



Finnet

Building a Better Tomorrow, Today



PENSION FUND INVESTMENT STRATEGIES

Pride Inn Paradise Mombasa

10th December 2025.

GOVERNANCE . TRAINING . EMPLOYEE BENEFITS . TECHNOLOGY

Role of trustees in investments are;

1. Fiduciary duty to members.
2. Approve and annually review the IPS.
3. Set long-term return targets & risk appetite.
4. Appoint & oversee fund managers.
5. Ensure full compliance with RBA regulations.
6. Maintain proper records and decision trails

Overview of the Kenyan Pension Landscape

Investment Assets	2021	2022	2023	2024	% Allocation
Kenya Government Securities	679,578,820,092	745,087,272,892	814,398,790,641	1,081,427,614,654	48.5%
Guaranteed Funds	259,756,408,750	308,663,494,581	379,668,188,992	463,406,785,472	20.8%
Immovable Property	240,266,372,170	241,738,264,342	248,715,235,710	239,046,177,083	10.7%
Quoted Equity	252,089,306,946	213,825,392,334	157,497,052,133	189,034,599,477	8.5%
Fixed and Time Deposits	39,703,605,650	50,152,327,334	87,920,931,058	68,945,145,736	3.1%
Offshore Investments	3,883,709,321	15,466,121,351	24,557,158,186	31,300,220,742	1.4%
Cash and Demand Deposits	9,471,543,835	8,474,426,267	795,229,002	8,107,650,715	0.4%
Property Unit Trusts	2,910,371,853	862,841,948	8,703,315,258	9,183,764,055	0.4%
Unquoted Equity	8,018,316,663	6,753,996,831	7,157,136,640	13,421,431,896	0.6%
Commercial Paper and Corporate Bonds	5,819,854,915	6,921,007,288	7,164,624,588	9,831,002,630	0.4%
Other Investments	3,883,709,321	-	9,241,849,983	27,901,047,739	1.3%
Private Equity & Venture Capital	377,765,000	-	4,272,734,606	7,870,927,292	0.4%
Fixed Assets	808,096,504	1,612,737,182	1,174,259,673	2,249,539,998	0.1%
Net Current Assets	65,428,899,569	84,581,964,753	88,830,414,271	78,055,891,999	3.5%
Total	1,571,996,780,589	1,684,139,847,103	1,840,096,920,741	2,229,781,799,489	100%

1. Cash & demand deposits → 5%
2. Time deposits & bank placements → 30%
3. Government securities → Up to 90%
4. Guaranteed Funds → Up to 90%
5. Quoted equities → Up to 70%
6. Immovable property → 30%
7. Offshore investments → 15%
8. Private equity / unquoted assets → 10%
9. Infrastructure & affordable housing → 10%
10. REITs allowed within property & alternative limits.

Each trustee must have a detailed understanding of the following;

1. Risk vs return trade-off
2. Time horizon & compounding
3. Liquidity needs
4. Inflation adjustment (real vs nominal returns)
5. Diversification reduces risk (e.g., 12% semi-annual)



- **Strategic Asset Allocation (SAA)** : Long-term target mix aligned to IPS.
- **Tactical Asset Allocation (TAA)**: Short-term manager adjustments.
- **Trustees** focus on SAA while **investment managers** on TAA.



1. Alignment with Scheme Objectives

Support long-term growth, stable income, and liability matching.

2. Risk Tolerance & Risk–Return Balance

Market, credit, liquidity, inflation, and currency risks.

3. Regulatory Compliance (RBA Guidelines)

Follow allocation limits and avoid concentration breaches.

4. Diversification Benefits

Reduce correlations across asset classes and sectors.

5. Expected Returns & Economic Outlook

Benchmark comparison and macroeconomic trends.

6. Asset Quality Assessment

Equities: financial strength, governance.

Fixed income: credit rating, duration.



- Align investment cashflows to future benefits.
- DB → stability of funding ratio.
- DC → sequencing risk management for pre-retirement members.

Life Cycle Stage

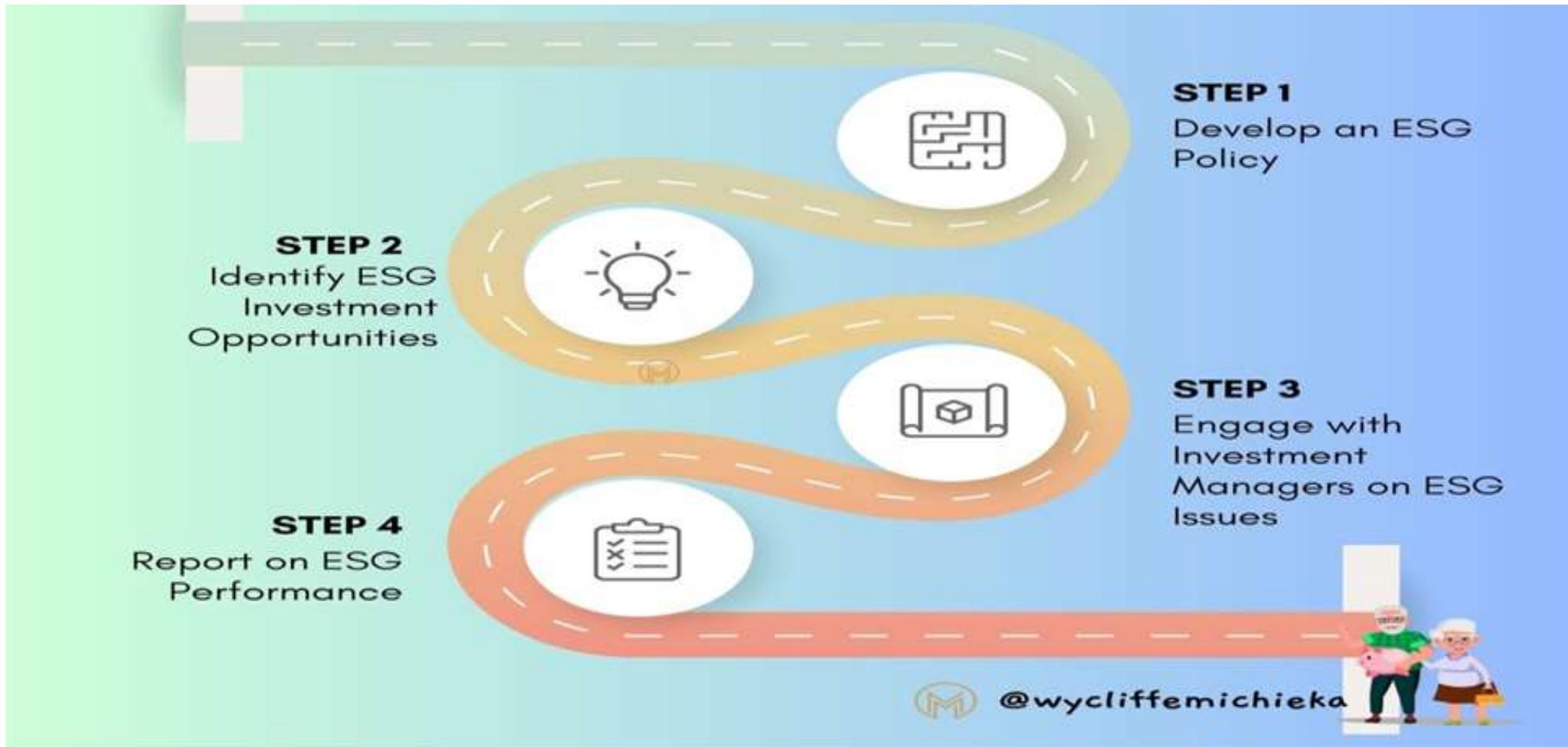
			
<p>Life Cycle Stage</p>	<p>Early Career</p>	<p>Middle age and pre-retirement</p>	<p>Retirement</p>
<p>Working career</p>	<p>Early-to-middle earning years</p>	<p>Mid-point</p>	<p>Retirement</p>
<p>Risk appetite</p>	<p>High</p>	<p>Medium</p>	<p>Low</p>
<p>Risk profile</p>	<p>Aggressive</p>	<p>Moderate</p>	<p>Conservation</p>
<p>Ideal Investment Options</p>	<p>Equity Funds</p>	<p>Combination of Equity & Income Funds</p>	<p>Money Market Funds & Income Payment Plan</p>



StreetMojo

Asset classes investment considerations are show below;

1. **Fixed income:** Green bonds, sustainability-linked bonds
2. **Equities:** Governance, human rights, climate alignment
3. **Real estate:** Energy efficiency, climate resilience
4. **Alternatives:** Impact funds, infrastructure, private equity





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