

MINUTES OF THE 15TH ANNUAL GENERAL MEETING OF THE NCBA UNIT TRUST HOLDERS HELD ON FRIDAY 18TH JUNE 2021 AT 10.00 A.M HELD VIA ELECTRONIC MEANS

AGM CHAIRMAN PRESENT:

John Gachora Group Managing Director-NCBA Bank Plc

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

MINUTE NO.	DISCUSSION																
MIN 01/2021	<p><u>CONSTITUTION OF THE MEETING</u></p> <p>The Chairman welcomed the Unitholders to the 15th Annual General Meeting and explained that due to the ongoing Covid-19 pandemic and the Government of Kenya directives restricting public gatherings, we are for the second time holding the Annual General meeting electronically. The Notice and Agenda for the meeting, having been circulated to the Unit Holders, were taken as read.</p> <p>The Chairman then invited the secretary to confirm that quorum had been met before commencing the meeting. Njeri Kamande, representative of the Company Secretary, confirmed that 77 Unit Holders were logged into the meeting and the quorum for the meeting being 25 Unit Holders attending, the Annual General Meeting was duly constituted.</p> <p>Having confirmed that a quorum was present, the Chairman declared the meeting properly convened and constituted.</p>																
MIN 02/2021	<p><u>WELCOME NOTE AND INTRODUCTION OF STAKEHOLDER REPRESENTATIVES</u></p> <p>The Chairman acknowledged the presence of the following officials representing various stakeholders:</p> <table border="0"> <tr> <td>1. Eva Saiyuh</td> <td>Capital Markets Authority</td> </tr> <tr> <td>2. Florence Nduba</td> <td>KCB Bank Kenya Ltd - The Fund Trustee</td> </tr> <tr> <td>3. Eva Mwangi</td> <td>NCBA Bank Kenya PLC - The Fund Custodian</td> </tr> <tr> <td>4. Esther Njiru</td> <td>PricewaterHouseCoopers - the Fund 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. Njeri Kamande</td> <td>Representing the Company Secretary</td> </tr> </table> <p>The Chairman encouraged all Unit Holders in attendance to log their questions on the Q&A tab on the portal or via the USSD code displayed at the bottom of their screens. He informed Unit Holders that questions shall be addressed at the end of all the presentations</p>	1. Eva Saiyuh	Capital Markets Authority	2. Florence Nduba	KCB Bank Kenya Ltd - The Fund Trustee	3. Eva Mwangi	NCBA Bank Kenya PLC - The Fund Custodian	4. Esther Njiru	PricewaterHouseCoopers - the Fund 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. Njeri Kamande	Representing the Company Secretary
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MIN	<u>APPROVAL OF THE MINUTES OF THE 14TH ANNUAL GENERAL MEETING HELD ON 28TH AUGUST 2020</u>																

<p>03/2021</p>	<p>The minutes of the previous AGM held on 28th August 2020 having been circulated to Unit Holders, were taken as read.</p> <p>The approval of the minutes of the 14th AGM was proposed by Elizabeth Mwalimo and seconded by Danson Githae</p>
<p>MIN 04/2021</p>	<p><u>FUND MANAGER REPORT PRESENTATION – NCBA INVESTMENT BANK LIMITED</u></p> <p>The Chairman welcomed Steven Maleche, representing the Fund Manager, to present the market and fund performance report, giving an overview & highlights over the last financial year and the outlook for 2021</p> <p>Steven Maleche's presentation highlighted the following:</p> <p>1. Summary of the Duties of the Fund Manager</p> <p>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>2. 2020 Economic and Market Review</p> <ul style="list-style-type: none"> • GDP growth contracted by 0.6% in 2020 on due to the impact of COVID control measures on the economy. • Inflation was at 5.2% within the -7.5% CBK target on lower global oil prices. • Treasury bill rates were lower in 2020 as compared to 2019. The yield curve as also lower in the short and mid tenors. • The shilling weakened against the majors USD, GBP and Euro in 2020 by 7.7%, 11.0% and 17.4% respectively. • Equity markets were affected by the sudden slowdown in economic activity and investor shift to fixed income. NASI was down -8.6% and NSE 20 -29.6%. <p>3. 2020 Fund Performance</p> <ul style="list-style-type: none"> • NCBA Money market fund had an annual return of 8.1% above the benchmark of 5.7%. • NCBA Dollar Investment Fund return for 2020 was 3.30% versus benchmark Libor rate at 0.3%. • NCBA Equity fund was down -11.57% in 2020 while the NSE 20 was down 29.60%. As at May 2021 it was recovering and was at +8.57%.

4. 2021 Investment Outlook

- Economic growth is expected to be higher due to recovery from the effects of the pandemic as there is a re-opening of the economy.
- Interest rates will be influenced by the Government's borrowing arrangements i.e. whether they borrow locally or abroad.
- Inflation is expected to remain at single digit levels despite being at higher levels than 2020.

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CUSTODIAN REPORT PRESENTATION BY NCBA BANK KENYA PLC

The Chairman welcomed Eva Mwangi, representing the Custodian, to present an overview of their role, service and status of the assets of the funds.

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

Eva Mwangi confirmed that the various funds had the following assets:

As at December 31, 2020, the Equity Fund closed its books as follows;

Asset Class	Market Value	% Holding
Demand Deposits	3,318,538.85	4.16
Cash at Bank	250,528.47	0.31
Quoted Equities	57,648,477.20	72.25
Term Deposits	16,523,796.93	20.71
Treasury Bonds	2,053,900.00	2.57
Total	79,795,241.45	100.00

As at December 31, 2020, the Money Market Fund closed its books as follows;

Asset Class	Market Value	% Holding
Demand Deposits	499,113,866.12	4.55
Cash at Bank	1,089,055.20	0.01

Corporate Bonds	290,867,955.71	2.65
Term Deposits	3,387,885,814.17	30.88
Treasury Bills	1,398,612,508.43	12.75
Treasury Bonds	5,392,585,819.60	49.16
Total	10,970,155,019.23	100.00

As at December 31, 2020, the Dollar Fund closed its books as follows;

Asset Class	Market Value	% Holding
Demand Deposits	1,350,114.23	9.70
Cash at Bank	3,334.23	0.02
Offshore	4,555,323.99	32.73
Term Deposits	8,007,049.09	57.54
Total	13,915,821.54	100.00

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

Unit Holders were invited to receive and consider the Financial Statements for the year ended 31st December 2020 together with the Reports of the Trustee and the Auditors Report which had been circulated to the Unit Holders. The report of the Trustee and that of the Auditors were taken as read.

The Chairman welcomed the Trustee's representative, Florence Nduba, to present the Trustee's Report for the respective funds. Florence Nduba confirmed that the report gave a true and fair position of the NCBA Unit Trust Funds as at 31st December 2020.

The Chairman also welcomed the Auditor's representative, Esther Njiru, to present the audited financial statements for the respective funds. Esther Njiru confirmed that the financial statements gave a true and fair position of the NCBA Unit Trust Funds as at 31st December 2020.

Thereafter, the Chairman asked the service providers to respond to various questions raised by Unit Holders with respect to the financial statements and annual reports.

Question 1

The first question was from Brian Onsongo who inquired on how to access the monthly statements.

Response

The Chairman invited Steven Maleche to respond to the above question. Steven Maleche explained that the statements are sent monthly to the unit

holder's registered email. They can also request for one at any time from the unit trust team.

Question 2

The next question was from Sherlin Muasya who asked about the Money Market Fund outlook for the year 2021/22 in the prevailing Covid-19 business climate

Response

The Chairman invited Steven Maleche to respond.

Steven Maleche responded that the economy was expected to recover as the COVID restrictions are lifted. The money market fund will seek to maintain its yield and increase it.

Question 3

The next set of questions all related to the applicable interest rate.

Dennis Kosgei queried why the interest rates were stuck at 8 % while the Fund continued to appreciate in growth. He questioned why there money market interest rates were not being reviewed upwards considering that other listed companies were offering a minimum 10% rate.

Kenneth G Mwangi & Krystal M Muindi (Joint Account) noted that the Return on Interest for the money market fund was low compared to other financial peers in the market and they questioned whether NCBA intended to increase the returns and if so what investments NCBA would consider.

Kennedy Theuri Thuo asked whether the applicable interest rates would be increased.

Irene Maina asked what strategy NCBA Unit Trust Fund had in the current interest rates environment.

Responses

The Chairman invited Steven Maleche to respond all the four questions relating to the interest.

Steven Maleche responded that the fund took a view of investing in assets with a higher margin of safety for unit holders. These assets tended to have a lower return than the others.

The Chairman confirmed that adequate consideration had been given to all the matters contained in the Annual Report and the questions raised by the Unit Holders and he invited a Unit Holder to propose that the Financial Statements for the year ended 31st December 2020 together with the Reports of the Trustee and Auditors as submitted in the meeting be adopted.

	Benjamin Gitonga proposed to adopt the financial statements and annual reports and Ken Mugira seconded the proposal.
MIN 07/202 1	<p><u>APPOINTMENT OF EXTERNAL AUDITORS</u></p> <p>Unit Holders were invited to consider and pass a resolution for the appointment of Deloitte and Touche as the external auditors of the NCBA Unit Trust Funds for the ensuing year and to further authorize the Sponsor and Trustees to fix the remuneration of the external auditors.</p> <p>Thomas Kyumwa Kisimbi asked why there was a change of Auditors from PWC to Deloitte. The Chairman responded that it was a regulatory requirement to change auditors after a specified number of years.</p> <p>On the Chairman's invitation, Mwenda Rarama proposed that the Sponsor and Trustee be authorized to appoint Deloitte as Auditors for the NCBA Unit Trust Funds and fix their remuneration. The proposal was seconded by Angel Ndiewo.</p> <p>The Chairman informed the Unit Holders that the resolutions shall be passed by a poll and voting would close at 1:00PM Kenyan time. He further informed Unit Holders that the results 12 published on the NCBA Group's website within 48 hours after the AGM</p>
MIN 08/202 1	<p><u>ANY OTHER BUSINESS</u></p> <p>There being no other business or resolutions for which formal notice had been received, the Chairman declared the meeting closed at 12.00 P.M</p> <p>The Chairman thanked all the Unit Holders for attending the meeting and for their participation.</p>

Minutes Confirmed this 20th day of May 2022


FUND CORPORATE TRUSTEE - KCB BANK KENYA LIMITED
 For: KCB BANK KENYA LTD.

 CORPORATE TRUSTEE