



**CIC ASSET MANAGEMENT LIMITED**  
**MINUTES OF 12<sup>TH</sup> CIC UNIT TRUST SCHEME ANNUAL GENERAL MEETING**  
**CONDUCTED VIRTUALLY VIA ELECTRONIC COMMUNICATION ON FRIDAY 23<sup>RD</sup> JUNE 2023**  
**STARTING AT 10:00 A.M**

Present.

1. Humphrey Gathungu - Managing Director (Administrator & Fund Manager)
2. Rose Limo - KCB Trustee Services Ltd

In Attendance:

1. Cornelius Ashira - Chairman CIC Asset Management Limited
2. Patrick Nyaga - Group Chief Executive Officer - CIC Insurance Group Plc
3. Nicholas Mwachilumo - Finance Manager
4. Mary Wanga - Company Secretary
5. Nicholas Ngumunu - Fund Manager
6. Linda Oyaya - Business Development Manager
7. Eden Kaberere - Co-operative Bank Limited Custodial Services
8. Daniel Kiilu - Audit Manager- PWC Auditors (Attended Virtually)
9. Faith Mwendu - Capital Markets Authority Representative
10. Unit Trust Holders participating virtually inclusive of proxies - 7190  
(List Attached Herewith).

**WELCOMING REMARKS**

The Fund Manager, Mr. Humphrey Gathungu, called the meeting to order at 10.00am and acknowledged that he would be chairing the meeting with the permission of the Trustee, who is the bonafide Chair of the Unit Trust Scheme general meeting. He then welcomed all CIC Unit Trust Scheme Holders, along with the appointed proxies and all the invited guests in attendance and requested Ms. Elizabeth Mureithi, the Wealth Advisor at CICAM, to say the opening prayer.

The Fund Manager then acknowledged the presence of the Chairman of the Board of Directors of CIC Asset Management Limited, Mr. Cornelius Ashira, the Group Chief Executive Officer Mr. Patrick Nyaga, and the Company Secretary Kenya Subsidiaries, Ms. Mary Wanga.

He then introduced the representatives of the caretaker team; Ms. Faith Mwendu, Capital Markets Authority (CMA), Ms. Rose Limo from KCB Trustee Services, Mr. Daniel Kilu from PriceWaterhouseCoopers (PWC) and Mr. Eden Kaberere Co-op Custodial Services, as well as CICAM Staff and the Executive Management team of CIC Insurance Group Plc who were following the proceedings virtually. He thanked them for their continued dedicated service and commitment during the year 2022. Additionally, he acknowledged the



presence of Image Registrars team and thanked them for their support and effort towards the success of the virtual meeting.

#### **MIN.AGM 01/2023: CONFIRMATION OF QUORUM**

The Company Secretary confirmed that a total number of 7,190 unit holders, including proxies were in attendance virtually and verified that the Trust Deed Rules require a quorum of at least three (3) holders who on the date of the AGM, represent not less than 25% in value of all the Units in Issue. The Company Secretary confirmed that the required quorum was present in accordance with the Trust Deed Rules.

Upon confirmation of quorum to conduct the Annual General Meeting, the Fund Manager declared the meeting properly convened and duly constituted. He then informed Unit Scheme Holders that any resolutions requiring a vote at the meeting, would be passed by a poll. Participating unit holders shall receive an SMS or email prompt to cast their vote on the resolutions.

The Fund Manager also notified the unit holders that the poll results would be published on the Company's website within 24 hours, and the outcome shall be deemed to be a resolution of this meeting, enforceable immediately.

#### **MIN.AGM 02/2023: READING OF NOTICE AND ADOPTION OF THE AGENDA.**

The notice of the 12<sup>th</sup> Annual General Meeting dated 29<sup>th</sup> May, 2023 was read out by the Company Secretary and adopted as earlier circulated through various platforms including emails, company's website and SMS on 2<sup>nd</sup> June 2023.

Proposer: George Wangendo Marai (No: 27179)

Seconder: Zyndakx Investors (No: 01041)

#### **MIN.AGM 03/2023: CONFIRMATION OF 10<sup>TH</sup> AGM MINUTES**

The Minutes of the 11<sup>th</sup> Annual General Meeting of CIC Unit Trust Scheme dated 24<sup>th</sup> June 2022 were confirmed as a true record of the deliberations therein and signed by the Fund Manager.

Proposer: Diana Mbinya Maundu (No: 35990)

Seconder: Aluda Catherine Emali (No: 00377)



## **MIN. AGM 04/2023: ADOPTION OF CHAIRMAN'S/MANAGING DIRECTOR'S REPORT**

The Fund Manager provided an overview of the operating investment environment in 2022:

1. Global GDP growth is estimated to have slowed down to 3.2% in 2022, weighed down by challenges stemming from the Russia Ukraine war. Significant disruptions to the supply chain resulted in a steep rise in global inflation and interest rates.
2. The Kenyan economy slowed down to 4.8% compared to 4.7% in 2021, mainly due to a negative growth of 16% in the agricultural sector as a result of below average rainfall experienced in 2022. This has affected crop production as well as agro-processing.
3. In 2022, the average inflation level was 7.6%, however in October 2022, it rose to 9.6% due to high food and fuel prices. Interest rates followed suit, rising across the yield curve. The 91-day T-bill rate averaged 8.2% during the year, peaking out 9.34% in December 2022.
4. The Equities Market also registered losses in 2022, with the NASI & NSE-20 declining by 23.42% and 11.90% respectively, compared to a gain of 9.43% and 1.83% in 2021. This downturn was driven by the global increase in interest rates, heightened risk perception in frontier and emerging markets, and currency instability. As a result, foreign investors exited the market leading to a dampening effect on prices.
5. Assets Under Management continued to grow, with the Unit Trust business growing by 8.8% to Kshs. 62 billion representing a market share of 38.5%. Overall, the Company's total Assets Under Management rose by 34% to Kshs. 127 billion.
6. Comparative Fund Performance;
  - a. Money Market Fund's average return was 8.73%, exceeding the benchmark of 8.20% and surpassing the average 2022 inflation rate of 7.6%.
  - b. Dollar Fund performed at 3.40% against a benchmark of 4.32%.
  - c. Fixed Income Fund performed at 10.11% against a benchmark of 8.21%.
  - d. Equity Fund performed at -7.05% against a benchmark of -17.10%.
  - e. Balanced Fund performed at 1.52% against a benchmark of -4.62%.
7. 2023 Outlook:

We still expect to experience challenges, especially on the investment environment, due to the global geo-political tensions, supply chain disruptions, high inflation and interest rate levels. As a result, we have revised our 2023 GDP forecast downward to 5.5%. This adjustment also reflects the impact of below-average rainfall, which will continue to affect the agricultural sector.
8. Inflation and Investment in 2023:

Inflation is expected to remain elevated in 2023. However, the business will continue to seek investment opportunities that deliver returns above the average cost of living. Interest rates are also expected to continue rising due to persistent government borrowing pressure. It is important to note that high interest rates come with high investment risks. We are aware of these risks and are



committed to employing robust investment screening and monitoring strategies to minimize risk, optimize returns, and ensure the safety of investor funds.

The fund manager concluded by expressing his optimism about the continued growth of the business and encouraged all investors to support the products offered by CIC Asset Management Limited. He also recommended the products from the larger CIC Group, including CIC Life and CIC General Insurance, to ensure full protection of wealth and assets while CIC Asset Management cares for their financial well-being.

In his parting remarks, the fund manager thanked all the investors for attending the 12th Unit Holders Annual General Meeting and for their continued support, and he wished them well.

The Report was unanimously adopted and approved by the Unit Trust Holders.

### **The Group Chief Executive Officer's Remarks**

The Group Chief Executive Officer welcomed and thanked all the stakeholders for attending the 12th Annual General Meeting of the CIC Unit Trust Scheme. He stated that CIC Asset Management Ltd (CICAM), the fund manager for the CIC Unit Trust Scheme, is a wholly-owned subsidiary of CIC Insurance Group Plc. He emphasized that the Group's 2021-2025 strategic plan, driven by 12 transformational initiatives, remains on course and aims to propel CIC Asset Management Ltd to the next phase of growth and profitability. He noted that the Group continued to record remarkable growth and profitability, as evidenced by our 2022 full-year results with a PBT of over Kshs. 2 billion.

He emphasized that CIC Asset Management Ltd, although a subsidiary of CIC Insurance Group Plc, operates as a fully-fledged and autonomous financial institution guided by principles of integrity, dynamism, performance, and cooperative spirit. The company consistently adheres to laws and regulations in all our product offerings and operations.

In 2022, economic growth slowed to 4.8% from 7.6% in 2021, primarily due to adverse weather conditions throughout the year. Additionally, competition within the industry intensified as fund managers aimed to increase their market share. Total industry assets under management (AUM) as of 31st December 2022 stood at Kshs 162 billion, up from Kshs 136 billion in 2021. This growth was largely attributed to increased financial awareness among investors. CICAM's assets under management grew by 9% in 2022, closing at Kshs 62.4 billion, up from Kshs 57.1 billion in 2021.

The company achieved a profit before tax (PBT) of Kshs 644 million in 2022, compared to Kshs 523 million in 2021, maintaining its position as the most profitable fund manager in the country. Additionally, in 2022, the company remained the market leader with a market share of 38.5% as of 31st December 2022. This demonstrates the confidence and trust that the investors of the company's Unit Trust Scheme, who are virtually present today, have in the company.

He concluded by expressing gratitude to all stakeholders and unit holders for their continued support of the unit trust scheme and CIC Group product offerings, and the broader business. He encouraged all



stakeholders, including investors, to continue patronizing other products offered by sister companies within CIC Insurance Group Plc and assured his commitment to preserving and growing investors' wealth.

### **Remarks of Chairman of CIC Asset Management Ltd Board**

The Chairman appreciated and welcomed the Unit Holders, and all the participants to the general meeting. He noted that CIC Asset Management Ltd had a successful and rewarding year in 2022, with management continuing to reshape the business to address fundamental market changes. In 2022, the company focused on growth and overall profitability. Total assets under management increased by 34%, from Kshs. 95 billion in 2021 to Kshs. 127 billion in 2022. Fund management fees rose by 22%, from Kshs. 841 million in 2021 to Kshs. 1,031 million in 2022. Profit before tax grew by 23%, reaching Kshs. 644 million, up from Kshs. 523 million in 2021. Regarding the CIC Unit Trust Scheme, the scheme's assets recorded a growth of 8.8% in 2022, closing at Kshs. 62 billion, up from Kshs. 57 billion in 2021, representing a market share of 38.5% as of 31 December 2022.

He affirmed that growing the business remains our focus going forward, as well as prioritizing customer centricity and value creation for the Unit Holders. Additionally, we are committed to continuously revamping existing products and introducing new ones, while leveraging technology to effectively serve and add value to our customers.

The Board Chairman concluded by thanking all Unit Holders and stakeholders, including partners, brokers, independent agents, and the regulator, for their support and for continuously choosing the CIC Unit Trust Scheme as their investment vehicle. He reiterated that the team at CIC Asset Management Ltd looks forward to continued partnership with Unit Holders as we work to meet and exceed their financial and investment objectives, anticipating an even greater collaboration in 2023 and beyond.

### **MIN.AGM 05/2023: ADOPTION OF THE AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2022 TOGETHER WITH THE AUDITOR'S, TRUSTEE'S, FUND MANAGER'S AND CUSTODIAL REPORTS.**

The Finance Manager walked the Unit Holders through the Abridged Audited Financial Statements for year ended 31st December, 2022 noting that a complete copy of the audited financial statements and the auditor's report were availed through the company's website.

The key highlights were presented as follows: -

- i. **Money Market Fund:** Total income was Ksh.5.0Bn, Operating Expenses Ksh. 1.3Bn and Profit Before Tax Ksh.3.7Bn. Total assets stood at Ksh.60.3Bn and net assets attributable to unit holders' ksh.60.2Bn. The growth of the fund was 9% up from Kshs 55.1Bn.
- ii. **Fixed Income Fund:** The fund grew by an impressive 64% in 2022. Total income was Ksh.11.5Mn, operating expenses Ksh. 3.6Mn, profit before tax Ksh.7.9Mn, Total assets stood at Ksh.177.7Mn of those net assets attributable to unit holders stood at Ksh. 177.2Mn.



- iii. **Balanced Fund:** The fund declined by a marginal 2%. Total income Ksh.7Mn, operating expenses Ksh. 8.8Mn loss before tax Ksh. 1.8Mn. Total assets stood at Ksh. 285M, net assets attributable to unit holders Ksh. 284Mn.
- iv. **Equity Fund:** This fund invests mainly in shares listed at the Nairobi Securities Exchange. The key performance indicators of the Exchange recorded negative performances with NASI at (23.4) and NSE 20 (11.9). This reflected on our fund which recorded a negative income of Ksh. 15.8Mn with operating expenses of Ksh. 6.3Mn and consequently a loss of Ksh.22.1Mn. Total assets stood at Ksh. 216Mn and net assets attributable to unit holders closed at Ksh. 215.5Mn.
- v. **Wealth Fund:** Total income recorded Ksh. 27.2Mn, operating expenses were at Ksh.4.3Mn and profit before tax of Ksh.22.9Mn. Total assets closed at Ksh.162Mn and net assets attributable to unit holders were Ksh. 159Mn.
- vi. **Dollar Fund:** This fund, in its second year of operation, has continued in a positive growth trajectory. The total assets increased by more than one and a half million dollars during year to close at USD 9.7M. Overall, a growth of 20%.  
This fund invests in dollar denominated instruments, key among them Eurobonds. Fair value losses on the bonds resulted to negative income of USD 436,000 being recorded by the fund. Expenses of the fund were USD 147,000 and the loss for the year was USD 583,000.

Overall, the net assets of the CIC Unit Trust Scheme grew by 9% closing at Ksh.62 Bn in 2022 up from Ksh.57Bn.in 2021

### **Auditor's Report.**

PriceWaterhouseCoopers Auditors led by Mr. Daniel Kiilu confirmed that the audit firm had carried out the audit of CIC Money Market Fund, CIC Balanced Fund, CIC Equity Fund and CIC Wealth Management Fund and proceeded to read out the independent auditor's report which confirmed that the Report of the Auditors' and the Audited Financial Statements for the year ended 31<sup>st</sup> December 2022, reflect in all material respect, the true and fair position of the collective investments scheme's funds for the year ended 31<sup>st</sup> December 2022 and issued unmodified audit opinion.

The Unit Holder approved and adopted the audited annual financial statements together with the auditor's report.

Proposer: United Comrades Welfare Group (No: 69451)

Secunder: Diana Mbinya Maundu (No: 35990)



### **REPORT OF THE FUND ADMINISTRATOR FOR THE YEAR ENDED 31 DECEMBER 2022**

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

- i. 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. 62.495 billion representing a 9% growth in 2022 compared to Kshs. 57.302 billion December, 2021.
- ii. Number of unit holders grew from 152 in 2022 to 75,159 as at 31<sup>st</sup> December 2022 representing a growth of 31% from December 2021.
- iii. Market position; CIC Unit Trust Scheme remains the largest scheme with a market share of 38.5% as at 31<sup>st</sup> December 2022.
- iv. 2022 Returns; all funds continue to register out-performance against set benchmarks through systematic execution of our disciplined investment approach despite the challenges poised.

### **REPORT OF THE CUSTODIAN FOR THE YEAR ENDED 31 DECEMBER 2022**

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

- i. A summary of the custodian's duties to the scheme was highlighted, including safekeeping of securities, settlement of purchases or sales of bonds, shares, etc., collection of income such as dividends and bonuses, and processing payments such as scheme expenses and benefits.
- ii. The custodian has fulfilled its duties as prescribed under the Capital Markets (Collective Investment Scheme) Regulations 2001.
- iii. For the year ended 31<sup>st</sup> December 2022, the custodian held the assets for the scheme, including securities and income accruing thereof, to the order of the fund manager and administrator, and facilitated the transfer, exchange, or delivery in accordance with instructions received from the fund manager.
- iv. As at 31<sup>st</sup> December, the asset value held by the custodian was presented as below: -
  - a. Money Market Fund – 60.357Bn
  - b. Balanced Fund – 284.87Mn
  - c. Equity Fund – 216.34Mn
  - d. Fixed Fund – 177.71Mn
  - e. Wealth Fund – 162.37Mn
  - f. Dollar Fund – \$9.69Mn

### **REPORT OF THE TRUSTEE FOR THE YEAR ENDED 31 DECEMBER 2022**

KCB Ltd Scheme Corporate Trustee Services representative Ms. Rose Limo tabled the corporate trustee's report giving the following key highlights:

- i. The Trustee gave a brief overview of the CIC Unit Trust Scheme.
- ii. Confirmed that there were indeed no changes in service providers nor to their contracts.



- iii. Confirmed continued compliance with the new guidelines on valuation, investment performance reporting and other matters.
- iv. Trustee's overall responsibility of Fund investment performance and safe guards of the assets of the Funds.
- v. Confirmed that the operations of the Funds for the year ending 31<sup>st</sup> December 2022 were carried out in accordance with the Capital Markets (Collective Investment Schemes) Regulations, 2001 and the Funds' Trust Deed and Rules.
- vi. Confirmed the Funds' capability to continue as a going concern.

The unit holders unanimously approved and adopted the report.

### **PLENARY SESSION:**

#### **Questions and Answers / Observations /Remarks:**

The Fund Manager encouraged Unit Holders to submit questions using the "question button" on the dashboard or via the mobile phone USSD code 483907#, following the prompts. He further advised that live calls were invited during the session for registered participants. The Unit Holders were informed that answers to queries sent earlier via email to [cicunittrust@image.co.ke](mailto:cicunittrust@image.co.ke) or physically delivered to the offices of Image Registrars Limited, 5th Floor Absa Towers, or through dialing using the live stream platform provided in the AGM notice had been submitted to the respective parties.

The Fund Manager also stated that a full list of all questions and clarifications received, along with their answers, would be published on CIC's website within 24 hours after the start of the general meeting.

Subsequently, the Fund Manager addressed the questions raised and invited Ms. Linda Oyaya – Business Development Manager, to guide Unit Holders and Stakeholders through the question and answer session of the FAQs sent prior to the meeting.

#### ***Questions and Answers Attached.***

### **MIN.AGM 06/2023: THE APPOINTMENT OF PRICEWATERHOUSECOOPERS, CERTIFIED PUBLIC ACCOUNTANTS, AS THE AUDITORS OF THE SCHEME FOR THE YEAR 2023 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 31<sup>st</sup> December 2022, and their re-appointment to continue in office in year 2023 as such having expressed their willingness and the Trustee/ Fund Administrator be authorized to fix their remuneration.

Proposer: Joseph Ngahu Murage (No: 49712)

Secunder: James Kioko Matheka (No: 23327)





**MIN.AGM 7 /2022:**

**Any Other Business**

There being no other business, the Fund Manager thanked all the investors and participants for attending the 12<sup>th</sup> Annual General Meeting and their valuable contributions and brought the meeting to a closure at 12:30pm. He invited Ms. Linda Oyaya – Business Development Manager to make a presentation on member education and thereafter called upon Dr. Peter Ongeti to close the meeting with a word of prayer.

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**Trust Secretary:**

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Date

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**Trustee (Chairman)**

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Date