



Balanced Fund 2024 Abridged Report

To the Unit Holders for the year
ended 31 December 2024





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Trustee and Advisors to the Fund

FUND MANAGER AND PRINCIPAL PARTNER

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

Trustee's Report

The Trustee has the pleasure of submitting its report together with the audited financial statements of British-American Balanced Fund (the "Fund") for the year ended 31 December 2024.

INVESTMENT OBJECTIVES

The objective of the British-American 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 British-American 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	2024	2023	2022	2021	2020
Highest yield %	139.79	141.21	148.00	152.22	167.64
Lowest yield %	134.80	132.31	134.63	147.17	148.87

INCOME DISTRIBUTION

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

Year	2024	2023	2022	2021	2020
Amount (Shs '000)	(11,813)	(19,725)	(6,090)	(25,077)	(16,035)

Trustee's Report (Continued)

TOTAL VALUE OF THE FUND

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

Year	2024	2023	2022
Amount (Shs '000)	207,421	470,605	489,981

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	Amount
Total expenses for the year	9,094
Management fees for the year	7,419
Percentage management fee	3.58%
Total expense ratio	4.38%

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 Trustee 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 trustee,
KCB Bank Kenya Limited



Fund Manager's Report

Dear Unit Holder,

The fundamental investment objective of the British-American 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 **3.2%** for 2024 and **3.3%** projected for 2025; GDP growth is seen averaging **3.1%** in 2026-2028. Global economic activity has shown resilience amid high inflation and a prolonged period of high interest rates. Kenya's economy grew by **4.7%** in 2024. This was a slower growth than what was recorded in 2023 at **5.3%**. The slowdown was amid a challenging economic environment characterized by disposable income squeeze and normalization of the agriculture and tourism sectors. Looking forward, we expect the accommodative monetary stance adopted by the CBK to support economic activity as the anticipated depreciation of the Shs and the forecasted drier conditions in the country offset some of anticipated gains. Headline inflation came in at **3.0%** in December 2024 compared to a reading of **2.8%** in November 2024, and **6.6%** in December 2023. 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 **3.2%** in December 2024.

The Central Bank's Monetary Policy Committee cut the benchmark rate at by **1.50%** in 2024 to **11.25%** noting improved inflation levels and a stabilized exchange rate.

Similarly, yields on treasury bills declined in the last quarter of the year signalling moderation in interest rate movements. The Government. The 3-month T-bill closed the year at **9.8%** compared to **15.9%** at the end of 2023, while the yield curve fell by **2.5%** on average, which positively affected fixed income returns.

The Kenya Shilling gained **17.4%**, **22.7%** and **34.4%** against the US Dollar, Euro and Pound Sterling, respectively, to close the year at 129.29/USD, Shs 134.29/EUR and Shs 162.67/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, elevated official forex reserve position 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 **34.1%** 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.

We thank you for your choice of investing in British-American 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 2025.

Report of the Custodian

In accordance with the Capital Markets (Collective Investment Schemes) Regulations, 2023 (the Regulations) 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 2024:

- We have discharged the duties prescribed for a Custodian under Section 68 of the Regulations, to the British-American Balanced Fund;
- We have held the assets for the British-American 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 2024, we have held the assets of the British-American 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



Statement of profit or loss and other comprehensive income

	Year ended 31 December	
	2024	2023
	Shs'000	Shs'000
Income		
Interest income	974	285
Dividend income	3,171	2,729
Other income	48	-
Fair value gain/ (loss) on investments at fair value through profit or loss	5,712	-
Realised loss on investments	(12,625)	(7,240)
Total loss	(2,720)	(4,226)
Expenses		
Service fees	(9,094)	(15,498)
Fair value loss on investments at fair value through profit or loss	-	-
Expected write back / (credit loss) on investments	1	(1)
Total expenses	(9,093)	(19,725)
Loss before income tax	(11,813)	(19,725)
Income tax expense	-	-
Loss for the year	(11,813)	(19,725)
Other comprehensive income	-	-
Total comprehensive loss for the year	(11,813)	(19,725)

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 profit or loss and other comprehensive income

	Year ended 31 December	
	2024	2023
	Shs'000	Shs'000
Assets		
Investment in unquoted offshore fund at fair value through profit or loss	6,394	51,384
Quoted ordinary shares at fair value through profit or loss	43,556	30,273
Investment in property fund at fair value through profit or loss	54,401	401,283
Deposits with financial institutions at amortized cost	103,943	3,135
Other receivables	-	55
Cash and bank balances	213	118
Total assets	208,507	486,248
Liabilities		
Current liabilities		
Accrued expenses	1,018	15,620
Withholding tax payable	68	23
Total liabilities	1,086	15,643
Net assets attributable to unitholders	207,421	470,605
Fund Balance		
Unit holder balances	207,421	470,605

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 trustee
Standard Chartered Bank Kenya Limited

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www.britam.com



BritamGroup



BritamEA

Regulated by the Capital Markets Authority