



Britam Bond Plus 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

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)
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 Bond Plus Fund (the "Fund") for the year ended 31 December 2024.

INVESTMENT OBJECTIVES

The investment objective of the British-American Bond Plus Fund is to achieve a level of current income subject to preserving capital together with the ability to create capital appreciation. To achieve this, the Fund invests principally in fixed income securities of various terms issued by governments and corporations.

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 %	14.42	15.01	7.44	6.89	8.59
Lowest yield %	12.72	8.75	3.79	3.19	4.19

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)	1,552,246	273,703	4,726	5,212	9,188

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)	4,726	5,212	9,188

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	307,969
Management fees for the year	261,175
Percentage management fee	2.09%
Total expense ratio	2.46%

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 Bond Plus Fund is to generate a high level of current income consistent with the preservation of capital and capital appreciation. The Fund does this by investing primarily in Treasury securities, bank deposits 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 allowing maximum returns at optimal levels of risk.

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 credit risk.

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 KES 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 Shs 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.

The Fund generated a return of 12.9 percent during the year, compared to the benchmark return of 15.7 percent.

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 choosing to invest in British-American Bond Plus 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

The fundamental investment objective of the British-American Bond Plus Fund is to generate a high level of current 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:

- a) We have discharged the duties prescribed for a Custodian under Section 68 of the Regulations, to the British-American Bond Plus Fund;
- b) We have held the assets for the British-American Bond Plus 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 Bond Plus 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	1,817,338	364,449
Realised gains on investments	31,560	11
Total income	1,848,898	364,460
Service fees	(307,326)	(53,792)
Expected write back / (credit loss) on investments	10,674	(36,965)
Profit before tax	1,552,246	273,703
Income tax expense	-	-
Profit for the year	1,552,246	273,703
Other comprehensive income, net of tax	-	-
Total comprehensive income for the year	1,552,246	273,703

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

As at 31 December 2024		
	2024	2023
	Shs '000	Shs '000
Assets		
Government securities at amortized cost	11,718,953	7,898,346
Corporate securities at amortized cost	-	574,437
Deposits with financial institutions at amortized cost	734,877	1,584,263
Cash and bank balances	131,235	58,800
Total assets	58,800	58,800
Liabilities		
Current liabilities		
Accrued expenses	30,653	17,873
Withholding tax payable	18,466	14,140
Liabilities	49,119	49,119
Net assets attributable to unitholders	12,535,946	10,083,833
Fund Balance		
Unit holder balances	12,535,946	10,083,833

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
KCB Bank Kenya Limited

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Regulated by the Capital Markets Authority