

RETIREMENT BENEFITS INDUSTRY PERFORMANCE REPORT FOR THE YEAR 2015

1.0 OVERALL ASSETS UNDER MANAGEMENT

In the half year period, from June to December 2015 the assets under management have grown by 6.8 Billion a 0.8 percent rise of assets under management from Kshs.807.3 Billion reported in June 2015. However, over the one year period the total Industry assets have grown by 3.3 percent from **788.15 Billion** reported in December 31st 2014 to **Kshs.814.11 billion** as at December 31st 2015. This is a 25.9 billion increase for a turbulent 2015 characterized by significant currency instability and an aggressive bout of monetary tightening. Specifically the bourse market has been fluctuating in value with most of the counters recording poor returns and some of the corporate bonds not performing as expected.

Out of the Kshs.814.11 billion, fund managers and insurance issuers held majority of the assets at Kshs.709.4 billion, Kshs.38.2 billion internally administered by the National Social Security Fund (NSSF) and an additional Ksh.66.47 billion of property investments that are directly managed by trustees¹. The assets under fund management include Ksh.118.1 billion of NSSF funds managed by 5 contracted fund managers. The internal assets that are managed by NSSF are in immovable property, that is either commercial or residential, unquoted securities and other assets. Schemes continue investing heavily in traditional assets such as government and quoted securities with the two assets contributing to 52.7 percent of the total assets under management. Other assets that schemes have continued to invest heavily on are property and guaranteed funds representing 18.5 percent and 12.2 percent respectively. The year also saw the introduction of a new asset class category, Private Equity and venture capital, which fund managers invested into at Ksh.170 million of the total assets under management.

The table below provides more details on how investments were made in the different asset classes. In the one year period, there was a slight growth in some of the asset classes especially in the fixed deposits and immovable property asset class categories each registering 34 percent and 16 percent increase in total assets under management. However, there was a sharp decline in investments in offshore

¹ The amount was consolidated from schemes Financial Accounts for the year 2014

investments unquoted and quoted securities at -51 percent -39 percent, and -8 percent respectively.

OVERALL INDUSTRY INVESTMENT PORTFOLIO (Billion's)

		June 2014		December 2014		June 2015		December 2015		Change Dec 2014- Dec. 2015
		Kshs	%	Kshs	%	Kshs	%	Kshs	%	% Change
1	Government Securities	239.04	32	241.97	31	221.64	27	242.43	30	0.19
2	Quoted Equities	198.73	26	203.73	26	206.65	26	186.81	23	-8.30
3	Immovable Property	127.52	17	130.39	17	148.25	18	150.78	19	15.64
4	Guaranteed Funds	84.65	11	94.09	12	97.03	12	99.40	12	5.65
5	Fixed Income	33.23	4	46.52	6	51.45	6	48.09	6	3.37
6	Fixed Deposits	38.05	5	41.47	5	41.24	5	55.61	7	34.09
7	Offshore	14.57	2	14.68	2	14.80	2	7.16	1	-51.23
8	Cash	10.35	2	10.74	1	12.73	2	11.26	1	4.87
9	Unquoted Equities	3.90	1	4.55	1	2.63	1	2.77		-39.07
10	Private Equity					0.007		0.17		100
11	U Classified/Others	0	0	0.01	0	10.93	1	9.62	1	100
	TOTAL	750.04²	100	788.15	100	807.35		814.11		

On average, all categories of investment were within the statutory investment limits provided in the Retirement Benefits Regulations.

² Difference in Decimal points as a result of rounding off

OVERALL INDUSTRY INVESTMENT VS STATUTORY MAXIMUM

