

Britam Balanced Fund Annual Report and Financial Statements

For the year ended 31 December 2025



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TRUSTEE AND ADVISORS TO THE FUND

FUND MANAGER

Britam Asset Managers (Kenya) Limited
Britam Centre, 5th Floor
Junction of Mara and Ragati Roads
Upper Hill
P.O. Box 30375-00100
Nairobi, Kenya

TRUSTEE

KCB Bank Kenya Limited
KCB Tower, 7th Floor, Upper Hill
P.O. Box 30664-00100
Nairobi, Kenya

CUSTODIAN

Standard Chartered Bank Kenya
Limited
Standard Chartered @ Chiromo, Level 5
48 Westlands Road
P O Box 40984-00100
Nairobi, Kenya

AUDITOR

Ernst & Young LLP
Certified Public Accountants
Kenya Re Towers, Upper Hill off Ragati
Road
P.O. Box 44286 - 00100
Nairobi, Kenya

LAWYER

CMS Daly Inamdar Advocates
ABC Place
Waiyaki Way
P.O. Box 40034-00100
Nairobi, Kenya

FUND MANAGER’S REPORT

The Fund Manager has the pleasure of submitting its report together with the audited financial statements of Britam Balanced Fund (the “Fund”) for the year ended 31 December 2025.

INVESTMENT OBJECTIVES

The objective of the Britam Balanced Fund is to achieve a reasonable level of current income and enhance capital growth. This is achieved by investing in a diversified spread of shares and fixed income securities.

The Fund will have a bias towards equities offering long term value. The key investment philosophies for the Britam Balanced Fund are:

- To maintain a balanced and optimal portfolio by investing in shares of companies with strong potential of growth and fixed income instruments with attractive yields.
- To achieve its performance objectives through well-researched and superior share selection.
- To invest in quality businesses diligently selected based upon attractive long-term fundamentals.

CHANGES TO INCORPORATION DOCUMENTS

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

FUND PERFORMANCE

The highest and lowest absolute yields for the last 5 years were as per the table below:

Year	2025	2024	2023	2022	2021
Highest yield %	173.79	139.79	141.21	148.00	152.22
Lowest yield %	152.92	134.80	132.31	134.63	147.17

INCOME DISTRIBUTION

The profit / (loss) realised by the Fund for the last 5 years has been distributed to the unit holders as per the table below.

Year	2025	2024	2023	2022	2021
Amount (Shs '000)	49,412	(11,813)	(19,725)	(6,090)	(25,077)

TOTAL VALUE OF THE FUND

The total book value of the Fund for the last 3 years is as per the below table.

Year	2025	2024	2023
Amount (Shs '000)	228,177	207,421	470,605

TOTAL EXPENSE RATIO (TER)

The total expense ratio of the Fund provides a measure of the total costs incurred to manage and operate the Fund. The TER for the year is as per below table.

Year	2025	2024
Total expenses for the year (Shs '000)	7,575	9,094
Management fees for the year (Shs '000)	6,332	7,419
Percentage management fee	2.78%	3.58%
Total expense ratio	3.32%	4.38%

AUDITOR

Ernst & Young LLP continues to be in office in accordance with the Fund's Trust Deed and Section 60 (1) of the Capital Markets Authority (Collective Investment Schemes) Regulations, 2023.

The Fund Manager monitors the effectiveness, objectivity and independence of the auditor. Trustee's oversight responsibility includes the approval of the audit engagement contract and the associated fees on behalf of the unit holders.

**By order of the Fund Manager,
Britam Asset Managers (Kenya) Limited**



TRUSTEE'S STATEMENT

For the year ended 31 December 2025

The Corporate Trustee of the Britam 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 Britam Asset Manager (Kenya) Limited (the "Fund Manager"), 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.

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.

By order of the Corporate Trustee
KCB Bank Kenya Limited

FUND MANAGER'S STATEMENT

For the year ended 31 December 2025

Dear Unit Holder,

The fundamental investment objective of the Britam Balanced Fund is dual, achieving a high level of current income and offering investors long term capital growth. To meet this objective, the Fund invests in a diversified spread of treasury securities, equities and fixed income securities of fundamentally sound businesses based within Kenya and the region. The Fund offers investors exposure to various asset classes by investing offshore as a hedge against long-term inflation and local currency weakness.

Britam Asset Managers (Kenya) Limited has an investment philosophy that ensures the Fund maintains a balanced and optimal portfolio. The fixed income portion of the Fund provides stability during volatile years in the markets. The equity portion is invested in companies with quality businesses which are trading at attractive valuations. We actively monitor and invest in companies that match our criteria, namely: consistent financial performance, specialized competitive advantage, positive earnings outlook and sound management.

Global GDP grew by **3.3%** for 2025 and is projected at **3.3%** for 2026; GDP growth is seen averaging **3.2%** in 2027-2029, driven by factors such as technology investments, fiscal support in major economies, and adaptive private sector responses. Global economic activity has shown resilience amid trade policy headwinds and geopolitical uncertainties. Kenya's economy grew by **4.9%** in 2025. This was a faster growth than what was recorded in 2024 at **4.7%**. The acceleration was amid a supportive economic environment characterized by lower interest rates and resilience in the service and agriculture sectors. Looking forward, we expect the accommodative monetary stance adopted by the CBK to support economic activity as the anticipated depreciation of the KES and the forecasted drier conditions in the country offset some of anticipated gains. Headline inflation came in at **4.5%** in December 2025 compared to a reading of **3.0%** in December 2024. Ample harvests in the country continued to pull food prices lower as the tight monetary policy saw activity drag to place the core inflation index at **2.0%** in December 2025.

The Central Bank's Monetary Policy Committee cut the benchmark rate by 25bps to **9.0%** in December 2025, noting improved inflation levels and a stabilized exchange rate. Similarly, yields on treasury bills declined in the last quarter of the year signaling moderation in interest rate movements. The 3-month Tbill closed the year at **7.73%** compared to **9.8%** at the end of 2024, while the yield curve fell by **1.9%** on average, which positively affected fixed income returns.

The Kenya Shilling showed relative stability in 2025 gaining **0.2%**, losing **12.8%** and losing **6.8%** against the US Dollar, Euro and Pound Sterling, respectively, to close the year at **KES 129.01/USD, KES 151.43/EUR** and **KES 173.65/GBP**. The stable Kenya Shilling performance was largely due to improved investor sentiments on the currency and the country following the successful repayment of the 2024 Eurobond, higher forex reserves and deceleration in economic activity.

The equities market recorded gains in stock prices as macro-economic concerns around Kenya eased. The recovery in equities was triggered by the partial repayment of the 2024 Eurobond which saw a significant improvement in the Kenyan macro-economic outlook, improvement in US Dollar liquidity, robust earnings performance and the increase in Kenya's allocation in frontier indices. Fed rate cuts in the last quarter of the year also supported the equities market performance. The NSE All Share Index was up by **51.2%** in the year.

Our disciplined investment strategy, coupled with the philosophy of investing in high-quality fixed income investments with attractive yields, will continue to benefit investors who invest in the Fund in the medium term. The Fund generated a return of **11.16%** during the year, compared to the benchmark return of **29.84%**.

We thank you for choosing to invest in Britam Money Market Fund. The team at Britam Asset Managers (Kenya) Limited looks forward to working closely with you in meeting and exceeding your financial and investment objectives. We extend our best wishes for 2026 .

REPORT OF THE CUSTODIAN

For the year ended 31 December 2025

In accordance with the Capital Markets (Collective Investment Schemes) Regulations, 2023 (the Regulations) Section 70 (d), information memorandum and the Custody Agreement between Standard Chartered Bank of Kenya Limited as the Custodians and Britam Asset Managers (Kenya) Limited as the Fund Manager, we confirm that for the year ended 31 December 2025:

1. We have discharged the duties prescribed for a Custodian under Section 68 of the Regulations, to the Britam Money Market Fund;
2. We have held the assets for the Britam 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.

For the year ended 31 December 2025, we have held the assets of the Britam Balanced Fund, which include title deeds, 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 in accordance with the provisions of the Capital Markets (Collective Investment Schemes) Regulations, 2023.

By order of the custodian

Standard Chartered Bank Kenya Limited



FINANCIAL STATEMENTS

For the year ended 31 December 2025

Statement of profit and loss and other comprehensive income

	31 Dec 2025	31 Dec 2024
	Shs'000	Shs'000
Income		
Interest income	14,006	974
Realised gains on investments	4,661	3,171
Other income	514	48
Fair value gain on investments at fair value through profit and loss	22,287	974
Realised gain on investments	15,523	5,712
Total profit / (loss)	56,991	(2,720)
Service fees	(7,575)	(9,094)
Expected credit (loss) / write back on investments	(4)	1
Total expenses	(7,579)	(9,093)
Profit / (loss) before income tax	49,412	(11,813)
Income tax expense	-	-
Profit / (loss) for the year	49,412	(11,813)
Other comprehensive income, net of tax	-	-
Total comprehensive income / (loss) for the year	49,412	(11,813)

The above Statement of Comprehensive Income is an extract from the Financial Statements which have been audited by Ernst & Young LLP and have received an unqualified opinion.

Statement of financial position

	31 Dec 2025	31 Dec 2024
	Shs'000	Shs'000
Assets		
Investment in government securities at fair value through profit and loss	129,505	-
Investment in unquoted offshore fund at fair value through profit and loss	-	6,394
Quoted ordinary shares at fair value through profit and loss	41,869	43,556
Investment in property fund at fair value through profit and loss	27,429	54,401
Deposits with financial institutions at amortized cost	29,630	103,943
Other receivables	58	-
Cash and bank balances	826	213
Total assets	229,317	208,507
Liabilities	1,140	1,086
Current liabilities	228,177	207,421
Accrued expenses	780	1,018
Withholding tax payable	360	68
Liabilities	228,177	207,421
Net assets attributable to unitholders	228,177	207,421
Fund Balance		
Unit holder balances	228,177	207,421

The above Statement of Financial Position is an extract from the Financial Statements which have been audited by Ernst & Young LLP and have received an unqualified opinion.

By order of the Fund Manager,
Britam Asset Managers (Kenya) Limited

*“Safeguarding
Dreams
and Aspirations”*

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