

MINUTES FOR THE 5TH CYTONN HIGH YIELD FUND ANNUAL GENERAL MEETING HELD ON 31ST MAY 2023
AT CYSUITES APARTMENT HOTEL MAIN BOARDROOM AND VIRTUALLY STARTING 11.30 AM

Present

#	Name	Initials
1.	Grace Weru	Principal Officer, Cytonn Asset Managers Limited (CAML), and Ag. Chairperson
2.	Nelson Macharia	Corporate Trustee – Goal Advisory
4.	Susan Maina	Corporate Trustee – Goal Advisory
5.	Jacinta Mwanza	Custodian – SBM Bank
6.	Mary Kisaka	Company Secretary Representative
7.	Megan Omare	Auditor – Parker & Russel Eastern Africa
8.	Jostine Moraa	Group Financial Accountant – CAML
9.	Kennedy Waweru	Management, CAML
10.	David Musau	Proxy, Cytonn Money Market Fund
11.	Patricia Nduku	Management, CAML
12.	Joshua Omollo	Proxy, Cytonn Africa Financial Services Fund
13.	Dennis Kibet	Management, CAML
14.	Christine Sheila	Management, CAML

1. Introduction

- Patricia Nduku called the meeting to order at 11:30 AM, welcomed everyone to the meeting and asked Victor Ouma to make the opening prayers.

2. Confirmation of Quorum and Introduction of Agenda

- Mary Kisaka, the company secretary, informed the attendees that as by the Capital Markets Regulations, quorum involved either twenty-five unitholders or unit holders with 10% of the fund's total assets. Mary confirmed that the meeting had met the quorum, stating that 10 clients had joined the meeting online, and she tabled four proxies for the meeting:
 - David Musau- Cytonn Money Market Fund
 - Joshua Omollo – Cytonn Personal & Umbrella Retirement Benefit Schemes, CAFF
- The company secretary then read out the Agenda for the meeting as follows:

AGENDA

- To read the Notice convening the Meeting, table the proxies and record the presence of quorum.

2. To receive, consider and if deemed fit, adopt the Annual Report and Financial Statements for the Cytonn High Yield Fund for the year ended 31st December 2023, together with the Fund Manager's, Trustees, Custody and Auditors Report thereon; and
3. To transact any other business of the Cytonn High Yield Fund of which due notice has been received.

3. Fund Manager's Report

- David Musau took the team through the Fund Manager's presentation for the meeting. He started by introducing Cytonn Asset Managers to the members. He noted that Cytonn Asset Managers was an affiliate of Cytonn Investments, regulated by the Retirement Benefits Authority (RBA) and Capital Markets Authority (CMA).
- He briefly introduced the products offered by Cytonn Asset Manager's Limited, discussing the Collective Investments scheme funds, pension schemes and investment advisory services. He also noted that CAML had received approval to manage Tier II contributions, encouraging members to have a secure source of income on retirement or at old age, by saving when most active in employment.
- On key milestones, David outlined the key milestones for Cytonn Asset Managers since incorporating in 2016, noting that in 2023, we streamlined the onboarding process on our web client portal to provide a smoother omni channel experience across all cytonn wallet platforms.
- For the Kenyan economic review and outlook, David indicated that the Kenyan economy recorded 5.6% growth in FY'2023, faster than the 4.9% growth recorded in FY'2022. The main contributor to Kenyan GDP remained to be the Agriculture, fishing and forestry sector which grew by 6.5% in FY'2023 compared to a contraction of 1.5% in FY'2022. All sectors in FY'2023, except Mining and Quarrying, recorded positive growths
- David noted that Inflation for the month of April 2024 declined to 5.0%, down from the 5.7% recorded in March 2024. He also noted that the shilling has appreciated by 16.1% against the US Dollar, a sharp contrast to the 26.8% depreciation recorded in 2023. He clarified that the shilling has been supported by diaspora remittances standing at a cumulative USD 4,380.5 mn in the 12 months to March 2024, 9.0% higher than the USD 4,019.6 mn recorded over the same period in 2023, which has continued to cushion the shilling against depreciation.
- David also noted that the Monetary Policy Committee (MPC) had met twice during 2024, to review the outcome of its previous policy decisions against a backdrop of continued global uncertainties, moderating global oil prices, as well as the heightened geopolitical tensions. The MPC decided to raise the CBR rate by 0.5% points to 13.0% from 12.5% in February and maintained the rate at 13.0% in its second meeting in April 2024.

- On asset class performance, David noted that activity had increased significantly in the secondary bond market, attributable to the increased allocation to treasury bonds by local institutional investors as they sought higher yield in the market. On the equities market, he noted that the markets were on an upward trajectory, with NSE 10 gaining the most by 27.3%, while NSE 25, NASI, and NSE 20 gained by 25.0%, 22.8%, and 16.7% respectively.
- He then shifted focus to the performance of the Cytonn High Yield Fund, where he noted that the fund's AUM had recorded a growth of 6.7% to Kshs 353.8 mn from Kshs 331.7 mn as the fund gained a foothold as the only sector specific fund in the Unit Trust Funds Business. He also noted that the fund continues to outperform other regulated Real Estate Funds at 18%, with Fahari REIT at 10.3% and ACORN I-REIT at 2.8%. On asset allocation, he noted that the exposure to real estate backed notes is currently at 88.9% from the 97.0% recorded at the end of 2023. Additionally, he noted increased exposure in fixed deposits to 10.6% in 2024 enabling liquidity of the fund
- David also noted that the team was working to ensure the guideline under the new collective investment schemes regulations to have all the special funds amended to include the word "special" in the name.

4. Presentation of the Annual Report and Audited Financial Statements

- Jostine Moraa made the presentation of the Financials of the Cytonn High Yield Fund. She noted that CHYF profits came in at Kshs. 42.8 mn in 2023 from 26.8 mn in 2022, with total operating expenses coming in at Kshs. 12.3 mn. On the balance sheet, the fund's assets and liabilities came in at Kshs 361.8 mn in 2023, an increase from the Kshs 333.7 mn recorded in 2022

5. Statements and Auditor's opinion

- Megan Omare made the presentation on behalf of the auditor, Parker Russel Eastern Africa. She confirmed that they audited the financial statements for the Cytonn High Yield Fund which comprise Statement of Financial Position, Statement of profit or loss, statement in changes in net assets and statements of cash flows for the year then ended.
- She stated that in the auditor's opinion, the accompanying financial statements gave a true and fair view of the financial position of Cytonn High Yield Fund as at 31st December 2023, and of its financial performance and cash flows for the year then ended in accordance with international financial reporting standard and the requirements of Kenya Capital Markets (Collective Investment Schemes) Regulations, 2001.

- Megan mentioned that the audit had been done in accordance with International Standards on Auditing, and finalized that there were no key audit matters that were raised in the statements to communicate in their reports

6. Custodian Presentation

- Jacinta Mwanza made the presentation on behalf of the custodian, SBM Bank. She gave a brief history of the bank, and outlined the role they play as the custodian of the funds as account opening and maintenance, safekeeping of assets, settlement of investments transactions and registration of assets with various central depository systems. She also clarified that the custodian does not design investment portfolio or offer any investments advise.
- She then presented the assets holdings they had as of December 2023 for the Various funds, and confirmed that they held assets for Cytonn High Yield Fund (as outlined in the previously presented Audited Financials.

7. Trustee Presentation

- Nelson Ng'ang'a made the presentation on behalf of the Trustee, Goal Advisory Services. Nelson started by briefly talking about the firm, Goal Advisory, their qualifications and the services they offer. He then outlined the role of the trustee in the operations structure as overseeing the functions of the collective investment and taking legal ownership of the assets in the collective investment's schemes.
- He then confirmed that they were duly appointed and held a letter of no objection for their role. He also confirmed that all quarterly meetings with the service providers had been held, that the accounts were audited. Finally, Nelson confirmed that all the reports to the regulator had been done on time and that the reports tabled in the meeting by the fund manager, custodian and auditor had been discussed and approved by the trustees.

8. Resolutions and Vote

- Mary Kisaka confirmed to the meeting that electronic voting had been allowed following resolutions passed in the previous AGM. She confirmed that members would be allowed to vote electronically through the zoom chat, or unmute themselves and vote audibly.
- Mary then read out the resolution for the meeting as; "To receive, consider and if deemed fit, adopt the Annual Report and Financial Statements for the Cytonn High Yield Fund for the year ended 31st December 2023, together with the Fund Manager's, Trustees, Custody and Auditors Report thereon;"
- David Musau proposed this resolution, and it was seconded by Joshua Omollo. With no objections from any of the members, this resolution was passed as the true record of the meeting

9. Q & A Session

- Patricia Mutua opened the meeting for a question and answers session. Nelly Mwangi asked the question on the comparison between the Cytonn High Yield Fund and the other funds under Cytonn. Patricia noted that while CHYF had a higher yield, it couldn't be used as a direct comparable to the other funds as it was a special fund that invested specifically in real estate only. Grace Weru also added that the Cytonn High Yield Fund invested in much longer term investments that were less liquid than the Cytonn Money Market Fund, emphasizing the differences of the two funds.

Adjournment

- Grace Weru gave the vote of thanks, appreciating all the unit holders for taking time to convene and have the discussion with management. She encouraged the clients to openly engage with the management team, not just through such meetings, but also in the quarterly client updates, and through the many communication channels available. She thanked everyone for their co-operation and asked that that spirit is kept up.
- There being no other business, the meeting was adjourned at 12:30 A.M, with a word of prayer from Geoffrey Omesa

Prepared by: Joshua Omollo

Reviewed by: Patriciah Mutua

Approved and signed by: Grace Weru



Signature: _____

Disclaimer: These notes are the recorder's interpretation of the items discussed and decisions reached at the above-mentioned meeting. Any person(s) desiring to add or amend the minutes is asked to submit their comments to the recorder no later than 3 working days past the date of receipt of the notes