

THE JUBILEE INSURANCE PERSONAL PENSION PLAN

TRUSTEE'S ANNUAL REPORT TO MEMBERS

2022

Welcome to this year's Annual Report from the Corporate Trustee of your Scheme. We present below the highlights of the performance of the investments, member administration, and audited financial statements as of the period ended 31 December 2021.

Investments

The Jubilee Insurance Personal Pension Plan is fully invested with Jubilee Life Insurance Limited Guaranteed Fund. A Guaranteed Fund protects your retirement savings against negative investment returns by guaranteeing that all the money you have contributed and received by the Scheme will be invested and returned to you with a positive investment return. In addition, your benefits earn a guaranteed rate of return of 4% each year plus a bonus rate of return declared by the Guaranteed Fund shortly after the end of the financial year. The bonus rate of return for the financial year 2021 was 6.12% which brings the full year declared return for Fy2021 to 10.12%. As of 31 December 2021, the Jubilee Insurance Personal Pension had net assets of Kshs 17 billion.

Asset Allocation as of 31 December 2021

The Jubilee Life Insurance Limited Guaranteed Savings Fund is managed in accordance with the Retirement Benefits Authority (RBA) and Insurance Regulatory Authority (IRA) regulations. The fund is managed in line with a strong governance structure and guided by approved principles of sound investment management to deliver competitive investment returns to members of the pension plan.

The Approved Issuer (Investment Manager's) Asset and Liability management and return maximization drive the fund strategy by increasing exposure to the interest-bearing instruments, mainly Kenyan government treasury securities with the view of providing above inflation (real return) for you the member. The Investment Manager continues to rebalance the pension plan investment portfolio to manage emerging risks and invest in emerging opportunities. Below is a table representation of the asset mix as of 31 December 2021 compared to 31 December 2020 (Source: Jubilee Life Insurance Limited Guaranteed Fund Report)

Below is a breakdown of investments in different asset categories.

| Investment Category | 31st Dec 2020 | 31st Mar 2021 | 30th Jun 2021 | 30th Sep 2021 | 31st Dec 2021 | RBA Limit |
|-------------------------------|---------------------------------|----------------------|---------------------------------|---------------------------------|---------------------------------|------------------|
| | Ratio | Ratio | Ratio | Ratio | Ratio | Ratio |
| T-bills and T-bonds | 85.7% | 86.7% | 85.3% | 84.8% | 84.00% | 90% |
| Real Estate | 2.6% | 2.5% | 2.5% | 2.4% | 2.35% | 30% |
| Fixed & Call Deposits | 0.3% | 0.2% | 1.2% | 1.6% | 0.87% | 30% |
| Investment in Quoted Shares | 4.8% | 4.3% | 4.3% | 4.7% | 5.39% | 70% |
| Investment in Unquoted Shares | 6.6% | 6.3% | 6.7% | 6.50% | 7.39% | 10% |
| Total | 100% | 100% | 100% | 100% | 100% | |

The Investment Manager will give highlights on the investment, economic and global environment, and the upcoming Annual General Meeting (AGM). So make sure to create time and attend the AGM to have your question regarding the pension plan investment answered.

Financial Statements

The following are extracts from the audited financial statements for the pension plan for the year ended 31 December 2021. Please note that the full audited financial statements can be accessed on the Jubilee Website alongside this report.

- **Statement of Changes in Net Assets Available for Benefits**

| | Notes | 2021 Shs | 2020 Shs |
|--|-------|------------------------------|------------------------------|
| Dealings with members | | | |
| Contributions for the year | 2(a) | 1,622,840,547 | 1,565,461,934 |
| Transfers in from other schemes | 2(b) | 750,682,411 | 665,764,123 |
| Leavers | 2(c) | <u>(1,967,321,222)</u> | <u>(2,021,275,088)</u> |
| Net additions from dealings with members | | <u>406,201,736</u> | <u>209,950,969</u> |
| Return on plan investments | | | |
| Plan investments income | 3 | 1,614,028,437 | 1,301,387,468 |
| Tax | 4 | (113,897,238) | (87,326,274) |
| Administrative expenses | 5 | <u>(5,000,000)</u> | <u>(5,000,000)</u> |
| Net return on plan investments | | <u>1,495,131,199</u> | <u>1,209,061,194</u> |
| Net increase | | 1,901,332,935 | 1,419,012,163 |
| Movement in excess interest | | <u>(32,548,769)</u> | <u>(30,309,888)</u> |
| Net increase in net assets available for benefits | | 1,868,784,166 | 1,388,702,275 |
| Net assets available for benefits at start of year | | <u>15,299,028,199</u> | <u>13,910,325,924</u> |
| Net assets available for benefits at end of year | 6 | <u><u>17,167,812,365</u></u> | <u><u>15,299,028,199</u></u> |

The notes on pages 12 to 21 form an integral part of the financial statements.

Further information on the numbers is provided in the notes supporting the accounts.

- **Statement of Changes in Net Assets Available for Benefits**

| | | As at 31 December | |
|--|-------|------------------------------|------------------------------|
| | Notes | 2021 Shs | 2020 Shs |
| Members' and unvested fund balances | 6 | <u>17,167,812,365</u> | <u>15,299,028,199</u> |
| REPRESENTED BY | | | |
| Non-current assets | | | |
| Plan investments | 7 | <u>17,328,777,660</u> | <u>15,428,818,167</u> |
| Current assets | | | |
| Tax recoverable | 4 | <u>7,984,158</u> | <u>6,610,716</u> |
| Current liabilities | | | |
| Payables | 8 | <u>168,949,453</u> | <u>136,400,684</u> |
| Net current (liabilities) | | <u>(160,965,295)</u> | <u>(129,789,968)</u> |
| Net assets available for benefits | | <u><u>17,167,812,365</u></u> | <u><u>15,299,028,199</u></u> |

Source: Audited Financial Statements for the Jubilee Insurance Personal Pension Plan

Member Administration, Relations and Services

- **Membership**

As of 31 December 2021, the Jubilee Insurance Personal Pension Plan had 45,624 members, compared to 42,366 the year before. The increase in membership was supported by business development efforts at Jubilee Life Insurance Limited and the strong and consistent investment return provided to members of the pension plan.

- **Member Communications Related Activity**

Members can view their statements online through the Jubilee Life Insurance Limited Pension Portal. If you have not received your annual benefits statement, you can get in touch with the Scheme Administrator using the contact email: Talk2uspension@jubileekenya.com. In addition, the Trustee has in conjunction with Jubilee Life Insurance Limited prepared and comprehensive member handbook which will be ratified, adopted, and issued to you once the pension plan trust deed and rules are finalised. The handbook will help members better understand their rights, obligations, benefits, and other information related to the pension plan.

Retirement Benefits Industry Developments

- **Amendment to the Preservation Rule**

In 2021 through Legal Notice 163, the Retirement Benefits (Individual Retirement Benefits Schemes) Regulations were amended. A specific amendment was made to the preservation rule, this refers to members in employment who leave active membership and are below the age of 50 i.e. Early Withdrawal, and transfer their Accrued Benefits to an Individual Retirement Benefits Scheme. Previously, these members, at their discretion, were entitled to access 100% of their contributions (Member portion) and 50% of contributions made by their Employer (Employer contribution) and the interest earned from these portions respectively. The Rules as forementioned have been amended and members may opt for payment of not more than fifty percent (50%) of their Accrued Benefits and the investment income that has accrued therefrom. However, members who resign and emigrate to another country or retire on medical grounds may access their accrued benefits as a cash lump sum.

Annual General Meetings

As we are all aware Kenya is still dealing with the outbreak and continued spread of the Corona Virus (COVID-19). Despite the government and public health practitioners announcing the easing of measures previously in place to curb the spread of the Corona Virus. We are still encouraged to maintain and observe these measures that include social distancing and limiting human contact. These include recommendations relating to physical gatherings of large numbers of people.

In light of the situation, the Corporate Trustee and Jubilee Life Insurance Limited have discussed at length and agreed that they will take advantage of the available technology and again hold a virtual AGM. Therefore, this year's AGM will also be conducted virtually. The proposed date for the AGM is 6 October 2022. Full details on participation will be circulated in advance of the AGM.

In the meantime, we recommend that you study this Trustees Annual Report to Members and make notes of any questions you have or clarifications you seek. These should be sent to reach the Scheme Administrator not later than Friday 30 September 2022 so that answers can be included in the presentations at the AGM. Any questions you have regarding your Pension Statement should be raised directly with the Scheme Administrator using the email provided herein.

In conclusion, we would like to thank you once again for entrusting your retirement savings to be invested by Jubilee Life Insurance Limited and welcome you to this year's Annual General Meeting that will be held on 6 October 2022.

Chairman,
Kingsland Court Trustee Services, Corporate Trustee
Jubilee Insurance Personal Pension Plan