



GENAFRICA ASSET MANAGERS

THE PUBLIC SERVICE SUPERANNUATION SCHEME SCHEME



THE **PUBLIC SERVICE SUPERANNUATION SCHEME**



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Annual General Meeting: Year Ended 30th June 2023



Presenter:

FA, Mohammed Khalid, CFA
Senior Investment Manager



Presentation Outline



- Contents:**
- Role of the Fund Manager
 - Who we are – Introduction to GenAfrica Asset Managers
 - Market and Economic Review 2022/2023
 - Compliance and Asset Allocation as at 30th June 2023
 - Fund Update & Growth
 - Market Outlook for 2023/2024

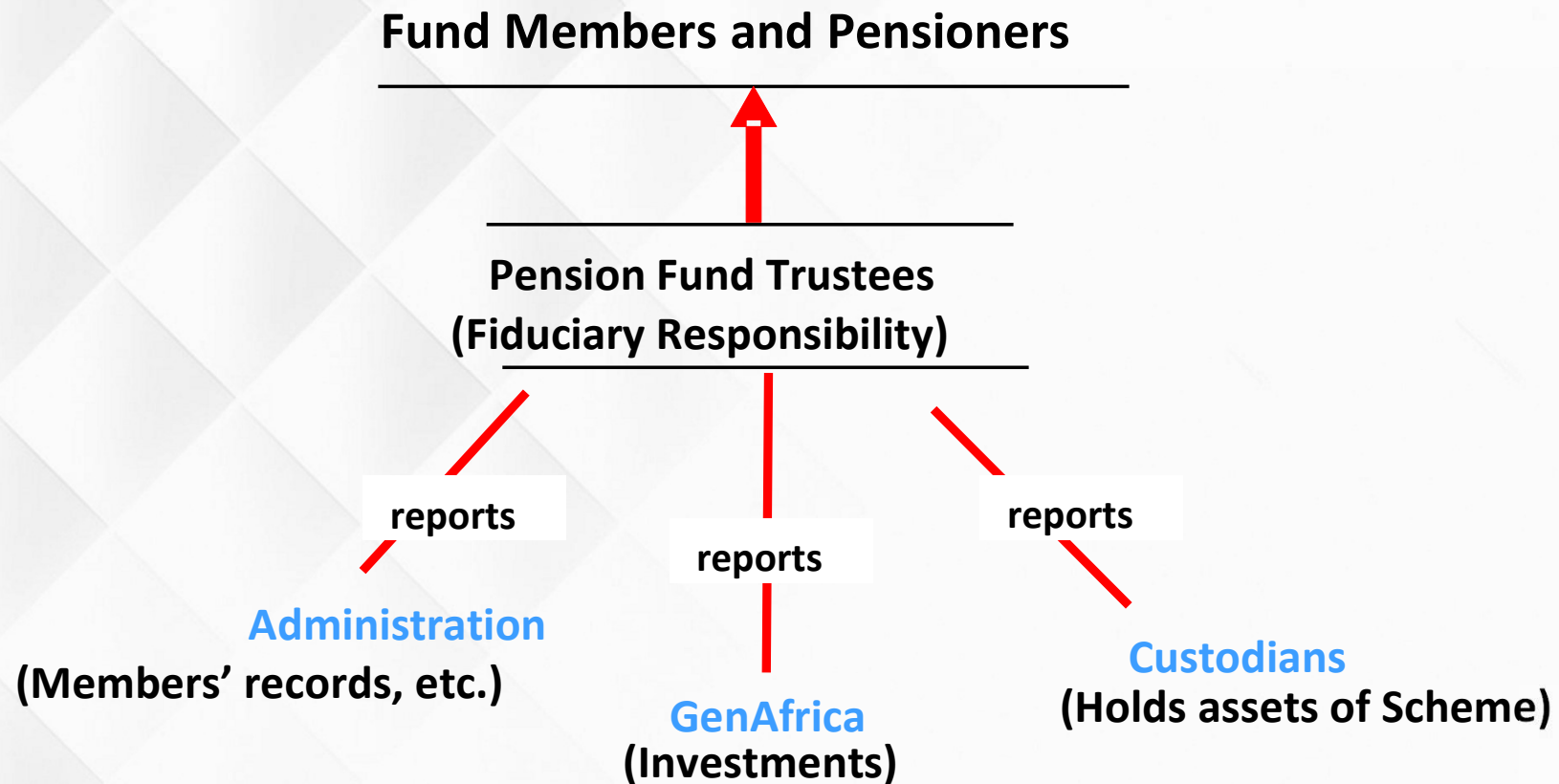


BACKGROUND



- Founded in 1996 as Genesis Kenya Investment Management Limited. Rebranded to GenAfrica Asset Managers in 2015. Regional presence in Kenya and Uganda.
- Currently managing in excess of Kes 452 Billion as at December 2023.
- Total staff force: 38 with 22 in the Investment Team and 16 in Operations, Finance and Administration.
- Over 100 clients
- Core business investment management - no conflict of interest
- Licensed by the Capital Markets Authorities in both Kenya and Uganda and the Retirement Benefits Authorities in Kenya and Uganda.

Pension Management Structure



Role of the Fund Manager

- Advise the Trustees on the available investment options;
 - ✓ Fixed Income – Treasury bills & bonds, Commercial paper & Corporate bonds and fixed deposits.
 - ✓ Domestic Equities
 - ✓ Offshore Investments
 - ✓ Alternative Investments e.g., unlisted equities
- Invest scheme assets according to the approved investment policy.
- Conduct Research on various asset classes and securities.
- Report to the Trustees on the performance of the scheme funds on a quarterly basis.
- Submit appropriate semi-annual returns to RBA.

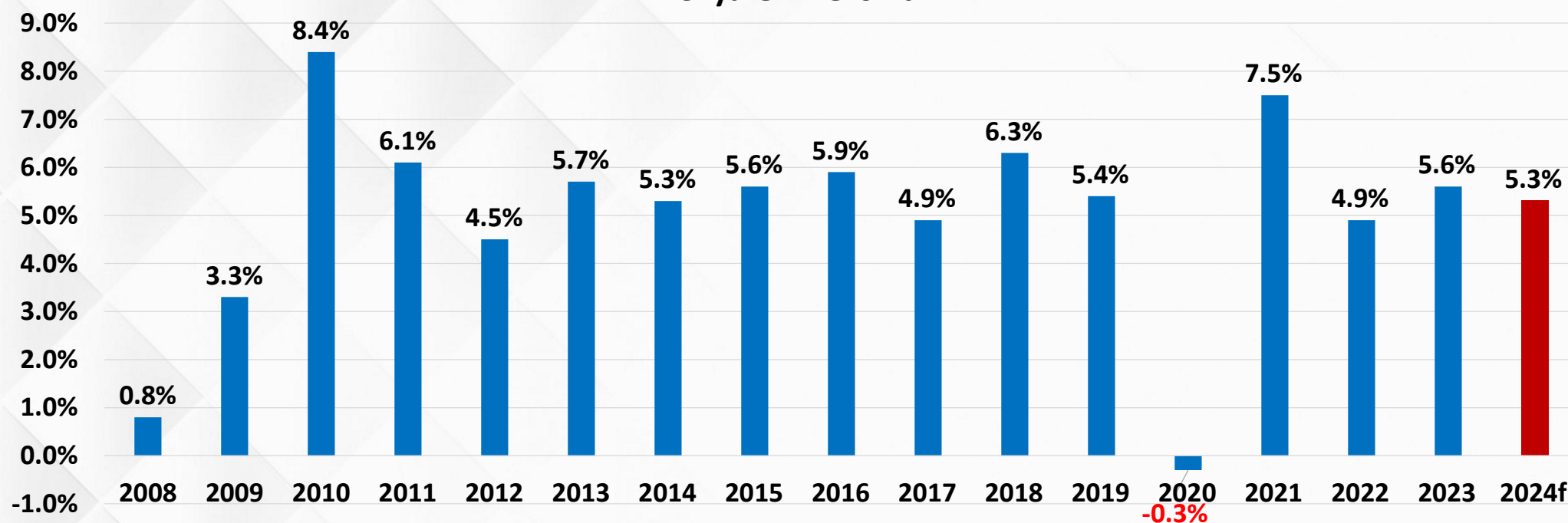


Macroeconomic Review 2022/2023

Economic Growth

- The economic growth was **5.6%** in 2023 relative to **4.9%** in 2022. The growth has largely been supported by a recovery in the Agricultural sector due to the successful long rains season and some micro interventions by government which has been positive for productivity.
- Leading indicators point to moderate growth against a backdrop of challenges emanating from global factors and fiscal challenges. We forecast an average growth of **5.3%** for 2024.

Kenya GDP Growth



Currency

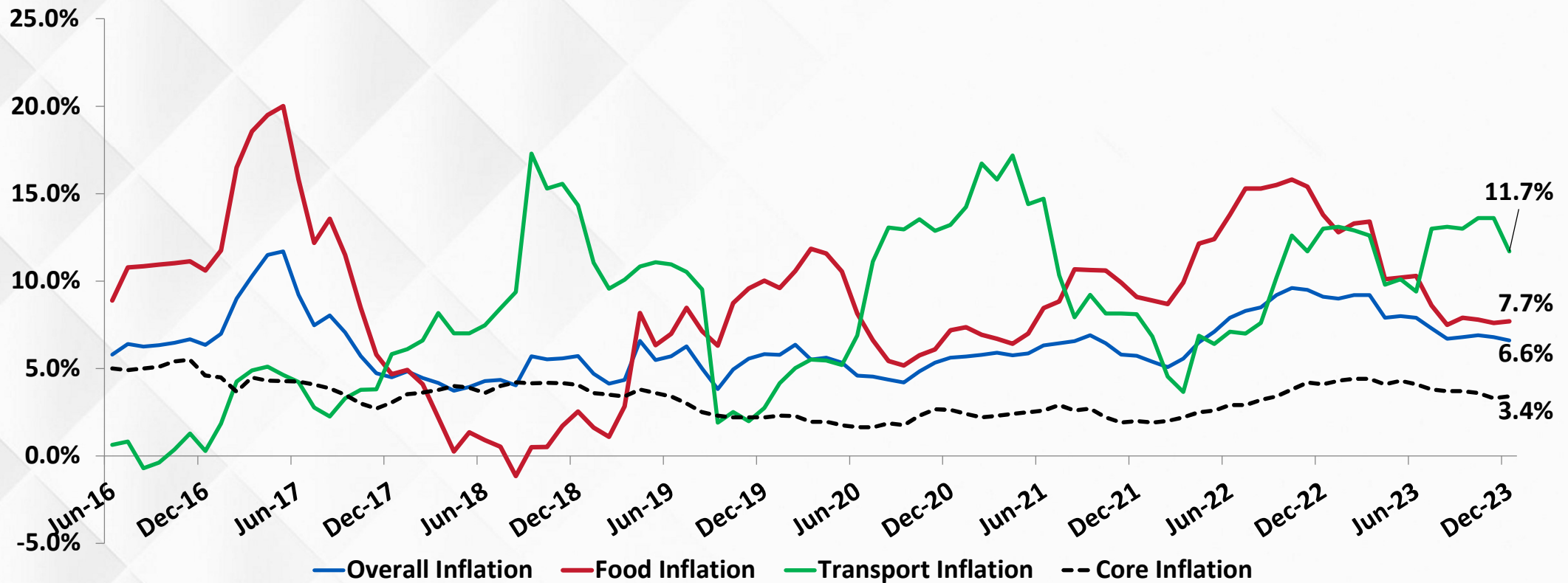
- The Kenya Shilling (KES) depreciated by **-19.3%** against the US Dollar year on year.
- The weakness in the Kenya Shilling was mainly due to increased dollar demand for imports, higher debt service and a widening current account deficit.
- FX reserves declined during the year but were supported by foreign concessional loans from IMF & World Bank. Diaspora remittances remained relatively strong but grew at a slower pace relatively to the previous year.

	30-Jun-22	31-Dec-22	31-Mar-23	30-Jun-23	Q-on-Q	YTD	Y-on-Y
USD/KES	117.83	123.37	132.33	140.52	-6.2%	-13.9%	-19.3%
GBP/KES	143.70	148.47	163.67	177.28	-8.3%	-19.4%	-23.4%
EUR/KES	124.02	131.27	144.37	152.98	-6.0%	-16.5%	-23.4%
ZAR/KES	7.32	7.22	7.35	7.45	-1.4%	-3.3%	-1.8%
KES/UGX	31.91	30.11	28.56	26.08	-8.7%	-13.4%	-18.3%
KES/TZS	19.79	18.92	17.68	17.19	-2.8%	-9.2%	-13.2%

Source: Central Bank of Kenya

Inflation

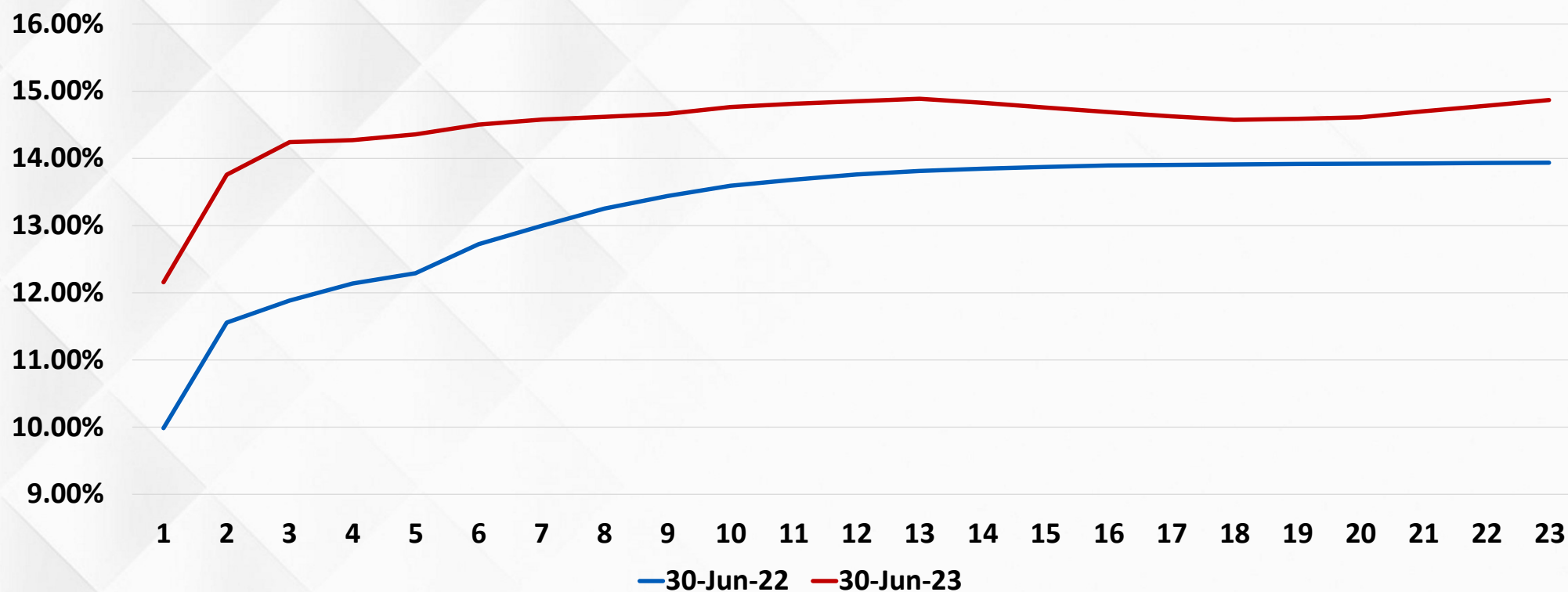
- Inflation increased slightly from **7.64%** in 2022 to **7.70%** in 2023.
- The marginal increase was mainly due to relatively higher transport costs. Transport index increased from **8.1%** to **12.2%** y/y. The transport index remained high due to elevated oil prices during the period. Food inflation decreased from **13.1%** to **9.8%** y/y.



Interest Rates

- In 2022/23, interest rates increased across the curve compared to the previous year. The increase in the short end was significantly higher than the mid-section and long section of the curve. This was mainly attributed to the increase in domestic borrowing which had a negative impact on rates.

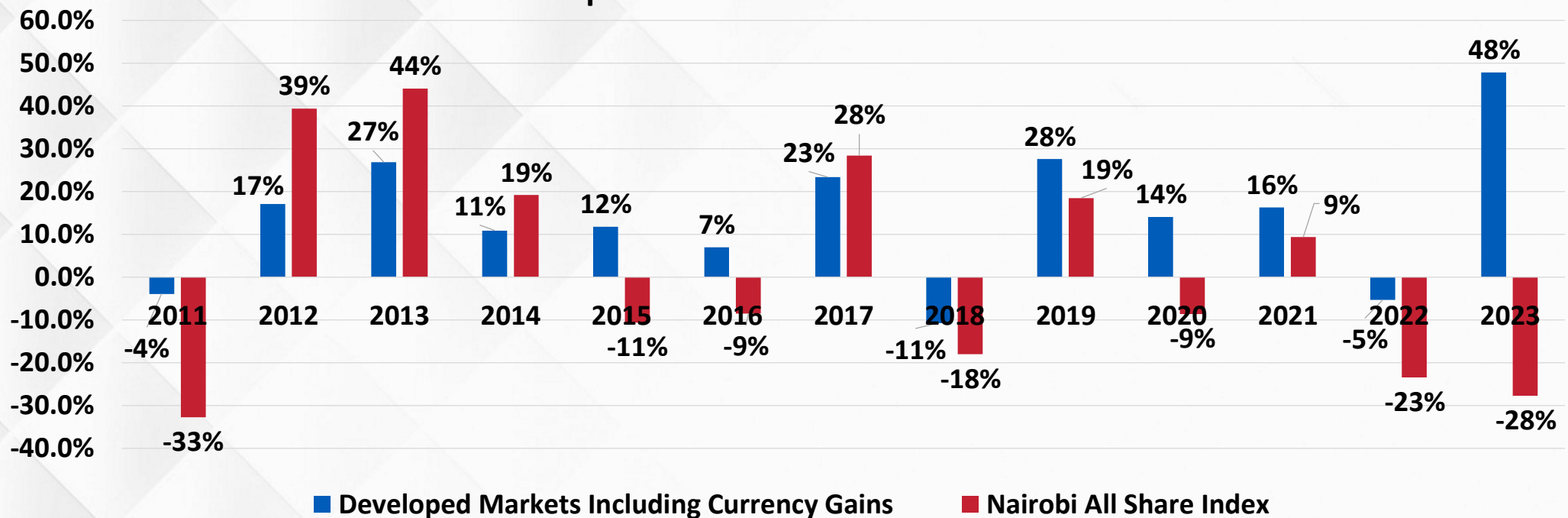
Yield Curve

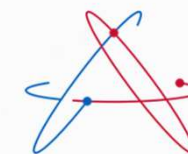


Local and Offshore Equity Markets

- The local market contracted in 2022/23 off the back of heavy foreign investor sell offs due to the macro concerns and higher interest rates during the year.
- Offshore equities posted positive performance supported improved investor sentiment towards the end of the year due to slowing inflation and possible rate cuts in 2024.

Offshore Developed Markets Returns vs NSE All Share Index





GenAfrica
ASSET MANAGERS

Investment Report

Asset Allocation As At 30th June 2023



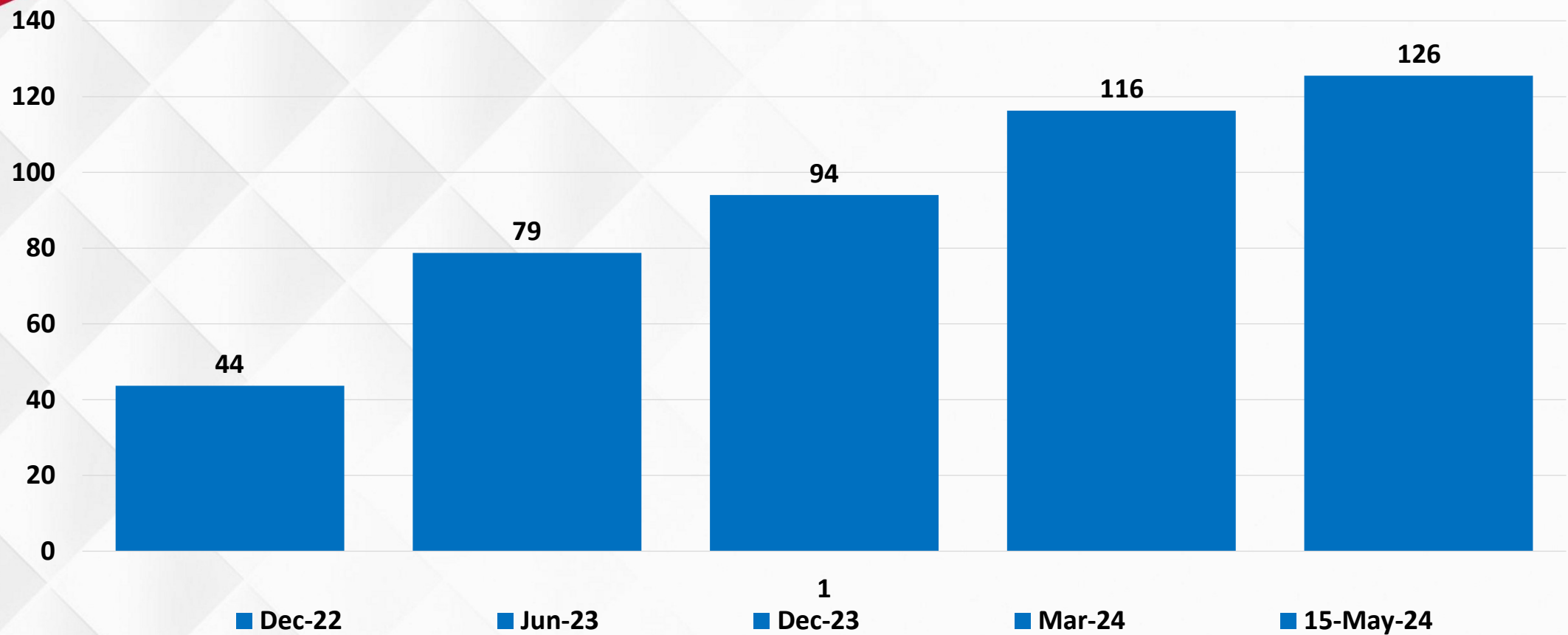
	30th June 2022		30th June 2023		
Portfolio	KES	% of Portfolio	KES	% of Portfolio	RBA Limit
Government Bonds	35,973,149,438	99.9%	71,565,047,407	90.9%	90%
Treasury Bills	-	0.0%	6,355,724,303	8.1%	90%
Cash & Call Equivalents	28,650,121	0.1%	793,733,106	1.0%	5%
TOTAL	36,001,799,559	100.0%	78,714,504,816	100%	

Asset Allocation As At 31st March 2024



Portfolio	KES	% of Portfolio	RBA Limits
Government Bonds	80,014,351,644	68.8%	90%
Treasury Bills	21,203,466,866	18.2%	90%
Listed Equities	2,937,832,765	2.5%	70%
Offshore Investments- Eurobond	2,185,354,873	1.9%	15%
Term Deposits	9,579,532,410	8.2%	30%
Cash & Call Deposits	379,654,364	0.3%	5%
TOTAL	116,300,192,922	100%	

Fund Growth(Kes Bln)





Out look 2023/2024

Outlook 2023/2024



- **GDP Growth:** *The economy is forecast to maintain a moderate growth supported by the continued rebound in the Agricultural sector. Growth is projected at 5.3% in 2024.*
- **Inflation:** *Expected to hold lower due to positive underlying trend supported by lower food prices.*
- **Interest rates:** *expected to remain elevated in the short term driven by higher government borrowing. However, its projected to decline in the second half of the year.*
- **Exchange rate:** *The currency is expected to remain stable with gradual depreciate due to higher import costs, stronger US dollar and higher debt service.*
- **Stock Market:** *The stock market is expected to remain positive off the back of renewed investor interest from both local and foreign investors after refinancing the Eurobond. However, high interest rates locally and globally coupled with lower global growth could dampen the strong rebound.*
- **Offshore markets:** *Global growth expected to be relatively stable in 2024. The stock market is expected to be volatile due to high inflation with global central banks determined to achieve price stability. Markets are expected to remain volatile in the short term.*



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Thank You
For Your Attention

