



Britam Equity 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 Equity Fund (the "Fund") for the year ended 31 December 2024.

INVESTMENT OBJECTIVES

The investment objective of the British-American Equity Fund is to offer superior returns over the medium to longer term by maximizing long term capital growth. To achieve this, the Fund invests primarily in companies listed on the stock exchanges of Kenya, Uganda and Tanzania, which show above average prospects for future growth.

The key investment philosophies for the British-American Equity Fund are:

- To achieve its performance objectives through well-researched and superior share selection;
- To protect capital and achieve long-term capital growth; and
- 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 %	98.00	105.07	119.09	127.12	151.70
Lowest yield %	95.34	98.57	103.17	115.30	125.90

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)	(4,079)	(54,969)	(51,157)	(65,127)	(103,454)

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)	320,064	736,444	797,622

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	19,223
Management fees for the year	16,421
Percentage management fee	5.13%
Total expense ratio	6.01%

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 objective of the British-American Equity Fund is to protect capital and achieve superior returns over the long-term in excess of the benchmark. The Fund achieves this primarily by investing in shares of quality businesses listed on East African stock exchanges. The Fund is also able to provide exposure to a wide range of investment opportunities in various equities and related asset classes by achieving diversification within the equity markets across different economic sectors of countries of issue.

At Britam Asset Managers (Kenya) Limited, we have an investment philosophy that ensures the Equity Fund is invested in a number of quality businesses. 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 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 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 assets, will continue to benefit investors who invest in the Fund in the long term. We thank you for choosing to invest in British-American Equity 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 2023:

- We have discharged the duties prescribed for a Custodian under Section 68 of the Regulations, to the British-American Equity Fund;
- We have held the assets for the British-American Equity 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 Equity 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	2,697	945
Dividend income	8,203	7,595
Realised losses on investments	(24,296)	-
Fair value gain / (loss) on investments at fair value through profit or loss	28,312	(49,853)
Other income	241	11,504
	15,157	(29,809)
Service fees	(19,223)	(25,161)
Expected credit (loss) / write back on investments	(13)	1
Total expenses	(19,236)	(25,160)
Loss before income tax	(4,079)	(54,969)
Income tax expense	-	-
Loss for the year	(4,079)	(54,969)
Other comprehensive income, net of tax	-	-
Total comprehensive loss for the year	(4,079)	(54,969)

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

Statement of financial position

As at 31 December 2024		
	2024	2023
	Shs '000	Shs '000
Assets		
Investments in property funds at fair value through profit or loss	133,350	520,596
Unquoted offshore investments at fair value through profit or loss	15,381	124,123
Quoted ordinary shares at fair value through profit or loss	137,974	87,837
Deposits with financial institutions at amortized cost	34,220	5,525
Cash and bank balances	385	703
Cash and bank balances	-	90
Total assets	321,310	738,874
Liabilities		
Current liabilities		
Accrued expenses	1,070	2,396
Withholding tax payable	176	34
Total Liabilities	1,246	2,430
Net assets attributable to unlt holders	320,064	736,444
Fund Balance		
Unit holder balances	320,064	320,064

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