



CIC ASSET MANAGEMENT LIMITED
MINUTES OF 10TH CIC UNIT TRUST SCHEME ANNUAL GENERAL MEETING
CONDUCTED VIRTUALLY VIA ELECTRONIC COMMUNICATION ON FRIDAY 18TH JUNE, 2021
STARTING AT 10:00 A.M

Present.

1. Stanley Mutuku - Managing Director (Administrator & Fund Manager)
2. Timothy Ndemwa - KCB Trustee Services

In Attendance:

1. Cornelius Ashira - Chairman CIC Asset Management Limited
2. Patrick Nyaga - Group Chief Executive Officer-CIC Group Plc
3. Nicholas Mwachilumo - Finance Manager- CIC
4. Mary Wanga - Taking Minutes
5. David Gitau - Investment Fund Manager
6. Alex Muthaka - Investment Fund Manager
7. Linda Oyaya - Pension Relationship Manager -CICAM
8. Susan Robi - Risk Compliance Manager-CIC Group Plc
9. Lydia Muchiri - Co-operative Bank Limited Custodial Services
10. Richard Njoroge - Audit Manager- PWC Auditors
11. Faith Mwendu - Capital Markets Authority Representative
12. Unit Trust Holders participating virtually inclusive of proxies-4,409
(List Attached Herewith).

MIN.AGM 01/2021: CONFIRMATION OF QUORUM

The Managing Director, Mr. Stanley Mutuku of CIC Asset Management Limited, representing the Fund Administrator/Fund Manager, while acknowledging that he will be chairing the meeting with the permission of the Trustee who is the bonafide Chair of the Trust, called the meeting to order at 10.00am and welcomed all CIC Unit Trust Scheme Holders and appointed proxies following the proceedings virtually and all the invited guests in attendance, to the virtual 10th Annual General Meeting and thereafter requested Ms. Susan Robi, to say the opening prayers.

The Fund Manager thereafter declared the meeting properly convened and duly constituted with requisite quorum to conduct business as contained in the notice following confirmation by the Trust Secretary that a total of 4,409 unit holders were in attendance virtually inclusive of proxies representing not less than 25% (twenty-five percent) in value of all the units in issue in line with the Trust Deed Rules. The Fund Manager proceeded to welcome and introduce the Chairman of CIC Asset Management Limited Mr. Cornelius Ashira; Group Chief Executive Officer Mr. Patrick Nyaga and the representatives of the Capital Markets



Authority(CMA), KCB Trustee Services, PWC Auditors, Co-op Custodial Services present, CICAM staff and CIC Insurance Group Plc Executive Management team following the proceedings virtually. He also acknowledged the presence of Image Registrars team and thanked them for their support and work towards the success of this virtual meeting.

The Fund Manager then reminded the investors that following the outbreak of Covid-19 pandemic, the government had issued several protocols including restrictions of movements and public gatherings making it impossible to hold a physical meeting of the unit trust holders as envisaged in the Trust Deed Rules. The Regulator, CMA had allowed the Scheme to conduct a virtual annual general meeting having received a 'No Objection Letter' dated 10th June, 2021. Unit Holders were informed that all questions which had been submitted prior to the meeting will be answered during the question and answer sessions.

MIN.AGM 02/2021: READING OF NOTICE AND ADOPTION OF THE AGENDA.

The notice of the 10th Annual General Meeting dated 25th May, 2021 was read out by the Trust Secretary and adopted as earlier circulated to all unit holders through various platforms including emails, company's website and SMS on 31st May 2021 together with the CMA letter of No Objection.

Proposer: Zachary Gichiri Kibera (No: 13022)

Seconder: Dismas Mwiti Miriti (No: 22334)

MIN.AGM 03/2021: CONFIRMATION OF 9TH AGM MINUTES

The Minutes of CIC Unit Trust Scheme 9th Annual General Meeting dated 21st August, 2020 were confirmed as a true record of the deliberations therein and signed by the Fund Manager.

Proposer: Nyambu Charles Mwashigadi (No: 5437)

Seconder: Peter Maimba Njoroge (No: 44238)

MIN. AGM 04/2021: ADOPTION OF CHAIRMAN'S/MANAGING DIRECTOR'S REPORT

- i. The Managing Director gave a general overview of the 2020 Unit Trust Funds Performance and outlook of the investments markets, macroeconomic environment and climate for 2021 going forward. Generally, the global and domestic economy witnessed mixed performance on account of diverse challenges during year 2020. The GDP decelerated to 1.4% compared to 5.4% growth achieved in 2019. The economy was hurt by the Covid-19 pandemic. Domestic demand was subdued while external demand did not help either.



- ii. On 2020 fund performance; all the unit trust funds outperformed their respective benchmarks for the year 2020 despite diverse challenges, owing to our comprehensive research and prudent investment strategy. Total assets under management grew by 45% from Kshs 29.575Bn in 2019 to Kshs 42.942 Bn in 2020. Our market share expanded from 40% in 2019 to 41.6% in 2020.
- iii. Comparative funds' performance;
 - a. Money Market fund performed at 9.14% compared to a benchmark of 6.85%.
 - b. Fixed Income fund performed at 12.93% compared to a benchmark of 8.62%.
 - c. Balanced fund performed at 0.18% compared to its benchmark of -1.90%.
 - d. Equity fund performed at -7.90% compared to its closed benchmark of -8.40%.
- iv. 2021 outlook medium to long term is positive. The economy is projected to grow by 5.0% in 2021 and 5.9% in 2022. Inflation is projected to remain within the Central Bank of Kenya's target range of 2.5% to 7.5%, and fiscal and current account deficits are forecast to narrow as a result of improved revenue collection and exports. Downside risks to the outlook could emanate from delays in the full reopening of the economy, failure to secure external financing to execute the budget, a slowdown in global growth, and disruptive social conditions during the run-up to the 2022 elections.
- v. The Chairman concluded by stating that he was very optimistic that the business will continue to grow despite the current macro and micro environmental challenges which may be present. The business has put in place a robust strategy and a great team to drive future growth and will endeavor to keep abreast with the new business environment and any risks that could arise. All investors were encouraged to patronize other pension products offered at CIC Asset Management Limited and CIC Group Plc at large. He thanked all the investors for attending the 10th Unit Holders Annual General Meeting and wished them well reiterating that CICAM remained committed to tirelessly working towards ensuring that the business continues to deliver competitive returns at all times.

The Report was unanimously adopted and approved by the meeting.

The Managing Director then invited the Group Chief Executive Officer Mr. Patrick Nyaga to give his address.

The Group Chief Executive Officer's Remarks:

The GCEO thanked all the stakeholders for attending the 2nd virtual AGM and noted that he was happy to engage with them and receive feedback on products offered by CIC Asset Management Company. He noted that due to the patronage of the various investment products by the unit holders, CICAM has continued to grow and perform well financially recording a Profit Before Tax of Kshs 361M for the year ended 31st December, 2020 and 1st taking position as the most profitable Fund Manager in the country.

CICAM has also taken the biggest market share in the collective investment schemes space in the country at 41.6% representing Kshs 42.94Bn which has since grown to Kshs 47Bn as at June 202, a demonstration of the confidence the market has in the company. On innovation, he stated that CICAM lodged a new fund "the CIC Dollar fund" which has seen very fast growth at about Kshs 400M within a very short time. He noted that the company expects to distribute even more in the current year and encouraged the investors to



continue to patronize the business including insurance products offered by other sister companies within CIC Insurance Group Plc. He thereafter invited the Board Chairman to greet the investors.

CIC Asset Management (CICAM) Board Chairman Remarks:

The Chairman appreciated the investors for creating time to participate in the annual general meeting and promised to ensure that the interests of the investors are well placed at the center of the company's decision making and that the company delivers on its promises.

MIN.AGM 05/2021: TO RECEIVE, CONSIDER AND IF DEEMED FIT, ADOPT THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2020 TOGETHER WITH THE AUDITOR'S, TRUSTEE'S, FUND MANAGER'S AND CUSTODIAL REPORTS.

CIC Asset Finance Manager stated that a copy of the audited financial statements and the auditor's report were availed through the company's website.

He then proceeded to present the CIC Unit Trust Funds Abridged Annual Audited Financial Statements 2020. Key highlights of performance were presented as follows: -

- i. **Money Market Fund:** Total income stood at Kshs 2.9Bn, operating expenses at Kshs 830M, PBT at Kshs 2.16Bn. Total asset stood at Kshs 42.5B and Fund balance at Kshs 42.4B.
- ii. **Fixed Income Fund:** Total income at Kshs 6.2M, operating expenses at Kshs 1.6M, PBT at Kshs 4.5M. Total asset stood at Kshs 55.1M, fund balance at Kshs 54.9M.
- iii. **Balanced Fund:** Total income at Kshs 269K, operating expenses at Kshs 8M & LBT at Kshs 7.7M. Total asset stood at Kshs 267M, fund balance at Kshs 266M.
- iv. **Equity Fund:** Total income at Kshs -28.5M, operating expenses at Kshs 6M & LBT at Kshs 34.5M. Total asset stood at Kshs 199M, Fund balance at Kshs 198.6M. An explanation was given on the negative performance of equities. It was stated that the equity fund invests majorly in shares listed at the Nairobi Securities Exchange(NSE) while the balance is invested in deposits. The total income of the fund is made up of two elements: a) dividends and interest income and b) fair value gains (or losses).
When COVID was reported in the country, the prices of shares at the NSE got a thorough beating. This led to erosion of value of the stocks and thus we recorded fair value losses of about Kshs.40M. Interest and dividend income totalled Kshs.11.6M. The aggregate of these two aspects of income gives us the total income reported of Kshs. -28.5M.
- v. **Wealth Fund:** Total income at Kshs 10.8M, operating expenses at Kshs 3.4M & PBT at Kshs 7.4M. Total asset stood at Kshs 30.4M and net fund balance at Kshs 27.2M.

The Fund Administrator explained that despite equities recording a negative performance, a total of Kshs 2.1Bn had been distributed to all the unit holders in the money market fund and was optimistic of equities positive performance in 2021 and reiterated that the report on the financials statement was good and strong.



He then requested the external auditors to present their opinion.

PWC Auditors led by Mr. Richard Njoroge confirmed that PWC carried out the audit report of CIC Money Market Fund, CIC Balanced Fund, CIC Equity Fund and CIC Wealth Management Fund and read out the independent auditor's report which confirmed that the Report of the Auditors' and the Audited Financial Statements for the year ended 31st December 2020, reflect in all material respect, the true and fair position of the collective investments scheme's funds for the year ended 31st December 2020 and an unmodified audit opinion has been issued.

The Fund Manager then requested that the audited annual financial statements FY 2020 together with the auditor's report be approved.

The financial statements and report was adopted and approved.

Proposer: Gitau David Irungu (No: 6888)

Seconder: Naomi Wambui Nganga (No: 8757)

PRESENTATIONS OF VARIOUS REPORTS:

REPORT OF THE FUND ADMINISTRATOR FOR THE YEAR ENDED 31 DECEMBER 2020

Mr. Alex Muthaka took the members through the fund manager's report giving the following key highlights: -

The Fund Manager's key highlights:

- i. The business continues to register a strong growth in assets under management, with compounded annual growth rate (CAGR) 64% from December 2011 to December, 2020.
- ii. In line with assets under management (AUM) growth, the scheme continues to register strong growth in assets under management and closed the year at KShs 42.942Bn in December, 2020 compared to KShs 29.575Bn recorded in 2019 and Kshs KShs 307.2M in December, 2011. As at May 2021, AUM grew to Kshs 46.290Bn.
- iii. Number of clients grew to approximately 37,782 as at 31st December 2020 active investors compared to 152 in 2011.
- iv. Market position; CIC Unit Trust Scheme was the largest scheme with a market share of 41.6% as at December, 2020 compared to 40.0% recorded in 2019 and 1% market share in 2011.
- v. 2020 Returns; all funds continue to register out-performance against set benchmarks through systematic execution of our disciplined investment approach despite the challenges poised in 2020. Funds' performance was as follows:
 - CIC Balanced Fund @ 0.18%
 - CIC Equity Fund@ - 7.9%.
 - CIC Fixed Income Fund @ 12.93%.
 - CIC Money Market Fund @ 19.14%.



- vi. On way forward; Fund Manager intends to sustain investment in processes & systems to ensure correctness and timeliness in responses to clients and will continue revamping the schemes ICT platforms (both Website & Mobile) to enhance accessibility to facilitate self-service and improve customer experience. The business will continue to build capacity through attracting and retaining high caliber professionals to deliver quality customer service while maintain a dynamic approach in all our investments to ensure all funds maintain to outperform the set benchmarks.

REPORT OF THE CUSTODIAN FOR THE YEAR ENDED 31 DECEMBER 2020

Co-operative Bank Limited Custodial Services representative, Mrs. Lydia Muchiri made a power point presentation of the custodian report giving the following key highlights: -

1. In accordance with the Capital Markets (Collective Investment Schemes) Regulations 2001, (The Regulations) and the Custody Agreement between Co-operative Bank Limited as the Custodians and CIC Asset Management Limited as the Fund Manager, confirmation of the status of the schemes operations was as follows: -
 - i. That the custodian has discharged its duties prescribed under regulation 35 of the CIS regulations, to the CIC Unit trust scheme.
 - ii. The issue, sale, redemption of units and cancellation, and calculation of the price of the scheme's units and the application of the scheme's income have been carried out in accordance with the regulations.
 - iii. The investments and borrowing powers and restrictions applicable to the scheme in accordance with the regulations and the documents of incorporation have not been exceeded neither has any borrowings been made by the scheme.
 - iv. For the year ended 31st December 2020, the custodian held the assets for the scheme, securities and income that accrue thereof, to the order of the fund manager and administrator and facilitated the transfer, exchange or delivery in accordance with the instructions received from the fund manager.
2. Summarized custodian duties to the scheme was equally highlighted.

REPORT OF THE TRUSTEE FOR THE YEAR ENDED 31 DECEMBER 2020

KCB Ltd Scheme Corporate Trustee Services representative Mr. Timothy Ndemwa tabled the corporate trustee's report giving the following key highlights:

- i. The Schemes Funds were established, and are governed by Collective Investment Schemes (CIS) 2011 Regulations, CIC Unit Trust Deed dated 6th January 2011 duly registered under The Capital Markets Authority and approved under the Income Tax Act.
- ii. KCB Bank Kenya Limited has been the Corporate Trustee of CIC Unit Trust Funds since inception.



- iii. As the legal owner of the funds; the Trustee undertakes all fiduciary oversight responsibility of the fund.
- iv. The Corporate Trustee is responsible for the preparations of the financial statements and presentation as tabled by PWC Auditors.
- v. An overview of the trustee's overall duties and responsibilities for investment and performance was given confirming that this role lies with them.
- vi. Operation of all the CIC unit trust funds for the year ended 31st December, 2020 have been carried out in compliance with Collective Investment Scheme (CIS) and Capital Markets (Collective Investment Schemes) Regulations 2001, Trust Deed and Rules and all the relevant incorporation documents.
- vii. Confirmation that there were no changes in the service providers and or contracts that govern the running of the funds. However, with the approval of the Capital Markets Authority and the Trustees, there were changes in the Scheme's Trust Deed and Rules and the Information Memorandum last year 2020 to cater for the new fund CIC Dollar Fund, aimed at providing a new alternative investment for the unit holders.
- viii. The trustee confirmed that nothing had come to their attention to indicate that the trust funds will not remain a going concern for at least the next twelve months from the date of the report.

The above reports were adopted and unanimously approved by the unit holders.

MIN.AGM 06/2021: TO CONFIRM AND APPROVE THE APPOINTMENT OF PRICEWATERHOUSECOOPERS, CERTIFIED PUBLIC ACCOUNTANTS, AS THE AUDITORS OF THE SCHEME FOR THE YEAR 2021 AND AUTHORIZE THE FUND MANAGER TO FIX THEIR REMUNERATION.

The Scheme Unit Holders approved the appointment of PriceWaterhousecoopers (PWC), as auditors' for the Scheme for the year ended 31st December 2020, and their re-appointment to continue in office in year 2021 as such having expressed their willingness and the Trustee/ Fund Administrator be authorized to fix their remuneration.

Proposer: Veronica Muthoni Muchiri A/C B (No: 18007)

Secunder: Benjamin Kiprotich Cheruiyot (No: 35490)



PLENARY SESSION:

Questions and Answers / Observations /Remarks:

The Fund Manager invited the Unit Holders to send in questions using the “ask question button” on the dash board and follow the prompts. He further advised that the live calls are invited during the session for those who had registered. He informed the meeting that answers to the queries that had been earlier sent either through email addressed to cicunitrust@image.co.ke or by delivering physically to the offices of Image Registrars Limited, 5th Floor Absa Towers or through dialing using live stream platform provided in the AGM notice had been submitted to the respective parties.

The Fund Administrator further stated that, a full list of all questions and or clarifications received on or before Wednesday 16th June, 2021 and the answers thereto will be published on the CIC’s website not later than 12 hours after the start of the general meeting.

Questions and Answers Attached.

MIN.AGM 7 /2021:

Any Other Business

There being no other business, the Fund Manager thanked all the investors for attending the general meeting and their valuable contributions. He then informed the members that the company had organized a members’ education on pensions and proceeded to welcome the investors to listen to the presentation.

Member Education Presentation

The Pension Relationship Manger Ms. Linda Oyaya conducted the members’ education on CICAM pension products giving key highlights on the following:

- Income draw down fund management.
- Segregated pension fund management.
- Guaranteed pension management.
- Segregated umbrella pension scheme.
- Annuity fund management.

The Fund Manager then brought the meeting to a closure at 1.00pm following playing of one stanza of the national anthem.

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Trust Secretary:

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Date

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Fund Manager (Chairman)

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Date