TAIFA MONEY MARKET FUND KES

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2025

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Trustee	The Co-operative Bank of Kenya Limited Ground Floor, Kuscco Centre Kilimanjaro Road, Upperhill P.O. Box 48231-00100 Nairobi, Kenya
Registered Office	Taifa Units Trust Funds C/O Ndovu Wealth Limited 10th Floor ABC Place, Waiyaki Way P.O. Box 48015-00100 Nairobi, Kenya
Promoter	Ndovu Wealth Limited C/O Ndovu Wealth Limited 10th Floor ABC Place, Waiyaki Way P.O. Box 48015-00100 Nairobi, Kenya
Fund Manager	KCB Asset Management Limited Kencom House, Nairobi P.O. Box 72866-00200 Nairobi, Kenya
Custodian	Diamond Trust Bank Limited DTB Centre, Mombasa Road P.O. Box 61711-00100 Nairobi, Kenya
Legal Advisor	Nicholas Gitonga and Associates No. 3, Brookside Grove, Westlands P.O. Box 10997-00100 Nairobi, Kenya
Independent Auditor	Parker Russell Eastern Africa LLP Certified Public Accountants (Kenya) Karengata Park, Marula Lane P.O. Box 25426 - 00100 Nairobi

The Promoter has the pleasure of submitting the fund's report together with the audited financial statements for the year ended 31 December 2025.

INVESTMENT OBJECTIVES

The objective is to achieve a reasonable level of current income and enhance capital growth. This is achieved by investing in money market securities with a maturity of not more than 18 months which are usually available to wholesale or institutional investors. Investments including money or cash funds, debt securities and government issued securities, whether listed or unlisted.

BUSINESS REVIEW

The fund was issued the license in April 2024.

The Fund started operations in March 2025. The Fund is governed by a trust deed and rules and is registered under the Capital Markets Authority Act and is domiciled in Kenya. The address of its registered office is on page 1

FINANCIAL REVIEW

The statement of profit or loss on page 14 shows profits for the year Kshs. 9,654,244. The statement of financial position on page 13 shows total net assets of Kshs. 258,580,840.

INVESTMENT

The overall responsibility for investment and performance lies with the Trustee.

MEMBERSHIP

As at 31 December 2025, the Fund has 12,982 members

FUND ADVISORS

The names and addresses of the Fund Manager, Trustee, Custodian and Auditor are as shown on page 1.

STATEMENT AS TO DISCLOSURE TO THE FUND'S AUDITOR

With respect to the Trustee, as at the time this report was approved;

a) There is, so far as the Trustee is aware, no relevant audit information of which the fund's auditor is unaware; and

b) The Trustee has taken all the steps it ought to have been taken as a Trustee so as to be aware of any relevant audit information and to establish that the fund's auditor is aware of that information.

TERMS OF APPOINTMENT OF THE AUDITOR (CONTINUED)

The trustee monitor the effectiveness, objectivity and independence of the auditor. The directors also approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees.

THE CO-OPERATIVE BANK OF KENYA LTD
TRUSTEE SERVICES

.....
Signed on Behalf of the Trustee By

..... **2026**

The Kenyan Capital Markets Act, requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the financial position of the fund at the end of the financial year and of its financial performance for the year then ended. The Trustee is responsible for ensuring that the fund keeps proper accounting records that are sufficient to show and explain the transactions of the fund; disclose, with reasonable accuracy at any time, the financial position of the fund; and that enables them to prepare financial statements of the fund that comply with prescribed financial reporting standards and the requirements of the Kenyan Capital Markets Act. They are responsible for safeguarding the assets of the fund, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees accept responsibility for the preparation and presentation of these financial statements in accordance with the International Financial Reporting Standards and in the manner required by the Kenyan Capital Markets Act. They also accept responsibility for:

i) designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;

ii) selecting suitable accounting policies and applying them consistently; and

iii) making accounting estimates and judgements that are reasonable in the circumstances.

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

The Trustee acknowledges that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the board of Trustee on..... and signed on its behalf by:

THE CO-OPERATIVE BANK OF KENYA LTD. TRUSTEE SERVICES

.....
Trustee

Dear Unit Holder,

We would like to thank you for your continued trust in the Taifa Unit Trust scheme since its inception. We are committed to ensuring capital growth by providing our clients with competitive returns.

In 2025, the Kenyan economy demonstrated resilience and maintained a steady growth trajectory, expanding by approximately 4.95%.

The expansion was largely underpinned by stronger performance in the Agriculture, Forestry and Fishing sectors, which grew by 3.2%, reflecting improved sectoral conditions. Growth momentum was further reinforced by a rebound in Construction and Mining and Quarrying activities, which expanded by 6.7% and 16.6%, respectively. However, this GDP growth remained below the Central Bank of Kenya's projection of 5.2%.

Inflation in the fourth quarter of 2025 averaged 4.5%, up from 2.8% recorded in the third quarter, taking the 2025 full year inflation average to 4.08%. The price increase was mainly driven by a rise in prices in Food and Non-Alcoholic Beverages (+7.8%), Transport (+5.1%) over a one-year period.

The local currency maintained its stability against the dollar, gaining by 0.2% year-on-year.

The money market funds invest in liquid short-term and long-term interest-bearing instruments mainly bank deposits, corporate and government securities.

The average gross yield in the fourth quarter of 2025 was 10.37%.

.....

Signed on Behalf of the Promoter

31st March
..... **2026**

TAIFA MONEY MARKET FUND
CUSTODIAN REPORT FOR THE PERIOD ENDED 31ST DECEMBER 2025

In accordance with the Capital Markets (Collective Investments Schemes) Regulations, 2023 and the Custody Agreement between Diamond Trust Bank Kenya Limited as the Custodian and The Cooperative Bank of Kenya Limited as the Fund manager, we confirm that:

a) We have discharged the duties prescribed for a Custodian under Regulation 68 of the regulations, to Taifa Money Market Fund

b) We have received, maintained and kept in safe custody, all assets (including securities and income that accrue thereof) and title documents of the scheme.

c) We have facilitated transfer, exchange or delivery of securities held upon receipt of proper instructions from the Fund manager, Administrator and the Trustee where applicable.

d) We have kept proper books, records and statements of the assets held under management and transactions carried out within the year.

By order of the Custodian

Diamond Trust Bank Kenya Limited

31/March/**2026**

REPORT OF THE INDEPENDENT AUDITOR TO THE UNIT HOLDERS OF TAIFA MONEY MARKET FUND – KES FOR THE PERIOD ENDED 31 DECEMBER 2025

Opinion

We have audited the financial statements of Taifa Money Market Fund Kes, set out on pages 12 to 25, which comprise the statement of financial position as at 31 December 2025, the statement of profit or loss, statements of changes in unit holder funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Taifa Money Market Fund Kes as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, accounting Standards and the requirements of Kenyan Capital Markets (Collective Investment Schemes) Regulations, 2023.

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 (IESBA) International Code of Ethics for Professional Accountants* (including international independence standards) *(the IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

This section of the audit report is intended to describe the matters communicated with those charges with governance that we have determined, in our professional judgement, were of most significance in the audit of the financial statements. 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.

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Key Audit Matters (continued)

Key Audit Matter	How the matter was addressed in the audit
Valuation of the Investment Portfolio The Fund's investment portfolio primarily comprises short-term debt instruments such as treasury bills, commercial papers, fixed deposits and corporate bonds. These instruments are required to be measured at fair value or amortized cost in accordance with applicable financial reporting standards and the CIS Regulations. The valuation of these instruments requires the use of pricing inputs, yield curves, and valuation models, and therefore involves judgement. Given that investments represent the most significant component of the Fund's net assets and directly affect the Net Asset Value (NAV) reported to investors, this area was considered a key audit matter.	Our audit procedures included; Obtaining an understanding of the Fund Manager's valuation policies and assessing their compliance with the CIS Regulations and the Fund's scheme documents. • Testing the design and implementation of key controls over the valuation process. • Obtaining independent price confirmations from custodians, pricing vendors, or market data sources for a sample of securities. • Recalculating valuations for selected investments using independent market data. • Assessing whether the valuation methodologies applied were appropriate and consistently applied. • Evaluating the adequacy of disclosures relating to investments in the financial statements.
Accuracy of Yield and Performance Calculations; The Fund publishes daily yields and performance returns which are used by investors to assess the performance of the fund. These calculations depend on accurate determination of investment income, expenses, and the Fund's Net Asset Value. Given the significance of these metrics to investors and regulatory oversight, this area was considered a key audit matter.	Our audit procedures included; • Obtaining an understanding of the methodology used by the Fund Manager to compute yields and performance returns. • Testing the design and implementation of controls over the calculation of daily yields and NAV. • Independently recalculating yields and returns for selected periods during the year and comparing the results with those reported by the Fund. • Verifying the completeness and accuracy of income, expenses, and units in issue used in the yield calculations. • Assessing whether the methodology applied was consistent with regulatory guidance and the Fund's scheme documents.

Other information
The other information comprises information on Trustee and professional advisors, Report of the Trustee, Statement of Trustee's Responsibilities, Fund manager's report and the Report of the Custodian which we obtained prior to the date of this auditor's report but does not include the financial statements and our auditor's report thereon. The Trustee is responsible for the other information. We do not express any form of assurance conclusion thereon except to the extent otherwise explicitly stated in this report, we do not express 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 material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Trustee's for the financial statements
The Trustee is responsible for the preparation and fair presentation of these financial statements in accordance with Capital Markets Authority, International Financial Reporting Standard for small and medium sized entities, and for such internal control as the Trustee 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 Trustee is responsible for assessing the fund's ability to continue as a going concern, disclosing as applicable, matters related to the going concern and using the going concern basis of accounting unless the proprietor intend to liquidate the firm or to cease operations or have no realistic alternative but to do so.

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 judgment and maintain professional skepticism 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.

Auditor's responsibilities for the audit of the financial statements (Continued)

- 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 the company's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management

- Conclude on the appropriateness of management'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 a significant doubt on the firm'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 or in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence up to the date of the auditor's report. However, future events or conditions may cause the firm 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 Trustee 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 Trustee, 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 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.

Report on other Legal and Regulatory Requirements

In our opinion, the Fund Manager has complied with the reporting requirements of Circular No. 3 of 2026 from CMA. As detailed in our Key Audit Matters, we have verified the existence and valuation of assets independently recalculated performance yields and assessed the fund's adherence to investment portfolio limits as required by the Capital Markets (Collective Investment Schemes) Regulations, 2023.

CPA Michelle Okonji, – Practicing certificate No 2423.
The engagement partner responsible for the audit

UNIQUE CODE: 98578260331

For and on behalf of; *Parker Russell Eastern Africa LLP*
Certified Public Accountants
Nairobi, Kenya.
11 April **2026**

	Notes	2025 Kshs
Investment income	7	13,125,213
Operating expenses	8	(3,470,969)
Profit for the year		**9,654,244**

The notes set out on pages 16 to 25 form an integral part of these financial statements.

	Notes	2025 Kshs
ASSETS		
Treasury bonds	**8**	43,472,415
Commercial paper	**9**	21,377,459
Fixed and call deposits	**10**	196,627,734
Cash and cash equivalents	**11**	759,319
		262,236,927
LIABILITIES		
Other payables	**12**	3,656,087
NET ASSETS		**258,580,840**
FUND BALANCES		
Unit holder funds		248,926,596
Profit for the year		9,654,244
MEMBER FUNDS		**258,580,840**

The financial statements on pages 12 to 25 were approved for issue by the Trustees on ..... 2026 and signed on its behalf by;

THE CO-OPERATIVE BANK OF KENYA LTD. TRUSTEE SERVICES

.....

Trustee

The notes set out on pages 16 to 25 form an integral part of these financial statements.

	2025 Kshs
Fund balances at the start of the period	-
Proceeds from units issued in the period	248,926,596
Net movement in the fund balance	**248,926,596**
Profit for the period	9,654,244
At the end of the period	**258,580,840**

The notes set out on pages 16 to 25 form an integral part of these financial statements.

	Notes	2025 Kshs
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the year		9,654,244
Adjustment for:		
Changes in working capital:		
Increase in other payables	**12**	3,656,087
Net cash generated from operating activities		**13,310,331**
CASH FLOWS FROM INVESTING ACTIVITIES		
Net movement in treasury bonds	**8**	(43,472,415)
Net movement in commercial paper	**9**	(21,377,459)
Net cash (used in) investing activities		**(64,849,874)**
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from units issued		248,926,596
Net cash generated from financing activities		**248,926,596**
Increase in cash and cash equivalents		**197,387,053**
Movement in cash and cash equivalents		
At start of the period		-
Increase in cash and cash equivalents		197,387,053
At end of the period	**11**	**197,387,053**
Represented by:		
Call and fixed deposits		196,627,734
Cash balances		759,319
	11	**197,387,053**

The notes set out on pages 16 to 25 form an integral part of these financial statements.

1. Material accounting policy information

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

The financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS), interpretations issued by the IFRS Interpretations Committee (IFRIC) Interpretations applicable to companies reporting under IFRS and the requirements of the Capital Markets Authority 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 Kenya Shillings (Shs), rounded to the nearest thousand.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions. It also requires the Fund Manager 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 2.

b) Impact of Standards and Interpretation

i) New and revised standards that are effective

Amendments to IAS 21 - Lack of Exchangeability

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.

This will not have an impact on the Company's financial statements in the period of initial application.

ii) Accounting Standards and amendments issued, but not effective

Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures-effective 2026*

Annual Improvements to IFRS Accounting Standards (*effective 2026*) – Amendments to:

- IFRS 1 *First-time Adoption of International Financial Reporting Standards*;
- IFRS 7 *Financial Instruments: Disclosures* and its accompanying *Guidance on implementing IFRS 7*;
- IFRS 9 *Financial Instruments*;
- IFRS 10 *Consolidated Financial Statements*; and
- IAS 7 *Statement of Cash flows*

1. Material accounting policy information

b) Impact of Standards and Interpretation (continued)

Amendments to IFRS 9 and IFRS 7-Contracts Referencing Nature-dependent Electricity - *effective 2026*

IFRS 18 *Presentation and Disclosure in Financial Statements-effective 2027*

IFRS 19 *Subsidiaries without Public Accountability: Disclosures-effective 2027*

The Company has not applied the revised Standard and Interpretations that has been published but are not yet effective for the year beginning 1 January 2025, and the Board does not plan to apply it until it become effective.

None of the above is expected to have a significant impact on the Company's financial statements in the period of initial application.

c) 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, fixed deposits, government securities and investments with related parties.

d) Translation of foreign currencies

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 Kenya Shillings ("Kshs"), rounded to the nearest thousand which is the Fund's functional currency.

Transactions and balances

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.

e) Financial instruments

(i) Classification

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

1. Material accounting policy information

e) Financial instruments (continued)

(ii) Recognition and Derecognition

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 bonds.

Classification and subsequent measurement of debt instruments depends on:

- the Fund's business model for managing the financial assets; and
- the cash flow characteristics of the asset.

Based on these factors, the Fund classifies its debt instruments as those held at amortised costs. Under amortised costs the assets 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.

(iv) 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).

1. Material accounting policy information

e) Financial instruments (cont'd)

(iv) Impairment (cont'd)

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

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.

1. Material accounting policy information

e) Financial instruments (cont'd)

(iv) Impairment (cont'd)

Incorporation of forward-looking information

The Fund uses forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of ECL. The Fund uses external and internal information to generate a 'base case' scenario of future forecast of relevant economic variables along with a representative range of other possible forecast scenarios. The external information used includes economic data and forecasts published by governmental bodies and monetary authorities.

(v) Write-off

Debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Fund determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss and OCI.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Fund's procedures for recovery of amounts due

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.

g) Unit holders balance

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.

h) 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.

2. 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.

3. Financial risk management objectives 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.

The Fund is also exposed to operational risks such as custody risk. Custody risk is the risk of loss of securities held in custody occasioned by the insolvency or negligence of the custodian. Although an appropriate legal framework is in place that eliminates the risk of loss of value of the securities held by the custodian, in the event of its failure, the ability of the Fund to transfer securities might be temporarily impaired.

Risk management is carried out by the Fund Manager, KCB Asset Management Limited. The Fund Manager, 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.

Market risk

(i) Foreign exchange risk

In the year 2023, the Fund did not have exposure to investments that are denominated in foreign currencies; therefore, the Fund had no exposure to foreign exchange risk.

(ii) Price risk

The Fund invests in government securities at amortised cost and the fair values of these securities are monitored closely by the management to ensure risks are mitigated.

As at 31 December 2024, if the yield curve increased/decreased by 1% with all other variables held constant and the unit holder balance for the year 2024 would have been Shs. 160,843 higher/lower.

3. Financial risk management objectives and policies (cont'd)

(iii) Cash flow and fair value interest rate risk

The Fund's interest-bearing financial assets are corporate bonds, government securities and deposits with financial institutions, which are at fixed rate, and on which it is therefore not 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 a 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 Funds' Investments Committee.

	2025 **Kshs**
Government securities	43,472,415
Deposits with financial institutions	196,627,734
Bank balance	759,319
Total	240,859,468

No collateral is held for any of the assets. All assets that are considered to be impaired are carried at their estimated recoverable value.

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 are 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.

3. Financial risk management objectives and policies (cont'd)

Liquidity risk (continued)

2025	Due on demand Shs	Due within 3 months Shs	Total Shs
Unit holders' balances	**248,926,596**		**248,926,596**
Accrued expenses	**-**	**3,656,087**	**3,656,087**
Total	**248,926,596**	**3,656,087**	**252,582,683**

4. Capital management

The capital of the Fund is represented by unit holders' balances. The amount of unit holder liabilities can change significantly daily 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 unitholders.

5. Taxation

The Fund is registered as a collective investment scheme under the Capital Markets Authority Act.

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.

		2025
7	**Investment income**	**Kshs**
	Interest income- Government securities	13,125,213
		13,125,213
8	**Operating expenses**	
	Fund management fees	2,963,022
	Trustee fees	304,768
	Custody fees	203,179
		3,470,969
8	**Treasury bonds**	
	Treasury bonds	25,090,045
	Treasury bills	5,870,864
	Infrastructure bond	12,511,506
		43,472,415
	Treasury bond maturity analysis	
	Maturity within 365 days	43,472,415
		43,472,415
9	**Commercial paper**	
	MOGO commercial paper	21,377,459
		21,377,459

		2025
10	**Fixed and call deposits**	**Kshs**
	Face value	196,627,734
		196,627,734
	The deposits are held with the following institutions	
	Fixed deposits	
	Co-operative Bank Ltd	17,520,817
	Diamond Trust	36,727,663
	Family Bank Ltd	13,046,446
	Development Bank of Kenya Ltd	4,339,277
	KCB Bank Kenya Limited	2,235,072
	National Bank of Kenya Ltd	8,289,065
	Housing Finance	11,903,532
	Kingdom Bank LIMITED	44,750,875
	Victoria Commercial Bank Limited	27,264,343
	Call deposits	
	Co-operative Bank	16,836,240
	National Bank of Kenya Ltd	8,697,784
	Diamond Trust Bank	5,016,620
		196,627,734
11	**Cash and cash equivalents**	
	Cash in hand	759,319
		759,319
	Cash in hand	759,319
	Fixed and call deposits (Note 6)	196,627,734
		197,387,053
12	**Other payables**	
	Trustee fee payable	321,022
	Custodial fee payable	214,015
	Management fee payable	3,121,050
		3,656,087

TAIFA MONEY MARKET FUND USD

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE NINE MONTH PERIOD ENDED 31 DECEMBER 2025

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Trustee	The Co-operative Bank of Kenya Ltd Ground Floor, Kuscco Centre Kilimanjaro Road, Upperhill P.O Box 48231-00100 Nairobi Kenya
Promoter	Ndovu Wealth Limited C/O Ndovu Wealth Limited 10th Floor ABC Place, Waiyaki Way P.O. Box 48015-00100
Registered address	Taifa Unit Trust Funds C/o Ndovu Wealth Limited 10th Floor, ABC Place, Waiyaki Way P. O. Box 48015 - 00100 Nairobi Kenya
Fund Manager	KCB Asset Management Limited KENCOM House, Nairobi P. O. Box 72866-00200 Nairobi Kenya
Custodian	Diamond Trust Bank Kenya Limited DTB Centre, Mombasa Road P. O. Box 61711 – 00200 Nairobi Kenya
Independent Auditor	Parker Russell Eastern Africa LLP Certified Public Accountants (Kenya) Karengata Park, Marula Lane P.O. Box 25426 - 00100 Nairobi Kenya
Legal Advisor	Nicholas Gitonga and Associates No. 3, Brookside Grove, Westlands P. O. Box 10997 – 00100 Nairobi Kenya

The Promoter has the pleasure of submitting the fund's report together with the audited financial statements for the nine month period ended 31 December 2025.

INVESTMENT OBJECTIVES

The objective is to achieve a reasonable level of current income and enhance capital growth. This is achieved by investing in money market securities with a maturity of not more than 18 months which are usually available to wholesale or institutional investors. Investments including money or cash funds, debt securities and government issued securities, whether listed or unlisted.

BUSINESS REVIEW
The fund was issued the license in April 2024.

The Fund started operations in March 2025. The Fund is governed by a trust deed and rules and is registered under the Capital Markets Authority Act and is domiciled in Kenya. The address of its registered office is on page 1

FINANCIAL REVIEW

The statement of profit or loss on page 14 shows profits for the year Kshs 489,877. The statement of financial position on page 15 shows total net assets of Kshs 27,958,126.

INVESTMENT

The overall responsibility for investment and performance lies with the Trustee.

MEMBERSHIP

As at 31 December 2025, the Fund has 1 members

FUND ADVISORS

The names and addresses of the Fund Manager, Trustee, Custodian and Auditor are as shown on page 2.

STATEMENT AS TO DISCLOSURE TO THE FUND'S AUDITOR

With respect to the Trustee, as at the time this report was approved;

a) There is, so far as the Trustee is aware, no relevant audit information of which the fund's auditor is unaware; and

b) The Trustee has taken all the steps it ought to have been taken as a Trustee so as to be aware of any relevant audit information and to establish that the fund's auditor is aware of that information.

TERMS OF APPOINTMENT OF THE AUDITOR (CONTINUED)

The trustee monitor the effectiveness, objectivity and independence of the auditor. The directors also approve the annual audit engagement contract which sets out the terms of the auditor's appointment and the related fees.

THE CO-OPERATIVE BANK OF KENYA LTD
TRUSTEE SERVICES

.....

Signed on Behalf of the Trustee By

..... 2026

The Kenyan Capital Markets Act, requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the financial position of the fund at the end of the financial year and of its financial performance for the year then ended. The Trustee is responsible for ensuring that the fund keeps proper accounting records that are sufficient to show and explain the transactions of the fund; disclose, with reasonable accuracy at any time, the financial position of the fund; and that enables them to prepare financial statements of the fund that comply with prescribed financial reporting standards and the requirements of the Kenyan Capital Markets Act. They are responsible for safeguarding the assets of the fund, and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees accept responsibility for the preparation and presentation of these financial statements in accordance with the International Financial Reporting Standards and in the manner required by the Kenyan Capital Markets Act. They also accept responsibility for:

i) designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatement, whether due to fraud or error;

ii) selecting suitable accounting policies and applying them consistently; and

iii) making accounting estimates and judgements that are reasonable in the circumstances.

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

The Trustee acknowledges that the independent audit of the financial statements does not relieve them of their responsibilities.

Approved by the board of Trustee on..... and signed on its behalf by:

THE CO-OPERATIVE BANK OF KENYA LTD. TRUSTEE SERVICES

.....
Trustee

Dear Unit Holder,

We would like to thank you for your continued trust in the Taifa Unit Trust scheme since its inception. We are committed to ensuring capital growth by providing our clients with competitive returns.

In 2025, the Kenyan economy demonstrated resilience and maintained a steady growth trajectory, expanding by approximately 4.95%.

The expansion was largely underpinned by stronger performance in the Agriculture, Forestry and Fishing sectors, which grew by 3.2%, reflecting improved sectoral conditions. Growth momentum was further reinforced by a rebound in Construction and Mining and Quarrying activities, which expanded by 6.7% and 16.6%, respectively.

However, this GDP growth remained below the Central Bank of Kenya's projection of 5.2%.

Inflation in the fourth quarter of 2025 averaged 4.5%, up from 2.8% recorded in the third quarter, taking the 2025 full year inflation average to 4.08%. The price increase was mainly driven by a rise in prices in Food and Non-Alcoholic Beverages (+7.8%), Transport (+5.1%) over a one-year period.

The local currency maintained its stability against the dollar, gaining by 0.2% year-on-year.

The money market funds invest in liquid short-term and long-term interest-bearing instruments mainly bank deposits, corporate and government securities.

The average gross yield in the fourth quarter of 2025 was 3.00%.



.....

Signed on Behalf of the Promoter

31st March **2026**

TAIFA MONEY MARKET FUND
CUSTODIAN REPORT FOR THE PERIOD ENDED 31ST DECEMBER 2025

In accordance with the Capital Markets (Collective Investments Schemes) Regulations, 2023 and the Custody Agreement between Diamond Trust Bank Kenya Limited as the Custodian and The Cooperative Bank of Kenya Limited as the Fund manager, we confirm that:

a) We have discharged the duties prescribed for a Custodian under Regulation 68 of the regulations, to Taifa Money Market Fund USD

b) We have received, maintained and kept in safe custody, all assets (including securities and income that accrue thereof) and title documents of the scheme.

c) We have facilitated transfer, exchange or delivery of securities held upon receipt of proper instructions from the Fund manager, Administrator and the Trustee where applicable.

d) We have kept proper books, records and statements of the assets held under management and transactions carried out within the year.

By order of the Custodian

Diamond Trust Bank Kenya Limited

31 March 2026

REPORT OF THE INDEPENDENT AUDITOR TO THE UNIT HOLDERS OF TAIFA MONEY MARKET FUND USD – USD FOR THE NINE MONTH PERIOD ENDED 31 DECEMBER 2025

Opinion

We have audited the financial statements of Taifa Money Market Fund USD set out on pages 11 to 26, which comprise the statement of financial position as at 31 December 2025, the statement of profit or loss, statements of changes in unit holder funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Taifa Money Market Fund USD as at 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, accounting Standards and the requirements of Kenyan Capital Markets (Collective Investment Schemes) Regulations, 2023.

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 (IESBA) International Code of Ethics for Professional Accountants* (including international independence standards) *(the IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

This section of the audit report is intended to describe the matters communicated with those charges with governance that we have determined, in our professional judgement, were of most significance in the audit of the financial statements. 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

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Key Audit Matters (continued)

Key Audit Matter	How the matter was addressed in the audit
Valuation of the Investment Portfolio The Fund's investment portfolio primarily comprises short-term debt instruments such as treasury bills, commercial papers, fixed deposits and corporate bonds. These instruments are required to be measured at fair value or amortized cost in accordance with applicable financial reporting standards and the CIS Regulations. The valuation of these instruments requires the use of pricing inputs, yield curves, and valuation models, and therefore involves judgement. Given that investments represent the most significant component of the Fund's net assets and directly affect the Net Asset Value (NAV) reported to investors, this area was considered a key audit matter.	Our audit procedures included; Obtaining an understanding of the Fund Manager's valuation policies and assessing their compliance with the CIS Regulations and the Fund's scheme documents. • Testing the design and implementation of key controls over the valuation process. • Obtaining independent price confirmations from custodians, pricing vendors, or market data sources for a sample of securities. • Recalculating valuations for selected investments using independent market data. • Assessing whether the valuation methodologies applied were appropriate and consistently applied. • Evaluating the adequacy of disclosures relating to investments in the financial statements.
Accuracy of Yield and Performance Calculations; The Fund publishes daily yields and performance returns which are used by investors to assess the performance of the fund. These calculations depend on accurate determination of investment income, expenses, and the Fund's Net Asset Value. Given the significance of these metrics to investors and regulatory oversight, this area was considered a key audit matter.	Our audit procedures included; • Obtaining an understanding of the methodology used by the Fund Manager to compute yields and performance returns. • Testing the design and implementation of controls over the calculation of daily yields and NAV. • Independently recalculating yields and returns for selected periods during the year and comparing the results with those reported by the Fund. • Verifying the completeness and accuracy of income, expenses, and units in issue used in the yield calculations. • Assessing whether the methodology applied was consistent with regulatory guidance and the Fund's scheme documents.

Other information
The other information comprises information on Trustee and professional advisors, Report of the Trustee, Statement of Trustee's Responsibilities, Fund manager's report and the Report of the Custodian which we obtained prior to the date of this auditor's report but does not include the financial statements and our auditor's report thereon. The Trustee is responsible for the other information. We do not express any form of assurance conclusion thereon except to the extent otherwise explicitly stated in this report, we do not express 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 material misstatement of this other information we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Trustee's for the financial statements
The Trustee is responsible for the preparation and fair presentation of these financial statements in accordance with Capital Markets Authority, International Financial Reporting Standard for small and medium sized entities, and for such internal control as the Trustee 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 Trustee is responsible for assessing the fund's ability to continue as a going concern, disclosing as applicable, matters related to the going concern and using the going concern basis of accounting unless the proprietor intend to liquidate the firm or to cease operations or have no realistic alternative but to do so.

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 judgment and maintain professional skepticism 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.

Auditor's responsibilities for the audit of the financial statements (Continued)

- 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 the company's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management

- Conclude on the appropriateness of management'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 a significant doubt on the firm'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 or in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence up to the date of the auditor's report. However, future events or conditions may cause the firm 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 Trustee 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 Trustee, 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 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.

Report on other Legal and Regulatory Requirements

In our opinion, the Fund Manager has complied with the reporting requirements of Circular No. 3 of 2026 from CMA. As detailed in our Key Audit Matters, we have verified the existence and valuation of assets independently recalculated performance yields and assessed the fund's adherence to investment portfolio limits as required by the Capital Markets (Collective Investment Schemes) Regulations, 2023.

CPA Michelle Okonji, – Practicing certificate No 2423.
The engagement partner responsible for the audit

For and on behalf of; ***Parker Russell Eastern Africa LLP***
Certified Public Accountants
Nairobi, Kenya.
1/April/**2026**

UNIQUE CODE: 98578260331

	Notes	2025 USD	2025 Kshs
Investment income	4	4,615	595,720
Operating expenses	5	(820)	(105,843)
Profit for the period		**3,795**	**489,877**

The notes set out on pages 16 to 26 form an integral part of these financial statements.

	Notes	2025 USD	2025 Kshs
ASSETS			
Deposits With Financial Institutions	**6**	217,022	28,015,345
Cash and cash equivalents	**7**	377	48,624
TOTAL ASSETS		**217,399**	**28,063,969**
FUND BALANCES			
Unit holder funds	**10**	212,784	27,468,249
Profit for the year		3,795	489,877
MEMBER FUNDS		**216,579**	**27,958,126**
LIABILITIES			
Other payables	**9**	820	105,843
TOTAL EQUITIES AND LABILITIES		**217,399**	**28,063,969**

The financial statements on pages 12-16 were approved for issue by the Trustees on ..... 2026 and signed on its behalf by;

CO-OPERATIVE BANK OF KENYA LTD. TRUSTEE SERVICES

....

Trustee **Director**

The notes set out on pages 16 to 26 form an integral part of these financial statements.

	2025 USD	2025 KSHS
Fund balances at the start of the period	-	-
Proceeds from units issued in the period	212,784	27,468,249
Net movement in the fund balance	***212,784***	***27,468,249***
Profit for the period	3,795	489,877
At the end of the period	**216,579**	**27,958,126**

The notes set out on pages 16 to 26 form an integral part of these financial statements.

	Notes	2025 USD	2025 KSHS
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year		3,795	489,877
Adjustment for:			
Changes in working capital:			
Increase in other payables	**5**	820	105,843
Net cash generated from operating activities		**4,615**	**595,720**
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from units issued		212,784	27,468,249
Net cash generated from financing activities		**212,784**	**27,468,249**
Increase in cash and cash equivalents		**217,399**	**28,063,969**
Movement in cash and cash equivalents			
At start of the period		-	-
Increase in cash and cash equivalents		217,399	28,063,969
At end of the period	**7**	**217,399**	**28,063,969**
Represented by:			
Call and fixed deposits		217,022	28,015,344
Cash balances		377	48,624
		217,399	**28,063,968**

The notes set out on pages 16 to 26 form an integral part of these financial statements.

1. Material accounting policy information

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) Basis of preparation

The financial statements have been prepared in compliance with International Financial Reporting Standards (IFRS), interpretations issued by the IFRS Interpretations Committee (IFRIC) Interpretations applicable to companies reporting under IFRS and the requirements of the Capital Markets Authority 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 US dollar and Kenya Shillings (Shs), rounded to the nearest thousand.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions. It also requires the Fund Manager 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 2.

Fair value is 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the fund takes into account the characteristics of the asset or liability if market participants would take those characteristics into when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

-Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
-Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
-Level 3 inputs are unobservable inputs for the asset or liability.

Transfer between levels of the fair value hierarchy are recognised by the Trustee at the end of the reporting period during which the change occurred.

These financial statements comply with the requirements of the Capital Markets (Collective Investment Schemes) Regulations, 2001. The statement of profit or loss represents the profit and loss account referred to in the Act. The statement of financial position represents the balance sheet referred to in the Act.

1. Material accounting policy information (continued)

a) Basis of preparation (continued)

Going concern

The financial performance of the fund is set out in the report of the Trustee and in the statement of profit or loss. The financial position of the fund is set out in the statement of financial position. Based on the financial performance and position of the fund and its risk management policies, the Trustee is of the opinion that the fund is well placed to continue in business for the foreseeable future and as a result the financial statements are prepared on a going concern basis.

b) 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, fixed deposits, government securities and investments with related parties.

c) Translation of foreign currencies

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 US dollars and Kenya Shillings ("Kshs"), rounded to the nearest thousand which is the Fund's functional currency.

Transactions and balances

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

d) Financial instruments

i)Classification

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

1. Material accounting policy information (continued)

d.) Financial instruments (continued)

(ii) *Recognition and De-recognition*

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 bonds.

Classification and subsequent measurement of debt instruments depends on:

- the Fund's business model for managing the financial assets; and
- the cash flow characteristics of the asset.

Based on these factors, the Fund classifies its debt instruments as those held at amortised costs. Under amortised costs the assets 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.

1. Material accounting policy information (continued)

d.) Financial Instruments (continued)

(iv) 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

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.

1. Material accounting policy information (continued)

d.) Financial Instruments (continued)

(iv) Impairment

- 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.

Incorporation of forward-looking information

The Fund uses forward-looking information that is available without undue cost or effort in its assessment of significant increase of credit risk as well as in its measurement of ECL. The Fund uses external and internal information to generate a 'base case' scenario of future forecast of relevant economic variables along with a representative range of other possible forecast scenarios. The external information used includes economic data and forecasts published by governmental bodies and monetary authorities.

v) Write-off

Debt securities are written off (either partially or in full) when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Fund determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. This assessment is carried out at the individual asset level.

Recoveries of amounts previously written off are included in 'impairment losses on financial instruments' in the statement of profit or loss and OCI.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Fund's procedures for recovery of amounts due

e.) 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.

f.) Unit holders balance

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

1. Material accounting policy information (continued)

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.

2. 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.

3. Financial risk management objectives 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.

The Fund is also exposed to operational risks such as custody risk. Custody risk is the risk of loss of securities held in custody occasioned by the insolvency or negligence of the custodian. Although an appropriate legal framework is in place that eliminates the risk of loss of value of the securities held by the custodian, in the event of its failure, the ability of the Fund to transfer securities might be temporarily impaired.

Risk management is carried out by the Fund Manager, KCB Asset Management Limited. The Fund Manager, 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.

3. Financial risk management objectives and policies

Market risk

(i) Foreign exchange risk

In the year 2023, the Fund did not have exposure to investments that are denominated in foreign currencies; therefore, the Fund had no exposure to foreign exchange risk.

(ii) Price risk

The Fund invests in government securities at amortised cost and the fair values of these securities are monitored closely by the management to ensure risks are mitigated.
As at 31 December 2024, if the yield curve increased/decreased by 1% with all other variables held constant and the unit holder balance for the year 2024 would have been Shs. 160,843 higher/lower.

(iii) Cash flow and fair value interest rate risk

The Fund's interest-bearing financial assets are corporate bonds, government securities and deposits with financial institutions, which are at fixed rate, and on which it is therefore not 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 a 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 Funds' Investments Committee.

2025	**USD**	**KSHS**
Deposits with financial institutions	217,022	28,015,345
Bank balance	377	48,624
Total	**217,399**	**28,063,969**

No collateral is held for any of the assets. All assets that are considered to be impaired are carried at their estimated recoverable value.

3. Financial risk management objectives and policies (continued)

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 are 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.

4. Capital management

The capital of the Fund is represented by unit holders' balances. The amount of unit holder liabilities can change significantly daily 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 unitholders.

5. Taxation

The Fund is registered as a collective investment scheme under the Capital Markets Authority Act.

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.

4 **Investment income**	2025 USD	2025 Kshs
Income	4,615	595,720
	4,615	**595,720**

Fixed deposits income relates to fair value gains earned on fixed deposits investment in financial institutions.

5 **Operating expenses**	2025 USD	2025 Kshs
Fund management fees	486	62,722
Trustee fees	152	19,601
Custody fees	182	23,520
	820	**105,843**

Fund management fees are paid to KCB Asset managers as the Fund manager and to Ndovu wealth limited as the promoter at 50;50.

6 **Fixed and call deposits**	2025 USD	2025 Kshs
Face value	217,022	28,015,345

The fixed and call deposits have been held with the following banks

Fixed deposits		
Development Bank of Kenya Ltd	35,008	4,519,202
Diamond Trust Bank	9,001	1,161,891
Family Bank Ltd	35,208	4,545,019
Housing Finance	17,157	2,214,802
Kingdom Bank	35,005	4,518,781
National Bank of Kenya Ltd	35,004	4,518,676
Victoria Commercial Bank	40,377	5,212,265
Call deposits		
Co-operative Bank Ltd-call deposits	10,262	1,324,708
	217,022	**28,015,344**

7 Cash and cash equivalents	2025 USD	2025 Kshs
Cash at Bank	377	48,624
Cash in hand	377	48,624
Fixed and call deposits (Note 3)	217,022	28,015,344
	217,399	**28,063,968**

8 Cash and cash equivalents

The unit trust is registered under the income tax act (collective investments scheme rules 2002), and is exempt from income tax.

9 Other payables	2025 USD	2025 Kshs
Trustee fee payable	152	19,601
Custodial fee payable	182	23,520
Management fee payable	486	62,722
	820	**105,843**

10 Fund balances		
Unit Holder Balances	212,784	27,468,249
Profit for the year	3,795	489,877
	216,579	**27,958,126**

11. New and revised financial reporting standards

In the current year, the company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2025. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 21 – Lack of Exchangeability

The Company has adopted the amendments to IAS 21, which provide guidance on determining the exchange rate to apply when a currency is not exchangeable and introduce additional disclosure requirements in such circumstances. The adoption of these amendments has not had a material impact on the Company's financial statements, as there were no significant foreign currency transactions affected by exchange restrictions during the year.

11. New and revised financial reporting standards (continued)

The company has not applied the following new and revised standards and interpretations that have been published but are not yet effective for the year beginning 1 January 2025. None of the changes is expected to have any material impact on the group's financial statements except IFRS 18, which will require changes to the presentation, and related disclosures, of the Profit and Loss Account and the Statement of Cash Flows.

- *IFRS 18 – Presentation and Disclosure in Financial Statements*
- *IFRS 19 – Subsidiaries without Public Accountability: Disclosures*
- *Amendments to IFRS 9 and IFRS 7 – Amendments to the Classification and Measurement of Financial Instruments*
- *Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*