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**ZIMELE UNIT TRUST**  
**BALANCED FUND**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2025**

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**FUND MANAGER AND PROFESSIONAL ADVISORS**

- FUND MANAGER** : Zimele Asset Management Company Limited,  
: Ecobank Towers, 7th Floor,  
: Muindi Mbingu Street,  
: P.O. Box 76528-00508,  
: NAIROBI.
- TRUSTEES** : KCB Bank Kenya Limited,  
: KCB Tower, 7th Floor, Junction of Hospital and Kenya Road,  
: Upper Hill,  
: P.O. Box 30664 - 00100,  
: 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.

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**REPORT OF THE FUND MANAGER**

The Fund Manager has the pleasure of submitting the Zimele Unit Trust Balanced 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 Balanced Fund is to generate long term capital growth through investing the members' contributions in equities and Fixed 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 **374,664,508** (Kshs 274,668,230 in 2024)

**MEMBERSHIP**

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

	<b>2025</b>	<b>2024</b>
	<b>Members</b>	<b>Members</b>
At start of year	6,257	5,005
Entrants	8,347	1,256
Exits	(9)	(4)
At end of year	<u><u>14,595</u></u>	<u><u>6,257</u></u>

## **REPORT OF THE FUND MANAGER(CONTINUED)**

### **FY 2025 OVERVIEW**

#### **Dear Esteemed Unit Holders**

The year 2025 unfolded as a period of transition and consolidation for financial markets, following the sharp adjustments experienced in prior years. While macroeconomic conditions continued to stabilize both globally and locally, market sentiment remained sensitive to policy signals, fiscal developments, and global trade dynamics. For diversified investors, the year reaffirmed the value of balanced asset allocation and disciplined portfolio management.

#### **Economic and Market Environment**

Globally, 2025 was marked by easing inflationary pressures and a gradual shift toward more accommodative monetary conditions in major economies. However, renewed trade policy uncertainty, particularly around tariffs, and uneven global growth kept equity markets volatile. Investor attention increasingly shifted from policy announcements to corporate earnings resilience and balance sheet strength.

In Kenya, economic activity remained resilient, supported by agriculture, construction, and services, while inflation stayed within target ranges. The Central Bank of Kenya's measured easing of monetary policy contributed to improved liquidity conditions and supported investor confidence. The Kenya Shilling remained broadly stable over the year, helping to anchor foreign investor sentiment and reduce imported inflation pressures.

#### **Equity Market Performance and Portfolio Positioning**

The Zimele Balanced Fund's (ZBF) performance in 2025 was more closely linked to equity market dynamics, corporate fundamentals, and valuation recovery. After the strong rebound experienced in 2024, the equity market in 2025 entered a phase of normalization. Gains were more selective and driven by earnings visibility, balance sheet strength, and sector-specific growth prospects rather than broad-based market re-rating. Banking, telecommunications, and selected consumer stocks continued to anchor market performance, while some cyclical sectors remained sensitive to fiscal pressures and global demand conditions.

The fixed income component of the ZBF continued to play a stabilizing role, providing predictable income and cushioning against equity market fluctuations. Although yields moderated from the peaks observed in 2024, government securities and high-quality instruments continued to deliver competitive real returns. Declining interest rates also supported bond valuations, contributing positively to overall portfolio performance. The combination of equity growth potential and fixed income stability remained central to the Fund's balanced investment philosophy.

#### **Fund Performance and Risk Considerations**

In 2025, the ZBF delivered steady, risk-adjusted performance, reflecting the normalization of equity returns following the exceptional recovery recorded in the prior year. While returns moderated relative to 2024's unusually strong outcome, the Fund continued to outperform inflation and preserve long-term purchasing power for investors.

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**REPORT OF THE FUND MANAGER(CONTINUED)**

**FY 2025 OVERVIEW(Continued)**

**Fund Performance and Risk Considerations**

It is important to emphasize that balanced funds are inherently exposed to equity market volatility, and short-term performance may fluctuate in response to market conditions. As such, the ZBF is suitable for investors with a medium- to long-term investment horizon, who are able to remain invested through market cycles.

**Outlook and Investor Guidance**

Looking ahead, the investment environment is expected to remain mixed, with improving macroeconomic stability offset by fiscal constraints and external uncertainties. Equity markets are likely to be driven increasingly by fundamentals rather than liquidity alone, underscoring the importance of active stock selection and diversification.

Investors are encouraged to adopt a long-term, goal-oriented approach, including regular contributions to the Fund, regardless of short-term market movements. This disciplined strategy has historically helped investors smooth market volatility and benefit from compounding over time.

As we move forward, we remain committed to prudent asset allocation, active risk management and disciplined investment execution. The ZBF is well-positioned to navigate evolving market conditions while continuing to pursue sustainable long-term value for our unit holders.

We thank you for your continued trust, confidence and support.

**ZIMELE UNIT TRUST BALANCED FUND 5 YEAR COMPARATIVE PERFORMANCE**

*Table 1: Investment Performance Table*

<b>5 Year Comparative Investment performance</b>			
	<b>ZBF</b>	<b>Nasi Index</b>	<b>Inflation</b>
2025	24.63%	51.10%	4.07%
2024	41.80%	34.10%	4.50%
2023	-1.90%	-27.70%	7.70%
2022	13.70%	9.30%	6.10%
2021	0.90%	-8.40%	5.30%
<b>Average</b>	<b>15.83%</b>	<b>11.68%</b>	<b>5.53%</b>

*The performance of the ZBF over a 5-year period compared to the Nairobi All Share Index (NASI) and the overall rate of inflation as a proxy for purchasing power.*

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**REPORT OF THE FUND MANAGER(CONTINUED)**

**FY 2025 OVERVIEW(Continued)**

Over the five-year period, the Fund delivered an average annual return of 15.83%, exceeding both the NASI Index average return of 11.68% and average inflation of 5.53%. This demonstrates the Fund's ability to generate competitive long-term returns while maintaining the purchasing power of holdings.

Over the most recent three-year period (2023–2025), the Fund generated an average annual return of approximately 21.5%, compared to 19.2% for the NASI Index. This demonstrates the Fund's ability to deliver competitive returns over a market cycle while managing downside risk. It is important to note that returns such as the 41.80% achieved in 2024 occurred during a strong equity market recovery phase and should not be interpreted as typical annual performance. Financial markets move in cycles, with periods of strong gains followed by lower gains or even corrections. The Zimele Balanced Fund is structured to navigate these cycles prudently.

For investors with medium to long-term goals, the Fund's diversified structure aims to provide steady capital growth while reducing the impact of sharp market swings.

**Table 2: The Highest and Lowest Net Asset Values (NAV) in Yield Over 5 Year Period**

<b>Highest and Lowest Yields 5 Years Comparison</b>					
	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Highest Price	16.4994	13.1598	9.5274	9.8449	10.1126
Lowest Price	13.2608	9.2447	8.9326	9.1174	8.3312
Average Price	14.8801	11.1089	9.196	9.4122	9.3811

*Zimele Balanced Fund maintained a stable price throughout the year, with little to no volatility.*

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

	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Net Surplus for the Year	15,848,023	18,836,139	14,422,332	9,910,715	6,943,744
Surplus Distributed per Unit	0.04	0.07	0.74	0.52	0.35

*The ZBF net Surplus distribution over the 5-year period*

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

**Net Surplus Distribution Breakdown**

<b>Year</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Net Surplus for the Year	15,848,023	18,836,139	14,422,332	9,910,715	6,943,744
Surplus Distributed per Unit	0.04	0.07	0.74	0.52	0.35

*The ZBALF net Surplus distribution over the 5-year period shows an increasing net surplus per unit.*

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

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**REPORT OF THE FUND MANAGER**

**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) 2020-2025					
	2025	2024	2023	2022	2021
Total Fund Value	374,611,207	274,614,930	188,117,558	179,063,467	184,350,166
Price Per Unit	16.4014	13.1598	9.2796	9.4562	9.2634
Number of Units in Issue	22,840,197	20,867,713	20,272,162	18,936,091	19,900,842

*Overall, the Fund's growth reflects both positive market performance and increasing participation from investors pursuing medium- to long-term financial goals.*

**INVESTMENT OF FUNDS**

The funds are invested by the 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 4.05% 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	13,139,820
Average Net Asset Value	324,666,369
Total Expense Ratio	4.05%

**AUDITORS**

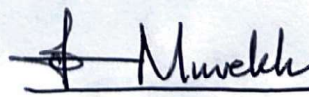
Louise & Associates, Certified Public Accountants, who were appointed in the financial year 2023, have expressed their willingness to continue in office.

**For the Fund Manager:**



Director

**Date. 30th March 2026**



Director

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**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 accept 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. They also accept 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 Balanced Fund is an approved Unit Trust within the meaning of Capital Markets Act; The unit- holders are not liable for the debts of the Unit Trust;

The Zimele Unit Trust Balanced Fund is a fund investing in equities and 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.

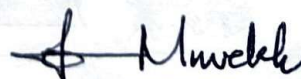
Nothing has come to the attention of the Fund Manager to indicate that the Fund will not remain a going concern for at least the twelve months from the date of this statement.

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 its behalf by:



Director



Director

## **REPORT OF THE CORPORATE TRUSTEE**

The Corporate Trustee of the Zimele Unit Trust Balanced 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.

### **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.

## REPORT OF THE CORPORATE TRUSTEE

### 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.

.....  
Date : 30th March 2026 CORPORATE TRUSTEE

For: KCB BANK KENYA LTD.

.....  
CORPORATE TRUSTEE

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**REPORT OF THE CUSTODIAN**

In accordance with the Capital Markets (Collective Investment Schemes) Regulations, 2023 (the regulations) and the Custody Agreement between the Standard Chartered 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 Balanced Fund; and
- We have held the assets for the Zimele Unit Trust Balanced 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 30<sup>th</sup> March 2026



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**REPORT OF THE INDEPENDENT AUDITOR  
TO THE MEMBERS OF ZIMELE UNIT TRUST - BALANCED FUND**

**Opinion**

We have audited the accompanying financial statements of Zimele Unit Trust - Balanced Fund set out on pages 12 to 20 which comprise of the statements of financial position at 31 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 - Balanced Fund at 31 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 thereon.

**REPORT OF THE INDEPENDENT AUDITOR  
TO THE MEMBERS OF ZIMELE UNIT TRUST - BALANCED FUND**

**Other information (continued)**

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.

**Responsibilities of 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 Fund Manager 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.

**REPORT OF THE INDEPENDENT AUDITOR  
TO THE MEMBERS OF ZIMELE UNIT TRUST - BALANCED FUND**

**Auditor's responsibilities for the audit of the financial statements(Continued)**

- 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.

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 Trustees, 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**

**Date: 30th March 2026**



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**STATEMENT OF COMPREHENSIVE INCOME**

	Note	2025 KES	2024 KES
<b>INCOME</b>			
Bank deposits	5	2,787,715	9,557,302
Unit trust investments	5	3,369,259	2,011,687
Treasury bonds	5	19,745,348	12,693,929
Gain on disposal of shares	6	6,398,112	-
Dividend income	7	5,548,192	3,737,970
<b>Total income</b>		<b>37,848,626</b>	<b>28,000,887</b>
<b>EXPENDITURE</b>			
Bank charges		9,890	17,737
Publication fees		36,712	33,678
Management fees		9,942,573	6,668,156
Trustee fees		881,877	618,932
Custody fees		1,232,363	881,412
CMA annual scheme fees		50,000	50,000
Secretarial fees		111,005	111,005
Audit fees		75,400	69,670
KYC fees		800,000	714,157
Allowance for expected credit loss		2,652	-
		<b>13,142,473</b>	<b>9,164,747</b>
<b>Net surplus</b>		<b>24,706,153</b>	<b>18,836,139</b>

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STATEMENT OF FINANCIAL POSITION

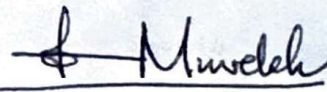
	Notes	2025 KES	2024 KES
<b>ASSETS</b>			
Unit trust investments	8	33,263,005	19,893,745
Government securities	9	176,633,090	110,204,378
Quoted equities	10	43,491,753	57,467,558
Bank deposits	11	109,872,911	74,500,000
Cash at banks	12	2,392,576	2,207,244
Interest receivables	13	9,011,173	10,395,305
<b>Total assets</b>		<b>374,664,508</b>	<b>274,668,230</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables and accruals	14	1,259,941	518,880
		<b>1,259,941</b>	<b>518,880</b>
<b>Long term liabilities</b>			
Provision for impairment	15	2,652	-
		<b>2,652</b>	-
<b>Equity</b>			
Unit holders balances	Page 16	373,401,914	274,149,350
<b>Total assets</b>		<b>374,664,508</b>	<b>274,668,230</b>

The financial statements set out on pages 12 - 20 were approved by the Fund Manager and signed

on : 30th March 2026



Director



Director

Zimele Unit Trust  
Balanced Fund  
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**STATEMENT OF CHANGES IN UNIT HOLDER BALANCES**

	Net Unit Holders funds	Retained earnings	Change in Fair value of investments	Total
	KES	KES	KES	KES
<b>FY 2024</b>				
Balance as at 01-01-2024	48,059,802	165,412,488	(25,354,732)	188,117,558
Net contributions	43,267,855	-	-	43,267,855
Surplus for the period	-	18,836,139	-	18,836,139
Changes in fair value of investment	-	-	23,927,798	23,927,798
<b>Balance as at 31-12-2024</b>	<b>91,327,657</b>	<b>184,248,627</b>	<b>(1,426,934)</b>	<b>274,149,350</b>
<b>FY 2025</b>				
Balance as at 01-01-2025	91,327,657	184,248,627	(1,426,934)	274,149,351
Net contributions	50,793,359	-	-	50,793,359
Surplus for the period	-	24,706,153	-	24,706,153
Changes in fair value of investment	-	-	23,753,051	23,753,051
<b>Balance as at 31-12-2025</b>	<b>142,121,017</b>	<b>208,954,781</b>	<b>22,326,117</b>	<b>373,401,914</b>

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**STATEMENT OF CASH FLOWS**

		<b>2025</b>	<b>2024</b>
		<b>KES</b>	<b>KES</b>
	<i>Note</i>		
<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>			
Surplus during the year		24,706,153	18,836,139
<b>Operationg surplus before changes in working capital</b>		<b>24,706,153</b>	<b>18,836,139</b>
		-	-
Decrease/(increase) in receivables	13	1,384,132	(6,603,219)
Increase/(decrease) in payables	14	741,061	(19,554)
<b>Net cash flows generated from operating activities</b>		<b>26,831,346</b>	<b>12,213,366</b>
<b>CASHFLOWS FROM INVESTING ACTIVITIES</b>			
Unit trust investments	16	(13,369,260)	(2,511,687)
Government securities	16	(66,428,712)	(22,862,314)
Quoted equities	16	13,975,806	(15,726,743)
Call deposits	16	(35,372,911)	(37,100,000)
<b>Net cash flows used in investing activities</b>		<b>(101,195,077)</b>	<b>(78,200,744)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net unit holder funds	(Page 16)	50,793,359	43,267,855
Provision for impairment	15	2,652	-
Changes in fair value of investments	(Page 16)	23,753,051	23,927,798
<b>Net cash flows from financing activities</b>		<b>74,549,063</b>	<b>67,195,653</b>
		<b>185,332</b>	<b>1,208,275</b>
Net cash inflows/outflows		185,332	1,208,275
Cash and cash equivalents at start of year		2,207,244	998,969
<b>Cash and cash equivalents at the end of year</b>	12	<b>2,392,576</b>	<b>2,207,244</b>

## **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 contingent 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**

##### **(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. Dividends are recognised as income in the period in which the right to receive payment is established.

##### **(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 subsequently 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**

For the purposes of the statement of cash flows, cash equivalents include short term liquid investments which are readily convertible into known amounts of cash and which were within three months of maturity when acquired.

## **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

### (e) 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.

### (f) 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

### (g) 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

### (h) 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:

Asset	2025	2024	2025
	KES	KES	% of Total Assets
Government securities	176,633,090	110,204,378	47.20%
Bank deposits (Call + Fixed)	109,872,911	74,500,000	29.30%
Cash at bank	2,392,576	2,207,244	0.60%
Interest receivables	9,011,173	10,395,305	2.40%
<b>Unit trust investments</b>	<b>33,263,005</b>	<b>19,893,745</b>	<b>8.90%</b>
<b>Total credit exposure</b>	<b>331,172,755</b>	<b>217,200,672</b>	<b>88.40%</b>

#### Commentary:

The Fund's credit risk exposure is considered low and well managed, as a significant portion of its portfolio is invested in Government of Kenya securities, including treasury bonds and infrastructure bonds. These instruments are backed by the sovereign, providing a high level of credit quality and capital security. The Fund also maintains bank deposits and cash balances with licensed commercial banks, including both Tier 1 and Tier 2 institutions. Tier 1 banks provide strong capital adequacy, liquidity, and stability, while Tier 2 banks offer enhanced yields within acceptable risk parameters. All counterparties are regulated by the Central Bank of Kenya and are subject to ongoing monitoring. Unit trust investments represent indirect exposure to diversified portfolios of underlying assets managed by professional fund managers, further reducing concentration risk.

The Fund applies prudent diversification across counterparties and investment instruments to ensure that no single exposure materially increases overall credit risk.

Interest receivables arise from accrued income on fixed income securities and are considered low risk due to the underlying high-quality instruments.

Based on the nature of the Fund's investments and the credit quality of its counterparties, expected credit losses are considered immaterial. The Fund therefore maintains a strong credit risk profile 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 (KES)	2024 (KES)	% of Total Assets (2025)
Cash at bank	2,392,576	2,207,244	0.60%
Bank deposits (Call + Fixed)	109,872,911	74,500,000	29.30%
Quoted equities	43,491,753	57,467,558	11.60%
Unit trust investments	33,263,005	19,893,745	8.90%
<b>Total liquid assets</b>	<b>189,020,245</b>	<b>154,068,547</b>	<b>50.40%</b>

**Commentary:**

The Fund maintains a strong 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 of approximately Kshs 189.0 million (2024: Kshs 154.1 million), representing approximately 50% of total assets (2024: 56%). Liquid assets comprise cash at bank, short-term bank deposits, quoted equities, and unit trust investments.

Bank deposits are placed with licensed commercial banks, including a mix of Tier 1 and Tier 2 institutions, providing both security and yield optimization. Call deposits are accessible on demand or within short notice, providing an immediate source of liquidity. Quoted equities are listed on regulated markets and can be liquidated relatively quickly under normal market conditions, while unit trust investments provide additional liquidity through redemption mechanisms. Although a significant portion of the Fund's portfolio is invested in government securities, these instruments are supported by an active secondary market, allowing the Fund to generate liquidity if required.

Overall, the Fund maintains adequate liquidity buffers and is well positioned to meet redemption requests and operational requirements without significant disruption to its investment strategy.

## 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).

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	<b>2025</b>	<b>2024</b>
	<b>KES</b>	<b>KES</b>
<b>5 INTEREST INCOME</b>		
Bank deposits	2,787,715	9,557,302
Unit trust investments	3,369,259	2,011,687
Treasury bonds	19,745,348	12,693,929
	<u>25,902,323</u>	<u>24,262,917</u>
<b>6 GAIN ON DISPOSAL OF SHARES</b>		
Net realised gains on disposal of shares	6,398,112	
	<u>6,398,112</u>	<u>-</u>
<b>7 DIVIDEND INCOME</b>		
Dividend income	5,548,192	3,737,970
	<u>5,548,192</u>	<u>3,737,970</u>
<b>8 UNIT TRUST INVESTMENTS</b>		
Investment in fixed income fund	33,263,005	19,893,745
	<u>33,263,005</u>	<u>19,893,745</u>
<b>9 GOVERNMENT SECURITIES</b>		
Treasury bonds & Infrastructure bonds	176,633,090	110,204,378
	<u>176,633,090</u>	<u>110,204,378</u>
<i>Investments are stated at fair value as at the end of the financial year</i>		
<b>10 QUOTED EQUITY</b>		
Commercial and services	43,491,753	57,467,558
	<u>43,491,753</u>	<u>57,467,558</u>
<b>11 BANK DEPOSITS</b>		
Call deposits	76,200,000	74,500,000
Fixed deposits	33,672,911	-
	<u>109,872,911</u>	<u>74,500,000</u>

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	<b>2025</b>	<b>2024</b>
	<b>KES</b>	<b>KES</b>
<b>12 CASH AT BANKS</b>		
For the purposes of the statement of cash flows, cash equivalents comprise of:		
Standard Chartered Bank Custody A/C	1,462,146	1,716,694
KCB Collection A/C	10,404	134,743
ABSA Bank Collection A/C	266,733	270,393
KCB disbursement A/C	6,665	6,665
MPESA Collection A/C	593,329	25,450
Standard Chartered Bank A/C	53,300	53,300
	<b><u>2,392,576</u></b>	<b><u>2,207,244</u></b>

**13 INTEREST RECEIVABLES**

Call deposits	3,355,298	7,332,206
Fixed deposits	351,029	-
Treasury bonds	5,304,847	3,063,099
	<b><u>9,011,173</u></b>	<b><u>10,395,305</u></b>

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

**14 PAYABLES AND ACCRUALS**

Audit fees	75,400	69,670
Management fees	999,051	65,228
Trustee fees	85,490	63,982
Know your customer (KYC) Payable	100,000	320,000
	<b><u>1,259,941</u></b>	<b><u>518,880</u></b>

**15 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%
	KES	KES	KES	KES	KES
Accounts Receivable	3,706,326	5,304,847			
Lifetime ECL	-	2,652	-	-	-
Lifetime ECL (2024)					-

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16 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
Unit trust investments	19,893,745	13,369,260	-	13,369,260	33,263,005
Government securities	110,204,378	66,428,712	-	66,428,712	176,633,090
Quoted equities	57,467,558	-	(13,975,805)	(13,975,805)	43,491,753
Bank deposits	74,500,000	35,372,911	-	35,372,911	109,872,911
Interest receivables	10,395,305	-	(1,384,132)	(1,384,132)	9,011,173
Cash at bank	2,207,244	185,332	-	185,332	2,392,576
<b>Total</b>	<b>274,668,230</b>	<b>115,356,215</b>	<b>(15,359,937)</b>	<b>99,996,278</b>	<b>374,664,508</b>

The Fund's total financial assets increased from Kshs 274.7 million in 2024 to Kshs 374.7 million in 2025, representing net growth of approximately Kshs 100.0 million during the year.

The increase was mainly driven by higher allocations to government securities, which rose by Kshs 66.4 million, and unit trust investments, which increased by Kshs 13.4 million. This reflects the Fund's balanced investment strategy of combining stable income-generating instruments with long-term growth assets. Bank deposits also increased by Kshs 35.4 million, strengthening the Fund's liquidity position. Quoted equities declined by Kshs 14.0 million, mainly reflecting disposals during the year. Interest receivables reduced marginally as accrued income was realized, while cash balances remained stable in line with operational needs.

Overall, the Fund maintained a diversified mix of fixed income securities, collective investment schemes, quoted equities, deposits, and cash balances, supporting both liquidity and long-term capital growth.

## NOTES TO THE AUDITED FINANCIAL STATEMENTS

### 17 MATURITY ANALYSIS PROFILE

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

Maturity Band	2025(KES)	2024(KES)
Up to 1 year	4,387,870	4,770,572
1 to 3 years	9,490,731	8,561,509
3 to 5 years	11,683,902	10,024,658
Over 5 years	156,375,434	89,910,738
<b>Total</b>	<b>181,937,937</b>	<b>113,267,477</b>

The Fund's bond portfolio remained predominantly concentrated in medium- to long-term securities. As at 31 December 2025, approximately 86% of the bond portfolio matured after five years, compared with approximately 79% in 2024. This indicates a stronger allocation to longer-dated bonds in 2025, consistent with the Fund's strategy of enhancing long-term returns while retaining a diversified fixed income component within the broader balanced portfolio. Short-term bond exposures remained relatively modest in both years, which is consistent with the Fund's objective of balancing liquidity needs with long-term income and capital growth.

### 18 RELATED PARTY BALANCES AND TRANSACTIONS

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

### 19 TAXATION

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

### 20 CURRENCY

The financial statements are presented in Kenya Shillings.

### 21 CONTINGENT LIABILITY

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

### 22 EVENTS AFTER THE REPORTING PERIOD

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