



BRITAM BALANCED FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2025

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Britam Balanced Fund
Trustee and Advisors to the Fund
For the year ended 31 December 2025

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
Kenya Re Towers, Upper hill
Off Ragati Road
P.O. Box 44286 – 00100 Nairobi

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

The Capital Markets (Licensing Requirements) (General) Regulations, 2023 requires the Fund Manager, to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Fund. The Fund Manager is also required to ensure that the Fund keeps proper accounting records that are sufficient to explain the transactions and financial position of the Fund; and that enables the Fund Manager to prepare financial statements from time to time that comply with prescribed financial reporting standards.

The Fund Manager accepts responsibility for the preparation and fair presentation of financial statements that are free from material misstatements whether due to fraud or error. The Fund Manager also accepts responsibility for:

- i) Designing, implementing and maintaining internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error;
- ii) Selecting and applying appropriate accounting policies and then applying them consistently; and
- iii) Making accounting estimates and judgements that are reasonable in the circumstances.

The Fund Manager acknowledges that the independent audit of the financial statements does not relieve it of its responsibility.

Having assessed the Fund's ability to continue as a going concern, except as disclosed in note 2(H), the Fund manager 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.

Approved by the Fund Manager on 31 March 2026 and signed on its behalf by:

For Britam Balanced Fund


Authorised Representative


Authorised Representative

The Fund Manager has the pleasure of submitting its report together with the audited financial statements of Britam Balanced Fund (the "Fund" or "Britam Balanced 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 the lowest bid prices for the last 5 years were as per the table below.

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

INCOME DISTRIBUTION

The profit / (losses) 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%

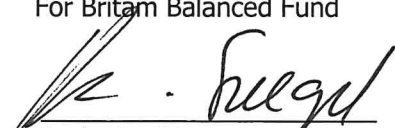
AUDITOR

Ernst & Young LLP continue 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.

Approved by the Fund Manager on 31 March 2026 and signed on its behalf by:

For Britam Balanced Fund


Authorized Representative


Authorized Representative

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

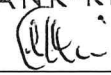
The Trustee has ensured that all scheme assets were properly held, registered, and safeguarded for the benefit of unit holders.

7. 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.

.....Authorized Signatory.....
CORPORATE TRUSTEE

31 March 2026

FOR: KCB BANK KENYA LTD.

.....Authorized Signatory.....
.....31 March 2026.....
CORPORATE TRUSTEE

Dear Unit Holder,

The fundamental investment objective of the Britam Balanced Fund (the "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 T-bill 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.

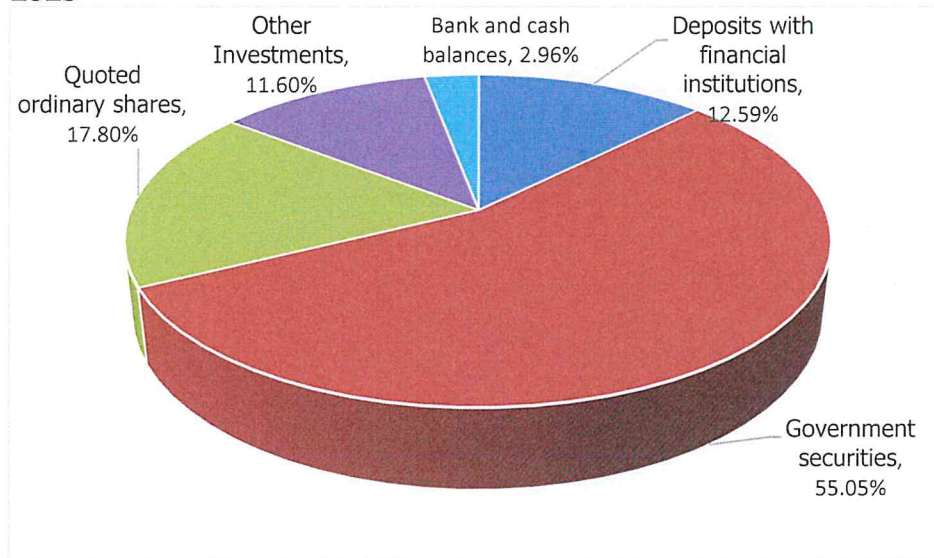
The Fund generated a return of 11.16% during the year, compared to the benchmark return of 29.84%.

We thank you for your choice of investing in Britam Balanced 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.

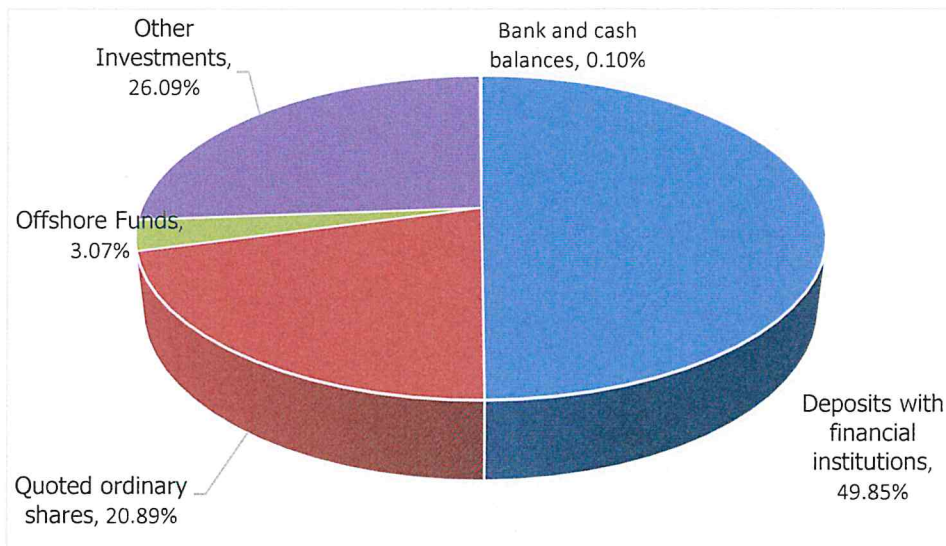
We extend our best wishes for 2026.

Asset Allocation Structure: Britam Balanced Fund

2025



2024



Yours sincerely,

Signed on behalf of the Britam Asset Managers (Kenya) Limited

31 March 2026

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:

- We have discharged the duties prescribed for a Custodian under Regulation 35 of the Regulations, to the Britam Balanced Fund;
- 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 of Kenya Limited

31 March 2026

**INDEPENDENT AUDITOR'S REPORT
TO THE UNIT HOLDERS OF BRITAM BALANCED FUND
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

Opinion

We have audited the financial statements of Britam Balanced Fund (the "Fund") set out on pages 12 to 33 which comprise the statement of financial position as at 31 December 2025, and the statement of profit or loss and other comprehensive income, the statement of changes in unit holders' balances and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Fund as of 31 December 2025, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Capital Markets Act and the Capital Markets (Collective Investments Schemes) Regulations, 2023 of Kenya.

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 Fund in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) as applicable to audits of financial statements of public interest entities, and other independence requirements applicable to performing audits of financial statements of the Fund and in Kenya. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits of the Fund and in Kenya. 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 matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Accounting for Financial Investments	
<p>As indicated in Note 9 to the financial statements, the Fund held investments of Shs 30 million (2024: Shs 103 million) in fixed deposits with financial institution. These financial investments comprise of 13% (2024:50%) of the Fund's total assets. Interest earned from the financial investments amounted to Shs 14 million (2024: Shs 1 million).</p> <p>Due to the significance of the amounts involved, the recognition of revenue has been considered a key audit matter.</p> <p>Refer to Note 2(d) for the accounting policy and Note 9(ii) for other disclosures on the accounting for financial investments.</p>	<p>Our audit procedures included, but were not limited to, the following:</p> <ul style="list-style-type: none"> • Understood the investment process including the related interest income recognition process. • Compared the interest rates used to compute interest income with the contractual interest rates for the investments. • Recalculated the interest income using the applicable effective interest rates and the investment balances and compared with the Fund's management. • Obtained confirmations for the financial investments balances from counterparties and compared the amounts confirmed with those in the Fund's books of account and evaluated that any variances were reconciled. • Evaluated that the disclosures on revenue recognition were complete and accurate.

Other Information

The Fund Manager is responsible for the other information. The other information comprises the information included on pages 1 to 8 of the document titled "Britam Balanced Fund Annual Report and Financial Statements for the year ended 31 December 2025", which includes the Report of Trustee, Fund Manager's Report, Report of Custodian as required by Capital Markets (Collective Investments Schemes) Regulations, 2023 of Kenya, Trustee and Advisors to the Fund and Statement of Fund Manager's Responsibilities, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, 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 the Fund Manager for the Financial Statements

The Fund Manager is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Capital markets Authority (Collective Investments Schemes) Regulations, 2023 of Kenya, and for such internal control as the Fund Manager determine 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 Fund's 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 intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.



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REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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 scepticism throughout the audit. We also:

- 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.
- 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Fund Manager.
- Conclude on the appropriateness of the Fund Manager's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- 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 Fund Manager, we determine those matters that were of most significance in the audit of the financial statements 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.

The engagement partner responsible for the audit resulting in this independent auditor's report is CPA Denis Mugisha, Practicing Certificate Number 2773.

For and on behalf of Ernst & Young LLP
Certified Public Accountants
Nairobi, Kenya

31 March
.....2026



Britam Balanced Fund
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2025

	Notes	2025 Shs '000	2024 Shs '000
Income			
Interest income	5(i)	14,006	974
Dividend income	5(ii)	4,661	3,171
Other income	5(iii)	514	48
Fair value gain on investments at fair value through profit or loss	9(ii)	22,287	5,712
Realised gain / (loss) on investments	6	15,523	(12,625)
		<hr/>	<hr/>
Total profit / (loss)		56,991	(2,720)
		<hr/>	<hr/>
Service fees	7	(7,575)	(9,094)
Expected credit (loss) / write back on investments	9(iv)	(4)	1
		<hr/>	<hr/>
Total expenses		(7,579)	(9,093)
		<hr/>	<hr/>
Profit / (loss) before income tax		49,412	(11,813)
Income tax expense	8	-	-
		<hr/>	<hr/>
Profit / (loss) for the year, net of tax		49,412	(11,813)
Other comprehensive income		-	
		<hr/>	<hr/>
Total comprehensive income / (loss) for the year, net of tax		49,412	(11,813)
		<hr/> <hr/>	<hr/> <hr/>


Britam Balanced Fund
Statement of financial position
As at 31 December 2025

	Notes	2025 Shs '000	2024 Shs '000
Assets			
Investment in government securities at fair value through profit or loss	9(ii)	129,505	-
Investment in unquoted offshore fund at fair value through profit or loss	9(ii)	-	6,394
Quoted ordinary shares at fair value through profit or loss	9(ii)	41,869	43,556
Investment in property fund at fair value through profit or loss	9(ii)	27,429	54,401
Deposits with financial institutions at amortized cost	9(ii)	29,630	103,943
Other receivables	11	58	-
Cash and bank balances	10	826	213
		<hr/>	<hr/>
Total assets		229,317	208,507
Liabilities			
Current liabilities			
Accrued expenses	13	780	1,018
Withholding tax payable	8	360	68
		<hr/>	<hr/>
Total liabilities		1,140	1,086
		<hr/>	<hr/>
Net assets attributable to unitholders	12	<u>228,177</u>	<u>207,421</u>
Fund Balance			
Unit holder balances		<u>228,177</u>	<u>207,421</u>

The financial statements on pages 12 to 33 were approved and authorised for issue by the Fund

Manager on 31 March 2026 and signed on its behalf by:


Authorized Representative


Authorized Representative

Britam Balanced Fund
Statement of changes in unit holders' balances
For the year ended 31 December 2025

	Notes	2025 Shs'000	2024 Shs'000
At start of year		207,421	470,605
Total comprehensive income / (loss) distributed to unit holders		49,412	(11,813)
<i>Transactions with unit holders:</i>			
Additional units purchased	12	18,516	81,276
Units liquidated	12	(47,172)	(332,647)
Total transactions with unit holders		(28,656)	(251,371)
At end of year		228,177	207,421

Britam Balanced Fund
Statement of cash flows
For the year ended 31 December 2025

	Notes	2025 Shs '000	2024 Shs '000
Cash flows from operating activities			
Service fees paid		(7,812)	(23,696)
Net movement in withholding tax		292	45
Additional placements of bank deposits	9 (ii)	(821,775)	(234,260)
Purchase of government securities	9 (ii)	(679,641)	-
Purchase of quoted ordinary shares	9 (ii)	(1,716)	-
Interest, dividends and realised gains / (loss) received	9(v)	31,646	(8,734)
Proceeds from sale of government securities	9 (ii)	555,959	-
Proceeds on maturity of deposits	9 (ii)	895,976	133,810
Proceeds from sale of quoted shares	9 (ii)	17,268	585
Proceeds from sale of offshore funds	9 (ii)	6,394	44,971
Proceeds from sale of investment in property fund	9 (ii)	32,678	338,745
		<hr/>	<hr/>
Net cash generated from operating activities		29,269	251,466
		<hr/>	<hr/>
Cash flows from financing activities			
Additional contribution from unit holders	12	18,516	81,276
Liquidations by unit holders	12	(47,172)	(332,647)
		<hr/>	<hr/>
Net cash used in financing activities		(28,656)	(251,371)
		<hr/>	<hr/>
Net increase in cash and cash equivalents		613	95
Cash and cash equivalents at start of year		213	118
		<hr/>	<hr/>
Cash and cash equivalents at end of year	10	826	213
		<hr/> <hr/>	<hr/> <hr/>

1. General information

Britam Balanced Fund (the "Fund") started operations on 1 July 2005. The Fund is governed by a Trust Deed dated 7th June 2005, is registered under the Capital Markets Authority Act and is domiciled in Kenya. The holders are not liable for the debts of the fund. The address of its registered office is:

Britam Centre
Junction of Mara and Ragati Roads
Upper Hill
P.O. Box 30375-00100
Nairobi, Kenya

2. Material accounting policies

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

A. Basis of preparation

The financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB) applicable to companies reporting under IFRS and the requirements of the Capital Markets Authorities Act. The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The financial statements are presented in Kenyan Shillings (Shs), rounded to the nearest thousand.

The preparation of financial statements in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

B. Adoption of new and revised International Financial Reporting Standards (IFRS)

i) New and revised standards adopted by the Fund

The following new and revised IFRSs were effective in the current year and had no material impact on the amounts reported in these financial statements:

a) Amendments to IAS 21, 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability (Amendments to IAS 21)

An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

The above amendment did not have a material impact on the Fund's financial statements.

2. Material accounting policies (continued)

B. Adoption of new and revised International Financial Reporting Standards (IFRS) (continued)

ii) New standards and interpretations issued but not effective in the year ended 31 December 2025

At the date of authorisation of this financial statement the fund has not applied the following new and revised IFRS standard that have been issued but are not yet effective.

New standards and interpretations in issue not yet adopted	Effective for annual periods beginning on or after
Amendment to IFRS 9, "Financial Instruments" and IFRS 7, "Financial Instruments: Disclosures" - Classification and Measurement of Financial Instruments	1 January 2026
Amendment to IFRS 9 and IFRS 7 - Contracts Referencing Nature-dependent Electricity	1 January 2026
IFRS 18, 'Presentation and Disclosure in Financial Statements'	1 January 2027
IFRS 19, 'Subsidiaries without Public Accountability: Disclosures and amendment	1 January 2027
Amendment to IFRS 19, Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendment to IAS 21 - Translation to a Hyperinflationary Presentation Currency	1 January 2027
Amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS 36 and IAS 37- Disclosures about Uncertainties in the Financial Statements	Not Determined

Amendment to IFRS 9, "Financial Instruments" and IFRS 7, "Financial Instruments: Disclosures" - Classification and Measurement of Financial Instruments

These amendments:

- clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system.
- clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion.
- add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and
- make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).

Amendment to IFRS 9 and IFRS 7 - Contracts Referencing Nature - Dependent Electricity

These amendments change the 'own use' and hedge accounting requirements of IFRS 9 and include targeted disclosure requirements to IFRS 7. These amendments apply only to contracts that expose an entity to variability in the underlying amount of electricity because the source of its generation depends on uncontrollable natural conditions (such as the weather). These are described as 'contracts referencing nature- dependent electricity'.

2. Material accounting policies (continued)

Adoption of new and revised International Financial Reporting Standards (IFRS) (continued)

(ii) New standards and interpretations in issue not yet adopted (continued)

IFRS 18, 'Presentation and Disclosure in Financial Statements'

The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.

IFRS 18 replaces IAS 1 'Presentation of Financial Statements' and focuses on updates to the statement of profit or loss with a focus on the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

Many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'.

IFRS 19, 'Subsidiaries without Public Accountability'

The objective of IFRS 19 is to provide reduced disclosure requirements for subsidiaries, with a parent that applies the Accounting Standards in its financial statements.

IFRS 19 is a voluntary Accounting Standard that eligible subsidiaries can apply when preparing their own financial statements.

Amendment to IFRS 19, 'Subsidiaries without Public Accountability: Disclosures

These amendments help eligible subsidiaries by reducing disclosure requirements for Standards and amendments issued between February 2021 and May 2024, specifically:

- IFRS 18 Presentation and Disclosure in Financial Statements; Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7);
- International Tax Reform—Pillar Two Model Rules (Amendments to IAS 12);
- Lack of Exchangeability (Amendments to IAS 21); and Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7).

The Fund does not apply the above standards, until they become effective. Based on their assessment of the potential impact of the application of the above, none of the above standards is expected to have a material impact on the Fund's financial statements in the current or future reporting periods and on near future transactions.

C. Foreign currency translation

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in Kenyan Shillings ("Shs"), rounded to the nearest thousand which is the Fund's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

2. Material accounting policies (continued)

D. Revenue recognition

Interest income is recognised on a time proportion basis that takes into account the effective yield on the asset. Interest income includes interest from cash and cash equivalents.

Dividend income is recognized when the right to receive payment is established, provided that it is probable that economic benefits will flow to the entity and the amount can be reliably measured.

E. Financial instruments

(i) Classification

The Fund classifies its financial assets in the following measurement categories: those to be measured subsequently at fair value, and those to be measured at amortised cost.

(ii) Recognition and derecognition

Financial assets are recognised when the entity becomes a party to the contractual provisions of the instrument.

Regular purchases and sales of financial assets are recognised on the trade-date, the date on which the Fund commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Fund measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate securities.

Classification and subsequent measurement of debt instruments depend on:

- (i) The Fund's business model for managing the financial assets; and
- (ii) The cash flow characteristics of the asset.

Based on these factors, the Fund classifies its debt instruments into one of the following three measurement categories:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/ (losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/ (losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

2. Material accounting policies (continued)

E. Financial instruments (continued)

(iii) Measurement (continued)

Debt instruments (continued)

FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/ (losses) in the period in which it arises.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The Fund subsequently measures all equity investments at fair value. Where the Fund's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/ (losses) in the statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iv) Determination of fair value

For financial instruments traded in active markets, the determination of fair values of financial assets and financial liabilities is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This includes listed equity securities and quoted debt instruments on the Stock Exchange. The quoted market price used for financial assets held is the current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. For example, a market is inactive when there is a wide bid-offer spread or significant increase in the bid-offer spread or there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs existing at the dates of the statement of financial position.

Fair values are categorised into three levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2. Material accounting policies (continued)

Financial instruments (continued)

(v) Impairment

The Fund assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade receivables and for financial instruments for which: (a) the credit risk has increased significantly since initial recognition; or (b) there is observable evidence of impairment (a credit-impaired financial asset). If, at the reporting date, the credit risk on a financial asset other than a trade receivable has not increased significantly since initial recognition, the loss allowance is measured for that financial instrument at an amount equal to 12-month expected credit losses. All changes in the loss allowance are recognised in profit or loss as impairment gains or losses.

The Fund will recognise loss allowances at an amount equal to lifetime ECLs, except in the following cases, for which the amount recognised will be 12-month ECLs:

- a. Debt instruments that are determined to have low credit risk at the reporting date. The Fund will consider a debt instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment-grade' and investments in Government securities; and
- b. Other financial instruments for which credit risk has not increased significantly since initial recognition.

In applying IFRS 9 impairment requirements, the Fund follows the general approach for all its financial assets.

The General Approach

Under the general approach, at each reporting date, the Fund determines whether the financial asset is in one of three stages in order to determine both the amount of ECL to recognise as well as how interest income should be recognised.

- Stage 1 - where credit risk has not increased significantly since initial recognition. For financial assets in stage 1, the Fund will recognise 12-month ECL and recognise interest income on a gross basis – this means that interest will be calculated on the gross carrying amount of the financial asset before adjusting for ECL.
- Stage 2 - where credit risk has increased significantly since initial recognition. When a financial asset transfers to stage 2, the Fund will recognise lifetime ECL, but interest income will continue to be recognised on a gross basis.
- Stage 3 - where the financial asset is credit impaired. This is effectively the point at which there has been an incurred loss event. For financial assets in stage 3, the Fund will continue to recognise lifetime ECL, but they will now recognise interest income on a net basis. As such, interest income will be calculated based on the gross carrying amount of the financial asset less ECL.

The changes in the loss allowance balance are recognised in profit or loss as an impairment gain or loss.

E. Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the group or the counterparty.

F. Distribution

All income or loss arising from operations is distributed to unit holders after provision for expenses. All distributions including unclaimed distributions are reinvested in the unit holders' account.

2. Material accounting policies (continued)

F. Unit holder balances

Unit holders' 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.

G. Cash and cash equivalents

Cash and cash equivalent are carried in the statement of financial position at cost. For the purposes of the statement of cash flow, cash and cash equivalents comprise cash at bank and deposits held at call with banks maturing within three months from the contract dates.

H. Going Concern

As disclosed in Note 4 to the financial statements, the Fund's investment in the sub-category of 'other alternative investments' is at 11.65% of total assets. This is above the maximum allowed percentage of 10% as stipulated in Regulation 102 of the Capital Markets (Collective Investments Schemes) Regulations, 2023. CMA may revoke or suspend a license if the Fund carries out any activity outside the scope of the licensed or approved activities or has contravened or failed to comply with any condition applicable in respect of the licence.

As such, in addition to not complying with the regulatory requirements, the matter is an indicator that could give rise to uncertainty related to the Fund's ability to continue as a going concern. The uncertainty arises from the regulatory consequence of noncompliance with the maximum requirement of other alternative investment in that the regulator may suspend or revoke the Fund's licence. The Fund manager has made an assessment of the Fund's ability to continue as a going concern and concluded that despite that regulatory requirement, there is no material uncertainty related to going concern, and that the Fund will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. This assessment is based on the following:

- The Fund's asset manager, Britam Asset Managers Kenya Limited, updates CMA on a monthly basis regarding the compliance status of the Fund including the following steps being taken to ensure that the Fund reverts back to a fully compliant status.
 - The Fund has invested in Baam Real Estate Fund (BREF), which falls in the "other alternative investment" sub-category. BREF holds 2 property assets, that is, Valley Front Developments LLP (Lukenya) and Mikado Properties LLP (Mlolongo). The sale of the Lukenya property was completed in 2024 and collections received to date amount to KShs 4.2 million. BREF continues to explore various avenues to expedite the collection of the outstanding balance amounting to KShs 570 million. BREF's allocation in the Fund is expected to reduce further as collections are made from the purchaser of Lukenya land and hence, a reduction in the percentage of other alternative investments sub-category.

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the compliance issue regarding the limit for the sub-category 'other alternative investments', will be remediated and that CMA will not suspend or revoke the Fund's license following the issuance of these financial statements which indicate that the investment in other alternative investments is above the maximum regulatory requirements. The Fund Manager has therefore presumed that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances. Areas involving a higher degree of judgement or complexity or where assumptions and estimates are significant to the financial statements relate to classification of and valuation of assets. In addition, judgement is required in determination of whether the assets are impaired and tax status of the Fund as disclosed in Note 6

The measurement of the expected credit loss allowance for financial assets is an area that requires the use of models and significant assumptions about future economic conditions and credit behaviour. number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining the criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing groups of similar financial assets for the purposes of measuring ECL;
- Determining the relevant period of exposure to credit risk; and
- Determining the appropriate business models and assessing the "solely payments of principal and interest (SPPI)" requirements for financial assets.

4. Financial risk management objective and policies

The Fund's activities expose it to a variety of financial risks, including credit risk, liquidity risk and the effects of changes in market prices and interest rates. The Fund's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance. There is no concentration of risk at year end.

Risk management is carried out by the Fund Manager, Britam Asset Managers (Kenya) Limited. Britam Asset Managers (Kenya) Limited identifies, evaluates and manages financial risks, with emphasis on specific areas such as interest rate risk, credit risk and investing excess liquidity. The Fund's risk management policies include the use of guidelines governing the acceptance of clients and investment policies are in place which help manage liquidity and seek to maximise return within an acceptable level of interest rate risk.

4. Financial risk management objective and policies (continued)

The Capital Markets Authority (CMA) sets out that the fund shall be invested in all eligible asset classes all times provided that the investments in money market, equities and fixed income instruments shall each have a maximum exposure of 60% of the market value of assets under management.

- Unlisted securities in the EAC – 10%
- Other collective investment schemes including umbrella schemes – 20%
- Other securities not listed on a securities exchange in Kenya – 20%
- Investment un an interest-bearing account, financial product issued by a bank/financial institution – 25%
- Off-shore listed investments – 10%
- Off-shore unlisted investments – 5%
- Related Party balances – 10%

The tables below summarise the Fund's asset allocation as at 31 December 2025 and 2024 in comparison to the CMA limits:

As at 31 December 2025

Security	Market Value Shs' 000	%	Maximum allowed	Breach %
Cash & fixed income securities	36,595	15.55%	60%	-
Securities listed on a securities exchange in Kenya	171,374	72.80%	100%	-
Other alternative investments	27,429	11.65%	10%	1.65%
Total	235,398	100%		

As at 31 December 2024

Security	Market Value Shs' 000	%	Maximum allowed	Breach %
Cash & fixed income securities	104,156	49.95%	60%	-
Equities	43,556	20.89%	60%	-
Offshore unlisted securities	6,394	3.07%	5%	-
Other alternative investments	54,401	26.09%	10%	16.09%
Total	208,507	100%		

As at the year end, the Fund was in breach of the unlisted securities limit by 1.65% (2024:16.09%). The significant reduction from the prior year is attributable to the continuous efforts by the Fund Manager to ensure the Fund moves towards full compliance with the CMA limits. The Fund manager maintains ongoing communication with the regulator providing monthly updates on the Fund's progress for their review and acknowledgement.

4. Financial risk management objective and policies (continued)

Market risk

(i) Foreign exchange risk

As at 31 December 2025, the Fund had no exposure to foreign exchange risk. The Fund had disposed all the investments in offshore instruments and is therefore not exposed to the US Dollar.

At 31 December 2025, if the Shilling had weakened/strengthened by 5% (2024: 5%) against the US Dollar with all other variables held constant, income available for distribution would have been nil (2024: Shs 319,719) higher/lower, mainly as a result of the foreign currency denominated offshore investments.

The sensitivity analysis assumes a 5% movement in foreign exchange rates, which represents the Fund Manager's assessment of a reasonably possible change in exchange rates at the reporting date based on historical exchange rate movements and current market conditions.

(ii) Price risk

The Fund invests in financial instruments that are subject to price risk. These are monitored closely by the management team to ensure risks are mitigated.

As at 31 December 2025, if the Securities Exchange Indexes of all the countries the securities are invested in had increased/decreased by 15% (2024:15%), with all other variables held constant and all the funds equity instrument moved according to the historical correlation to the indexes, income available for distribution for the year would have been Shs 6,280,000 (2024: Shs 6,533,400).

The Fund is exposed to price risk arising from investments in quoted and unquoted securities. The sensitivity analysis assumes a 15% increase or decrease in market prices, with all other variables held constant. The Fund Manager believes that a 15% movement represents a reasonably possible change in market prices at the reporting date based on historical market volatility and prevailing market conditions.

(iii) Cash flow and fair value interest rate risk

The Fund's interest-bearing financial assets are corporate securities, government securities and deposits with financial institutions, which are at fixed rate, and on which it is therefore not fully exposed to cash flow interest rate risk. The Fund manager regularly monitors financing options available to ensure optimum interest rates are obtained.

Credit risk

The Fund is exposed to credit risk, which is the risk that counterparty will be unable to pay amounts in full when they fall due. In accordance with the Funds' policy, the fund manager monitors the Funds' credit position on a daily basis, and it is reviewed on a quarterly basis by the Fund's investments committee.

4. Financial risk management objective and policies (continued)

Credit risk (continued)

The amount that best represents the Fund's maximum exposure to credit risk at 31 December 2025 and 31 December 2024 is made up as follows:

	2025	2024
	Shs'000	Shs'000
Government securities (Note 9 (ii))	129,505	-
Deposits with financial institutions (Note 9 (ii))	29,630	103,943
Other receivables	58	-
Bank and cash balances (Note 10)	826	213
Other funds (Note 9 (ii))	27,429	54,401
Total	187,448	158,557

No collateral is held for any of the above assets. All assets that are considered impaired are carried at their estimated recoverable value. An analysis of the expected credit losses on these assets is presented in note 9(iv).

Liquidity risk

Liquidity risk is the risk that the Fund may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

The Fund is exposed to daily withdrawal of Funds by investors. The Fund does not maintain cash balances to meet all of these needs as experience shows that a certain amount of withdrawals is requested daily and can be predicted with a high level of certainty. Management closely monitors the proportion of maturing Funds available to meet such calls and on the minimum level of Funds that should be in place to cover withdrawals at unexpected levels of demand.

The table below analyses the Fund's financial liabilities and unit holder balances that will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

	Due on demand	Due within 3 months	Total
	Shs '000	Shs '000	Shs '000
At December 2025			
Unit holders' balances (Note 12)	228,177	-	228,177
Accrued expenses (Note 13)	-	780	780
Withholding tax payable (Note 8)	-	360	360
	228,177	1,140	229,317

4. Financial risk management objective and policies (continued)

At December 2024

Unit holders' balances (Note 12)	207,421	-	207,421
Accrued expenses (Note 13)	-	1,018	1,018
Withholding tax payable (Note 8)	-	68	68
	207,421	1,086	208,507

Fair value estimation

The Fund adopted the amendment to IFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the funds' assets that are measured at fair value at 31 December 2025 and 2024.

At 31 December 2025	Level 1 Shs '000	Level 2 Shs '000	Level 3 Shs '000	Total Shs '000
Assets				
Financial assets at fair value through profit or loss:				
- Quoted ordinary shares	41,869	-	-	41,869
- Government securities	129,505	-	-	129,505
- Investment in property fund	-	-	27,429	27,429
Total assets	171,374	-	27,429	198,803

At 31 December 2024

Financial assets at fair value through profit or loss:				
- Quoted ordinary shares	43,556	-	-	43,556
- Unquoted investment in offshore fund	-	6,394	-	6,394
- Investment in property fund	-	-	54,401	54,401
Total assets	43,556	6,394	54,401	104,351

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The quoted market price used for financial assets held by the fund is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily Nairobi Securities Exchange equity investments classified as trading securities or at fair value through profit or loss.

4. Financial risk management objective and policies (continued)

Fair value estimation (continued)

The fair value of financial instruments that are not traded in an active market (for example, unit trusts and offshore shares) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Capital risk management

The capital of the Fund is represented by unit holders' balances. The amount of unit holder liabilities can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders.

The Fund's objectives when managing capital are to safeguard the Fund's ability to continue as a going concern in order to provide returns for unit holders.

Fair values of financial assets and liabilities not carried at fair value

The fair values of the Fund's financial assets and liabilities approximate the respective carrying amounts, based on maturity dates as set out above. Fair values are based on discounted cash flows using a discount rate based upon the borrowing rate that Fund Manager expects would be available to the Fund at the statement of financial position date.

Valuation techniques

The fair value of investment in property funds is determined using the Net Asset Value (NAV) approach, as these investments represent a percentage of the NAV reported in the investee's Financials. The following table provides a reconciliation of the movement in Level 3 financial assets during the year:

Investment in property funds

	Shs '000 2025	Shs '000 2024
At start of year	54,401	401,283
Sales	(32,678)	(338,745)
Fair value gain / (loss)	<u>5,706</u>	<u>(8,137)</u>
At end of year (Note 9(ii))	<u>27,429</u>	<u>54,401</u>

Sensitivity Analysis

Fair value measurements are sensitive to changes in the NAV of the underlying funds. A 5% (2024: 5%) change in Net Asset Value would result in an increase or decrease in fair value by nil (2024: Shs. 320,000).

5. Incomes	2025	2024
	Shs '000	Shs '000
(i) Interest income		
Interest income from deposits with financial institutions	<u>14,006</u>	<u>974</u>
(ii) Dividend income		
Dividend income from quoted shares	<u>4,661</u>	<u>3,171</u>
(iii) Other income		
Income from Real People Medium Term Note	<u>514</u>	<u>48</u>
6. Realized gain / (loss) on investments		
Realised gain/(loss) on equities	4,283	(2,703)
Realised gain on government securities	10,021	-
Realised gain/(loss) on corporate securities	<u>1,219</u>	<u>(9,922)</u>
	<u>15,523</u>	<u>(12,625)</u>

7. Service fees

Management fees relate to service fees paid to Britam Asset Managers (Kenya) Limited for the professional management of the Fund (Note 14). This is charged at 2.5% per annum, computed on the daily Fund balances. Audit fees, annual general meeting (AGM) fees and license fees are charged based on amounts agreed between the Fund Manager and the service provider. Trustee fees and custody fees are computed on the daily Fund balances at a rate of 0.18% and 0.15% respectively.

	2025	2024
	Shs '000	Shs '000
Management fees	6,332	7,419
Audit fees	94	374
Trustee fees	696	740
Custody fees	439	470
Annual general meeting costs	12	28
Licence fees	<u>2</u>	<u>63</u>
	<u>7,575</u>	<u>9,094</u>

8. Taxation

The unit trust is registered under the Income Tax Act (Collective Investment Scheme Rules 2023) and is exempt from income tax.

On 11 September 2009, Kenya Revenue Authority issued a public notice requiring the Fund to withhold tax on distributions to unit holders and dividend income. Tax is withheld at a rate of 5% and 15% for dividend and interest income respectively after the issue of the legal notice. Investments in Infrastructure bonds and the KenGen bond are however tax exempt.

The movements in the withholding tax during the year are as below;

	2025 Shs '000	2024 Shs '000
At start of year	68	23
Withheld during the year	3,013	456
Payments	(2,721)	(411)
	<hr/>	<hr/>
At end of year	360	68
	<hr/> <hr/>	<hr/> <hr/>

Britam Balanced Fund
Notes to the Financial Statements (Continued)
For the year ended 31 December 2025

9 Investments

(i) Maturity profile of investments in the balanced fund

31 December 2025	Upto 3 months Shs'000	Due between 3 & 12 months Shs'000	Due between 1 & 5 years Shs'000	Due after 5 years Shs'000	Totals Shs'000
Deposits with financial institutions	-	29,630	-	-	29,630
Government securities	-	-	-	129,505	129,505
Total	-	29,630	-	129,505	159,135

31 December 2024	Upto 3 months Shs'000	Due between 3 & 12 months Shs'000	Due between 1 & 5 years Shs'000	Due after 5 years Shs'000	Totals Shs'000
Deposits with financial institutions	-	103,943	-	-	103,943
Total	-	103,943	-	-	103,943

9. Investments (continued)

(ii) Movement in investments

	Carrying value at 1 January Shs '000	Purchases at cost Shs '000	Accrued Interest Shs '000	Sales/ maturities Shs '000	Fair value gain Shs '000	Provision of expected credit losses Shs '000	Carrying value at 31 December Shs '000
Year ended 31 December 2025							
Quoted ordinary shares	43,556	1,716	-	(17,268)	13,865	-	41,869
Government securities	-	679,641	3,107	(555,959)	2,716	-	129,505
Unquoted offshore fund	6,394	-	-	(6,394)	-	-	-
Deposits with financial institutions	103,943	821,775	(108)	(895,976)	-	(4)	29,630
Investment in property fund	54,401	-	-	(32,678)	5,706	-	27,429
Total	208,294	1,503,132	2,999	(1,508,275)	22,287	(4)	228,433

	Carrying value at 1 January Shs '000	Purchases at cost Shs '000	Accrued Interest Shs '000	Sales/ maturities Shs '000	Fair value gain/(loss) Shs '000	Reversal of expected credit losses Shs '000	Carrying value at 31 December Shs '000
Year ended 31 December 2024							
Quoted ordinary shares	30,273	-	-	(585)	13,868	-	43,556
Unquoted offshore fund	51,384	-	-	(44,971)	(19)	-	6,394
Deposits with financial institutions	3,135	234,260	357	(133,810)	-	1	103,943
Investment in property fund	401,283	-	-	(338,745)	(8,137)	-	54,401
Total	486,075	234,260	357	(518,111)	5,712	1	208,294

9. Investments (continued)	2025	2023
	Shs '000	Shs '000
(iii) Classification of Quoted ordinary shares per sector:		
Kenya:		
- Commercial and services	14,998	13,841
- Finance and investment	26,276	24,760
- Industrial and allied	595	4,955
	<u>41,869</u>	<u>43,556</u>

(iv) Expected Credit loss on investments.

The expected credit loss on investments relates to the Fund's investment in bank deposits that are held to maturity. The Fund is holding a cumulative provision of Shs. 4,000 (2024: nil) being the amount whose recoverability was assessed as being doubtful on the investments. The table below displays the movement of the expected credit loss between 31 December 2025 and 31 December 2024:

Deposits with financial institutions

	Shs '000
As at 1 January 2025	-
Expected credit loss	<u>4</u>
As at 31 December 2025	<u>4</u>
As at 1 January 2024	1
Write back	<u>(1)</u>
As at 31 December 2024	<u>-</u>

(v) Interest, dividends and realised gain / (loss) received

	2025	2024
	Shs '000	Shs '000
Deposits	3,914	616
Government securities	7,094	-
Dividends	4,601	3,227
Realized gain / (loss)	15,523	(12,625)
Other incomes	514	48
	<u>31,646</u>	<u>(8,734)</u>

10. Cash and bank balance

Cash and cash equivalents	<u>826</u>	<u>213</u>
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11 Other receivables	2025 Shs '000	2024 Shs '000
Dividend receivable	58	-

	2025		2024	
	No. of units '000	Shs '000	No. of units '000	Shs '000
At start of year	1,092	207,421	2,860	470,605
Creations	130	18,516	572	81,276
Liquidations	(332)	(47,172)	(2,340)	(332,647)
Distributions for the year	-	49,412	-	(11,813)
At end of year	890	228,177	1,092	207,421

13. Accrued expenses	2025 Shs '000	2024 Shs '000
Management fees payable	657	771
Custody fees payable	57	27
Trustee fees payable	52	54
Annual general meeting fees payable	12	1
Licence fees payable	1	3
Audit fees payable	1	1
Other fund fees payable	-	161
	780	1,018

14. Related party transactions

Britam Balanced Fund is managed by Britam Asset Managers (Kenya) Limited. Britam Asset Managers (Kenya) Limited is controlled by Britam Holdings Plc, a company incorporated in Kenya and listed at the Nairobi Securities Exchange (NSE). There are other entities that are related to Britam Asset Managers (Kenya) Limited through common shareholdings or common directorship.

The following transactions were carried out with related parties.

Service fees

	2025 Shs'000	2024 Shs'000
Britam Asset Managers (Kenya) Limited (Note 7)	6,332	7,419

As at 31 December 2025, Management fees of Shs 657,000 (2024: 771,000) was owed to Britam Asset Managers (Kenya) Limited (Note 13)

15. Subsequent events

The Fund Manager has evaluated events occurring between the reporting date and the date of authorisation of these financial statements. Apart from the matters disclosed in the financial statements, there were no material adjusting or non-adjusting events that would require adjustment to or disclosure in these financial statements.

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