



RETIREMENT BENEFITS INDUSTRY REPORT FOR DECEMBER 2022

1.0 OVERALL ASSETS UNDER MANAGEMENT

The retirement benefits assets under management increased by 4.03 percent from Kshs. 1,515.16 billion in June 2022 to Kshs. 1,576.22 billion in December 2022. Compared to the same period last year, the assets grew marginally by 1.86 percent, up from Kshs. 1,547.43 billion in December 2021. The marginal growth of the assets during the period is partly attributed to slow rebound of the financial market after the adverse effects of the Covid-19 pandemic; the uncertainties surrounding the 2022 presidential elections; and the Russia-Ukraine war. The fund managers and approved issuers held majority of the assets amounting to Kshs. 1,472.47 billion. The assets under management included Kshs. 249.99 billion of NSSF funds, which were managed by six (6) external fund managers. The National Social Security Fund (NSSF) internally managed a total of Kshs. 45.66 billion of investments¹, while the trustees of the various schemes directly managed Kshs. 58.09 billion of property investments².

The schemes continued to invest heavily in government securities with the asset class accounting for 45.81 percent of the total assets under management. This was followed by guaranteed funds which accounted for 18.91 percent; investments in immovable property and quoted equities accounting for 15.76 percent and 13.66 percent of the total assets under management, respectively. Most of the investments during the second half of the year recorded some growth except offshore investments and cash and demand deposits. The offshore investments recorded a negative growth of 7.24 percent with the investments dropping from Kshs. 15.24 billion in June 2022 to Kshs. 14.13 billion in December 2022 while cash and demand deposits recorded a negative growth of 18.71 percent with investments declining from Kshs. 20.66 billion to Kshs. 16.79 billion.

¹ This includes property amounting to Kshs. 39.25 billion; Cash and Demand deposits, Kshs. 854.31 million; Quoted equities, Kshs. 4.8 billion; and unlisted shares, Kshs. 741.71 million.

² The data of the internally managed property was extracted from the Schemes Financial Accounts for the year 2021 and 2022. The decrease in the internally managed property over the periods can be attributed to the directive issued by the Authority requiring schemes to relinquish the investment of scheme funds to fund managers.

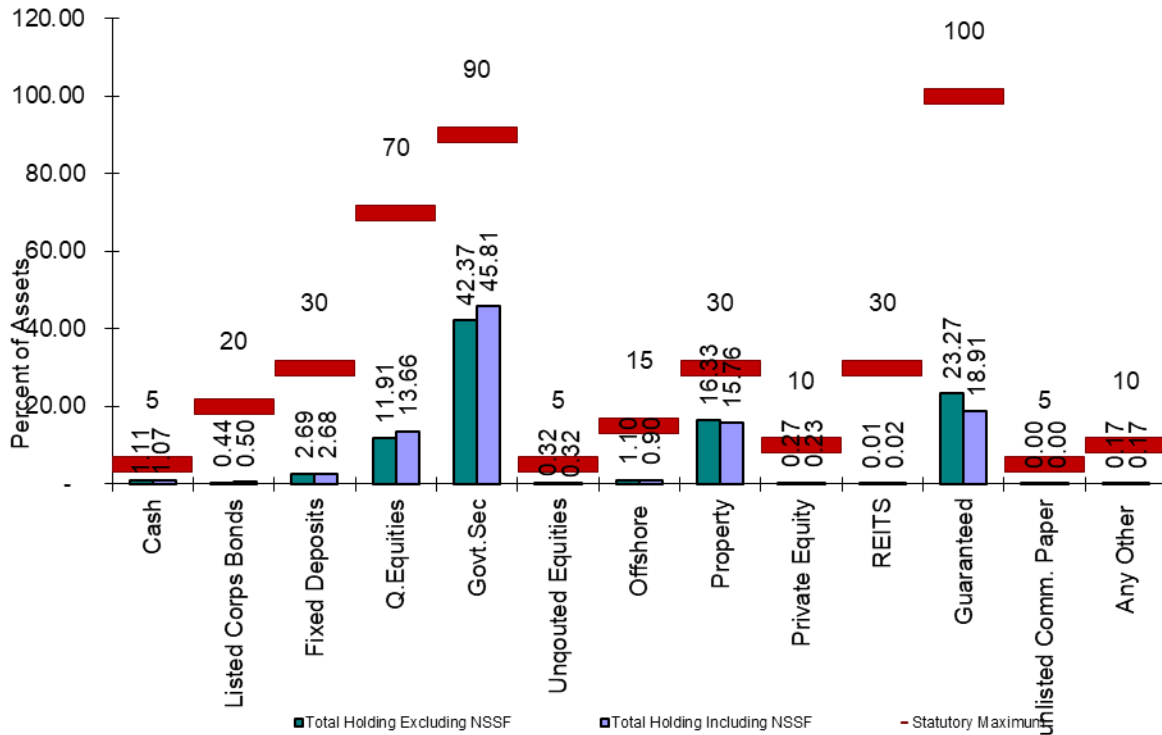
Investment in alternative assets such as private equity & venture capital continued to be attractive to schemes due to their diversification effects, which increased by 4.78 percent during the period. Investment in REITS increased marginally from Kshs. 268 million in June 2022 to Kshs. 283 million in December 2022. Investment under the “any other assets” category also increased from Kshs. 2 billion in June 2022 to Kshs. 2.67 billion in December 2022 accounting for 0.17 percent of the total assets under management. The investment under any other assets was mainly investment in the Acorn Student Accommodation Development REIT. The table below provides detailed aggregate investments by schemes in the various asset class category.

OVERALL INDUSTRY INVESTMENT PORTFOLIO (KSHS. BILLION)

	Assets Category	Dec.2020		June 2021		Dec.2021		June 2022		Dec. 2022	
		Kshs. (Bn)	%	Kshs. (Bn)	%	Kshs. (Bn)	%	Kshs. (Bn)	%	Kshs. (Bn)	%
1	Government Securities	625.65	44.72	652.11	44.12	706.99	45.69	695.51	45.90	722.04	45.81
2	Quoted Equities	218.12	15.59	249.79	16.90	254.60	16.45	206.13	13.60	215.24	13.66
3	Immovable Property	251.27	17.96	247.35	16.73	254.51	16.45	239.22	15.79	248.42	15.76
4	Guaranteed Funds	230.60	16.48	247.52	16.74	259.79	16.79	284.51	18.78	298.01	18.91
5	Listed Corporate Bonds	5.25	0.38	2.90	0.20	6.80	0.44	7.40	0.49	7.82	0.50
6	Fixed Deposits	39.04	2.79	37.07	2.51	27.85	1.80	36.42	2.40	42.23	2.68
7	Offshore	11.38	0.81	16.73	1.13	19.41	1.25	15.24	1.01	14.13	0.90
8	Cash	12.24	0.87	17.91	1.21	9.54	0.62	20.66	1.36	16.79	1.07
9	Unquoted Equities	3.42	0.24	3.40	0.23	3.48	0.23	4.38	0.29	4.99	0.32
10	Private Equity	1.67	0.12	2.50	0.17	2.96	0.19	3.40	0.22	3.56	0.23
11	REITS	0.28	0.02	0.14	0.01	0.37	0.02	0.27	0.02	0.28	0.02
12	Commercial Paper, Non-listed bonds by Private companies	0.04	0.00	0.02	0.001	0.01	0.00	0.02	0.001	0.03	0.002
13	Any Other Assets	-	-	0.73	0.05	1.12	0.07	2.00	0.13	2.67	0.17
	TOTAL	1,398.95	100.00	1,478.18	100.00	1,547.43	100.00	1,515.16	100.00	1,576.22	100.00

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

OVERALL INDUSTRY INVESTMENT VS STATUTORY MAXIMUM

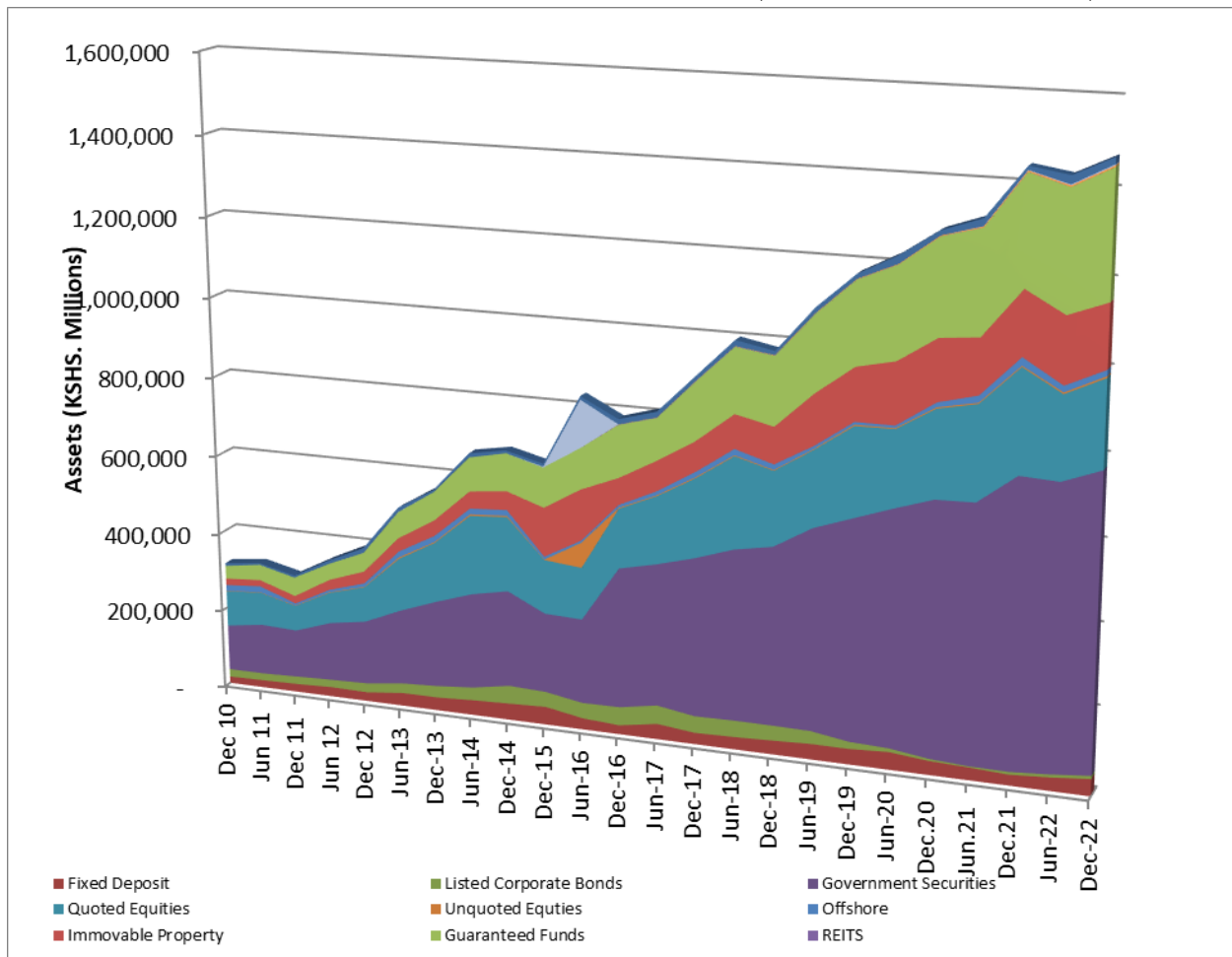


2.0 ASSETS HELD BY FUND MANAGERS AND APPROVED ISSUERS

For the period ending December 2022, 17 fund managers and 17 approved issuers, submitted 1,122 scheme reports with a total fund value of Kshs. 1,472.47 billion representing 3.2 percent increase in the total assets under management. The assets increased from Kshs. 1,426.74 billion in June 2022. Compared to the same period last year (December 2021), this was a 2.14 percent increase in the total assets under fund management, up from Kshs. 1,441.64 billion in December 2021. The total assets managed by fund managers amounted to Kshs. 1,174.46 billion while the approved issuers managed only Kshs. 298.01 billion despite managing funds of majority of the schemes³.

³ The Fund Managers submitted 455 scheme reports while the approved issuers submitted 667 scheme reports.

ASSETS UNDER FUND MANAGEMENT (DEC. 2010 – DEC. 2022)⁴

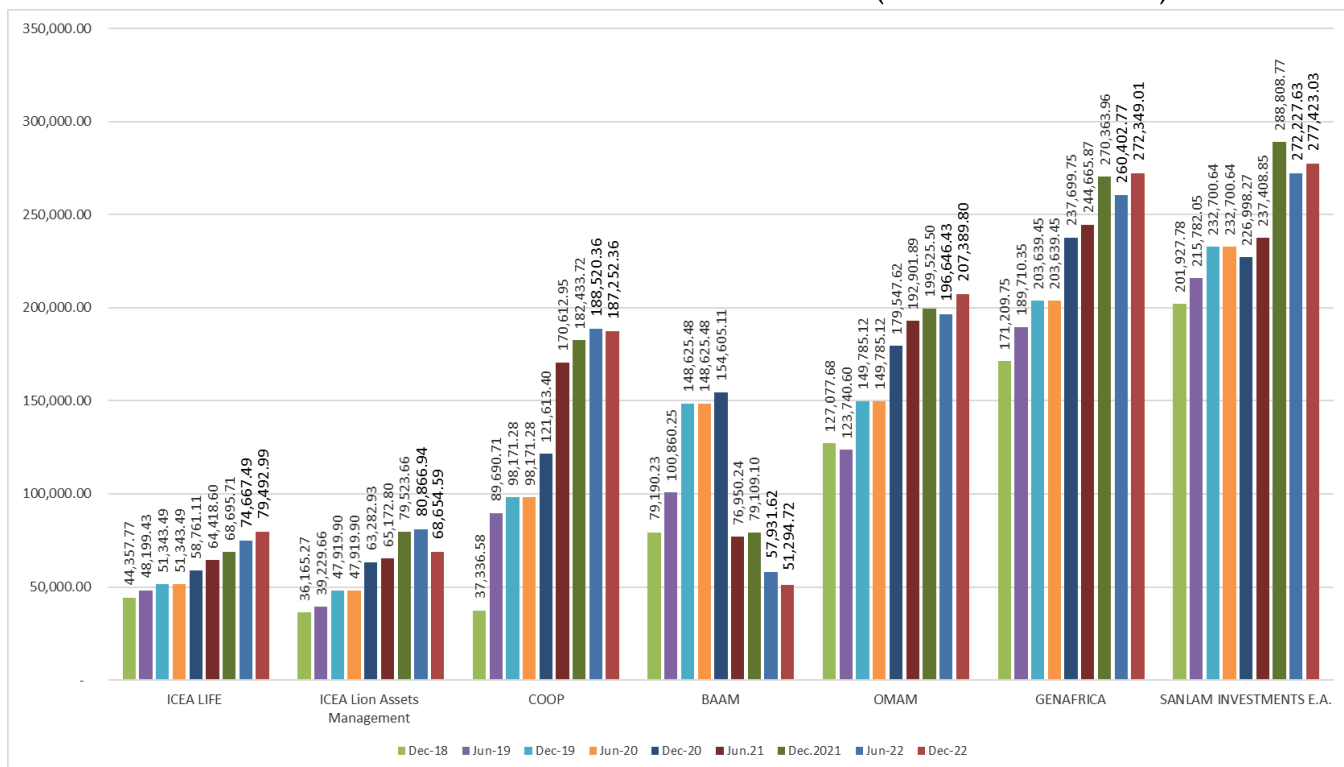


In terms of investments by specific fund managers and approved issuers, Sanlam Investments East Africa Company had the largest share of assets under management amounting to Kshs. 277.42 billion which translates to 18.84 percent of the total assets under fund management, this was followed by GenAfrica asset managers in position two with assets amounting to Kshs. 272.35 billion which translates to 18.50 percent of the total assets under fund management. The top five fund managers during the period were Sanlam Investments East Africa, GenAfrica Asset Managers, Old Mutual Investment Group Limited, Coop Trust Investment Services, and ICEA Lion Life Assurance Limited, which managed the bulk of the investments with the total assets under management (AUM) amounting to Kshs. 1,023.91 billion accounting for 69.54

⁴ During the period June 2016, a total of Kshs. 117.55 billion of investments was reported unclassified. Over the subsequent periods, all the investments were classified.

percent of the entire AUM. The ICEA Lion Life (Approved Issuer) joined the top five after ICEA Lion Assets Managers AUM dropped from Kshs. 80.9 billion in June 2022 to Kshs. 68.7 billion in 2022. Similarly, the assets managed by British American Assets Managers dropped drastically from June 2021 due to loss of business by NSSF where it was managing over Kshs. 82.28 billion in December 2020 losing the top five position. The analysis considered each entity according to its registration, hence, where a parent company has both an approved issuer and fund manager the two were considered as distinct entities.

ASSETS UNDER MANAGEMENT BY TOP FIVE MANAGERS (DEC. 2018 - DEC. 2022)



3.0 ASSETS HELD BY NATIONAL SOCIAL SECURITY FUND (NSSF)

The total investments held by NSSF increased by Kshs. 13.21 billion to stand at Kshs. 295.65 billion in December 2022, up from Kshs. 282.44 billion in June 2022. The NSSF internally managed assets amounted to Kshs. 45.66 billion⁵. The externally managed funds increased over the period by Kshs. 15.9 billion, up from Kshs. 234.09 billion in

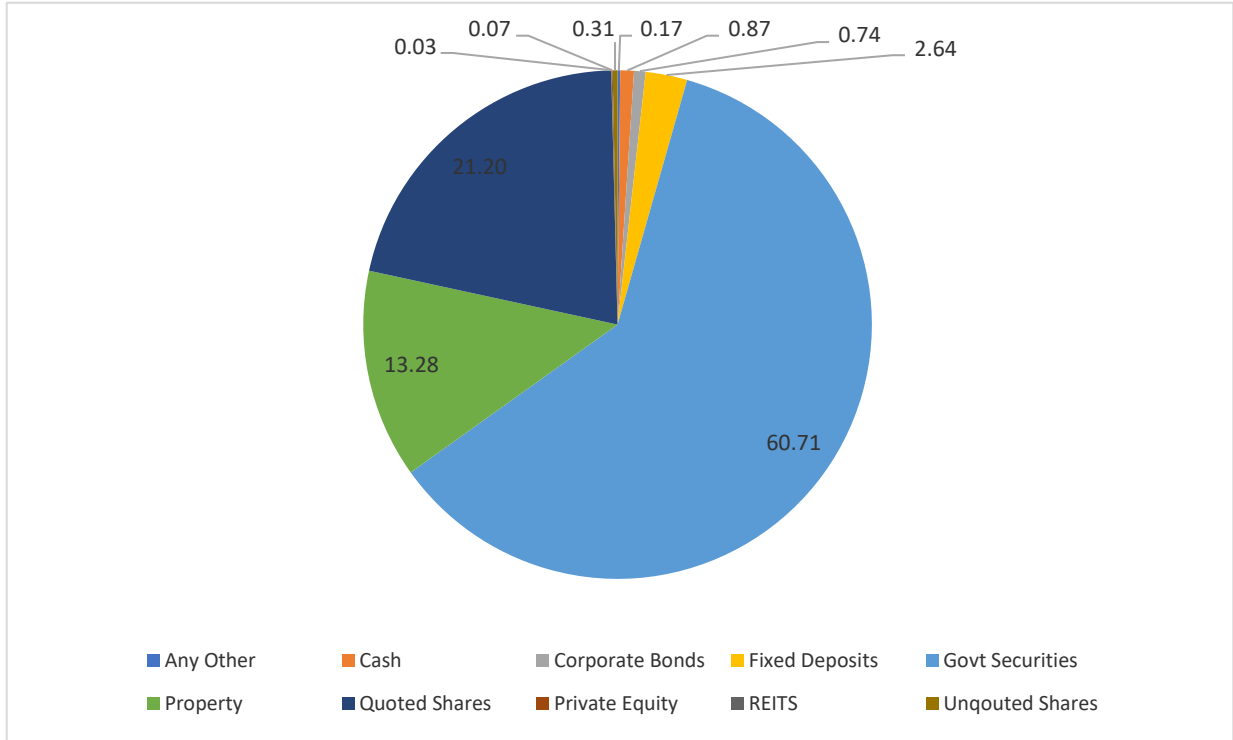
⁵ This includes property amounting to Kshs. 39.25 billion; Cash and Demand deposits, Kshs. 854.31 million; Quoted equities, Kshs. 4.8 billion; and unlisted shares, Kshs. 741.71 million.

June 2022 to Kshs. 249.99 billion in December 2022. The table below shows the distribution of the NSSF funds to the various fund managers.

NSSF PORTFOLIO MANAGED BY EXTERNAL MANAGERS

Assets in Millions								
Fund Manager	June. 19	Dec. 19	Jun-20	Dec. 2020	Jun-21	Dec. 21	Jun-22	Dec. 2022
British-American Asset Managers Limited	34,835.17	76,681.83	76,287.85	82,286.38	-	-	-	-
Gen Africa Asset Managers	40,557.00	44,107.34	43,437.59	47,812.12	51,643.24	56,446.47	54,457.07	57,292.06
Old Mutual Asset Managers (Kenya) Limited	33,568.29	37,822.78	38,815.51	42,197.08	46,057.90	48,288.30	46,309.44	49,192.51
African Alliance Kenya Investment Bank Limited	29,696.78	33,097.05	34,538.02	37,463.07	51,818.25	42,573.05	41,437.30	43,759.70
SANLAM Investment East Africa Ltd	-	-	-	-	-	46,041.98	43,914.04	39,484.19
Co-op Trust	-	-	-	-	40,736.52	46,878.40	44,960.95	47,755.37
CIC Asset Management Ltd	-	-	-	-	-	133.85	3,016.07	12,505.76
Total	138,657.24	191,709.00	193,078.97	209,758.65	190,255.92	240,362.04	234,094.86	249,989.61

The overall NSSF portfolio is heavily invested in government securities representing 60.71 percent of the total assets. This was followed by quoted equities and immovable property at 21.2 percent and 13.28 percent, respectively. The NSSF portfolio allocation complied with the investment guidelines.



4.0 FUTURE OUTLOOK

The retirement benefits assets are expected to grow in the first half of 2023 owing to the rebound of the stock market. However, the growth will be slow due to the uncertainties arising from the political activities in the country, the continuing Russia-Ukraine conflict, delayed rains, and the rising inflation. The schemes are expected to continue to invest in alternative assets given the broadening of the allowable investment categories and also take advantage of the government infrastructural projects.

**MARCH 2023
RESEARCH & STRATEGY DEPARTMENT**