

KPPFe-News

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Keeping You Updated



Annual General Meeting Held on 23rd July 2016

FINANCIAL PERFORMANCE UPDATE

According to statistics from the Kenya National Bureau of Statistics (KNBS), the Kenyan economy grew by an estimated 6.2% in Quarter II of 2016 compared to 5.9% in the similar quarter of 2015. This growth was mainly supported by better performances in the agriculture, transportation and storage, real estate, wholesale and retail trade.

Inflation

A downward trend in inflation was recorded during the quarter except for the month of June 2016 where it rose and closed at 5.8% from a 5% in May 2016. The rise was as a result of the increase in the prices for oil, food & non-alcoholic drinks, transport and house rent which outweighed the fall in cooking gas prices during the period.

Interest Rates

The short terms rates for the government securities went down reflecting the effect of the monetary and fiscal policies prevailing during the period.

Equity Market

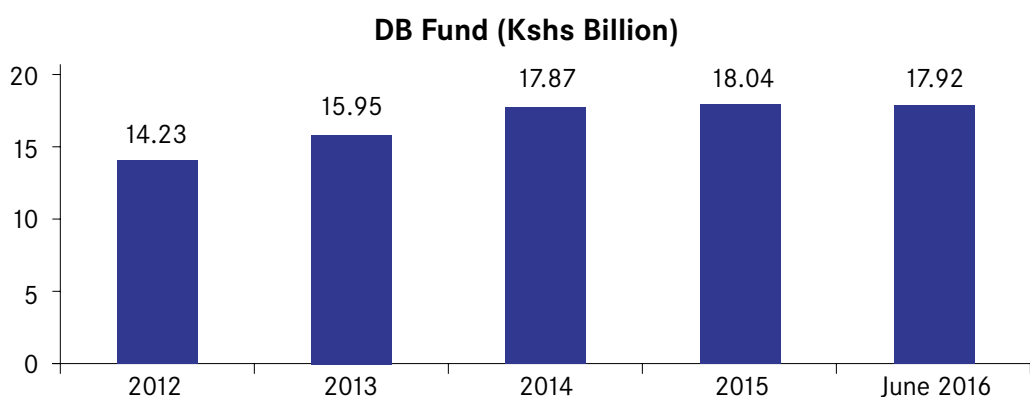
The equity market trended downwards during the quarter with NSE 20 share index and NASI declining by 8.6% and 4.6% respectively to close at 140.60 and 3,640.61 points respectively. The decline was largely due to investment reallocations to safe assets mainly by foreign investors concerned about the uncertainties in the global markets.

Fund Performance

DB Fund

During the second quarter of 2016 the Fund registered a performance of 2.0% against a target of 0.4%. The shortfall was on account of the sluggish performance of the capital market as well as non-recognition of property gains which are normally determined and included only at the end of the year.

The value of the Fund dropped from KShs. 18.04 billion as at the end of Quarter I to KShs. 17.92 at the close of Quarter II. The drop in fund value was mainly due to payments of pension, retirement and withdrawal benefits as well as death in-service cases during the quarter.

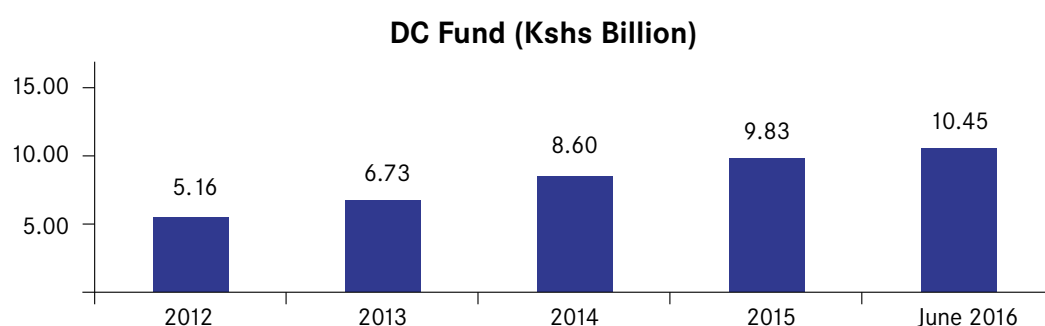


FINANCIAL PERFORMANCE UPDATE

DC Fund

The DC Fund achieved an impressive performance of 2% against a target of 0.4%. The 5-year annualized return on investment for the period ended 30th June 2016 stood at 10.8% which was above the target (of 2% above inflation) by 0.73%.

As expected, the value of the Fund grew from KShs. 9.83 billion as at the start of the quarter to KShs. 10.45 billion as the end of the Quarter II. This growth was attributable to inflows from received contributions, investment activity which were more than the outflows for payment of various benefits.



Outlook

Kenya's economy is projected to grow at 5.9% in 2016, and expected to improve further to 6% in 2017. Inflation is expected to inch higher in the coming months following the implementation of the revised rates of the road maintenance levy as well as volatility in the global oil prices.

MEMBERSHIP STATISTICS AS AT 30TH JUNE 2016

DB Fund

Active/in-service members - 3,688

Deferred members - 222

Total active and deferred members 3,910

Deferred members are former employees who were paid part of their benefits at the time of withdrawing and will access the balance after attainment of either early retirement age or normal retirement age.

In-service Members Age Analysis

Age Analysis	No. of Members	Percentage
31-40	35	0.95%
41-50	1,255	34.03%
51-60	2,397	64.99%
Above 60	1	0.03%
Total	3,688	100.00%

MEMBERSHIP STATISTICS AS AT 30TH JUNE 2016

Pensioners

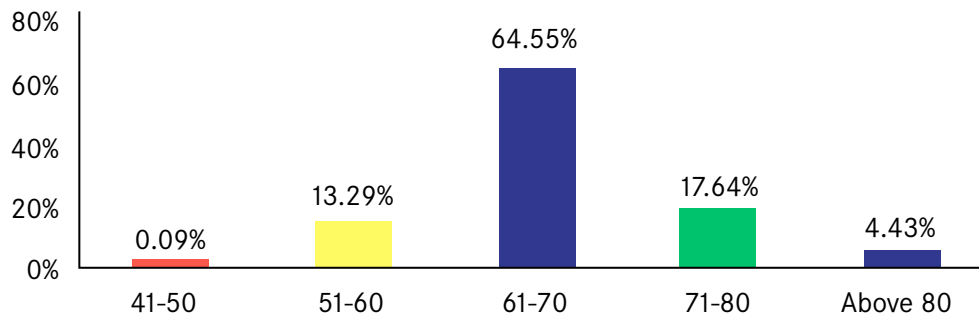
The Fund's pensioners include retired employees, spouses (widow/er) and children to employees who passed on while in service.

Pensioners by Category

Pensioners		
Retirees	1,151	28.23%
Widow(er)s	1,265	31.03%
Orphans	1,661	40.74%
Total	4,077	100.00%

Age Analysis for the Retiree Pensioners

Active Retirees Age Analysis



Payroll Breakdown by Pensioner Category for Quarter II

Payroll Distribution		
Retirees	97,155,398.00	64.19%
Widow(er)s	38,803,175.50	25.64%
Orphans	15,398,590.00	10.17%
Total	151,357,163.50	100.00%

As more members attain retirement age, the number of pensioners will go up and so will the pension payroll.

DC Fund.

Active members - 6,545

Deferred members - 335

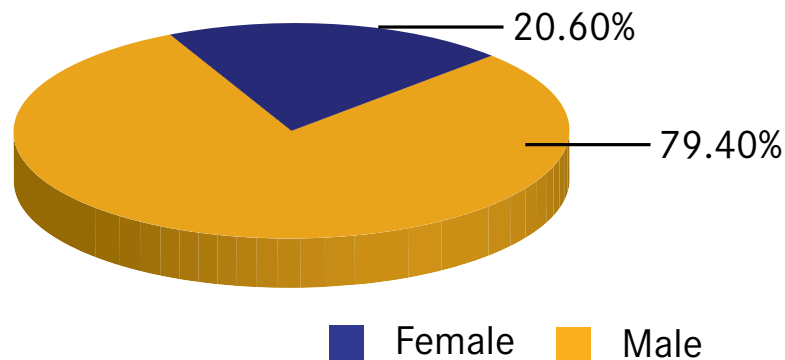
Total active and deferred members - 6,880

MEMBERSHIP STATISTICS AS AT 30TH JUNE 2016

Age analysis for In-service Members

Age Analysis	No. of Members	Percentage
21-30	195	2.98%
31-40	1,731	26.45%
41-50	2,132	32.57%
51-60	2,485	37.97%
Above 60	2	0.03%
Total	6,545	100.00%

In-service Gender Representation



Contributions received for Quarter II

Month	Employee (KShs)	Employer (KShs)	Total (KShs)
April 2016	35,849,771.98	69,390,334.50	105,240,106.48
May 2016	35,513,851.59	68,944,538.38	104,458,389.97
June 2016	35,506,992.98	68,751,022.15	104,258,015.13
Total	106,870,616.55	207,085,895.03	313,956,511.58

UPDATES IN BRIEF AND OUTLOOK

1. Annual General Meeting

This year's Annual General Meeting was held on 23rd July 2016 at Safari Park Hotel, Nairobi. The main agenda for the meeting was the presentation of the financial statements for the year ended 31st December 2015. A total of 248 in-service members and 185 retirees attended the meeting.



The DB Fund Chairman, Mr. Sammy Oduori addressing members at the Annual General Meeting (AGM)



A section of the crowd at AGM at Safari Park Hotel, Nairobi.

2. Changes in the Board of Trustees

Following the retirement of Trustee Lawrence Yego, the Kenya Power (the Sponsor) appointed Kenneth Tarus to replace him as a Trustee in both DB and DC Funds. During the Annual General Meeting held on 23rd July 2016, Johnstone Sakwa was elected Trustee representing the Lower & Middle Level Management replacing Salim Athman who has since been promoted to senior management. Zilpa Ayara replaced Mediatrice Wangira as the gender representative Trustee. The two new Trustees will be in office for an initial term of three years.

3. Member Education Program

This year's Member Education Program commenced on 11th July 2016. In a departure from the past, the approach for the program was this time changed from classroom-like setting to breakfast meetings and customer service help desks/clinics. The change was done with the aim of reaching out to more members.

UPDATES IN BRIEF AND OUTLOOK

4. Corporate Social Responsibility

The Fund in partnership with the Kenyatta National Hospital (KNH) and the Burns Association of Kenya (BAK) organized a successful burns awareness campaign that ran from 1st to 5th August 2016. The key event for campaigns was a walk from the City Centre to Uhuru Park which was the venue for the celebrations marking the end of the weeklong burns awareness week.



The Secretariat staff who participated at this year's Burns Awareness Walk at Uhuru Park, Nairobi on 5th August, 2016.

5. Provident Fund (PFA)

The Board of Trustees has appointed KPMG Advisory Services Limited to handle the winding up of the now closed Provident Fund. On conclusion of the process, the balance of contributions for the in-service members will be transferred to the DC Fund as one off lump sum contribution. In-service employees who were members of the Provident Fund and whose names are missing in the PFA list recently sent out should contact the Secretariat.



KENYA POWER
PENSION FUND

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