9%
Overall 3 year Inflation ²	9.5%	9.5%	8.6%	5.6%	6.3%	7.7%	6.9%	6.2%	4.9%	5.2%

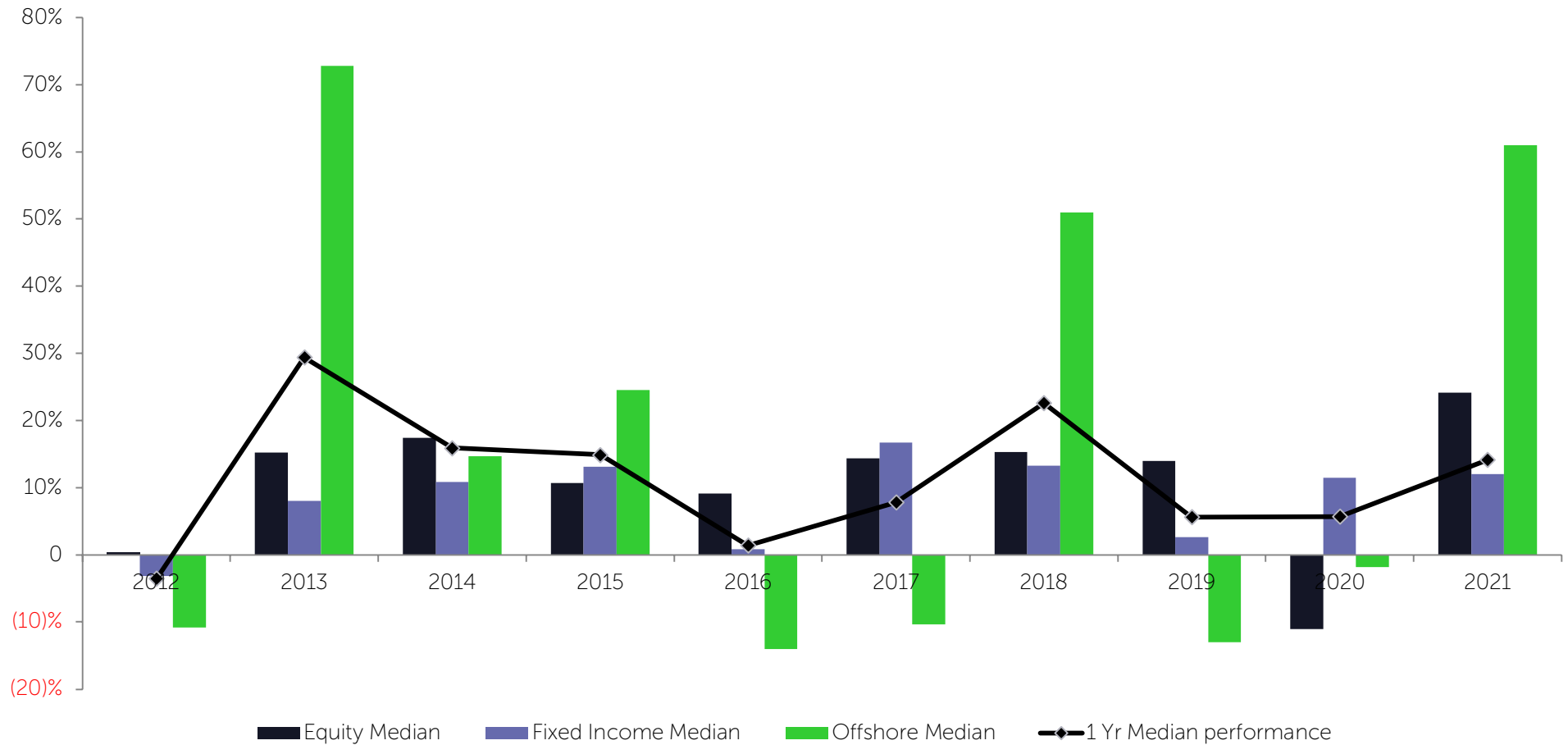
Notes:

1. Based on KNBS Statistics 2011 – 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 and 3 year period. Over 1 year, median returns underperformed inflation in 2012, 2016 and 2020 as shown in the 1 year chart below. Over 3 years, median returns outperformed inflation as shown in the chart below.



Executive Summary and Key Highlights



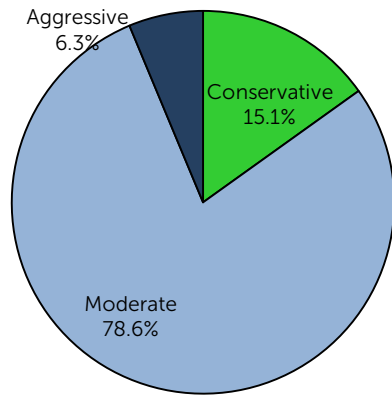
The chart above shows the median performance trend of the three asset classes (equity, fixed income and offshore) as at 31 March for each of the last 10 years.

Risk Profile of Participating Schemes

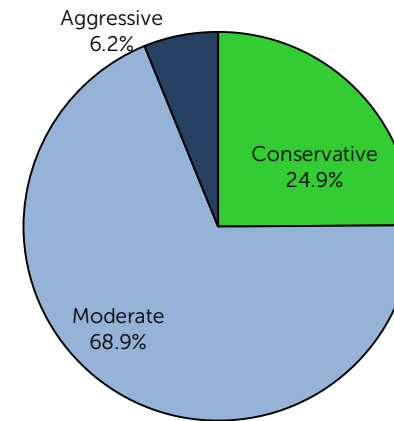
STATISTICS					
Risk Profile	Fixed Income Allocation*	Number of Schemes	Scheme Percentage %	Assets Under Management K Shs m*	Asset Percentage %
Conservative	Over 80%	105	24.9%	131,216	15.1%
Moderate	65% to 80%	290	68.9%	682,736	78.6%
Aggressive	Less than 65%	26	6.2%	54,815	6.3%
Total		421	100.0%	868,767	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



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

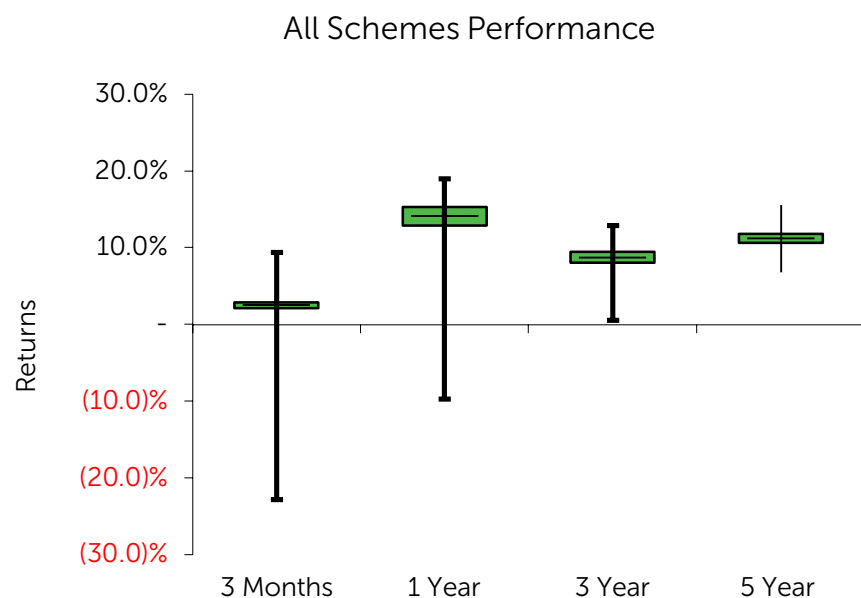
The survey is dominated by moderate schemes; they comprise 68.9% of participating schemes and manage 78.6% of assets in this survey.

Conservative schemes make up 25% of number of participating schemes with 15.1% of assets under management. Aggressive schemes make up 6.2% of number of participating schemes with 6.3% of assets under management.

Analysis and Distribution of Returns for the Period

	3 Month	1 year	3 year*	5 year*
25th Percentile	2.1%	12.9%	8.0%	10.6%
Median	2.5%	14.2%	8.7%	11.2%
75th Percentile	2.9%	15.3%	9.4%	11.8%
Range of Returns	8.2%	32.2%	28.6%	12.3%
Average	2.5%	13.4%	8.6%	11.1%
Weighted Average	2.6%	14.1%	8.4%	10.8%

*Annualised return



Over the quarter ended 31 March 2021, the median return of the participating schemes was 2.5%, compared to 3.0% in December 2020. The decline in performance has been attributed to the lower performance in fixed income reflected by the rising yield curve.

Over the 1-year period to 31 March 2021, the median return of the participating schemes was 14.2% compared to 5.7% over a similar period in 2020. The improved performance is due to increased economic activity as businesses reopened with the lifting of Covid-19 restrictions.

Over the 3-year period to 31 March 2021, the median return of the participating schemes was an annualized 8.7%.

Over the 5-year period to 31 March 2021, the median return of the participating schemes was an annualized 11.2%.

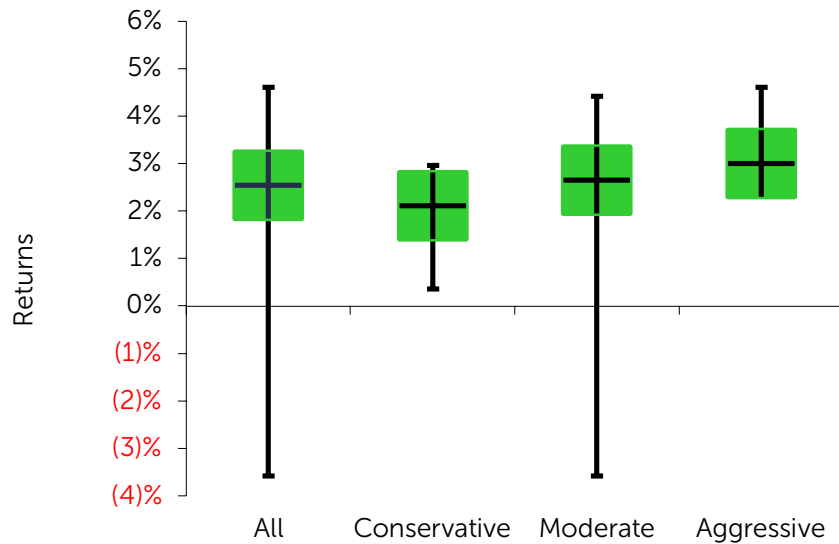
The box plots on the next page show our analysis of the median and range of returns of the participating schemes categorized by risk profile: conservative, moderate and aggressive schemes

Analysis and Distribution of Returns

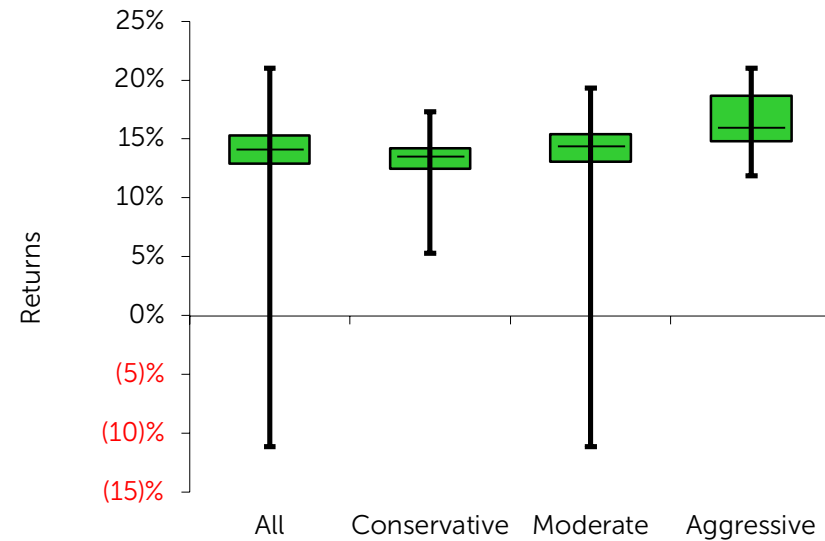
	Return Distribution											
	Conservative Schemes				Moderate Schemes				Aggressive Schemes			
	3 Month	1 year	3 year*	5 year*	3 Month	1 year	3 year*	5 year*	3 Month	1 year	3 year*	5 year*
25th Percentile	1.9%	12.4%	8.8%	10.9%	2.3%	13.1%	8.0%	10.5%	2.8%	14.8%	7.6%	10.4%
Median	2.1%	13.5%	9.4%	11.8%	2.7%	14.4%	8.6%	11.1%	3.0%	16.0%	8.2%	11.2%
75th Percentile	2.3%	14.2%	10.0%	12.1%	3.0%	15.4%	9.2%	11.6%	3.2%	18.7%	8.5%	11.3%
Range of Returns	2.6%	12.0%	10.8%	11.0%	8.0%	30.5%	27.8%	6.0%	2.2%	9.2%	4.6%	6.6%
Average	2.1%	12.9%	9.4%	11.4%	2.6%	13.3%	8.5%	11.0%	3.1%	16.5%	7.8%	11.0%
Weighted Average	2.2%	13.3%	9.2%	11.6%	2.7%	13.9%	8.3%	10.7%	3.0%	17.1%	7.7%	11.1%

*Annualised return

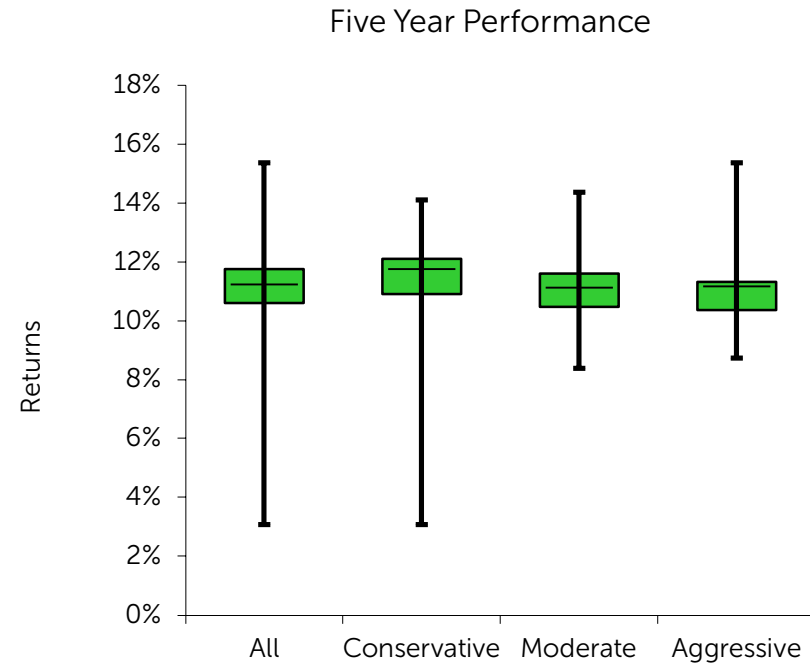
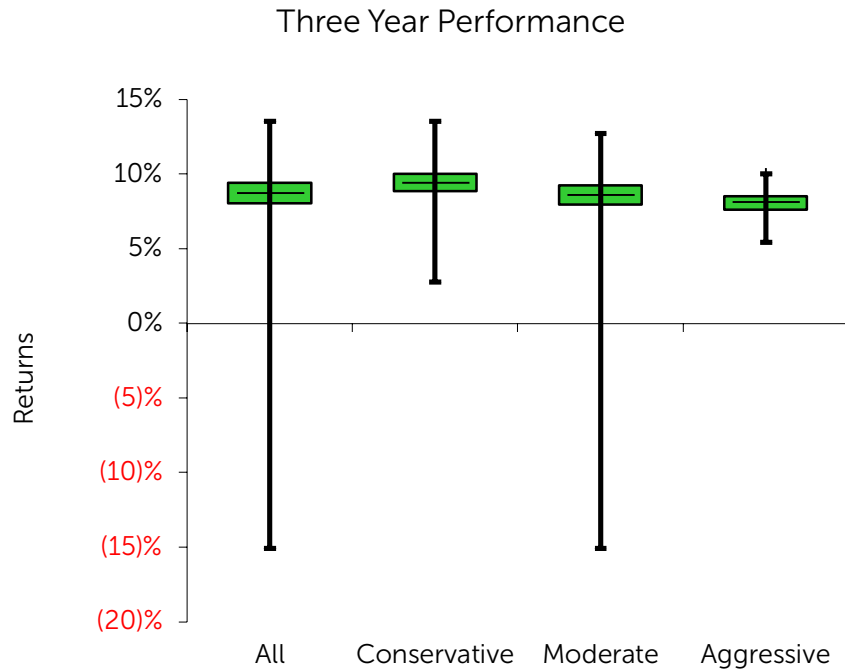
Three Months Performance



One Year Performance



Analysis and Distribution of Returns



Conservative schemes had the strongest performance median return over the 3 years and 5 years; on the background of better performance from the fixed income asset class over these periods. Conservative schemes have a higher allocation towards fixed income assets (Bonds, Treasury bills and Fixed deposits)

Aggressive schemes posted the highest median returns over the 3 month and 1 year periods, aided by resilience in the stock market over the quarter. The recovery in the equity's performance will be driven by signs of increased economic activity in various sectors and easing of the COVID -19 restrictions.

Asset Class Returns for 3 Months Ending 31 March 2021

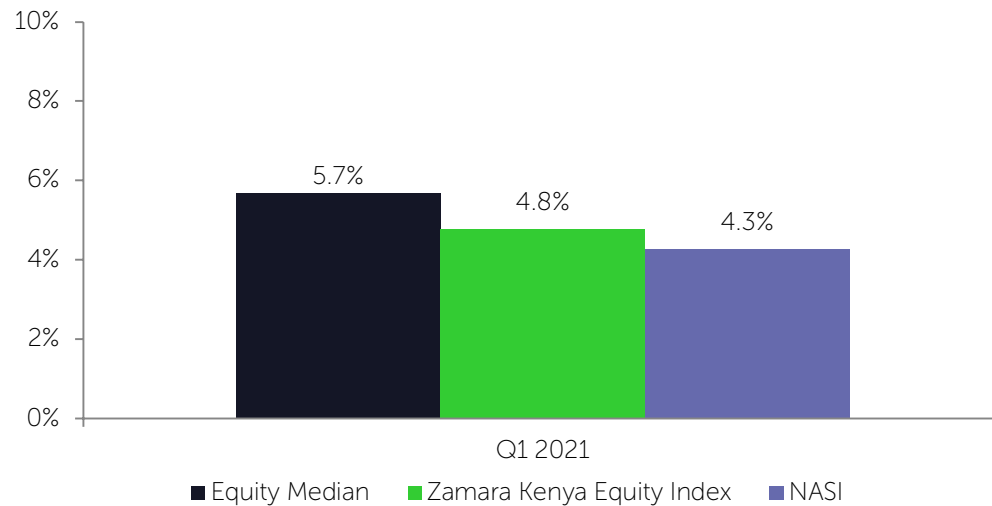
	Equity	Fixed Income	Offshore
25th Percentile	4.6%	1.5%	(2.2)%
Median	5.7%	1.7%	(1.9)%
75th Percentile	6.2%	1.9%	(1.9)%
Average	5.4%	1.7%	(0.9)%
Weighted Average	5.7%	1.7%	0.7%

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

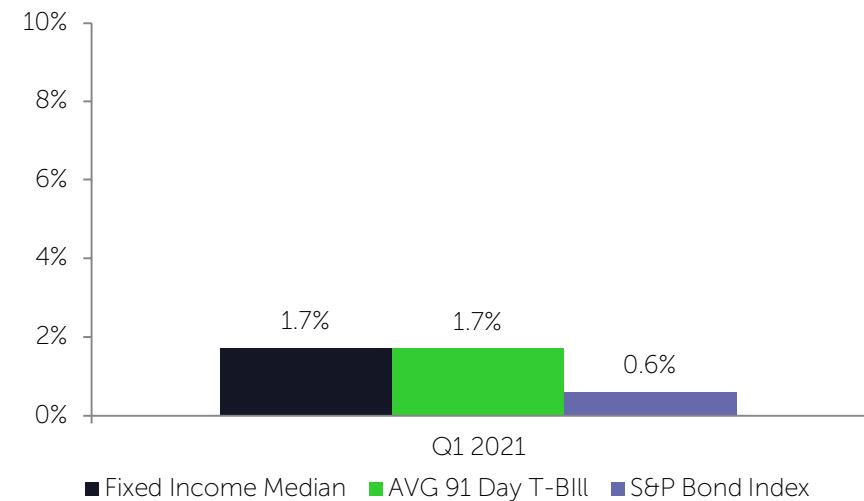
Fixed Income: The fixed income median return outperformed the S&P Bond index.

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

3 Months Equity Return



3 Months Fixed Income



Asset Class Returns for 1 Year Ending 31 March 2021

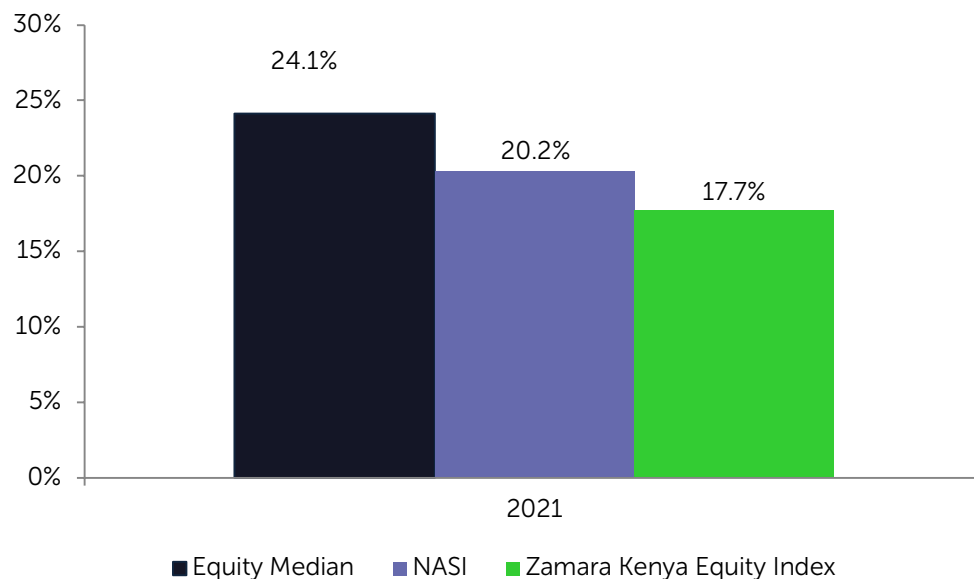
	Equity	Fixed Income	Offshore
25th Percentile	19.9%	11.7%	49.1%
Median	24.1%	12.0%	61.0%
75th Percentile	26.3%	12.4%	67.1%
Average	19.3%	12.0%	55.6%
Weighted Average	21.5%	11.8%	55.9%

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

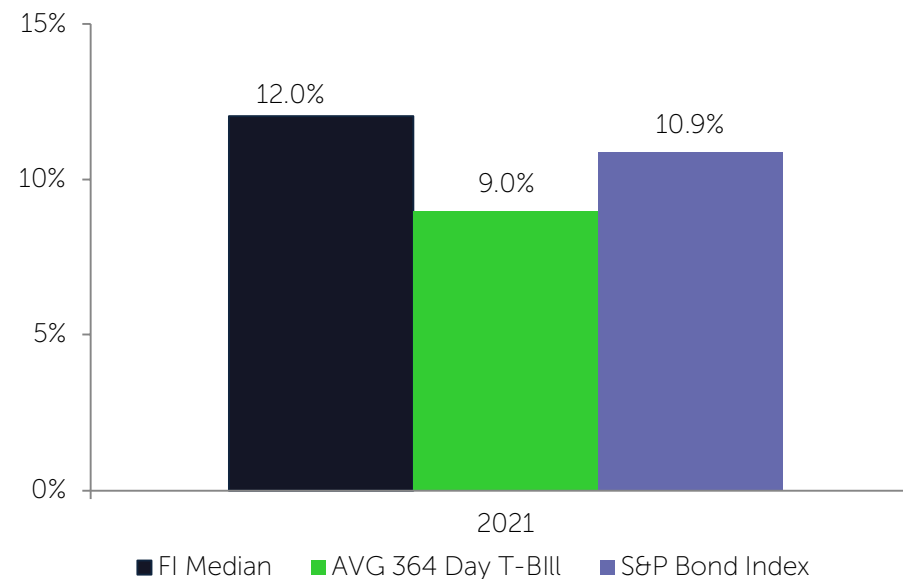
Fixed Income: The fixed income median return outperformed the indices over the 1 year period

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

1 Year Equity Return



1 Year FI Return



Asset Class Returns for 3 Years Ending 31 March 2021

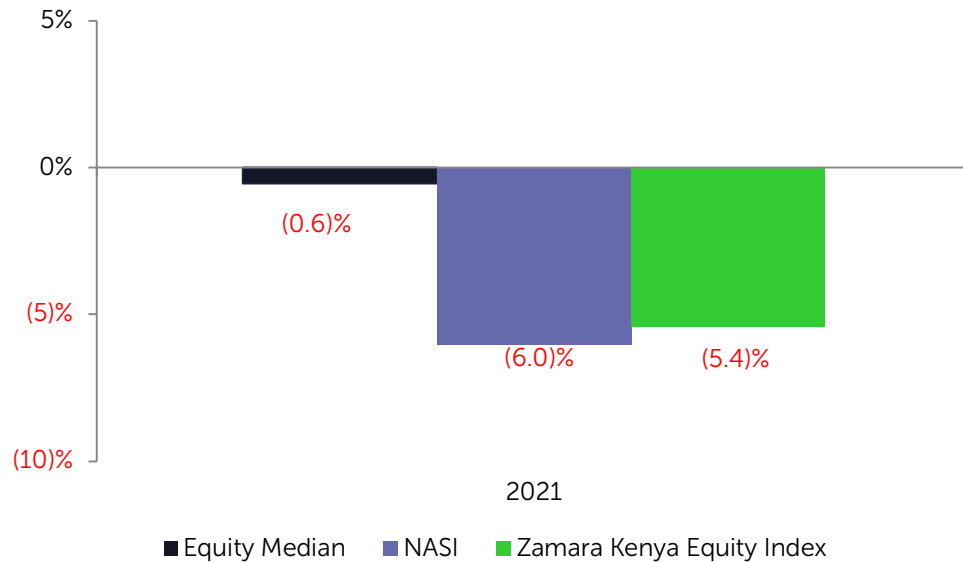
	Equity	Fixed Income	Offshore
25th Percentile	(2.1)%	12.3%	12.3%
Median	(0.6)%	12.7%	17.1%
75th Percentile	1.0%	13.0%	20.0%
Average	(0.8)%	12.6%	15.9%
Weighted Average	(0.4)%	12.7%	16.7%

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

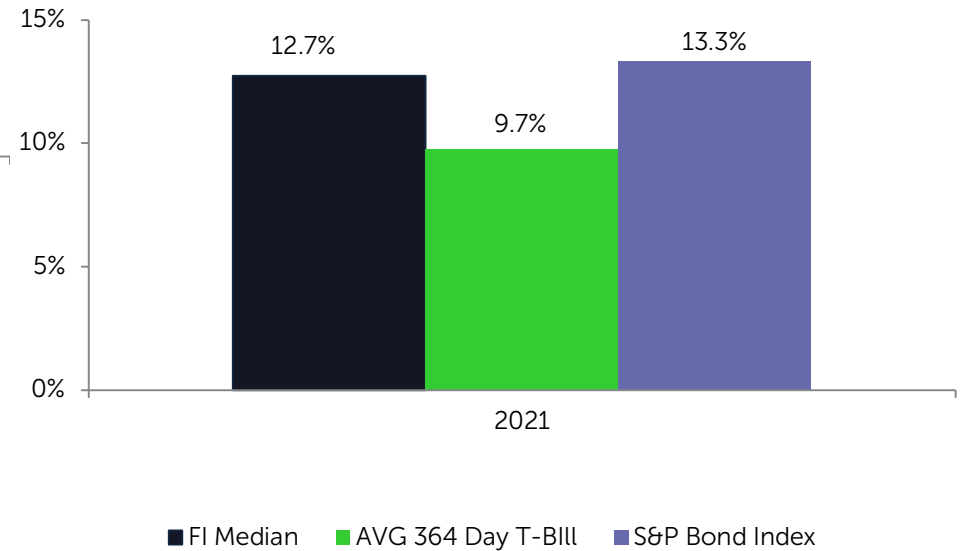
Fixed Income: The fixed income median return outperformed the average 364 Day Treasury Bill but underperformed the S&P Bond Index.

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

3 Year Equity Return



3 Year FI Return



S

Asset Class Returns for 5 Years Ending 31 March 2021

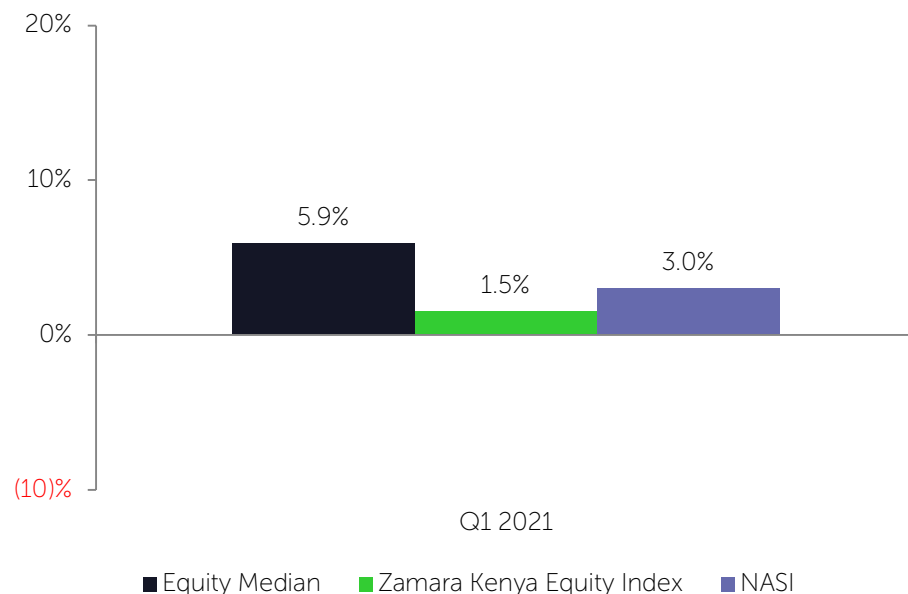
	Equity	Fixed Income	Offshore
25th Percentile	3.5%	13.3%	14.7%
Median	5.9%	13.7%	17.3%
75th Percentile	7.2%	14.1%	18.6%
Average	5.4%	13.6%	15.3%
Weighted Average	5.0%	13.6%	16.2%

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

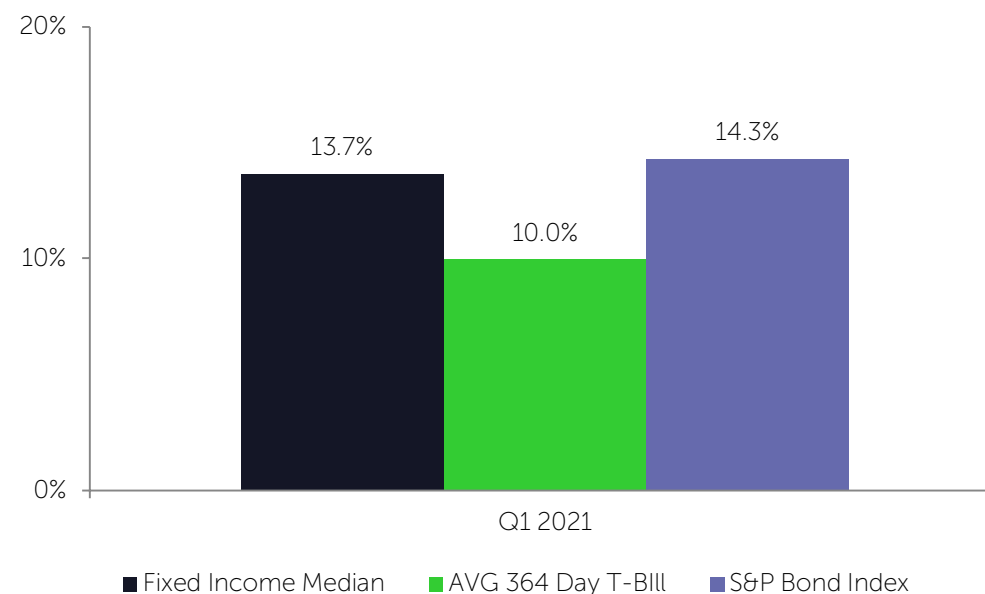
Fixed Income: The fixed income median return outperformed the average 364 Day Treasury Bill but underperformed the S&P Bond Index.

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

5 Year Equity Return



5 Year Fixed Income Return



Analysis of Asset Allocation for the Period Ending 31 March 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	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%	3.5%
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	17.8%	68.2%	-	-	15.0%	84.4%	-	-	21.1%	67.9%	-	-	22.5%	32.7%	-	-

For comparison, we include the asset allocation figures as shown in our December 2020 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	20.8%	72.8%	5.4%	0.9%	12.7%	84.7%	2.5%	0.1%	23.6%	69.8%	5.6%	1.0%	29.8%	44.4%	21.6%	4.2%
Weighted Average	21.3%	66.5%	11.0%	1.2%	12.9%	80.7%	6.1%	0.2%	23.1%	66.2%	9.7%	1.0%	20.9%	38.8%	35.0%	5.3%
Range of Allocation	78.1%	95.0%	84.6%	14.3%	20.0%	75.6%	75.6%	6.6%	24.6%	58.4%	67.0%	8.6%	68.2%	59.4%	84.6%	14.3%
Median	21.7%	74.9%	-	-	15.1%	84.4%	-	-	23.2%	73.4%	-	-	27.0%	48.5%	-	-

21.3% of the Schemes participating in the Survey had an allocation to property.

25.2% of the Schemes participating in the Survey had an allocation to offshore assets.

The Survey indicates that the average scheme's exposure to equity increased with allocations to fixed income slightly 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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