



# **Zamara Consulting Actuaries Schemes Survey**

**September 2017**



**zamara**   
Powering Prosperity

# Introduction

We are pleased to present our 47th Investment Performance Survey (previously Alexander Forbes Consulting Actuaries Schemes Survey) for the period ending 30 September 2017.

This Survey covers 372 schemes with a total of K Shs 633.4 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 ( K Shs m)
African Alliance Kenya Investment Bank Limited	7	
Apollo Asset Managers	4	
British American Asset Managers	22	
CIC Insurance	7	
Co-op Trust Investments	51	
GenAfrica	83	
ICEA Lion Asset Management Limited	33	
Old Mutual Investment Group Limited	80	
Sanlam Investments Limited	3	
Sanlam Investments East Africa Limited (previously PineBridge Investments)	62	
Stanlib Investments	20	
<b>Subtotal</b>	<b>372</b>	<b>633,411</b>

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.

# Executive Summary and Key Highlights

## Key Highlights

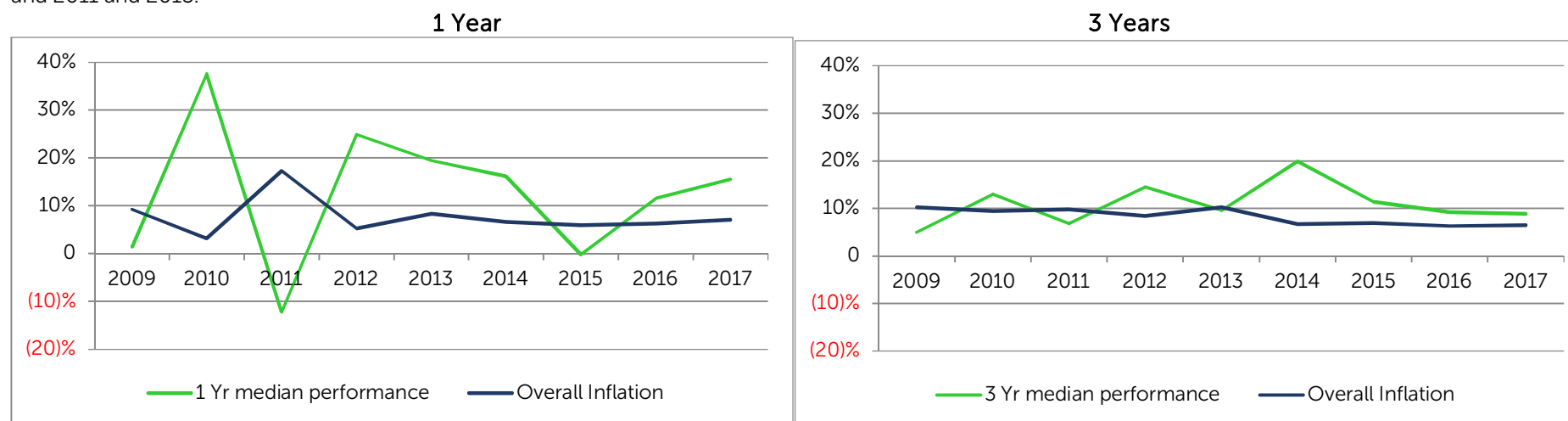
We set out in the table below, a summary of the median performance of Schemes for each of the years from 30 September 2009 to 30 September 2017.

Period Ending 30 September	2009	2010	2011	2012	2013	2014	2015	2016	2017
Number of Schemes Participating	126	126	128	134	128	383	380	386	372
Total Assets K Shs Bn	99.9	139.3	128.8	175.0	197.2	524.9	510.3	596.8	633.4
1 Yr Median performance	1.4%	37.6%	(12.2)%	24.9%	19.5%	16.2%	(0.2)%	11.6%	15.5%
3 Yr Median performance	5.0%	13.0%	6.8%	14.5%	9.5%	19.9%	11.4%	9.2%	8.9%
Overall 1 year Inflation <sup>1</sup>	9.2%	3.2%	17.3%	5.3%	8.3%	6.6%	6.0%	6.3%	7.1%
Overall 3 year Inflation <sup>2</sup>	10.2%	9.4%	9.8%	8.4%	10.2%	6.7%	6.9%	6.3%	6.5%

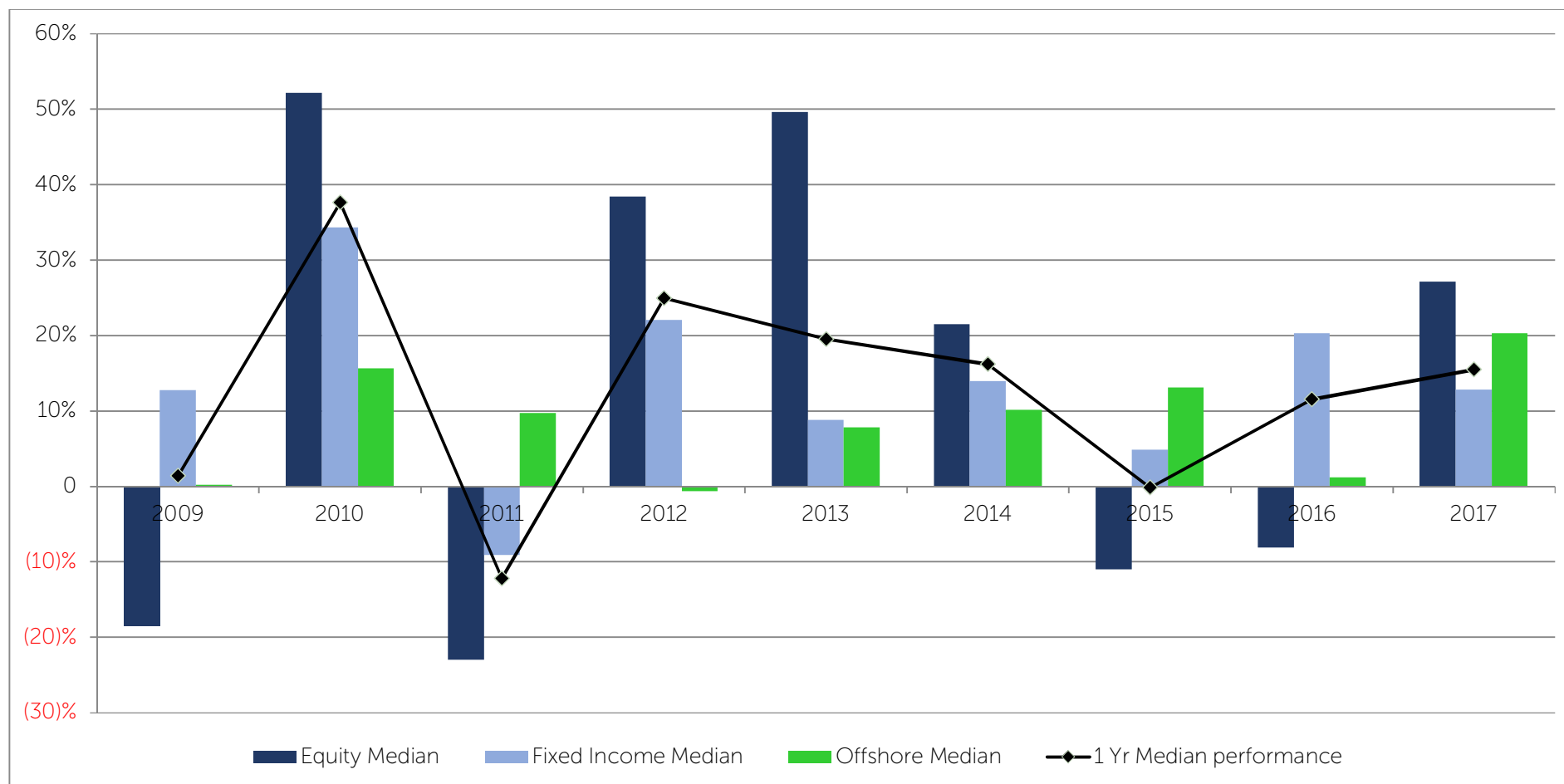
Notes:

1. Based on KNBS Statistics 2006 – 2017 (September figures): [www.knbs.or.ke/](http://www.knbs.or.ke/)
2. Calculated geometric average over 3 year period.

The Survey indicates that the median scheme did not always outperform overall inflation over the 1 year period. Over 1 year, median returns underperformed inflation in 2009, 2011 and 2015 as shown in the 1 year chart below. Over 3 years, median returns have outperformed inflation with the exception of the years 2009 and 2011 and 2013.



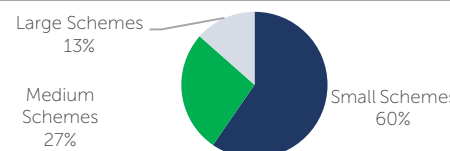
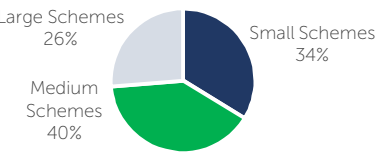

## Executive Summary and Key Highlights



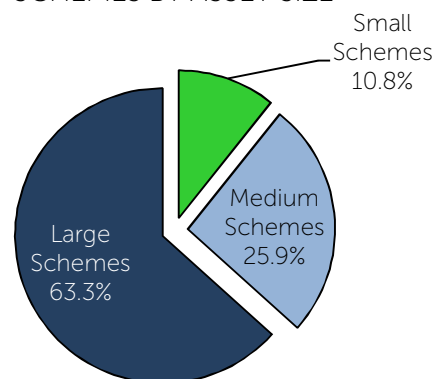
The chart above shows the median performance trend of the three asset classes (equity, fixed income and offshore) as at 30 September for each of the last 9 years.

# Risk Profile & Size Categorisation of Participating Schemes

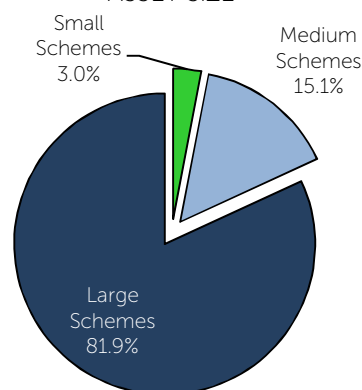
## STATISTICS

Risk Profile	Fixed Income Allocation	Size	Market Value (K Shs Million)	Number of Schemes	Assets Under Management	Distribution of Participating Schemes by Number
Conservative	Over 80%	Small Schemes	Less than 250	31	2,991	 <p>Large Schemes 13%</p> <p>Medium Schemes 27%</p> <p>Small Schemes 60%</p>
		Medium Schemes	250 to 1,000	14	7,219	
		Large Schemes	Over 1,000	7	17,637	
Total				52	27,847	
Moderate	65% to 80%	Small Schemes	Less than 250	81	9,688	 <p>Large Schemes 26%</p> <p>Medium Schemes 40%</p> <p>Small Schemes 34%</p>
		Medium Schemes	250 to 1,000	96	48,679	
		Large Schemes	Over 1,000	63	263,527	
Total				240	321,894	
Aggressive	Less than 65%	Small Schemes	Less than 250	9	870	 <p>Small Schemes 11%</p> <p>Medium Schemes 25%</p> <p>Large Schemes 64%</p>
		Medium Schemes	250 to 1,000	20	11,222	
		Large Schemes	Over 1,000	51	271,578	
Total				80	283,670	

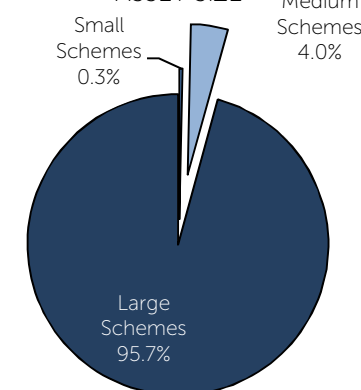
DISTRIBUTION OF CONSERVATIVE SCHEMES BY ASSET SIZE



DISTRIBUTION OF MODERATE SCHEMES BY ASSET SIZE



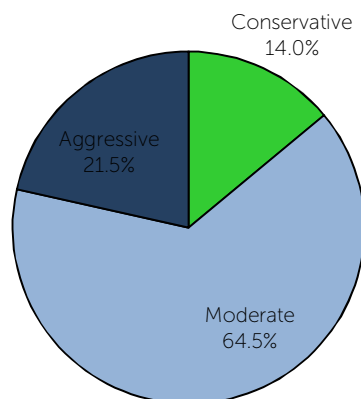
DISTRIBUTION OF AGGRESSIVE SCHEMES BY ASSET SIZE



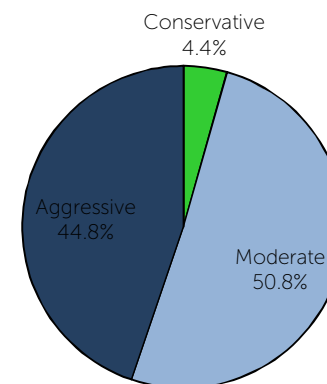
# Risk Profile of Participating Schemes

STATISTICS					
Risk Profile	Fixed Income Allocation	Number of Schemes	Scheme Percentage %	Asset Percentage %	Assets Under Management
Conservative	Over 80%	52	14.0%	4.4%	27,847
Moderate	65% to 80%	240	64.5%	50.8%	321,894
Aggressive	Less than 65%	80	21.5%	44.8%	283,670
<b>TOTAL</b>		<b>372</b>	<b>100.0%</b>	<b>100.0%</b>	<b>633,411</b>

DISTRIBUTION OF PARTICIPATING SCHEMES BY NUMBER



DISTRIBUTION OF PARTICIPATING SCHEMES BY ASSET SIZE



372 Schemes qualified for inclusion in the Survey on the basis of being segregated arrangements with at least 1 year and 3 year consecutive return periods.

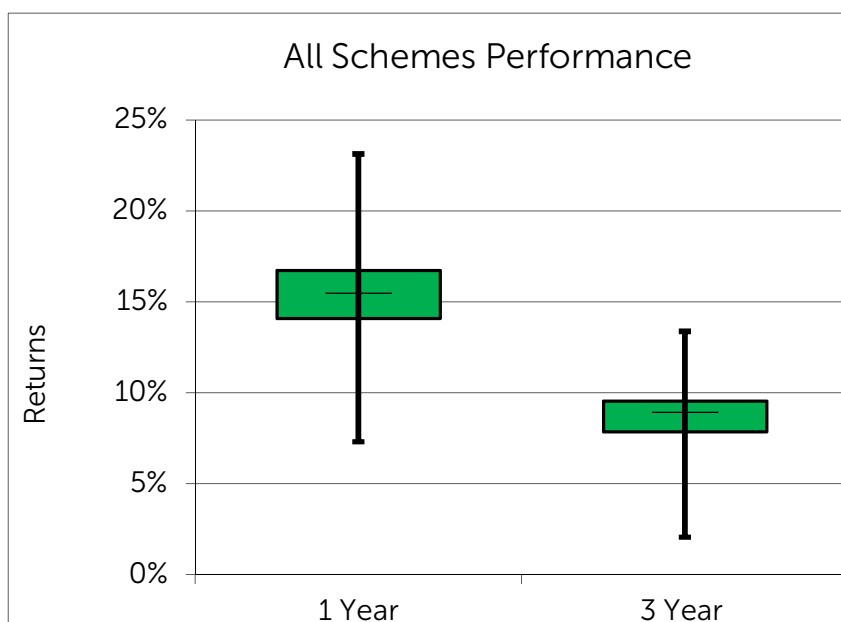
The survey is dominated by moderate schemes; they comprise 64.5% of participating schemes and manage 50.8% of assets in this survey.

Conservative schemes make up 14.0% of number of participating schemes but only 4.4% of assets under management; this is because 60% of the conservative schemes are small schemes.

Aggressive schemes make up only 21.5% of number of participating schemes but make up 44.8% of assets under management; this is because 64% of the aggressive schemes are large schemes.

# Analysis and Distribution of Returns for the Period Ending 30 September 2017

Performance per annum		
	1 year	3 year
Average	15.4%	8.7%
Weighted Average	15.7%	7.7%
Range of Returns	15.8%	11.3%
25th Percentile	14.1%	7.8%
Median	15.5%	8.9%
75th Percentile	16.7%	9.5%



The median return of the participating schemes was 15.5% over 1 year. There was a significant range of returns of 15.8%. However, the range between the 25<sup>th</sup> and 75<sup>th</sup> percentile was only 2.6%.

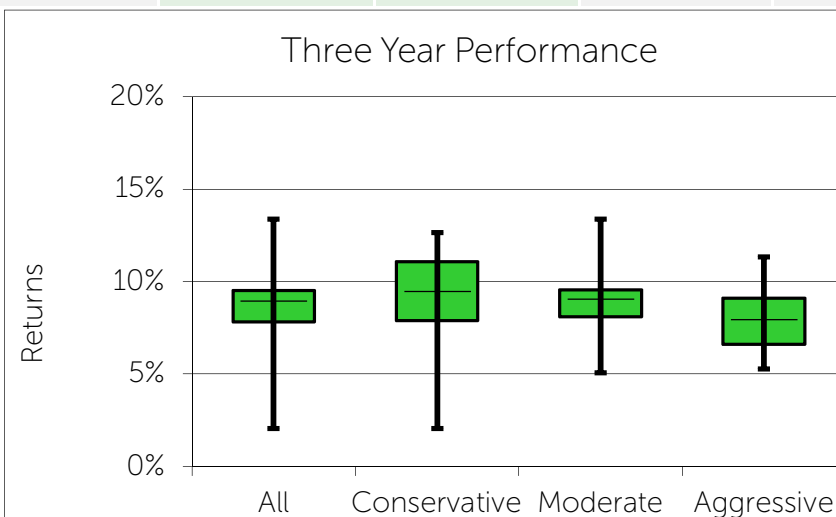
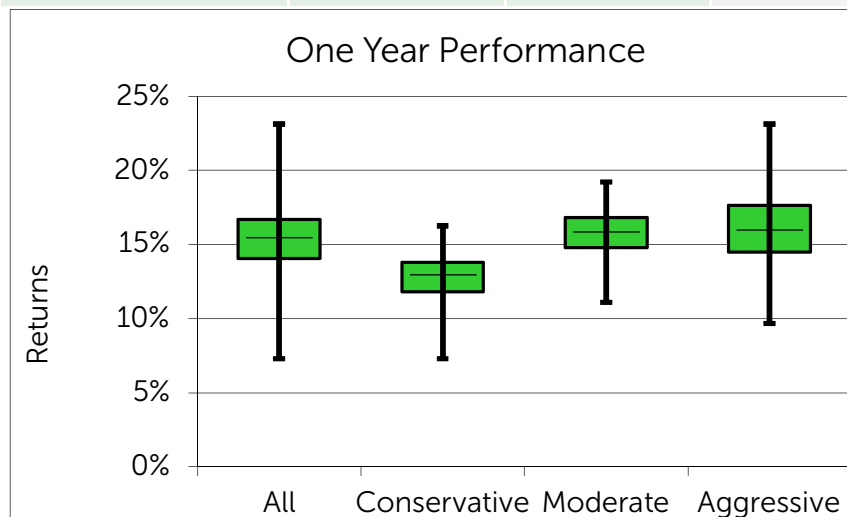
The median return of the participating schemes was an annualised 8.9% over 3 years with a range of returns of 11.3%. However, the range between the 25<sup>th</sup> and 75<sup>th</sup> percentile was only 1.7%.

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

The box plots on the page 14 show our analysis of the median and range of returns of the participating schemes categorized by size; small, medium and large schemes.

## Analysis and Distribution of Returns for the Period Ending 30 September 2017

Performance per annum								
	All Schemes		Conservative Schemes		Moderate Schemes		Aggressive Schemes	
	1 year (%)	3 year (%)	1 year (%)	3 year (%)	1 year (%)	3 year (%)	1 year (%)	3 year (%)
Average	15.4%	8.7%	12.6%	9.2%	15.7%	8.8%	16.1%	7.9%
Weighted Average	15.7%	7.7%	13.1%	9.4%	15.8%	7.9%	15.9%	7.3%
Range of Returns	15.8%	11.3%	9.0%	10.6%	8.1%	8.3%	13.5%	6.1%
25th Percentile	14.1%	7.8%	11.8%	7.9%	14.8%	8.1%	14.5%	6.6%
Median	15.5%	8.9%	13.0%	9.4%	15.9%	9.0%	16.0%	7.9%
75th Percentile	16.7%	9.5%	13.8%	11.1%	16.8%	9.5%	17.7%	9.1%



Aggressive schemes had the strongest performance over one year. The Aggressive schemes 25th Percentile return was superior to moderate and conservative schemes median return over the one year period.

The narrative for the three year period changes, with conservative schemes generating the highest median return and aggressive schemes posting the lowest.

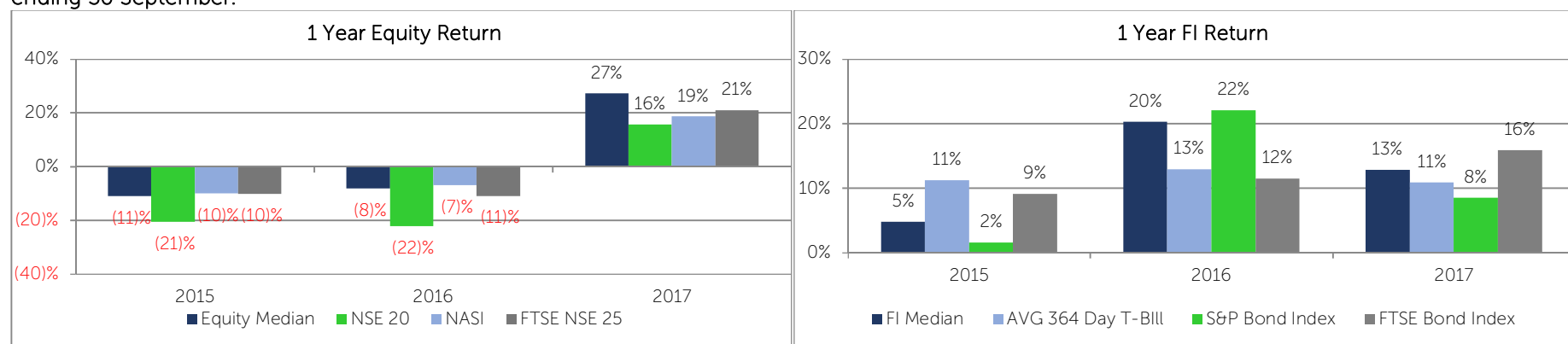
This is indicative of the aggressive schemes enjoying the returns from the equity market over the year while moderate schemes have enjoyed both fixed income and equity gains over the three year period.



# Asset Class Returns for 1 Year Ending 30 September 2017

Performance per annum												
	All Schemes			Conservative Schemes			Moderate Schemes			Aggressive Schemes		
	Equity	Fixed Income	Offshore	Equity	Fixed Income	Offshore	Equity	Fixed Income	Offshore	Equity	Fixed Income	Offshore
Average	25.9%	12.7%	17.6%	24.0%	12.1%	11.8%	26.4%	12.8%	17.6%	25.1%	12.8%	17.7%
Weighted Average	24.5%	13.1%	16.5%	21.2%	13.0%	13.5%	25.3%	13.2%	16.2%	23.8%	12.9%	16.6%
Range of Returns	52.4%	13.4%	27.7%	52.4%	9.3%	9.5%	35.1%	12.5%	26.6%	18.2%	12.6%	27.3%
25th Percentile	22.4%	12.1%	15.8%	18.8%	11.2%	9.4%	23.1%	12.3%	16.9%	20.3%	12.3%	12.9%
Median	27.1%	12.8%	20.3%	25.3%	12.0%	11.8%	27.6%	12.9%	20.3%	26.2%	12.9%	20.2%
75th Percentile	29.5%	13.4%	20.6%	28.6%	13.0%	14.2%	29.5%	13.4%	20.4%	29.2%	13.4%	20.6%

For comparison, the charts below indicate historical one year performance of select benchmarks and the Z - CASS asset class return median for the periods ending 30 September.



**Equity:** All schemes equity median return outperformed the NSE 20, NASI and FTSE NSE 25. There was a significantly large range in equity returns over the one year period; this due to one scheme with a small portfolio in equities which generated a strong positive return.

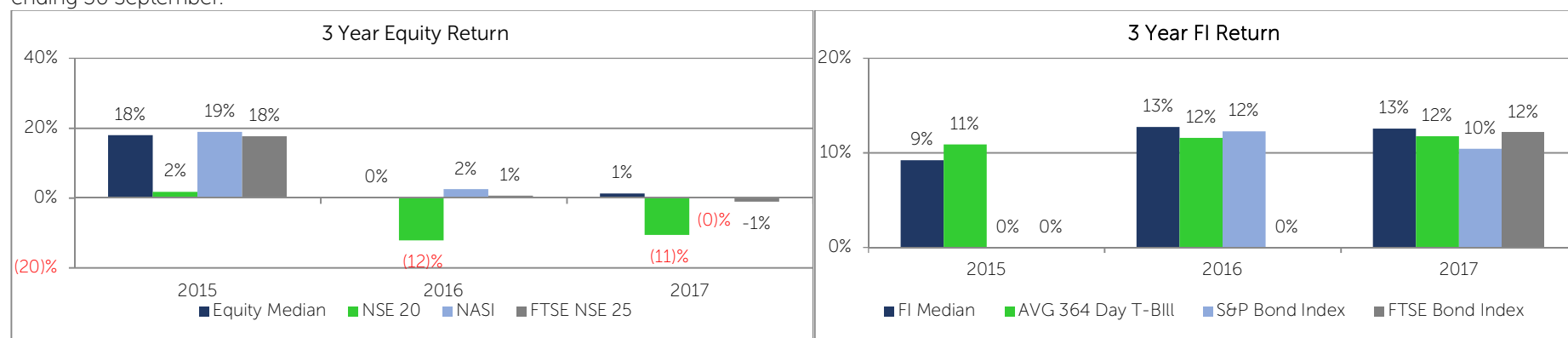
**Fixed Income:** All schemes fixed income median return outperformed the average 364 Day Treasury Bill and S&P Bond Index but underperformed the FTSE Bond Index.

**Offshore:** All schemes offshore median return outperformed MSCI World, MSCI ACWI but slightly underperformed the MSCI Emerging Index and Citigroup World Government Bond Index.

# Asset Class Returns for 3 Years Ending 30 September 2017

Performance per annum												
	All Schemes			Conservative Schemes			Moderate Schemes			Aggressive Schemes		
	Equity	Fixed Income	Offshore	Equity	Fixed Income	Offshore	Equity	Fixed Income	Offshore	Equity	Fixed Income	Offshore
Average	0.8%	12.3%	9.6%	0.2%	12.1%	(2.5)%	0.8%	12.3%	10.3%	1.1%	12.3%	9.5%
Weighted Average	0.1%	12.8%	11.3%	0.1%	14.3%	1.1%	(0.0)%	12.8%	11.9%	0.2%	12.7%	11.1%
Range of Returns	33.9%	15.9%	27.0%	33.9%	11.4%	19.5%	25.8%	15.9%	23.9%	19.4%	6.1%	23.1%
25th Percentile	(0.9)%	11.9%	9.4%	(3.1)%	11.5%	(7.4)%	(0.8)%	11.9%	11.3%	(0.5)%	11.9%	8.2%
Median	1.2%	12.5%	11.9%	1.0%	12.4%	(2.5)%	1.4%	12.6%	12.1%	1.4%	12.4%	11.4%
75th Percentile	2.6%	13.0%	13.0%	1.6%	13.0%	2.4%	2.5%	13.0%	13.0%	2.7%	12.9%	12.7%

For comparison, the charts below indicate historical three year performance of select benchmarks and the Z - CASS asset class return median for the periods ending 30 September.



**Equity:** All schemes equity median return outperformed the NSE 20, NASI and FTSE NSE 25.

**Fixed Income:** All schemes fixed income median return slightly outperformed the average 364 Day Treasury, the S&P Bond Index and the FTSE Bond Index.

**Offshore:** All schemes offshore median return outperformed MSCI World, MSCI ACWI, MSCI Emerging Index and Citigroup World Government Bond Index.

# Analysis of Asset Allocation for the Period Ending 30 September

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	23.9%	70.8%	3.9%	1.4%	11.0%	88.8%	0.1%	0.1%	25.9%	73.0%	0.1%	1.1%	26.2%	52.6%	18.0%	3.2%
Weighted Average	26.7%	62.7%	8.8%	1.8%	12.9%	86.5%	0.5%	0.1%	27.7%	70.8%	0.1%	1.4%	27.0%	51.2%	19.5%	2.4%
Range of Allocation	52.0%	84.4%	84.4%	19.5%	20.0%	20.0%	3.5%	4.8%	18.2%	14.9%	10.6%	9.4%	52.0%	49.2%	84.4%	19.5%
25th Percentile	21.2%	66.0%	0.0%	0.0%	4.5%	82.8%	0.0%	0.0%	23.1%	69.9%	0.0%	0.0%	21.5%	47.8%	0.0%	0.0%
Median	24.6%	72.6%	0.0%	0.0%	12.3%	87.2%	0.0%	0.0%	25.5%	73.6%	0.0%	0.0%	25.2%	55.3%	17.0%	2.4%
75th Percentile	28.3%	77.0%	0.0%	2.6%	17.2%	94.3%	0.0%	0.0%	28.5%	76.1%	0.0%	1.3%	30.4%	60.7%	27.5%	5.2%

For comparison, we include the asset allocation figures as shown in our June 2017 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	21.5%	72.9%	4.3%	1.3%	12.2%	87.6%	0.1%	0.1%	24.8%	73.8%	0.1%	1.3%	23.9%	50.5%	22.8%	2.8%
Weighted Average	24.1%	63.9%	10.5%	1.5%	11.9%	87.5%	0.3%	0.3%	26.5%	71.8%	0.4%	1.4%	24.1%	50.5%	23.5%	1.9%
Median	99.5%	99.5%	86.5%	21.0%	20.0%	20.0%	4.9%	4.9%	18.5%	14.9%	14.1%	8.4%	99.5%	64.5%	86.5%	21.0%

The Survey indicates that the average scheme's exposure to equities increased over the quarter. This was mainly driven by strong positive performance in this specific asset class.

The fixed income, property and offshore exposure has decreased over the quarter.



# **Zamara Consulting Actuaries Schemes Survey**

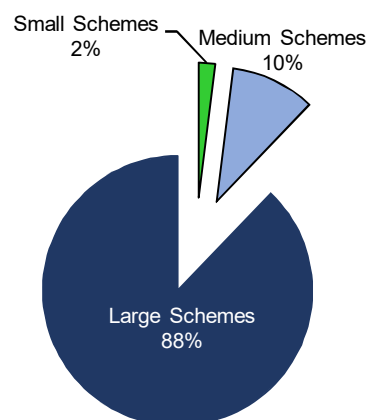
## **Size Categorization**



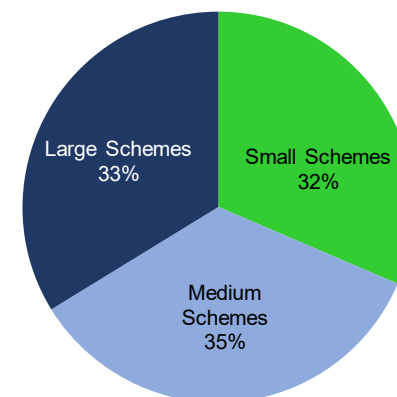
**Size Categorisation of Participating Schemes**

STATISTICS					
Size	Market Value (K Shs Million)	Number of Schemes	Scheme Percentage %	Asset Percentage %	Assets Under Management
Small Schemes	Less than 250	121	32.5%	2.1%	13,548
Medium Schemes	250 to 1,000	130	34.9%	10.6%	67,120
Large Schemes	Over 1,000	121	32.6%	87.3%	552,743
<b>TOTAL</b>		<b>372</b>	<b>100.0%</b>	<b>100.0%</b>	<b>633,411</b>

DISTRIBUTION OF PARTICIPATING SCHEMES BY ASSET SIZE



DISTRIBUTION OF PARTICIPATING SCHEMES BY NUMBER



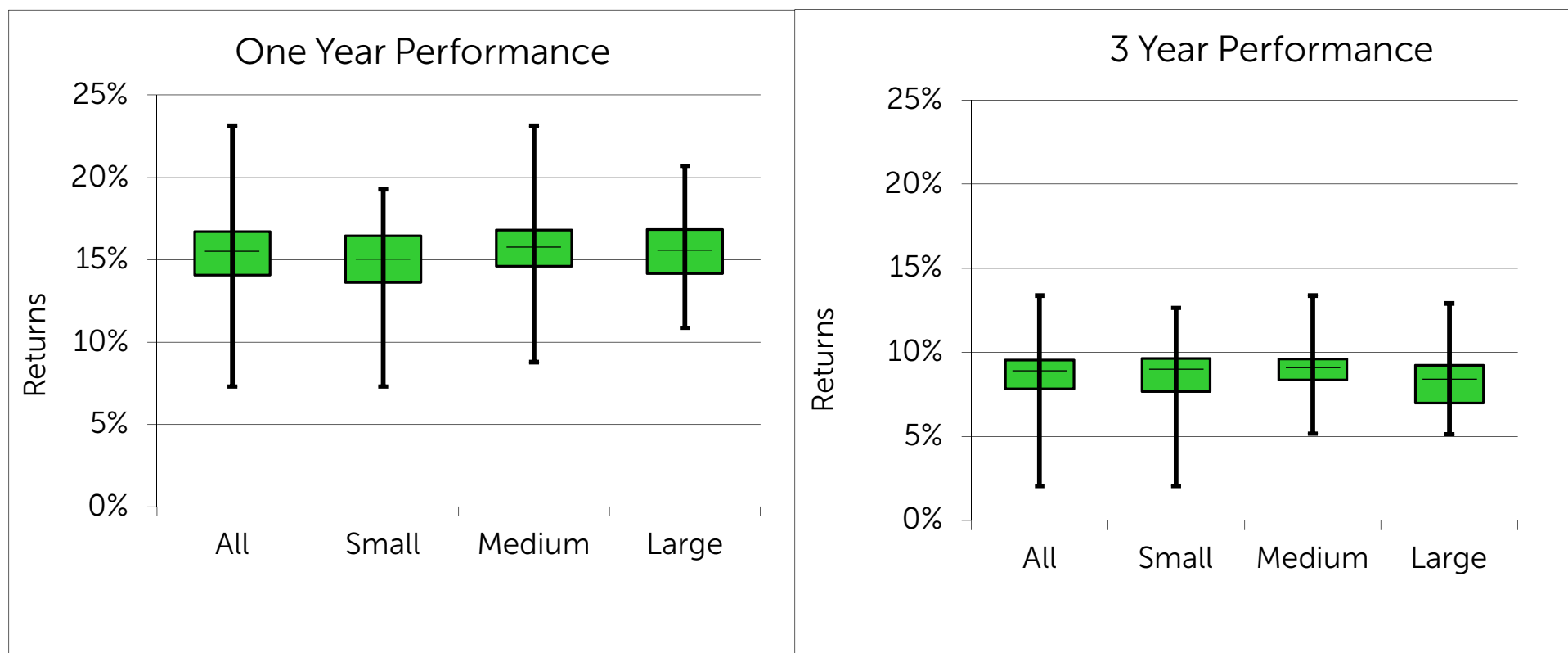
372 Schemes qualified for inclusion in the Survey on the basis of being segregated arrangements with at least 1 year and 3 year consecutive return periods.

The invested assets of the Schemes participating in the Survey totalled K Shs 633.4bn, of which Small Schemes accounted for K Shs 13.5bn (or 2.1%) of the assets under management, Medium Schemes K Shs 67.1bn (or 10.6%) of the assets under management and Large Schemes K Shs 552.7bn (or 87.3%) of the assets under management.

The pie charts show that whereas Large Schemes represented 32.6% of the Survey sample by number, they comprised 87.3% in terms of assets under management. Medium Schemes representation comprised 34.9% as a percentage of participating schemes and 10.6% in terms of assets under management. Small Schemes representation comprised 32.5% as a percentage of participating schemes and 2.1% in terms of assets under management.

# Analysis and Distribution of Returns for the Period Ending 30 September 2017

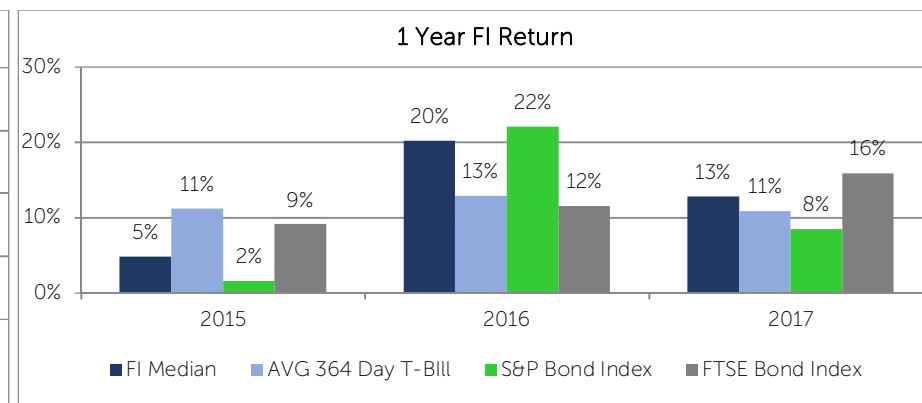
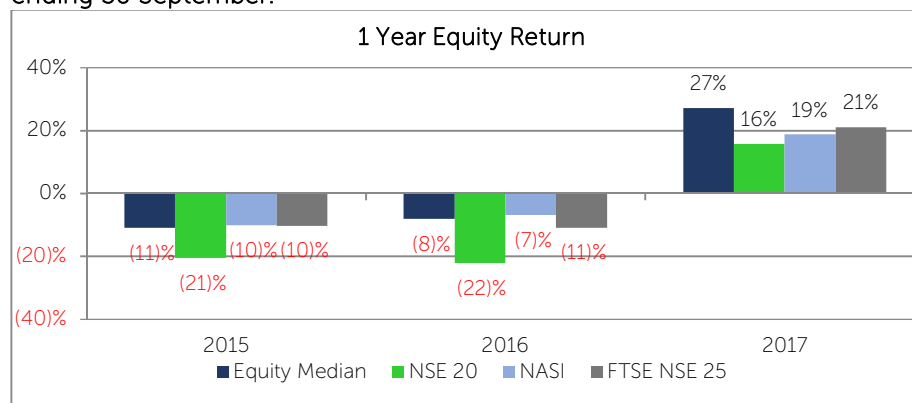
Performance per annum								
	All Schemes		Small Schemes		Medium Schemes		Large Schemes	
	1 year (%)	3 year (%)	1 year (%)	3 year (%)	1 year (%)	3 year (%)	1 year (%)	3 year (%)
Average	15.4%	8.7%	14.9%	8.7%	15.7%	9.1%	15.5%	8.2%
Weighted Average	15.7%	7.7%	15.2%	9.0%	15.7%	9.0%	15.7%	7.5%
Range of Returns	15.8%	11.3%	12.0%	10.6%	14.4%	8.2%	9.8%	7.8%
25th Percentile	14.1%	7.8%	13.6%	7.7%	14.6%	8.4%	14.2%	7.0%
Median	15.5%	8.9%	15.0%	9.0%	15.8%	9.1%	15.6%	8.4%
75th Percentile	16.7%	9.5%	16.5%	9.6%	16.8%	9.6%	16.8%	9.2%



# Asset Class Returns for 1 Year Ending 30 September 2017

Performance per annum												
	All Schemes			Small Schemes			Medium Schemes			Large Schemes		
	Equity	Fixed Income	Offshore	Equity	Fixed Income	Offshore	Equity	Fixed Income	Offshore	Equity	Fixed Income	Offshore
Average	25.9%	12.7%	17.6%	27.6%	12.2%	18.8%	25.9%	12.8%	17.0%	24.3%	13.1%	17.4%
Weighted Average	24.5%	13.1%	16.5%	27.8%	12.3%	18.5%	26.0%	12.9%	19.1%	24.3%	13.1%	16.2%
Range of Returns	52.4%	13.4%	27.7%	52.4%	12.5%	14.0%	36.1%	12.6%	21.9%	29.5%	8.1%	22.5%
25th Percentile	22.4%	12.1%	15.8%	24.5%	11.2%	15.8%	23.1%	12.3%	16.4%	20.0%	12.5%	14.4%
Median	27.1%	12.8%	20.3%	28.3%	12.4%	20.4%	27.3%	12.9%	20.2%	25.4%	13.1%	20.3%
75th Percentile	29.5%	13.4%	20.6%	31.0%	13.0%	20.6%	29.5%	13.4%	20.5%	28.6%	13.6%	20.8%

For comparison, the charts below indicate historical one year performance of select benchmarks and the Z - CASS asset class return median for the periods ending 30 September.



**Equity:** All schemes equity median return outperformed the NSE 20, NASI and FTSE NSE 25. There was a significantly large range in equity returns over the one year period; this due to one scheme with a small portfolio in equities which generated a strong positive return.

**Fixed Income:** All schemes fixed income median return outperformed the average 364 Day Treasury Bill and S&P Bond Index but underperformed the FTSE Bond Index.

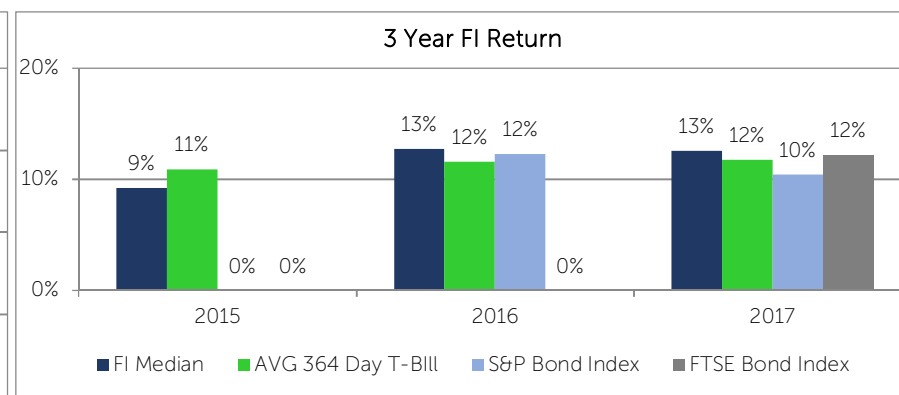
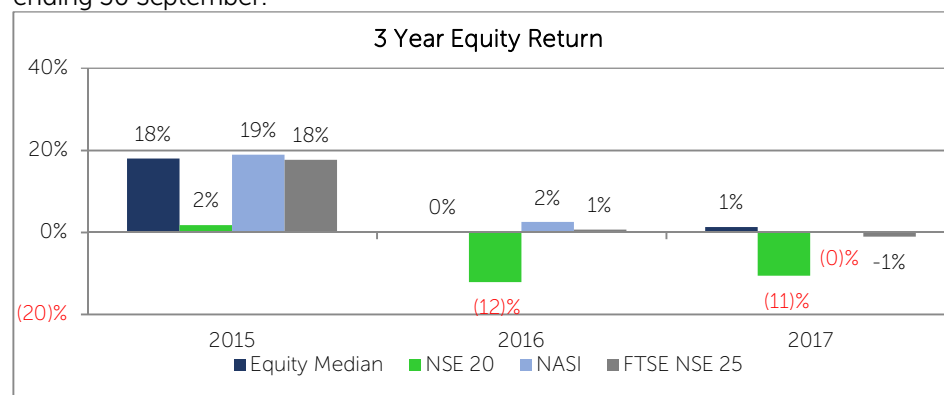
**Offshore:** All schemes offshore median return outperformed MSCI World, MSCI ACWI but slightly underperformed the MSCI Emerging Index and Citigroup World Government Bond Index.



# Asset Class Returns for 3 Years Ending 30 September 2017

Performance per annum												
	All Schemes			Small Schemes			Medium Schemes			Large Schemes		
	Equity	Fixed Income	Offshore	Equity	Fixed Income	Offshore	Equity	Fixed Income	Offshore	Equity	Fixed Income	Offshore
Average	0.8%	12.3%	9.6%	0.3%	11.7%	10.1%	1.2%	12.5%	9.9%	0.8%	12.6%	8.9%
Weighted Average	0.1%	12.8%	11.3%	1.1%	11.9%	9.6%	1.1%	12.5%	11.3%	(0.0)%	12.9%	11.3%
Range of Returns	33.9%	15.9%	27.0%	20.3%	11.8%	11.5%	31.8%	6.1%	23.2%	21.8%	9.7%	26.2%
25th Percentile	(0.9)%	11.9%	9.4%	(1.2)%	11.1%	5.9%	(0.3)%	12.1%	10.7%	(0.7)%	12.2%	9.5%
Median	1.2%	12.5%	11.9%	0.8%	12.1%	12.4%	1.5%	12.6%	11.9%	0.0%	12.6%	11.7%
75th Percentile	2.6%	13.0%	13.0%	2.5%	12.9%	13.7%	2.6%	13.0%	12.8%	2.1%	13.1%	12.7%

For comparison, the charts below indicate historical three year performance of select benchmarks and the Z - CASS asset class return median for the periods ending 30 September.



**Equity:** All schemes equity median return outperformed the NSE 20, NASI and FTSE NSE 25.

**Fixed Income:** All schemes fixed income median return slightly underperformed the average 364 Day Treasury Bill while slightly outperforming the S&P Bond Index and FTSE Bond Index.

**Offshore:** All schemes offshore median return outperformed MSCI World, MSCI ACWI, MSCI Emerging Index and Citigroup World Government Bond Index.



# Analysis of Asset Allocation for the Period Ending 30 September 2017

Asset Class Allocation																
	All Schemes				Small Schemes				Medium Schemes				Large Schemes			
	Equity	Fixed Income	Property	Offshore	Equity	Fixed Income	Property	Offshore	Equity	Fixed Income	Property	Offshore	Equity	Fixed Income	Property	Offshore
<b>Average</b>	23.9%	70.8%	3.9%	1.4%	22.0%	77.1%	0.0%	0.9%	24.3%	71.5%	2.8%	1.4%	25.4%	63.7%	9.0%	1.9%
<b>Weighted Average</b>	26.7%	62.7%	8.8%	1.8%	22.5%	76.5%	0.0%	1.0%	24.3%	71.0%	3.3%	1.4%	27.1%	61.3%	9.7%	1.8%
<b>Range of Allocation</b>	52.0%	84.4%	84.4%	19.5%	42.5%	44.3%	1.1%	9.4%	45.6%	84.4%	84.4%	9.4%	52.0%	76.8%	53.3%	19.5%
<b>25th Percentile</b>	21.2%	66.0%	0.0%	0.0%	19.6%	71.3%	0.0%	0.0%	21.8%	67.3%	0.0%	0.0%	21.8%	55.5%	0.0%	0.0%
<b>Median</b>	24.6%	72.6%	0.0%	0.0%	23.5%	75.5%	0.0%	0.0%	24.6%	72.9%	0.0%	0.0%	25.2%	67.0%	0.0%	0.0%
<b>75th Percentile</b>	28.3%	77.0%	0.0%	2.6%	28.0%	80.0%	0.0%	0.0%	28.1%	76.7%	0.0%	3.3%	28.8%	73.9%	17.0%	3.4%

For comparison, we include the asset allocation figures as shown in our June 2017 report.

Asset Class Allocation																
	All Schemes				Small Schemes				Medium Schemes				Large Schemes			
	Equity	Fixed Income	Property	Offshore	Equity	Fixed Income	Property	Offshore	Equity	Fixed Income	Property	Offshore	Equity	Fixed Income	Property	Offshore
<b>Average</b>	21.5%	72.9%	4.3%	1.3%	20.4%	78.9%	0.0%	0.7%	21.8%	73.9%	3.0%	1.3%	22.1%	66.6%	9.6%	1.7%
<b>Weighted Average</b>	24.1%	63.9%	10.5%	1.5%	20.8%	78.3%	0.0%	0.9%	22.0%	73.1%	3.6%	1.4%	24.4%	62.6%	11.5%	1.5%
<b>Median</b>	99.5%	99.5%	86.5%	21.0%	99.5%	99.5%	1.3%	8.6%	35.0%	86.5%	86.5%	21.0%	44.9%	75.9%	61.6%	19.6%

The Survey indicates that the average scheme's exposure to equities increased over the quarter. This was mainly driven by strong positive performance in this specific asset class.

The fixed income, property and offshore exposure has decreased 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 (previously Alexander Forbes Financial Services (East Africa) 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) and three (3) 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.

An addition to the Survey is an analysis of the performance attributed to equity, fixed income and offshore over a rolling one (1) year period. This analysis will assist the Trustees in understanding which of the asset classes contributed to the overall performance of their scheme.

## **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.

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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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