Quarter 3, 2017 Issue

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GOVERNANCE

Cytonn INVESTMENTS

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EDITOR'S NOTE

Governance is the backbone of a cohesive society, straight from the smallest unit, the family. Think about it; growing up, there were always rules and processes to follow in our homes. We were always expected to account for our actions. From the home unit, governance trickles to every other facet of society.

A broad overview of governance is that it is about rules, processes and policies put in place to ensure there is accountability, transparency, rule of law and participation by all members. At the national level, governance is important in safeguarding the rights of its citizens. In companies, governance is increasingly gaining a very crucial role to not only protecting and safeguarding the interests of the investors, but also consistently shaping the strategic direction companies are taking.

Good corporate governance is about putting in place checks and balances between stakeholders, the management and the board. It cannot be over emphasized on the role governance plays in creating goodwill, customer loyalty and a positive brand reputation. Governance is important and crucial to mitigate the risks that shareholders, employees and clients in any entity are exposed to. A research by Cytonn Investments titled "Corporate Governance Ranking Index Report" reveals that companies that had topped in the Cytonn Corporate Governance report, delivered 43% better returns than those that ranked in the bottom half.

In this issue, we delve into the cogs that make governance the heartbeat of any institution.

From the Editor's Desk,

Teresiah King'ara

Moral **Agency**

Mzee W. Ondieki
Financial Advisor

"When you were making excuses someone else was making enterprise."
– Amit Kalantri

When I dived into Financial Advisory I was green. I had no idea that it was not a normal 8-5 job. Weeks into it, I realized that it had no rules to play by. Quickly, I shed off my rules mentality and opened up my mind for new possibilities. I only had plans that one was required to execute like hell. Never before had I been subjected to such a high octane environment where numbers spoke louder than experience, age, academic qualifications and even IQ. You literally died on the sales track. No day was similar to the other. They all seemed new with challenges that needed to be tackled head-on to meet the bottom line, numbers.

It did not take me long to align myself to what makes a great Financial Advisor. There are many side shows that if one is not careful, you may end up doing circles and not meeting set objectives. Focus is key. On one lane, I realized how demanding and energy draining it can get with rejections and prospects turning cold, while on the other lane, lay a sea of opportunities. The only wall between the two lanes being the word "PUSH", and so I pushed. There needed to be ruthless strategic focus to tap into such unforeseen opportunities for the market was virgin.

In my second month into the game, I made good money just by making cold calls and closing up on prospects whom I turned into clients. It was a humbling moment, having lived to see the words of my mentor who always whispered to me the golden words of wisdom that "this is the only career in the world that one can write their own pay-check"

Now I am older and wiser. I can authoritatively say I am a specialist in the field because I have been able to tie the right knots. I have had to go to the very bottom to confidently dispute the cliché that we play by no rules. There is more to the numbers that come in than meets the eye. A healthy pipeline is key. The clients today aren't the clients that were there a few years ago. The world now suffers from information overload. People only put money where their heart is. Where they feel safe, recognized, listened to and above all where products speak directly to their needs.

I have learnt to live by these two inconsistent conceptions of financial advisory – commission driven and – client focus. The other rule is the moral agency that I have learnt to play by, since it is the only currency that guarantees sustainable success in this field. This helps to keep me in check despite the insurmountable pressure that may spin my ethical behaviour. Remember we are competing in an industry where buying decisions are based on trust, relationships and referrals, hence our moral agency should be of undisputable quality. The manner in which I conduct myself is key in safeguarding my own reputation and that of the company amongst the clientele and ultimately affecting performance as a result. Just to join the dots, one can easily tell how my moral judgement and my subsequent ethical behaviour influence client relationship-building activities and performance.

To date, I have been able to build solid and strong client relationships because of the ethical behaviour-based trainings that we undergo at Cytonn.

Finally, it is through our moral agency currency that I'm able to have a sit-down with my clients, listen to them, discuss their need items and craft solutions for them while keeping their interests at heart. This ultimately cultivates a solid foundation within which my long term relationships are anchored while delivering to promise.

Project **Management 101**

Kelvin Mathea -
Project Management Analyst

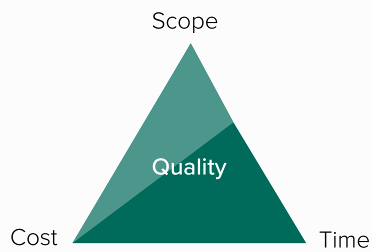
Managing a Cytonnaire's dream

Armed with a Cytonnaire's mind-set, you've managed to amass a pretty impressive investment portfolio but now, as with any smart investor, you feel the necessity of diversifying this to a less risky but equally if not more profitable nest – Real Estate and more precisely, the development aspect of it. With the real estate sector consistently outperforming other asset classes, giving a return of between 25% and 30% as shown by recent reports, it's almost a no-brainer for any investor. Question is, where do you begin? Anyone with the slightest insight on matters construction may attest to the multifaceted nature of the industry. As a client, you feel you've done your part with regards to providing finances and/or any other supplementary requirements necessary to kick start a project, enough not to burden you with trying to figure out how to carry out a Schmidt hammer test. Who then is to be trusted with such huge and potentially risky projects?

Enter your Project Manager or the shorthand PM, think of him/her as the client's representative or better still, the client's eye (a trained one at that) on his/her project. Most PMs are career personalities in the built environment ranging from Architects, Engineers, Planners, Surveyors and the like. An example would be Cytonn Investments' Real Estate arm; Cytonn Real Estate whose PM department is enriched by a pool of diverse professionals. With years of experience and an inculcated expertise in management, they are able to delve and settle into this position. More recent studies have shown the need of specializing this position with the introduction of course studies such as Construction Management in institutions of higher learning.

The project management role can be traced back to civil engineering projects in as early as 1st Century BC which were generally managed by creative architects, engineers, and master builders themselves. As a discipline, it has evolved from aspects such as civil construction, engineering, and even the military. Two pioneers of Project Management as we know it today are Henry Gantt, famous for his use of the Gantt chart as a project management tool and Henri Fayol, creator of the five management functions that form the foundation of the body of knowledge associated with project and program management.

Enough with the history lesson, what precisely does this project manager do to warrant him a standing in any project? To answer this, we first have to understand the intricacies of a development to appreciate his /her input. During any project's lifecycle from its inception – predevelopment – development – exit, there are four general elements to it; scope, cost, quality and schedule/time.



These four aspects are in a way interlinked and a change in one has an impact on another. The Project Management Triangle or Triple Constraint indicates the constraints of project management. It aids in choosing project biases, or analysing the goals of a project.

A look at each individual element.

1 Scope

This basically refers to the magnitude of a project in terms of size, nature or complexity. As per the scope of the project, with it comes a spectrum of stakeholders ranging from project consultants, suppliers, statutory authorities, end users and the like. With such an array of efficient management systems, a focal one is crucial. A clear structure and chain is key to effective communication between the said parties. For instance, in the case of an elevator installation in a building, the structural engineer requires communication from the architect in the form of detailed drawings to form the basis of his reinforcement designs. This in turn has to be communicated to the main contractor undertaking the building works to allow for such, and again in tandem liaise with the lift supplier to ensure these specifications are in line with the lift being installed. The project manager is tasked with facilitating such aspects of the project.

2 Cost

You need money to bring a project to life. How well this money is utilised determines the success or failure of the development. Tools such as a Bill of Quantities guide a PM to ensure that the project is delivered within the set estimates. A huge variance north or south of this is a cause for alarm. Falling way below the stipulated budget may be an indicator of sub-standard works while the reverse may be a sign of overpricing in the works. Notice I said maybe, because yes, an error in the estimate may as well be the root cause.

3 Quality

As illustrated in the Triple Constraint triangle, quality in terms of the final product is an end product of optimal utilisation of the previous three elements of project management.
Where do you bring in a PM during a projects cycle? The Beginning! You would want a planner not a mess cleaner.
David Schmaltz in The Blind Men and the Elephant says;

"How are projects like trees? Trees are hierarchies branching both up and down from a central trunk. We see the trunk or the canopy and recognize a tree without seeing the part of the sustaining organism working silently below ground."

So yes a PM's role may not be as pronounced as that of other consultants on the project but it's the understated glue that keeps everything together. An efficient PM is akin to a good juggler - balance is key.

4 Schedule/Time

Time is money is one of the most common phrases known to man and nowhere does it resonate more as it does in the construction industry. In any project, there normally is a schedule within which a project is estimated to be completed, the essence being the need for the investor to begin recouping their investment and returns. Failing to stay on schedule results in diminishing returns. Time management in a project does not only call on the PM to ensure minimum time wastage, but also how he/she choses to utilize the resources at his/her disposal. Say a certain task on site requires 'x' amount of resources to accomplish and the PM ends up over budgeting; although the task will be completed, the alternative of reallocating said resources to other tasks that would otherwise move the project forward is foregone, a concept known as opportunity cost.

Controlling the office building space? **I think not**

Debby Oloo - *Business Development and Administration*

Research by Deloitte has shown that millennials' work demands are moving from traditional office design, to fully fledged offices with WI-FI meeting rooms, video conferencing to appeal, so they don't repine. In Nairobi, the uptake of high-end, flexible offices-on-demand intended to be more high-end is beyond fine. With serviced offices posting returns of 13.4% in comparison to traditional ones of 9.3% shows that it is becoming more common to have fully equipped offices and this is where developers can draw the line.

As the dynamics of office space design and demands continue to unfold, the focus has shifted to grade A offices. Areas with low supply of Grade A offices such as Gigiri record high occupancy rates greater than 90%. There is also a shift towards the set-up of hourly-based offices to attract regional business travellers, which provide comfort and convenient facilities like accomodation appealing to their high calibers.

Developers are also looking into modern offices with designs that can reduce carbon emissions, green offices like UNEP's have airy walkways and natural lighting to cure for adverse weather conditions.

More offices that have adapted this green movement include Catholic University of East Africa, Strathmore and Vienna Court in Milimani, embracing sustainable building technology that enables them to attract a niche while saving tons of money.
A smart office is also a new trend that has changed the office space arena. With amenities like an equipped gym, cafeterias and entryways for people living with disabilities. In Nairobi, Safaricom & Google belong to this league.

Nowadays, so as to meet the demands of clients, offices are designed to feel like home with modern facilities. Quality, ambience, elegance and serenity are the driving forces behind today's growing modern offices.

Corporate Governance is the make or break of a firm - You cannot legislate good behavior. As market participants, we have to decide whether to create or destroy value for the society. We should aim to create value for the society and own it as our major responsibility through corporate governance

Antti-Jussi, Head of Real Estate Africa, Taaleri Plc

Digital Marketing Strategies for **Brand Development**

Victor O. Ooko -
Digital Marketing

The marketing of products and services using digital technology has seen a tremendous rise in Kenya over the last few years. With the digital space filled with numerous brands all angling for consumer attention in the sea of 1's and 0's, few have been able to get this math right.

How then do brands stand out amid all this online noise?

The marketing of products and services using digital technology has seen a tremendous rise in Kenya over the last few years. With the digital space filled with numerous brands all angling for consumer attention in the sea of 1's and 0's, few have been able to get this math right.

For starters, the assumption that digital marketing is as easy as reciting the alphabet is misplaced. There is too much information available across online platforms that few get to see products or services sold online. Brands should adapt to stay on top of the game.

Some of the strategies adopted include:

1. Enhancing online user experience.

It is not enough to put out tons of blogs that no one will ever read. Instead, brands are employing strategic content marketing practices that focus on giving prospective clients value from interacting with their content online. More time is invested to ensure that the content posted online for public consumption is relevant to the needs of the client and will help address a problem they may have. For an Investment Management Firm, articles explaining 'How to Manage Debt Levels', 'Financial Planning Strategies' etc., address the day to day financial challenges affecting clients across all levels of society.

2. Boosting posts and use of Ads

Social Media platforms like Facebook, Twitter and LinkedIn are amongst the leading brands offering price rates for post boosting. With a predetermined budget, a brand can boost its Facebook and LinkedIn posts for a larger audience reach. Paid Ads are also placed in these platforms, as well as on property listing sites to maximize on available online channels. Other online marketing platforms like OLX and Jumia are also gaining popularity amongst the Kenyan public with all manner of properties finding their way to end users through these sites. Google Ads which also boost the online search rankings increase the ease with which a brand or product can be accessed online.

3. Use of Infographics

The abundance of written content online means that much more is required to prompt a potential customer to click on a link or even share content for friends and family to learn from or engage with the content

4. Use of Video Content

Just like with infographics, more brands are embracing the use of videos to communicate their products and services in addition to other valuable information for public consumption.

5. Increased Online Engagement

The advent of social media has made it valuable for brands not only to create valuable content for their online platforms but also to ensure constant client engagement.

Good Governance: Administration as a Basic Foundation

Sheila M. Omonywa -
Business Administration Assistant

According to Theo Haimann, "Administration refers to the general determination of policies, setting of major objectives, the identification of purposes and laying down of broad programmes and projects". It can also be referred to as the activities of higher level mainly because it lays down the core values of an organisation.

An Administration department is the backbone of any organization and as such, an effective administrator is an asset to an organization. Business Administrators act as a link between an organization's various departments and ensures the smooth flow of information from one part to the other. Without an effective administration, an organization would not run professionally and smoothly.

An effective administrator should have:

a) Strong people skills: As the face of the company, admnistartion personnel are the first people who receive clients either through phone calls or at the reception. As such, knowing how to handle different kinds of people from different walks of life and with different cultures is important.

b) Attention to detail: Administration personnel should be keen in all that is under their scope as they are in charge of most of the things that assist in running of the firm from security to corporate expenditure. Due to this, a keen team will assist in achieving the objectives of the department and the company as a whole.

c) Interest in organisational systems: It is important for staff in the department to develop personal initiative to understand how the systems in the organisation work since they are bound to give direction to the rest of the staff and also visitors in the organisation premises.

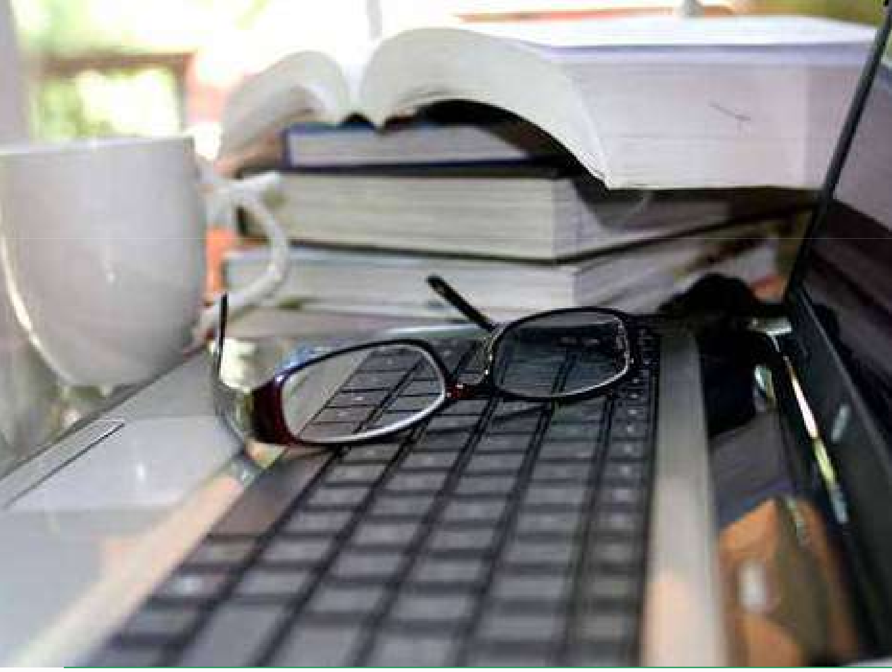
d) Highly Organised: Organisation is one of the core skills that business administration personnel should have since orderliness of the office depends on the person responsible to keep the office in order. Documentation management is also a key skill since the department manages filing for the firm.

e) Team player: Team work is also essential in administration as coordination is key to deliver on time, especially where there is more than one office and where business needs to run seamlessly. Being team players would also perpetuate the culture of teamwork within the firm.

Office administration is one of the key elements associated with a high level of workplace productivity and efficiency. It is very difficult to run an organization without a good administration team. It is the administrator, who enforces the policies and processes within an organisation and their effectiveness can only make the organisation run more seamlessly.

Jodi McMurray is a success example of a good administrator. She started her career as an Administrative Assistant and 14years down the line she founded her own company ***The Humanity collective Inc.*** Her success story is out of her own mind-set and the mantra she lived by which stated:

"What you do is important but how you do things is what will set you apart"



Cytonn Administration practices

The Administrator is the face of your business and although the role of the Administrator varies depending on the specific job requirements, the perception of the business is always measured by the customer's first impression when they walk through your front door. Below are some of the Cytonn practices that make its Administration stand out:

a) **Constant training of the front facing staff-** The front office staff are constantly trained on the firm's products and soft skills so that they are better equipped to furnish information to clients during their interactions and contribute to the firms revenue lines.

b) **Great turnaround time** - When dealing with clients we ensure they are attended to as fast as possible and if it is on phone the team ensures that the client is served at the second ring of the phone. This is because we believe that the success of a company hinges strongly on good client relationships.

c) **Going the extra mile -** The department ensures that the team embraces this principle in their work in order to ensure that the day to day activities of the firm are up and running without any hiccups. In case of emergencies, the team is always willing to manage under positive pressure to meet the objectives of the firm as a whole.

d) **Rewarding effort** - As Jonas Salk states, "The reward for work well done is the opportunity to do more," at Cytonn, we believe in rewarding effort in order to motivate people to keep the good work going because at the end of the day it is for the good of the individuals who are assets to the firm.

Technology as an enabler: **The Cytonn Transformation!**

Dennis Memusi -
IT Support Engineer

In today's competitive economic environment, businesses that want to achieve excellence and deliver to promise, are forced to try to adapt to the ever transforming requirements and be flexible, so that they can thrive and even make gains when others are struggling.

Technology comes in as a key driver for innovation, and is usually at the heart of enabling and creating opportunities for businesses to evolve, create and/or maintain an effective competitive advantage. There have been significant changes in the Information Technology world, with the main ones being Cloud Computing, Virtualization, Mobile and Social Platforms emergence and growth, and these have had an impact on how companies operate, with a good focus of their efforts being achieving their objectives.

These Changes have resulted in technology evolving from being a cost centre role, to being an enabler for transformation and revenue generation. Key fact is that technology has contributed tremendously in the Cytonn Transformation to being a technology driven firm offering Financial and Real Estate services.

For technology to be an enabler for business transformation, it has to be applied to products, process and/or business ideas and concepts. By applying Technology to a product, a service and/or a business idea or concept, firms will have added advantages of achieving their strategic goals and objectives.

The process of applying technology has to be thoughtful and meticulously done. There are factors that need to be considered, in addition depending on the nature of technology being applied or implemented, the process and/or product the technology will improve in addition to the nature of the business. However, there are constant factors that need to be in place: senior management involvement and willingness to invest in technology, management and all staff members embracing technology, developing and/or aligning IT products, processes and procedures to align with the firm's strategic goals and objectives, having a talented and dedicated IT Team that also understands the marketplace, such as competitors and critical end users and interfaces with other stake holders in IT, to learn of the changes that always occur in the IT world.

With that in mind, applying and implementing technology will definitely deliver Return on Investment and thereby helping the firm achieve a competitive edge over their competitors, and the icing on the cake being achieving a firm's strategic goals. As technology keeps changing and evolving, digital innovation is a process that tech-wise businesses can't do without. This is better arrived at by engaging in the "The Next Big Step" for firms, in technology. This big step is achieving Digital Maturity.

Achieving Digital Maturity is not an easy step at all. It requires an active IT Team, IT Leaders and management that understands the importance of technology and how it acts as an enabler for businesses, and values this, in a bid to use technology in moving the organization forward. Digital maturity entails harnessing the power of data in decision-making, developing and using innovations that are way ahead of the market and competitors, avoiding the risk that comes with increased reliance on technology, equipping the IT Team with proper digital skills and tools, as well as having a strategy that will lead the firm to long-term prosperity.

Cytonn has really undergone a tremendous transformation, due to a number of factors, that have favoured technology as an enabler for this transformation. The main factors being the Senior Management being actively involved and committed to technology, despite the high capex costs involved, and staff members who readily embrace technology.

Cytonn has invested a lot in Cytonn Technologies (CT), which is responsible for developing, designing, analysing and IT Management activities, through its units of IT Management, Web Design, Design and Business System Analysis, all which work together to ensure that Cytonn develops, acquires and/or implements the right technology products, that are aligned to the firm's growth plan and goals of delivering to promise.

The management has also invested in equipping the Cytonn Technologies team with tools and skills relevant to pushing and ensuring that technology continues to be a factor of revenue generation and not just a cost center.

Cytonn is on the right path to achieving the next big thing, Digital Maturity.

Technology products developed in-house, such as CHRIS (HR System), and CRIMS (Cytonn Real Estate Investment Management-System) just to name but a few, have greatly transformed how the HR department, Investments and Fund Operations team work, by significantly improving and streamlining work flow processes, reducing redundant and duplicative efforts and achieving a competitive edge for the firm, by making it easier and faster for operations to be done, some of which are critical to the end user, such as CRIMS.

These systems provide an easy to use portal, and being a Client-Focus oriented firm, we provide our clients with access to their accounts, which acts in favour of achieving our mission and vision.

The IT Management team has been responsible for implementing and maintaining software and hardware infrastructure systems that have really shaped and improved the computing environment and experience for users. Some of the other products that CT works on, include Intranet System, Client Relationship Management System, Network and Infrastructure development solutions, Virtualization and User Support, as well as Business System Analysis, all of which are key in developing the business.

This is a long term destination, whose process has started bearing fruits.

There is a Board committee for Cytonn Investments, 'The Technology and Innovation committee', whose responsibilities revolve around nurturing and ensuring the best technology and security solutions are adopted for interest of the client. In its elaborate innovation gating process, Cytonn Technologies has so far been able to deliver world class products that have greatly narrowed the gap in the investments and client relationship solutions markets, thereby being rated premium products.
With all these opportunities and skills, any business would be regarded as good as successful

Impact of Devolution on **Real Estate**

Juster Kendi
Research Analyst

The new Constitution ushered in the system of devolved governance with the 2013 General Election, almost 5 years ago. Has this had any impact on the real estate sector?

Devolution has had a largely positive effect on the real estate sector. This is because it has created an enabling environment for the real estate sector to thrive by boosting the key drivers of the Real estate market. This includes urbanisation, disposable income, infrastructural development and government policies by impacting them in the following ways:

Urbanisation

Implementation of devolution resulted in the creation of new commercial and administrative hubs which have attracted population seeking returns and employment. We have thus witnessed increased urbanisation in the country, especially in the headquarters creating demand for the various real estate themes as below:

i. Residential sector - to house the workers in the county governments as well as the general population. Counties such as Mombasa are renovating substandard estates such as Khadija Estate and Tudor Estate to host approximately 10,000 persons at a cost of Ksh 5 Bn, while Nairobi county in November awarded a tender to develop seven estates among them Pangani Estate and Jevanjee estate worth Ksh.60Bn. Kakamega in partnership with Housing Finance constructed 1,000 units to house county staff.

ii. Commercial sector – Increased office space demand by the county governments and investors, leading to increased development of office space in the counties.

iii. Industrial Sector – Export Processing Zones (EPZ) authority has plans to set up Export Processing Zones across all counties to attract investors. At the same time counties are embracing the idea, with Asante Capital EPZ setting up wood processing factory in Kwale County.

iv. Hospitality sector – Increased investment in the sector with new hotels like Sarova Woodlands in Nakuru which is set to tap into demand for conference facilities by county delegates.

Increased disposable Income

Devolution has resulted in increased commercial activity and economic growth attracting investors and entrepreneurs at county levels. This has created employment opportunities in the counties, translating to an increase in the middle class, who are then able to spend and grow retail centres in the county headquarters.

Improved Infrastructure

County governments have invested heavily in infrastructure, mainly roads such as Soy-Kogo road in Kakamega, Elwak-Mandera road, county government headquarters, hospitals and schools. These have opened up areas for development resulting in increased real estate activity. In Kiambu County for instance, we have witnessed the launch of mega projects such as Tatu City, attracting companies like Unilever, Chandaria Industries, Dormans among others due to the opening up of these areas by the Eastern Bypass.

Ease of acquiring project approvals

The decentralization of government services has made it easier for developers to get project approvals by use of electronic platforms in processing hence decreasing the time taken. Devolution has also impacted real estate negatively due to corruption in the counties with counties such as Embu being plagued with corruption allegations on procurement for provincial headquarters refurbishment. Political instability due to misunderstandings among the county government has also led to stalling of some projects such as issuance of land in Machakos County to investors for developments and hence reduced investor appetite. There is also instances of double taxation especially on cess and increased property taxation, where almost all counties have increased their property rates.

Is there anything that (i) the national government and (ii) the county governments need to do to boost real estate investment in, the country?

In our view both the county and national government should contribute in boosting the real estate sector in the following ways;

i. National Government

a) Tax Incentives - The government should reduce taxes on construction materials and offer tax relief to developers to increase development activity countrywide.

b) Subsidise cost of construction materials – The Government should work on subsidising the cost of construction through regulating prices for imported materials and lowering licenses and approval fees.

c) Ensure implementation and adherence to construction standards - National Construction Authority (NCA) in support of the government should ensure all developers adhere to construction standards in terms of professionalism and use of quality materials.

d) Ease of issuance of title deeds - The county government should work on ensuring issuance of titles to all landowners to ease on transfer of land to developers.

e) Infrastructure development – This includes roads and electricity opening up areas for development.

ii. County Government

a) Issue leasehold land to investors - The County government should consider issuing idle land in the counties to investors for development.

b) Public private partnerships (PPP's) - PPP's are used to cut the mega development cost burdens from the government by involving private investors. The county governments should focus on this development model to boost development. Currently counties like Mombasa and Kakamega have initiated the discussions however, we are yet to see the success of the same.

c) Streamline property tax – Counties should regularize their property rates to spur real estate development.

d) Proper Planning – Counties have a responsibility to ensure proper urban planning to avoid urban sprawl.

e) Infrastructure development – This includes providing roads, sewers, drainage and clean water. This will boost real estate development. Devolution has therefore impacted the real estate sector positively more than negatively. However, it is too soon to quantify the effect and in time once the government structures and policies are fully implemented at county levels, we expect a more vibrant real estate sector at county levels.

The Legal Corporate **Governance Framework**

Holliness K. Lumbi - *Legal Assistant*

The Fish rots from the head. This phrase is used to express the idea that problems in an association or country can be traced back to its leadership. This is reiterated in the similarly titled bestselling book by Bob Garratt, which propounds that the same thing is experienced with businesses and other organisations - the buck starts and stops in the boardroom. More often than not, a company will face challenges arising from its corporate governance structure or the lack thereof. Corporate governance is the process and structure used to direct and manage the business and affairs of a company towards enhancing business prosperity and corporate accountability with the ultimate objective of realising long-term shareholder value, whilst taking account of the interests of other stakeholders.

The efforts to reform corporate governance in Kenya have been driven by the need to ensure that corporate power is exercised in the best interest of all stakeholders.

To this end, the Capital Markets Authority (the Authority) issued a code of corporate governance known as the Code of Corporate Governance Practices for the Issuers of Securities to the Public 2015 (the Code). The Code sets out the principles and specific recommendations on structures and processes, which companies should adopt in making good corporate governance an integral part of their business dealings and culture.

> The Code advocates for the adoption of standards that go beyond the minimum prescribed by legislation. The Code uses the "Apply or Explain" approach which recognizes that a satisfactory explanation for any non-compliance will be acceptable in certain circumstances. The approach therefore requires boards to fully disclose any non-compliance with the Code to relevant stakeholders including the Authority with a firm commitment to move towards full compliance However, the Code contains mandatory provisions which are the minimum standards that issuers must implement, and these are replicated in the Capital Markets (Securities) (Public Offers, Listing and Disclosures) Regulations, 2002. The Code was published in March 2016, and was implemented in March 2017.

Below is a summary of the factors described by the Art:

	Issue	Corporate Governance Code requirement and explanation
1.	The size of the Board	The Board should be of such a number that enables the requirements of the company's business to be met. The size of the Board should not be too large to undermine an interactive discussion during Board meetings or too small such that the inclusion of wider expertise and skills to improve the effectiveness of the Board and the formation of its committees is compromised.
2.	Appointment of new Board members	The Board should have transparent and documented procedures for appointment of new Board members keeping in mind that the shareholders are ultimately responsible for appointments to the Board to the extent that the duty is vested in general meetings.
3.	Establishment of a Nomination Committee	In addition to the above, there is emphasis on the role of the Nomination Committee to ensure that on an annual basis a review should be done on the required skills mix and expertise that the executive directors as well as independent and nonexecutive directors bring to the Board and make disclosure of the same in its annual report.
4.	The balance between executive and non-execu tive directors	The Board should comprise a balance of executive and non-executive directors, with a majority of non-executive directors. Independent non-executive directors should be at least one third of the total number of Board members.
5.	Establishment of Committees	The Board shall establish committees to cover broad functions of the company such as: Audit, Board nominations, Risk Management, Remuneration, Finance, Investment and Governance.
6.	Multiple Directorships	In order to ensure effective participation by directors in the Board, a director of a listed company shall not hold such position in more than three public listed companies at any one time. A Chairperson on the other hand, shall not hold such position in more than two public listed companies at any one time, in order to allow the chairperson to devote sufficient time to steering the Board.
7.	Conflict of Interest	The Board shall put in place a policy to manage conflict of interest.
8.	Tenure of Independent Board Members	The tenure of an independent Board member shall not exceed a cumulative term of nine years. Upon completion of the nine years, an independent Board member may continue to serve on the Board subject to re-designation as a non-independent member.
9.	Age Limit of Directors	An age limit of seventy years is recommended.
10.	Development of a Code of Ethics and Conduct	The Board shall formalise its ethical standards through the development of a Code of Ethics and Conduct and shall ensure that it is complied with.
11.	Formulation of the Board Charter	The Board shall establish, periodically review and make public its Board Charter.
12.	Annual Board Evaluation	The Board shall determine and agree on its annual evaluation toolkit. Board members shall agree on the parameters to be used in the annual evaluation process.

	Issue	Corporate Governance Code requirement and explanation
13.	Board Induction Program	The Board shall establish a formal induction program and ensure that every in-coming member is inducted.
14.	Continuous Director Development	In view of the changing business environment, continuous Board members' development shall be undertaken in order to enhance governance practices within the Board itself and in the interest of the company.
15.	Remuneration Policies	The Board shall establish and approve formal and transparent remuneration policies and procedures that attract and retain Board members.
16.	Governance Audit	The Board shall ensure that a governance audit is carried out at least annually to confirm the company is operating on sound governance practices.
17.	Rights of Shareholders	It is critical that the governance framework ensures the equitable treatment of all share-holders, including the minority. The Board shall recognize, respect and protect the rights of shareholders by, among other things, ensuring that all shareholders receive relevant information on the company's performance through the distribution of annual reports and accounts, and half-yearly results as a matter of best practice.
18.	Management of stakehold er relations	Stakeholders include shareholders, customers, suppliers, employees, creditors, regulators, lenders, media, auditors and potential investors. The Corporate Governance framework should recognise the rights of stakeholders and encourage active co-operation between companies and stakeholders in creating wealth, and sustainability of financially sound enterprises.
19.	Good corporate citizenship	To make ethical and responsible decisions, companies are to not only comply with their legal obligations, but also consider the reasonable expectations of their stakeholders. It is important for companies to demonstrate their commitment to appropriate corporate practices and strive to be socially responsible. The Board shall set standards of good corporate citizenship in the establishment of ethical relationship between the company and the society in which it operates and the environment.
20.	Accountability, risk management and internal controls	The Board has a responsibility to ensure adequate systems and processes of accountabili-ty, risk management and internal control are in place in order to achieve its strategic objectives. The Board should therefore understand that business involves the taking of risk in expectation of rewards. A considered and systematic approach to risk underpins the success of the company.
21.	Disclosure of Information	The Board should promote timely and balanced disclosure of all material information concerning the company. The disclosure allows stakeholders to understand a company's activities, policies and performance with regard to environmental and ethical standards, as well as its relationship with the communities in which the company operates.

Recent Trends in **Corporate Governance in Kenya**

Polly M. Mwongera - *Assistant Investment Analyst*

According to Prof. R. Ramakrishnan, "corporate governance is the application of best management practices, compliance with laws and regulations and adherence to ethical standards for effective management and distribution of wealth and discharge of social responsibility for sustainable development of stakeholders". Corporate governance is founded on the pillars that, businesses have to practice accountability to stakeholders, fairness, have transparency in business activities and exhibit independence in decision making.

Over the years, corporate governance has evolved to not only boardroom decision making but also a key topic of concern among the various stakeholders of corporates. Corporate governance has become even more crucial given the recent global financial crisis in the West, and close to home given the recent bank failures and operational crisis in firms such as Imperial Bank, Uchumi and Kenya Airways. In this article we look at emerging trends in corporate governance in Kenya, which we believe are key to increasing the level of accountability and governance in Kenyan entities.

1. Increased regulations and board oversight levels

Investors are increasingly paying more attention to the governance in companies and holding directors to account for long-term sustainability of the firm as opposed to short-term gains, which was not the norm before. Other than investors who stand to benefit directly when a firm does well, other stakeholders of corporates and the general public are also keen on governance especially in public institutions supported by various regulators and non-governmental bodies. In Kenya, we have witnessed a number of cases of poor governance in which investors have made substantial losses threatening to erode their confidence in the Kenyan market.

This has resulted in most regulators heightening their stance through regulations, which include:

a) The Capital Markets Authority's Code of Corporate Governance Practices, based on the "apply or explain" approach, which requires companies to follow the set out corporate governance codes, a shift from the previously applied "comply or explain" approach that lets individual companies to decide whether to follow set codes or not,

b) The Financial Services Authority Bill 2017, which seeks to create the Financial Services Authority, a body that will consolidate and take over the functions of the Capital Markets Authority (CMA), Insurance Regulatory Authority (IRA), Retirement Benefits Authority (RBA) and Sacco Societies Regulatory Authority (SASRA), and is expected to lead to increased transparency in the non-bank financial services industry by eliminating regulatory gaps as well as providing a standard approach to corporate governance,

c) The constitution of a board by the CBK tasked with ensuring the regulator performs its role in the banking sector, and that the regulator is also not exempted from having the proper corporate governance structure, and

d) Recently the Kenya Attorney-General, Githu Muigai, published a new set of rules, the 'Companies (General) (Amendment) Regulations

2017, that requires companies listed on the Nairobi Securities Exchange (NSE) to publish in their annual reports a breakdown of directors' pay, in a bid to increase transparency and strengthen corporate governance.

2. Focus on Board Composition

Other than the number of members constituting a board, there has been increased focus on the diversity of the board by background and gender, skills possessed by members in relation to the company's strategy, age and tenure limits for members and emphasis on board evaluations.

Diversity in a board ensures there is objectivity in decision making, which translates to success and long-term sustainability of the firm. A key trend gathering pace in Kenya is increased women representation in boards, with a recent study, the Kenya Institute of Management Board Leadership and Diversity Report, showing that women representation in boards of Kenyan listed firms stands at 21% up from 18% in 2015 and 12% in 2012. We have also witnessed several changes in boards of listed companies, especially those with governance issues, as more corporates seek to bring on board individuals with the right skill set to drive their strategy.

3. Focus on Environmental, Social and Governance (ESG) issues

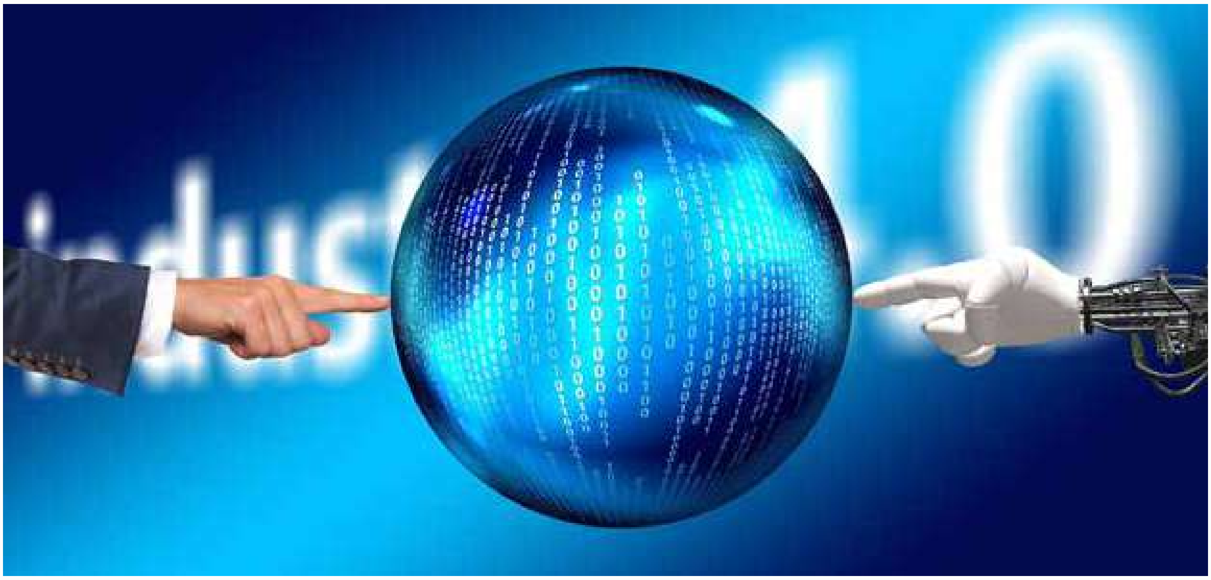
There is continued shift from companies reporting on the short-term gains from their operations to more on the sustainability, a trend which tasks the board with ensuring a business model of an entity is sustainable and is beneficial to the community. Companies in the extractive industry are especially under more pressure to align their operations with a view on long-term sustainability and effects of their activities on the environment.

Entities such as Bamburi Cement include a sustainability report in the corporate governance update as proof of the firm's efforts in creating a healthy community. Though the trend cannot be replicated in all sectors of the industry, companies should be required to substantiate how their existence benefits the community, and ensures their operations are not negatively impacting the eco-system.

We view all these trends as a positive move towards ensuring better governance in both listed and non-listed entities with an aim of protecting and growing shareholder value. The benefits of good corporate governance include (i) protecting the interest of the investing public, (ii) reducing risks of corporate crisis, (iii) ensuring the firms have the right processes in place, with all decision making done in a transparent manner as per policy, (iv) improving access to funding at better costs, (v) improving firm valuation and share price performance, and (vi) generally improving the performance of the entire firm as it has a focus on ensuring corporate decisions result in the application of the highest standards of governance which enhances sustainability in the firm's growth.

Information Technology and **Corporate Governance**

Sharon C. Kimeli -
Software Engineering



People are always looking to invest their money in markets for the sole purpose of growing it and consequently, creating wealth over time. There are numerous vehicles of investments ranging from bonds to stocks to investing in specific sectors because their belief is that these sectors will help them achieve their financial goals.

Some specific investment sectors include the real estate sector, the health sector, the technology sector, the agricultural sector, the transport sector and many more which are highly influenced by the kind of governance structures in place.

Corporate governance has become the overwhelming focus crosswise over meeting rooms far and wide. The term applies to all parts of a business. Given the way that innovation is relied upon to assume a key part in helping associations accomplish their business goals, it is basic to talk about the part Governance play within innovation. A crucial component in corporate governance is technology.
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In today's post-recession environment, corporate governance has gained more scrutiny.

Boards of directors face new difficulties: there is increasing pressure from the public to take socioeconomic and environmental responsibility, and from governments pursuing regulatory changes.

Boards have begun to recognize that governance risk and compliance have become increasingly important as part of the board's responsibilities. In such cases, the board is looking for new strategies to increase efficiency, improve performance and in the midst of all this, boards are looking for new ways to ensure compliance, improve performance and increase efficiency, amidst increasing regulation in which technology plays a crucial role.

From a range of processes that characterize companies, directors typically condense three broad themes where technology can make a difference in corporate governance: Improved visibility into normal operations, greater responsiveness in case of ad hoc meetings and risk mitigation around discover ability.

Risk management is one of those important areas in corporate governance. It helps companies point out the risks exposures they have and helps prioritize them, put mitigation measures in place and monitor their threat in achieving corporate objectives.

We can make technology work for effective governance as it promises ease and efficiency and should be implemented appropriately such that it does not become counterproductive. A duteous study and modification of the fundamental governance machinery and processes are important in ensuring the effectiveness of technology.

Individuals can come up with innovative ideas but it should not be about working in a vacuum but it is about taking advantage of the strengths that exist in technology and finding a way to make them available to many. In activities such as governance, which is large scale, technology plays an important role in bringing ease, effectiveness and efficiency. For instance, having governance centers that can provide metrics on feedback on the quality of service. Social media in governance is another example where companies can use the platforms to gauge people's reactions or spreading awareness.

Should Cyber Security, Be a **Corporate Concern?**

Dorcas Koskei -
Client Service Analyst

Cyber security has been ranked as a top corporate concern in the recent months especially after the world-wide cyber-attack by the "Wannacry" ransomware. The attack was reported to have affected more than 230,000 computers in over 150 countries just within 24hours. But for some reason, cybersecurity is still slow to make to the list of top business priorities for boards of directors and businesses at large.

Cyber-attacks lead to loss of great volumes of data and money. In fact, according to a British Insurance firm Lloyd's, the estimated damage cost from hacks cost over $ 400 billion a year.

A recent research done by some Harvard School of Business students, i.e. Boris Groysberg and J. Yo Jud gave some insight on the organizations board member's view on Cyber Security. The research surveyed over 5000 board members across 60 countries.

The results showed that most put concerns about regulations and reputation first with only 3% putting a high level of concern about cyber security risks.

Even fewer feel prepared to handle cyber security attacks should they occur. The research went ahead to ask the board members to identify the biggest challenge in achieving strategic objectives. Cyber security was ranked even lower on the list after issues such as talent retention and competitive threats.

This research suggests that the reality of the extensive and long lasting effect that cyber-attacks have had on organizations has not really sunk in. For example, the health sector, from the research, showed that only 21% of the directors in this industry felt cyber security was above average or excellent.

Part of the problem is that organizations lack proper processes for preventing and dealing with cyber threats. More attention is given to processes such as talent acquisition and retention, business expansion, policies and procedures among others. Another reason is the fact that most board members do not have the right expertise and technical experience in regard to cyber security and other related technology.

Boards need to start taking ownership of such risks. Developing strategies to prevent cyber-attacks and preparedness in dealing with them should they occur, should be taken with more seriousness as the other board processes.

You never know when it happens, you just have to prepare!

Risk informed decision-making

Alexander Maina
Internal audit analyst

Decision-making is one of the key tasks of managers, and it is often the most difficult one. Most decision-making models fall between two extreme cases; one where we know the outcome or can with a certain level of preciseness predict the results and, the other where the results are totally unknown and chances of predicting the outcome is very remote. Of course, the latter bears the biggest actual risk. Actual risks are more data driven while perceived risks depend more on the person. In a perceived risk, the decision to either go for it or avoid the risk altogether is highly dependent on whether the person is a risk seeker or is risk averse. People who are risk averse when faced with two investments with a similar expected return (but different risks), will prefer the one with the lower risk.

The best decisions are a balance of the two. It is however, more regrettable if an opportunity presented itself but no one was bold enough to take it up, as it was deemed too risky. Worse, if it was then taken up by another firm, mostly a competitor, and flourished. Let's think hypothetically for a second. Imagine, if the MPESA idea, needing a huge cash investment, was pitched before a risk averse Safaricom manager who was to second it to the idea generation committee for further exploration but could not pursue it as the risk was high and liquid.

How do we ensure great ideas do not die in the event of terribly informed decisions and that we make the best of every opportunity?

I will discuss four thoughts on how to minimize this risk:

1. Get the data

The best decisions are data driven. Data limits emotional decision-making and improves the chances that a logical conclusion will be arrived at. MIT Sloan School of Management performed a study with the MIT Center for Digital Business on 330 US companies. They noted that data-driven companies had 4% higher productivity and 6% higher profits than the average of the sample. You want to grow productivity and profits start with making data driven decisions.

2. A company should have a clearly defined risk appetite

Risk appetite is 'the amount and type of risk that an organization is willing to take in order to meet their strategic objectives.' Risk appetite and tolerance need to be high on any board's agenda and is a core consideration of an enterprise risk management approach. Once this is well defined, it will act as a guide to all as they make decisions on what to take up and what not to. Jill Douglas, a Head of Risk at Charterhouse Risk Management said, "Without clearly defined, measurable tolerances the whole risk cycle and any risk framework is arguably at a halt."

3. Get your priorities right and communicate them succinctly and consistently

The number one question for every start up is "Why do we exist?" This helps in prioritizing and goal setting. The answer also helps lay out the mission statement while clearing up the blur in the company's vision. With regards to prioritization and the communication of the same, everyone should know all too well what the company places first and treat it as so. For most companies, the customer always comes first. For instance, Cytonn's priority is well outlined in the company's mission statement, "We work to deliver innovative and differentiated financial solutions that speak to our clients' needs." This guides our every decision.

4. Create an innovations hub

A story is told of a person who was looking for office space to host his consulting business. He went round the town to no avail. All spaces were taken. One of his friend advised him to visit a certain IT company that had taken up excess space in one of the famous buildings in the town to see whether they can give him a part of it. When he got there, he saw one room that only had one person seated at the middle with a pencil, a rubber and a booklet. He knew that could be the room he would likely request for, after all, it looked unutilised.

He went to the manager upbeat and made his request known. He was surprised that the manager denied his request. Curious he asked, "Why would you do that, the room seems empty and I am willing to pay double for it". The manager calmly answered, "That's our innovation room, the person seated at the middle generates all the ideas that this company thrives on, we cannot afford not to have it." Every company should have a team that takes on every idea and explores it fully to give enough data to make a data driven decision.

This is paramount. All ideas should be explored to ensure the company does not miss a great opportunity because they did not do their due diligence. Of course, the bottom line is that at some point, a company with the help of risk takers make informed decisions. They go against the grain but are guided by a vision and a passion to make it happen. Most fail, some thrive in a big way. Some of the greatest firms are based on an individual's dream coupled with an undying passion to see it come to pass. Let it not be said that we never tried because we did not have it in us to take the risk.

CYLP SECTION

About
Cytonn Young Leaders Program

CYLP is an intensive, competitive 12-week training programme that exposes fresh university graduates to the office environment and culture We expose program participants to challenging and fulfilling career options, with an emphasis on leadership and problem solving. The programme commenced in January 2015, with an inaugural class of 6 investment interns.

So far, CYLP has trained over 485 fresh graduates, with Cytonn absorbing 31% of the said graduates,while others have joined reputable organizations. We have collaborated with various universities and we always take the opportunity to mentor university students on career growth and leadership.

Maximilla A. Odongo,
Business Administration Assistant.

I am a Business Administration Assistant. My core roles on a day to day basis entail overseeing all aspects of front office co-ordination. This mainly ranges from handling client inquiries to constantly monitoring office supplies inventory levels and ensuring that re-orders are done in a timely manner. CYLP provided me with an opportunity to work creatively and flexibly more so in a culturally diverse environment characterized by smart millennials, who are driven by “teach-don’t- tell” style towards learning.

My highlight of CYLP was being able to put theory into practice by actively taking part in not only my administrative duties, but also those touching on other departments as a whole.

Sheila Tonui,
Finance Analyst.

I am currently a Finance Analyst. My day to day job entails maintaining accurate financial records, protecting and securing data and ensuring compliance with the applicable laws and financial reporting standards.CYLP was tough yet amazing and more so a great learning experience. It presented an opportunity to take up challenging tasks and take responsibility for the outcome. I acquired practical skills and the ability to meet high expectations to be able to deliver to promise.

My highlight was the opportunity to learn and grow with other young and like-minded yet experienced people and that was my motivation. Though tough and gruesome, it was worth it and has made me the person I am today.

Lawrence T. Njuguna,
Project Finance Assistant

I am currently a Project Finance Assistant. My job involves raising financing for the company, our real estate projects and other strategic investments. From a real estate investment perspective, I am also mandated to update and review financial models for our real estate projects on a month to month basis. Furthermore, I double up as the Bank Lead with the role of engaging Banks with the aim of developing and maintaining business relationships with the Company.CYLP provided a rare and invaluable opportunity to experience the world in a high-growth startup. The program presented an interactive platform to explore various challenging tasks, work in teams and strategically work towards achieving solutions. It also gave me an opportunity to interact with different experts, allowing me to nurture my ambitions and skills in the market through their guidance and exemplary achievements. I would say that CYLP is a once in a lifetime opportunity that I would not trade for anything. A sharp start for my career.

My biggest highlight of CYLP was getting to interact with great vibrant minds at Cytonn on a day to day basis, which I believe is crucial to personal growth and self-actualization. The free culture and open door policy at Cytonn enabled me to learn so much.

If a man hasn't discovered something that he will die for, he isn't fit to live

Martin Luther King Jr

Leases and shares as instruments of title in **mixed-use developments**

Peter Munyi -
Partner KN Law LLP

In the earlier days, the adage was that title conferred upon an individual over property was absolute and sacrosanct. A title deed, bearing the seal of the crown or the State was a document to be revered. This is still the case today.

What has emerged in the last few decades is the use of leases and shares in companies as the instruments of title in both single-use and mixed-use developments complementary to title deeds which remain the base instruments of ownership of the property.

The use of these complementary instruments has been driven by the need to fill gaps existing in the property ownership regime, especially where developments take many forms in structure, breadth and height.

The use of leases and shares in companies as instruments of ownership of title to property has also brought about two primary elements which traditionally were not a feature in property ownership and management: (a) limitations on the freedom of enjoyment and 'use' of the property by owners as lessees; (b) corporate governance requirements in the running of the companies which hold the base title to the land and, which the property owners are in return shareholders.

In mixed-use developments where residential, commercial, hospitality, entertainment, and sometimes utility units may all co-exist under a single parcel of land, leases and shares provide a lot of attraction as the principal instruments of title.

The advantages that these instruments confer both to the developer and the property owners go beyond the two primary elements mentioned above. The advantage that a lease would provide is the embedding of enforceable rules within the title of ownership, dealing with maters such as refuse disposal, vehicular traffic, noise levels, service charge payment and utilisation, etc.

Corporate governance rules invite application of professionalism, accountability and transparency standards in the provision of common services on the property.

Leases and shares provide three other advantages to property owners. These advantages often fly under the radar. The first is that a lease sets out a 'vision' for the management of the property.

Through a draft lease a would-be property owner can discern how innovative and progressive a developer is in dealing with matters such as energy conservation, effluence management, waste disposal and other matters that concern reduction of carbon foot prints and greening of buildings and development.

As property owners continue to become more sophisticated, concerned and aware of the need to be part of sustainable communities, these issues matter. The second advantage concerns preservation and management of public or common spaces, ranging from driveways, parks and playgrounds and streets within the development. Leases and shares fill in lacunae that were otherwise left in the past in the traditional title deed-type of ownership in mixed use estates whereby a playground was not seen as common property but as no-man's land ripe for grabbing.

With leases, ownership of common spaces is expressly provided for, such that even the individual living farthest from the playground is aware that she is entitled to its use in equal terms as the person living closest to it. Finally, these instruments provide a level of flexibility in transferring property that was otherwise not experienced in the past.

As owners continue to become more urbane, flexibilities in transferring ownership of property will continue to increase as families become attuned to using legal vehicles such as limited liability partnerships in property ownerships.

As instruments of title, leases and shares have some downsides, the first of which is their complexity which calls for would-be property owners to have some familiarity with among others, company law matters.

The second one is the administrative structure attendant to ownership. Company secretaries, accountants and auditors have become an out of necessity resource in the ownership arrangements; for share registers have to be kept, service charge accounted for and at the end of the year, books of accounts prepared and audited. Finally, dealing with service charge defaulters is an art and requires smart thinking by the property managers, given that ejectment of the defaulter is not an option, while distressing and filing suit to recover service charge is frowned upon. We often see property managers resorting to using tactics such as denial of service and public humiliation as mechanisms to ensure compliance.

All in all, leases and shares have become accepted instruments of ownership of title to the extent that financial institutions do not think twice in accepting them as securities, while lending in property purchases and equity release.

2017 **Pictorials**


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1. Dr. Nancy Asiko Onyango, DBA, a Non-Executive Board Member of Cytonn Investments Management Plc and Elizabeth N. Nkukuu-Chief Investment Officer, during a board lunch held at Sarova Panafric
2. The Board Chairperson-Prof Daniel Mugendi of Cytonn Investments Management Plc makes his speech during the board lunch held at Sarova Panafric
3. Mitesh Chavda, a Cytonn CMS Advisory Board Member following the Corporate Governance training at Tribe Hotel
4. Rose Kimotho, M.B.S, a Cytonn Investments Management Plc Board Member making her remarks during a Board Lunch held at Sarova Panafric
5. Michael Bristow, MSC a Cytonn Investments Management Plc Board Member making his remarks during the board lunch held at Sarova Panafric
6. The C.E.O Edwin H. Dande and Madhav Balla, LLB, a Cytonn Investments Management Plc Board Members having a conversation during the board Lunch held at Sarova Panafric
7. The C.E.O Edwin H. Dande and Dhirendra Shah, a Cytonn CMS Advisory Board Member having a conversation during the Corporate Governance workshop held at Tribe Hotel
8. Antti-Jussi Ahveninen a Cytonn Investments Management Plc Board Member following the training proceedings on Corporate Governance training for the Board Members held at Tribe Hotel


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9. Joshua Mwanjama, Operations Analyst and Patricia Wanjama, Company Secretary taking part in team exercises during the Investments team building retreat held in August in Naivasha

10. A group photo consisting of the CEO and top selling Independent Financial Advisors and Financial Advisors during the IFAS &FAs quarterly awards breakfast in Sarova Stanley, Nairobi

11. Clients being taken through River Run Estates project during the Launch of the Master Plan development located in Ruiru

12. Mex Osoro, Distribution Manager at Cytonn Investments congratulates Moses Njuguna for being the third bestselling Financial Advisor during the IFAs & FAs quarterly awards breakfast at Sarova Stanley, Nairobi

13. Mex Osoro, Distribution Manager at Cytonn Investments congratulates James Gitonga, for being the second bestselling Financial Advisor during the IFAs & FAs quarterly awards breakfast at Sarova Stanley, Nairobi

14. Belinda Koome, a Financial Advisor, speaks during the IFA & FAs quarterly awards break fast at Sarova Stanley, Nairobi

15. The C.E.O Edwin H. Dande makes his remarks during the IFA & FAs quarterly awards breakfast at Sarova Stanley, Nairobi

16. Mex Osoro, Senior Distribution Manager, Cytonn Investments congratulates Lucia A. Muhandick for being the bestselling Financial Advisor during the IFAs & FAs quarterly awards breakfast at Sarova Stanley

17. The CMS Cytonn Advisory Board Members enjoying a cup of tea during the CMS board meeting held at Tribe Hotel

18. The C.E.O Edwin H. Dande and CMS Advisory Board Members during the CMS board meeting at Tribe hotel making small talk during a tea break

19. A team photo of the Cytonn CMS Advisory Board Members and members of the Cytonn team during the CMS Advisory board meeting held at Tribe Hotel

20. Cytonn Real Estate team photo taken during the team building retreat held in August at Safari Park Hotel

21. The C.E.O Edwin H. Dande making his remarks during the Cytonn Suppliers code of conduct launch held at Sarova Panafric

22. Cytonn Real Estate team takes part in team building exercises during the team building retreat at Safari Park Hotel

23. Part of the Cytonn Real Estate team takes part in team building exercises during the team building retreat at Safari Park Hotel

24. Suppliers who attended the Suppliers code of conduct breakfast keenly following the proceeding of the launch

08 Questions for **Daniel Samuka**

1. Tell us about yourself

I am a CPA, a CFA level I and an Engineering graduate from the University of Nairobi. I am the first born in a family of 4 children with both living parents. I am passionate about leadership, both study and practice of it. I value Integrity, excellence and hard work. I respect people who project these traits.

2. What does it take to be an Auditor?

I'd say it takes a great willingness to learn daily, resilience and an analytical mindset. Willingness to learn because of the number of systems and processes you need to understand before and during an audit. You also need to read widely in order to recommend practical solutions for the problems encountered.

You need to be analytical because the real issues are not always on the surface. Every matter has its root cause and you can easily bypass an important matter if you are not keen enough.

You need resilience because many times you have to push to get your work done. You push to get documents, to get answers and explanations and eventually to get recommendations implemented. This said, people who love an environment where they encounter new challenges daily would enjoy this profession.

3. How and why did you go into Audit?

I am an Accountant by profession and as I was looking for a job, audit was an area I was open to. So when I saw the opportunity advertised at Cytonn, I decided to give it a shot. I got in through CYLP as an Internal Audit Intern.
Now that I have been inside for a while, I can say that I have enjoyed the learning curve, and the practical nature of the job. I also love that I get to interact with people from all levels of the organization and all departments and learn from them.

4. What is the importance of Internal Audit in a company dealing with RE and Investments?

Internal Audit has a critical role ensuring that the Governance, Risk management and control framework of an organization is effective and efficient. For Cytonn, the interlink between Real Estate and Investments, provides an extra need for risk mitigation and monitoring. Internal Audit serves to provide assurance concerning the internal controls of a company.

5. Describe for us a typical day at works look like for you

I would be lying if I said there is a defined work pattern to an Internal Auditor's day. The days come in all shapes and forms. A day may range from meetings to audit reviews to report writing depending on the assignment at hand and your role in it.

6. If you were not an Auditor, you would be...

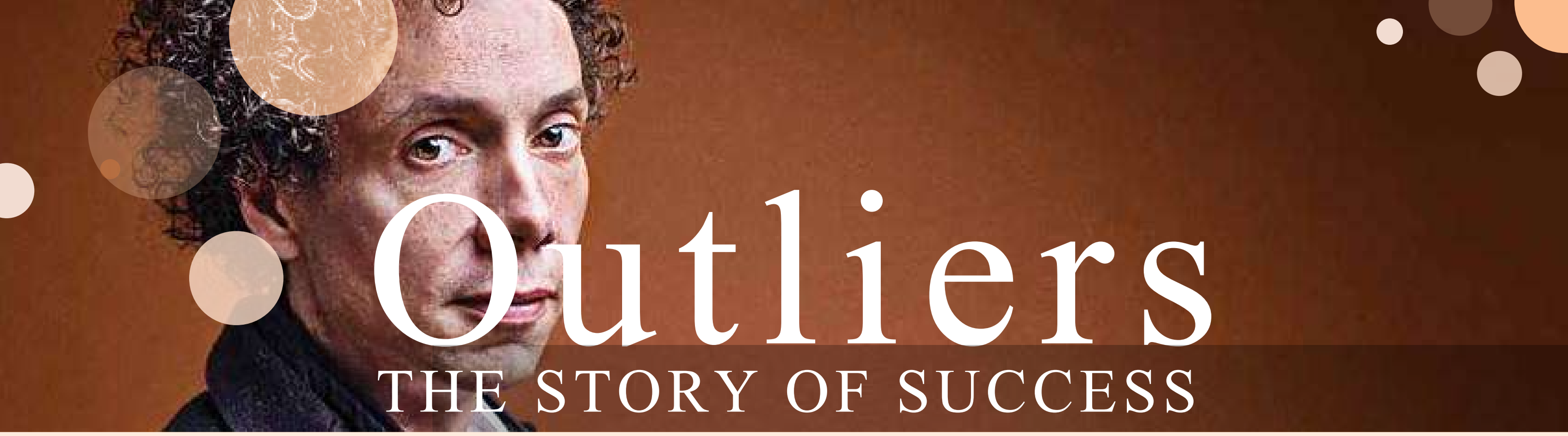
A leadership coach.

7. Anything you wish you would change in your Life?

I wouldn't want to change much. I actually believe in improving on what I already have.

8. Who inspires you?

Depending on the aspect of life, I have different people I look up to. If I had to choose though, I'd say my overall inspiration is my Dad.



Outliers
THE STORY OF SUCCESS

In the Outliers, Malcom Gladwell tries to explain the factors behind the immense success of the few people who beat the odds and rose above the ranks in life. He refutes the popular belief that success is mainly due to innate ability or as we like to call it, talent. He emphasizes on the fact that success is highly dependent on 4 factors, namely:

- Hard work
- Talent
- Opportunity
- Good luck

Hard work
Malcom insists that hard work, grit and persistence are very important for one to be successful in life. He introduces the 10,000 rule, which simply says that for one to become an expert in something, they need to have put in 10,000 hours of practice. Sounds ludicrous right? But it is true. You cannot become an outlier by working the same mediocre hours as the rest.

To support this, he gives an example of Mozart, whose initial compositions were very poor. Mozart put in a lot of hours and later became one of the most acclaimed composers of his time. He is still being celebrated long after his death for his mastery. Malcom also attributed success in a spelling bee to practice and persistence, rather than verbal reasoning.

Talent
Although he emphasizes that innate ability is not the sole determinant of success, he does not totally disregard it. He points out that talent is important up to a certain point. It takes you up the ladder but reaches a threshold and if not supplemented with the other 3 factors, then a person's progression stagnates. In this book, he shows the importance of IQ (Intelligence quotient) and EI (Emotional intelligence) when it comes to success.

Opportunity
Malcom brings out some interesting thoughts when it comes to how opportunities present themselves in our lives. He tries to show that opportunity comes to some and not to others. He says that opportunity depends on your time of birth, place of birth, even the sort of family you are born to.

He also talks about the Matthew effect which generally explains the cumulative advantage, where having more provides a better opportunity for one to get more. According to Malcom, timing is also a very important factor for success. The opportunity might knock on your door but you may not prepared to take it. He encourages us to seize every opportunity we get.

Goodluck
Malcom also tries to show that luck plays a very big role in one's success. It is good luck that some people are born in rich families and are therefore able to achieve their dreams. It is by luck that people are born at the right time and in the right place, therefore enabling them to take advantage of their surroundings and set up a successful venture. Bill Gates was lucky to be born at a time when computers had just been introduced to the world, and attend one of the few schools that had computers.

The Beatles were lucky to start their careers in a town with many clubs that gave them the opportunity to practice. Becoming successful is the easy part. Maintaining success becomes the issue. When all the factors above are combined, they facilitate ones rise to success in life. Maintaining that success is dependent on the legacy being passed down generations and the culture being maintained.

He emphasizes the importance of maintaining a good culture and re- evaluating our practices as the times change.

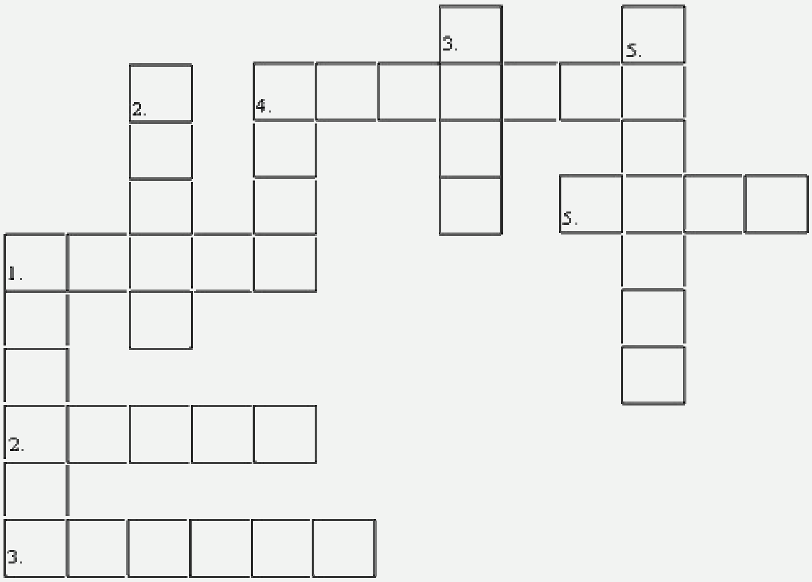
Parting shot! Work hard, be persistent, practice, practice, practice and finally pray that luck is on your side.

By Esther Mugenda
Human Resource

FUN & GAMES

Advanced Crossword Puzzle - Banking

Directions: *use the clues below to fill in the crossword puzzle with the correct words*



Across:

1. A written note that directs a bank to pay money to another person or company. You use a ________ when you want to buy something without a credit card or cash.
2. This is a debt that will be subtracted from the balance of your account.
3. A person employed by the bank to receive or pay out money over the counter.
4. The sum total of credits minus debits. Basically, this is how much money you have in your account.
5. Money lent on the condition that it must be returned in the future.

Down:

1. This is a sum of money from which a person may withdraw.
2. Any medium of exchange. Typically in the form of coins and paper currency.
3. Loose paper currency.
4. An institution for receiving, lending, exchanging, and safeguarding money and, in some cases, issuing notes and transacting other financial business.
5. Money placed in a bank account.

I saw a poster today, somebody was asking "Have you seen my cat?" So I called the number and said that I didn't. - I like to help where I can.

Did anyone notice that the "&"symbol looks like a dog dragging his butt across the floor?

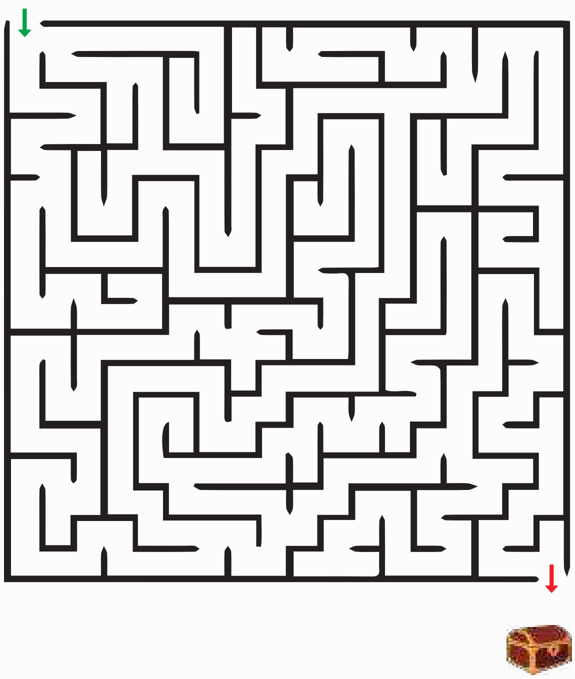
As I watched the dog chasing his tail I thought "Dogs are easily amused" then I realized I was watching the dog chasing his tail.

I told my doctor that I broke my arm in two places. He told me to stop going to those places.

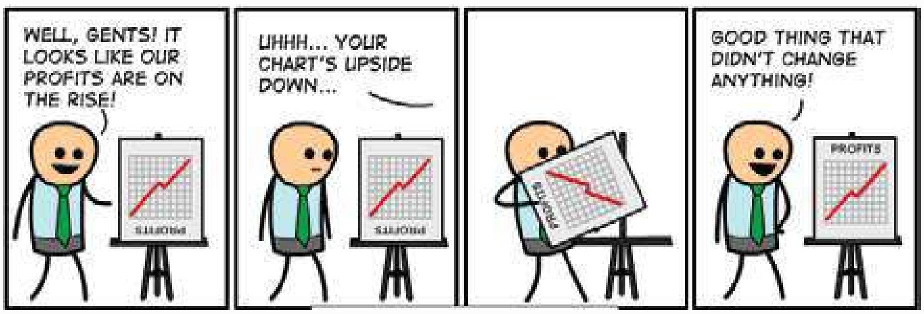
I saw two guys wearing matching clothing and I asked if they were gay. They quickly arrested me.

I still remember my grandfathers last words to me... stop shaking the ladder.

Start Investment



Returns



Cytonn **Technologies**

Who we are

Cytonn Technologies is a technology affiliate of Cytonn Investments; an independent alternative investment management firm. Based at Fedha Plaza, Mpaka Road in Westlands, it rose to its feet in early 2015. We are a growing company, that seeks to provide the best technological solutions inthe market.

Our services

- IT Management
- IT Security
- IT Business Consulting
- Software Development
- Design

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