

MINUTES OF THE 17TH ANNUAL GENERAL MEETING OF THE NCBA UNIT TRUST HOLDERS HELD ON WEDNESDAY 31ST MAY 2023 AT 2.00 P.M HELD VIA ELECTRONIC MEANS

PRESENT:

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| 1. John Gachora | Chairman |
| 2. Esther Maina | KCB Bank Kenya Ltd - The Fund Trustee |
| 3. Paul Ngomba | NCBA Bank Kenya PLC - The Fund Custodian |
| 4. Kathure Nyamu | MD, NCBA Investment Bank Limited |
| 5. Daniel Ndungu | Senior Investment Manager- Fund Manager |
| 6. Charles Luo | Deloitte & Touche LLP - the Fund Auditors |
| 7. Waweru Mathenge | Company Secretary |
| 8. Paul Gicheru | Chief Investment Officer – Fund Manager |
| 9. Stephen Nyangaga | Capital Markets Authority |

The Chairman called the meeting to order at 2.00 p.m.

MINUTE NO.	DISCUSSION																
MIN 01/2023	<p><u>CONSTITUTION OF THE MEETING</u></p> <p>The Chairman welcomed the Unitholders to the 17th Annual General Meeting and noted that for the fourth year in a row, with the approval by the Trustee and the Capital Markets Authority, the Annual General Meeting was being held electronically.</p> <p>The Notice, Agenda, Minutes and Annual Reports 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 the meeting was quorate before commencement. The Company Secretary confirmed that the meeting was quorate pursuant to Article 51 of the NCBA Unit Trust Scheme Trust Deed with attendance being in excess of 25 Unit Holders.</p> <p>Having confirmed that a quorum was present, the Chairman declared the meeting properly convened and constituted.</p>																
MIN 02/2023	<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. Esther Maina</td> <td>KCB Bank Kenya Ltd - The Fund Trustee</td> </tr> <tr> <td>2. Paul Ngomba</td> <td>NCBA Bank Kenya PLC - The Fund Custodian</td> </tr> <tr> <td>3. Kathure Nyamu</td> <td>MD, NCBA Investment Bank Limited</td> </tr> <tr> <td>4. Daniel Ndungu</td> <td>Senior Investment Manager- Fund Manager</td> </tr> <tr> <td>5. Charles Luo</td> <td>Deloitte & Touche LLP - the Fund Auditors</td> </tr> <tr> <td>6. Waweru Mathenge</td> <td>Company Secretary</td> </tr> <tr> <td>7. Paul Gicheru</td> <td>Chief Investment Officer – Fund Manager</td> </tr> <tr> <td>8. Stephen Nyangaga</td> <td>Capital Markets Authority</td> </tr> </table>	1. Esther Maina	KCB Bank Kenya Ltd - The Fund Trustee	2. Paul Ngomba	NCBA Bank Kenya PLC - The Fund Custodian	3. Kathure Nyamu	MD, NCBA Investment Bank Limited	4. Daniel Ndungu	Senior Investment Manager- Fund Manager	5. Charles Luo	Deloitte & Touche LLP - the Fund Auditors	6. Waweru Mathenge	Company Secretary	7. Paul Gicheru	Chief Investment Officer – Fund Manager	8. Stephen Nyangaga	Capital Markets Authority
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	<p>The Chairman noted that the notice convening the meeting was shared with all Unit Holders in accordance with the Scheme Trust Deed and invited the Secretary to read the Notice convening the meeting and the Agenda thereof.</p> <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 during the question and answer session.</p>
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<p>MIN 03/2023</p>	<p><u>APPROVAL OF THE MINUTES OF THE 16H ANNUAL GENERAL MEETING HELD ON 10TH JUNE 2022</u></p> <p>Minutes of the previous AGM held on 10th June 2022 having been circulated to Unit Holders, were taken as read.</p> <p>The minutes of the previous AGM were confirmed having been proposed by Rose Mburu and seconded by Beatrice Awiti.</p>
<p>MIN 04/2023</p>	<p><u>A. FUND MANAGER REPORT BY NCBA INVESTMENT BANK LIMITED</u></p> <p>The Chairman then invited the Fund Manager's representative, Daniel Ndung'u, to give the Fund Manager's Report. The report covered an overview and highlights of Economic environment and Fund's Performance over the last financial year and the outlook for 2023. The Fund Manager's representative informed the Unit Holders that questions relating to the Service Providers Report shall be answered during the Question and Answers session.</p> <p>The following matters were highlighted in the Fund Manager's report:</p> <p>1. Summary of the Duties of the Fund Manager</p> <p>These included:</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. • Receiving and implementing Unit Holders' top-up, switching and liquidation instructions. <p>2. 2022 Economic and Market Review</p> <ul style="list-style-type: none"> • Inflation was at double digits especially in the developed world. However, towards the end of the fourth quarter (Q4), inflation

started declining as a result of the measures put in place by various Central Banks.

- The US Dollar experienced an increase in value against other currencies from January 2022 to September 2022 as a result of the activities of the US Federal Reserve to reign on inflation raising their rates from levels of 0.25% to 4.5% at the end of December 2022.
- By Q3 2022, other nations began their rate hikes which led to the slide in the Dollar index; however, the Dollar index was up 8.20% at the end of the year.
- According to the World Bank and the Central Bank of Kenya, the Kenyan economy was poised to grow between 5.2% and 5.8% in 2023
- A rebound in the agricultural sector is expected to support economic growth amid sluggish demand in households' consumption. Growth was likely to be dampened by high inflation and tightening monetary policy by the Central Bank of Kenya.
- Global markets had been on the decline on the back of tightening monetary policy and increased risk aversion.

3. 2022 Unit Trust Fund Performance

- The Unit Trust Fund experienced a growth in the assets under management from Kes 18.3B in 2021 to Kes 24.5B at the end of year 2022.
- NCBA Fixed Income Fund had an annual return of 8.67% above the average commercial bank deposit rate of 6.6%.
- The annualized rate of return as at end of April 2023 was 9.94%
- The NCBA (Kes) Fixed Income Fund Asset allocation as at 31st December 2022 stood as follows: Treasury Bonds – 64.4%, Fixed Deposits – 24.3%, Treasury Bills – 6.0%, Cash & Call Deposits – 3.2% and Corporate Bonds – 2.0%
- NCBA Dollar Fixed Income Fund return for 2022 was 3.8% representing a growth from 2021 which was at 3.0% versus overnight Libor rate at 1.8%.
- The NCBA Dollar FI Fund Asset allocation as at 31st December 2022 stood as follows: Fixed Deposits – 57.7%, Euro Bonds – 35.1% and Cash & Call Deposits at 3.7%.
- NCBA Equity Fund had a negative return at -10.5% in 2022 while the NSE-20 benchmark registered a worse performance at -11.9%.
- The NCBA Equity Fund Asset Allocation as at 31st December 2022 stood as follows: Equities – 71.6%, Bank Deposits – 22.5%, Cash & Call Deposits – 3.5% and Government Securities – 2.4%

4. NCBA Fixed Income Basket Note Funds

- NCBA Fixed Income (Kes) Basket Note Funds had a return of 9.79% in 2022 while the commercial benchmark rate registered 9.01%.
- NCBA Fixed Income (USD) Basket Note Funds had a return of 3.32% in 2022 while the commercial benchmark rate registered 1.79%.
- NCBA Fixed Income (Kes) & (USD) Basket Note Funds Asset Allocation took consideration of diversification and liquidity management,

5. 2023 Investment Outlook

- According to the World Bank, the economy was poised to grow by 5.2% with private investments expected to drive the economy amid sluggish growth in households' consumption.
- Inflation was expected to ease on the back of easing global oil prices and the ongoing impact of CBK's monetary actions.
- Pressure on KES against the USD was expected to persist as long as rates in the US remain elevated. However, several liquidity backstops to support the Shilling and increased supply of foreign currencies and expected tapering off of the rise in the Fed rates later in the year were expected to provide some relief.
- Interest rates were expected to edge upwards as inflationary pressures persisted and concern about the Government's debt position lingered. The rising rate was expected to support a steady rise in interest income from the NCBA Fixed Income Funds in 2023. However, the rates on USD deposits were expected to start abating in line with the tapering off of the rise in the Fed rates later in the year.
- At current valuation levels, local equities were trading at an attractive entry price and provided opportunity for cost averaging and picking high dividend yield counters.

**MIN
05/2023**

B. CUSTODIAN REPORT BY NCBA BANK KENYA PLC

The Chairman welcomed Paul Ngomba, 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 included:

- Transaction processing and settlement so ensure that transactions are settled in an efficient and secure manner including all purchases, sales and asset transfers;
- Safekeeping of securities for all asset classes a client wishes to invest in;
- Asset servicing such as collection of income and corporate action processing;
- Ensuring reporting and Compliance and submission of various reports to the Trustees (quarterly), the Fund Manager (real time) and by the Regulators on a timely basis;
- Process all withdrawal and expense payment instructions as and when they come through; and
- Receiving contributions and processing capital inflows from unit holders for investment.

2. Assets under Custody

The custodian confirmed that the various funds had the following assets:

As at December 31, 2022, the **NCBA Equity Fund** closed its books as follows;

Asset Class (Kes)	Market Value	% Holding
Demand Deposits	2,156,443.84	0.03
Cash at Bank	565,546.52	0.01
Quoted Equities	55,428,944.95	0.71
Term Deposits	17,898,102.74	0.23
Treasury Bills	1,874,423.52	0.02
Total	77,923,461.56	100.00

As at December 31, 2022, the **NCBA Fixed Income Fund** closed its books as follows;

Asset Class (Kes)	Market Value	% Holding
Demand Deposits	526,790,753.42	3.08
Cash at Bank	34,100,361.68	0.20
Corporate Bonds	360,207,668.27	2.11
Term Deposits	3,767,062,536.73	22.02
Treasury Bills	1,063,486,205.22	6.22
Treasury Bonds	11,355,890,430.65	66.38
Total	17,107,537,955.97	100.00

As at December 31, 2022, the **NCBA Dollar Fixed Income Fund** closed its books as follows;

Asset Class (USD)	Market Value	% Holding
Demand Deposits	982,837.22	3.21
Cash at Bank	54,609.40	0.18
Eurobonds/Offshore	10,629,351.00	44.91
Term Deposits	16,348,233.07	51.70
Total	28,015,030.69	100.00

As at December 31, 2022, the **NCBA Fixed Income Basket Fund (Kes)** closed its books as follows;

Asset Class (KES)	Market Value	% Holding
Demand Deposits	609,243,150.68	13.80
Cash at Bank	9,501,305.92	0.22
Corporate Bonds	57,765,258.24	1.31
NCBA Fixed Income	430,474,791.59	9.75
Term Deposits	1,019,333,659.92	23.09
Treasury Bills	169,599,317.03	3.84
Treasury Bonds	2,117,821,326.70	47.98
Total	4,413,738,810.09	100.00

As at December 31, 2022, the **NCBA Fixed Income Basket Fund (USD)** closed its books as follows;

Asset Class (USD)	Market Value	% Holding
Cash at Bank	40.16	0.002
NCBA Income Fund	1,117,380.89	50.07
Offshore	912,225.86	40.88
Term Deposits	202,071.53	9.1
Total	2,231,718.44	100.00

The Custodian further confirmed the follows;

- Income earned was collected on time
- All investments were executed within laid down regulations
- All investments executed per Fund Manager Instructions
- All the investments are SAFE

**MIN
06/2022**

C. TRUSTEE REPORT BY KCB BANK KENYA PLC

The Chairman welcomed the Trustee's representative, Esther Maina, to present an overview of their role as Trustees and to present the Trustee's Report for the respective funds.

The Trustee gave an overview of the Unit Trust Funds which included an Umbrella Fund comprising three (3) major sub-funds including:

- Equity Fund – whose key objective is to generate capital growth via investing principally in equities providing a medium to high risk profile by investing in stocks of several sectors of the Kenyan economy.
- Fixed Income Fund – whose key objective is to generate a total return through investing in a range of debt securities, fixed deposit instruments or near cash holdings in the Kenyan market while offering maximum security to investors.
- Dollar Fixed Income Fund – whose key objective is to generate total return through investing in low-risk debt securities, fixed deposit instruments or near cash holdings in the Kenyan market and offshore while offering competitive returns on the capital invested and is denominated in US Dollars.

The Trustee representative noted that KCB Bank Kenya Limited is the Corporate Trustee of the NCBA Unit Trust Funds responsible for safeguarding the assets of the Funds. The Trustee representative further noted that the Fund Manager supports the Trustee in discharging the overall responsibility for investment and performance.

The Trustee representative confirmed that the operations of the Funds for the year ended 31st December 2022 were carried out in accordance with

<p>MIN 07/2022</p>	<p>the Capital Markets (Collective Investment Schemes) Regulations, 2001 and the Fund Trust Deed & Rules.</p> <p>The Trustee representative further confirmed that upon assessing the Funds ability to continue as a going concern, the Trustee was not aware of any material uncertainties that may cast doubt upon the Fund ability to continue as a going concern.</p> <p><u>ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 31ST DECEMBER 2022</u></p> <p>The Unit Holders were invited to receive and consider the Financial Statements for the year ended 31st December 2022 together with the Auditors Report which had been circulated to the Unit Holders.</p> <p>The report of the Auditors being taken as read, the Chairman then welcomed the Auditor's representative, Charles Luo, to present the audit opinion on the audited financial statements for the respective funds. The Auditor confirmed the financial statements had received an unqualified opinion and that the financial statements gave a true and fair position of the NCBA Unit Trust Funds as at 31st December 2022.</p> <p><u>Q & A SESSION</u></p> <p>The Chairman asked the service providers to respond to various questions raised by Unit Holders with respect to the financial statements and annual reports.</p> <p>The Chairman then invited two Unit Holders to propose and second the adoption of the Annual Financial Report together with the Auditor's Report. The adoption of the Annual Financial Report was duly proposed by Peter Ndege and seconded by Wendy Arina.</p> <p>The Chairman informed the Unit Holders that the resolutions proposed would be passed by a poll and voting would close at 5:00PM on 31st May 2023 Kenyan time. The results would then be published on the NCBA Group's website within 48 hours after the conclusion of the AGM.</p>
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<p>MIN 08/2022</p>	<p><u>RE-APPOINTMENT OF EXTERNAL AUDITORS</u></p> <p>Unit Holders were invited to consider and pass a resolution for the re-appointment of Deloitte and Touche LLP 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>The re-appointment of the Auditors was duly proposed by Lilian Githaiga and seconded by Arthur Mbugua.</p> <p>The Chairman informed the Unit Holders that the resolutions shall be passed by a poll and voting would close at 5:00PM on 31st May 2023 Kenyan time. The results were to be published on the NCBA Group's website within 48 hours after the conclusion of the AGM.</p>
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MIN 09/2022	<u>ANY OTHER BUSINESS</u> There being no other business or resolutions for which formal notice had been received, the Chairman declared the meeting closed at 2:44 p.m. The Chairman thanked all the Unit Holders for attending the meeting and for their participation.
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Minutes Confirmed this 24 day April of 2024

For: KCB BANK KENYA LTD.

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CORPORATE TRUSTEE

FUND CORPORATE TRUSTEE - KCB BANK KENYA LIMITED