



KEPFIC

Kenya Pension Fund Investment Consortium

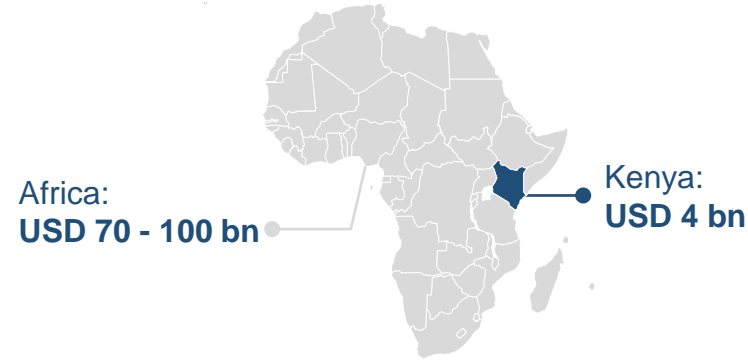
Unlocking Pension Fund Investments for Alternative Assets

December 2022

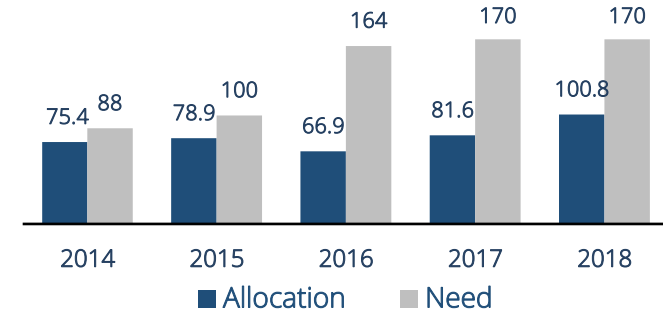
Context: Infrastructure in Africa - What is The Need?

There is a significant funding gap for infrastructure investments

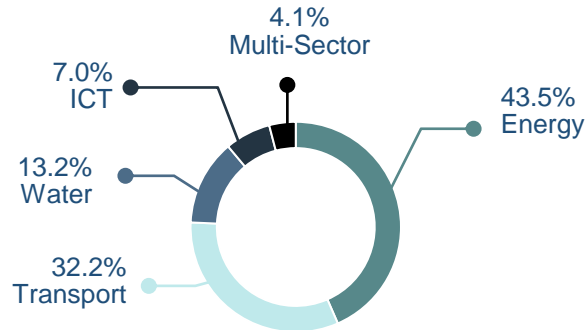
Infrastructure Annual Funding Gap



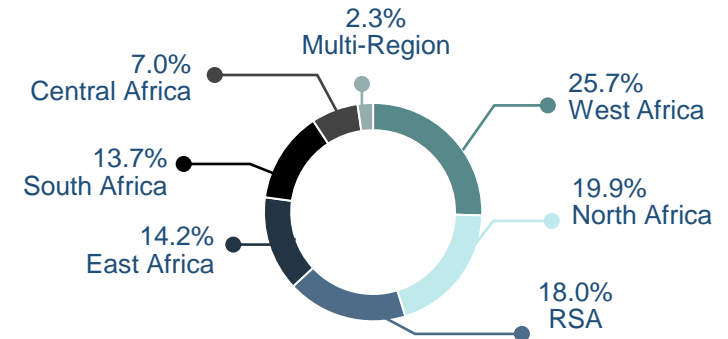
Infrastructure Funding in Africa, in USD billions



Sectoral Allocation of Infrastructure Investments

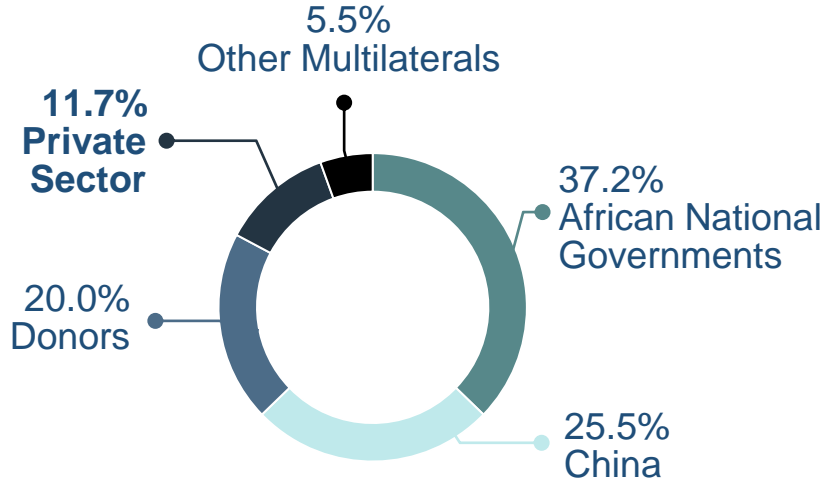


Geographic Allocation of Infrastructure Investments



Context: *Who is Financing Infrastructure Today?*

Sources of Infrastructure Funding in Africa (%)²



- National governments are the leading, **but weakening**, source of funding for infrastructure investments in Africa due to growing government budget deficits and competing needs (healthcare, education, food security)

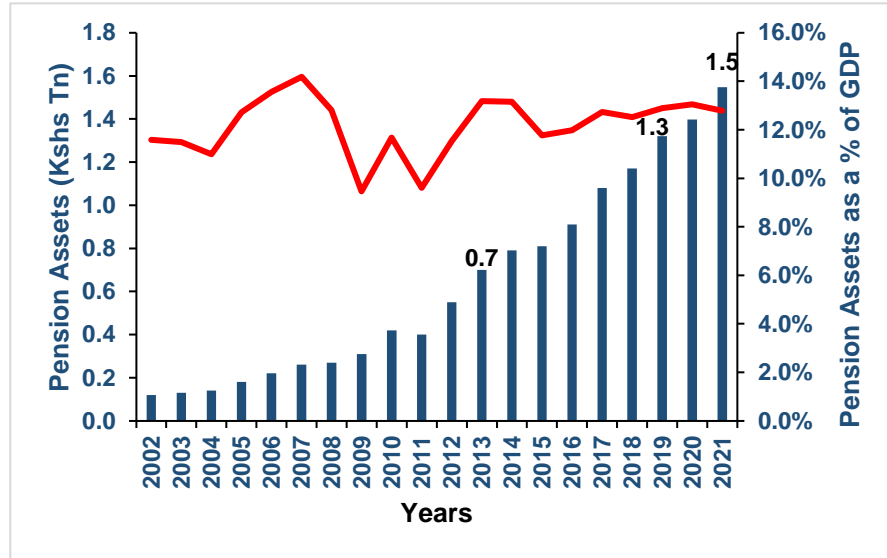
There is significant room for growth for private sector infrastructure investments.

Local Pension Funds: *An Untapped Source of Infrastructure Finance*



In 2021, pension fund assets were KES 1.5 trillion and nearly 14% of the Kenyan GDP

Kenya Pensions Industry Growth (%)³



- The pension industry has had tremendous growth in the recent past.
- This growth can be attributed to: growth in contributions as members increase, increase in individual contributions and increased returns on investments.
- ***RBA regulations now allow pension schemes to invest up to 10% of their total assets into infrastructure investments.***

Why Infrastructure?

Infrastructure as an asset class possesses a number of characteristics that make it a suitable investment for pension funds



Competitive Returns

Infrastructure investments offer competitive returns and reliable cash flows.



Diversification

Infrastructure is a unique asset class, with low correlations to other assets classes (offering diversification potential).



Asset-Liability Match

Infrastructure investments allows for pension funds to match their long-term liabilities to long-term assets.



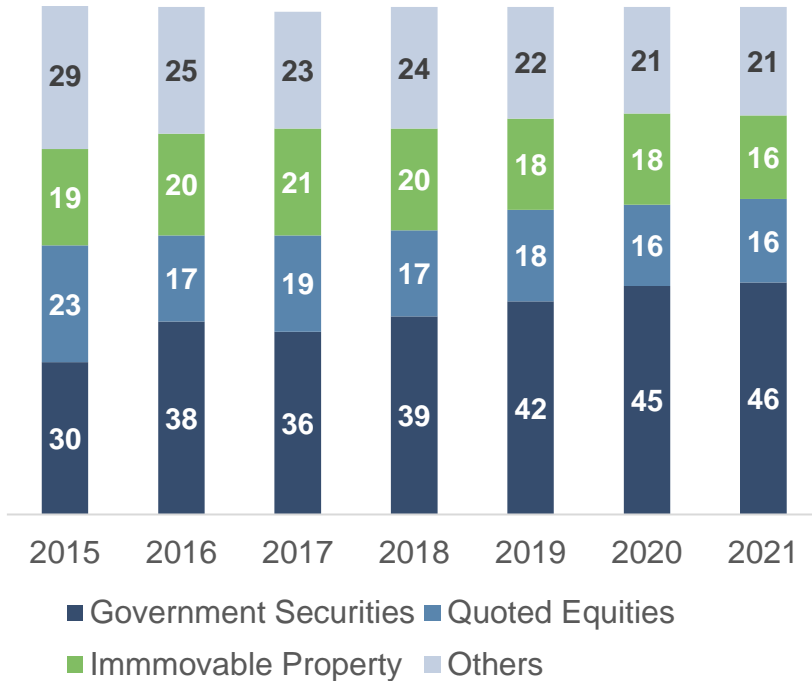
Hedge Against Inflation

Revenues from infrastructure assets are usually linked to inflation in the long run.

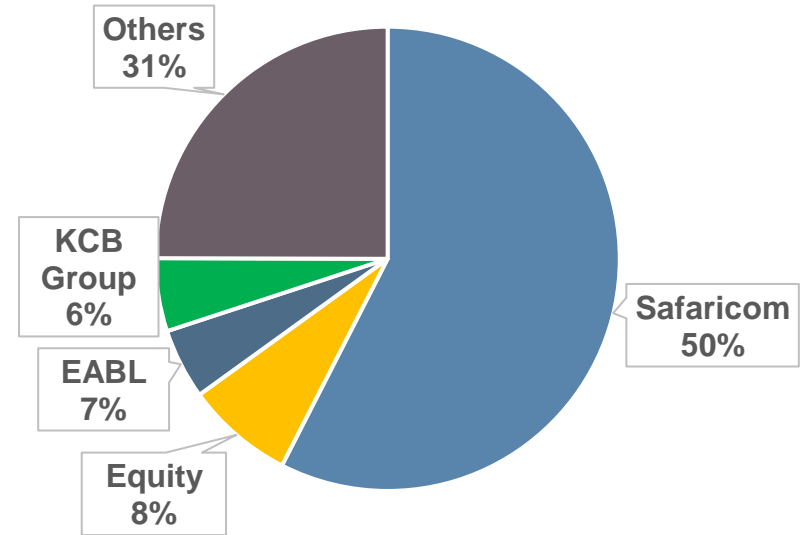
Need for Diversification:

The need for Kenyan pension funds to diversify from the traditional asset classes has never been stronger...

Kenyan Pension Fund Asset Allocation (%)⁴



NASI Market Share & YTD Performance⁵



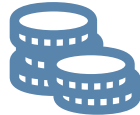
Why Aren't Local Pension Funds Participating?



Limited awareness of opportunities



Limited investment expertise

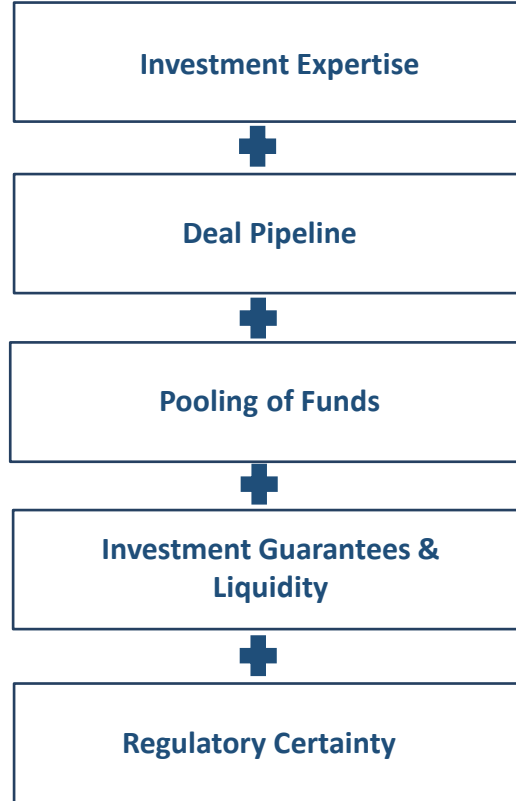


Large investment size



Regulatory uncertainty

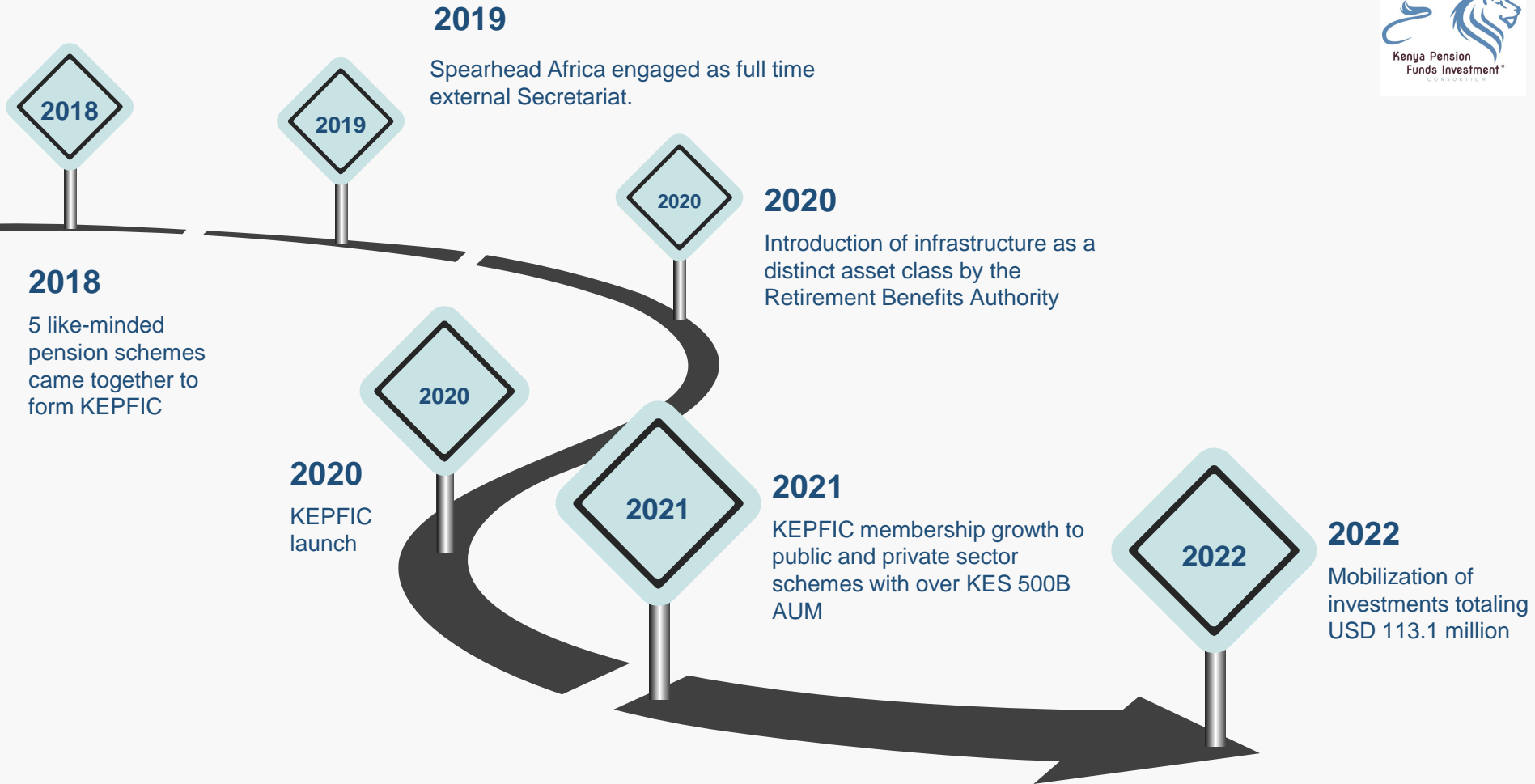
Solution: Kenya Pension Funds Investment Consortium



Higher Returns



Lower Risk



KEPFIC Launch

KEPFIC launch and investment conference events were well-received by industry stakeholders

- The KEPFIC Launch event was held on 21st October 2020 at Movenpick Hotel. It was a hybrid event with a physical audience and an online audience that streamed in via Zoom.
- Key speakers included **Kyle McCarter – US Ambassador to Kenya, Dr. Julius M. Muia, CBS – PS National Treasury, Nzomo Mutuku – CEO Retirement Benefits Authority**, among others.
- Recordings of both events can be found on KEPFIC's website (kepfic.co.ke) and YouTube channel.



CMA – NSE – KEPFIC MoU



- On 27th October 2021, the Capital Markets Authority (CMA), Nairobi Securities Exchange (NSE) and Kenya Pension Funds Investment Consortium (KEPFIC) signed a **Memorandum of Understanding (MOU)** to support infrastructure projects financing and development through the **capital markets**.
- The partnership will provide an avenue for **enhancing the liquidity** of KEPFIC members' investments through:
 - Leveraging existing capital markets products such as Green Bonds and Real Estate Investment Trusts (REITs);
 - Listing of additional products (such as Limited Liability Partnerships) that will be jointly researched and developed by the Parties.

Our Partners

KEPFIC benefits from support from reputable global partners and has been internationally awarded



Awards & Recognition



African Investor (Ai) Awards (2019)

KEPFIC topped the category of Pension Fund Infrastructure Initiative of The Year at the 2019 Ai awards in Cape Town, South Africa.

Collaborations with International Pension Funds

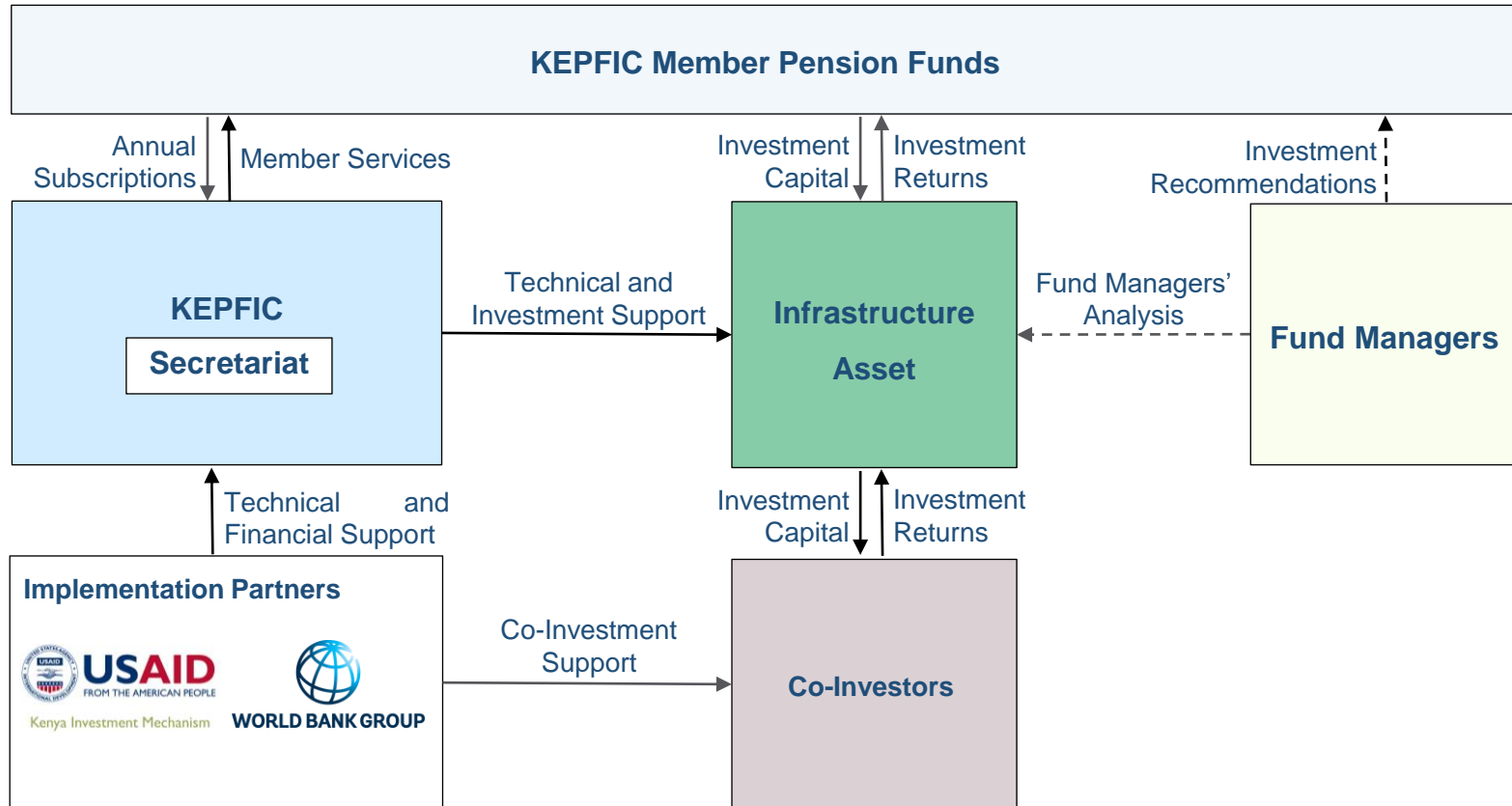
A partnership has been established between KEPFIC and US pension funds to explore co-investments in infrastructure investment opportunities in the region

- KEPFIC has partnered with US pension funds to explore co-investment in the region's infrastructure opportunities.
- KEPFIC has hosted two U.S. delegation trips to Nairobi, comprising of 30 U.S. pension and asset management funds with total assets under management exceeding USD 1 trillion.



US Investor Delegation Tour in Nairobi 2021

KEPFIC Investment Structure



KEPFIC Investment Mobilization Highlights

	Opportunity	Investment Need	KEPFIC Mobilization
	Acorn Student Accommodation REITs	USD 50 million	USD 11 million
	KMRC Affordable Housing Bond	USD 14 million	USD 52.1 million
	Lot 3 Road Annuity Project Bond	USD 20 million	USD 50 million
	Total	USD 84 million	USD 113.1 million

USD 113M+
Investments
Mobilized

134%
of Total Investment
Need Mobilized by
KEPFIC

88
Local Pension Scheme
Investors

Why Join KEPFIC?

Infrastructure investing through KEPFIC provides numerous benefits to its members



Membership Benefits & Pricing

		KEPFIC Members
Access to pre-screened alternative investment opportunities.		✓
One-on-one investment presentations with Board of Trustees and Investment Committees.		✓
Negotiated preferential returns and investment terms on opportunities.		✓
Pooling of funds with like-minded pension schemes		✓
Shared investment due diligence.		✓
Independent investment assessments.		✓
Opportunities to showcase existing alternative assets (property especially) to other members.		✓
Local and international capacity building seminars and workshops.		✓ <i>(Discounted rates for members)</i>
Member collaboration and networking.		✓
Member representation and advocacy with regulators and other stakeholders.		✓
Access to research and resources.		✓
Membership Fees		
One-time registration fees.	KES 25,000	
Annual subscription	<ul style="list-style-type: none"> • Above KES 2.5 Bn – KES 150,000 • KES 1 Bn to KES 2.5 Bn – KES 100,000 • Below KES 1 Bn – KES 50,000 	

Contact Us

13th Floor, Delta Corner 2
Chiromo Road, Nairobi

+254 (0) 20 513 7020

info@kepfic.co.ke

www.kepfic.co.ke

