ZIMELE UNIT TRUST

FIXED INCOME FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2025

AUDITORS
Louise & Associates
Certified Public Accountants
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Zimele Unit Trust
Fixed Income Fund
Annual report and financial statements
For the year ended 31st December 2025

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FUND MANAGER AND PROFESSIONAL ADVISORS

TRUSTEE	: KCB Bank Kenya Limited, : KCB Tower, 7th Floor, Junction of Hospital and Kenya Road, : Upper Hill, : P.O. Box 30664 - 00100, : NAIROBI
FUND MANAGER	: Zimele Asset Management Company Limited, : Ecobank Towers , 7th Floor, Muindi Mbingu Street, : P.O. Box 76528-00508, : NAIROBI.
CUSTODIAN	: Standard Chartered Securities Services Kenya, : Standard Chartered Bank of Kenya Ltd, Level 5, 48 Westlands Road, : P.O. Box 40984-00100, : NAIROBI.
INDEPENDENT AUDITOR	: Louise & Associates, : Certified Public Accountants, : RAMCO Court , Mombasa Road, : P.O. Box 43272-00100, : NAIROBI.

REPORT OF THE FUND MANAGER

The Fund Manager has the pleasure of submitting the Zimele Unit Trust Fixed Income Fund report together with the audited financial statements for the year ended 31st December 2025, which disclose the state of affairs of the fund.

INCORPORATION

The Fund was established and began operations on 1 March 2007, is registered under the Capital Markets Act and is domiciled in Kenya. The registered office is at Ecobank Towers, 7th Floor on Muindi Mbingu Street, Nairobi.

INVESTMENT OBJECTIVES

The objective of the Zimele Unit Trust Fixed Income Fund is to generate long term capital growth, stable income and preserve capital through investing the members' contributions in fixed income securities in accordance with the provisions of the Capital Markets Act (Collective Investment Schemes, Rules and Regulations 2023).

CHANGE TO INCORPORATION DOCUMENTS

There were no changes made to the incorporation documents (Trust Deed, Information Memorandum and Rules of the Fund) during the period.

TOTAL VALUE OF THE FUND AS AT 31ST DECEMBER 2025

The market value of the fund as at 31st December 2025 was Kshs **3,957,563,759** (Kshs 2,970,352,934 in 2024)

MEMBERSHIP

Membership of the Fund as at year end was as follows:

	2025 Members	**2024 Members**
At start of year	57,245	38,333
Entrants	18,567	18,927
Exits	(23)	(15)
At end of year	**75,789**	**57,245**

REPORT OF THE FUND MANAGER(CONTINUED)

FY 2025 OVERVIEW

Dear Esteemed Unit Holders,

As we reflect on the year 2025, we extend our sincere appreciation for your continued trust and support. The year unfolded against a backdrop of evolving global and domestic economic conditions, presenting both challenges and meaningful opportunities for disciplined investors. While market volatility persisted at various points during the year, the period also reinforced the enduring importance of prudent financial management, diversification, and a long-term investment perspective. Your confidence and patience during this period remain the cornerstone of our ability to navigate dynamic market conditions and pursue sustainable value on your behalf.

Global Economic Overview

The global environment in 2025 remained fluid, shaped by shifts in U.S. policy priorities, renewed trade tensions, and broader geopolitical uncertainties. Trade policy developments, including higher baseline tariffs for select countries and selective bilateral agreements, drove market sentiment and contributed to elevated uncertainty. Despite these headwinds, global economic activity showed resilience in the first half of the year, supported in part by a weaker U.S. dollar, which eased global financial conditions and benefited emerging and developing markets.

Inflation stabilized above central bank targets in several economies, while labor market conditions softened in parts of the developed world. Overall, the year highlighted both the risks of a more fragmented global economy and the adaptability of markets to changing policy environments.

Kenyan Economy Landscape

Kenya's economy demonstrated measured resilience in 2025, supported by easing inflation, improving macroeconomic stability, and a more accommodative monetary policy stance. Real GDP growth remained firm, expanding by 4.9 percent in the third quarter and expected to average 5percent for the full year, mainly driven by agriculture, a recovery in construction, and resilient services, particularly transport, financial services, and ICT.

Inflationary pressures continued to moderate, allowing the Central Bank of Kenya to lower the Central Bank Rate from 9.25 percent to 9 percent in December 2025. Treasury bill yields eased across maturities as shown below: These declines across maturities highlight the normalization of short-term interest rates following the elevated tightening cycle experienced in 2024.

Tenor	2024	2025
91	15.27%	8.35%
182	15.70%	8.57%
364	16.07%	9.97%

REPORT OF THE FUND MANAGER(CONTINUED)

FY 2025 OVERVIEW*(Continued)*

The chart illustrates the significant downward adjustment in Treasury Bill yields between 2024 and 2025 following the easing of monetary policy. Short-term instruments, such as the 91-day, 182-day Treasury Bills and 364 Treasury Bill, are particularly sensitive to changes in central bank policy and tend to adjust quickly during tightening or easing cycles. As a result, they can experience pronounced fluctuations over relatively short periods. In contrast, Treasury Bonds, which are longer-term fixed income instruments, typically adjust more gradually reflecting broader expectations regarding inflation, growth and long-term economic stability. These dynamics underscore the cyclical nature of short-term rates and the importance of diversified holdings with long-term maturities.

The Kenya Shilling remained broadly stable during the year, supported by strengthened external buffers, including Eurobond inflows, resilient diaspora remittances, and improved services receipts. Nevertheless, fiscal pressures persisted, with elevated public debt and rising debt-service costs constraining fiscal space. Multilateral institutions acknowledged progress in macroeconomic stabilization while underscoring the need for continued fiscal consolidation and structural

Overall, 2025 marked a transition from stabilization to cautious recovery, creating a more supportive environment for fixed income investments, while reinforcing the importance of active risk management.

Client Focus and Financial Well-Being

At the personal finance level, the experience of recent years has reinforced a fundamental lesson: emergency savings must remain distinct from investment capital. Unexpected events such as income disruption, medical emergencies, or bereavement often arise without warning, and financial resilience depends on consistent preparation rather than reactive decision-making. Chasing higher returns with funds intended for emergencies, without a full understanding of the underlying risks, can expose individuals to avoidable financial stress at precisely the wrong time.

Over the years, Zimele has supported disciplined saving and investing by enabling individuals to clearly separate goal-based savings from emergency reserves, empowering clients to plan confidently for both short-term contingencies and long-term aspirations. This structured approach has helped many of our members translate financial discipline into tangible outcomes, whether for education, home ownership, retirement, or other life goals.

REPORT OF THE FUND MANAGER(CONTINUED)

FY 2025 OVERVIEW(Continued)

In 2025, client experience and accessibility took a significant step forward with the launch of the Zimele App. The platform was designed to enhance convenience and transparency, allowing members to view statements in real time, make deposits, initiate withdrawals, and track their investments seamlessly. This digital enhancement reflects our commitment to meeting our clients where they are, by combining sound investment management with intuitive, secure, and user-friendly access to their financial information.

Overall, we remain firmly committed to delivering sustainable investment performance, strengthening financial literacy, and providing a consistent, trusted, and memorable customer experience. As we move forward, our focus will continue to be on empowering our clients with the tools, insights, and discipline required to navigate uncertainty and achieve lasting financial well-being.

ZIMELE UNIT TRUST FIXED INCOME FUND HISTORICAL PERFORMANCE

Table 1: Investment Performance Table

5 Year Comparative Investment performance			
	ZFIF	**TB-364**	**Inflation**
2025	10.80%	8.50%	4.10%
2024	11.90%	13.70%	4.50%
2023	10.80%	10.90%	7.70%
2022	9.9%	8.4%	7.6%
2021	9.60%	7.20%	6.10%
Average	**10.60%**	**9.70%**	**6.00%**

The Zimele Fixed Income Fund returns are net of fees, expenses and tax

REPORT OF THE FUND MANAGER(CONTINUED)

FY 2025 OVERVIEW(Continued)

Over the past five years, the Zimele Fixed Income Fund has delivered consistent and competitive returns, averaging approximately 10.6% per annum. In 2025, the Fund generated an annual income yield of 10.75%, outperforming the net 364-day Treasury Bill yield of 8.61% and delivering a return of approximately 6.65% after adjusting for inflation.
While Treasury Bill rates experienced temporary spikes during the monetary tightening cycle of 2023–2024, the Fund maintained stable income generation through diversified exposure to government securities and active reinvestment strategies. The Fund's structure enables investors to benefit from professional portfolio management, liquidity, and reinvestment efficiency, while consistently preserving purchasing power over the medium term

Table 2: Changes in Yield Over 5 Year Period

Highest and Lowest Yields 5 Years Comparison					
YEAR	**2025**	**2024**	**2023**	**2022**	**2021**
Highest Yield (%)	13.54%	14.56%	10.75%	10.78%	10.40%
Lowest Yield (%)	10.96%	12.72%	9.65%	9.36%	8.57%
Average Yield (%)	12.25%	13.43%	10.20%	9.84%	9.56%

Zimele Fixed Income Fund retained above average yields over the 5-year period

In 2025, the Fund generated income yields ranging between 10.96% and 13.54%, with an average yield of 12.25% during the year. These figures reflect the income rate generated by the portfolio as implied by the Fund's daily NAV movements and illustrate how prevailing market interest rates influenced returns throughout the period.
The yields shown are gross of withholding tax and net of fund operating expenses. The Fund's annual income yield, presented separately, reflects the total income earned over the full financial year relative to the average size of the Fund.

Table 3: The Net Surplus Distribution Table for the 5 Year Period

Net Surplus Distribution Breakdown

Net Surplus Distribution Breakdown					
	2025	2024	2023	2022	2021
Net Surplus for the Year	281,837,431	286,460,453	241,775,501	165,183,152	95,235,468
Surplus Distributed per Unit	0.07	0.09	0.09	0.07	0.05

The ZFIF's net Surplus distribution over the 5-year period

Net Surplus represents the total net income earned by the Fund during the year after deducting applicable taxes and operating expenses.

REPORT OF THE FUND MANAGER(CONTINUED)

FY 2025 OVERVIEW(Continued)

Table 4: The Closing Fund under Management (FMU) and Units in Issue over the 5 Year Period

The Closing Fund Under Management (FMU) 2021-2025					
	2025	2024	2023	2022	2021
Total Fund Value	3,957,563,756	2,970,352,934	2,678,218,084	2,410,726,733	1,741,760,625
Price Per Unit	1	1	1	1	1
Number of Units in Issue	3,957,563,756	2,970,352,934	2,678,218,084	2,410,726,733	1,741,760,625
Percentage Annul Growth	33.24%	10.91%	11.10%	38.40%	38.10%

The Zimele Fixed Income Fund continued to record a double-digit growth in FUM despite a challenging year characterized with emergence of new products and capital out flows.

INVESTMENT OF FUNDS

The funds are invested by the Investment Fund Manager, Zimele Asset Management Company Limited, through Standard chartered Bank in accordance with the provisions of the Capital Markets Act (Collective Investment Schemes, Rules and Regulations 2023).

EXPENSES

The full costs of administering and managing the fund are borne by the fund.

Total Expense Ratio (TER) :The Total Expense Ratio (TER) represents the total operating costs of the Fund expressed as a percentage of the average net asset value (NAV) over the reporting period.

The Fund maintained a TER of 2.71% for the year ended 31st December 2025. This reflects the overall cost efficiency of managing the Fund relative to its size, with expenses primarily comprising management fees, custody fees, trustee fees, and other administrative costs as highlighted below:

Description	2025 (KES)
Total Operating Expenses	93,988,035
Average Net Asset Value	3,463,958,346
Total Expense Ratio	2.71%

AUDITORS

Louise & Associates, Certified Public Accountants,who were appointed in the last Annual General Meeting, have expressed their willingness to continue in office.

For the Fund Manager: **Date. 30th March 2026**

Director Director

STATEMENT OF THE FUND MANAGERS' RESPONSIBILITIES

The Capital Markets Act requires the Fund Manager to prepare financial statements for each financial year which give a true and fair view of the financial position of the Fund at the end of the financial year and its financial performance for the year then ended. The Fund Manager is responsible for ensuring that the Fund keeps proper accounting records that are sufficient to show and explain the transactions of the Fund, disclose with reasonable accuracy at any time the financial position of the Fund and that enables them to prepare financial statements of the Fund that comply with prescribed financial reporting standards and the requirements of the Capital Markets Act. They are also responsible for safeguarding the assets of the Fund and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Fund Manager accepts responsibility for the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Kenyan Capital Markets Act. The Trustee also accepts responsibility for:

i. Designing, implementing and maintaining such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, wether due to fraud or error;
ii. Selecting and applying appropriate accounting policies; and
iii. Making accounting estimates and judgements that are reasonable in the circumstances;

DECLARATIONS STATEMENT

The Zimele Unit Trust Fixed Income Fund is an approved Unit Trust Fund within the meaning of Capital Markets Act;
The unit- holders are not liable for the debts of the Unit Trust;
The Zimele Unit Trust Fixed Income Fund is a fund investing in fixed income securities in accordance with the provisions of the Capital Markets Act (Collective Investment Schemes Rules and Regulation 2023).
In preparing the financial statements, the Fund Manager has assessed the Fund's ability to continue as a going concern and disclosed, as applicable, matters relating to the use of going concern basis of preparation of the financial statements.
Nothing has come to the attention of the Fund Manager to indicate that the Fund will not remain a going concern for at least the twelve months from the date of this statement.

The Fund Manager acknowledges that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the Fund Manager on **30th March 2026** and signed on behalf of the Fund Manager by:

REPORT OF THE TRUSTEES

The Corporate Trustee of the Zimele Unit Trust Fixed Income Fund is pleased to present its report to the unit holders for the year ended 31 December 2025.

1 Compliance with the Capital Markets (Collective Investment Schemes) Regulations, 2023

In accordance with the Capital Markets (Collective Investment Schemes) Regulations, 2023, the Trust Deed between KCB Bank Kenya Ltd (the "Trustee") and Zimele Asset Management Company Limited (the "Fund Managers"), and the Information Memorandum, we confirm that during the year under review:

. The Trustee has fulfilled all duties and responsibilities prescribed under the Regulations and the Trust Deed.

· The Scheme and its sub funds were operated in accordance with the approved scheme documents, the Regulations, and applicable laws.

2 Oversight of Fund Manager Activities

The Trustee has exercised continuous oversight over the Fund Manager's activities and confirms that:

· All investment decisions were made within the investment policy, strategy, and limits set out in the scheme documents and the Regulations.

· The Fund Manager adhered to the investment powers granted and did not exceed the mandate conferred by the Trust Deed or the Regulations.

· Pricing, valuation, unit creation, and redemption processes were reviewed periodically and found to be in compliance with regulatory requirements.

3 Management of Conflicts of Interest

The Trustee confirms that:

· No conflicts of interest were identified that would prejudice the interests of the unit holders.

· The interests of all participants were treated as paramount in all matters relating to the scheme.

REPORT OF THE TRUSTEE

4 Review of Irregularities and Undesirable Practices

In line with regulatory obligations:

· The Trustee monitored the scheme for any irregularities or undesirable practices.

· Where concerns arise, the Trustee is required to notify the Fund Manager and, where not resolved, to notify the Authority.

· For the period under review, no irregularities or undesirable practices were observed.

5 Custody and Safeguarding of Assets

The Trustee has ensured that all scheme assets were properly held, registered, and safeguarded for the benefit of unit holders.

6 Trustee's Opinion

Based on the oversight performed during the year, the Trustee is satisfied that:

· The Scheme was managed in accordance with applicable regulations and the governing documents.

· The Fund Manager conducted its duties with due skill, care, and diligence.

· Unit holders' interests were adequately protected throughout the year.

Signed for and on behalf of the Corporate Trustee

KCB Bank Kenya Limited

For: KCB BANK KENYA LTD.

....

CORPORATE TRUSTEE

For: KCB BANK KENYA LTD.

....

CORPORATE TRUSTEE

Date : 30th March 2026

REPORT OF THE CUSTODIAN

In accordance with the Capital Markets (Collective Investment Schemes) Regulations, 2023 (the regulations) and the Custody Agreement between the Standard Charterd Bank Kenya Limited as the Custodians and Zimele Asset Management Company Limited as the Fund Manager, we confirm that for the year ended 31st December 2025:

- We have discharged the duties prescribed for a Custodian under Regulations 68 of the Regulations to Zimele Unit Trust Fixed Income Fund; and

- We have held the assets for the Zimele Unit Trust Fixed Income Fund, including securities and income that accrue thereof, to the order of the Fund Manager and facilitated the transfer, exchange or delivery in accordance with the instructions received from the Fund Manager

Signed on behalf of the Custodian on **30th March 2026**

Louise & Associates

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REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF ZIMELE UNIT TRUST - FIXED INCOME FUND

Opinion

We have audited the accompanying financial statements of Zimele Unit Trust - Fixed Income Fund set out on pages 13 to 29 which comprise of the statements of financial position at 31st December 2025 and the statements of profit and loss and other comprehensive income, changes in unit holders' balance and cash flows for the year ended and the notes to the financial statements, which include significant accounting policies and other explanatory information.
In our opinion, the financial statements give a true and fair view of the financial position of the Zimele Unit Trust - Fixed Income Fund at 31st December 2025 and of its financial performance and cash flows for the year that ended in accordance with International Financial Reporting Standards and the requirements of the Capital Markets (Collective Investments Schemes) Regulations, 2023

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.We are independent of the Trust in accordance with the International Ethics Standards Board for Accountants (IESBA), International Code of Ethics for Professional Accountants (including International Independence Standards) (the IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those that, in our professional judgement, were of most significance in our audit of the financial statements of the current period.We have determined that there are no key audit matters to communicate in our report.

Other information

The other information comprises Fund Manager and Professional advisors, Report of the Fund Manager, Statement of Fund Manager's Responsibilities, Fund manager's report and the Report of the Custodian which we obtained prior to the date of this auditor's report, and the rest of the other information in the Annual Report which are expected to be made available to us after that date, but does not include the financial statements and our auditor's report thereon. The Fund Manager is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion .

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in audit, or otherwise appears to be materially misstated.If, based on the work we have performed on the other information we have received prior to the date of this auditor's report we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF ZIMELE UNIT TRUST - FIXED INCOME FUND (CONT'D)

Responsibilities of the Fund Manager for the financial statements

The Fund Manager is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of Capital Markets Authority (Collective Investments Schemes) Regulations 2023, and for such internal control as the trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Fund Manager is responsible for assessing the Funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Fund Manager either intends to liquidate the fund or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

i) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

ii) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund managers' internal control.

iii) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

iv) Conclude on the appropriateness of the Fund managers' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events of conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

v) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

REPORT OF THE INDEPENDENT AUDITOR
TO THE MEMBERS OF ZIMELE UNIT TRUST - FIXED INCOME FUND (CONT'D)

Auditor's responsibilities for the audit of the financial statements

We communicate with the Fund Manager regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
From the matters communicated with the Fund Manager, we determine those matters that were of most significance in the audit of the financial statement of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal Requirements

We confirm that the financial statements have been properly prepared in accordance with the Capital Markets Authority (Collective investment Schemes) Regulations, 2023.
The Capital Markets Authority (Collective Investment Schemes) Regulations, 2023 also requires that in carrying out our audit we consider and report to you on the following matters:

i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii. In our opinion proper books of account have been kept by the Fund, so far as appears from our examination of those books; and

iii. The Fund 's balance sheet and profit and loss account, which are referred to as statement of financial position and statement of comprehensive income respectively in this report, are in agreement with the books of account

Engagement partner responsible for the audit resulting in this independent auditors report is :
CPA Louisa Okwaro, Practicing certificate number: P/2920

Louise & Associates

Louise & Associates
Certified Public Accountants
Nairobi, Kenya

LOUISE & ASSOCIATES P.O. Box 43272-00100 NRB 30 MAR 2026 CERTIFIED PUBLIC ACCOUNTANTS

Date: 30th March 2026

STATEMENT OF COMPREHENSIVE INCOME

	Note	2025 KES	2024 KES
INCOME			
Interest income : government securities	5	335,306,357	295,470,187
Interest income : bank deposits	6	37,165,753	68,680,739
Total income		**372,472,110**	**364,150,926**
EXPENDITURE			
Bank charges		2,489,917	1,664,020
Publication fees		345,000	382,000
Management fees		67,180,537	54,557,304
Trustee fees		9,351,535	7,581,362
Custody fees		11,961,666	9,657,915
CMA annual scheme fees		200,000	200,000
Secretarial fees		117,180	117,180
Audit fees		342,200	324,850
KYC Subscription		2,000,000	3,205,843
Allowance for expected credit loss		46,162	-
		94,034,197	**77,690,474**
Net surplus		**278,437,913**	**286,460,452**

STATEMENT OF FINANCIAL POSITION

	Notes	2025 KES	2024 KES
ASSETS			
Government securities	**7**	2,962,727,542	2,345,590,384
Corporate bonds	**8**	4,818,213	5,164,123
Bank deposits	**9**	801,210,377	435,000,000
Cash at banks	**10**	75,616,104	68,823,903
Interest receivables	**11**	113,191,522	115,774,524
Total assets		**3,957,563,759**	**2,970,352,934**
LIABILITIES			
Current liabilities			
Payables and accruals	**12**	1,790,734	1,877,173
		1,790,734	**1,877,173**
Long term liabilities			
Provision for impairment	**13**	46,162	-
		46,162	-
Equity			
Unit holders funds	**Page 17**	3,955,726,862	2,968,475,761
Total assets		**3,957,563,759**	**2,970,352,934**

The financial statements set out on pages 13 - 29 were approved by the Fund Manager and signed

on : **-30th March 2026**

Director

Director

STATEMENT OF UNIT HOLDER FUNDS

	Net Unit Holders funds	Retained Earnings	Change in Fair value of investments	Total
	KES	KES	KES	KES
FY 2024				
Balance as at 01-01-2024	2,416,754,892	428,335,809	(166,872,617)	2,678,218,084
Net contributions	(165,222,314)	-	-	(165,222,314)
Surplus for the period	-	286,460,452	-	286,460,452
Changes in fair value of investment	-	-	169,019,539	169,019,539
Balance as at 31-12-2024	**2,251,532,578**	**714,796,261**	**2,146,922**	**2,968,475,761**
FY 2025				
Balance as at 01-01-2025	2,251,532,578	714,796,261	2,146,922	2,968,475,761
Net contributions	564,954,796	-	-	564,954,796
Surplus for the period	-	278,437,913	-	278,437,913
Changes in fair value of investment	-	-	143,858,393	143,858,393
Balance as at 31-12-2025	**2,816,487,373**	**993,234,174**	**146,005,315**	**3,955,726,862**

STATEMENT OF CASH FLOWS

	Note	2025 KES	2024 KES
CASHFLOWS FROM OPERATING ACTIVITIES			
Surplus during the year		278,437,913	286,460,452
Operationg surplus before changes in working capital		**278,437,913**	**286,460,452**
Decrease /(increase) in receivables	*11*	2,583,002	(39,701,050)
(Decrease) /increase in payables	*12*	(86,439)	958,406
Net cash flows from operating activities		**280,934,476**	**247,717,809**
CASHFLOWS USED IN INVESTING ACTIVITIES			
Treasury bills	*14*	(83,391,354)	35,525,736
Treasury bonds	*14*	(533,745,804)	(289,021,121)
Corporate bonds	*14*	345,910	1,059,544
Call deposits	*14*	(366,210,377)	5,000,000
Net cash flows used in investing activities		**(983,001,625)**	**(247,435,841)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Net unit holder funds	*Page 17*	564,954,796	(165,222,314)
Provision for impairment	*13*	46,162	-
Changes in fair value of investments	*Page 17*	143,858,393	169,019,539
Net cash flows from financing activities		**708,859,351**	**3,797,225**
Total cash flows		**6,792,202**	**4,079,193**
Net cash inflows		6,792,202	4,079,193
Cash and cash equivalents at start of year		68,823,903	64,744,709
Cash and cash equivalents at the end of year	*10*	**75,616,104**	**68,823,903**

NOTES TO THE AUDITED FINANCIAL STATEMENTS

1 BASIS OF PREPERATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of preparation

The financial statements are prepared in accordance with and comply with International Financial Reporting Standards (IFRS). The Financial statements are prepared under the historical cost convention basis as modified by the carrying of available - for -sale investments at fair values.The financial statements are presented in Kenya Shillings (Kshs)

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contigent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the Trustee's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

1.2 Significant Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below :

(a) Revenue recognition

The income comprises of interest from fixed income securities. Interest income is recognised on a time proportion basis that takes into account the effective yield on the asset.

(b) Investments

The Fund classifies its investments depending on the purpose for which the investments were acquired. The appropriate classification of the Fund's investments is determined at the time of the purchase and re-evaluated on a regular basis as follows:

Investments intended to be held for an indefinite period of time, but which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale. These are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the balance sheet date or unless they will need to be sold to raise operating capital.

Purchases and sales of investments are recognised on the trade date, which the fund commits to purchase or sell the asset. The cost of purchase includes transaction costs. Available-for-sale investments are subsequenlty carried at fair value. Realised gains and losses arising from changes in the fair value of available-for -sale investments are recorded in the profit and loss account in the period in which they arise and are included in other operating income.

(c) Cash and cash equivalents

investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired. Cash and cash equivalents in the year are disclosed under Note 10 .

NOTES TO THE AUDITED FINANCIAL STATEMENTS

(d) Financial instruments

i) Financial assets

A financial asset or liability is recognised when the Fund becomes party to the contractual provisions of the instrument. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Fund has transferred substantially all risks and rewards of ownership.

ii) Classification of financial assets

The Fund classifies its financial assets at initial recognition based on the business model for managing the financial assets and the contractual cash flow characteristics of the assets. Financial assets are classified into the following categories:

a) Financial assets at fair value through profit or loss (FVTPL)

b) Financial assets at amortised cost

Investments in quoted securities, government securities, and collective investment schemes are classified as financial assets at fair value through profit or loss, as they are managed on a fair value basis and their performance is evaluated accordingly.
Financial assets are classified at amortised cost only where they are held within a business model whose objective is to collect contractual cash flows, and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest.

iii) Measurement of financial assets

At initial recognition, the Fund measures financial assets at fair value plus transaction costs, except for financial assets at fair value through profit or loss, where transaction costs are expensed in profit or loss. Subsequent measurement depends on classification:

- **Financial assets at fair value** through profit or loss are subsequently measured at fair value, with gains and losses arising from changes in fair value recognised in profit or loss.
- **Financial assets at amortised cost** are subsequently measured using the effective interest method, less any impairment losses.

NOTES TO THE AUDITED FINANCIAL STATEMENTS

(d) Financial instruments

iv) Impairment of financial assets

The Fund applies the expected credit loss (ECL) model to financial assets measured at amortised cost. No impairment loss is recognised on financial assets measured at fair value through profit or loss.

The Fund recognises a loss allowance at an amount equal to either 12-month expected credit losses (ECL) or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition:

Stage 1: Where credit risk has not increased significantly, 12-month ECL is recognised, and interest income is calculated on the gross carrying amount.

Stage 2: Where credit risk has increased significantly, lifetime ECL is recognised, and interest income continues to be calculated on the gross carrying amount.

Stage 3: Where the asset is credit-impaired, lifetime ECL is recognised, and interest income is calculated on the net carrying amount (i.e., net of ECL).

The Fund applies the simplified approach for receivables, recognising lifetime ECL from initial recognition. A financial asset is considered to have low credit risk where it has an investment-grade credit rating.

v) Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses and are measured as the present value of all cash shortfalls. ECLs are determined using the following key parameters:

Probability of Default (PD): the likelihood that a counterparty will default
Loss Given Default (LGD): the magnitude of the likely loss in the event of default
Exposure at Default (EAD): the expected exposure at the time of default

The Fund estimates these parameters using historical data, adjusted for forward-looking information. Financial instruments are grouped based on shared credit risk characteristics, including credit rating, instrument type, maturity, and industry.

(e) Financial liabilities

Financial liabilities are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.Accounts payable are classified as payables and other accruals where payment is due within one year or less (or in the normal operating cycle of the Fund if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

NOTES TO THE AUDITED FINANCIAL STATEMENTS

(f) Distribution

All income or loss arising from investment is distributed to unit holders after provision of all expenses. All distributions including unclaimed distributions are reinvested in the unit holder's

(g) Unit Holder Balances

Unitholders' funds are redeemable on demand at an amount equal to a proportionate share of the unit portfolio's net asset value. The balances are carried at the redemption amount that is payable at the financial reporting date if the holder exercised their right to redeem the balances.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATES

In the process of applying the Fund's accounting policies, management has made critical judgements and estimates, particularly in the classification, measurement, and valuation of financial instruments, as discussed in note 2(d). Estimates and judgements are continually evaluated and are based on historical experience, current conditions, and reasonable expectations of future events. Actual results may differ from these estimates.

Critical judgements

The following are the key areas where management has exercised judgement:

Classification of financial assets - Management determines the appropriate classification of financial assets at initial recognition based on the business model for managing the assets and the contractual cash flow characteristics, in line with IFRS 9. This affects subsequent measurement and impairment assessment.

Fair value of investments - Investments in quoted securities, government securities, and collective investment schemes are measured at fair value. For quoted investments, fair value is based on observable market prices. For unquoted or illiquid investments, management applies valuation techniques such as discounted cash flows or recent market transactions, which require judgement.

Key sources of estimation uncertainty

Impairment of financial assets - Estimating expected credit losses (ECL) for financial assets measured at amortised cost involves assumptions about probability of default, loss given default, and exposure at default, as well as forward-looking information. Changes in these assumptions could materially affect the loss allowance.

Valuation of complex or illiquid investments - For investments where observable market prices are not available, management applies valuation techniques that involve assumptions about future cash flows, discount rates, and market conditions. Small changes in these assumptions may have a significant impact on fair value.

NOTES TO THE AUDITED FINANCIAL STATEMENTS

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

4.1. Credit risk

Credit risk is the risk that a counterparty will fail to meet its contractual obligations, resulting in a financial loss to the Fund. The Fund is exposed to credit risk arising from bank balances, deposits with financial institutions, government securities, and interest receivables.The Fund manages credit risk by placing funds with reputable financial institutions and investing in high-quality government securities. The Fund Manager monitors the Fund's credit exposure on a continuous basis, with periodic reviews by the Investment Committee.The carrying amounts of financial assets represent the Fund's maximum exposure to credit risk as at 31 December 2025 and 2024.

The Fund's exposure is as follows:

Exposure Category	2025	2024	% of Total (2025)
Government securities	2,967,545,755	2,350,754,507	75.00%
Bank deposits (Call + Fixed)	801,210,377	435,000,000	20.30%
Cash at bank	75,616,104	68,823,903	1.90%
Interest receivables	113,191,522	115,774,524	2.90%
Total exposure	**3,957,563,758**	**2,970,352,934**	**100%**

Commentary:

The Fund's credit risk exposure is considered low and well managed, as the majority of its investments are in Government of Kenya securities, including treasury bonds, treasury bills, and infrastructure bonds. These instruments are backed by the sovereign, providing a high level of credit quality and security of capital.

In addition, the Fund maintains bank deposits and cash balances with licensed commercial banks, including both Tier 1 and Tier 2 institutions. Tier 1 banks offer strong capital adequacy, liquidity, and stability, while Tier 2 banks provide enhanced yields with acceptable credit profiles. All counterparties are regulated by the Central Bank of Kenya and are subject to continuous monitoring.

The Fund applies prudent diversification across counterparties and investment instruments, ensuring that no single exposure materially increases overall credit risk. Furthermore, the Fund's exposure to corporate debt instruments remains minimal and does not significantly impact the overall risk profile.

Based on the nature of the Fund's investments and the quality of its counterparties, expected credit losses are considered immaterial, and the Fund continues to maintain a strong credit risk position while safeguarding unit holders' investments.

NOTES TO THE AUDITED FINANCIAL STATEMENTS

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES*(Continued)*

4.2 Liquidity risk

Liquidity risk is the risk that the Fund may not be able to meet its financial obligations as they fall due or may be required to dispose of assets at unfavorable prices to meet redemption requests from unit holders.The Fund manages liquidity risk by maintaining a diversified portfolio of liquid assets, primarily consisting of government securities, bank deposits, and cash balances. Government securities are actively traded in the secondary market and can be liquidated when necessary, while short-term instruments such as treasury bills and bank deposits provide additional liquidity.
The table below shows the liquidity positions;

Liquidity Source	2025	2024	% of Total Assets (2025)
Cash at bank	75,616,104	68,823,903	1.90%
Bank deposits (Call + Fixed)	801,210,377	435,000,000	20.30%
Treasury bills (≤ 1 year)	85,075,713	-	2.20%
Total liquid assets	**961,902,194**	**503,823,903**	**24.30%**

Commentary:
The Fund maintains a prudent liquidity position to ensure that it can meet its obligations, including unit holder redemptions, as they fall due.
As at 31 December 2025, the Fund held liquid assets totaling approximately Kshs 962 million (2024: Kshs 504 million), comprising cash at bank, call and fixed deposits, and short-term treasury bills. This represents approximately 24% of total assets (2024: 17%), reflecting an improvement in the Fund's liquidity position.
Cash balances are held with regulated commercial banks, while bank deposits are placed with a mix of Tier 1 and Tier 2 institutions, ensuring both security and diversification. Call deposits are accessible on demand or short notice, providing an immediate source of liquidity.
In addition, the Fund's investment in government securities, although largely long-term in nature, is supported by an active secondary market, enabling the Fund to liquidate positions if required.
The Fund therefore maintains adequate liquidity buffers and is well positioned to meet redemption requests and operational requirements without significant impact on its investment portfolio.

NOTES TO THE AUDITED FINANCIAL STATEMENTS

4 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES(Continued)

4.3. Market risk

Market risk is the risk arising from changes in market prices, such as interest rates, equity prices and exchange rates which will affect the Fund's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

i) Cashflow and fair value interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Fund is primarily exposed to interest rate risk on government securities and bank deposits.The Fund manages interest rate risk by investing in instruments with varying maturities and monitoring prevailing market rates. The Fund's interest-bearing financial assets are commercial paper, government corporate bonds and deposits with financial institutions, which are at a fixed rate, and on which it is therefore not exposed to cash flow and interest rate risk. The Fund Manager regularly monitors financing options available to ensure optimum interest rates are obtained.

(ii) Foreign exchange risk:

Foreign exchange risk arises from changes in foreign currency exchange rates that may affect the Fund's financial position and cash flows. This risk typically relates to transactions and balances denominated in currencies other than the Fund's functional currency, including investments in foreign assets.
The Fund did not have any holdings in foreign currency denominated assets during the period and was therefore not exposed to foreign exchange risk.
At 31 December 2025, the Fund had no exposure to foreign exchange risk (2024: Nil).

(iii) Price risk

Price risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign exchange risk. This risk typically arises from investments in quoted equity instruments and other marketable securities.
At 31 December 2025, the Fund had no exposure to price risk (2024: Nil).

NOTES TO THE AUDITED FINANCIAL STATEMENTS

	2025 KES	2024 KES
5 INTEREST INCOME FROM INVESTMENTS		
Government securities	334,776,132	295,139,403
Corporate bonds	530,225	330,785
	335,306,357	**295,470,187**
6 INTEREST FROM BANK DEPOSITS		
Interest on bank deposits	31,304,311	68,680,739
Interest on fixed deposits	5,861,442	-
	37,165,753	**68,680,739**
7 GOVERNMENT SECURITIES		
Treasury bills	83,391,354	-
Treasury bonds	2,879,336,188	2,345,590,384
	2,962,727,542	**2,345,590,384**

Investments are stated at fair value as at the end of the financial year

	2025 KES	2024 KES
8 CORPORATE BONDS		
Corporate bonds	4,818,213	5,164,123
	4,818,213	**5,164,123**
9 BANK DEPOSITS		
Call deposits	365,000,000	435,000,000
Fixed deposits	436,210,377	-
	801,210,377	**435,000,000**
10 CASH AT BANK		
Standard Chartered Bank Custody a/c	41,359,660	27,799,129
Standard Chartered Bank Collection a/c	402,401	920,000
Standard Bank Collection	27,001	65,200
ABSA Bank collection a/c	1,870,554	56,060
ABSA Money Market Fund a/c	10,072	-
KCB Bank collection a/c 1	24,336,165	23,200,769
KCB Bank collection a/c 2	197,005	197,005
Safaricom MPESA disbursement	2,801,573	2,151,207
Safaricom MPESA collection	4,611,674	14,434,532
	75,616,104	**68,823,903**

NOTES TO THE AUDITED FINANCIAL STATEMENTS

	2025 KES	2024 KES
11 INTEREST RECEIVABLES		
Bank deposits	15,593,459	42,137,432
Fixed deposits	3,589,358	-
Corporate bond	196,584	231,001
Treasury bonds	92,127,761	73,406,092
Treasury bills	1,684,361	-
	113,191,522	**115,774,524**

Interest receivable includes interest earned but was not yet received at the end of the financial year

	2025 KES	2024 KES
12 PAYABLES AND ACCRUALS		
Audit fees	342,200	324,850
Trustee fees	918,583	24,757
Fund management fees	329,951	247,566
Know your customer (KYC) Payable	200,000	1,280,000
	1,790,734	**1,877,173**

13 PROVISION FOR IMPAIRMENT

Effect of IFRS 9 on the Fixed Deposits

	Band 1	Band 2	Band 3	Band 4	Band 5
Time Bands	Within 30 days	31 - 60	61- 90	91-120	Over 120
ECL Rate	0.00%	0.05%	0.10%	0.15%	0.20%
Accounts Receivable	20,867,177	92,324,345			-
Lifetime ECL	-	46,162	-	-	-
Lifetime ECL (2024)					-

NOTES TO THE AUDITED FINANCIAL STATEMENTS

14 MOVEMENT IN FINANCIAL ASSETS

Asset Category	Opening Balance	Additions	Disposals / Maturities	Net Movement	Closing Balance
	01-Jan-25				31-Dec-25
	KES	KES	KES	KES	KES
Government securities	2,350,754,507	617,137,158	(345,910)	616,791,248	2,967,545,755
Bank deposits	435,000,000	366,210,377	-	366,210,377	801,210,377
Interest receivables	115,774,524	-	(2,583,002)	(2,583,002)	113,191,522
Cash at bank	68,823,903	6,792,201	-	6,792,201	75,616,104
Total	**2,970,352,934**	**990,139,736**	**(2,928,912)**	**987,210,824**	**3,957,563,758**

The Fund's total financial assets increased from Kshs 2.97 billion in 2024 to Kshs 3.96 billion in 2025, representing a net growth of approximately Kshs 987 million during the year.

The growth was primarily driven by increased investments in government securities, which rose by approximately Kshs 617 million, reflecting the Fund's strategy of allocating capital to high-quality, sovereign-backed instruments that provide stable returns and capital preservation.

Bank deposits also increased significantly by Kshs 366 million, strengthening the Fund's liquidity position and enhancing its ability to meet short-term obligations and unit holder redemptions.

Interest receivables decreased marginally during the year as accrued income was realized, while cash balances increased slightly in line with operational requirements.

Overall, the Fund maintained a well-diversified portfolio with a continued focus on government securities and high-quality financial institutions. The increase in financial assets reflects both additional inflows and reinvestment of income, while maintaining a strong liquidity and risk management position.

NOTES TO THE AUDITED FINANCIAL STATEMENTS

15 MATURITY ANALYSIS PROFILE

The table below shows the maturity profile of the Fund's financial assets:

Maturity Band	2025	2024
Up to 1 year	95,139,223	131,342,513
1 to 3 years	120,685,153	113,987,800
3 to 5 years	190,190,431	204,502,723
Over 5 years	2,655,539,652	1,974,558,564
Total	**3,061,554,459**	**2,424,391,600**

The Fund's investment portfolio is predominantly concentrated in long-term fixed income securities. As at 31 December 2025, approximately 87% (2024: 81%) of the portfolio matures after five years. This reflects the Fund's strategy of locking in higher yields while maintaining capital preservation. Short-term exposures remain limited, supporting yield optimization while maintaining sufficient liquidity for operational needs.

16 RELATED PARTY BALANCES AND TRANSACTIONS

There were no significant related party transactions in the year ended 31st December 2025.

17 TAXATION

The fund is exempt from Income Tax . However the Fund withholds tax on interest distributed to Unit Holders on a regular basis.

18 CURRENCY

The financial statements are presented in Kenya Shillings.

19 CONTINGENT LIABILITY

There were no contingent liabilities as at 31st December 2025.

20 EVENTS AFTER THE REPORTING PERIOD

There were no material adjusting and non- adjusting events after the reporting period.