

Building Financially Resilient Portfolios Through Alternatives



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01

Why Resilience Matters Now



Crypto Biggest Crash Yet

When Portfolio Values Crash, Financial loss is nothing compared to Psychological Shock



\$19B

Total Market Value Erased
Leveraged long positions were
obliterated on Oct 10.

Ukrainian crypto influencer [Konstantin Galish, 32](#), was found dead in his Lamborghini in Kyiv on Oct 11, 2025, from a self-inflicted gunshot. He had managed approximately **~\$65 million** and sent farewell messages citing financial despair after losing at least **\$30 million** in the crash.

Live Poll

Mentimeter

What's the worst thing that could happen to your pension scheme?

0

Severe Market Crash

0

Fund Mgr Collapse

0

Government Default

0

Safaricom Bankruptcy

0/1
1



The 3-Point Pressure Storm

Kenyan pensions face compressing government yields, volatile NSE concentration risk, and KES depreciation eroding real member benefits.



Compressing Yields

10 year GoK bond yield 13.12%



Market Volatility

NSE Concentration



Currency Risk

Potential KES Depreciation

Inflation Reality Check

Headline CPI may have cooled, but retirees experience higher food, rent, and healthcare inflation. Dr. Kraiem's 24-year study shows traditional portfolios have failure probabilities of up to 80%.

Official CPI
3.5%

H2 2024

Retiree
Inflation
~6%

Food, Rent,
Healthcare

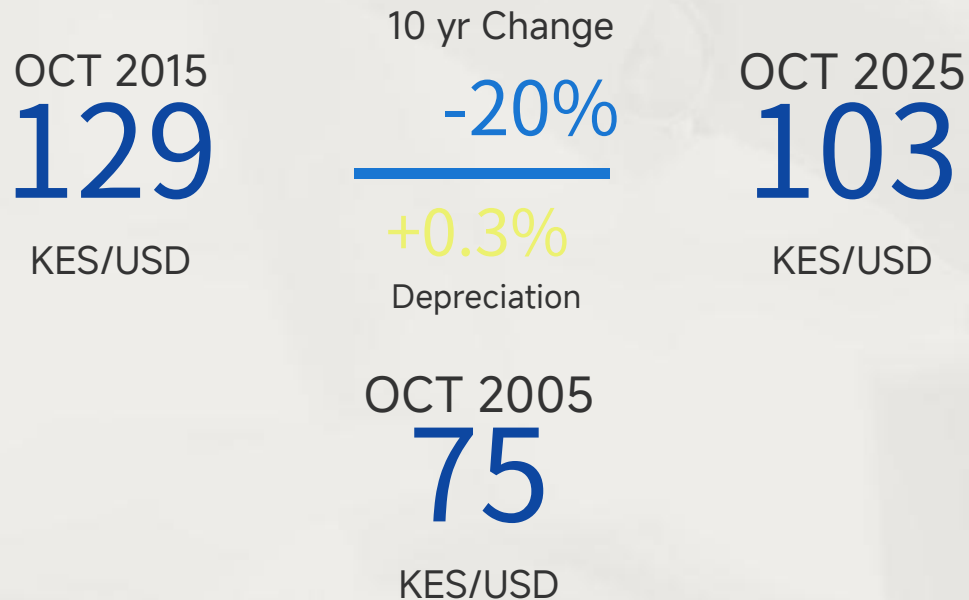


The Problem: Fixed-Income Focus

Most African pension funds hold **over 70%** in local fixed-income assets, leading to high failure rates in inflationary scenarios.

Currency Risk to Purchasing Power

A fleeting appreciation does not reverse multi-year depreciation. Currency-linked liabilities keep retirees exposed, risking significant purchasing-power loss over a decade.



Long-Term Risk

40-60% purchasing power loss over a decade in unhedged portfolios.

Resilience Is Now a Fiduciary Duty

Uncertainty is the new normal and resilience is no longer optional. It's a fundamental duty to protect the long-term purchasing power of our beneficiaries, not just to weather storms but to ensure their financial security for decades to come.

Structural Diversification

Across economic drivers, geographies, and asset types to reduce single points of failure.



Inflation Awareness

Engineering portfolios to generate returns that outpace inflation and protect real value.



Capital Preservation

Ensuring portfolios can withstand market stress and deliver on long-term promises.

02

Global Shift to Alternatives

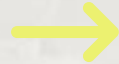


Pension Allocations to Alternatives Have Doubled

A clear, sustained global trend shows institutional investors migrating capital to alternatives to seek alpha and liability-matching cash flows.

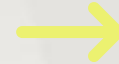
11%

Avg. Alt Allocation in 2008



23%

Avg. Alt Allocation in 2024



32%

US Pensions Lead the Charge

Source: State Street Global Advisors (SSGA) 2025, National Institute on Retirement Security (NIRS)

Case Study: CalPERS' \$30 Bn Pivot

America's largest pension fund acted on a costly lesson.

The Regret:

Estimated **\$18 billion** in missed returns over a decade due to under-allocation to private markets.

The Action:

Endorsed a **\$30 billion** increase in private market investments.

The Rationale:

Private equity delivered **12% annual returns**, far outpacing public equities (8.9%) and fixed income (2.4%).



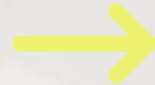
Case Study: Mubadala Investment Company - \$330Bn AUMs

Mubadala's 2024 report validates replacing parts of both equity and bond buckets with negotiated credit, making private credit a long-term anchor, not a stopgap.

Traditional 60/40



Limited flexibility, vulnerable to simultaneous rate and equity shocks.



Evolve

Mubadala's Barbell Approach

40% Private Equity: Long-term growth focus.

23% Public Markets: Reduced exposure for liquidity.

\$20B Private Credit: Standout performer, anchor allocation.

Key Takeaway: Private credit isn't a stopgap—it's a strategic anchor in a resilient portfolio architecture.

Africa's Regulatory Momentum

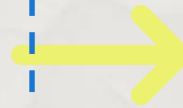
Africa Pensions Summit 2025 debates concluded: fiduciary duty must override political sentiment.
Diversification is not capital flight, but member protection.



The Old Paradigm

"Foreign investment is capital flight."

- ✗ Limited to local assets
- ✗ High concentration risk
- ✗ 80% failure probability



The New Reality (Strategy)

"Diversification is fiduciary duty."

- ✓ Relaxed foreign limits
- ✓ Embraced ILBs & real assets
- ✓ Sharpe Ratios doubled to 0.80

Innovation, growth, and yield have migrated to **private real estate, debt, equity,** and hard-currency infrastructure.

The Performance Advantage of Alternatives

Diversified portfolios with alternatives didn't just outperform; they did so with lower volatility, capturing more upside while cushioning drawdowns.



Higher Returns

Private equity 10-year net IRRs have consistently beaten public equivalents by **300–500 bps**.



Lower Volatility

NIRS 2025 study shows diversified portfolios outperformed 60/40 post-GFC with **less volatility** and smaller drawdowns.



Inflation Hedge

Real-estate and infrastructure add **inflation-linked cash-flows** and low correlation, smoothing portfolio variance.

03



Africa & Kenya Inflection Point

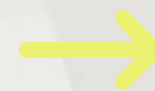


African Pension Assets to Hit \$7.3 Trillion by 2050

Continental AUM is projected to grow ten-fold, creating a vast pool of deployable capital. Early movers can front-run regulatory easing and capture scarcity premia.

\$0.5T

Assets in 2025



\$7.3T

Projected for 2050

Currency Shocks Demand Hard-Currency Hedges

2022-24 African currency selloffs erased over **40%** of USD wealth for locally concentrated portfolios.

Dollar-denominated alternative assets act as a natural hedge, protecting purchasing power while still funding domestic growth.

Case Study: Lagos SME Credit Vehicle

+11.2%

Annual USD Return

Despite a 45% naira depreciation, because underlying loans were dollar-denominated.

Kenyan Pension Assets: A Market Ripe for Diversification

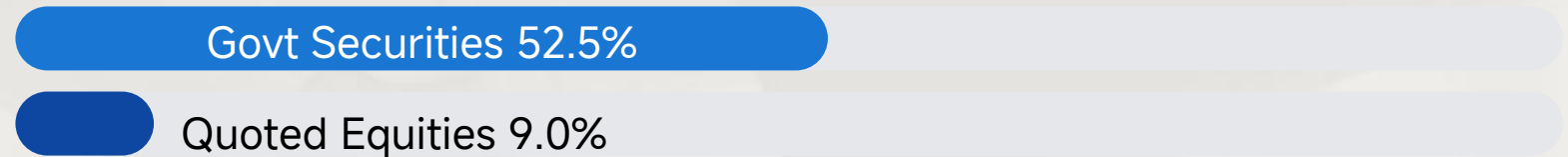
Rapid growth meets structural concentration risk.

KSh 2.5 Trn

Assets Under Management
(2024)

↑ 30.7% YoY

Current Allocation (61.5% Traditional Assets):



Regulatory headroom allows up to 15% in alternatives, but actual PE + REITs allocation is [pan>](#).

Kenyan PE Allocation Surged 182% in 2024

Kenyan schemes' private equity commitments jumped from Kshs 5.7 billion to Kshs 16.2 billion in a single year, signaling a profound strategic pivot.

This surge reflects a growing recognition of PE's potential, aligning with global trends where [over 90% of LPs](#) plan to maintain or accelerate capital allocation to Africa.

Private Equity AUM Growth
182.2%

(2023 vs 2024)

04

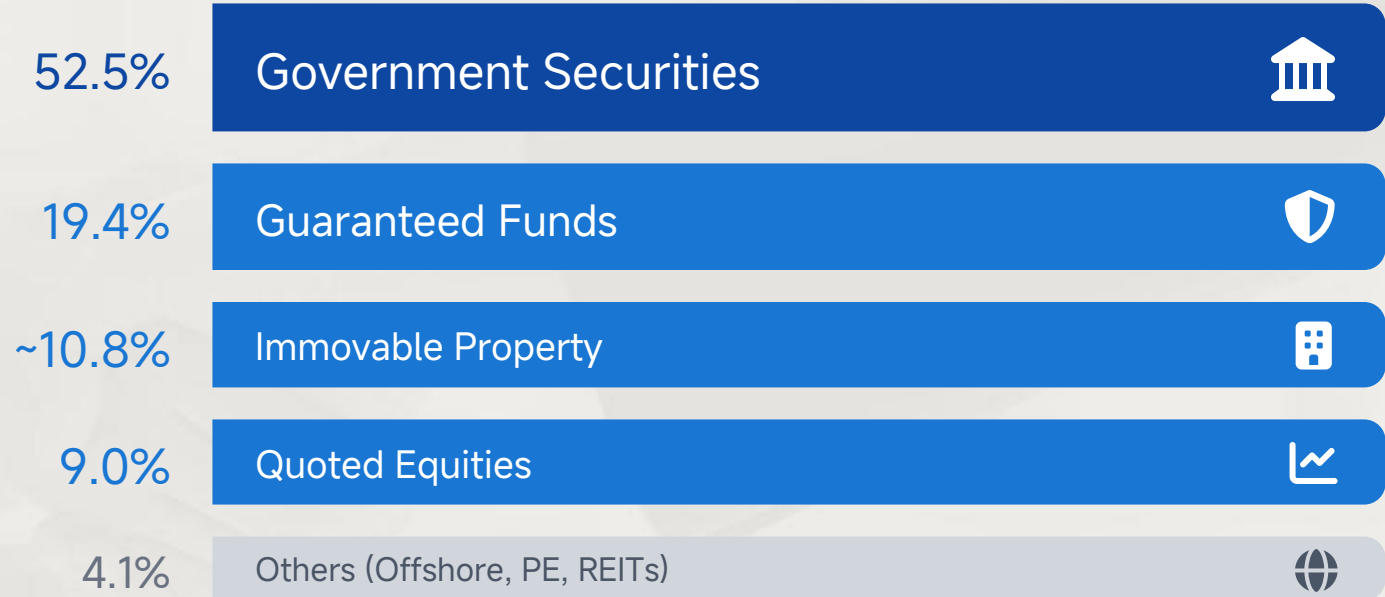
Kenyan Pension Portfolio Gaps



Over 80% of AUMs Locked in Traditional Assets

A persistent heavy reliance on traditional assets creates concentration and duration risk

The 2024 allocation reveals a dramatic shift towards capital preservation. **Government Securities** now dominate, while traditional growth assets like **Quoted Equities** have been significantly reduced. This new hierarchy signals a fundamental change in risk appetite.



Alternative Diversifiers Remain at the Margin

Niche Allocations in a Safety-Focused World



Collectively, alternative and offshore investments account for only **4.1%** of the 2024 portfolio, highlighting a conservative approach to diversification.



Offshore Investments: 2.9%

A modest increase for currency hedging and regional diversification, but limited by home-country bias.



Private Equity: ~0.7%

Emerging from zero as regulations eased, but the appetite for illiquid, high-risk assets remains minimal.



REITs: ~0.5%

Growing interest in this nascent market, but still a rounding error in the overall allocation strategy.

Reg Headroom Allows Up to 70% in Alternatives

The RBA framework is surprisingly progressive, permitting significant diversification. The current gap is not a regulatory one.

Available Headroom
> 50%

Potential alternative vs. current allocation



05



Strategic Alternative Building Blocks

The Blueprint for Resilience

A multi-alternative diversification strategy.



Each bucket exhibits low cross-correlation and different cash-flow timing, producing a smoother portfolio path and reducing overall volatility.

Private Debt: Higher Carry, Senior Security

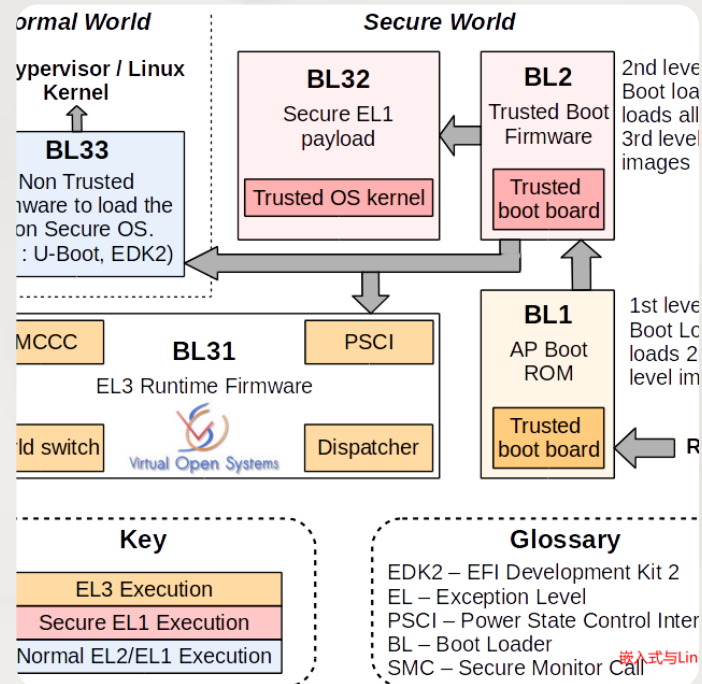
Filling the bank retreat with attractive yields and collateral protection.

Attractive Yields: Direct corporate loans offer 14-18%

↑ yields with significant protections, making them a powerful tool for enhancing portfolio income and resilience

🛡️ Senior Security: Senior collateral protection with floating rate coupons.

🌐 Development Impact: African SME credit gap exceeds **\$140 Bn**, creating a pipeline of asset-backed transactions.



Eurobonds: Hard-Currency Income

USD-denominated African sovereign and corporate Eurobonds deliver high yields, create a natural FX hedge, and lower correlation to local markets.



Yield Range
8-12% p.a.



Natural FX Hedge
Protects against KES depreciation



Lower Correlation
Reduces portfolio volatility



Duration Control
Tilt duration without DM rate risk

Private Equity: Unlocking Unlisted Growth

Accessing high-growth firms pre-IPO and capturing value creation.



High-Growth Sectors

Kenya's fintech, healthcare, and consumer sectors show **20%+ revenue CAGR**.



Value Creation

Active operational improvements and multiple expansion drive returns.



Proven Outperformance

10-year PE net IRRs have outperformed NSE-20 by **~500 bps**.

Global Assets: Countering Home-Country Bias

Diversifying political, currency, and earnings risk while accessing megatrends.



Offshore Allocation: RBA allows **15% offshore**, sufficient for USD/EUR sovereigns and thematic equity funds.



Volatility Reduction: Historical data show 10-20% global sleeve cuts portfolio volatility by **150-200 bps**.

Key Benefits

Broader Opportunity Set: Access to tech, healthcare, and AI leaders.

Risk Diversification: Reduces single-country economic reliance.

USD Denomination: Cushions against currency shocks.



REITs: Liquid Real-Estate with Inflation Pass-Through



Liquidity

Listed on exchange, avoiding direct ownership frictions.



Diversification

Portfolio of properties across sectors and locations.



Inflation Hedge

Rents reset annually, providing a natural CPI cushion.

Case Study: LAPTRUST-IMARA I-REIT listed at **Kshs 6.8 Bn** market cap and reported **Kshs 99.6 M** H1 profit, validating local demand.

06

Illustrative Opportunity

Case for TRIFIC USD I-REIT





Built for What's Next:
Today's Yield, Tomorrow's Growth.



Spotlight: TRIFIC USD I-REIT

A first-of-its-kind investment in Africa, launching December 2025.

Expected Yield: $\geq 8\%$ USD

Beating USD money-market by 350 bps and aligning with global REIT averages.

Asset Quality: 100% Occupancy

Backed by Grade-A offices in Kenya's Two Rivers SEZ with strong demand.

ESG Focus: Green-Certified

Attracts ESG-mandated capital and commands rental premiums for long-term NAV growth.

8% USD Yield Benchmarked Above Money-Markets

The REIT's expected yield of $\geq 8\%$ in U.S. dollars offers a compelling return profile, secured by hard-currency leases and high-quality tenants.

2-4%

USD Money Market

$\geq 8\%$

TRIFIC USD I-REIT

6-8%

Global REIT Avg.

How the TRIFIC USD I-REIT Fits the Framework



Hard-Currency Hedge

USD rents mitigate KES depreciation risk.



Growth Linkage

Export-service tenants offer GDP-plus growth.



Tax Optimization

Optimizes investor returns through favorable tax treatment

The REIT delivers a real-asset inflation hedge, hard-currency cash-flow, and daily liquidity, aligning perfectly with trustee objectives.

TRIFIC Supports 5,000 Jobs & Sustainable Growth

Investment anchors an export-oriented service hub. The anchor tenant's expansion alone will create ~5,000 new jobs.

Green building certification enhances long-term asset value, allowing trustees to meet return targets while advancing national ESG and economic objectives.



Engagement Process for Trustees

The time for deliberation is over. The opportunity to act on the global shift towards alternatives is now.

1

Express Interest

Receive IM, valuation model, and ESG report.

2

Committee Review

Legal verification and independent property appraisal.

3

Subscribe

Commit by November 2025 to lock in launch terms.

4

Settlement

Units settle in CDS accounts with dividends from June 2026.

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Concluding Remarks



Resilience Formula Re-stated

A resilient pension portfolio is built on three pillars, moving beyond the outdated 60/40 model to a dynamic, adaptive structure.



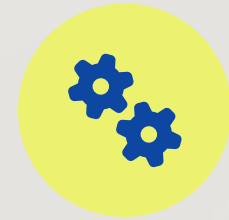
Stability

Diversify from concentrated equities and rate-sensitive bonds. Use real assets and hard currency for a solid foundation.



Growth

Tap private credit spreads, USD rentals, and global equity premia to enhance yield and outpace inflation.

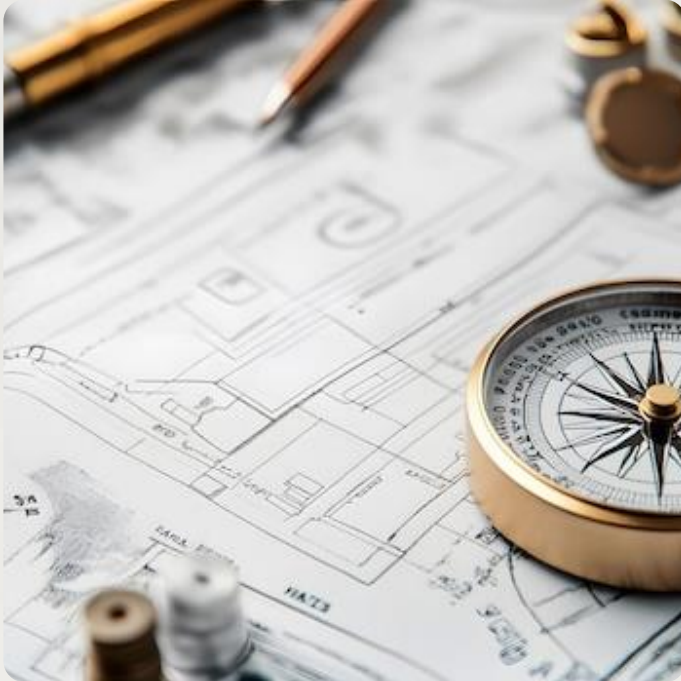


Adaptability

Use short-duration credit and periodic rebalancing to redeploy capital quickly as macro regimes shift.

Resilience Is Built, Not Hoped For

It requires a deliberate blueprint and decisive action.



- ✓ The Blueprint: Governance upgrade, phased funding, manager partnerships, and liability-aware KPIs.
- ⌚ The Urgency: Starting today compounds benefits over decades of member service.
- ⚠ The Risk of Delay: Leaves portfolios exposed to the next shock, eroding the power of the illiquidity premium.

Risk Controls & Governance

A robust framework ensures that the pursuit of higher returns never compromises the security of member benefits.



Investment Limits

Set issuer, sector, and single-name limits. Require collateral or sponsor guarantees.



Transparency & Oversight

Quarterly NAV audits, independent custodians, and transparent fee structures.



Liquidity Management

Maintain a liquidity bucket covering 12-month benefit outgo.



Stress Testing

Regularly test for 200 bps rate shocks and 20% KES depreciation.

08

Call to Action



The Time to Act is Now

Secure a more resilient future for our pensioners.



1. Refresh IPS

Board of Trustees to refresh IPS within 30 days and set a 2026 alternative target of 15-25%.



2. Governance Upgrade

Appoint an independent alternatives fund manager & oversight committee



3. Anchor Allocation

Allocate the first 10% to alternatives to start capturing the yield premium while building portfolio resilience



THANK YOU



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