

RETIREMENT BENEFITS INDUSTRY REPORT FOR DECEMBER 2023

1.0 OVERALL ASSETS UNDER MANAGEMENT

The retirement benefits assets under management increased by 1.28 percent from Kshs. 1,703.69 billion in June 2023 to Kshs. 1,725.44 billion in December 2023. Compared to the same period last year, the assets grew by 9.47 percent, up from Kshs. 1576.22 billion in December 2022. The slowed growth of assets during the period is attributed to negative movement in some asset classes including quoted equities, listed corporate bonds, unquoted equities and commercial paper. The re-valuation of debt instruments particularly government bonds also contributed to the slowed down growth in assets. The fund managers and approved issuers held majority of the assets amounting to Kshs. 1,600.68 billion. The assets under management included Kshs. 247.86 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. 80.25 billion of investments¹, while the trustees of the various schemes directly managed Kshs. 58.39 billion of property investments².

The schemes continued to invest heavily in government securities which accounted for 47.46 percent of the total assets under management. This was followed by guaranteed funds which accounted for 20.76 percent. Investments in immovable property and quoted equities accounted for 14.03 percent and 8.41 percent of the total assets under management respectively. Only seven of the thirteen investments assets in which schemes funds had invested recorded some growth during the second half of the year. The remaining six recorded negative growth, such as, quoted equities, immovable property, listed corporate bonds, unquoted equities and commercial papers. The table below provides detailed aggregate investments by schemes in the various asset class category.

¹ This includes investment assets including Government securities at Kshs. 22.67 billion, property at Kshs. 38.47 billion; Quoted equities at Kshs. 4.36 billion; and fixed deposits at Kshs. 1.28 billion. Another Kshs 13.25 billion are in property, plant & equipment, intangible assets, inventories, staff mortgage scheme, accrued income, trade and other receivable and staff car loans

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.

Table 1: Overall Industry Investment Portfolio (Kshs. Billion)

S/No.	Investment Assets Category	Dec-21		Jun-22		Dec-22		Jun-23		Dec-23		
		Kshs. (Bn)	%	Kshs. (Bn)	%	Kshs. (Bn)	%	Kshs. (Bn)	%	Kshs.	%	Change
1	Government Securities	706.99	45.69	695.51	45.90	722.04	45.81	814.26	47.79	818.86	47.46	↑
2	Quoted Equities	254.60	16.45	206.13	13.60	215.24	13.66	174.05	10.22	145.15	8.41	↓
3	Immovable Property	254.51	16.45	239.22	15.79	248.42	15.76	246.31	14.46	242.07	14.03	↓
4	Guaranteed Funds	259.79	16.79	284.51	18.78	298.01	18.91	326.99	19.19	358.12	20.76	↑
5	Listed Corporate Bonds	6.80	0.44	7.40	0.49	7.82	0.50	7.54	0.44	6.65	0.39	↓
6	Fixed Deposits	27.85	1.80	36.42	2.40	42.23	2.68	67.68	3.97	81.93	4.75	↑
7	Offshore	19.41	1.25	15.24	1.01	14.13	0.90	23.13	1.36	27.19	1.58	↑
8	Cash	9.54	0.62	20.66	1.36	16.79	1.07	22.62	1.33	24.95	1.45	↑
9	Unquoted Equities	3.48	0.23	4.38	0.29	4.99	0.32	5.08	0.30	3.63	0.21	↓
10	Private Equity	2.96	0.19	3.40	0.22	3.56	0.23	5.37	0.32	5.74	0.33	↑
11	REITS	0.37	0.02	0.27	0.02	0.28	0.02	10.64	0.62	11.12	0.64	↑
12	Commercial Paper, Non-listed bonds by Private companies	0.01	0.00	0.02	0.001	0.03	0	0.03	0.002	0.02	0.001	↓
13	Any Other Assets	1.12	0.07	2.00	0.13	2.67	0.17	-	-	-	-	-
TOTAL		1547.43	100	1515.16	100	1576.22	100	1703.69	100	1725.438	100	↑

Comparing the year-on-year performance, quoted equities and unquoted equities recorded the highest negative growth of 32.56 percent and 27.16 percent. On the other hand, there was movement of a significant positive growth in fixed deposits, offshore investments, private equity & venture capital and cash & demand deposits. The investment trend tends to shift towards fixed income or less volatile assets such as government securities, guaranteed funds and fixed deposits. The significant growth in offshore investment is attributable to the exchange rate movement where the shilling had considerably lost value against the dollar hence making offshore investments more attractive.

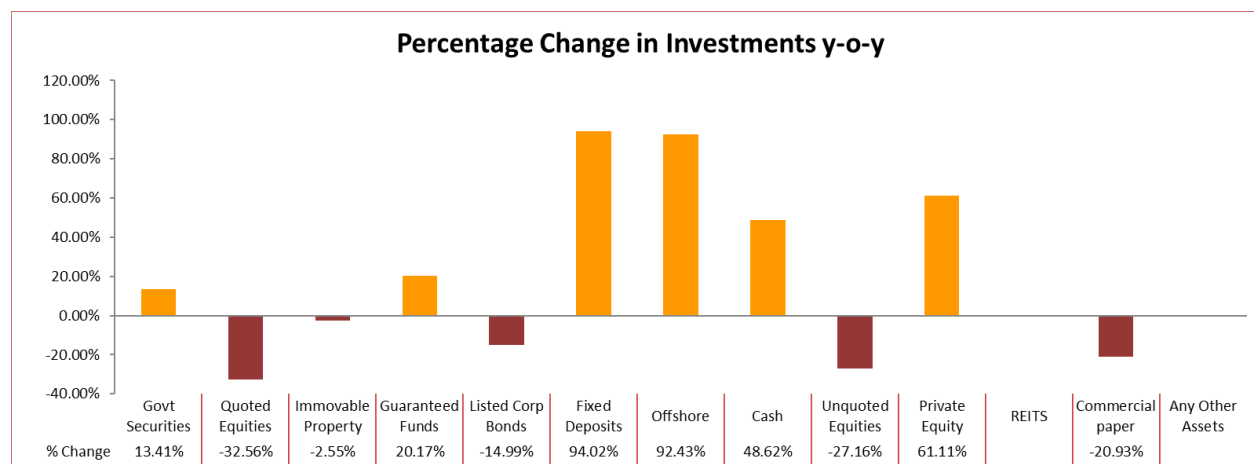


Figure 1: Percentage Change in Overall Industry Investments

Investment in alternative assets such as REITs and private equity & venture capital continued to be attractive to schemes due their diversification effects.

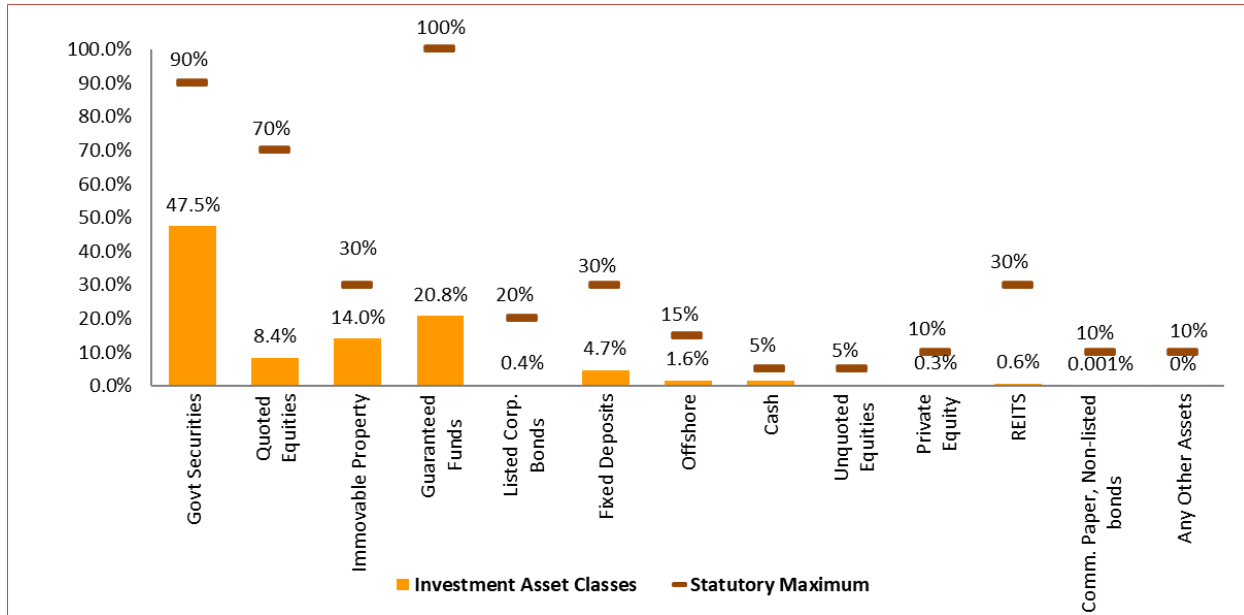


Figure 2: Overall Industry Investment Vs Statutory Maximum

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

2.0 ASSETS HELD BY FUND MANAGERS AND APPROVED ISSUERS

For the period ending December 2023, 19 fund managers and 17 approved issuers, submitted 1,041 scheme reports with a total fund value of 1,600.28 billion representing 0.1 percent increase in the total assets under management. The assets increased from Kshs. 1598.68 billion in June 2023. Compared to the same period last year (December 2022), this was a 8.68 percent increase in the total assets under fund management, up from Kshs. 1,472.47 billion in December 2022. The total assets managed by fund managers amounted to Kshs. 1,242.16 billion while the approved issuers managed only Kshs. 358.12 billion despite managing funds of majority of the schemes³. The investments under the guaranteed funds has been on upward trajectory following a shift to safer assets owing to volatility in the stock market and the high interest rates.

³ The Fund Managers submitted 475 scheme reports while the approved issuers submitted 768 scheme reports.

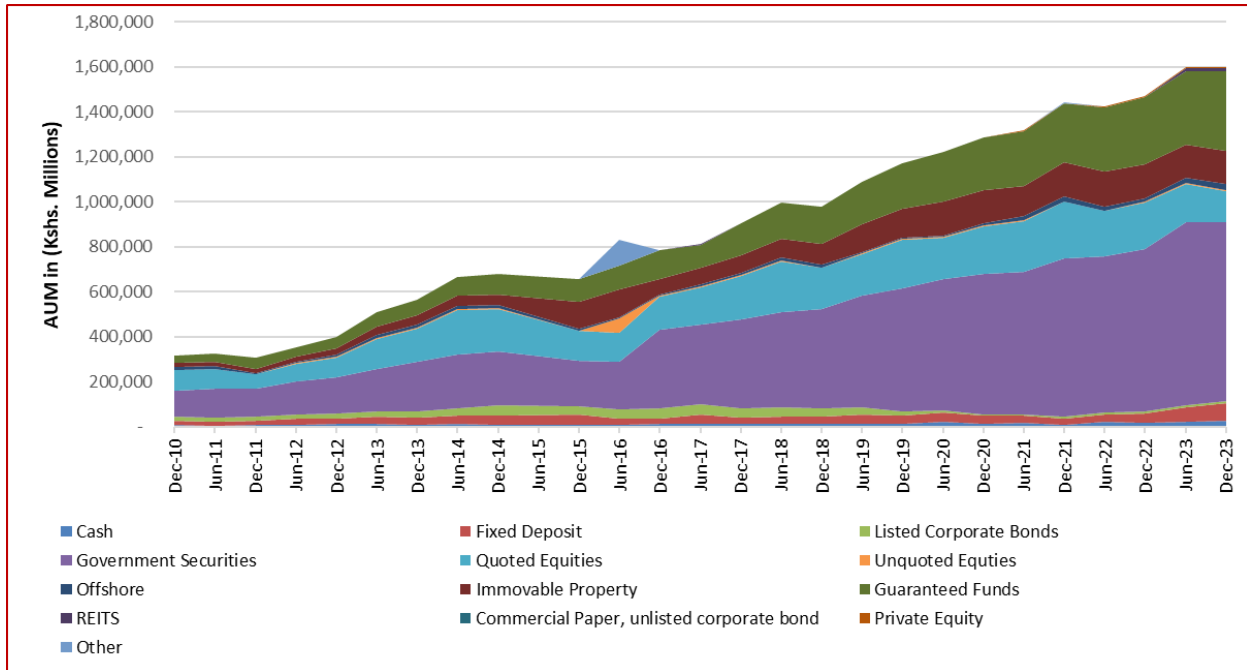


Figure 3: Assets Under Fund Management (Dec. 2010 – Dec. 2023)⁴

During the reporting period, top five fund managers managed 90 percent of the total retirement industry assets under management totaling to Kshs. 1,117.54 billion. The balance of Kshs. 124.62 billion assets undermanagement were managed by 14 fund managers.

percent of the entire AUM. The ICEA Lion Assets Management joined the top five fund managers and approved issuers after a drop in December 2022. 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.

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. The assets under any other category dropped following the amendment of the retirement benefits (form and fees) regulations through legal notice No. 72 of 4th April 2022 to include unlisted REITs as an asset class under the listed and unlisted REITs approved by the Capital Markets Authority.

Table 2: Assets Under Management by Fund Managers and Approved Issuers - December 2023

S/No.	Fund Manager	AUM in Kshs. Bn	% Share	S/No.	Approved Issuer	AUM in Kshs. Bn	% Share
1	Genafrika Asset Managers Limited	375.89	30.26	1	ICEA Lion Life Assurance Limited	91.65	25.59
2	Sanlam Investments East Africa Limited	232.33	18.70	2	The Jubilee Insurance Company of Kenya Limited	80.88	22.59
3	Old Mutual Investment Group Limited	213.18	17.16	3	Britam Life Assurance Company Kenya Limited	64.96	18.14
4	Co-optrust Investment Services Limited	206.94	16.66	4	Kenindia Assurance Company Limited	43.25	12.08
5	ICEA Lion Asset Management Limited	89.19	7.18	5	GA Life Assurance Limited	29.94	8.36
6	CIC Asset Management Limited	57.58	4.64	6	CIC Life Assurance Limited	9.46	2.64
7	Britam Asset Managers Kenya Limited	29.67	2.39	7	Equity Life Assurance Company(Kenya) Limited	8.69	2.43
8	African Alliance Kenya Asset Management Limited	27.21	2.19	8	APA Life Assurance Limited	4.85	1.35
9	NCBA Investment Bank Ltd	5.50	0.44	9	UAP Life Assurance Limited	4.81	1.34
10	ABSA Asset Management Ltd	3.03	0.24	10	Madison Life Assurance Kenya Limited	4.42	1.23
11	Globetec Asset Management Limited	0.58	0.05	11	The Kenyan Alliance Insurance Company Limited	4.23	1.18
12	Zimele Asset Management Company Limited	0.56	0.05	12	Sanlam Life Insurance Limited	3.54	0.99
13	Dry Associates Limited	0.25	0.02	13	Liberty Life Assurance Kenya Ltd	2.55	0.71
14	Amana Capital Limited	0.07	0.01	14	Pioneer Assurance Company Ltd.	1.81	0.50
15	KCB Asset Management Limited	0.05	0.004	15	Kenya Orient Life Assurance Limited	1.36	0.38
16	Cytoran Asset Managers Limited	0.05	0.004	16	Prudential Life Assurance Kenya	1.27	0.35
17	Genghis Capital Ltd	0.03	0.003	17	The Monarch Insurance Company	0.46	0.13
18	Fusion Investment Management Limited	0.03	0.002				
19	Kuza Asset Management Limited	0.02	0.002				
Grand Total		1,242.16	100.00	Grand Total		358.12	100.00

3.0 ASSETS HELD BY NATIONAL SOCIAL SECURITY FUND (NSSF)

The total investments held by NSSF increased by Kshs. 19.85 billion to stand at Kshs. 328.11 billion in December 2023, up from Kshs. 308.26 billion in December 2022. The NSSF internally managed assets amounted to Kshs. 80.25 billion⁵. The externally managed funds decreased over the period by Kshs. 13.79 billion, from Kshs. 261.65 billion in June 2023 to Kshs. 247.86 billion in December 2023. The table below shows the distribution of the NSSF funds managed by various fund managers.

Table 3: NSSF Portfolio Managed by External Managers

Fund Manager	Assets in Millions								
	Dec-19	Jun-20	Dec. 2020	Jun-21	Dec-21	Jun-22	Dec. 2022	Jun-23	Dec-23
British-American Asset Managers Limited	76,681.83	76,287.85	82,286.38	-	-	-	-	-	-
Gen Africa Asset Managers	44,107.34	43,437.59	47,812.12	51,643.24	56,446.47	54,457.07	57,292.06	58,979.14	59,161.39
Old Mutual Asset Managers (Kenya) Limited	37,822.78	38,815.51	42,197.08	46,057.90	48,288.30	46,309.44	49,192.51	51,127.17	52,922.21
African Alliance Kenya Investment Bank Limited	33,097.05	34,538.02	37,463.07	51,818.25	42,573.05	41,437.30	43,759.70	46,412.25	21,220.48
SANLAM Investment East Africa Ltd	-	-	-	-	46,041.98	43,914.04	39,484.19	26,666.47	30,220.62
Co-op Trust	-	-	-	40,736.52	46,878.40	44,960.95	47,755.37	50,475.28	52,912.14
CIC Asset Management Ltd	-	-	-	-	133.85	3,016.07	12,505.76	27,990.30	31,419.52
Total	191,709.00	193,078.97	209,758.65	190,255.92	240,362.04	234,094.86	249,989.61	261,650.61	247,856.37

⁵ This includes investment assets including Government securities at Kshs. 22.67 billion, property at Kshs. 38.47 billion; Quoted equities at Kshs. 4.36 billion; and fixed deposits at Kshs. 1.28 billion. Another Kshs 13.25 billion are in property, plant & equipment, intangible assets, inventories, staff mortgage scheme, accrued income, trade and other receivable and staff car loans

The overall NSSF portfolio is heavily invested in government securities representing 66.31 percent of the total assets. This was followed by quoted equities and immovable property at 15.53 percent and 12.23 percent, respectively. The NSSF portfolio allocation complied with the investment guidelines.

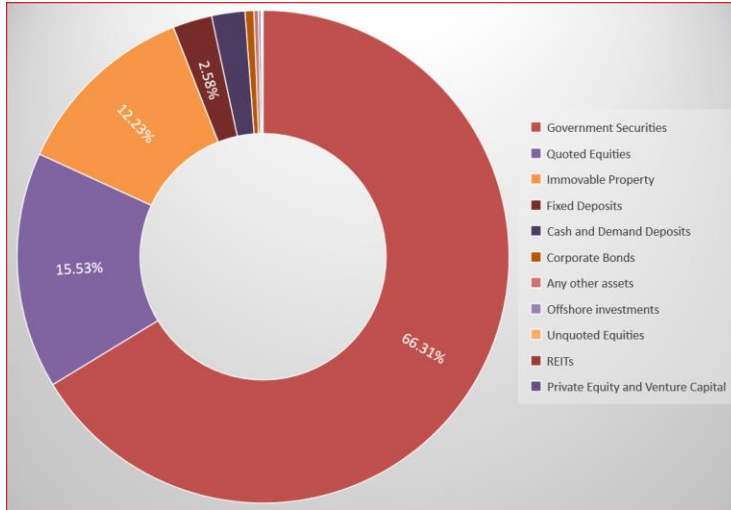


Figure 4: Investment of NSSF Assets

4.0 FUTURE OUTLOOK

The retirement benefits assets are expected to grow in the first half of 2024 owing to the rebound of the economy, which has remained resilient despite the adverse effects of domestic and external shocks. The growth is expected to be realized from the improved performance in the equities market and the continued in alternative assets.

MARCH 2024

RESEARCH, STRATEGY AND PLANNING DIRECTORATE