# Zamara Consulting Actuaries Schemes Survey

## September 2023

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Powering Prosperity

# Introduction

We are pleased to present our 71st Investment Performance Survey for the period ending 30 September 2023.

This Survey covers 423 schemes with a total of K Shs 1.028 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 | 1 | |
| British American Asset Managers | 14 | |
| CIC Asset Managers | 11 | |
| Co-op Trust Investments | 62 | |
| Cytonn Asset Managers | 3 | |
| GenAfrica Asset Managers | 97 | |
| ICEA Lion Asset Management Limited | 60 | |
| NCBA Investment Bank Limited | 4 | |
| Old Mutual Investment Group Limited | 88 | |
| Sanlam Investments East Africa Limited | 76 | |
| **Subtotal** | **423** | **1,027,742** |

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 2023

**General Economic Review**: The Kenyan economy grew by 5.4% in Q2 2023, up from 5.2% in similar period of 2022. This was mainly due to a rebound in agriculture sector which benefited from reliable rainfall. However, the Stanbic Purchasing Managers' Index (PMI) fell to 47.8 in September, down from 50.6 in August. The PMI has been below the threshold of 50.0 mark in seven of the last eight months, indicating a deteriorating economy.

**Inflation:** The overall inflation rate averaged 6.8% at the end of September as compared to 7.9% in June. The decrease was on account of a higher base index effect compared to last year. Inflation pressures are expected to remain elevated on account of rising fuel prices towards the end of the quarter.

**Currency Market:** The Kenya Shilling depreciated by 5.1% during the quarter against the U.S. Dollar to close at K Shs 148.1 from K Shs 140.5 at the end of the previous quarter. The Shilling is expected to face ongoing challenges in 2023 due to several factors: a persistent current account deficit and the need to service government debt exerting pressure on foreign exchange reserves since a significant portion of Kenya's external debt is denominated in US dollars. The shilling has depreciated by 16.7% since the beginning of the year.

| Index | Q3 | YTD | 1 yr | 3 yr[3] | 5yr[3] |
|---|---|---|---|---|---|
| NASI | (11.0%) | (25.3%) | (25.8%) | (12.0%) | (8.6%) |
| Zamara Kenya Equity Index | (12.0%) | (18.6%) | (16.5%) | (2.2%) | (1.3%) |
| NSE 25 Share Index | (8.0%) | (12.7%) | (12.0%) | (5.7%) | (6.5%) |
| S&P Kenya Sovereign Bond Index | (1.4%) | 1.5% | 4.0% | 7.2% | 10.0% |
| 91 Day Tbill | 3.1% | 11.1% | 10.6% | 8.4% | 7.8% |
| Inflation CPI K Shs | 1.0% | 4.9% | 6.8% | 7.0% | 6.3% |
| USD/K Shs[1] | (5.1%) | (16.7%) | (18.5%) | (9.9%) | (7.4%) |
| MSCI ACWI Index[2] | 1.4% | 30.2% | 45.6% | 16.6% | 13.0% |
| MSCI Emerging Markets[2] | 1.5% | 19.6% | 33.5% | 6.3% | 5.9% |
| MSCI World Index[2] | 1.4% | 31.6% | 47.1% | 18.1% | 13.9% |

1. Negative implies Shilling depreciated, positive implies Shilling appreciated.
2. Returns are Kenya Shilling adjusted
3. For periods more than 1-year; returns are annualized
4. All values are as at 30 September 2023

Source: NSE, CBK, MSCI, KNBS

**Equity Market:** The equity market experienced a decline with ZKEI, NASI and NSE 25 declining by 12.1%, 11.0% & 8.0% respectivelyThe market performance was driven by losses recorded by large cap stocks.

**Fixed Income:** The Central Bank of Kenya's Monetary Policy Committee kept the Central Bank Rate at 10.5% during the quarter, pausing its tightening cycle. This was Due to a drop in the inflation rate, a pause in interest rate hikes in the United States, and a need to allow time for the effects of the previous interest rate hike to take effect.

The average yields on short-term government debt instruments took an upward trajectory, with the 364-day, 182-day, and 91-day T-bills averaging 11.3%, 11.0%, and 10.7% in September as compared to 10.4%, 10.1% and 9.5% in June respectively.

The S&P Kenya Sovereign Bond Index lost 1.4% in the quarter, compared to a 0.7% gain in June. The year-to-date performance of 1.5% as of the end of September is low compared to 5.5% in the same period of 2022. The bond performance has been declining due to rising interest rates across all maturities.

**Offshore markets:** Global equity markets fell in the quarter, with the Emerging Markets Index, the All-Country World Index, and the All-World Index losing 3.7%, 3.8%, and 3.8%, respectively, in USD terms. This was mainly due to investors expecting high inflation pressures to persist, with fuel prices expected to remain high due to oil production cuts by oil-producing nations.

# Executive Summary and Key Highlights

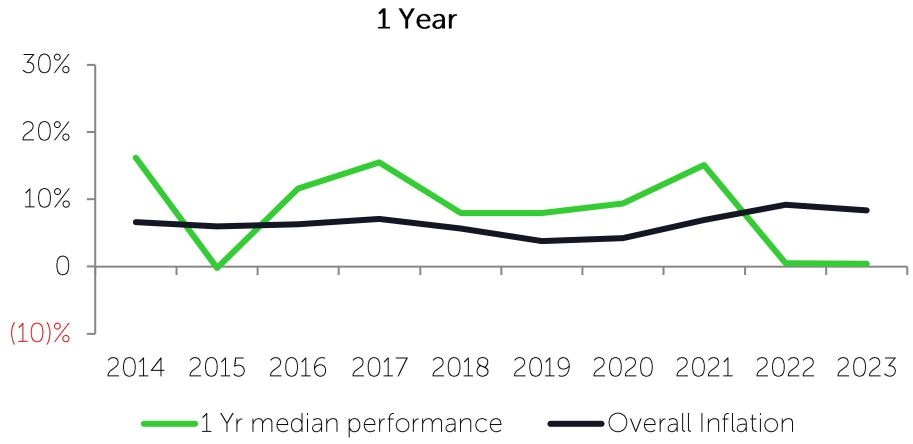
## Key Highlights

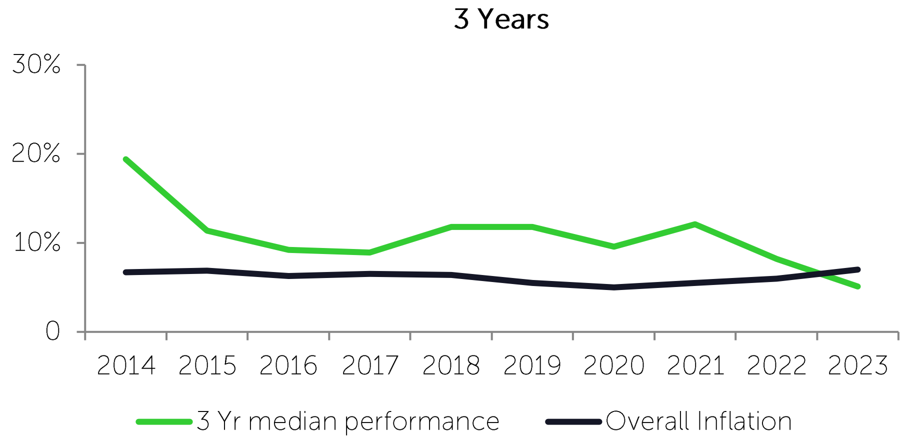
In the table below, we set out a summary of the median performance of schemes for each of the years from 30 September 2014 to 30 September 2023.

| Period Ending 30th September | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|---|---|---|
| Number of Schemes Participating | 383 | 380 | 386 | 372 | 404 | 411 | 417 | 423 | 432 | 423 |
| Total Assets K Shs Bn | 524.9 | 510.3 | 596.8 | 633.4 | 727.7 | 837.6 | 922.3 | 1,033.1 | 1,047.2 | 1,027.7 |
| 1 Yr Median performance | 16.2% | (0.2)% | 11.6% | 15.5% | 8.0% | 8.0% | 9.4% | 15.1% | 0.5% | 0.4% |
| 3 Yr Median performance | 19.4% | 11.4% | 9.2% | 8.9% | 11.8% | 11.8% | 9.6% | 12.1% | 8.2% | 5.0% |
| Overall 1 year Inflation[1] | 6.6% | 6.0% | 6.3% | 7.1% | 5.7% | 3.8% | 4.2% | 6.9% | 9.2% | 6.8% |
| Overall 3 year Inflation[2] | 6.7% | 6.9% | 6.3% | 6.5% | 6.4% | 5.5% | 5.0% | 5.5% | 6.0% | 7.0% |

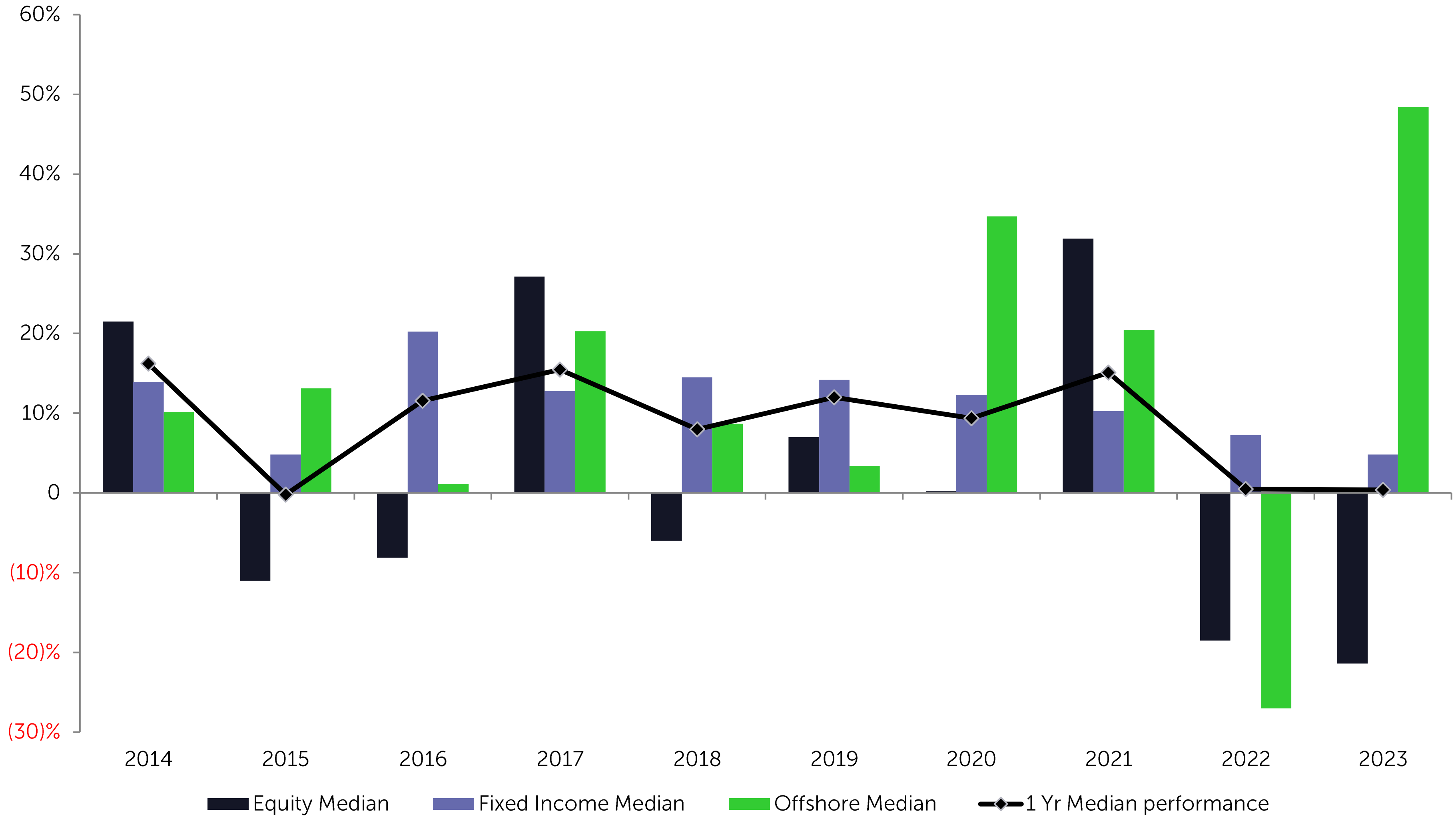
Notes:
1. Based on KNBS Statistics 2014 – 2023: www.knbs.or.ke/
2. Calculated geometric average over 3 years.

The Survey indicates that the median scheme returns underperformed inflation in 2015, 2022 and 2023, as shown in the 1-year chart below. Over 3-years, median returns underperformed inflation in 2023 as shown in the 3-year chart below.



# Executive Summary and Key Highlights



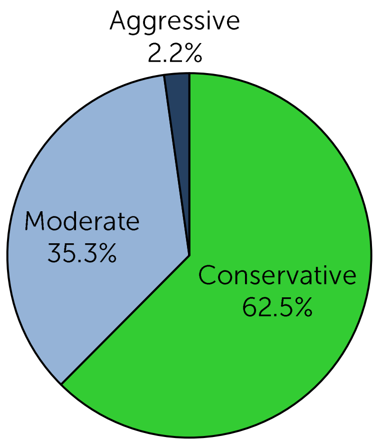

The chart above shows the median performance trend of the three asset classes (equity, fixed income and offshore) as at 30 September for each of the last 10 years.

# Risk Profile of Participating Schemes

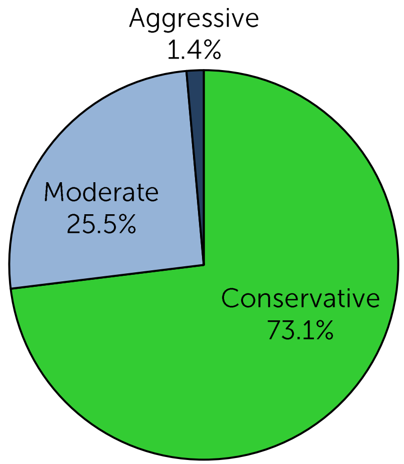
| STATISTICS | | | | | |
|---|---|---|---|---|---|
| **Risk Profile** | **Fixed Income Allocation*** | **Number of Schemes** | **Scheme Percentage %** | **Assets Under Management K Shs m*** | **Asset Percentage %** |
| Conservative | Over 80% | 309 | 73.1% | 582,815 | 62.5% |
| Moderate | 65% to 80% | 108 | 25.5% | 329,001 | 35.3% |
| Aggressive | Less than 65% | 6 | 1.4% | 20,711 | 2.2% |
| **Total** | | **423** | **100.0%** | **932,527** | **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.

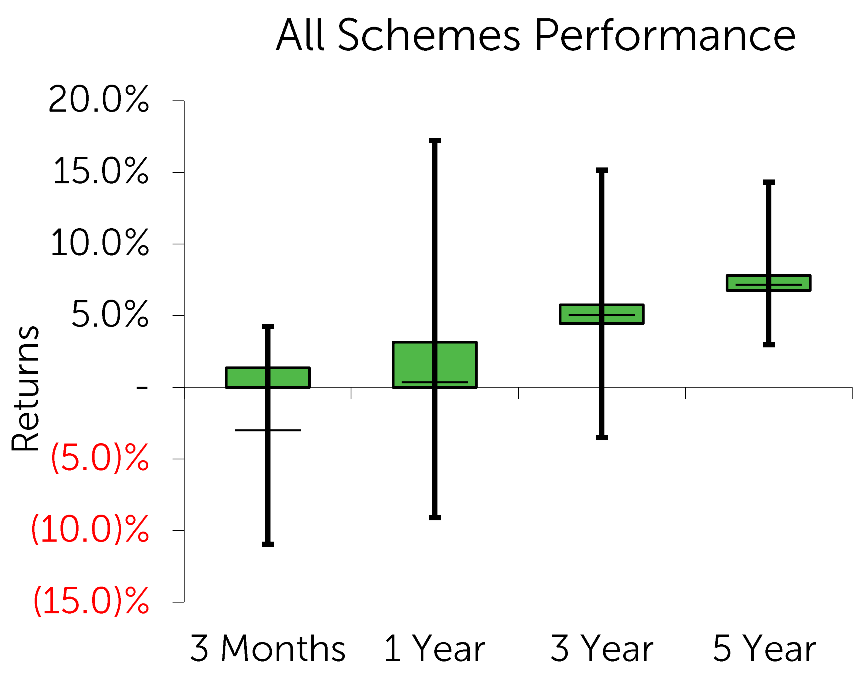
The survey is dominated by conservative schemes; they comprise 73.0% of participating schemes and manage 62.5% of assets in this survey. This represents an increase from 68% of participating schemes in September 2022.

There has been a substantial reduction in the number of moderate and aggressive schemes within the survey, declining from 51.4% and 6.0% respectively in September 2022 as investors preferred Fixed Income investments during the period and lower valuations of Quoted Equities.

# Analysis and Distribution of Returns for the Period

| | 3 Month | 1 year | 3 year* | 5 year* |
|---|---|---|---|---|
| 25th Percentile | (3.5)% | (1.0)% | 4.5% | 6.8% |
| Median | (3.0)% | 0.4% | 5.0% | 7.2% |
| 75th Percentile | (2.2)% | 2.1% | 5.7% | 7.8% |
| Range of Returns | 15.2% | 26.3% | 18.7% | 11.3% |
| Average | (2.8)% | 0.7% | 5.2% | 7.3% |
| Weighted Average | (2.9)% | 0.2% | 5.0% | 7.2% |

*Annualised return




During the quarter ended 30 September 2023, the median return of the participating schemes was (3.0)% in comparison to 0.2% in June 2023. The performance was affected by rising interest rates that had a negative impact on bond valuations. The average allocation for Fixed income was 79%, showing a slight increase from 78% in the previous quarter.

The median return of the participating schemes decreased to 0.4% in the 12-month period ended 30 September 2023, compared to 0.5% in the 12-month period ended 30 September 2022. This decline was driven by the negative bond valuations and poor equity market performance.

Over the 3-year period to 30 September 2023, the median return of the participating schemes was an annualized 5.0%.

Over the 5-year period to 30 September 2023, the median return of the participating schemes was an annualized 7.2%.

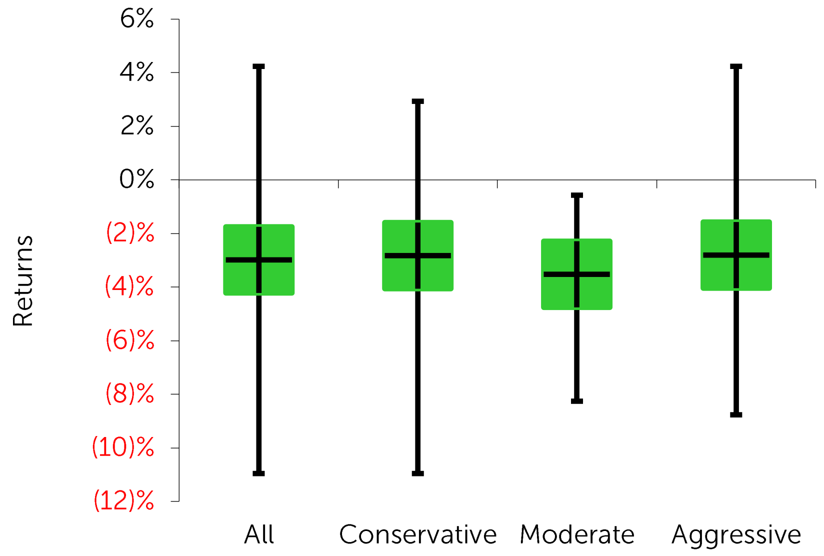
The box plots on the next page show our analysis of the median and range of returns of the participating schemes categorized by risk profile: conservative, moderate and aggressive schemes.

# Analysis and Distribution of Returns

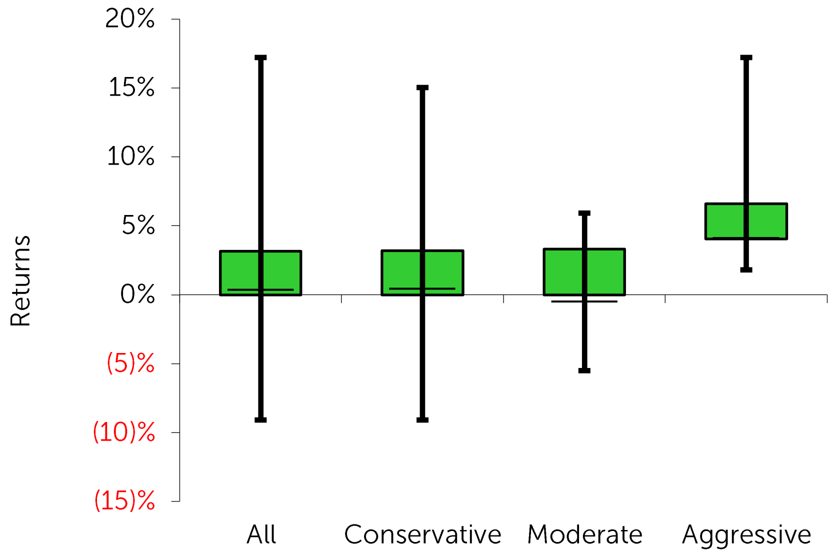
| | Return Distribution | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Conservative Schemes | | | | Moderate Schemes | | | | Aggressive Schemes | | | |
| | 3 Month | 1 year | 3 year* | 5 year* | 3 Month) | 1 year | 3 year* | 5 year* | 3 Month | 1 year | 3 year* | 5 year* |
| 25th Percentile | (3.4)% | (0.8)% | 4.7% | 6.9% | (4.2)% | (2.2)% | 3.8% | 6.5% | (3.0)% | 2.4% | 5.4% | 6.5% |
| Median | (2.8)% | 0.5% | 5.2% | 7.4% | (3.5)% | (0.5)% | 4.5% | 6.8% | (2.6)% | 4.1% | 6.0% | 7.5% |
| 75th Percentile | (2.0)% | 2.4% | 6.0% | 8.0% | (2.9)% | 1.1% | 5.1% | 7.1% | (1.6)% | 6.0% | 6.5% | 7.7% |
| Range of Returns | 13.9% | 24.1% | 12.1% | 10.5% | 7.7% | 11.4% | 11.7% | 5.1% | 13.0% | 17.0% | 5.1% | 3.4% |
| Average | (2.6)% | 0.9% | 5.4% | 7.5% | (3.5)% | (0.6)% | 4.4% | 6.8% | (2.3)% | 5.7% | 6.5% | 6.8% |
| Weighted Average | (2.5)% | 0.5% | 5.3% | 7.6% | (3.4)% | (0.4)% | 4.5% | 6.7% | (2.8)% | 3.1% | 5.8% | 6.9% |

*Annualised return

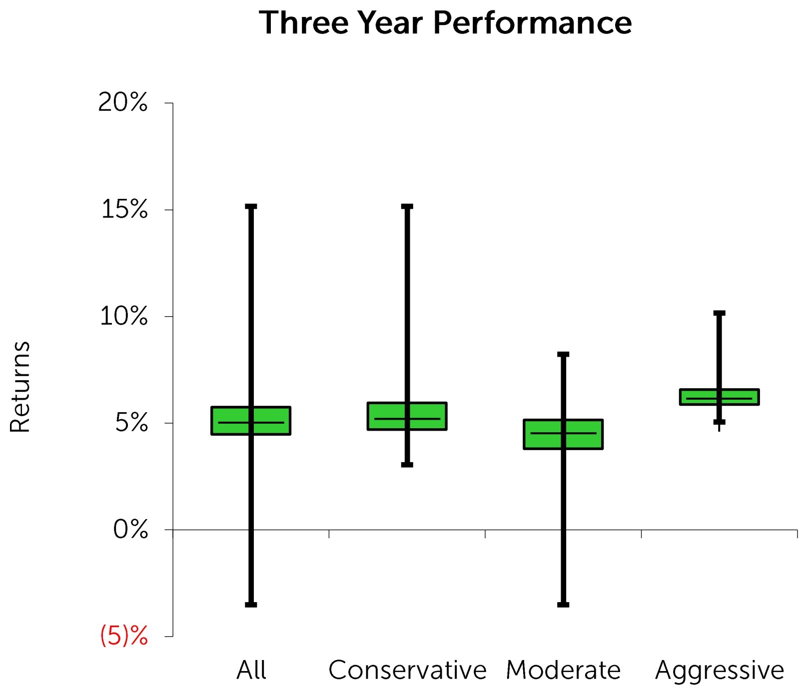
## Three Months Performance

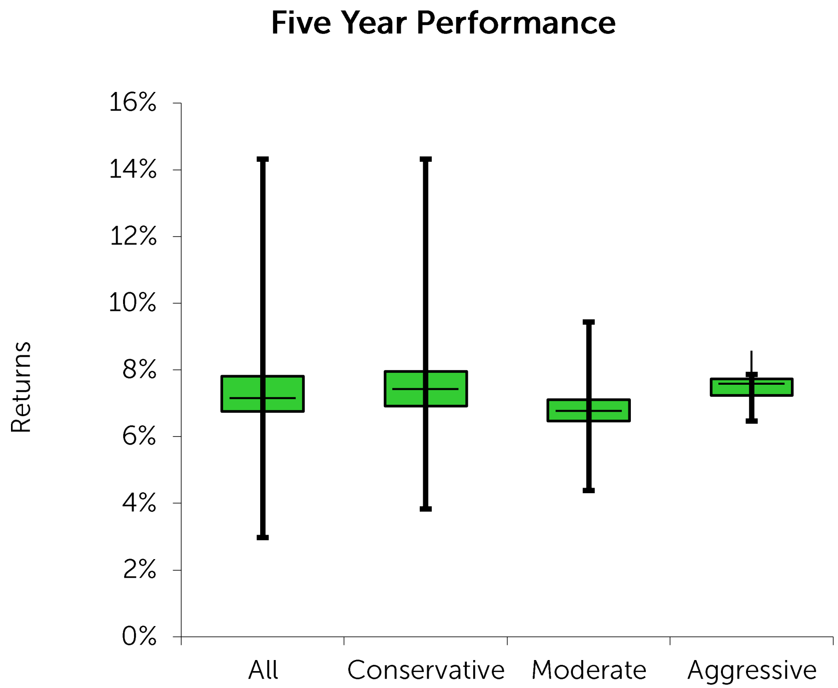



## One Year Performance



# Analysis and Distribution of Returns




Aggressive schemes had the highest average return over the all periods, as strong offshore performance offset negative equity performance in these periods. Out of the participating schemes only six qualified to be categorized as aggressive during this period. We have noted a steady reduction in the number of aggressive schemes over the past few years because of a preference for fixed income allocations among the participating schemes.

During the quarter, conservative schemes recorded the least average returns, primarily due to the adverse effects of rising interest rates on fixed income performance and lower offshore allocation. These schemes usually hold a more significant proportion of their allocation in fixed income, which made them more vulnerable to the interest rate increase. However, over the five-year period, conservative schemes exhibited the highest average performance, driven by the stronger performance of fixed income, which outweighed the performance of equities and offshore assets.

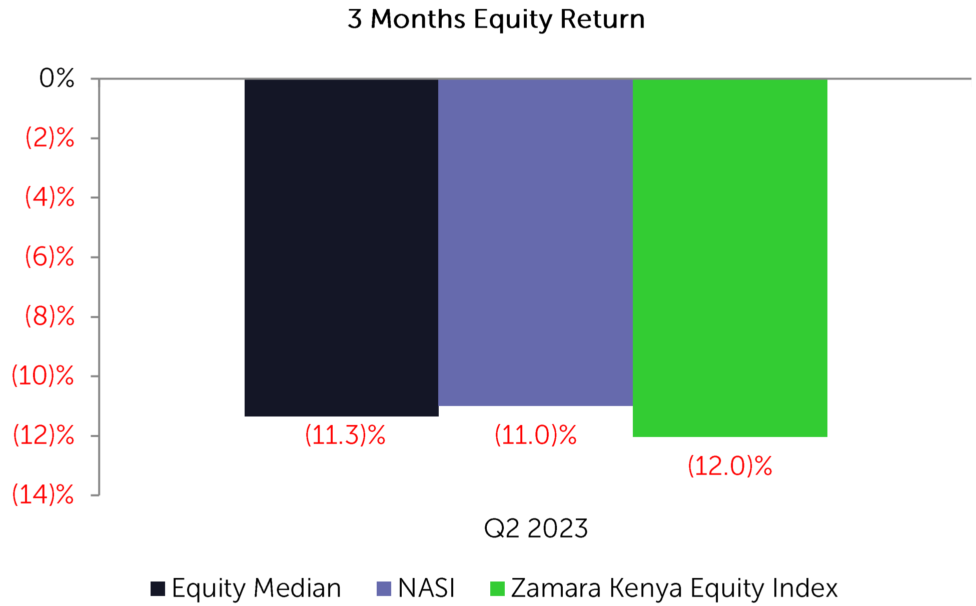
# Asset Class Returns for 3 Months Ending 30 September 2023

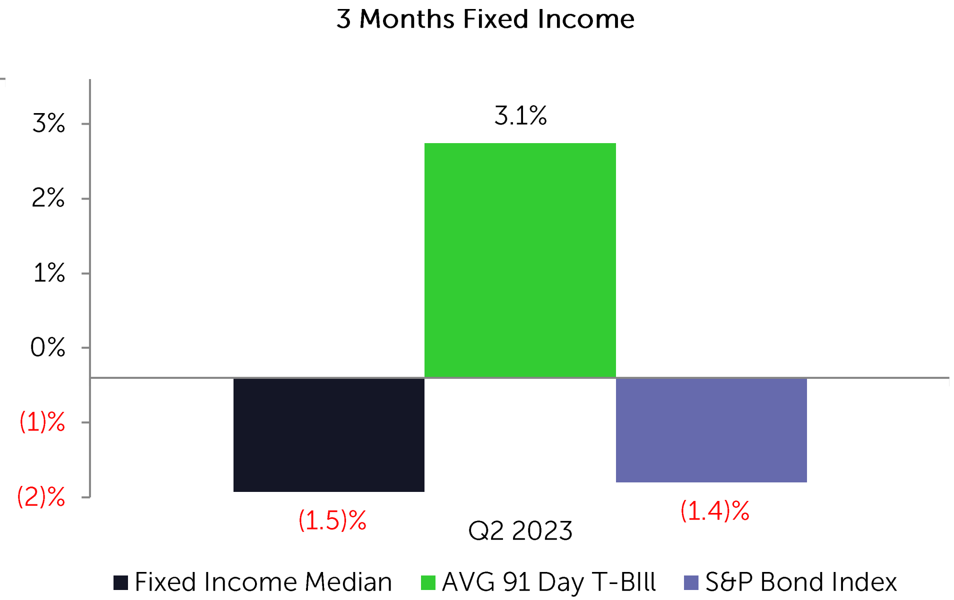
| | Equity | Fixed Income | Offshore |
|---|---|---|---|
| 25th Percentile | (12.8)% | (1.9)% | 1.5% |
| Median | (11.3)% | (1.5)% | 1.6% |
| 75th Percentile | (10.0)% | (1.1)% | 1.7% |
| Range of Returns | 38.9% | 12.5% | 28.4% |
| Average | (11.4)% | (1.4)% | 1.5% |
| Weighted Average | (11.2)% | (1.5)% | 1.8% |

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

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

**Offshore:** The offshore median return outperformed MSCI Emerging, MSCI ACWI indices and the MSCI world Index.



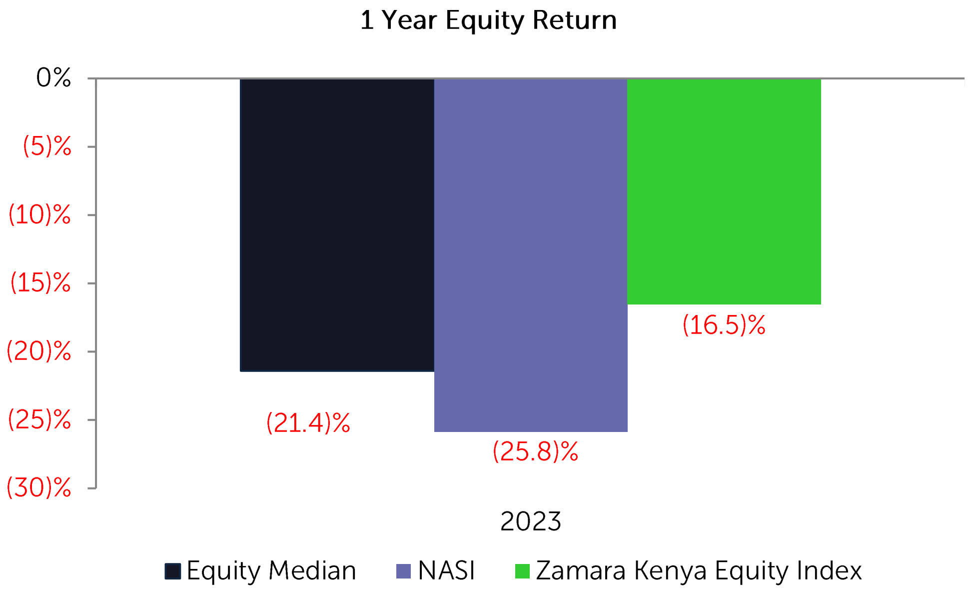
# Asset Class Returns for 1 Year Ending 30 September 2023

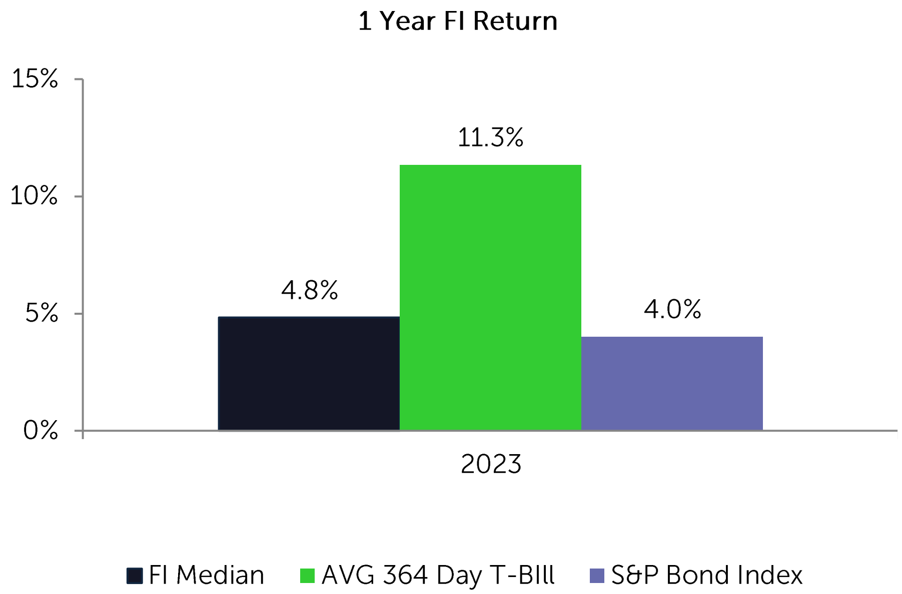
| | Equity | Fixed Income | Offshore |
|---|---|---|---|
| 25th Percentile | (24.8)% | 4.2% | 47.3% |
| Median | (21.4)% | 4.8% | 48.4% |
| 75th Percentile | (18.5)% | 5.5% | 49.6% |
| Range of Returns | 50.9% | 17.2% | 68.5% |
| Average | (21.2)% | 5.0% | 47.4% |
| Weighted Average | (21.1)% | 4.6% | 46.1% |

**Equity**: The equity median return outperformed NASI, while underperforming the Zamara Kenya Equity Index.

**Fixed Income**: The fixed income median return underperformed the average 364 Day Treasury Bill while outperforming the S&P Bond index.

**Offshore**: The offshore median return outperformed the MSCI ACWI, MSCI world and MSCI Emerging Indices.



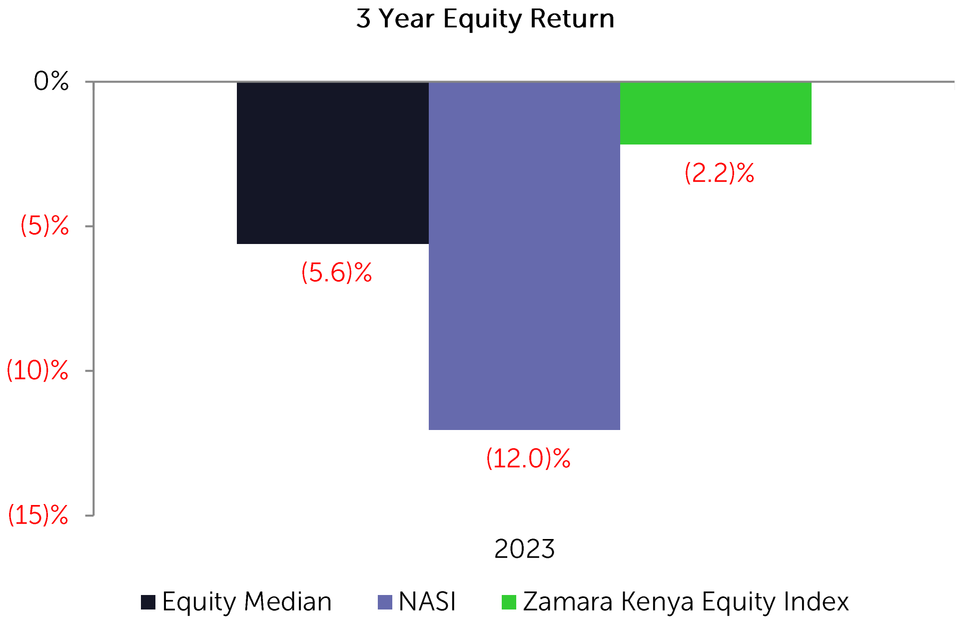
# Asset Class Returns for 3 Years Ending 30 September 2023

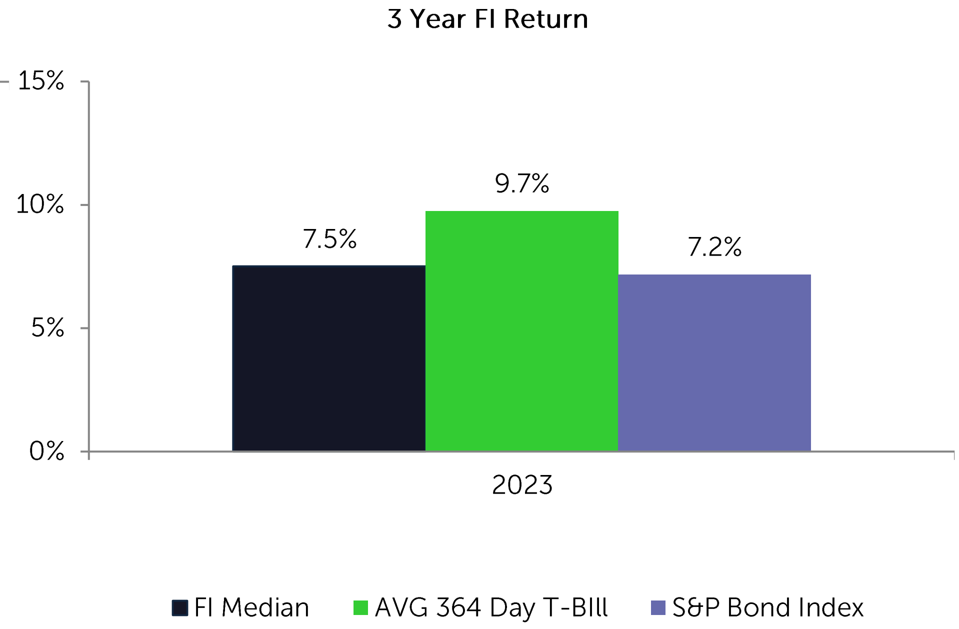
| | Equity | Fixed Income | Offshore |
|---|---|---|---|
| 25th Percentile | (6.9)% | 7.1% | 7.5% |
| Median | (5.6)% | 7.5% | 9.4% |
| 75th Percentile | (4.1)% | 7.8% | 12.2% |
| Range of Returns | 34.3% | 13.5% | 28.1% |
| Average | (5.3)% | 7.5% | 9.8% |
| Weighted Average | (5.1)% | 7.5% | 12.4% |

**Equity**: The equity median return outperformed the NASI while underperforming the Zamara Kenya Equity Index.

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

**Offshore:** The offshore median return out-performed MSCI Emerging index but underperformed the MSCI world and MSCI ACWI Indices.



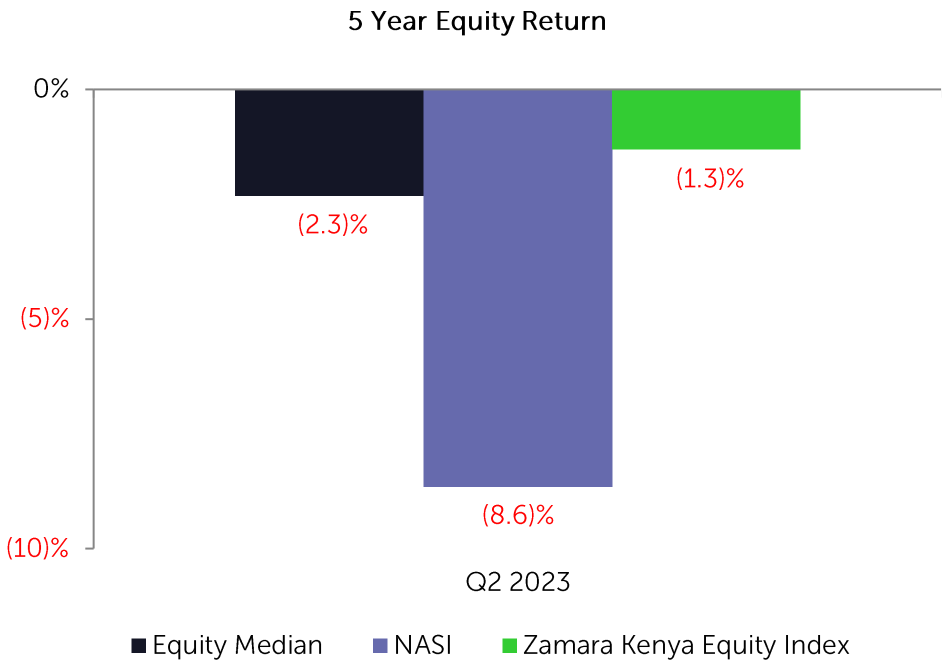
# Asset Class Returns for 5 Years Ending 30 September 2023

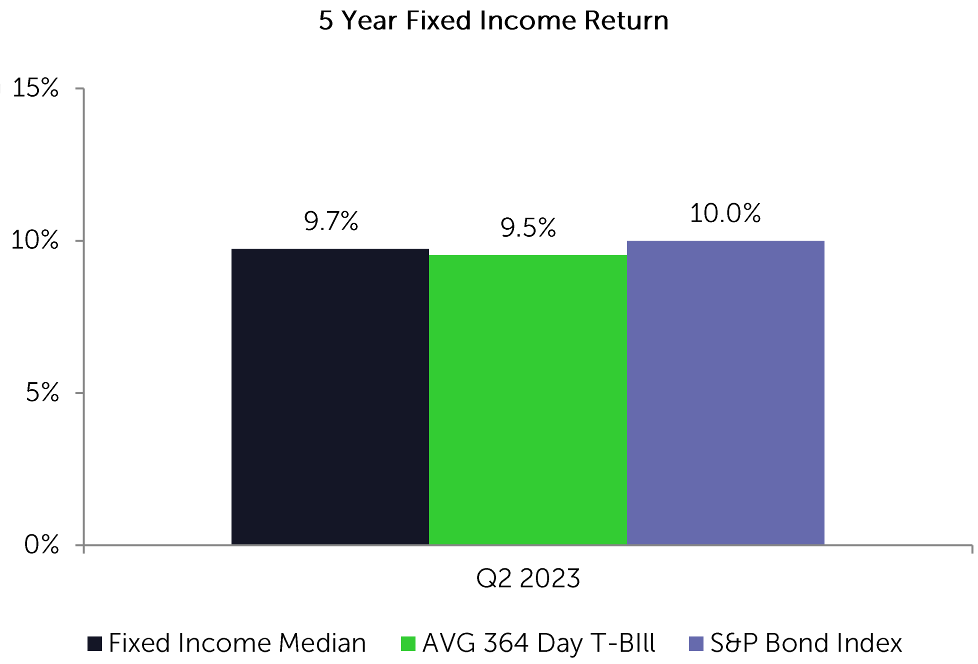
| | Equity | Fixed Income | Offshore |
|---|---|---|---|
| 25th Percentile | (3.4)% | 9.5% | 13.0% |
| Median | (2.3)% | 9.7% | 13.8% |
| 75th Percentile | (1.5)% | 10.0% | 15.2% |
| Range of Returns | 32.8% | 8.8% | 26.2% |
| Average | (2.4)% | 9.8% | 13.6% |
| Weighted Average | (2.1)% | 9.8% | 13.9% |

**Equity**: The equity median return outperformed the NASI while underperforming 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 and MSCI ACWI indices but underperformed the MSCI World index.



# Analysis of Asset Allocation for the Period Ending 30 September 2023

| 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 | 13.2% | 79.4% | 5.6% | 1.8% | 11.3% | 83.6% | 4.4% | 0.7% | 18.0% | 69.3% | 8.6% | 4.1% | 17.5% | 43.1% | 21.7% | 17.7% |
| Weighted Average | 14.2% | 74.5% | 9.3% | 2.0% | 11.8% | 80.1% | 7.2% | 0.9% | 18.2% | 68.2% | 10.4% | 3.2% | 17.2% | 45.8% | 24.6% | 12.4% |
| Range of Allocation | 45.9% | 100.0% | 100.0% | 57.0% | 19.9% | 100.0% | 100.0% | 10.1% | 32.2% | 49.4% | 58.8% | 27.8% | 45.9% | 31.1% | 56.6% | 57.0% |
| Median | 13.9% | 83.3% | - | - | 12.7% | 85.3% | - | - | 18.1% | 74.7% | - | 4.4% | 15.5% | 46.6% | 13.7% | 12.7% |

For comparison, we include the asset allocation figures as shown in our June 2023 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 | 14.6% | 78.3% | 5.5% | 1.6% | 12.2% | 83.0% | 4.3% | 0.5% | 19.3% | 70.3% | 6.8% | 3.8% | 17.2% | 40.2% | 33.2% | 9.4% |
| Weighted Average | 15.6% | 73.1% | 9.3% | 2.0% | 13.3% | 79.5% | 6.6% | 0.6% | 19.1% | 67.5% | 9.9% | 3.5% | 16.2% | 38.4% | 35.5% | 9.9% |
| Range of Allocation | 34.5% | 99.3% | 99.3% | 15.5% | 20.0% | 99.3% | 99.3% | 9.6% | 25.7% | 49.4% | 57.5% | 12.7% | 21.2% | 58.8% | 82.5% | 13.1% |
| Median | 15.7% | 81.7% | - | - | 13.8% | 84.1% | - | - | 19.5% | 74.4% | - | 4.1% | 18.3% | 44.6% | 25.2% | 8.8% |

21.0% of the Schemes participating in the Survey had an allocation to property.

34.8% of the Schemes participating in the Survey had an allocation to offshore assets.

The Survey indicates that the average scheme’s exposure to fixed income, property and offshore increased while allocation to equities decreased over the quarter.

# Historical Economic Indicators

| Exchange Rates | Sep-2023 | Sep-2022 | Sep-2021 | Sep-2020 | Sep-2019 | Sep-2018 | Sep-2017 | Sep-2016 | Sep-2015 | Sep-2014 | Sep-2013 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| KES/ USD | 148.1 | 120.7 | 110.5 | 108.5 | 103.9 | 100.9 | 103.2 | 101.3 | 105.3 | 89.3 | 86.6 |
| **Inflation** | | | | | | | | | | | |
| Headline | 6.80% | 7.90% | 6.91% | 4.20% | 3.80% | 5.70% | 7.10% | 6.30% | 6.00% | 6.60% | 8.30% |
| Food | 7.90% | 13.80% | 10.63% | 5.18% | 6.31% | 0.50% | 11.50% | 10.90% | 9.80% | 8.41% | 12.60% |
| Non-food | 6.30% | 6.80% | 6.08% | 2.18% | 0.99% | 17.44% | 3.27% | 0.50% | 3.00% | 6.00% | 5.00% |
| **Interest Rates** | | | | | | | | | | | |
| Central Bank Rate | 10.50% | 8.25% | 7.00% | 7.00% | 9.00% | 9.00% | 10.00% | 10.00% | 11.50% | 8.50% | 8.50% |
| Interbank Rate | 12.44% | 4.36% | 4.73% | 2.95% | 6.59% | 4.28% | 5.50% | 4.89% | 19.85% | 7.43% | 7.70% |
| Lending Rate | | 12.41% | 12.07% | 12.00% | 12.44% | 13.06% | 13.66% | 16.55% | 16.08% | 16.51% | 17.31% |
| **Government Securities Yields** | | | | | | | | | | | |
| AVG 91 Day T-Bill | 3.14% | 2.08% | 1.62% | 1.52% | 1.58% | 1.86% | 1.99% | 1.95% | 2.96% | 2.13% | 2.04% |
| AVG 182 Day T-Bill | 3.15% | 2.28% | 1.90% | 1.98% | 1.92% | 2.45% | 2.50% | 2.46% | 2.51% | 2.43% | 2.27% |
| AVG 364 Day T-Bill | 3.21% | 2.40% | 2.19% | 2.32% | 2.25% | 2.65% | 2.62% | 2.75% | 2.59% | 2.48% | 2.58% |
| **Stock Market Indices** | | | | | | | | | | | |
| NASI | (28.9)% | (28.0)% | 27.5% | (3.8)% | (2.8)% | (7.7)% | 18.6% | (6.9)% | (10.1)% | 28.3% | 44.0% |
| ZKEI | (16.5)% | (10.7)% | 25.7% | (4.0)% | 4.2% | (5.2)% | 24.1% | (7.6)% | (8.5)% | 25.8% | |
| MSCI World KES | 47.1% | (20.9)% | 27.0% | 8.6% | (0.2)% | 9.2% | 15.9% | 9.1% | (6.9)% | 10.0% | 5.0% |
| MSCI ACWI KES | 45.6% | (22.0)% | 25.5% | 8.5% | (0.7)% | 7.7% | 16.4% | 9.6% | (8.4)% | 9.1% | (1.9)% |
| MSCI Emerging KES | 33.5% | (30.1)% | 15.8% | 8.1% | (4.5)% | (3.1)% | 19.7% | 14.1% | (21.2)% | 1.8% | (13.7)% |
| **Bond Indices** | | | | | | | | | | | |
| FTSE Bond Index | - | - | 12.50% | 11.20% | 14.9% | 15.47% | 16.50% | 9.00% | 9.75% | 11.68% | 15.60% |
| S&P Sovereign Bond Index | 4.02% | 7.50% | 10.09% | 12.61% | 16.22% | 15.41% | 13.59% | 22.03% | 1.56% | 14.14% | 20.50% |

# 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:

Neha Datta at ndatta@zamara.co.ke
Lewis Rapando at lrapando@zamara.co.ke
Cliff Mayaka at cmayaka@zamara.co.ke
Berryl Bunyasi at bunyasib@zamara.co.ke

# 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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