

KUZA ASSET MANAGEMENT UNIT TRUST SCHEME
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2025

*Kuza Asset Management Unit Trust Scheme
Annual Report and Financial Statements
For the year ended 31 December 2025*

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TRUSTEE

: The Co-operative Bank of Kenya Limited
: Co-operative Bank House,
: Haile Selassie Avenue
: P.O. Box 48231 - 00100 GPO
: Nairobi Kenya.

FUND MANAGER

: Kuza Assets Management Limited
: Kings Prism Tower, 12th Floor,
: Third Ngong Avenue,
: P.O Box 26180-00100 GPO,
: Nairobi Kenya.

CUSTODIAN

: KCB Bank (K) Limited
: Custody Services,
: KCB Towers, 7th Floor,
: Kenya Road, Upperhill,
: P O Box 30664 – 00100, GPO ,
: Nairobi, Kenya.

INDEPENDENT AUDITORS

: Njoroge Kibebe & Associates
: Certified Public Accountants of Kenya
: Trio Complex off Thika Road
: P.O. Box 58132 00200 Nairobi, Kenya.

REPORT OF THE TRUSTEE

The Trustee submits its report together with the audited financial statements for the year ended 31 December 2025 that disclose the state of affairs of the Funds.

INVESTMENT OBJECTIVES

Kuza Asset Management Unit Trust Scheme is a Collective Investment Scheme with four sub funds each of which is described below:

Kuza Momentum Special Fund

The investment objective of the Kuza Momentum Special Fund is to generate superior returns over the short to long term by maximizing long term capital growth.

To achieve this, the fund will invest primarily in instruments listed on the stock exchanges of Kenya, and any other recognized Stock Exchanges, which shows above average prospects for future growth, non-listed instruments, derivative products as well as cash placements within approved banks. The Fund will also take advantage of Initial Public Offerings ('IPOs') of companies currently owned or controlled by private investors and/or other Governments.

The fund aims to achieve its performance objective through well-researched and superior security selection. The Fund will have exposure to offshore listed and non-listed instruments.

Kuza Money Market Fund - KES

The investment objective of the Kuza Money Market Fund is to generate competitive short to medium term returns to result to steady capital growth.

To achieve this, the fund will invest primarily in near cash interest bearing securities.

The fund aims to achieve its performance objective through well-researched and superior security selection.

Kuza Money Market Fund - USD

The investment objective of the Kuza Money Market Fund USD is to generate competitive short to medium term returns to result to steady capital growth.

To achieve this, the fund will invest primarily in near cash interest bearing securities.

The fund aims to achieve its performance objective through well-researched and superior security selection.

Kuza Fixed Income Fund

The investment objective of the Kuza Fixed Income Fund is to generate competitive medium to long term returns to result to steady capital growth.

To achieve this, the fund will invest primarily in interest bearing securities.

The fund aims to achieve its performance objective through well-researched and superior security selection.

Kuza Shariah Momentum Special Fund

The investment objective of the Kuza Shariah Momentum Special Fund is to achieve long-term capital growth by investing exclusively in Shariah-compliant investments. To achieve this, the fund will invest primarily in halal businesses and securities, including equities, Initial Public Offerings (IPOs), Real Estate Investment Trusts (REITs), and sukuk investments. The fund aims to optimize returns while adhering to Shariah investment principles and ensuring all investments comply with Islamic finance guidelines. The fund aims to achieve its performance objective through well-researched and superior security selection.

REPORT OF THE TRUSTEE (Continued)

FUND PERFORMANCE

INCOME FOR THE YEAR

Kuza Asset Management Unit Trust Scheme		2025	2024
-Kuza Momentum Special Fund	Kes	27,440,846	4,548,059
-Kuza Money Market Fund - KES	Kes	199,751,182	56,822,573
-Kuza Money Market Fund - USD	Usd	92,193	50,893
-Kuza Fixed Income Fund	Kes	50,563,381	10,762,710
-Kuza Shariah Momentum Special Fund	Kes	<u>130,967</u>	<u>97,122</u>

FUND VALUE AT THE END OF THE YEAR

Kuza Asset Management Unit Trust Scheme		2025	2024
-Kuza Momentum Special Fund	Kes	455,864,945	20,262,294
-Kuza Money Market Fund - KES	Kes	2,349,962,249	912,198,713
-Kuza Money Market Fund - USD	Usd	1,472,371	1,316,545
-Kuza Fixed Income Fund	Kes	715,938,309	161,322,601
-Kuza Shariah Momentum Special Fund	Kes	<u>2,869,625</u>	<u>883,615</u>

DISCLOSURE TO THE AUDITORS

The Trustee confirms that at the time of approval of this report ;

- a) There is no relevant audit information of which the Fund's auditors were unaware of ;and
- b) the Trustee has taken all steps that ought to be taken as Trustees so as to be aware of any relevant audit information and to establish that the Funds' auditors is aware of that information.

TERMS OF APPOINTMENT OF THE AUDITOR

Njoroge Kibebe & Associates (CPAK) continues in office in accordance with the Funds' Trust Deeds and section 55(A) of the Capital Markets (Licensing requirements) (General) Regulations ,2002.

The Trustee Monitors the effectiveness, objectivity and independence of the auditors. The responsibility includes the approval of the audit engagement contracts and the associated fees on behalf of the Unit holders.

TRUSTEE

TRUSTEE

The Capital Markets (Collective Investment Schemes) Regulations, 2001 and Trust Deed requires the Trustees to prepare financial statements for each financial year that give a true and fair view of the financial position for the fund as at the end of the financial year and of its profit or loss for that year. It also requires the Corporate Trustee to ensure that the Fund keeps proper accounting records that: (a) show and explain the transactions of the Fund; (b) disclose, with reasonable accuracy, the financial position of the Fund; and (c) enable the Corporate Trustees to ensure that every financial statement required to be prepared complies with the requirements of the Capital Markets (Collective Investment Schemes) Regulations, 2001.

The Corporate Trustee accepts 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 controls 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 Funds 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 Funds' ability to continue as a going concern.

The Corporate Trustee acknowledges that the independent audit of the financial statements does not relieve it of its responsibilities.

Approved by the Corporate Trustee on 2026 and signed on its behalf by:

Corporate Trustee

FUND MANAGERS REPORT

We want to thank the unit holders for their continued trust in the Kuza Unit Trust Scheme. During the year, the funds remained focused on achieving competitive returns for investors while managing risk and maintaining adequate liquidity. Despite a shifting macroeconomic environment characterized by monetary policy easing and evolving global conditions, the funds remained well-positioned to capture opportunities across fixed-income and equity markets while safeguarding investors' capital.

Economic Growth

Kenya's economy is projected to grow at an average of 5.0%, an improvement from 4.7% in 2024. This acceleration was backed by easing monetary policy, accommodative financial conditions, and a rebound in key sectors, particularly agriculture, which benefited from favourable weather conditions following the droughts of prior years. The Agriculture, Fishing and Forestry sector remained the primary contributor to GDP. The services sector, encompassing tourism and financial services, also contributed positively to overall growth. Improved business sentiment and a gradual recovery in consumer demand further supported economic expansion.

Business conditions in the private sector improved meaningfully during the year. The average Stanbic Bank Purchasing Managers' Index (PMI) 2025 came in at 51.0, higher than the 49.6 average recorded in 2024, signalling a return to expansion territory.

Kenyan Inflation

Kenya's headline inflation continued its moderating trend in 2025, averaging 4.1% for the year, down from 4.5% recorded in 2024. This marked a continuation of the broad-based disinflation observed over the prior year, reflecting a stable exchange rate, easing monetary policy, and relatively contained fuel prices. The main contributors to headline inflation in December were Food & Non-Alcoholic Beverages (up 7.8%), Transport (up 5.2%), and Housing, Water, Electricity, Gas & Other Fuels (up 1.6%).

Notably, Kenya's inflation remained within the Central Bank of Kenya's (CBK) target range for thirty consecutive months, a testament to the effectiveness of prior monetary tightening and the stabilizing role of the stronger Kenyan Shilling.

Interest Rate Movements

The interest rate environment in 2025 was defined by a sustained and deliberate easing cycle. The MPC met six times during the year and progressively lowered the Central Bank Rate (CBR) by a cumulative 175 basis points, from 10.75% in February 2025 to 9.00% in December 2025. These reductions were underpinned by anchored inflation expectations, a stable Kenyan Shilling, and the need to reduce financing costs across the economy to support growth.

Beyond the policy rate, the yield curve experienced a broad downward adjustment relative to 2024, driven by the government's continued efforts to reject high-priced bids at primary auctions, local-currency stabilization, and relatively contained inflation. Together, these factors reduced the need for investors to demand higher yields to compensate for inflation and currency depreciation risks, resulting in a general decline across the curve.

FUND MANAGERS REPORT (CONTINUED)

Kenya Shilling

The Kenyan Shilling demonstrated resilience in 2025, appreciating modestly by 0.2% against the US Dollar. This represented a significant moderation from the exceptional 17.4% appreciation recorded in 2024, and reflects a more normalized trading environment following the prior year's Eurobond-driven surge in investor confidence.

Foreign exchange reserves also remained robust at USD 12.4 billion, equivalent to 5.3 months of import cover, well above both the statutory minimum of 4.0 months. The CBK's approach to exchange rate management, allowing for gradual, controlled adjustments in line with inflation dynamics and external sector conditions, has been instrumental in maintaining currency stability throughout the year.

2025 Kuza Unit Trusts Update

Equities

The Kenyan equities market delivered a strong performance in 2025, with the NSE All Share Index (NASI) gaining 51.1% over the year. This impressive upward trajectory reflects a confluence of positive macroeconomic developments, including easing monetary policy, a stable exchange rate, contained inflation, and gradually improving business sentiment, all of which supported a re-rating of equities as investors grew more confident in the domestic economic outlook.

The easing interest rate environment was particularly consequential for equities, as declining yields on fixed-income instruments prompted investors to seek higher returns in equities, channeling capital toward listed counters. Improved corporate earnings prospects, underpinned by lower borrowing costs and recovering consumer demand, further bolstered valuations across key sectors. Looking ahead, we remain cautiously optimistic on the Kenyan equities market.

2026 Outlook

The outlook for Kenya's financial markets in 2026 remains cautiously optimistic, supported by improving macroeconomic fundamentals and a gradually easing monetary policy environment. Economic growth is expected to remain resilient, supported by continued expansion in the agriculture and services sectors, improved business sentiment, and a gradual recovery in private sector credit as borrowing costs decline.

FUND MANAGERS REPORT (CONTINUED)

Inflation is expected to remain within the Central Bank of Kenya’s target range of 2.5% – 7.5%, supported by a relatively stable currency, improved agricultural output, and stable global energy prices. However, potential risks remain, including volatility in global commodity prices and geopolitical developments that could influence inflation dynamics. In the fixed income market, the continued easing of monetary policy and government efforts to manage domestic borrowing costs are expected to maintain a relatively supportive environment for bond prices. The equities market is expected to remain supported by improved liquidity conditions, declining interest rates, and stronger prospects for corporate earnings. Lower yields in fixed income markets may continue to drive a rotation of capital toward equities, particularly into fundamentally strong companies with solid balance sheets and consistent dividend policies.

From a portfolio management perspective, our investment strategy will remain focused on maintaining asset-class diversification, preserving capital, and identifying opportunities that deliver sustainable income and long-term growth for our investors. We will continue to actively monitor macroeconomic developments, market dynamics, and policy changes to ensure the funds remain well-positioned to navigate evolving market conditions.

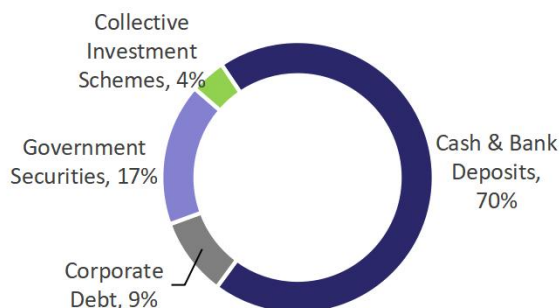
Discussion About Unit Trusts

Money Market Funds (KES and USD)

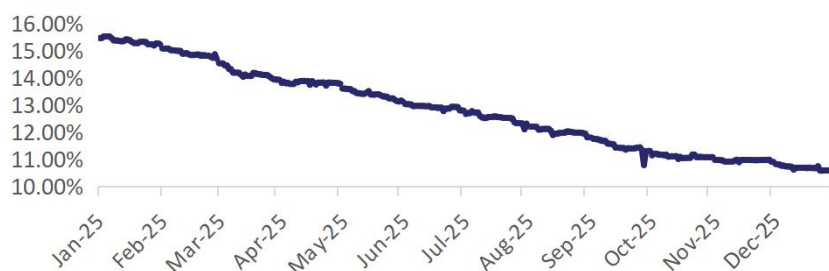
The Kuza Money Market Funds invest in short-term, high-quality, and low-risk instruments, including Treasury bills, fixed deposits, commercial papers, and other money market securities. These funds are designed to provide capital preservation, liquidity, and stable income, making them among the least risky investment options within the collective investment scheme universe. They are particularly suitable for investors seeking a secure avenue to park funds while earning competitive returns.

The Kuza USD Money Market Fund invests in high-quality US dollar-denominated money market instruments, carefully structured to ensure sufficient liquidity while maintaining income stability. The fund serves as an effective liquidity and capital preservation vehicle for investors holding US dollar assets. Additionally, the USD fund provides investors with an opportunity to hedge against local currency depreciation, making it an attractive option for those seeking to preserve purchasing power and diversify their currency exposure while maintaining access to liquid, low-risk investments.

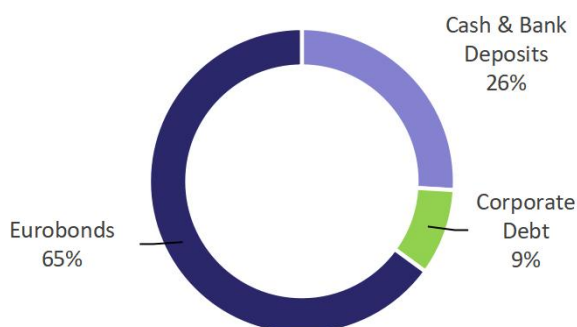
MMF KES: AUM: KES 2.35 billion



Kuza MMF (KES)



MMF USD: USD 1.47 million



Kuza MMF (USD)



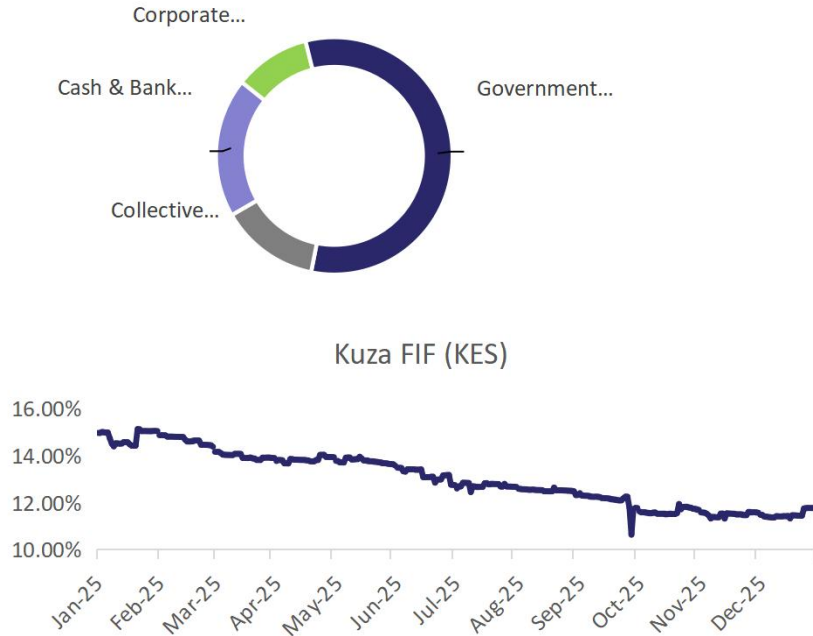
Fixed Income Fund

The Fixed Income Fund seeks to generate steady income for investors by investing in a diversified portfolio of fixed-income securities, including government and corporate bonds, as well as other debt instruments.

The fund focuses on identifying high-quality issuers and well-structured securities that provide attractive yields while maintaining prudent risk management. This fund is particularly suitable for investors seeking steady income and benefits from the relatively stable return profile typically associated with fixed-income investments.

FUND MANAGERS REPORT (CONTINUED)

FIF: KES 715.94 million

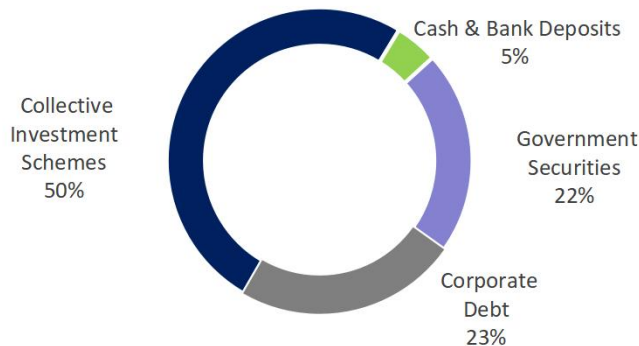


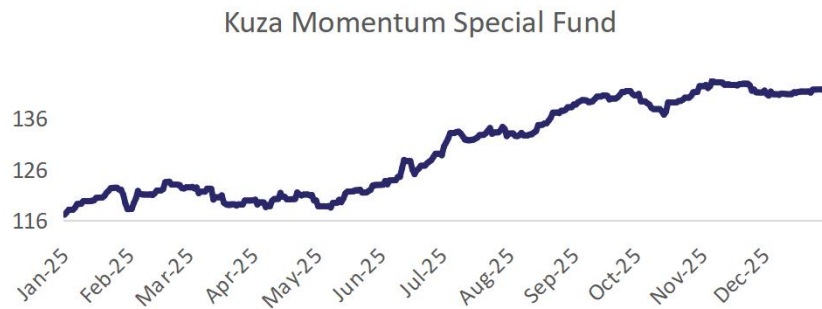
Momentum Special Fund

The Momentum Special Fund adopts an asset-agnostic investment approach, allowing the portfolio manager the flexibility to allocate capital to the most attractive opportunities across asset classes based on prevailing market conditions.

The portfolio is dynamically positioned to capture opportunities in both growth-oriented equities and income-generating fixed-income instruments, thereby optimizing capital appreciation, dividend income, and interest income for investors. The Momentum Special Fund is therefore well-suited for investors seeking long-term capital growth while benefiting from a diversified, actively managed, and flexible investment strategy that adapts to evolving market dynamics.

AUM: KES 455.60 million



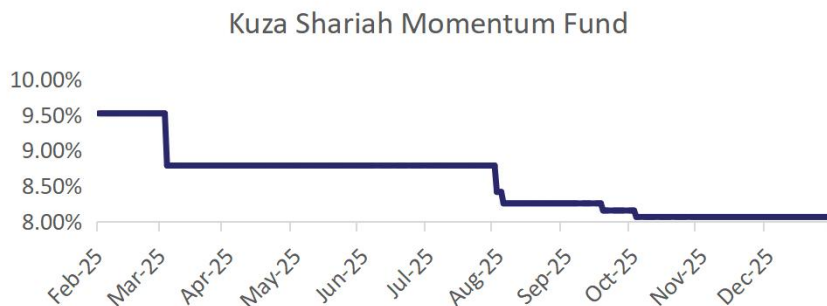


Shariah Momentum Funds

The Shariah Momentum Fund adopts an asset-agnostic investment approach, allowing the portfolio to allocate capital across Shariah-approved opportunities in both equities and fixed-income-like instruments in line with Islamic finance principles.

The Shariah Momentum Fund is therefore suitable for investors seeking long-term capital appreciation and income through a diversified portfolio that adheres strictly to Islamic investment principles, while benefiting from an actively managed, flexible investment strategy.

AUM: KES 2.87 million



- a) In accordance with the Capital Markets (Collective Investments Scheme) Regulations , 2001 (the regulations) and the Custody Agreement between Kuza Asset Management Limited as the Fund Manager and KCB Bank (K) Limited as the custodian, we confirm that we have discharged the duties prescribed for a custodian under the regulation 35 of the regulations, for the year 1 January 2024 to 31 December 2025, we have held the assets for the Kuza Asset Management Unit Trust Scheme including Title deeds, Securities and income that accrue thereof, to the order of the Fund Manager and facilitated the transfers , exchange or delivery in accordance with the instructions received from Fund Manager.
- b) We confirm having effected the sale, redemption and cancellation of units in accordance with the creation/ liquidation instructions received from the Fund Manager.

By order of the custodian

_____ **2026**

KUZA MOMENTUM SPECIAL FUND

Kuza Momentum Special Fund
Annual Report and Financial Statements
For the year ended 31 December 2025

COMPREHENSIVE INCOME STATEMENT

	Notes	2025 Kes	2024 Kes (Restated)
Income			
Interest and dividend income	5(i)	21,371,241	1,029,670
Fair value gain on investments at fair value through profit and loss	5(ii)	<u>13,975,300</u>	<u>3,951,132</u>
Total income from investing activities		35,346,541	4,980,802
Expenses			
Service fees and other expenses	6	<u>(7,905,694)</u>	<u>(432,744)</u>
Profit before income tax		27,440,846	4,548,059
Income tax expense	11	<u>-</u>	<u>-</u>
Profit for the year		27,440,846	4,548,059
Other comprehensive income, net of tax		<u>-</u>	<u>-</u>
Total comprehensive Income for the year		<u><u>27,440,846</u></u>	<u><u>4,548,059</u></u>

The significant accounting policies and the notes on pages 18 to 29 form an integral part financial statements.

Report of the independent auditors - pages 10 to 12.

*Kuza Momentum Special Fund
Annual Report and Financial Statements
For the year ended 31 December 2025*

STATEMENT OF FINANCIAL POSITION

	Notes	2025 Kes	2024 Kes
ASSETS			
Investment balances	7 (i)	455,615,302	20,261,407
Bank and cash balances	7 (ii)	249,644	887
TOTAL ASSETS		455,864,945	20,262,294
LIABILITIES			
Accruals and other liabilities	9	1,623,989	52,257
Unit holder balances	8	454,240,956	20,210,037
TOTAL LIABILITIES		455,864,945	20,262,294

The financial statements on pages 13 to 29 were approved for issue by the Trustee on _____
_____ 2026 and were signed on its behalf by:

_____ TRUSTEE

_____ TRUSTEE

The significant accounting policies and the notes on pages 18 to 29 form an integral part financial statements.

Report of the independent auditors - pages 10 to 12.

Kuza Momentum Special Fund
Annual Report and Financial Statements
For the year ended 31 December 2025

CASH FLOW STATEMENT

	Notes	2025 Kes	2024 Kes
Cashflows from operating activities			
Interest and dividend income received		21,372,311	1,100,689
Service fees and other expenses paid		(6,333,962)	(418,670)
Net cash used on purchase of investments		(578,056,779)	(15,223,027)
Net cash generated from sale of investments		<u>156,677,115</u>	<u>7,690,832</u>
Net cash used in operating activities		<u>(406,341,316)</u>	<u>(6,850,175)</u>
Cashflows from financing activities			
Net proceeds from sale of units		<u>406,590,073</u>	<u>6,835,013</u>
Net cash generated from financing activities		<u>406,590,073</u>	<u>6,835,013</u>
Increase/(decrease) in cash and cash equivalents		<u>248,757</u>	<u>(15,162)</u>
Movement in cash and cash equivalents			
At start of year		887	16,049
Increase/(decrease) in cash and cash equivalents		<u>248,757</u>	<u>(15,162)</u>
At end of year	7 (ii)	<u><u>249,644</u></u>	<u><u>887</u></u>

The significant accounting policies and the notes on pages 18 to 29 form an integral part financial statements.

Report of the independent auditors - pages 10 to 12.

SIGNIFICANT ACCOUNTING POLICIES

1) General Information

Kuza Momentum Special Fund ('the Fund') is a collective investment scheme which is registered under the Capital Markets Authority Act and is domiciled in Kenya. The Fund was established under a trust deed dated July 2022. The address of its registered office is:

Kuza Assets Management Limited
Kings Prism Tower, 12th Floor
Third Ngong Avenue
P.O Box 26180-00100
Nairobi

2) Summary of material accounting policies

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

a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

i) Measurement basis

The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies summarised below.

Under the historical cost basis, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or, in some cases, at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

For those assets and liabilities measured at fair value, 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. When measuring the fair value of an asset or a liability, the Fund uses market observable data as far as possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Fund using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items or discounted cash flow analysis). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account.

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised by the Fund at the end of the reporting period during which the change occurred.

2) Summary of significant accounting policies (Continued)

a) Basis of preparation (Continued)

ii) Use of estimates

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

b) Translation of foreign currencies

(i) Functional and presentation currency

The accounting records are maintained in the currency of the primary economic environment in which the Fund operates (the "Functional Currency"). The financial statements are presented in Kenya Shillings, which is the Fund's functional and presentation currency. The figures shown in the financial statements are stated in Kenya Shilling (Shs).

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. 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.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within 'other income' or 'other expenses'.

c) Revenue recognition

Interest income is recognised on a time proportion basis that takes into account the effective yield on the asset. Dividends are recognised as income in the year in which the right to receive payment is established. The Fund recognises revenue when it satisfies its performance obligations by delivering the services (or portions thereof) to a customer. The amount of revenue recognised is the amount the Fund expects to receive in line with the contractual terms of delivery of services, which are triggered when specific criteria have been met for each of the Fund's activities as described below. The Fund bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

d) Financial instruments

A financial asset or liability is recognised when the fund becomes party to the contractual provisions of the instrument.

i) Financial assets

The Fund's classification is based on the contractual cash flow characteristics of the asset and the business model for managing the financial assets.

The Fund classifies its financial assets into the following categories:

- 1 Financial assets at fair value through profit or loss ("FVTPL");
- 2 Financial assets measured at amortised cost
- 3 Financial assets at fair value through other comprehensive income ("FVTOCI")

2) Summary of significant accounting policies (Continued)

d) Financial instruments (continued)

Financial assets (except those carried at fair value through profit or loss) are initially recognised in the financial statements at fair value plus transaction costs.

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Net Investment income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Fair value through the profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises. Interest income and credit related income from these financial assets is included in 'Interest income' using the effective interest rate method.

Contractual characteristics of a financial asset/ SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Fund assesses whether the financial instruments' cash flows represents solely payments of principal and interest (the "SPPI test"). In making this assessment, the Fund considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Fund's business model: The business model reflects how the Fund manages the assets in order to generate cash flows. That is, whether the Fund's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of "other" business model and measured at FVPL. Factors considered by the Fund in determining the business model for a group of assets include past experience on how cash flows for these assets were collected, how the asset's performance is evaluated and reported by key management personnel, how risks are assessed and managed and 'how managers are compensated.

Impairment of financial assets

The Fund assesses on a forward-looking basis, the expected credit losses ("ECL") associated with its debt instrument assets carried at amortised cost and FVOCI. The Fund recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

2) Summary of significant accounting policies (Continued)

d) Financial instruments (Continued)

Impairment of financial assets (continued)

The Fund reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. The changes are expected to be very infrequent and none occurred during the year.

Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Fund transfers substantially all the risks and rewards of ownership, or (ii) the Fund neither transfers nor retains substantially all the risks and rewards of ownership and the Fund has not retained control.

The Fund enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as "pass through" transfers that result in derecognition if the Fund:

- i) Has no obligation to make payments unless it collects equivalent amounts from the assets;
- ii) Is prohibited from selling or pledging the assets; and
- iii) Has an obligation to remit any cash it collects from assets without material delays.

Collateral (shares and bonds) furnished by the Fund under standard repurchase agreements and securities lending and borrowings transactions are not derecognised because the Fund retains substantially all the risks and rewards on the basis of predetermined repurchase price, and the criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the Fund retains a subordinated residual interest.

Financial liabilities

Financial liabilities are initially recognised at fair value and subsequently measured at amortised cost, financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

e) Distribution

All income arising from receipt of investment income is distributed to unit holders after provision for expenses and taxes. The unit holders have an option of taking their distributions in cash or having the distribution re-invested to form part of the unit holder capital balance.

f) Unit holder balances

Unit holder balances 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 statement of financial position date if the holder exercised their right to redeem the balances.

Unit holder balances are classified as liabilities.

2) Summary of significant accounting policies (Continued)

g) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

h) Accrued expenses

Accrued expenses are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Accrued expenses are recognised initially at fair value and subsequently at amortised cost using the effective interest method.

i) Provisions

Provisions are recognised when; the Fund has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

j) Comparatives

Where necessary comparative figures have been adjusted to conform with changes in presentation in the current year.

3 FINANCIAL RISK MANAGEMENT

The Fund generates revenues for unit holders by investing in various income generating activities which involve trading stock exchange and trading in government securities. These activities expose the Fund to various financial risks, including market, credit, liquidity, currency, and compliance risks. The funds risk management framework is designed to identify, assess, and mitigate risks carried out by the investment managers under direction of the Kuza Assets Management Limited Board and the Investment Committee, in compliance with regulatory guidelines set by the Capital Markets Authority.

Liquidity risk

The Fund is exposed to daily cash redemptions of redeemable Units. It therefore invests the majority of its assets in bank deposits and treasury bills. The Fund's listed securities are considered readily realizable, as they are listed on the Nairobi Securities Exchange.

In accordance with the Fund's policy, the Investment Manager monitors the Fund's liquidity position on a daily basis and has developed a comprehensive history of the Fund's daily and/or periodic liquidity requirements. Guided by this history, the manager maintains sufficient cash and near cash investments to meet the day to day redemption requirements.

3 FINANCIAL RISK MANAGEMENT(Continued)

The table below illustrates the funds redemption history and cash/near cash holdings over the past two years.

					2025	2024
					Kes	Kes
Annual redemption (Note 9)					55,742,920	4,023,672
Annual daily average					214,396	15,476

The table below shows the Funds investments in cash and near cash equivalents as 31 December 2025 and at 31 December 2024

					2025	2024
Item					Kes	Kes
Cash (Note 7 (ii))					249,644	887
Cash on call and fixed deposits and treasury bills maturing in less than 3 months					-	2,021,652
Total					249,644	2,022,539

Maturity analysis of financial liabilities and Unit Holders balances (All on demand)

Item					2025	2024
					Kes	Kes
Unit holder balances (Note 8)					454,240,956	20,210,037
Accruals and other payables (Note 9)					1,623,989	52,257
Total					455,864,945	20,262,294

Maturity profile of investments as as below.

<i>Maturity profile -31 December 2025</i>						
	On Demand	Due within 3 to 5 months	Due within 6 months and 1 year	Due within 1 and 5 years	Due after 5years	Total
Assets	Kes	Kes	Kes	Kes	Kes	Kes
Deposits with financial institutions	-	20,470,582	-	-	-	20,470,582
Treasury bills and bonds	-	-	-	224,660	98,140,175	98,364,835
Corporate debt	-	25,000,000	82,000,000	-	-	107,000,000
Unit trusts	229,779,884	-	-	-	-	229,779,884
Total	229.779.884	45.470.582	82.000.000	224.660	98.140.175	455.615.302
Liabilities						
Other liabilities	1,623,989	-	-	-	-	1,623,989
Total	1.623.989	-	-	-	-	1.623.989

Notes (Continued)

3) Financial risk management (continued)

<i>Maturity profile -31 December 2024</i>						
	On Demand	Due within 3 to 5 months	Due within 6 months and 1 year	Due within 1 and 5 years	Due after 5years	Total
Assets	Kes	Kes	Kes	Kes	Kes	Kes
Deposits with financial institutions	2,021,652	-	-	-	-	2,021,652
Treasury bills and bonds	-	-	-	215,328	4,119,916	4,335,244
Unit trusts	2,007,941	-	-	-	-	2,007,941
Total	4,029,593	-	-	215,328	4,119,916	8,364,837
Liabilities						
Other liabilities	52,257	-	-	-	-	52,257
Total	52,257	-	-	-	-	52,257

Market risk

Price risk

The fund is exposed to equity security price risk because of investment in quoted shares. The fund also invests in GoK Bonds which are marked to market and also present price risk. To manage its price risk arising from investing in equity, the fund diversifies its portfolio. Diversification of portfolio is done in accordance with limits set by the fund. All quoted shares held by the fund are traded at the Nairobi Securities Exchange (NSE).

Foreign exchange risk

While the fund has a mandate to invest offshore, throughout 2025 the Fund had no offshore exposure meaning zero foreign exchange risk in 2025.

Interest rate risk

The majority of the Fund's financial assets are interest bearing. As a result, the Fund is subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Fixed interest rate financial instruments expose the Fund to fair value interest rate risk. Variable interest rate financial instruments expose the Fund to cash flow interest rate risk. The Fund's fixed interest rate financial instruments are government securities, deposits with financial institutions.

The Fund had investments in GoK Bonds which exposed it to interest rate risk. At 31 December 2025 an increase/decrease in interest rates by 100 basis point with all other variables held constant would have resulted in increase/decrease in profit before tax arising substantially from the revision of interest rates on the underlying investments.

Notes (Continued)

3) Financial risk management (continued)

Credit Risk

The Fund takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash equivalents and fixed deposits held in banks, interest bearing investments with Government of Kenya (GOK) and commercial paper and corporate bonds with various entities.

In assessing whether the credit risk on a financial asset has increased significantly, the Fund compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition. In doing so, the Fund considers reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition and that is available without undue cost or effort.

There is a rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. For this purpose default is defined as having occurred if the debtor is in breach of contractual obligations, or if information is available internally or externally that suggests that the debtor is unlikely to be able to meet its obligations.

However, there is a rebuttable assumption that that default does not occur later than when a financial asset is 90 days past due.

If the Fund does not have reasonable and supportable information to identify significant increases in credit risk and/or to measure lifetime credit losses when there has been a significant increase in credit risk on an individual instrument basis, lifetime expected credit losses are, to the extent of materiality, recognised on a collective basis. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired include observable data about significant financial difficulty of the debtor resulting to long outstanding debt (more than 90 days), a breach of contract etc.

The Government of Kenya has a long term rating of B (Stable) by Standard and Poors (S&P). GoK has not defaulted on debt obligation in the past. The Fund also undertakes further financial analysis and measures to ensure that the institutions issuing the securities are of sound financial health.

The investment manager carries out a quarterly due diligence investigation on banks to determine those that qualify for deposits. The criteria used in the due diligence exercise is rigorous and assess such parameters as capital adequacy ratios, liquidity ratios, non-performing loans ratios and other financial ratios. Based on the outcome of this investigation a maximum exposure is set for each financial institution. The latest due diligence approved 43 banks ("Approved Banks") out of 47 financial institutions licensed by the Central Bank of Kenya (CBK) as at 31st December 2025.

The Funds' maximum exposure to credit risk in each of the above categories of assets as at 31 December 2024 and 31 December 2023 is represented by the carrying value of financial assets on the statement of financial position.

None of the balances were past due or impaired as at 31 December 2025 or 31 December 2024. The assessed impairment provision is insignificant.

Notes (Continued)

3) Financial risk management (continued)

Fair value estimation

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation are observable or unobservable. Observable inputs reflect market data obtained from independent sources techniques and unobservable inputs reflect the Fund's market assumptions. These two types of inputs have created the following fair value hierarchy:

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

The following table presents the Fund's assets that are measured at fair value at 31 December 2025

Assets	Level 1 Kes	Level 2 Kes	Level 3 Kes	Total Balance Kes
Treasury Bonds (Note 7 (vi))	-	98,364,835	-	98,364,835
Equities (Note 7 (iii))	-	-	-	-
Total	-	98,364,835	-	98,364,835

The following table presents the Fund's assets that are measured at fair value at 31 December 2024

Assets	Level 1 Kes	Level 2 Kes	Level 3 Kes	Total Balance Kes
Treasury Bonds (Note 7 (vi))-	-	4,335,244	-	4,335,244
Equities (Note 7 (iii))	11,896,570	-	-	11,896,570
Total	11,896,570	4,335,244	-	16,231,814

The fair value of financial instruments that are traded in an active market for example Quoted Securities at the Nairobi Securities Exchange NSE)is determined by using the observable market data (quoted market price) as at 31 December 2025 and 31 December 2024. The instrument is included in level 1.

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

The Fund did not have instruments classified as level 3 as at 31 December 2025 and 31 December 2024.

Notes (Continued)

4) 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.

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Measurement of expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirement for measuring ECL, such as:

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

5) (i) Interest and dividend income

The income of the Fund is derived from liquid assets in the portfolio such as treasury bills and bonds and deposits with financial institutions.

	2025	2024
	Shs	Shs
Deposits with financial institutions	1,239,111	72,850
Treasury bonds and bills	4,999,900	190,585
Corporate debt	4,653,342	-
Unit trusts	7,011,517	110,665
Dividend from Equity instruments	<u>3,467,370</u>	<u>655,570</u>
	<u><u>21,371,241</u></u>	<u><u>1,029,670</u></u>

ii) Fair value gain on investments at fair value through profit and loss

Fair value gain on Equities carried at FVTPL (Note 7 (iii))	9,238,628	3,428,352
Fair value gain on Treasury bonds carried at FVTPL (Note 7 (vi))	<u>4,736,672</u>	<u>522,780</u>
	<u><u>13,975,300</u></u>	<u><u>3,951,132</u></u>

NOTES TO THE FINANCIAL STATEMENTS

	2025	2024
	Kes	Kes
6) Service fees and other expenses		
Fund management fees	4,415,600	291,669
Custodian fees	330,595	111,448
Trustee fees	411,420	29,167
Bank charges	575	460
Outperformance fees	2,747,505	-
	<u>7,905,694</u>	<u>432,744</u>
Fund management fees were paid to Kuza Assets Management Limited for the professional management of the Fund. They are charged at a rate of 2% exclusive of taxes per annum, computed on the daily Fund balances.		
7) (i) Investment balances		
Deposits with financial institutions at amortised cost	20,470,582	2,021,652
Treasury bonds and bills at FVTPL	98,364,835	4,335,244
Equities at FVTPL	-	11,896,570
Corporate debt at amortised cost	107,000,000	-
Unit trusts	229,779,884	2,007,941
	<u>455,615,302</u>	<u>20,261,407</u>
ii) Cash and cash equivalents		
Deposits on call	-	2,021,652
Cash and bank balances	249,644	887
	<u>249,644</u>	<u>2,022,539</u>
iii) Classification of quoted securities per sector		
Telecommunication and technology	-	4,603,500
Banking	-	6,240,070
Industrial and allied	-	1,053,000
	<u>-</u>	<u>11,896,570</u>
Transactions during the year		
At 1 January	11,896,570	6,443,965
Purchases in the year	135,541,916	9,715,085
Sales during the year	(156,677,114)	(7,690,832)
Changes in fair value	9,238,628	3,428,352
	<u>-</u>	<u>11,896,570</u>
At 31 December	<u>-</u>	<u>11,896,570</u>
iv) Fixed deposits		
Deposits on fixed terms	20,450,000	-
Accrued interest on fixed term deposits	20,582	-
Deposits on call	-	2,000,000
Accrued interest on deposits on call	-	21,652
	<u>20,470,582</u>	<u>2,021,652</u>
v) Average interest rate		
Fixed term deposits	<u>12.50%</u>	<u>12.50%</u>

NOTES TO THE FINANCIAL STATEMENTS

	2025	2024
	Kes	Kes
7) (i) Investment balances (continued)		
vi) Treasury bonds		
As at 1st January	4,335,244	1,312,464
Purchases	89,292,920	2,500,000
Changes in fair value	4,736,672	522,780
As at 31 December	<u><u>98,364,835</u></u>	<u><u>4,335,244</u></u>
8) Unit holder liabilities		
At start of year	20,210,037	8,826,965
Purchases	462,332,993	10,858,685
Redemptions	(55,742,920)	(4,023,672)
Income available for distribution	27,440,846	4,548,059
At end of the period	<u><u>454,240,956</u></u>	<u><u>20,210,037</u></u>
9) Accruals and other liabilities		
Management fees payable	840,230	36,003
Trustee Fees payable	75,620	4,320
Custody fees payable	52,513	2,700
Other Payables	655,626	9,233
	<u><u>1,623,989</u></u>	<u><u>52,257</u></u>
10) Related party transactions		
i) Investments Balances(Note 7)		
Investment in Kuza Money Market Fund (Kes)	115,067,657	2,007,941
Investment in Kuza Fixed Income Fund	114,712,227	-
	<u><u>229,779,884</u></u>	<u><u>2,007,941</u></u>
ii) Income earned from related parties (Note 5)		
Income from Kuza Money Market Fund (Kes)	4,563,290	110,665
Income from Kuza Fixed Income Fund	2,448,227	-
	<u><u>7,011,517</u></u>	<u><u>110,665</u></u>
iii) Fees and other expenses paid to related parties (Note 6)		
Management fees- Kuza Assets Management Limited	4,415,600	291,669
Outperformance fees -Kuza Assets Management Limited	2,747,505	-
	<u><u>7,163,105</u></u>	<u><u>291,669</u></u>
iv) Balances due to related parties (Note 9)		
Management fees payable- Kuza Assets Management Limited	<u><u>840,230</u></u>	<u><u>36,003</u></u>

11) Taxation

Tax status

The unit trust is registered under the Income Tax Act (Collective Investment Scheme Rules 2002) and is exempt from income tax.

KUZA MONEY MARKET FUND - KES

*Kuza Money Market Fund
Annual Report and Financial Statements
For the year ended 31 December 2025*

COMPREHENSIVE INCOME STATEMENT

	Notes	2025 Kes	2024 Kes
Income			
Interest and dividend income	5	236,598,793	64,114,295
Fair value loss on investments at fair value through profit and loss		<u>-</u>	<u>-</u>
Total income from investing activities		236,598,793	64,114,295
Expenses			
Service fees and other expenses	6	<u>(36,847,611)</u>	<u>(7,291,722)</u>
Profit before income tax		199,751,182	56,822,573
Income tax expense	11	<u>-</u>	<u>-</u>
Profit for the year		199,751,182	56,822,573
Other comprehensive income, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>199,751,182</u></u>	<u><u>56,822,573</u></u>

The significant accounting policies and the notes on pages 35 to 45 form an integral part financial statements.

Report of the independent auditors - pages 10 to 12.

*Kuza Money Market Fund
Annual Report and Financial Statements
For the year ended 31 December 2025*

STATEMENT OF FINANCIAL POSITION

	Notes	2025 Kes	2024 Kes
ASSETS			
Investment balances	7 (i)	2,348,723,344	905,380,339
Bank and cash balances	7 (ii)	<u>1,238,906</u>	<u>6,818,374</u>
TOTAL ASSETS		<u><u>2,349,962,249</u></u>	<u><u>912,198,713</u></u>
LIABILITIES			
Accruals and other liabilities	9	8,224,571	3,444,437
Unit holder balances	8	<u>2,341,737,678</u>	<u>908,754,276</u>
TOTAL LIABILITIES		<u><u>2,349,962,249</u></u>	<u><u>912,198,713</u></u>

The financial statements on pages 30 to 45 were approved for issue by the Trustee on _____
_____ 2026 and were signed on its behalf by:

_____ **TRUSTEE**

_____ **TRUSTEE**

The significant accounting policies and the notes on pages 35 to 45 form an integral part of these financial statements.

Report of the independent auditors - pages 10 to 12.

STATEMENT OF CHANGES IN UNIT HOLDERS BALANCES	2024 Kes
At 1 January 2024	<u>84,422,700</u>
Total comprehensive income	<u>56,822,573</u>
Transactions with unit holders:	
Additional units purchased	1,124,638,008
Units liquidated	(348,717,709)
Withholding tax on distributions	<u>(8,411,296)</u>
Total transactions with unit holders	<u>767,509,003</u>
At 31 December 2024	<u><u>908,754,276</u></u>
	2025 Kes
At 1 January 2025	<u>908,754,276</u>
Total comprehensive income	<u>199,751,182</u>
Transactions with unit holders:	
Additional units purchased	3,466,602,869
Units liquidated	(2,204,765,898)
Withholding tax on distributions	<u>(28,604,751)</u>
Total transactions with unit holders	<u>1,233,232,220</u>
At 31 December 2025	<u><u>2,341,737,678</u></u>

The significant accounting policies and the notes on pages 35 to 45 form an integral part of these financial statements.

Report of the independent auditors - pages 10 to 12.

*Kuza Money Market Fund
Annual Report and Financial Statements
For the year ended 31 December 2025*

CASH FLOW STATEMENT

	Notes	2025 Kes	2024 Kes
Cashflows from operating activities			
Interest income received		206,837,235	33,017,586
Service fees and other expenses paid		(32,067,477)	(4,114,263)
Net cash used on purchase of investments		<u>(1,413,581,446)</u>	<u>(789,647,445)</u>
Net cash used in operating activities		<u>(1,238,811,687)</u>	<u>(760,744,122)</u>
Cashflows from financing activities			
Net proceeds from sale of units		<u>1,233,232,220</u>	<u>767,509,002</u>
Net cash generated from financing activities		<u>1,233,232,220</u>	<u>767,509,002</u>
(Decrease)/increase in cash and cash equivalents		<u>(5,579,467)</u>	<u>6,764,879</u>
Movement in cash and cash equivalents			
At start of year		6,818,373	53,494
(Decrease)/increase in cash and cash equivalents		<u>(5,579,467)</u>	<u>6,764,879</u>
	7 (ii)	<u>1,238,906</u>	<u>6,818,373</u>

The significant accounting policies and the notes on pages 35 to 45 form an integral part of these financial statements.

Report of the independent auditors - pages 10 to 12.

SIGNIFICANT ACCOUNTING POLICIES

1) General Information

Kuza Money Market Fund ('the Fund') is a collective investment scheme which is registered under the Capital Markets Authority Act and is domiciled in Kenya. The Fund was established under a trust deed dated July 2022. The address of its registered office is:

Kuza Assets Management Limited
Kings Prism Tower, 12th Floor
Third Ngong Avenue
P.O Box 26180-00100
Nairobi

2) Summary of material accounting policies

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

a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

i) Measurement basis

The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies summarised below.

Under the historical cost basis, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or, in some cases, at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

For those assets and liabilities measured at fair value, 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. When measuring the fair value of an asset or a liability, the Fund uses market observable data as far as possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Fund using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items or discounted cash flow analysis). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account.

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised by the Fund at the end of the reporting period during which the change occurred.

2) Summary of significant accounting policies (Continued)

a) Basis of preparation (Continued)

ii) Use of estimates

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

b) Translation of foreign currencies

(i) Functional and presentation currency

The accounting records are maintained in the currency of the primary economic environment in which the Fund operates (the "Functional Currency"). The financial statements are presented in Kenya Shillings, which is the Fund's functional and presentation currency. The figures shown in the financial statements are stated in Kenya Shilling (Shs).

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. 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.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within 'other income' or 'other expenses'.

c) Revenue recognition

Interest income is recognised on a time proportion basis that takes into account the effective yield on the asset. Dividends are recognised as income in the year in which the right to receive payment is established. The Fund recognises revenue when it satisfies its performance obligations by delivering the services (or portions thereof) to a customer. The amount of revenue recognised is the amount the Fund expects to receive in line with the contractual terms of delivery of services, which are triggered when specific criteria have been met for each of the Fund's activities as described below. The Fund bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

d) Financial instruments

A financial asset or liability is recognised when the fund becomes party to the contractual provisions of the instrument.

i) Financial assets

The Fund's classification is based on the contractual cash flow characteristics of the asset and the business model for managing the financial assets.

The Fund classifies its financial assets into the following categories:

- 1 Financial assets at fair value through profit or loss ("FVTPL");
- 2 Financial assets measured at amortised cost
- 3 Financial assets at fair value through other comprehensive income ("FVTOCI")

2) Summary of significant accounting policies (Continued)

d) Financial instruments (continued)

Financial assets (except those carried at fair value through profit or loss) are initially recognised in the financial statements at fair value plus transaction costs.

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Net Investment income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Fair value through the profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises. Interest income and credit related income from these financial assets is included in 'Interest income' using the effective interest rate method.

Contractual characteristics of a financial asset/ SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Fund assesses whether the financial instrument's cash flows represents solely payments of principal and interest (the "SPPI test"). In making this assessment, the Fund considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Fund's business model: The business model reflects how the Fund manages the assets in order to generate cash flows. That is, whether the Fund's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of "other" business model and measured at FVPL. Factors considered by the Fund in determining the business model for a group of assets include past experience on how cash flows for these assets were collected, how the asset's performance is evaluated and reported by key management personnel, how risks are assessed and managed and 'how managers are compensated.

Impairment of financial assets

The Fund assesses on a forward-looking basis, the expected credit losses ("ECL") associated with its debt instrument assets carried at amortised cost and FVOCI. The Fund recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

2) Summary of significant accounting policies (Continued)

d) Financial instruments (Continued)

Impairment of financial assets (continued)

The Fund reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. The changes are expected to be very infrequent and none occurred during the year.

Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Fund transfers substantially all the risks and rewards of ownership, or (ii) the Fund neither transfers nor retains substantially all the risks and rewards of ownership and the Fund has not retained control.

The Fund enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as "pass through" transfers that result in derecognition if the Fund:

- i) Has no obligation to make payments unless it collects equivalent amounts from the assets;
- ii) Is prohibited from selling or pledging the assets; and
- iii) Has an obligation to remit any cash it collects from assets without material delays.

Collateral (shares and bonds) furnished by the Fund under standard repurchase agreements and securities lending and borrowings transactions are not derecognised because the Fund retains substantially all the risks and rewards on the basis of predetermined repurchase price, and the criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the Fund retains a subordinated residual interest.

Financial liabilities

Financial liabilities are initially recognised at fair value and subsequently measured at amortised cost, financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

e) Distribution

All income arising from receipt of investment income is distributed to unit holders after provision for expenses and taxes. The unit holders have an option of taking their distributions in cash or having the distribution re-invested to form part of the unit holder capital balance.

f) Unit holder balances

Unit holder balances 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 statement of financial position date if the holder exercised their right to redeem the balances.

Unit holder balances are classified as liabilities.

2) Summary of significant accounting policies (Continued)

g) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

h) Accrued expenses

Accrued expenses are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Accrued expenses are recognised initially at fair value and subsequently at amortised cost using the effective interest method.

i) Provisions

Provisions are recognised when; the Fund has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

j) Comparatives

Where necessary comparative figures have been adjusted to conform with changes in presentation in the current year.

3 FINANCIAL RISK MANAGEMENT

The Fund generates revenues for unit holders by investing in various income generating activities which involve trading stock exchange and trading in government securities. These activities expose the Fund to various financial risks, including market, credit, liquidity, currency, and compliance risks. The funds risk management framework is designed to identify, assess, and mitigate risks carried out by the investment managers under direction of the Kuza Assets Management Limited Board and the Investment Committee, in compliance with regulatory guidelines set by the Capital Markets Authority.

Liquidity risk

The Fund is exposed to daily cash redemptions of redeemable Units. It therefore invests the majority of its assets in bank deposits and treasury bills. The Fund's listed securities are considered readily realizable, as they are listed on the Nairobi Securities Exchange.

In accordance with the Fund's policy, the Investment Manager monitors the Fund's liquidity position on a daily basis and has developed a comprehensive history of the Fund's daily and/or periodic liquidity requirements. Guided by this history, the manager maintains sufficient cash and near cash investments to meet the day to day redemption requirements.

3 FINANCIAL RISK MANAGEMENT(Continued)

The table below illustrates the funds redemption history and cash/near cash holdings over the past two years.

					2025	2024
					Kes	Kes
Annual redemption (Note 9)					2,204,765,898	348,717,709
Annual daily average					8,479,869	1,341,222

The table below shows the Funds investments in cash and near cash equivalents as 31 December 2025 and at 31 December 2024

					2025	2024
					Kes	Kes
Cash (Note 7 (ii))					1,238,906	6,818,374
Cash on call and fixed deposits and treasury bills maturing in less than 3 months					5,220,000	-
Total					6,458,906	6,818,374

Maturity analysis of financial liabilities and Unit Holders balances (All on demand)

Item					2025	2024
					Kes	Kes
Unit holder balances (Note 8)					2,341,737,678	908,754,276
Accruals and other payables (Note 9)					8,224,571	3,444,437
Total					2,349,962,249	912,198,713

Maturity profile of investments as as below.

Maturity profile -31 December 2025						
	Due on Demand and/or Maturing 1-3 Months	Due within 3 to 5 months	Due within 6 months and 1 year	Due within 1 and 5 years	Due after 5years	Total
Assets	Kes	Kes	Kes	Kes	Kes	Kes
Deposits with financial institutions	765,880,541	450,213,678	417,249,017	-	-	1,633,343,236
Treasury bills and bonds	30,761,118	-	-	97,607,041	266,719,907	395,088,066
Corporate debt	59,688,782	70,799,397	30,638,630	57,954,114	-	219,080,924
Unit trusts	99,055,907	-	-	-	-	99,055,907
Total	955,386,348	521,013,075	447,887,647	155,561,156	266,719,907	2,346,568,133
Liabilities						
Other liabilities	1,623,989	-	-	-	-	1,623,989
Total	1,623,989	-	-	-	-	1,623,989

Notes (Continued)

3) Financial risk management (continued)

<i>Maturity profile -31 December 2024</i>						
	Due on Demand and/or Maturing 1-3 Months	Due within 3 to 5 months	Due within 6 months and 1 year	Due within 1 and 5 years	Due after 5years	Total
Assets	Kes	Kes	Kes	Kes	Kes	Kes
Deposits with financial institutions	22,628,057	231,735,163	253,170,514	-	-	507,533,735
Treasury bills and bonds	45,261,036	24,603,345	20,654,432	110,561,941	23,841,135	224,921,890
Corporate debt	22,650,000	24,000,000	41,821,748	-	-	88,471,748
Unit trusts	83,943,448	-	-	-	-	83,943,448
Total	174,482,542	280,338,509	315,646,694	110,561,941	23,841,135	904,870,820
Liabilities						
Other liabilities	8,224,571	-	-	-	-	8,224,571
Total	8,224,571	-	-	-	-	8,224,571

Market risk

Price risk

The fund is exposed to equity security price risk because of investment in quoted shares. The fund also invests in GoK Bonds which are marked to market and also present price risk. To manage its price risk arising from investing in equity, the fund diversifies its portfolio. Diversification of portfolio is done in accordance with limits set by the fund. All quoted shares held by the fund are traded at the Nairobi Securities Exchange (NSE).

Foreign exchange risk

While the fund has a mandate to invest offshore, throughout 2025 the Fund had no offshore exposure meaning zero foreign exchange risk in 2025.

Interest rate risk

The majority of the Fund's financial assets are interest bearing. As a result, the Fund is subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Fixed interest rate financial instruments expose the Fund to fair value interest rate risk. Variable interest rate financial instruments expose the Fund to cash flow interest rate risk. The Fund's fixed interest rate financial instruments are government securities, deposits with financial institutions.

The Fund had investments in GoK Bonds which exposed it to interest rate risk. At 31 December 2025 an increase/decrease in interest rates by 100 basis point with all other variables held constant would have resulted in increase/decrease in profit before tax arising substantially from the revision of interest rates on the underlying investments.

Notes (Continued)

3) Financial risk management (continued)

Credit Risk

The Fund takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash equivalents and fixed deposits held in banks, interest bearing investments with Government of Kenya (GOK) and commercial paper and corporate bonds with various entities.

In assessing whether the credit risk on a financial asset has increased significantly, the Fund compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition. In doing so, the Fund considers reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition and that is available without undue cost or effort.

There is a rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. For this purpose default is defined as having occurred if the debtor is in breach of contractual obligations, or if information is available internally or externally that suggests that the debtor is unlikely to be able to meet its obligations.

However, there is a rebuttable assumption that that default does not occur later than when a financial asset is 90 days past due.

If the Fund does not have reasonable and supportable information to identify significant increases in credit risk and/or to measure lifetime credit losses when there has been a significant increase in credit risk on an individual instrument basis, lifetime expected credit losses are, to the extent of materiality, recognised on a collective basis. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired include observable data about significant financial difficulty of the debtor resulting to long outstanding debt (more than 90 days), a breach of contract etc.

The Government of Kenya has a long term rating of B (Stable) by Standard and Poors (S&P). GoK has not defaulted on debt obligation in the past. The Fund also undertakes further financial analysis and measures to ensure that the institutions issuing the securities are of sound financial health.

The investment manager carries out a quarterly due diligence investigation on banks to determine those that qualify for deposits. The criteria used in the due diligence exercise is rigorous and assess such parameters as capital adequacy ratios, liquidity ratios, non-performing loans ratios and other financial ratios. Based on the outcome of this investigation a maximum exposure is set for each financial institution. The latest due diligence approved 43 banks ("Approved Banks") out of 47 financial institutions licensed by the Central Bank of Kenya (CBK) as at 31st December 2025.

The Funds' maximum exposure to credit risk in each of the above categories of assets as at 31 December 2024 and 31 December 2023 is represented by the carrying value of financial assets on the statement of financial position.

None of the balances were past due or impaired as at 31 December 2025 or 31 December 2024. The assessed impairment provision is insignificant.

Notes (Continued)

3) Financial risk management (continued)

Fair value estimation

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation are observable or unobservable. Observable inputs reflect market data obtained from independent sources techniques and unobservable inputs reflect the Fund's market assumptions. These two types of inputs have created the following fair value hierarchy:

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

The Fund did not carry any instruments at fair value as at 31 December 2025 and 31 December 2024.

4) 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.

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Measurement of expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirement for measuring ECL, such as:

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

Notes (Continued)

5) (i) Interest and dividend income

The income of the Fund is derived from liquid assets in the portfolio such as treasury bills and bonds and deposits with financial institutions.

	2025	2024
	Kes	Kes
Treasury bonds and bills	46,972,179	16,163,216
Corporate debt	27,846,162	7,755,269
Deposits with financial institutions	144,367,993	35,996,373
Unit trust	17,412,459	4,199,437
	<u>236,598,793</u>	<u>64,114,295</u>

6) Service fees and other expenses

Fund management fees	30,023,859	5,900,514
Custodian fees	2,993,485	546,318
Trustee fees	3,821,366	843,830
Bank charges	8,901	1,060
	<u>36,847,611</u>	<u>7,291,722</u>

Fund management fees were paid to Kuza Assets Management Limited for the professional management of the Fund. They are charged at a rate of 2% exclusive of taxes per annum, computed on the daily Fund balances.

7) (i) Investment balances

Treasury bonds and bills at amortised cost	397,243,277	225,431,408
Corporate debt at amortised cost	219,080,924	88,471,748
Deposits with financial institutions at amortised cost	1,633,343,236	507,533,735
Unit trust	99,055,907	83,943,448
	<u>2,348,723,344</u>	<u>905,380,339</u>

ii) Cash and cash equivalents

Call deposits	5,220,000	22,628,057
Cash and bank balances	1,238,906	6,818,374
	<u>6,458,906</u>	<u>29,446,432</u>

iii) Fixed deposits

Deposits on fixed terms	1,585,700,000	464,950,000
Accrued interest on fixed term deposits	42,423,236	19,955,677
Deposit on call	5,000,000	22,000,000
Accrued interest on deposits on call	220,000	628,057
	<u>1,633,343,236</u>	<u>507,533,735</u>

NOTES TO THE FINANCIAL STATEMENTS

7) (i) Investment balances (continued)	2025	2024
	Kes	Kes
vi) Treasury bonds		
Treasury bonds	378,155,694	213,417,824
Accrued interest on treasury bonds	19,087,583	12,013,584
	<u>397,243,277</u>	<u>225,431,408</u>
As at 31 December		
8) Unit holder liabilities		
At start of year	908,754,276	84,422,700
Purchases	3,466,602,869	1,124,638,008
Liquidations	(2,204,765,898)	(348,717,709)
Income available for distribution	199,751,182	56,822,573
Withholding tax on distributions	(28,604,751)	(8,411,296)
	<u>2,341,737,678</u>	<u>908,754,276</u>
At end of the period		
9) Accruals and other liabilities		
Management fees payable	3,308,000	1,261,529
Trustee Fees payable	396,960	201,845
Custody fees payable	275,667	126,153
Tax account	-	1,581,139
Other Payables	4,243,944	273,771
	<u>8,224,571</u>	<u>3,444,437</u>
10) Related party transactions		
i) Investments Balances(Note 7)		
Investment in Kuza Fixed income Fund	99,055,907	83,943,448
ii) Income earned from related parties (Note 5)		
Income from Kuza Fixed income Fund	17,412,459	4,199,437
iii) Purchase of units by related parties (Note 8)		
Unit holder balances - Kuza Momentum Special Fund	115,067,657	2,007,941
iv) Income distribution to related parties (Note 8)		
Income distribution to Kuza Momentum Special Fund	4,563,290	110,665
v) Fees and other expenses paid to related parties (Note 6)		
Management fees- Kuza Assets Management Limited	30,023,859	5,900,514
vi) Balances due to related parties (Note 9)		
Management fees payable- Kuza Assets Management Limited	3,308,000	1,261,529

11) Taxation

Tax status

The unit trust is registered under the Income Tax Act (Collective Investment Scheme Rules 2002) and is exempt from income tax.

KUZA MONEY MARKET FUND - USD

*Kuza Money Market Fund - US Dollar
Annual Report and Financial Statements
For the year ended 31 December 2025*

COMPREHENSIVE INCOME STATEMENT

	Notes	2025 Usd	2024 Usd
INCOME			
Interest and dividend income	5	129,694	65,216
Fair value loss on investments at fair value through profit and loss		<u>-</u>	<u>-</u>
Total income from investing activities		129,694	65,216
EXPENSES			
Service fees and other expenses	6	<u>(37,501)</u>	<u>(14,323)</u>
Profit before income tax		92,193	50,893
Income tax expense	11	<u>-</u>	<u>-</u>
Profit for the year		92,193	50,893
Other comprehensive income, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>92,193</u>	<u>50,893</u>

The significant accounting policies and the notes on pages 51 to 61 form an integral part of these financial statements.

Report of the independent auditors - pages 10 to 12.

*Kuza Money Market Fund - US Dollar
Annual Report and Financial Statements
For the year ended 31 December 2025*

STATEMENT OF FINANCIAL POSITION

	Notes	2025 Usd	2024 Usd
ASSETS			
Investment balances	7 (i)	1,472,335	1,316,541
Bank and cash balances	7 (ii)	<u>36</u>	<u>4</u>
TOTAL ASSETS		<u>1,472,371</u>	<u>1,316,545</u>
LIABILITIES			
Accruals and other liabilities	9	3,666	4,206
Unit holder balances	8	<u>1,468,705</u>	<u>1,312,340</u>
TOTAL LIABILITIES		<u>1,472,371</u>	<u>1,316,546</u>

The financial statements on pages 46 to 61 were approved for issue by the Trustee on _____
_____ 2026 and were signed on its behalf by:

_____ **TRUSTEE**

_____ **TRUSTEE**

The significant accounting policies and the notes on pages 51 to 61 form an integral part of these financial statements.

Report of the independent auditors - pages 10 to 12.

STATEMENT OF CHANGES IN UNIT HOLDERS BALANCES	Notes	2024 Usd
At 1 January 2024		<u>349,133</u>
Total comprehensive income		<u>50,893</u>
Transactions with unit holders:		
Additional units purchased		1,447,852
Units liquidated		(527,933)
Withholding tax on distributions		<u>(7,606)</u>
Total transactions with unit holders		912,313
At 31 December 2024		<u><u>1,312,340</u></u>
		2025 Usd
At 1 January 2025		<u>1,312,340</u>
Total comprehensive income		92,193
Transactions with unit holders:		
Additional units purchased		1,936,958
Units liquidated		(1,858,959)
Withholding tax on distributions		<u>(13,827)</u>
Total transactions with unit holders		64,172
At 31 December 2025		<u><u>1,468,705</u></u>

The significant accounting policies and the notes on pages 51 to 61 form an integral part of these financial statements.

Report of the independent auditors - pages 10 to 12.

*Kuza Money Market Fund - US Dollar
Annual Report and Financial Statements
For the year ended 31 December 2025*

CASH FLOW STATEMENT

	Notes	2025 Usd	2024 Usd
Cashflows from operating activities			
Interest income received		127,442	41,984
Service fees and other expenses paid		(38,041)	(11,166)
Net cash used on purchase of investments		<u>(153,542)</u>	<u>(975,485)</u>
Net cash used in operating activities		<u>(64,140)</u>	<u>(944,667)</u>
Cashflows from financing activities			
Net proceeds from sale of units		<u>64,172</u>	<u>912,313</u>
Net cash generated from financing activities		<u>64,172</u>	<u>912,313</u>
Increase/(decrease) in cash and cash equivalents		<u>32</u>	<u>(32,354)</u>
Movement in cash and cash equivalents			
At start of year		5	32,359
Increase/(decrease) in cash and cash equivalents		<u>32</u>	<u>(32,354)</u>
	7 (ii)	<u><u>36</u></u>	<u><u>5</u></u>

The significant accounting policies and the notes on pages 51 to 61 form an integral part of these financial statements.

Report of the independent auditors - pages 10 to 12.

SIGNIFICANT ACCOUNTING POLICIES

1) General Information

Kuza Money Market Fund USD ('the Fund') is a collective investment scheme which is registered under the Capital Markets Authority Act and is domiciled in Kenya. The Fund was established under a trust deed dated July 2022. The address of its registered office is:

Kuza Assets Management Limited
Kings Prism Tower, 12th Floor
Third Ngong Avenue
P.O Box 26180-00100
Nairobi

2) Summary of material accounting policies

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

a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

i) Measurement basis

The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies summarised below.

Under the historical cost basis, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or, in some cases, at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

For those assets and liabilities measured at fair value, 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. When measuring the fair value of an asset or a liability, the Fund uses market observable data as far as possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Fund using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items or discounted cash flow analysis). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account.

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised by the Fund at the end of the reporting period during which the change occurred.

2) Summary of significant accounting policies (Continued)

a) Basis of preparation (Continued)

ii) Use of estimates

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

b) Translation of foreign currencies

(i) Functional and presentation currency

The accounting records are maintained in the currency of the primary economic environment in which the Fund operates (the "Functional Currency"). The financial statements are presented in Kenya Shillings, which is the Fund's functional and presentation currency. The figures shown in the financial statements are stated in United States Dollar (Usd).

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. 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.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within 'other income' or 'other expenses'.

c) Revenue recognition

Interest income is recognised on a time proportion basis that takes into account the effective yield on the asset. Dividends are recognised as income in the year in which the right to receive payment is established. The Fund recognises revenue when it satisfies its performance obligations by delivering the services (or portions thereof) to a customer. The amount of revenue recognised is the amount the Fund expects to receive in line with the contractual terms of delivery of services, which are triggered when specific criteria have been met for each of the Fund's activities as described below. The Fund bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

d) Financial instruments

A financial asset or liability is recognised when the fund becomes party to the contractual provisions of the instrument.

i) Financial assets

The Fund's classification is based on the contractual cash flow characteristics of the asset and the business model for managing the financial assets.

The Fund classifies its financial assets into the following categories:

- 1 Financial assets at fair value through profit or loss ("FVTPL");
- 2 Financial assets measured at amortised cost
- 3 Financial assets at fair value through other comprehensive income ("FVTOCI")

2) Summary of significant accounting policies (Continued)

d) Financial instruments (continued)

Financial assets (except those carried at fair value through profit or loss) are initially recognised in the financial statements at fair value plus transaction costs.

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Net Investment income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Fair value through the profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises. Interest income and credit related income from these financial assets is included in 'Interest income' using the effective interest rate method.

Contractual characteristics of a financial asset/ SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Fund assesses whether the financial instruments' cash flows represents solely payments of principal and interest (the "SPPI test"). In making this assessment, the Fund considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Fund's business model: The business model reflects how the Fund manages the assets in order to generate cash flows. That is, whether the Fund's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of "other" business model and measured at FVPL. Factors considered by the Fund in determining the business model for a group of assets include past experience on how cash flows for these assets were collected, how the asset's performance is evaluated and reported by key management personnel, how risks are assessed and managed and 'how managers are compensated.

Impairment of financial assets

The Fund assesses on a forward-looking basis, the expected credit losses ("ECL") associated with its debt instrument assets carried at amortised cost and FVOCI. The Fund recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

2) Summary of significant accounting policies (Continued)

d) Financial instruments (Continued)

Impairment of financial assets (continued)

The Fund reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. The changes are expected to be very infrequent and none occurred during the year.

Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Fund transfers substantially all the risks and rewards of ownership, or (ii) the Fund neither transfers nor retains substantially all the risks and rewards of ownership and the Fund has not retained control.

The Fund enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as "pass through" transfers that result in derecognition if the Fund:

- i) Has no obligation to make payments unless it collects equivalent amounts from the assets;
- ii) Is prohibited from selling or pledging the assets; and
- iii) Has an obligation to remit any cash it collects from assets without material delays.

Collateral (shares and bonds) furnished by the Fund under standard repurchase agreements and securities lending and borrowings transactions are not derecognised because the Fund retains substantially all the risks and rewards on the basis of predetermined repurchase price, and the criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the Fund retains a subordinated residual interest.

Financial liabilities

Financial liabilities are initially recognised at fair value and subsequently measured at amortised cost, financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

e) Distribution

All income arising from receipt of investment income is distributed to unit holders after provision for expenses and taxes. The unit holders have an option of taking their distributions in cash or having the distribution re-invested to form part of the unit holder capital balance.

f) Unit holder balances

Unit holder balances 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 statement of financial position date if the holder exercised their right to redeem the balances.

Unit holder balances are classified as liabilities.

2) Summary of significant accounting policies (Continued)

g) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

h) Accrued expenses

Accrued expenses are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Accrued expenses are recognised initially at fair value and subsequently at amortised cost using the effective interest method.

i) Provisions

Provisions are recognised when; the Fund has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

j) Comparatives

Where necessary comparative figures have been adjusted to conform with changes in presentation in the current year. There were no presentation changes in these financial statements.

3 FINANCIAL RISK MANAGEMENT

The Fund generates revenues for unit holders by investing in various income generating activities which involve trading stock exchange and trading in government securities. These activities expose the Fund to various financial risks, including market, credit, liquidity, currency, and compliance risks. The fund's risk management framework is designed to identify, assess, and mitigate risks carried out by the investment managers under direction of the Kuza Assets Management Limited Board and the Investment Committee, in compliance with regulatory guidelines set by the Capital Markets Authority.

Liquidity risk

The Fund is exposed to daily cash redemptions of redeemable Units. It therefore invests the majority of its assets in bank deposits and treasury bills. The Fund's listed securities are considered readily realizable, as they are listed on the Nairobi Securities Exchange.

In accordance with the Fund's policy, the Investment Manager monitors the Fund's liquidity position on a daily basis and has developed a comprehensive history of the Fund's daily and/or periodic liquidity requirements. Guided by this history, the manager maintains sufficient cash and near cash investments to meet the day to day redemption requirements.

3 FINANCIAL RISK MANAGEMENT(Continued)

The table below illustrates the funds redemption history and cash/near cash holdings over the past two years.

					2025	2024
					Usd	Usd
Annual redemption (Note 9)					1,858,959	527,933
Annual daily average					7,150	2,031

The table below shows the Funds investments in cash and near cash equivalents as 31 December 2025 and at 31 December 2024

					2025	2024
Item					Usd	Usd
Cash (Note 7 (ii))					36	4
Cash on call and fixed deposits and treasury bills maturing in less than 3 months					27,538	96,982
Total					27,574	96,986

Maturity analysis of financial liabilities and Unit Holders balances (All on demand)

Item					2025	2024
					Usd	Usd
Unit holder balances (Note 8)					1,468,705	1,312,340
Accruals and other payables (Note 9)					3,666	4,206
Total					1,472,371	1,316,546

Maturity profile of investments is as below.

Maturity profile -31 December 2025						
	Due on Demand and/or Maturing 1-3 Months	Due within 3 to 5 months	Due within 6 months and 1 year	Due within 1 and 5 years	Due after 5 years	Total
Assets	Usd	Usd	Usd	Usd	Usd	Usd
Deposits with financial	381,537	-	-	-	-	381,537
Bonds	-	-	-	488,197	467,374	955,571
Corporate debt	119,188	15,015	-	-	-	134,203
Total	500,725	15,015	-	488,197	467,374	1,471,311
Liabilities						
Other liabilities	3,666	-	-	-	-	3,666
Total	3,666	-	-	-	-	3,666

Notes (Continued)

3) Financial risk management (continued)

<i>Maturity profile -31 December 2024</i>						
	Due on Demand and/or Maturing 1-3 Months	Due within 3 to 5 months	Due within 6 months and 1 year	Due within 1 and 5 years	Due after 5years	Total
Assets	Usd	Usd	Usd	Usd	Usd	Usd
Deposits with financial institutions	96,982	42,327	147,079	-	-	286,389
Bonds	-	-	-	610,129	252,854	862,983
Corporate debt	120,000	25,000	10,650	-	-	155,650
Total	216.982	67.327	157.729	610.129	252.854	1.305.022
Liabilities						
Other liabilities	4,206	-	-	-	-	4,206
Total	4.206	-	-	-	-	4.206

Market risk

Price risk

The fund is exposed to equity security price risk because of investment in quoted shares. The fund also invests in GoK Bonds which are marked to market and also present price risk. To manage its price risk arising from investing in equity, the fund diversifies its portfolio. Diversification of portfolio is done in accordance with limits set by the fund. All quoted shares held by the fund are traded at the Nairobi Securities Exchange (NSE).

Foreign exchange risk

While the fund has a mandate to invest offshore, throughout 2025 the Fund had no offshore exposure meaning zero foreign exchange risk in 2025.

Interest rate risk

The majority of the Fund's financial assets are interest bearing. As a result, the Fund is subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Fixed interest rate financial instruments expose the Fund to fair value interest rate risk. Variable interest rate financial instruments expose the Fund to cash flow interest rate risk. The Fund's fixed interest rate financial instruments are government securities, deposits with financial institutions.

The Fund had investments in GoK Bonds which exposed it to interest rate risk. At 31 December 2025 an increase/decrease in interest rates by 100 basis point with all other variables held constant would have resulted in increase/decrease in profit before tax arising substantially from the revision of interest rates on the underlying investments.

Notes (Continued)

3) Financial risk management (continued)

Credit Risk

The Fund takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash equivalents and fixed deposits held in banks, interest bearing investments with Government of Kenya (GOK) and commercial paper and corporate bonds with various entities.

In assessing whether the credit risk on a financial asset has increased significantly, the Fund compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition. In doing so, the Fund considers reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition and that is available without undue cost or effort.

There is a rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. For this purpose default is defined as having occurred if the debtor is in breach of contractual obligations, or if information is available internally or externally that suggests that the debtor is unlikely to be able to meet its obligations.

However, there is a rebuttable assumption that that default does not occur later than when a financial asset is 90 days past due.

If the Fund does not have reasonable and supportable information to identify significant increases in credit risk and/or to measure lifetime credit losses when there has been a significant increase in credit risk on an individual instrument basis, lifetime expected credit losses are, to the extent of materiality, recognised on a collective basis. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired include observable data about significant financial difficulty of the debtor resulting to long outstanding debt (more than 90 days), a breach of contract etc.

The Government of Kenya has a long term rating of B (Stable) by Standard and Poors (S&P). GoK has not defaulted on debt obligation in the past. The Fund also undertakes further financial analysis and measures to ensure that the institutions issuing the securities are of sound financial health.

The investment manager carries out a quarterly due diligence investigation on banks to determine those that qualify for deposits. The criteria used in the due diligence exercise is rigorous and assess such parameters as capital adequacy ratios, liquidity ratios, non-performing loans ratios and other financial ratios. Based on the outcome of this investigation a maximum exposure is set for each financial institution. The latest due diligence approved 43 banks ("Approved Banks") out of 47 financial institutions licensed by the Central Bank of Kenya (CBK) as at 31st December 2025.

The Funds' maximum exposure to credit risk in each of the above categories of assets as at 31 December 2024 and 31 December 2023 is represented by the carrying value of financial assets on the statement of financial position.

None of the balances were past due or impaired as at 31 December 2025 or 31 December 2024. The assessed impairment provision is insignificant.

Notes (Continued)

3) Financial risk management (continued)

Fair value estimation

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation are observable or unobservable. Observable inputs reflect market data obtained from independent sources techniques and unobservable inputs reflect the Fund's market assumptions. These two types of inputs have created the following fair value hierarchy:

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

The Fund did not carry any instruments at fair value as at 31 December 2025 and 31 December 2024.

4) 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.

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Measurement of expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirement for measuring ECL, such as:

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

Notes (Continued)

5) (i) Interest and dividend income

The income of the Fund is derived from liquid assets in the portfolio such as treasury bills and bonds and deposits with financial institutions.

	2025	2024
	Usd	Usd
Deposits with financial institutions	43,715	22,739
Treasury bonds	74,530	30,646
Corporate debt	11,449	11,830
	<u>129,694</u>	<u>65,216</u>

6) Service fees and other expenses

Fund management fees	31,193	11,891
Custodian fees	2,742	935
Trustee fees	3,564	1,496
Bank charges	3	-
	<u>37,501</u>	<u>14,323</u>

Fund management fees were paid to Kuza Assets Management Limited for the professional management of the Fund. They are charged at a rate of 2% exclusive of taxes per annum, computed on the daily Fund balances.

7) (i) Investment balances

Deposits with financial institutions at amortised cost	381,537	286,389
Treasury bonds at amortised cost	956,595	874,502
Corporate debt	134,203	155,650
	<u>1,472,335</u>	<u>1,316,541</u>

ii) Cash and cash equivalents

Call deposits	27,538	96,982
Cash and bank balances	36	4
	<u>27,574</u>	<u>96,986</u>

iii) Deposit with financial institutions

Deposits on fixed terms	351,490	183,450
Accrued interest on fixed term deposits	2,509	5,956
Deposit on call	27,460	95,985
Accrued interest on deposits on call	78	997
	<u>381,537</u>	<u>286,389</u>

NOTES TO THE FINANCIAL STATEMENTS

	2025	2024
	Usd	Usd
7) Investment balances (continued)		
iv) Treasury bonds		
Corporate bonds	932,935	857,461
Accrued interest on corporate bonds	<u>23,660</u>	<u>17,041</u>
As at 31 December	<u>956,595</u>	<u>874,502</u>
8) Unit holder liabilities		
At start of year	1,312,340	349,133
Purchases	1,936,958	1,447,852
Liquidations	(1,858,959)	(527,933)
Income available for distribution	92,193	50,893
Withholding tax on distributions	<u>(13,827)</u>	<u>(7,606)</u>
At end of the period	<u>1,468,705</u>	<u>1,312,340</u>
9) Accruals and other liabilities		
Management fees payable	2,105	2,567
Trustee Fees payable	253	308
Custody fees payable	175	193
Withholding tax	-	1,125
Other Payables	<u>1,134</u>	<u>13</u>
	<u>3,666</u>	<u>4,206</u>
10) Related party transactions		
i) Fees and other expenses paid to related parties (Note 6)		
Management fees- Kuza Assets Management Limited	<u>31,193</u>	<u>11,891</u>
ii) Balances due to related parties (Note 9)		
Management fees payable- Kuza Assets Management Limited	<u>2,105</u>	<u>2,567</u>

11) Taxation

Tax status

The unit trust is registered under the Income Tax Act (Collective Investment Scheme Rules 2002) and is exempt from income tax.

KUZA FIXED INCOME FUND

Kuza Fixed Income Fund
Annual Report and Financial Statements
For the year ended 31 December 2025

COMPREHENSIVE INCOME STATEMENT

	Notes	2025 Kes	2024 Kes
INCOME			
Interest and dividend income	5	60,916,952	12,412,312
Fair value loss on investments at fair value through profit and loss.		<u>-</u>	<u>-</u>
Total income from investing activities		60,916,952	12,412,312
EXPENSES			
Service fees and other expenses	6	<u>(10,353,572)</u>	<u>(1,649,602)</u>
Profit before income tax		50,563,381	10,762,710
Income tax expense	11	<u>-</u>	<u>-</u>
Profit for the year		50,563,381	10,762,710
Other comprehensive income, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>50,563,381</u></u>	<u><u>10,762,710</u></u>

The significant accounting policies and the notes on pages 67 to 77 form an integral part of these financial statements.

Report of the independent auditors - pages 10 to 12.

Kuza Fixed Income Fund
Annual Report and Financial Statements
For the year ended 31 December 2025

STATEMENT OF FINANCIAL POSITION

	Notes	2025 Kes	2024 Kes
ASSETS			
Investment balances	7 (i)	715,791,173	160,721,983
Bank and cash balances	7 (ii)	<u>147,136</u>	<u>600,618</u>
TOTAL ASSETS		<u><u>715,938,309</u></u>	<u><u>161,322,601</u></u>
LIABILITIES			
Accruals and other liabilities	9	2,317,568	449,629
Unit holder balances	8	<u>713,620,741</u>	<u>160,872,973</u>
TOTAL LIABILITIES		<u><u>715,938,309</u></u>	<u><u>161,322,601</u></u>

The financial statements on pages 62 to 77 were approved for issue by the Trustee on _____
 _____ 2026 and were signed on its behalf by:

_____ TRUSTEE

_____ TRUSTEE

The significant accounting policies and the notes on pages 67 to 77 form an integral part of these financial statements.

Report of the independent auditors - pages 10 to 12.

STATEMENT OF CHANGES IN UNIT HOLDERS BALANCES

	2024 Kes
At 1 January 2024	<u>50,652,131</u>
Total comprehensive income	<u>10,762,710</u>
Transactions with unit holders:	
Additional units purchased	139,776,557
Units liquidated	(39,334,047)
Withholding tax on distributions	<u>(984,378)</u>
Total transactions with unit holders	<u>99,458,131</u>
At 31 December 2024	<u>160,872,973</u>
	2025 Kes
At 1 January 2025	<u>160,872,973</u>
Total comprehensive income	<u>50,563,381</u>
Transactions with unit holders:	
Additional units purchased	724,841,112
Units liquidated	(218,049,071)
Withholding tax on distributions	<u>(4,607,653)</u>
Total transactions with unit holders	<u>502,184,388</u>
At 31 December 2025	<u>713,620,741</u>

The significant accounting policies and the notes on pages 67 to 77 form an integral part of these financial statements.

Report of the independent auditors - pages 10 to 12.

Kuza Fixed Income Fund
Annual Report and Financial Statements
For the year ended 31 December 2025

CASH FLOW STATEMENT

	Notes	2025 Kes	2024 Kes
Cashflows from operating activities			
Interest income received		50,436,151	8,616,820
Service fees and other expenses paid		(8,485,632)	(1,497,345)
Net cash used on purchase of investments		<u>(544,588,389)</u>	<u>(105,997,186)</u>
Net cash used in operating activities		<u>(502,637,870)</u>	<u>(98,877,711)</u>
Cashflows from financing activities			
Net proceeds from sale of units		<u>502,184,388</u>	<u>99,458,131</u>
Net cash generated from financing activities		<u>502,184,388</u>	<u>99,458,131</u>
(Decrease)/inrease in cash and cash equivalents		<u>(453,482)</u>	<u>580,420</u>
Movement in cash and cash equivalents			
At start of year		600,618	20,198
(Decrease)/inrease in cash and cash equivalents		<u>(453,482)</u>	<u>580,420</u>
	7 (ii)	<u>147,136</u>	<u>600,618</u>

The significant accounting policies and the notes on pages 67 to 67 form an integral part of these financial statements.

Report of the independent auditors - pages 10 to 12.

SIGNIFICANT ACCOUNTING POLICIES

1) General Information

Kuza Fixed Income Fund ('the Fund') is a collective investment scheme which is registered under the Capital Markets Authority Act and is domiciled in Kenya. The Fund was established under a trust deed dated July 2022. The address of its registered office is: Kuza Fixed Income Fund

Kuza Assets Management Limited
Kings Prism Tower, 12th Floor
Third Ngong Avenue
P.O Box 26180-00100
Nairobi

2) Summary of material accounting policies

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

a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

i) Measurement basis

The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies summarised below.

Under the historical cost basis, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or, in some cases, at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

For those assets and liabilities measured at fair value, 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. When measuring the fair value of an asset or a liability, the Fund uses market observable data as far as possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Fund using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items or discounted cash flow analysis). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account.

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised by the Fund at the end of the reporting period during which the change occurred.

2) Summary of significant accounting policies (Continued)

a) Basis of preparation (Continued)

ii) Use of estimates

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

b) Translation of foreign currencies

(i) Functional and presentation currency

The accounting records are maintained in the currency of the primary economic environment in which the Fund operates (the "Functional Currency"). The financial statements are presented in Kenya Shillings, which is the Fund's functional and presentation currency. The figures shown in the financial statements are stated in Kenya Shilling (Shs).

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. 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.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within 'other income' or 'other expenses'.

c) Revenue recognition

Interest income is recognised on a time proportion basis that takes into account the effective yield on the asset. Dividends are recognised as income in the year in which the right to receive payment is established. The Fund recognises revenue when it satisfies its performance obligations by delivering the services (or portions thereof) to a customer. The amount of revenue recognised is the amount the Fund expects to receive in line with the contractual terms of delivery of services, which are triggered when specific criteria have been met for each of the Fund's activities as described below. The Fund bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

d) Financial instruments

A financial asset or liability is recognised when the fund becomes party to the contractual provisions of the instrument.

i) Financial assets

The Fund's classification is based on the contractual cash flow characteristics of the asset and the business model for managing the financial assets.

The Fund classifies its financial assets into the following categories:

- 1 Financial assets at fair value through profit or loss ("FVTPL");
- 2 Financial assets measured at amortised cost
- 3 Financial assets at fair value through other comprehensive income ("FVTOCI")

2) Summary of significant accounting policies (Continued)

d) Financial instruments (continued)

Financial assets (except those carried at fair value through profit or loss) are initially recognised in the financial statements at fair value plus transaction costs.

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Net Investment income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Fair value through the profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises. Interest income and credit related income from these financial assets is included in 'Interest income' using the effective interest rate method.

Contractual characteristics of a financial asset/ SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Fund assesses whether the financial instruments' cash flows represents solely payments of principal and interest (the "SPPI test"). In making this assessment, the Fund considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Fund's business model: The business model reflects how the Fund manages the assets in order to generate cash flows. That is, whether the Fund's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of "other" business model and measured at FVPL. Factors considered by the Fund in determining the business model for a group of assets include past experience on how cash flows for these assets were collected, how the asset's performance is evaluated and reported by key management personnel, how risks are assessed and managed and 'how managers are compensated.

Impairment of financial assets

The Fund assesses on a forward-looking basis, the expected credit losses ("ECL") associated with its debt instrument assets carried at amortised cost and FVOCI. The Fund recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

2) Summary of significant accounting policies (Continued)

d) Financial instruments (Continued)

Impairment of financial assets (continued)

The Fund reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. The changes are expected to be very infrequent and none occurred during the year.

Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Fund transfers substantially all the risks and rewards of ownership, or (ii) the Fund neither transfers nor retains substantially all the risks and rewards of ownership and the Fund has not retained control.

The Fund enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as "pass through" transfers that result in derecognition if the Fund:

- i) Has no obligation to make payments unless it collects equivalent amounts from the assets;
- ii) Is prohibited from selling or pledging the assets; and
- iii) Has an obligation to remit any cash it collects from assets without material delays.

Collateral (shares and bonds) furnished by the Fund under standard repurchase agreements and securities lending and borrowings transactions are not derecognised because the Fund retains substantially all the risks and rewards on the basis of predetermined repurchase price, and the criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the Fund retains a subordinated residual interest.

Financial liabilities

Financial liabilities are initially recognised at fair value and subsequently measured at amortised cost, financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

e) Distribution

All income arising from receipt of investment income is distributed to unit holders after provision for expenses and taxes. The unit holders have an option of taking their distributions in cash or having the distribution re-invested to form part of the unit holder capital balance.

f) Unit holder balances

Unit holder balances 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 statement of financial position date if the holder exercised their right to redeem the balances.

Unit holder balances are classified as liabilities.

2) Summary of significant accounting policies (Continued)

g) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

h) Accrued expenses

Accrued expenses are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Accrued expenses are recognised initially at fair value and subsequently at amortised cost using the effective interest method.

i) Provisions

Provisions are recognised when; the Fund has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

j) Comparatives

Where necessary comparative figures have been adjusted to conform with changes in presentation in the current year. There were no presentation changes in these financial statements.

3 FINANCIAL RISK MANAGEMENT

The Fund generates revenues for unit holders by investing in various income generating activities which involve trading stock exchange and trading in government securities. These activities expose the Fund to various financial risks, including market, credit, liquidity, currency, and compliance risks. The fund's risk management framework is designed to identify, assess, and mitigate risks carried out by the investment managers under direction of the Kuza Assets Management Limited Board and the Investment Committee, in compliance with regulatory guidelines set by the Capital Markets Authority.

Liquidity risk

The Fund is exposed to daily cash redemptions of redeemable Units. It therefore invests the majority of its assets in bank deposits and treasury bills. The Fund's listed securities are considered readily realizable, as they are listed on the Nairobi Securities Exchange.

In accordance with the Fund's policy, the Investment Manager monitors the Fund's liquidity position on a daily basis and has developed a comprehensive history of the Fund's daily and/or periodic liquidity requirements. Guided by this history, the manager maintains sufficient cash and near cash investments to meet the day to day redemption requirements.

3 FINANCIAL RISK MANAGEMENT(Continued)

The table below illustrates the funds redemption history and cash/near cash holdings over the past two years.

					2025	2024
					Kes	Kes
Annual redemption (Note 9)					218,049,071	39,334,047
Annual daily average					838,650	151,285

The table below shows the Funds investments in cash and near cash equivalents as 31 December 2025 and at 31 December 2024

					2025	2024
Item					Kes	Kes
Cash (Note 7 (ii))					147,136	600,618
Cash on call and fixed deposits and treasury bills maturing in less than 3 months					16,176,032	4,983,028
Total					16,323,168	5,583,646

Maturity analysis of financial liabilities and Unit Holders balances (All on demand)

Item					2025	2024
					Kes	Kes
Unit holder balances (Note 8)					713,620,741	160,872,973
Accruals and other payables (Note 9)					2,317,568	449,629
Total					715,938,309	161,322,601

Maturity profile of investments as as below.

<i>Maturity profile -31 December 2025</i>						
	Due on Demand and/or Maturing 1-3 Months	Due within 3 to 5 months	Due within 6 months and 1 year	Due within 1 and 5 years	Due after 5 years	Total
Assets	Kes	Kes	Kes	Kes	Kes	Kes
Deposits with financial	86,699,165	49,362,671	-	-	-	136,061,836
Treasury bills and bonds	-	-	1,015,995	40,971,286	366,446,075	408,433,356
Corporate debt	6,600,000	18,705,288	-	49,125,548	-	74,430,836
Unit trusts	96,865,144	-	-	-	-	96,865,144
Total	190,164,309	68,067,959	1,015,995	90,096,834	366,446,075	715,791,172
Liabilities						
Other liabilities	2,317,568	-	-	-	-	2,317,568
Total	2,317,568	-	-	-	-	2,317,568

Notes (Continued)

3) Financial risk management (continued)

<i>Maturity profile -31 December 2024</i>						
	Due on Demand and/or Maturing 1-3 Months	Due within 3 to 6 months	Due within 7 months and 1 year	Due within 1 and 5 years	Due after 5years	Total
Assets	Kes	Kes	Kes	Kes	Kes	Kes
Deposits with financial institutions	18,521,254	40,086,496	13,793,118	-	-	72,400,867
Treasury bills and bonds	-	-	-	23,464,433	49,242,181	72,706,615
Corporate debt	-	3,900,000	11,673,657	-	-	15,573,657
Total	18.521.254	43.986.496	25.466.775	23.464.433	49.242.181	160.681.140
Liabilities						
Other liabilities	449,629	-	-	-	-	449,629
Total	449.629	-	-	-	-	449.629

Market risk

Price risk

The fund is exposed to equity security price risk because of investment in quoted shares. The fund also invests in GoK Bonds which are marked to market and also present price risk. To manage its price risk arising from investing in equity, the fund diversifies its portfolio. Diversification of portfolio is done in accordance with limits set by the fund. All quoted shares held by the fund are traded at the Nairobi Securities Exchange (NSE).

Foreign exchange risk

While the fund has a mandate to invest offshore, throughout 2025 the Fund had no offshore exposure meaning zero foreign exchange risk in 2025.

Interest rate risk

The majority of the Fund's financial assets are interest bearing. As a result, the Fund is subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Fixed interest rate financial instruments expose the Fund to fair value interest rate risk. Variable interest rate financial instruments expose the Fund to cash flow interest rate risk. The Fund's fixed interest rate financial instruments are government securities, deposits with financial institutions.

The Fund had investments in GoK Bonds which exposed it to interest rate risk. At 31 December 2025 an increase/decrease in interest rates by 100 basis point with all other variables held constant would have resulted in increase/decrease in profit before tax arising substantially from the revision of interest rates on the underlying investments.

Notes (Continued)

3) Financial risk management (continued)

Credit Risk

The Fund takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash equivalents and fixed deposits held in banks, interest bearing investments with Government of Kenya (GOK) and commercial paper and corporate bonds with various entities.

In assessing whether the credit risk on a financial asset has increased significantly, the Fund compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition. In doing so, the Fund considers reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition and that is available without undue cost or effort.

There is a rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. For this purpose default is defined as having occurred if the debtor is in breach of contractual obligations, or if information is available internally or externally that suggests that the debtor is unlikely to be able to meet its obligations.

However, there is a rebuttable assumption that that default does not occur later than when a financial asset is 90 days past due.

If the Fund does not have reasonable and supportable information to identify significant increases in credit risk and/or to measure lifetime credit losses when there has been a significant increase in credit risk on an individual instrument basis, lifetime expected credit losses are, to the extent of materiality, recognised on a collective basis. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired include observable data about significant financial difficulty of the debtor resulting to long outstanding debt (more than 90 days), a breach of contract etc.

The Government of Kenya has a long term rating of B (Stable) by Standard and Poors (S&P). GoK has not defaulted on debt obligation in the past. The Fund also undertakes further financial analysis and measures to ensure that the institutions issuing the securities are of sound financial health.

The investment manager carries out a quarterly due diligence investigation on banks to determine those that qualify for deposits. The criteria used in the due diligence exercise is rigorous and assess such parameters as capital adequacy ratios, liquidity ratios, non-performing loans ratios and other financial ratios. Based on the outcome of this investigation a maximum exposure is set for each financial institution. The latest due diligence approved 43 banks ("Approved Banks") out of 47 financial institutions licensed by the Central Bank of Kenya (CBK) as at 31st December 2025.

The Funds' maximum exposure to credit risk in each of the above categories of assets as at 31 December 2024 and 31 December 2023 is represented by the carrying value of financial assets on the statement of financial position.

None of the balances were past due or impaired as at 31 December 2025 or 31 December 2024. The assessed impairment provision is insignificant.

Notes (Continued)

3) Financial risk management (continued)

Fair value estimation

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation are observable or unobservable. Observable inputs reflect market data obtained from independent sources techniques and unobservable inputs reflect the Fund's market assumptions. These two types of inputs have created the following fair value hierarchy:

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

The Fund did not carry any instruments at fair value as at 31 December 2025 and 31 December 2024.

4) 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.

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Measurement of expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirement for measuring ECL, such as:

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

Notes (Continued)

5) (i) Interest and dividend income

The income of the Fund is derived from liquid assets in the portfolio such as treasury bills and bonds and deposits with financial institutions.

	2025	2024
	Kes	Kes
Treasury bonds and bills	32,475,594	4,576,311
Corporate debt	6,860,561	2,774,220
Deposits with financial institutions	17,331,653	5,061,781
Unit trust	4,249,144	-
	<u>60,916,952</u>	<u>12,412,312</u>

6) Service fees and other expenses

Fund management fees	8,678,357	1,367,792
Custodian fees	741,904	111,908
Trustee fees	931,355	169,902
Bank charges	1,955	-
	<u>10,353,572</u>	<u>1,649,602</u>

Fund management fees were paid to Kuza Assets Management Limited for the professional management of the Fund. They are charged at a rate of 2% exclusive of taxes per annum, computed on the daily Fund balances.

7) (i) Investment balances

Deposits with financial institutions at amortised cost	136,061,837	72,400,867
Treasury bonds and bills at amortised cost	408,433,356	72,747,458
Corporate debt at amortised cost	74,430,836	15,573,657
Unit trust	96,865,144	-
	<u>715,791,173</u>	<u>160,721,983</u>

ii) Cash and cash equivalents

Call deposits	16,176,032	4,983,028
Cash and bank balances	147,136	600,618
	<u>16,323,168</u>	<u>5,583,646</u>

iii) Fixed deposits

Deposits on fixed terms	117,800,000	65,150,000
Accrued interest on fixed term deposits	2,085,805	2,267,840
Deposit on call	15,350,000	4,750,000
Accrued interest on deposits on call	826,032	233,028
	<u>136,061,837</u>	<u>72,400,867</u>

NOTES TO THE FINANCIAL STATEMENTS

	2025	2024
7) Investment balances (continued)		
iv) Treasury bonds	Kes	Kes
Treasury bonds	395,623,360	70,009,116
Accrued interest on treasury bonds	12,809,996	2,738,342
As at 31 December	<u>408,433,356</u>	<u>72,747,458</u>
vi) Corporate bonds		
Corporate bonds	74,430,836	15,571,835
Accrued interest on corporate bonds	-	1,822
As at 31 December	<u>74,430,836</u>	<u>15,573,657</u>
8) Unit holder liabilities		
At start of year	160,872,973	50,652,131
Purchases	724,841,112	139,776,557
Liquidations	(218,049,071)	(39,334,047)
Income available for distribution	50,563,381	10,762,710
Withholding tax on distributions	(4,607,653)	(984,378)
At end of the year	<u>713,620,741</u>	<u>160,872,973</u>
9) Accruals and other liabilities		
Management fees payable	1,263,066	228,072
Trustee Fees payable	129,915	31,278
Custody fees payable	90,219	19,549
Withholding tax	-	99,632
Other Payables	834,368	71,097
	<u>2,317,568</u>	<u>449,629</u>
10) Related party transactions		
i) Investments Balances(Note 7)		
Investment in Kuza Money Market Fund (Kes)	<u>96,865,144</u>	<u>-</u>
ii) Income earned from related parties (Note 5)		
Income from Kuza Money Market Fund	<u>4,249,144</u>	<u>-</u>
iii) Purchase of units by related parties (Note 8)		
Unit holder balances		
- Kuza Momentum Special Fund	114,712,227	-
- Kuza Money Market Fund Kes	99,055,907	83,943,448
	<u>213,768,134</u>	<u>83,943,448</u>
iv) Income distribution to related parties (Note 8)		
Income distribution to Kuza Momentum Special Fund	2,448,227	-
Income distribution to Kuza Money Market Fund Kes	17,412,459	4,199,437
	<u>19,860,686</u>	<u>4,199,437</u>
v) Fees and other expenses paid to related parties (Note 6)		
Management fees- Kuza Assets Management Limited	<u>8,678,357</u>	<u>1,367,792</u>
iv) Balances due to related parties (Note 9)		
Management fees payable- Kuza Assets Management Limited	<u>1,263,066</u>	<u>228,072</u>
11) Taxation		
<i>Tax status</i>		
The unit trust is registered under the Income Tax Act (Collective Investment Scheme Rules 2002) and is exempt from income tax.		

KUZA SHARIAH MOMENTUM SPECIAL FUND

*Kuza Shariah Momentum Special Fund
Annual Report and Financial Statements
For the year ended 31 December 2025*

COMPREHENSIVE INCOME STATEMENT

	Notes	2025 Kes	2024 Kes
INCOME			
Interest and dividend income	5	188,177	97,122
Fair value loss on investments at fair value through profit and loss		<u>-</u>	<u>-</u>
Total income from investing activities		188,177	97,122
EXPENSES			
Service fees and other expenses	6	<u>(57,210)</u>	<u>-</u>
Profit before income tax		130,967	97,122
Income tax expense	11	<u>-</u>	<u>-</u>
Profit for the year		130,967	97,122
Other comprehensive income, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>130,967</u></u>	<u><u>97,122</u></u>

The significant accounting policies and the notes on pages 85 to 95 form an integral part of these financial statements.

Report of the independent auditors - pages 10 to 12.

*Kuza Shariah Momentum Special Fund
Annual Report and Financial Statements
For the year ended 31 December 2025*

STATEMENT OF FINANCIAL POSITION

	Notes	2025 Kes	2024 Kes
ASSETS			
Investment balances	7 (i)	2,869,625	883,615
Bank and cash balances	7 (ii)	-	-
TOTAL ASSETS		2,869,625	883,615
LIABILITIES			
Accruals and other liabilities	9	67,916	-
Unit holder balances	8	2,801,709	883,615
TOTAL LIABILITIES		2,869,625	883,615

The financial statements on pages 80 to 95 were approved for issue by the Trustee on _____
_____ 2026 and were signed on its behalf by:

_____ TRUSTEE

_____ TRUSTEE

The significant accounting policies and the notes on pages 85 to 95 form an integral part of these financial statements.

Report of the independent auditors - pages 10 to 12.

STATEMENT OF CHANGES IN UNIT HOLDERS BALANCES

	2024 Kes
At 1 January 2024	<u>-</u>
Total comprehensive income	<u>97,122</u>
Transactions with unit holders:	
Additional units purchased	1,433,640
Units liquidated	<u>(647,147)</u>
Total transactions with unit holders	<u>786,493</u>
At 31 December 2024	<u><u>883,615</u></u>
	2025 Kes
At 1 January 2025	<u>883,615</u>
Total comprehensive income	<u>130,967</u>
Transactions with unit holders:	
Additional units purchased	1,787,127
Units liquidated	<u>-</u>
Total transactions with unit holders	<u>1,787,127</u>
At 31 December 2025	<u><u>2,801,709</u></u>

The significant accounting policies and the notes on pages 85 to 95 form an integral part of these financial statements.

Report of the independent auditors - pages 10 to 12.

*Kuza Shariah Momentum Special Fund
Annual Report and Financial Statements
For the year ended 31 December 2025*

CASH FLOW STATEMENT

	Notes	2025 Kes	2024 Kes
Cashflows from operating activities			
Interest income received		188,177	97,122
Service fees and other expenses paid		10,706	-
Net cash used on purchase of investments		<u>(1,986,010)</u>	<u>(883,615)</u>
Net cash used in operating activities		<u>(1,787,127)</u>	<u>(786,493)</u>
Cashflows from financing activities			
Net proceeds from sale of units		<u>1,787,127</u>	<u>786,493</u>
Net cash generated from financing activities		<u>1,787,127</u>	<u>786,493</u>
Increase in cash and cash equivalents		<u>-</u>	<u>-</u>
Movement in cash and cash equivalents			
At start of year		-	-
Increase in cash and cash equivalents		<u>-</u>	<u>-</u>
	7 (ii)	<u>-</u>	<u>-</u>

The significant accounting policies and the notes on pages 85 to 95 form an integral part of these financial statements.

Report of the independent auditors - pages 10 to 12.

SIGNIFICANT ACCOUNTING POLICIES

1) General Information

Kuza Shariah Momentum Special Fund ('the Fund') is a collective investment scheme which is registered under the Capital Markets Authority Act and is domiciled in Kenya. The Fund was established under a trust deed dated July 2022. The address of its registered office is:

Kuza Assets Management Limited
Kings Prism Tower, 12th Floor
Third Ngong Avenue
P.O Box 26180-00100
Nairobi

2) Summary of material accounting policies

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

a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

i) Measurement basis

The measurement basis used is the historical cost basis except where otherwise stated in the accounting policies summarised below.

Under the historical cost basis, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or, in some cases, at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

For those assets and liabilities measured at fair value, 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. When measuring the fair value of an asset or a liability, the Fund uses market observable data as far as possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Fund using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items or discounted cash flow analysis). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account.

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

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised by the Fund at the end of the reporting period during which the change occurred.

2) Summary of significant accounting policies (Continued)

a) Basis of preparation (Continued)

ii) Use of estimates

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 4.

b) Translation of foreign currencies

(i) Functional and presentation currency

The accounting records are maintained in the currency of the primary economic environment in which the Fund operates (the "Functional Currency"). The financial statements are presented in Kenya Shillings, which is the Fund's functional and presentation currency. The figures shown in the financial statements are stated in Kenya Shilling (Shs).

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. 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.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within 'finance income or cost'. All other foreign exchange gains and losses are presented in the income statement within 'other income' or 'other expenses'.

c) Revenue recognition

Interest income is recognised on a time proportion basis that takes into account the effective yield on the asset. Dividends are recognised as income in the year in which the right to receive payment is established. The Fund recognises revenue when it satisfies its performance obligations by delivering the services (or portions thereof) to a customer. The amount of revenue recognised is the amount the Fund expects to receive in line with the contractual terms of delivery of services, which are triggered when specific criteria have been met for each of the Fund's activities as described below. The Fund bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

d) Financial instruments

A financial asset or liability is recognised when the fund becomes party to the contractual provisions of the instrument.

i) Financial assets

The Fund's classification is based on the contractual cash flow characteristics of the asset and the business model for managing the financial assets.

The Fund classifies its financial assets into the following categories:

- 1 Financial assets at fair value through profit or loss ("FVTPL");
- 2 Financial assets measured at amortised cost
- 3 Financial assets at fair value through other comprehensive income ("FVTOCI")

2) Summary of significant accounting policies (Continued)

d) Financial instruments (continued)

Financial assets (except those carried at fair value through profit or loss) are initially recognised in the financial statements at fair value plus transaction costs.

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Fair value through other comprehensive income (FVOCI): Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Net Investment income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Fair value through the profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises. Interest income and credit related income from these financial assets is included in 'Interest income' using the effective interest rate method.

Contractual characteristics of a financial asset/ SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Fund assesses whether the financial instruments' cash flows represents solely payments of principal and interest (the "SPPI test"). In making this assessment, the Fund considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Fund's business model: The business model reflects how the Fund manages the assets in order to generate cash flows. That is, whether the Fund's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of "other" business model and measured at FVPL. Factors considered by the Fund in determining the business model for a group of assets include past experience on how cash flows for these assets were collected, how the asset's performance is evaluated and reported by key management personnel, how risks are assessed and managed and 'how managers are compensated.

Impairment of financial assets

The Fund assesses on a forward-looking basis, the expected credit losses ("ECL") associated with its debt instrument assets carried at amortised cost and FVOCI. The Fund recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

2) Summary of significant accounting policies (Continued)

d) Financial instruments (Continued)

Impairment of financial assets (continued)

The Fund reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. The changes are expected to be very infrequent and none occurred during the year.

Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Fund transfers substantially all the risks and rewards of ownership, or (ii) the Fund neither transfers nor retains substantially all the risks and rewards of ownership and the Fund has not retained control.

The Fund enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as "pass through" transfers that result in derecognition if the Fund:

- i) Has no obligation to make payments unless it collects equivalent amounts from the assets;
- ii) Is prohibited from selling or pledging the assets; and
- iii) Has an obligation to remit any cash it collects from assets without material delays.

Collateral (shares and bonds) furnished by the Fund under standard repurchase agreements and securities lending and borrowings transactions are not derecognised because the Fund retains substantially all the risks and rewards on the basis of predetermined repurchase price, and the criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the Fund retains a subordinated residual interest.

Financial liabilities

Financial liabilities are initially recognised at fair value and subsequently measured at amortised cost, financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

e) Distribution

All income arising from receipt of investment income is distributed to unit holders after provision for expenses and taxes. The unit holders have an option of taking their distributions in cash or having the distribution re-invested to form part of the unit holder capital balance.

f) Unit holder balances

Unit holder balances 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 statement of financial position date if the holder exercised their right to redeem the balances.

Unit holder balances are classified as liabilities.

2) Summary of significant accounting policies (Continued)

g) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

h) Accrued expenses

Accrued expenses are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Accrued expenses are recognised initially at fair value and subsequently at amortised cost using the effective interest method.

i) Provisions

Provisions are recognised when; the Fund has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

j) Comparatives

Where necessary comparative figures have been adjusted to conform with changes in presentation in the current year. There were no presentation changes in these financial statements.

3 FINANCIAL RISK MANAGEMENT

The Fund generates revenues for unit holders by investing in various income generating activities which involve trading stock exchange and trading in government securities. These activities expose the Fund to various financial risks, including market, credit, liquidity, currency, and compliance risks. The fund's risk management framework is designed to identify, assess, and mitigate risks carried out by the investment managers under direction of the Kuza Assets Management Limited Board and the Investment Committee, in compliance with regulatory guidelines set by the Capital Markets Authority.

Liquidity risk

The Fund is exposed to daily cash redemptions of redeemable Units. It therefore invests the majority of its assets in bank deposits and treasury bills. The Fund's listed securities are considered readily realizable, as they are listed on the Nairobi Securities Exchange.

In accordance with the Fund's policy, the Investment Manager monitors the Fund's liquidity position on a daily basis and has developed a comprehensive history of the Fund's daily and/or periodic liquidity requirements. Guided by this history, the manager maintains sufficient cash and near cash investments to meet the day to day redemption requirements.

3 FINANCIAL RISK MANAGEMENT(Continued)

The table below illustrates the funds redemption history and cash/near cash holdings over the past two years.

					2025	2024
					Kes	Kes
Annual redemption (Note 9)					-	647,147
Annual daily average					-	2,489

The table below shows the Funds investments in cash and near cash equivalents as 31 December 2025 and at 31 December 2024

					2025	2024
Item					Kes	Kes
Cash (Note 7 (ii))					-	-
Cash on call and fixed deposits and treasury bills maturing in less than 3 months					2,869,625	883,615
Total					2,869,625	883,615

Maturity analysis of financial liabilities and Unit Holders balances (All on demand)

Item					2025	2024
					Kes	Kes
Unit holder balances (Note 8)					2,801,709	883,615
Accruals and other payables (Note 9)					67,916	-
Total					2,869,625	883,615

Maturity profile of investments as as below.

Maturity profile -31 December 2025						
	Due on Demand and/or Maturing 1-3	Due within 3 to 5 months	Due within 6 months	Due within 1 and 5	Due after 5years	Total
Assets	Kes	Kes	Kes	Kes	Kes	Kes
Deposits with financial institutions	2,869,625	-	-	-	-	2,869,625
Total	2,869,625	-	-	-	-	2,869,625
Liabilities						
Other liabilities	2,317,568	-	-	-	-	2,317,568
Total	2,317,568	-	-	-	-	2,317,568

Notes (Continued)

3) Financial risk management (continued)

<i>Maturity profile -31 December 2024</i>						
	Due on Demand and/or Maturing 1-3 Months	Due within 3 to 5 months	Due within 6 months and 1 year	Due within 1 and 5 years	Due after 5years	Total
Assets	Kes	Kes	Kes	Kes	Kes	Kes
Deposits with financial institutions	883,615	-	-	-	-	883,615
Total						883,615
Liabilities						
Other liabilities	-	-	-	-	-	-
Total	-	-	-	-	-	-

Market risk

Price risk

The fund is exposed to equity security price risk because of investment in quoted shares. The fund also invests in GoK Bonds which are marked to market and also present price risk. To manage its price risk arising from investing in equity, the fund diversifies its portfolio. Diversification of portfolio is done in accordance with limits set by the fund. All quoted shares held by the fund are traded at the Nairobi Securities Exchange (NSE).

Foreign exchange risk

While the fund has a mandate to invest offshore, throughout 2025 the Fund had no offshore exposure meaning zero foreign exchange risk in 2025.

Interest rate risk

The majority of the Fund's financial assets are interest bearing. As a result, the Fund is subject to significant amounts of risk due to fluctuations in the prevailing levels of market interest rates. Fixed interest rate financial instruments expose the Fund to fair value interest rate risk. Variable interest rate financial instruments expose the Fund to cash flow interest rate risk. The Fund's fixed interest rate financial instruments are government securities, deposits with financial institutions.

The Fund had investments in GoK Bonds which exposed it to interest rate risk. At 31 December 2025 an increase/decrease in interest rates by 100 basis point with all other variables held constant would have resulted in increase/decrease in profit before tax arising substantially from the revision of interest rates on the underlying investments.

Notes (Continued)

3) Financial risk management (continued)

Credit Risk

The Fund takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash equivalents and fixed deposits held in banks, interest bearing investments with Government of Kenya (GOK) and commercial paper and corporate bonds with various entities.

In assessing whether the credit risk on a financial asset has increased significantly, the Fund compares the risk of default occurring on the financial asset as at the reporting date with the risk of default occurring on that financial asset as at the date of initial recognition. In doing so, the Fund considers reasonable and supportable information that is indicative of significant increases in credit risk since initial recognition and that is available without undue cost or effort.

There is a rebuttable assumption that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due. For this purpose default is defined as having occurred if the debtor is in breach of contractual obligations, or if information is available internally or externally that suggests that the debtor is unlikely to be able to meet its obligations.

However, there is a rebuttable assumption that that default does not occur later than when a financial asset is 90 days past due.

If the Fund does not have reasonable and supportable information to identify significant increases in credit risk and/or to measure lifetime credit losses when there has been a significant increase in credit risk on an individual instrument basis, lifetime expected credit losses are, to the extent of materiality, recognised on a collective basis. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit impaired include observable data about significant financial difficulty of the debtor resulting to long outstanding debt (more than 90 days), a breach of contract etc.

The Government of Kenya has a long term rating of B (Stable) by Standard and Poors (S&P). GoK has not defaulted on debt obligation in the past. The Fund also undertakes further financial analysis and measures to ensure that the institutions issuing the securities are of sound financial health.

The investment manager carries out a quarterly due diligence investigation on banks to determine those that qualify for deposits. The criteria used in the due diligence exercise is rigorous and assess such parameters as capital adequacy ratios, liquidity ratios, non-performing loans ratios and other financial ratios. Based on the outcome of this investigation a maximum exposure is set for each financial institution. The latest due diligence approved 43 banks ("Approved Banks") out of 47 financial institutions licensed by the Central Bank of Kenya (CBK) as at 31st December 2025.

The Funds' maximum exposure to credit risk in each of the above categories of assets as at 31 December 2024 and 31 December 2023 is represented by the carrying value of financial assets on the statement of financial position.

None of the balances were past due or impaired as at 31 December 2025 or 31 December 2024. The assessed impairment provision is insignificant.

Notes (Continued)

3) Financial risk management (continued)

Fair value estimation

IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation are observable or unobservable. Observable inputs reflect market data obtained from independent sources techniques and unobservable inputs reflect the Fund's market assumptions. These two types of inputs have created the following fair value hierarchy:

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

The Fund did not carry any instruments at fair value as at 31 December 2025 and 31 December 2024.

4) 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.

The Fund makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Measurement of expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses).

A number of significant judgements are also required in applying the accounting requirement for measuring ECL, such as:

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

Notes (Continued)

5) (i) Interest and dividend income

The income of the Fund is derived from liquid assets in the portfolio such as treasury bills and bonds and deposits with financial institutions.

	2025	2024
	Kes	Kes
Deposits with financial institutions	<u>188,177</u>	<u>97,122</u>
	<u>188,177</u>	<u>97,122</u>

6) Service fees and other expenses

Fund management fees	49,107	-
Custodian fees	4,420	-
Trustee fees	<u>3,683</u>	<u>-</u>
	<u>57,210</u>	<u>-</u>

Fund management fees were paid to Kuza Assets Management Limited for the professional management of the Fund. They are charged at a rate of 2% exclusive of taxes per annum, computed on the daily Fund balances.

7) (i) Investment balances

Deposits with financial institutions at amortised cost	<u>2,869,625</u>	<u>883,615</u>
	<u>2,869,625</u>	<u>883,615</u>

ii) Cash and cash equivalents

Call deposits	2,869,625	883,615
Cash and bank balances	<u>-</u>	<u>-</u>
	<u>2,869,625</u>	<u>883,615</u>

iii) Deposits held with financial institutions

Deposit on call	2,767,643	854,130
Accrued interest on deposits on call	<u>101,982</u>	<u>29,485</u>
	<u>2,869,625</u>	<u>883,615</u>

8) Unit holder liabilities

At start of year	883,615	-
Purchases	1,787,127	1,433,640
Liquidations	-	(647,147)
Income available for distribution	<u>130,967</u>	<u>97,122</u>
At end of the period	<u>2,801,709</u>	<u>883,615</u>

NOTES TO THE FINANCIAL STATEMENTS

9) Accruals and other liabilities

	2025	2024
	Kes	Kes
Management fees payable	49,107	-
Trustee Fees payable	4,420	-
Custody fees payable	3,683	-
Other Payables	10,706	-
	<u><u>67,916</u></u>	<u><u>-</u></u>

10) Related party transactions

i) Fees and other expenses paid to related parties (Note 6)

Management fees- Kuza Assets Management Limited	<u><u>49,107</u></u>	<u><u>-</u></u>
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iv) Balances due to related parties (Note 9)

Management fees payable- Kuza Assets Management Limited	<u><u>49,107</u></u>	<u><u>-</u></u>
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11) Taxation

Tax status

The unit trust is registered under the Income Tax Act (Collective Investment Scheme Rules 2002) and is exempt from income tax.