

**MINUTES OF THE JOINT ANNUAL GENERAL MEETING (AGM) OF MEMBERS OF
ZIMELE GUARANTEED PERSONAL PENSION PLAN AND ZIMELE PERSONAL
PENSION PLAN**

Held Virtually Via Zoom Platform on Tuesday, 18th June 2024 at 10h00, Nairobi

Present

Representing the Corporate Trustee:

Stephen Obudho - Kingsland Court Trustee Services, as Chairperson
Brian Mwangi - Kingsland Court Trustee Services
Melissa Omeda - Kingsland Court Trustee Services

Representing the Service Providers:

Caroline Njeri - Zimele Asset Management, Investment Management
Paul Ngomba - KCB Custody Services, Custodian
Patrick Nguru - Pacific Insurance Brokers, Administrator
Dorcas Muli - MD Light & Associates, External Auditor

Representing the Sponsor:

Francis Sang - Zimele Asset Management, Finance Manager
Peris Masese - Zimele Asset Management, Fund Accounting

**Minute
No:**

01/2024 Opening Remarks, Confirmation of Quorum & Adoption of Agenda

The meeting was confirmed to be quorate by the Chairperson. The agenda was adopted with no amendments. The Chairperson called the meeting to order at 10:05 a.m. and welcomed all those present to the meeting and introduced respective service provider representatives.

02/2024 Sponsor Remarks: Update on Sponsor Activities

The sponsor representative took the members through his presentation, giving an update on activities undertaken by the Sponsor. The highlights of his presentation include:

- The competitive returns offered by the Zimele Retirement Products;
- The application of technology to allow members to enroll online in its products;
- An income drawdown plan for retirees with solid guarantees on competitive returns

- An outlook to offer employers in Kenya the option to opt out of their tier 2 NSSF contributions to the Zimele Scheme following receipt of scheme reference test certificate in May 2023 approval from the Retirement Benefits Authority.

03/2024

Presentations: Auditor’s Report, Financial Statements 31 December 2023

Dorcas of Muli Daniel & Associates LLP took the members through the financial report of the two schemes for FY2023 and highlighted the following:

- The functions of the trustees in the audit process.
- The Auditor's opinion of the financial statement prepared.
- The fund performance compared to the previous year.

In the auditor’s opinion, the financial statements for Zimele Guaranteed Personal Pension Plan and Zimele Personal Pension Plan presented fairly, in all material aspects, the state of the financial position of the Scheme as at 31 December 2023 in accordance with the requirements of International Financial Reporting Standards and the Retirement Benefits Act.

The Audited accounts were proposed and seconded by members of the Schemes.

04/2024

Presentations: Investment Report, 31 December 2023 and 2024 Updates

The Fund Manager’s report was presented to members by Carol, it captured the following: -

- **Global Outlook:** Global GDP growth is projected to rise to 3.2% in 2024, with easing monetary conditions and a shift in consumption from services to goods.
- **Political Uncertainty:** Key global elections and geopolitical tensions (Israel-Hamas, Russia-Ukraine) are major sources of uncertainty impacting economic policy directions.
- **Interest Rates:** Inflation remains sticky in the 3-4% range, possibly delaying interest rate cuts in developed economies; the ECB may lead in reducing rates.
- **China's Economy:** Facing oversupply in manufacturing and a downturn in property/infrastructure investment due to past overinvestment and rising defaults.
- **Sub-Saharan Africa:** Growth is expected to rise from 3.4% in 2023 to 3.8% in 2024. Inflation is falling, and countries are re-entering international bond markets.
- **Kenya’s Economy:** Grew by 5.6% in 2023. Inflation dropped to 5.7% in March 2024, while the shilling initially depreciated sharply before rebounding in March.
- **Policy Measures:** Kenya's proposed 2024/25 tax reforms include a new motor vehicle tax and VAT increases, along with a raised pension deduction limit.

- **Capital & Fixed Income Markets:** Equity markets surged in Q1 2024 with NSE indices up significantly. However, fixed-income yields remain high, with cautious expectations for a gradual decline.

05/2024 Presentations: Custody Confirmation, 31 December 2023

The custody report was presented to members by Paul of KCB Custody Services and included the following: -

- The roles of the custodian in the two funds; and
- Confirmation of asset value under safekeeping for the two funds as at 31 December 2023.

The Custodian confirmed to the members that the assets of the two funds were safely held with KCB Custodial Services Ltd.

06/2024 Presentations: Administrators Report 31 December 2023, Updates for 2024

The administration report was presented by Patrick of Pacific Insurance Brokers. Below are highlights of his presentation:

a) Compliance Status of the Scheme

The Scheme was fully compliant with the required regulations and the Trust Deed had been amended to comply with the NFFS Act of 2013. He further confirmed that the Scheme was ready to start receiving tier 2 contributions from employers.

b) Withdrawal Options

It was noted that the retirement benefits authority through legal notices of 2021 had amended the access to retirement benefits portions.

Options for Accessing Benefits on Exit:

- When a member leaves employment on early exit grounds i.e. resignation, dismissal, or retrenchment while below the age of 50 years, they have the option of getting a cash benefit (within preservation provisions) equal to 50% of their accrued benefits together with any interest earned therefrom.
- The remaining 50% accrued benefits can be;
- Preserved/deferred until retirement age; or
- Transferred to another registered scheme

Options on Accessing Benefits on Special Cases e.g. Death in Service/Deferment, Emigration, ill Health Retirement:

- Members who emigrate can access their accumulated benefits as a lump sum.
- Death benefits are payable to the Members' beneficiaries and dependants, upon review by Trustees;
- Members who leave on ill-health retirement grounds can access their accumulated benefits as a lump sum;

Options on Accessing Benefits on Retirement (Members aged 50 years and above)

- Members who leave on retirement grounds can access their entire accumulated contributions plus interest therefrom as a pension with the option of commuting up to one-third of their benefits.
- The member can also use the entire pot or a proportion of the pot to purchase a pension (annuity) or an Income drawdown.

Taxation of Benefits

- It was explained that members' benefits are taxed based on a wider or narrower tax band that uses their age and/or duration of membership to determine which tax band to apply:

Lower Tax Band:

- Applicable to members with less than 15 years in membership of the scheme or below 50 years of age at the time of exit from the scheme.
- Applies to the amounts above the non-taxable limit of KShs 60,000 p.a times the number of years of scheme membership subject to a maximum of KShs 600,000.

Wider Tax Band:

- Applicable to members with at least 15 years of membership of the scheme or those aged at least 50 years at the time of exit from the scheme.
- Applies to the amounts above the non-taxable limit of KShs 60,000 p.a times the number of years of scheme membership subject to a maximum of KShs 600,000.

Members were advised of their rights under the Treating Customer Fairly Guidelines of 2019, and the Trust Deed. They were also advised to prepare adequately to face retirement challenges by planning accordingly around healthcare costs and living a healthy lifestyle. They were further advised to also manage debt and expenses through budgeting and planning what to do with their free time in retirement after a long period of working etc.

07/2024

Reactions from members

The Members thanked the fund manager for the consistent positive high investment returns exhibited in the two schemes over the years. Members of the personal pension plan were notified that investment returns were affected by a depressed stock market.

Members were advised that they should access their pension statement by visiting the Zimele pension portal.

There being no other business, the chair thanked the members and service providers for their attendance and the meeting closed at 12h20.

Signed By the Corporate Trustee

Executive Director

Date