



FINNET TRUST

SOVEREIGN WEALTH FOR PENSION FUNDS:

Unlocking Infrastructure, Real Assets, and Institutional Capital Formation in Kenya

PRESENTATION BY RCL

September 2026

About us

ABOUT US

- ❖ RCL is an East African-based consultancy providing actuarial, financial modelling and risk management advice.
- ❖ Registered by the RBA.
- ❖ 2017, awarded the Fund Actuary of the Year by the Institute of Pension Management in Kenya.
- ❖ 2018, accepted into the International Benefits Network.
- ❖ 2020, winners of the Employee Benefits Consultancy Firm of the Year category in the 2020 Global Advisory Experts Annual Awards.

FOOTPRINT



VALUES

- ❖ Client Focus
- ❖ Reliable
- ❖ Agile
- ❖ Clear
- ❖ Informative
- ❖ Integrity

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1. THE BIG PICTURE

Aligning Two Long-Term Capital Horizons

Without compromising fiduciary mandates

PENSION CAPITAL

- Long-term beneficiary liabilities
- Need for risk-adjusted real returns
- Fiduciary protection & liquidity
- Diversification

SOVEREIGN WEALTH CAPITAL

- National economic development
- Intergenerational wealth accumulation
- Macroeconomic stabilization



SHARED CO-INVESTMENT BRIDGE

4

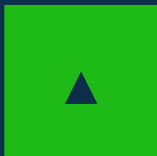
1. THE BIG PICTURE

Global Mandates of Sovereign Wealth Funds



STABILISATION

Insulates national budgets against extraordinary macroeconomic shocks and revenue volatility.



STRATEGIC DEVELOPMENT

Directs capital into high-impact national infrastructure and commercially viable real assets.

Objective: PPPs, crowding-in private capital



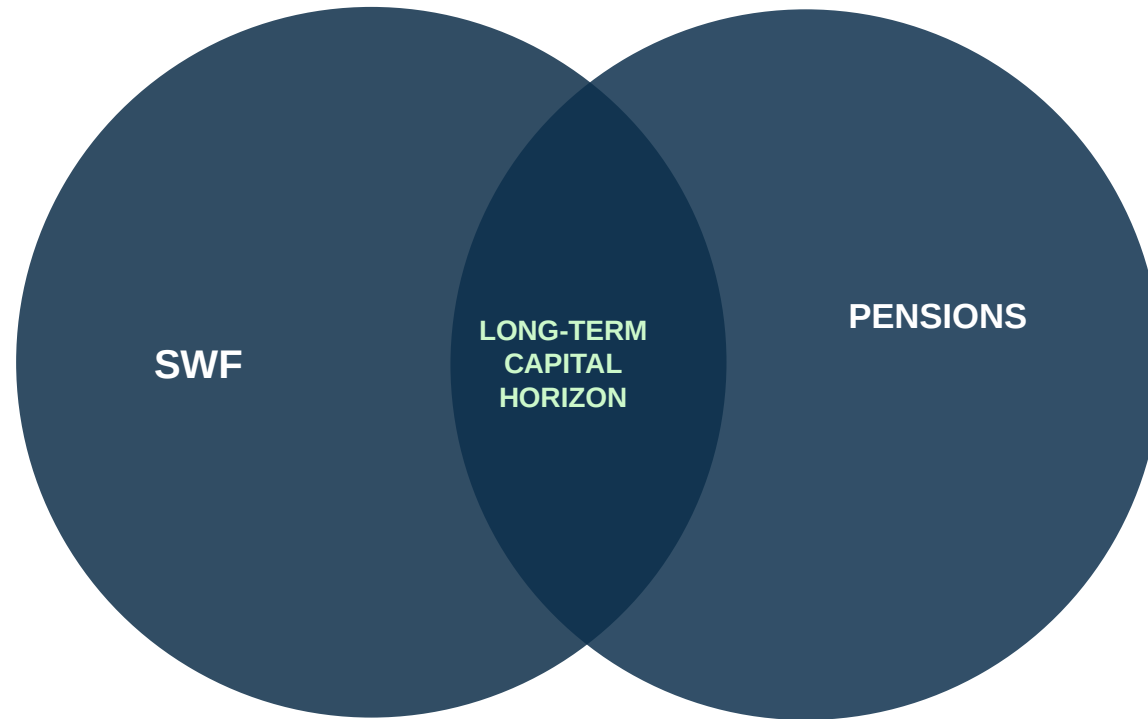
FUTURE GENERATIONS

Builds a perpetual savings base to preserve intergenerational equity and compounding growth.

Objective: Wealth preservation for future generations

1. THE BIG PICTURE

Why Sovereign and Pension Capital Naturally Intersect



SWFs and pension funds share long-term investment horizons, **making them key partners in co-investing in national assets without compromising fiduciary duties.**

2. KENYA'S LEGAL FRAMEWORK

Kenya's Sovereign Wealth Fund Act (2026)

The 3-tranche statutory structure

1

STABILISATION COMPONENT

To provide the national government with resources for management of extraordinary shocks which may affect macro-economic stability.

2

STRATEGIC INFRASTRUCTURE INVESTMENT COMPONENT

To provide funding for strategic infrastructure investment priorities aligned to the national development plan - agriculture, transport, housing, energy, water, education, and health - leveraging private sector finance in commercially viable projects (e.g., SGR, airport expansions).

3

FUTURE GENERATIONS COMPONENT

To build a savings base for future generations: an endowment for strategic investment once mineral/petroleum revenues deplete, an alternative income stream for capital projects, and distribution of wealth across generations.

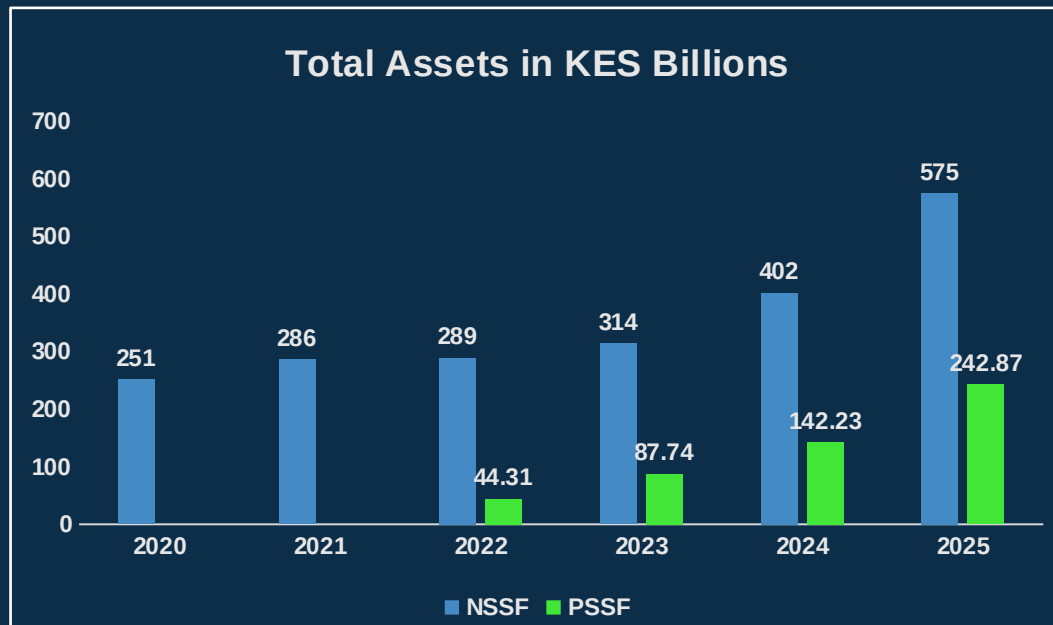
Source: Republic of Kenya, Sovereign Wealth Fund Act (2026)

2. KENYA'S LEGAL FRAMEWORK

Kenya's Pension Sector at Scale

The Retirement Benefits Authority (RBA) framework

NSSF ASSET BASE GROWTH

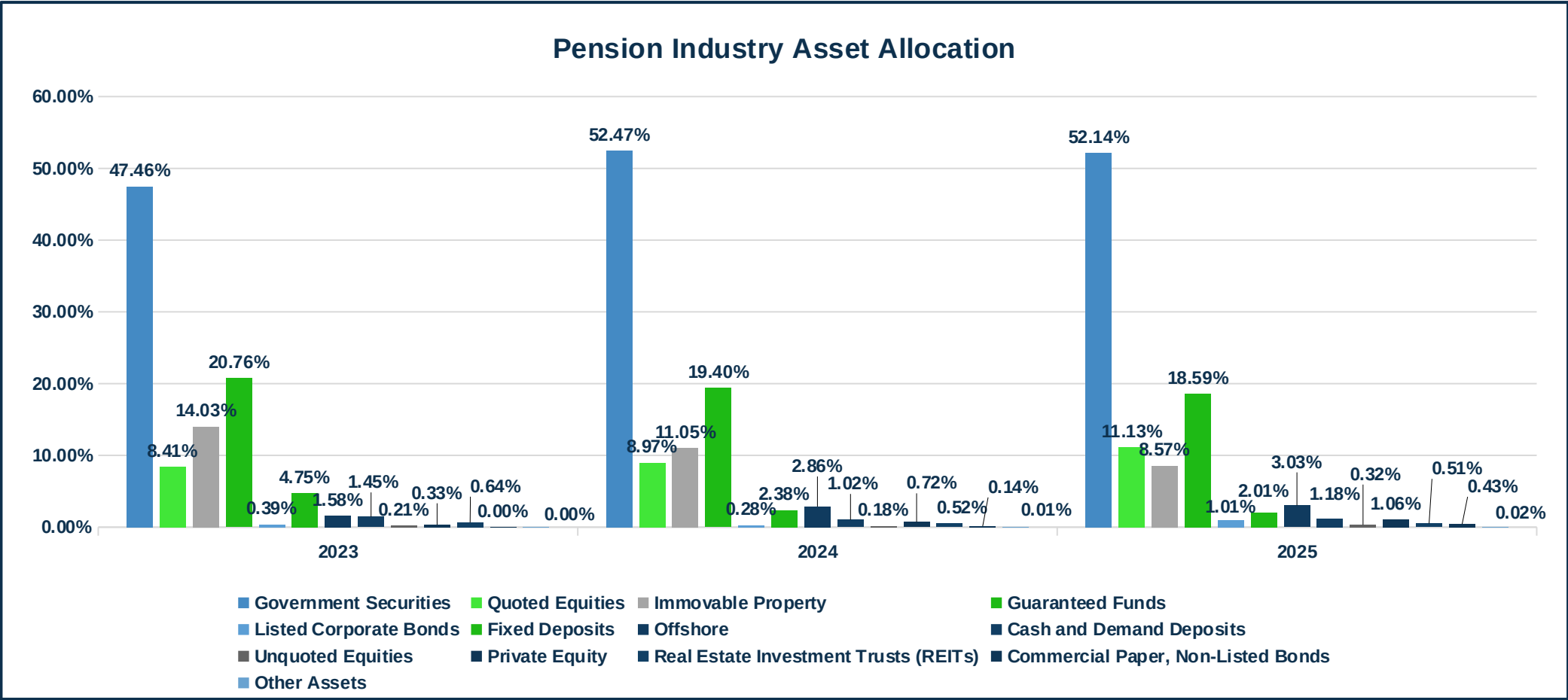


- Retirement Benefits Authority (RBA) framework
- Rapid expansion of domestic pension capital
- NSSF and PSSF's growing asset base nearing local financial dominance

3. STRATEGIC ASSET ALLOCATION

Rebalancing the Pension Portfolio

Addressing local pension funds' heavy concentration in Kenyan Treasury bonds



3. STRATEGIC ASSET ALLOCATION

Rebalancing the Pension Portfolio

Addressing local pension funds' heavy concentration in Kenyan Treasury bonds

LOW RISK / HIGH LIQUIDITY

Government Securities

Private Credit & Corporate Debt

HIGH YIELD / ILLIQUID REAL ASSETS

Infrastructure Debt & Guaranteed Bonds

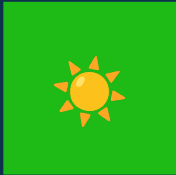
PORTFOLIO DIVERSIFICATION & DURATION MATCHING →

Rebalancing requires allocating capital across risk, return, duration, liquidity and inflation characteristics

3. STRATEGIC ASSET ALLOCATION

How Pension Funds and the SWF Can Jointly Invest

Bankable mega-projects that yield inflation-hedged real returns



RENEWABLE ENERGY



PPPs



LOGISTICS HUBS

Goal: build domestic infrastructure while protecting fiduciary discipline for pension co-investors.

4. INTERNATIONAL EVIDENCE

Peer Pension Funds Routinely Co-Invest Alongside SWFs

Partners	Asset / Sector	Deal	Why It Matters for Kenya
GIC (Singapore) + CPP Investments (Canada)	Digital Infrastructure	2024, \$15B joint venture with Equinix for hyper-scale data centers	Shows how funds share high-CAPEX assets without 100% concentration risk
AP2 (Sweden) + CDPQ (Canada) + TIAA-CREF	Agriculture & Real Assets	Co-investment platform for global agricultural land (US, Australia, Brazil)	Showcases a Platform Model - a single operational entity, specialist-managed
ADIA (Abu Dhabi) + BCI (Canada)	Energy & Utilities	Joint acquisition of Open Grid Europe (~12,000 km gas network)	Sovereign + pension capital stabilizing utilities with inflation-linked cash flow
Nigeria Sovereign Investment Authority (NSIA) + GuarantCo	Infrastructure Credit Guarantees	InfraCredit – local currency credit guarantees for PenCom-regulated schemes	The most direct African benchmark: SWF balance sheet enables trustee participation

4. INTERNATIONAL EVIDENCE

What SWFs and Pension Funds Each Bring to the Table

Dimension	Sovereign Wealth Fund (SWF)	Domestic Pension Fund	The Co-Investment Benefit
Capital Type	Patient, state/resource surplus	Member liabilities, yield-seeking	Risk-Sharing: SWF anchors the deal; pensions gain institutional scale
Asset Focus	Strategic national/global assets	High liquidity + inflation-hedged yields	Asset Quality: pensions access unlisted mega-projects otherwise out of reach
Governance Role	Policy-aligned deal originator	Fiduciary guardian of retirement savings	Governance Check: commercial viability over political bias

Co-investing with an SWF is not about pensions donating capital to state projects - it is about leveraging the SWF's scale and balance sheet to de-risk high-yielding, inflation-protected assets that pension funds couldn't access or underwrite alone.

The Santiago Principles

The global governance standard for sovereign wealth funds



Written by the 26 founding members of the International Forum of Sovereign Wealth Funds in 2008, the **24 Generally Accepted Principles and Practices**, usually referred to as the “Santiago Principles®,” are the globally accepted standards for governance, investment, and risk management practices for sovereign wealth funds.

Designed to promote good governance, accountability, transparency, and prudent investment practices.

5. GOVERNANCE, RISK & FIDUCIARY DUTY

Statutory Alignment, Not Yet Formal Membership

Kenya has aligned its sovereign wealth framework with the Santiago Principles, though it is not yet a formal member of the IFSWF.

- **Statutory Alignment:** the governance structure under the Act embeds transparent operational mandates, independent oversight, and clear separation between fiscal policy and fund management.
- **Statutory Protections:** the Act explicitly ring-fences fund assets (such as the 30% Future Generations Fund) to prevent short-term government borrowing or political collateralization - directly satisfying Principle 1 (Legal Basis) and Principle 9 (Operational Independence).
- **Pathway Forward:** full IFSWF membership requires formal application, peer review, and continuous public self-assessment against all 24 principles - Kenya can pursue Associate or Full Membership as the fund operationalizes.

STATUTORY ALIGNMENT — ACHIEVED

IFSWF MEMBERSHIP — PATHWAY

5. GOVERNANCE, RISK & FIDUCIARY DUTY

Ring-Fencing Capital, Protecting Beneficiaries



Ring-fencing funds from fiscal capture or short-term political budgets, pointing to explicit statutory protections in local legislation.

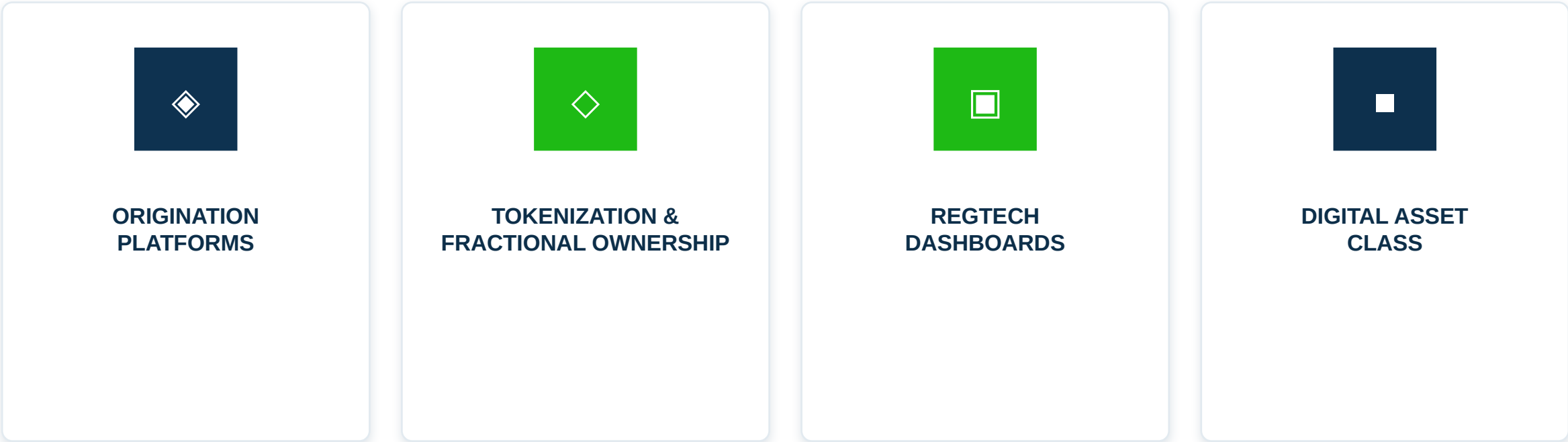
Discussion point:

What governance safeguards are needed to ensure pension trustees meet their primary fiduciary duty to retirees when investing in public infrastructure projects?

6. THE TECHNOLOGY & DIGITAL PLATFORM BRIDGE

Technology as the Operational Enabler

Connecting SWF - pension co-investment to technology and digital platforms grounds a traditional institutional topic in modern operational execution.



Origination platforms, tokenization, RegTech, and digital infrastructure as an asset class

6. THE TECHNOLOGY & DIGITAL PLATFORM BRIDGE

Digital Matchmaking & Deal Syndication

- High-barrier infrastructure projects often fail to attract pension capital because smaller schemes lack in-house deal-sourcing teams
- **Institutional Infrastructure Portal (SWF / National Treasury):**
- lets private pension funds evaluate pre-screened, bankable SWF pipeline projects digitally, view standardized due-diligence data rooms, and commit capital via automated syndication
- **Real-world parallel:**
- global digital syndication portals (like iCapital or Moonfare) have digitized private market access for mid-sized institutional investors

Project Sponsor

SWF Pipeline Filter

Digital Data Room

Trustee Review

Digital Commitment

A centralized digital gateway lowers sourcing costs for mid-sized schemes

6. THE TECHNOLOGY & DIGITAL PLATFORM BRIDGE

Real-World Asset (RWA) Tokenization

Fractional ownership & secondary liquidity

Mega-infrastructure projects (green energy grids, toll roads, logistics parks) are illiquid and require massive initial capital outlays. Digital asset tokenization - blockchain-backed tokens representing project equity or debt tranches - lets the SWF fractionalize assets.

Pension funds can trade tranches on secondary digital exchanges, resolving the historic “lock-up” risk of infrastructure investments.

FRACTIONAL PARTICIPATION

Small schemes can invest precisely calibrated amounts - e.g., \$100,000 instead of a \$10 million minimum commitment.

6. THE TECHNOLOGY & DIGITAL PLATFORM BRIDGE

Automated Compliance & Governance Monitoring

- Both the Santiago Principles (for SWFs) and RBA fiduciary guidelines (for pension funds) require strict transparency, risk monitoring, and public reporting
- **RegTech Dashboards:**
- SWF and pension trustees share automated reporting engines feeding real-time project metrics (cash flow, debt service ratios, ESG impacts, climate metrics) directly to regulators and trustees
- **Anti-Corruption / Ring-Fencing:**
- Smart contracts can automatically block fund transfers that violate the 30% Future Generations Fund rule or fail pre-programmed governance conditions

Real-time KPI dashboard: cash flow · debt service ratio · ESG impact · climate metrics

6. THE TECHNOLOGY & DIGITAL PLATFORM BRIDGE

Co-Investing Into Digital Infrastructure

Hyperscale data centers, fiber backbones, smart-grid renewable energy, and IoT-linked cold-storage supply chains - in developing markets, digital infrastructure offers some of the highest risk-adjusted, inflation-hedged yields available to institutional investors.

Digital Layer	Function in Co-Investment	Key Benefit to Trustees
Syndication Portals	Automated deal distribution & standardized data rooms	Lowers sourcing costs for mid-sized schemes
Asset Tokenization (RWA)	Fractionalized infrastructure debt/equity	Offers liquidity & scalable ticket sizes
Smart Contracts / RegTech	Programmable statutory compliance & real-time reporting	Guarantees Santiago Principles governance
Digital Asset Class	Direct co-investment into data centers & fiber networks	Secures high-yield, future-proof infrastructure

7. KEY TAKEAWAYS & CALL TO ACTION

From Framework to Action

Policy Recommendations: How pension regulators (eg RBA) and other stakeholders such as the National Treasury can create frameworks allowing blended finance and joint SWF-pension investment vehicles.



Capital preservation for future generations must balance short-term liquidity with long-term national development goals.

7. KEY TAKEAWAYS & CALL TO ACTION

01

How can Kenya's RBA adjust investment caps to make co-investing alongside the SWF easier for private pension funds?

02

What governance safeguards are needed to ensure pension trustees meet their primary fiduciary duty to retirees when investing in public infrastructure projects?



THANK YOU