

MINUTES OF THE 18TH ANNUAL GENERAL MEETING OF THE NCBA UNIT TRUST HOLDERS HELD ON WEDNESDAY 29TH MAY 2024 AT 2.00 P.M HELD VIA ELECTRONIC MEANS

PRESENT:

1. John Gachora Chairman
2. Esther Maina KCB Bank Kenya Ltd - The Fund Trustee
3. Elizabeth Mwazighe NCBA Bank Kenya PLC - The Fund Custodian
4. Paul Gicheru Chief Investment Officer, NCBA Investment Bank Limited
5. Daniel Ndungu Senior Investment Manager- Fund Manager
6. Charles Luo Deloitte & Touche LLP - the Fund Auditors
7. Kathyne Maundu Company Secretary

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

MINUTE NO.	DISCUSSION
MIN 01/2024	<p><u>CONSTITUTION OF THE MEETING</u></p> <p>The Chairman welcomed the Unitholders to the 18th Annual General Meeting and thanked all those who had taken time to register or appoint proxies for the meeting and to all who had dialed in or connected over the internet. He noted that the Annual General Meeting was being held electronically with the approval by the Trustee and the Capital Markets Authority.</p> <p>The Chairman then informed Unitholders that considering the previous virtual AGMs, the company had ensured that early submission of questions had been made from Monday, 20th May 2024 to facilitate sufficient participation and they would endeavor to respond to the raised questions during the meeting and specifically during the Q&A session.</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>												
<p>MIN 02/2024</p>	<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. Elizabeth Mwazighe</td> <td>NCBA Bank Kenya PLC - The Fund Custodian</td> </tr> <tr> <td>3. Paul Gicheru</td> <td>Chief Investment Officer, 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. Kathyryne Maundu</td> <td>Company Secretary</td> </tr> </table>	1. Esther Maina	KCB Bank Kenya Ltd - The Fund Trustee	2. Elizabeth Mwazighe	NCBA Bank Kenya PLC - The Fund Custodian	3. Paul Gicheru	Chief Investment Officer, NCBA Investment Bank Limited	4. Daniel Ndungu	Senior Investment Manager- Fund Manager	5. Charles Luo	Deloitte & Touche LLP - the Fund Auditors	6. Kathyryne Maundu	Company Secretary
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<p>MIN 03/2024</p>	<p><u>APPROVAL OF THE MINUTES OF THE 17TH ANNUAL GENERAL MEETING HELD ON 31ST MAY 2023</u></p> <p>Minutes of the previous AGM held on 31st May 2023 having been circulated to Unit Holders, were taken as read.</p> <p>The minutes of the previous AGM were confirmed having been proposed by Shedy Otieno and seconded by Victor Munene.</p>												
<p>MIN 04/2024</p>	<p><u>FUND MANAGER REPORT BY NCBA INVESTMENT BANK LIMITED</u></p> <p>The Chairman then invited the Fund Manager's representative, Paul Gicheru, to give the Fund Manager's Report. The report covered an overview and highlights of the Economic environment and Fund's Performance over the last financial year and the outlook for 2024. 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. <u>About NCBA Investment</u></p> <ul style="list-style-type: none"> The Fund Manager commenced by giving a brief background of NCBA bank informing the unitholders that NCBA Investment Bank is a wholly owned investment banking subsidiary of the NCBA Group, Licensed by Capital Markets Authority ("CMA") of Kenya and the 												

Retirements Benefits Authority and brokerage license from the NSE. He further reported that NCBA Investment Bank has membership with The Fund Managers Association ("FMA") and the Kenya Association of Stockbrokers & Investment Banks ("KASIB).

- The Fund Manager presented the various NCBA Wealth Management Solutions available for investments including NCBA Unit Trusts, Pension Management, Private/Institutional Wealth Management as well as Execution Mandate.
- The Fund Manager then proceeded to present on the NCBA Unit Trust Scheme which offers five-unit trust funds as follows:
 - **NCBA Fixed Income Fund**
It offers daily liquidity and pays interest income determined daily and compounded on a monthly basis. The funds are appropriate for investors whose primary objective is to accumulate funds in KES/USD whilst generating a regular interest income.
 - **NCBA Equity Fund**
This one is appropriate for investors who are seeking capital appreciation through exposure to shares listed on the stock market.
 - **NCBA Fixed income -Basket note KES fund (KES &USD)**
These are special funds that offer clients a competitive yield for a specified period. The solution is suitable for clients who are seeking investment structures akin to fixed deposits with the applicable tenors being 3 months, 6 months, 1 year and 2 years.
The fund manager also informed the unitholders that it was possible for them to invest Unit Trust funds through the NCBA Now Mobile Banking App or from their Mpesa via dedicated Paybill.
 - **NCBA Global Equities Special fund**
The Fund Manager reported to unitholders that approval was obtained from the Capital Markets Authority and shall soon be unveiling the Fund which offers currency and geographical diversification by investing in USD denominated equities investments, which would hopefully be unveiled by the end of Quarter three (3).

- **NCBA Global Fixed Income Special Fund**

The strategy for this would offer diversified debt and credit-related securities in developed and emerging market fixed-income securities.

2. 2023 Economic and Market Review

- The Fund Manager informed all unitholders that 2022/23 was a challenging year in the global economy due to the Covid effects.
- It was reported that general inflations are decreasing due to the increased interest rates that CBK uses to manage inflation.
- The Fund manager also informed on the Global bond markets priced in the prospect of rate cuts in 2024 and cooling inflation as markets prepare for policy rate descent, treasury yields are likely to trend downwards.
- On the Monetary and fixed income, the Fund Manager reported that MPC hiked rates by 50bps to 13% in February 2024 to calm inflation and run away Kes depreciation while noting that the Government is expected to reduce reliance on domestic financing thereby providing some leeway for rates to start tapering off. The Fund Manager further reported that the National treasury expects the economy to grow at 5.5% in 2024.
- On the Equity markets, the Fund Manager pointed out that in 2023 NASI and NSE 20 lost 27.74% and 10.43% respectively though they anticipate a gradual return of foreign investors to the market, as both those and local continue to weigh the country's risk balance.

3. 2023 Unit Trust Fund Performance

- The Fund Manager presented on the roles of the Fund Managers to include the following:
 - To invest unit-holder funds in accordance with the specific Fund's Investment Policy, Trust Deed and ensure that unitholders are put in a competitive risk return framework;
 - To report to unit holders at the Annual General Meeting;
 - To report investment performance to the Trustee on a regular basis
 - To receive and implement unit-holder top-up, switching and liquidation instructions.

NCBA Unit Trust Assets Under Management

- The Fund Manager reported a general increase of 22% of assets under management from 25,424,225,154 in 2022 to 31,048,937,372 in 2023.

NCBA Fixed Income Fund Performance

- The overall return was at 10.11 % net which is the cumulative return from January to December;
- The benchmark for the year returned at 7.69% indicating that they had outperformed their benchmark;
- Their annualized rate of return as at end of April 2024 was at 12.44%.
- Report on the Fund Assets allocation as at 31st December 2023 indicated as follows:
 - Treasury Bonds -62.4%
 - Corporate Bonds -2.0%
 - Fixed Deposits -32.4%
 - Cash and call deposits-3.1 %

4. NCBA Dollar Fixed Income Fund Performance

- The Fund Manager reported that the dollar fund returned 4.4% during the year against a benchmark of 5.13%, which was an international benchmark. The Annualized return as at end of April 2024 was at 4.45%.
- The NCBA Dollar FI Fund Performance assets allocation as at 31st December 2023 was reported as follows; Fixed deposits -59.3%, Offshore investments-2.5%, Cash & call deposits- 6.1% and Euro Bonds – 32.2 %.

5. NCBA Equity Fund Performance

- The Fund Manager reported that in 2023 the return was at -11.00% against benchmark of NSE-20 -10.4 % and -27.00%.
- The fund manager emphasized that with the strong recovery methods they now stand at 17.50% against NSE-20 16.74%.
- The NCBA Equity Fund Performance allocation was reported as Equities 70%, cash & call deposits 4.3% and bank deposits at 25.6 %.

6. NCBA Fixed Income Basket Note Funds Performance 2023

- The Fund Manager reported that the KES basket note had a return of 13.66% against benchmark of 12.21 % and the USD basket note fund had a return of 5.21% against a benchmark of 5.39%.
- The NCBA Fixed Income Basket Note asset allocation was reported as follows:
 - KES Corporate bonds -1.0%, Mutual funds-0.7%, Fixed deposits-26.3%, Call deposits-6.7%, Treasury bills-0.3% and Treasury bonds-65.0%;
 - USD Fixed Deposits-64.3%, Cash & call-4.2%, Euro bonds-30.5% and Mutual funds 1.0 %.

7. 2024 Investment Outlook

The Fund Manager that pointed out that 2024 is a positive year compared to 2023 and reported some of the key outlooks as follows;

- The economy is projected to grow at 5.5% in 2024 pegged on private consumption, the easing of inflationary pressures and a resilient services sector.
- Baring weather shocks, inflation is expected to ease on the back of easing global oil prices and the impact of CBK's monetary actions.
- There is anticipation of stability in the KES due to sustained confidence in shilling.
- Interest rates are expected to start tapering off due to gradual reduction on treasury's reliance on domestic financing.
- At current valuation levels, local equities are trading at an attractive entry price and provide an opportunity for cost averaging and picking high dividend yield counters.

8. Highlights of the CIS Regulations 2023

- The Fund Manager presented the new Collective Investment Schemes) Regulations, 2023 which replaced the old regulations that have been in existence since 2001.
- The highlights presented touched on the following broad areas; definition of funds, service providers, members meetings, fund pricing and disclosures and transparency.

**MIN
05/2024**

CUSTODIAN REPORT BY NCBA BANK KENYA PLC

The Chairman welcomed Elizabeth Mwazighe, 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

The Custodian proceeded to present a summary of their duties which 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 of December 31, 2023, the **NCBA Equity Fund** closed its books as follows;

Asset Class (Kes)	Market Value	% Holding
Cash at Bank	342,797	0.5
Call Deposits	3,022,067	4.42
Term Deposits	17,437,459	25.48
Quoted Entities	47,634,368	69.60
Total	68,436,691.00	100.00

As of December 31, 2023, the **NCBA Fixed Income Fund** closed its books as follows;

Asset Class (Kes)	Market Value	% Holding
Cash at bank	17,603,875	0.10
Call deposits	619,991,412	3.48
Corporate Bonds	5,760,651,093	2.00
Treasury Bonds	11,085,038,236	62.08
Total	17,839,964,138.00	100.00

As of December 31, 2023, the **NCBA Dollar Fixed Income Fund** closed its books as follows;

Asset Class (Kes)	Market Value	% Holding
Call Deposits	369,191,298	5.79
Bonds	2,053,244,310	2.47
Cash at Bank	11,228,425	0.10
Offshore	157,466,617	32.22
Term Deposits	3,781,903,708	59.38
Total	6,373,034,358	100.00

As of December 31, 2023, the **NCBA Fixed Income Basket Fund (Kes)** closed its books as follows;

Asset Class (Kes)	Market Value	% Holding
Call Deposits	402,653,587.00	6.92
Cash at Bank	691,849.00	0.01
Corporate Bonds	55,650,263.00	0.96
Term Deposits	1,526,715,548.00	26.25
Treasury Bills	19,606,742.00	0.34
Treasury Bonds	3,771,226,474.00	64.85
Mutual Funds	38,803,741.00	0.67
Total	5,815,348,204	100.00

As of December 31, 2023, the **NCBA Fixed Income Basket Fund (USD)** closed its books as follows;

Asset Class (Kes)	Market Value	% Holding
Cash at Bank	527,065.00	0.06

	<table border="1"> <tr> <td>Call Deposits</td> <td>40,916,874.00</td> <td>4.39</td> </tr> <tr> <td>Term Deposits</td> <td>597,246,155.00</td> <td>64.10</td> </tr> <tr> <td>Euro Bonds</td> <td>283,482,759.00</td> <td>30.43</td> </tr> <tr> <td>Mutual Funds</td> <td>9,505,228.00</td> <td>1.02</td> </tr> <tr> <td>Total</td> <td>931,678,081.00</td> <td>100.00</td> </tr> </table>	Call Deposits	40,916,874.00	4.39	Term Deposits	597,246,155.00	64.10	Euro Bonds	283,482,759.00	30.43	Mutual Funds	9,505,228.00	1.02	Total	931,678,081.00	100.00
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Mutual Funds	9,505,228.00	1.02														
Total	931,678,081.00	100.00														
	<ul style="list-style-type: none"> • The Custodian completed his presentations by confirming the following to the Unitholders: <ul style="list-style-type: none"> - Income earned was collected on time; - All investments were executed within laid down regulations; - All investments executed per Fund Manager Instructions; and - All the investments are safe. 															
MIN 06/2024	<p><u>TRUSTEE REPORT BY KCB BANK KENYA PLC</u></p> <ul style="list-style-type: none"> • The chairman welcomed Esther Maina, representing the Fund Trustees-KCB Bank Kenya Ltd to give a brief on their roles as Trustees. The Trustee representative confirmed that in line with the Trustee's fiduciary responsibilities towards the Funds for the year ended 31st December 2023 executed to oversight the overall fund operations included taking responsibility for financial reports tabled by the external auditor and proposing that the Trustee reports for the sub-funds as contained in the Audited Accounts be taken as read. • It was reported that there were no changes made to the incorporation documents (Trust Deed & Rules and Information Memorandum). • The trustee representative confirmed that the operations of the fund for the year ended 31st December 2023, were carried out in accordance with the Capital Markets (Collective Investment Schemes) Regulations, 2001 and the Fund Trust Deed & Rules. • The trustee representative further confirmed that upon assessing the Fund's ability to continue as going concern, the trustees were not aware of any material uncertainties that may cast doubt upon the Funds' ability to continue as a going concern. 															
MIN 07/2024	<p><u>ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 31st DECEMBER 2023</u></p> <ul style="list-style-type: none"> • The Unit Holders were invited to receive and consider the Financial Statements for the year ended 31st December 2023 together with the Auditors Report which had been circulated to the Unit Holders. 															

	<ul style="list-style-type: none"> • Unit Holders were invited to receive and consider the Financial Statements for the year ended 31st December 2023 together with the Auditors Report which had been circulated to the Unit Holders. • 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 of 31st December 2023. • The Chairman then proceeded to open the floor for a Question-and-Answer session and requested the service providers to respond to various questions raised by Unit Holders with respect to the Financial Statements and Annual Reports. • 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 Agnes Wanjiru and seconded by Clementine Otieno. • The Chairman informed the Unit Holders that the resolutions proposed would be passed by a poll and voting would close at 5:00PM on 29th May 2024. The results would then be published on the NCBA Group’s website within 48 hours after the conclusion of the AGM.
<p>MIN 08/2024</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 Joel Leyian and seconded by Malcolm Kamau.</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 on 29th May 2024. The results were to be published on the NCBA Group’s website within 48 hours after the conclusion of the AGM.</p>

MIN 09/2024	<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 3:00 PM The Chairman thanked all the Unit Holders for attending the meeting and for their participation.
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Minutes Confirmed this day of

For: KCB BANK KENYA LTD.


CORPORATE TRUSTEE

FUND CORPORATE TRUSTEE - KCB BANK KENYA LIMITED



FUND SPONSOR - NCBA INVESTMENT BANK LIMITED