

MINUTES OF THE 14TH ANNUAL GENERAL MEETING OF THE NCBA UNIT TRUST HOLDERS HELD ON FRIDAY 28TH AUGUST 2020 AT 10.00 A.M HELD VIA ELECTRONIC MEANS

PRESENT:

- | | | |
|-----|--------------------------------|----------------------------------|
| 1. | Jeremy Ngunze | Chairman |
| 2. | Kathure Nyamu | MD, NCBA Investment Bank Limited |
| 3. | Kutwa Charles | Unit Holder |
| 4. | Mwaura Moses Waitimu | Unit Holder |
| 5. | Gekonde Denvas Nyamari | Unit Holder |
| 6. | Ndungu Margaret Nyambura | Unit Holder |
| 7. | Githinji Kathure | Unit Holder |
| 8. | Agnes Muoki | Unit Holder |
| 9. | Ingonga Corrine Imisa | Unit Holder |
| 10. | Kiruri James | Unit Holder |
| 11. | Kiliko Jonathan Myunywoki Muli | Unit Holder |
| 12. | Gathuru Joseph Kariuki | Unit Holder |
| 13. | Duncan Kyalo Musembi | Unit Holder |
| 14. | Gathuku Watson Muthiga | Unit Holder |
| 15. | Kennedy Mambo Machangeh | Unit Holder |
| 16. | Mbogo Peter Kimani | Unit Holder |
| 17. | James Ndiara Mugo | Unit Holder |
| 18. | Waweru Jesse Wambugu | Unit Holder |
| 19. | Gogo Paul Ochieng | Unit Holder |
| 20. | James Mwakio | Unit Holder |
| 21. | Mukinya Sammy Mwikya | Unit Holder |
| 22. | Akuno Bethwel Akongo | Unit Holder |
| 23. | Rabach Michael Thomas | Unit Holder |
| 24. | Nyamu Kinyua | Unit Holder |
| 25. | Wanjau Alex Mwendwa | Unit Holder |
| 26. | Omondi Sylvia Anyango | Unit Holder |
| 27. | Kihara Carolyne Mwhaki | Unit Holder |
| 28. | Lughano Tinah Lizy Shighare | Unit Holder |
| 29. | Anne Muraya | Unit Holder |
| 30. | Gituku Winnie | Unit Holder |
| 31. | Ogotu Jacqueline Adhiambo | Unit Holder |
| 32. | Kanyi Marian | Unit Holder |
| 33. | Mukabi Jane Wambui | Unit Holder |
| 34. | Kasili Brenda Khakasa | Unit Holder |
| 35. | Mutua Joyce Mumbua | Unit Holder |
| 36. | Kabare Grace Wambui | Unit Holder |
| 37. | Kamotho Mary Muthoni | Unit Holder |
| 38. | Milka Njung'e | Unit Holder |
| 39. | Kiriba Susan Wangui | Unit Holder |
| 40. | Onyi Eva Chanya | Unit Holder |
| 41. | Kilili Mercy Muthoni | Unit Holder |
| 42. | Omolo Elizabeth C A | Unit Holder |
| 43. | Mati Bancy Mbura | Unit Holder |

44.	Francois Gasengayire	Unit Holder
45.	Francisca Mueni Nzioka	Unit Holder
46.	Irene Maina	Unit Holder
47.	Musau Samuel Musembi	Unit Holder
48.	Beatrice Adhiambo	Unit Holder
49.	Victor Kithinji	Unit Holder
50.	Kenneth Mugira	Unit Holder
51.	Judy Mbugua Waithaka	Unit Holder
52.	Annie N M	Unit Holder
53.	Charles Peter Mutiso	Unit Holder
54.	Jimmy Karanu Waruingi	Unit Holder
55.	Mwenda Rarama	Unit Holder
56.	Joseph Bonnke Ongoro	Unit Holder
57.	Brian Arogo	Unit Holder
58.	Anthony Muchiri	Unit Holder
59.	Emily Ajwang Otieno	Unit Holder
60.	Nkirote Kawira	Unit Holder
61.	Jane, Muriithi Wanja	Unit Holder
62.	Timothy Mburu	Unit Holder
63.	Luvala, Christine Mihadi	Unit Holder
64.	Paul Kamau Gicheru	Unit Holder
65.	Elizabeth Mwalimo	Unit Holder
66.	Keziah Githae	Unit Holder
67.	Timothy Odera	Unit Holder
68.	Carolyne Kamau	Unit Holder
69.	Roseline Gatigi	Unit Holder
70.	Benjamin Gatemi	Unit Holder
71.	Monyenye Lydia Obonyo	Unit Holder
72.	Eva Chemutai Mwangi	Unit Holder
73.	Lydia Mumbi Mwaniki	Unit Holder
74.	Jane Syonguvi Mwaka	Unit Holder
75.	Linda Achieng Oyanda	Unit Holder
76.	Raphael Mwiti & Esther Karumba	Unit Holder
77.	Mwangi Josephine Nyokabi	Unit Holder
78.	Chege Catherine Nyambura	Unit Holder
79.	John Peter Kamau	Unit Holder
80.	Muriithi Jane Muthoni	Unit Holder
81.	Kenneth G. Mwangi & Krystal M. Muindi	Unit Holder
82.	Stella Turi Mureithi	Unit Holder
83.	Brian Otiende	Unit Holder
84.	Sarah Wambui Ng'ang'a	Unit Holder
85.	Antoinette Absaloms	Unit Holder
86.	Paul Chege	Unit Holder
87.	Julius Njoroge	Unit Holder
88.	Mark Makau Mwikya	Unit Holder
89.	Barbara Akoth	Unit Holder
90.	Vincent Mwaniki	Unit Holder

91.	Esther Wanjiru Muriithi	Unit Holder
92.	John Kitui	Unit Holder
93.	Jane Murugi Mutegi	Unit Holder
94.	Michael Fredrick Odera	Unit Holder
95.	Emily Koigi	Unit Holder
96.	Jacqueline Wanjiru	Unit Holder
97.	Queenspine Kinya	Unit Holder
98.	Anthony Obukui	Unit Holder
99.	Beatrice Kamuyu Maina	Unit Holder
100.	Joachim Makau Kyalo	Unit Holder
101.	Marionne Kwamboka	Unit Holder
102.	Farida Abdulbasit Morodhi	Unit Holder
103.	Maria Atiamuga Kegode	Unit Holder
104.	Daniel Mahuga Mbogo	Unit Holder
105.	Enoh Faye Ekong	Unit Holder
106.	Ibrahim Mkonyi	Unit Holder
107.	Sophia Mumbi Amboye	Unit Holder
108.	Kennedy Nyaga Githinji	Unit Holder
109.	Juma Yusuf Haineni	Unit Holder
110.	Haron Kimale Mutua	Unit Holder
111.	Peter Njenga Kuria	Unit Holder
112.	Beacco Gabriele	Unit Holder
113.	Victor Muhia	Unit Holder
114.	Maureen Mugambi	Unit Holder
115.	Martin Muiga Maina	Unit Holder
116.	Yvonne Kirema	Unit Holder
117.	Joseph Kimuyu	Unit Holder
118.	Salma Zahid	Unit Holder
119.	Emily Koigi	Unit Holder
120.	Kenfrey Kamau	Unit Holder
121.	Gerishon Eric Githaiga Kariuki	Unit Holder
122.	Catherine Wangari Karita	Unit Holder
123.	Sherlin Muthue Muasya	Unit Holder
124.	Peta Ann Meyer	Unit Holder
125.	Paul Mugo & Catherine Wangari Irungu	Unit Holder
126.	Ruth Kihika	Unit Holder
127.	Ruth Mugo	Unit Holder
128.	Arthur Eric Mwenja	Unit Holder
129.	Pauline Kariuki	Unit Holder
130.	Gilbert M Mung'ang'a	Unit Holder
131.	Karangau Ian Murimi	Unit Holder
132.	Edwin Lutta Wandera	Unit Holder
133.	Dominic Otieno	Unit Holder
134.	Joseph Gitau Kariuki	Unit Holder
135.	Fredrick Nganga	Unit Holder
136.	Rose Itherero Cheche	Unit Holder
137.	Simon Otieno Adede	Unit Holder

138.	Samuel Gichohi	Unit Holder
139.	Victor Odhiambo Ochieng	Unit Holder
140.	Gloria Awuor Odiaga	Unit Holder
141.	Grace Njeri Muchemi	Unit Holder
142.	James Nganda Mwanzia	Unit Holder
143.	Douline Kasalili	Unit Holder
144.	Allan Ole	Unit Holder
145.	Helen Macharia	Unit Holder
146.	Rebecca Njeri	Unit Holder
147.	Davies Osiago Kimanga	Unit Holder
148.	Franz Avisah	Unit Holder
149.	Francis Mwangi	Unit Holder
150.	Margaret Mugure	Unit Holder
151.	Jane W Koori	Unit Holder
152.	Nelson Ochieng Opany	Unit Holder
153.	Daniel Otieno	Unit Holder

The Chairman called the meeting to order at 10.00 a.m.

MINUTE NO.	DISCUSSION																
MIN. 01/2020	<p><u>CONSTITUTION OF THE MEETING</u></p> <p>The Chairman welcomed the Unitholders to the 14th Annual General Meeting and explained that we would be holding the meeting electronically for the first time due to the ongoing Covid-19 pandemic and the Government of Kenya directives restricting public gatherings.</p> <p>The Notice and Agenda for the meeting, having been circulated to the Members, was taken as read.</p>																
MIN. 02/2020	<p><u>WELCOME NOTE AND INTRODUCTION OF TEAM MEMBERS</u></p> <p>The Chairman acknowledged the presence of the following officials representing various stakeholders:</p> <table> <tr><td>1. Veronica Nyamweya</td><td>Capital Markets Authority</td></tr> <tr><td>2. Elizabeth Mwazighe</td><td>KCB Bank Kenya Ltd, The Corporate Trustee</td></tr> <tr><td>3. Eva Mwangi</td><td>NCBA Bank Kenya PLC, The Custodian</td></tr> <tr><td>4. Esther Njiru</td><td>PricewaterHouseCoopers, the Auditors</td></tr> <tr><td>5. Kathure Nyamu</td><td>MD, NCBA Investment Bank Limited</td></tr> <tr><td>6. Paul Gicheru</td><td>Chief Investment Officer, Fund Manager</td></tr> <tr><td>7. Steven Maleche</td><td>Senior Investment Manager, Fund Manager</td></tr> <tr><td>8. Beth Karanja</td><td>Representing the Trust Secretary</td></tr> </table>	1. Veronica Nyamweya	Capital Markets Authority	2. Elizabeth Mwazighe	KCB Bank Kenya Ltd, The Corporate Trustee	3. Eva Mwangi	NCBA Bank Kenya PLC, The Custodian	4. Esther Njiru	PricewaterHouseCoopers, the Auditors	5. Kathure Nyamu	MD, NCBA Investment Bank Limited	6. Paul Gicheru	Chief Investment Officer, Fund Manager	7. Steven Maleche	Senior Investment Manager, Fund Manager	8. Beth Karanja	Representing the Trust Secretary
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<p>MIN. 03/2020</p>	<p><u>APPROVAL OF THE MINUTES OF THE 13TH ANNUAL GENERAL MEETING HELD ON 31ST MAY 2019.</u></p> <p>The minutes of the previous AGM held on 31st May 2019 having been circulated to members, were taken as read.</p> <p>The approval of the minutes of the 13th AGM was proposed by Elizabeth Mwalimo and seconded by Judy Waitthaka.</p>
<p>MIN. 04/2020</p>	<p><u>FUND MANAGER REPORT PRESENTATION – NCBA INVESTMENT BANK</u></p> <p>Mr. Steven Maleche representing the Fund Manager presented on the Fund's performance as well as the outlook for 2020. The presentation highlighted the following:</p> <p><u>1. Summary of the Duties of the Fund Manager</u> These include:</p> <ul style="list-style-type: none"> • Investing Unit Holders' funds in accordance with the specific Fund's Investment policy, Trust Deed and the CMA Guidelines; • Reporting investment performance to the Trustee on a regular basis; • Receiving and implementing unit-holder top-ups, switching of funds and liquidation instructions; and • Reporting to unit holders on the Fund's performance at the Annual General Meeting. <p><u>2. 2019 Economic and Market Review</u></p> <ul style="list-style-type: none"> • The Gross Domestic Product (GDP) decreased to 5.6% in the year 2019 compared to 6.3% in 2018. • GDP growth in 2020 had been negatively impacted by the Covid-19 Pandemic. It is expected that growth will be significantly lower in 2020 than the initially projected growth rates. • Inflation in 2019 was fairly stable due to currency stability and food prices averaging at 5.78%. Inflation in 2020 was expected to remain within the Central Bank's upper inflation target of 7.5% due to lower consumption demand. • The Treasury Bill yields remained low. The yields for 91 day, 182 day and 365 day bills averaged 7.20%, 8.15% and 9.83% respectively as at the end of 2019. • T-bill yields also remained low in 2019/2020 due to high liquidity in the market coupled with the need to move to safer investments which in turn attracted significant bids from investors for Treasury Bills.

- Long-term Interest Rates – The yields on Treasury Bonds generally declined in 2019 due to higher investor demand. The trend was sustained in 2020 due to increased demand from the markets due to the declining bank rates and increased liquidity.
- The performance of the Kenya Shilling vs major currencies – In 2019, the shilling weakened against the major currencies and this was driven by the investor flight to the US Dollars and other major currencies. The Kenya Shilling closed the year against the US Dollar, Great Britain Pound and the Euro at KES 101.03/USD, KES 112.83/Euro and KES 130.4374/GBP respectively.
- Equity Markets Performance- The equities market recorded negative returns of -6.33% which was an improvement from -23.66% in 2018. However, the NASI Index reported a significant improvement from -17.97% in 2018 to 18.50%. Despite the positive performance on the NASI Index, the stock market weakened due to sustained flight to safety across the global markets following the Covid-19 pandemic. As at the end of the first half of 2020, the NSE 20 and NASI Indices performance was -26.7% and -16.1% respectively.

3. 2019 Fund Performance

- The NCBA Money Market Fund outperformed its benchmark in 2019. The fund averaged at 8.0% compared to the average commercial bank deposit rate of 6.9%. From an asset allocation perspective, Treasury Bills and Bonds comprised of 58.9% of the assets within the fund.
- The NCBA Dollar Investment Fund which was launched in October 2018 also outperformed its benchmark, the overnight LIBOR rates. The fund's average performance was 3.1% against the overnight LIBOR Rates which closed the year at 2.15%. From an asset allocation perspective, Government Bonds and Bank Deposits comprised of 49.2% and 45.9% respectively of the assets within this fund.
- The NCBA Equity Fund also outperformed its benchmark, the NSE 20 share index at close the year at 18.5% compared to -6.30%. Equities comprised 81.0 % of the assets within this fund.

4. 2020 Investment Outlook

- On account of the Covid-19 Pandemic and its devastating effects on consumer demands, economic growth was expected to be significantly lower in 2020 compared to the rates recorded over the last 5 years.
- Interest rates were also expected to remain lower due to higher market liquidity and lower credit growth to the private sector. Lastly, Inflation was expected to remain at single digit levels.

MIN.
05/2020

CUSTODIAN REPORT BY NCBA BANK KENYA PLC

The Report was presented by Eva Mwangi representing the Custodian, NCBA Bank Kenya Plc and some of the key highlights of the report were as follows:

1. Summary of the duties of the Custodian

These include:

- Transaction processing and settlement so ensure that transactions are settled in an efficient and secure manner;
- Safekeeping of the clients' assets;
- Asset servicing such as collection of income and corporate action processing;
- Ensuring reporting and Compliance and submission of various reports to the Trustees, the Fund Manager and Capital Markets Authority;
- Processing of payments such as withdrawals; and
- Receiving contributions and processing capital inflows.

2. Assets under Custody

The Custodian's representative confirmed that the various funds had the following assets:

- As at December 31, 2019, the Equity Fund closed its books as follows:

Asset Class	Market Value	% Holding
Demand Deposits	3,910,397.26	4.78
Cash at Bank	889,453.36	1.09
Corporate Bonds	2,010,508.24	2.46
Quoted Equities	66,231,341.55	80.99
Term Deposits	7,772,680.29	9.50
Treasury Bills	964,284.59	1.18
Total	81,778,665.29	100.00

- As at December 31, 2019, the Money Market Fund closed its books as follows:

Asset Class	Market Value	% Holding
Demand Deposits	75,215,331.56	1.16
Cash at Bank	169,449.09	0.00
Corporate Bonds	339,378,252.67	5.25
Quoted Equities	2,283,836,665.09	35.35
Term Deposits	1,072,881,904.40	16.61
Treasury Bills	2,689,078,106.80	41.62
Total	6,460,559,709.60	100.00

- As at December 31, 2019, the Dollar Fund closed its books as follows:

Asset Class	Market Value	% Holding
Demand Deposits	1,005,444.89	15.14
Cash at Bank	339.72	0.01
Term Deposits	2,966,676.93	44.67
Treasury Bills	2,669,402.81	40.19
Total	6,641,864.35	100.00

MIN.
06/2020

ANNUAL FINANCIAL REPORT, REPORT OF THE TRUSTEES AND REPORT OF THE AUDITORS

The financial statements for the year ended 31st December 2019 together with the Reports of the Trustee and the Auditors Report, having been circulated, were taken as read. The Chairman invited the Auditor's representative, Esther Njiru, who confirmed that the financial statements for the respective funds gave a true and fair position of the NCBA Unit Trust Funds as at 31st December 2019.

Thereafter, the Chairman invited the Unit Holders to ask questions regarding the Financial statements.

Question:

Mr. Victor Kithinji sought to know what was the NCBA Unit Trust Fund Strategy given the current low interest rates.

Response:

The Chairman invited Mr. Steven Maleche to respond to the above question. Mr Maleche explained that the strategy at the moment was to invest in interest bearing assets and to increase their proportion of investments in shorter term government securities as the government is a more viable and secure counter party when compared to corporate issuers of debt. He added that these securities offer a slightly better return compared to the rest of assets classes in the market.

In the long term, once the economic conditions improve, the Unit Trust would look to invest in higher returning assets.

Question:

Mr. Joachim Makau Kyalo sought to understand what were the short and long term effects of COVID-19 on the Money Market yields.

Response:

Mr. Steven Maleche responded that the short term impact would be lower rates in the market as everyone would be reluctant to invest their monies during this period. He further explained that in the long term, the fund would expect to see new business lines and ventures brought about by the pandemic's disruption and these would serve as viable avenues for investments. In addition, the fund manager stated that they would expect to have other assets that are currently performing poorly to have improved returns which will result in higher returns for the Fund.

Question:

The last question was from Mr. Jimmy Karanu Waruingi who asked about the Money Market Fund outlook for 2021 given the effects of the Covid-19 Pandemic.

Response:

This question was also responded to by Steven Maleche who explained that the 2021 outlook for the NCBA Unit Trust, albeit being early to predict, was that rates would remain at the current levels. However, an increase from the current rates would be predicated by the opening up of the economy and lending by banks to the private sector.

MIN. 07/2020	<p><u>APPOINTMENT OF EXTERNAL AUDITORS</u></p> <p>The External Auditors, PricewaterhouseCoopers who had been the external auditors for the past year expressed willingness to continue in office for the ensuing year.</p> <p>The resolution to re-appoint PricewaterhouseCoopers as the external auditors for the year ended 2020 was proposed by Mwenda Rarama and seconded by Dennis Kariuki and their appointment was unanimously approved by the Unit Holders. The Sponsor and Trustees were also authorized to fix their remuneration.</p>
MIN. 08/2020	<p><u>AMENDMENT OF THE TRUST DEED TO ENABLE CONDUCTING OF VIRTUAL MEETING</u></p> <p>Members were invited to consider and pass a special resolution to amend Part VII of the Trust Deed by inserting the following words before Article 50:</p> <p><i>“The general meeting shall be held at such time and place, and by such means, electronic or otherwise, virtual or physical as the trustees shall approve”</i></p> <p>The Chairman explained to members that the amendment was necessitated by the challenging circumstances arising from the Covid-19 pandemic that restricted public gatherings. In amending the Trust Deed, the Trustee and the Sponsor would be authorized to convene either virtual or hybrid meetings. Further, such amendment to the Trust Deed would ensure that the Unit Trust would not have to apply to the Capital Markets Authority in future for approval to conduct meeting via electronic means.</p> <p>Of the votes cast, 100% of the members voted for the amendment of the Trust Deed with 0% either voting against or abstaining.</p>
MIN. 09/2020	<p><u>ANY OTHER BUSINESS</u></p> <p>There being no other business for which formal notice had been received, the Chairman declared the meeting closed at 10.43a.m.</p> <p>The Chairman thanked all the Members for attending the meeting and for their participation.</p>

Minutes Confirmed this _____ day of _____ 2021.

By: _____ **CHAIRMAN**



FUND CORPORATE TRUSTEE - KCB BANK KENYA LIMITED