

**MINUTES FOR THE 6TH CYTONN UNIT TRUST FUNDS ANNUAL GENERAL MEETING HELD ON 31ST MAY 2024
AT CYSUITES APARTMENT HOTEL MAIN BOARDROOM AND VIRTUALLY STARTING 9.00 AM TO 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	Management, CAML
11.	Patricia Nduku	Management, CAML
12.	Joshua Omollo	Management, CAML
13.	Dennis Kibet	Management, CAML
14.	Christine Sheila	Management, CAML

1. Introduction

- Patricia Nduku called the meeting to order at 9:05 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 24 clients had joined the meeting online, and she tabled two proxies for the meeting:
 - Derrick Omwakwe - Cytonn Welfare Association
 - Christine Sheila – Cytonn Sacco
- The company secretary then read out the Agenda for the meeting as follows:

ORDINARY BUSINESS

1. To receive, consider and if deemed fit, adopt the Annual Report and Financial Statements for the Cytonn Unit Trust Scheme for the year ended 31st December 2023, together with the Fund Manager's, Trustees, Custody and Auditors Report thereon; and

SPECIAL BUSINESS

2. To transact any other business of the Unit Trust Funds of which due notice has been received.
- Patricia Nduku then confirmed to the members that given the online meeting, voting for the resolutions in the meeting would be done electronically, through the meeting chat or verbally.

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 being 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 unit trust scheme performance. He started with the Cytonn Money Market (KES), indicating that the fund's assets had grown to half a billion by the end of the year. He noted that the fund's unit holders had decreased to 19,376-unit holders in December, majorly attributable to the redefinition of active clients to only those that have balances of Kshs 100 and above. He reiterated that CMMF KES had continued to offer above industry average returns, currently standing at 17.7%
- On the Cytonn Money Market Fund (USD), he noted that the fund's assets under management closed at USD 114,678.1, with 78 active unit holders. He also noted that the fund continued to outperform the benchmark since inception, with an actual return of 4.3%.
- On Balanced fund, he noted that the fund closed the year with assets under management of Kshs 1.0 mn, with government securities taking up 48.1% of the portfolio. He also mentioned that the fund had 196 unitholders.
- On the Equity fund, David noted that the Equity fund closed the year with assets under management of Kshs 1.4 mn, with equities taking up 53.0% of the portfolio. He also mentioned that the fund had 271 unitholders.
- David also noted that the Cytonn Africa Financial Services Fund closed the year with assets under management of Kshs 0.8 mn, with equities taking up 58.1% of the portfolio. He also mentioned that the fund had historically performed better than its benchmarks

4. Presentation of the Annual Report and Audited Financial Statements

- Jostine Moraa made the presentation of the Financials of the Cytonn unit trust funds. She noted that the CMMF-KES profits came in at Kshs. 27.1 mn in 2023, with total operating expenses coming in at

Kshs. 13.7 mn. On the balance sheet, the fund's assets and liabilities came in at Kshs 492.9 mn in 2023, an increase from the Kshs 429.0 mn recorded in 2022

- For the CMMF-USD, she noted that the fund recorded a loss of Kshs 0.3 mn, with operating expenses of Kshs 0.8 mn. On the balance sheet, the fund's assets and liabilities came in at Kshs 18.5 mn in 2023, an increase from the Kshs 8.8 mn recorded in 2022
- She mentioned that Cytonn Africa Financial Services Fund ended the year with a loss of Kshs 0.2 mn, while total assets and liabilities stood at Kshs 0.8 mn, a reduction from the Kshs 1.0 mn in 2022
- Jostine mentioned that Cytonn Equity Fund ended the year with a loss of Kshs 0.6 mn, while total assets and liabilities stood at Kshs 1.4 mn, a reduction from the Kshs 3.3 mn recorded in 2022. She also noted that the Cytonn Balanced fund ended the year with a loss of Kshs 0.3 mn, while total assets and liabilities stood at Kshs 1.1 mn, a reduction from the Kshs 2.5 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 all the funds under the Cytonn Unit Trust funds 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 money Market 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 the held assets for Cytonn Unit Trust Scheme (Cytonn Money Market Fund, Cytonn

Money Market- USD Fund, Cytonn Africa Financial, Services Fund, Cytonn Balanced Fund and Cytonn Equity 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 2020 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 Unit Trust Scheme for the year ended 31st December 2023, together with the Fund Manager's, Trustees, Custody and Auditors Report thereon;"
- Margaret Valentine proposed this resolution, and it was seconded by F. Amolo Okero. 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. Samwel Marvin asked the question on the ledger fees, and requested for follow-up on why he didn't get the communication on the same. The question was answered by the Principal officer, Grace Weru, who started by laying the background on the need for the ledger fees. She stated that the costs of maintain the digital platforms for transactions, system improvements and audits of the systems had increased, and that as per the Trust deed rules, provision for Kshs. 500 for the ledger fees existed, and that the team worked to get the costs to the minimum possible amount. On Samwel's specific issue, she committed to reach out and close.
- Carol Omolo then asked the question on Cytonn Chama. This was handled by Victor Ouma, and explained the details of how the chama works, essentially describing it as a way through which local

self-help groups can invest in the Cytonn products as a team. He also committed to reach out to the client for further discussion on the Cytonn Chama.

- Susan Akinyi wanted to know how interest rates are calculated on a daily basis. David indicated that the daily rate for the money market fund was compounded and pro-rated according to the performance of the asset classes that the fund was invested in.
- John Githue asked about the decline in unit holders in the Cytonn Money Market Fund to 19,000, which David Musau explained was because the definition for active clients had been changed to only include clients that have Kshs. 100 and above.
- Erick Okello asked about what the company was doing to ensure the matters raised in the CAML vs CMA cases were addressed. On this, Grace Weru noted that the company was continually engaging with the regulator, and that significant progress had been made in the allocation of investments to different assets.
- Brian Kipkoech sought an assurance from the team that the unit holders' investments were safe. Grace Weru pointed out that Cytonn Asset Managers remains regulated and committed to protecting investor's funds. She also highlighted the recent approval to manage Tier 2 NSSF contributions as a show of the belief the regulator had in the company.

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 10:55 A.M, with a word of prayer from Joshua Omollo

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