

Britam USD Fixed Income 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

FUND MANAGER’S REPORT

The Fund manager has the pleasure of submitting its report together with the audited financial statements of Britam USD Fixed Income Fund (the “Fund” or “Britam USD Fixed Income Fund”) for the 16 months period ended 31 December 2025.

INVESTMENT OBJECTIVES

The investment objective of the Britam USD Fixed Income Fund is to achieve a level of yield while protecting investor’s capital. To achieve this, the portfolio is invested in fixed income securities of various durations at attractive yields to ensure the return on the Fund is maximised.

CHANGES TO INCORPORATION DOCUMENTS

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

FUND PERFORMANCE

The highest and lowest absolute yields for the 16 months period ended 31 December 2025 were as per the table below:

16 months period	2025
Highest yield %	6.47%
Lowest yield %	4.95%

INCOME DISTRIBUTION

The profit realised by the Fund for the 16 months period ended 31 December 2025 has been distributed to the unit holders as per the table below.

16 months period	2025
Amount (Shs '000)	687,370

TOTAL VALUE OF THE FUND

The total book value of the Fund for the 16 months period ended 31 December 2025 is as per the below table.

16 months period	2025
Amount (Shs '000)	14,999,070

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 16 months period ended 31 December 2025 is as per below table.

Year	2025
Total expenses for the year (Shs '000)	237,268
Management fees for the year (Shs '000)	205,862
Percentage management fee	1.50%
Total expense ratio	1.58%

AUDITOR

Ernst & Young LLP were appointed 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. This 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

We, Standard Chartered Bank, Kenya Limited (the "Trustee"), in our capacity as trustee of the Fund, are required in terms of Section 132 of the Capital Markets (Collective Investment Schemes) regulation 2023, to satisfy ourselves that the Fund Manager has managed the scheme for the 16 months period ended 31 December 2025 in accordance with the limitations imposed on the investment and borrowing powers of the Fund Manager and trustee or custodian by the incorporation documents and the regulations.

Based on our records, and the Accounts, we hereby report that nothing has come to our attention that would lead us to believe anything other than:

- the fact that the Accounts fairly represent the assets and liabilities of every portfolio of the Scheme;
- the fact that the Accounts fairly represent the income and distribution of income of every portfolio of the Scheme; and
- the fact that the Fund Manager has administered the Scheme in accordance the provisions of the incorporation documents and the regulations.

Having assessed the Fund's ability to continue as a going concern, the Trustee is not aware of any material uncertainties related to events or conditions that may cast doubt upon the Fund's ability to continue as a going concern.

Sincerely,

By order of the Corporate Trustee

Standard Chartered Bank Kenya Limited



FUND MANAGER'S STATEMENT

For the year ended 31 December 2025

Dear Unit Holder,

The fundamental investment objective of the Britam Money Market Fund is to generate a high level of interest income while aiming for the preservation of capital. The Fund does this by investing primarily in fixed income securities of various terms issued by the Kenyan Government and fundamentally sound companies with a strong credit quality.

Britam Asset Managers (Kenya) Limited adopts an investment philosophy that ensures high risk adjusted returns for investors while optimizing overall portfolio risk. We employ a two-pronged strategy to achieve this objective. Firstly, the average term and duration of the portfolio are adjusted based on prevailing interest rate trends, within the acceptable tenors. Thus, as interest rates rise, the average term and duration of the portfolio are shortened, and as interest rates reach a peak or fall, the portfolio's duration and average term are extended.

Secondly, we strive for diversification through investing in corporate bonds and commercial papers which offer attractive spreads above treasury instruments while cushioning the portfolio against interest rate risk. The strategy involves purchasing these securities when the spreads are at their widest points and reducing holdings when corporate bond rates are at their narrowest point relative to rates on treasury instruments. This is all done in an environment of rigorous risk management by investing in fundamentally sound corporates to protect against default risk.

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.

The fund generated a return of **5.70%** during the year, compared to the benchmark return of **4.33%**. We thank you for choosing to invest in Britam USD Fixed Income 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 16 months period ended 31 December 2025:

1. We have discharged the duties prescribed for a Custodian under Regulation 68 of the Regulations, to the Britam USD Fixed income Fund; and
2. We have held the assets for the Britam USD 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.

For the year ended 31 December 2025, we have held the assets of the Britam Money Market 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
	USD
Income	
Interest income	882,658
Realised gains on investments	45,506
Total income	928,164
Service fees	(237,268)
Expected credit loss on investments	(3,526)
Total expenses	(240,794)
Profit before tax	687,370
Income tax expense	-
Profit for the period	687,370
Other comprehensive income, net of tax	-
Total comprehensive income for the year	687,370

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
	USD
Assets	
Government securities at amortized cost	10,850,265
Deposits with financial institutions	4,161,426
Cash and bank balances	20,600
Total assets	15,032,291
Liabilities	
Current liabilities	
Accrued expenses	26,473
Withholding tax payable	6,748
Liabilities	33,221
Net assets attributable to unitholders	14,999,070
Fund Balance	
Unit holder balances	14,999,070

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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