

AN ASSESSMENT OF CHALLENGES FACING PENSION FUND MANAGERS AND
THEIR EFFECTS ON PORTFOLIO PERFORMANCE

by

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APPROVAL

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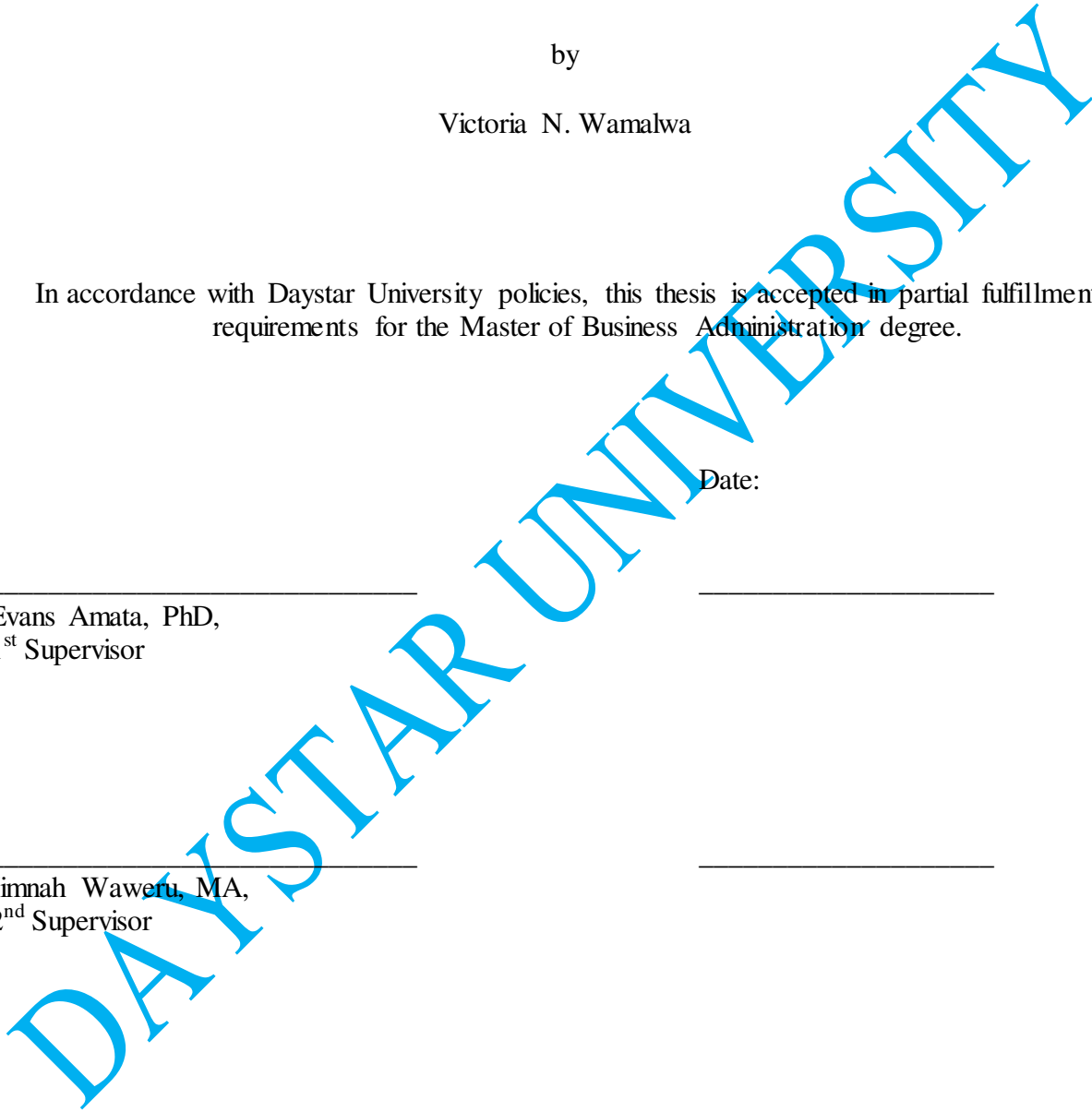
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DECLARATION

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I declare that this thesis is my original work and has not been submitted to any other college or university for academic credit.

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LIST OF ABBREVIATIONS AND ACRONYMS

DB	Direct Benefits
DC	Defined Contribution
IPS	Investment Policy Statement
NSSF	National Social Security Fund
RBA	Retirement Benefits Authority
SPSS	Statistical Package for Social Science

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ABSTRACT

The purpose of the study was to assess the challenges facing pension fund managers and their effects on portfolio performance. Its objectives were to establish the challenges faced by pension fund managers in investing pension funds, determine the effects of pension fund investment regulations on pension fund managers' portfolio performance and establish ways in which pension fund managers minimized the effects of the challenges. The study adopted the descriptive research design. Its population was seventeen pension fund managers operating in Kenya. The Questionnaire was used as a data collection tool and a census approach was used to select all the 17 pension fund managers registered by the retirement benefits authority to participate in the study. Data was analyzed using the Statistical Package for Social Science (SPSS) version 20 and summarized in descriptive statistics such as frequencies, percentages. The study found that pension fund managers faced challenges in the investment of their portfolio, hence impacting on the general performance. To minimize the effects of the challenges, 59% of the respondents suggested that insurance policies should be taken, 22% suggested reducing the rate of returns declared and entering into strategic partnerships at 85%. The study concluded that pension fund managers faced different challenges in the management of pension funds which influenced the performance of their portfolios. That the pension fund management regulations greatly influenced portfolio performance as it dictated the amounts that could be invested. The recommendation of the study was that pension fund regulators should enter into negotiations with pension fund managers to agree on the best way they could reduce the rigidity on the guidelines governing pension fund management without necessarily putting the pension funds at a risk.

DEDICATION

I dedicate this thesis to my family, for their overwhelming support and for always being there when I need them, holding my hand always.

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