



Background on Request for Zimele Unit Holders Consent for Inter-Funds Transfer

CMA Circular Number 8 of 2020

- Released on 9th September 2020; commencement from 1st January 2021

Objectives:

1. Standardizing investment performance measurement and presentation by collective investment vehicles (CIS) or unit trusts
 2. To boost investor confidence
 3. To entrench international best practice in the CIS sector
- It is the duty of the Fund Manager to implement Circular no.8 as far as each fund is concerned
 - CIS Rules & Regulations released 20 years ago, more changes expected

CMA Circular Number 8

- Sets out how each fund will be classified and managed based on asset class or maturity of assets

1. Money Market Fund

Invests only in interest-earning money market instruments which have a maximum weighted average tenor of thirteen (13) months and includes credit-rated private commercial papers/approved public commercial papers, treasury bills, Government securities, call Deposits, certificate of deposit, including fixed deposits in commercial banks and deposit taking institutions, and any other like instruments as specified by the Central Bank of Kenya from time to time;

CMA Circular Number 8

2. Fixed Income Fund

The fund shall invest a minimum of 60% of the market value of its asset under management in fixed income securities at all times. Any funds not invested in fixed income instruments shall be invested in cash and cash equivalents. Fixed income securities refer to financial instruments with a fixed maturity and may or may not make periodic payments of interest and the principal is paid at maturity

CMA Circular Number 8

3. Balanced Fund

The fund shall invest in all eligible asset classes provided that investments in money market, equities and fixed income instruments shall each have a maximum exposure of 60% of the market value of assets under management. The maximum investment in any other asset class shall be in compliance with the limits provided under Regulation 78 of the Capital Market (Collective Investment) regulation, 2001;

Zimele Unit Trust

- The Zimele Money Market Fund (ZMMF) has historically included Treasury bonds in its portfolio to maximize on returns
- According to Circular no.8 the current ZMMF is in effect a fixed income fund
- Compliance achieved by changing the ZMMF into a fixed income fund
- CMA approved the Zimele Fixed Income Fund (ZFIF) as a sub-fund of the Zimele Unit Trust Fund on 8th December 2020
- CMA granted consent on 14th January 2021 for transfer of assets from the ZMMF to the ZFIF, subject to unit holders' consent , with a temporary extension of up to 30th June 2021
- Trustee also granted consent for inter-funds transfer on 8th January 2021

Impact of Zimele Unit Holders Consent

- The Zimele Unit Trust will achieve compliance with Circular no.8
- The ZMMF assets will be transferred to the ZFIF to enable continuation of operations and investment activities
- Members of the current ZMMF will continue to enjoy all the features and benefits that they have been experiencing since inception of the Fund in 2007, but in the ZFIF
- The ZMMF will still continue to operate, but in strict adherence to Circular no.8
- Members of the current ZMMF will not be required to fill out new forms or undergo new registration requirements after the consent of inter-funds transfer is approved at the AGM
- The Zimele Balanced Fund is compliant to Circular no.8