KCB ASSET MANAGEMENT MONEY MARKET FUND (USD)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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Corporate trustee

The Co-Operative Bank of Kenya Limited
KUSSCO Center Ground Floor
Kilimanjaro Ave, upper Hill
P.O. Box 48231, 00100
Nairobi.

Registered office and principal place of business

Kencom House
2nd Floor Moi Avenue, Wing B
PO Box 72866-00200
Nairobi, Kenya.

Fund manager and administrator

KCB Asset Management Limited
Kencom House
2nd Floor Moi Avenue, Wing B
PO Box 72866-00200
Nairobi, Kenya.

Custodian

National Bank of Kenya Limited
National Bank Building
Harambee Avenue
P.O. Box 72866-00200
Nairobi

Independent auditor

PricewaterhouseCoopers LLP
PWC Towers
Waiyaki Way - Westlands
P.O Box 43963 - 00100
Nairobi.

The Trustee has the pleasure of submitting the Fund's report together with the audited financial statements for the year ended 31 December 2024.

ESTABLISHMENT, NATURE AND STATUS OF THE FUND

KCB Asset Management Money Market Fund (USD) is a unit trust registered with the Capital Markets Authority under the provisions of the Capital Markets (Collective Investment Scheme) Regulations, 2023 8(1) and under a Trust Deed dated 3 March 2022 between KCB Asset Management as the Fund Manager and the Co-Operative Bank of Kenya Limited as Trustee. The Fund started its operations in January 2023.

The investment objective of the Fund is to obtain a high level of current income while protecting investor's capital and liquidity. To achieve this, the Fund aims to outperform the income yield available on money market call accounts and Term deposits accounts by investing in interest-bearing securities and other short-term money market instruments. The average tenor of the instruments held by the Fund shall not be more than eighteen (18) months. These securities are usually available to the wholesale or institutional clients.

The Fund is an approved collective investment scheme within the meaning of the Capital Markets Act; and the holders are not liable for the debts of the Fund.

CHANGES TO THE INCORPORATION DOCUMENTS

There were no amendments to the Trust Deed and Rules during the year.

FINANCIAL REVIEW

The statement of profit or loss on page 12 shows profit for the year of USD 106,314 (2023: USD 5,068). The statement of financial position on page 13 shows total net assets of USD 3,871,211 as at 31 December 2024 (2023: USD 811,815).

PERFORMANCE RECORD

The performance record of the Fund over the current year is as shown below:

a) The closing, lowest and highest unit prices of the units of the Fund:

	Daily yield	Annual yield
Closing yield	4.97%	5.09%
Lowest yield	1.28%	1.29%
Highest yield	5.56%	5.70%

KCB Asset Management Money Market Fund (USD)
Statement of Trustee Responsibilities
For the year ended 31 December 2024

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

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

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

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

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

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

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

Approved by the Trustee on 27 March 2025 and signed on its behalf by:

Trustee

THE CO-OPERATIVE BANK OF KENYA LTD. TRUSTEE SERVICES

KCB Asset Management Money Market Fund (USD)
Fund Manager's report
For the year ended 31 December 2024

Dear Unit Holder,

We are delighted to report your Fund's performance for the year under review. The Fund's total assets under management registered commendable performance during the twelve-month period rising to USD 3,876,404 as at end of 2024 We therefore take this opportunity to acknowledge your unwavering support and thank all members for their dedicated contribution to the growth of the KCB Unit Trust Scheme.

As such, we highlight some of the major developments that characterized the investments markets during the year under review. Real Gross Domestic Product (GDP) is projected to expand by 5.3% in 2024, slightly lower than the 5.6% growth reported in the previous year. This expected slowdown in GDP is mainly due to reduced private sector activity and the government's fiscal consolidation efforts, which constrained public spending. Furthermore, political instability throughout the year, driven by anti-finance bill protests and opposition to the current regime, eroded investor confidence and disrupted economic activities. That said, business conditions in the Kenyan private sector recorded an improvement during the year, with the average monthly Purchasing Managers' Index (PMI) for the twelve months averaging at 49.6, 1.5 points higher than the average of 48.1 recorded during a similar period in 2023. We do anticipate that GDP growth in the coming year – 2025 – will be better than 2024. This supported by several factors which include: an expectation of recovery in the agricultural sector, continued growth in the tourism sector and an anticipated boost in the construction sector as government projects begin to take shape.

In 2024, inflation averaged at 4.5%, a commendable improvement compared to the 6.7% recorded in the previous year. This year-on-year decline in the prices of goods and services was mainly attributed to the multiple actions undertaken by the Central Bank of Kenya to supress inflation. Moreover, factors such as eased food and fuel costs helped curtail price pressures. On a year-on-year basis, staple food items such as sugar and maize recorded price declines of 25.4% and 25.3%, respectively. Additionally, the cost of fuel commodities, i.e. kerosene, diesel and petroleum, dipped by 25.3%, 18.0% and 16.9%, respectively. Looking ahead, we expect inflation to remain within the Central Bank of Kenya's preferred range of 2.5%-7.5%, supported by a stronger currency and stable fuel prices. Also, sufficient weather conditions are expected to help cushion vegetable prices, further contributing to lower inflation rates.

On the fixed income space, the yields on the 91-day, 182-day and 364-day treasury bills reported a decline, to close at 9.89%, 10.02% and 11.41% as of 31st December 2024, from 15.98%, 15.97% and 16.10% respectively as at December 2023. On the same note, the yield curve experienced downward pressure, mainly attributable to the government's stance in lowering the base rates. During the year, the Monetary Policy Committee (MPC) convened on six occasions. In total, the MPC cut the rates in 2024 by 175bps, from 13.00% in February to 11.25% in December. This was mainly on the back of a stable local currency, rate reductions by some major economies, easing inflationary pressures, along with the necessity to bolster the economy by implementing an accommodative policy that would ease financing activities.
During the year, the Kenya Shilling experienced a significant appreciation of 17.4%, closing at Kes 129.3 against the US Dollar, up from Kes 156.5 at the end of 2023. This gain was supported by enhanced forex reserves, which closed the year at USD 9.2 billion (equivalent to 4.7 months of import cover), surpassing the statutory requirement of 4.0 months and the EAC region's convergence criteria of 4.5 months. Additionally, the successful issuance of a USD 1.5 billion Eurobond in February 2024 to refinance the maturing June 2024 Eurobond helped mitigate Kenya's immediate repayment risks. The shilling also strengthened against other major currencies with the steepest gain being observed in the Euro (+22.7%), British Pound (+18.8%) and the South African Rand (+18.5%). That said, the KES lost by 18.1% and 17.4% against the Tanzanian Shilling and the Ugandan Shilling, respectively.

As we progress, our key focus remains on positioning the KCB Money Market Fund (USD) as the preferred unit trust fund across the country and the continent at large. We strive to deliver not only competitive returns but also to be known for our customer-centric approach, transparency, ease of access, and digital capabilities. Our dedication is to offer a fully digital experience for all our unitholders by investing in cutting-edge technology that ensures a seamless customer journey.

Once again, we extend our heartfelt gratitude for your continued trust and partnership in our KCB Money Market Fund (USD). Your unwavering support has been instrumental in our growth and success. As we move forward, we are committed to serving you even better and working together to help you achieve your investment goals. We look forward to a prosperous future and are excited to continue this journey with you.

Signed on behalf of the Fund Manager

Victor Odendo
Managing Director

27 March 2025

KCB Asset Management Money Market Fund (USD)
Custodian's report
For the year ended 31 December 2024

In accordance with the Capital Markets (Collective Investment Schemes) Regulations, 2023 (the Regulations) and the Custody Agreement between National Bank of Kenya as the Custodian and KCB Asset Management Limited as the Fund Manager, we confirm that for the year ended 31 December 2024:

- We have discharged the duties prescribed for a Custodian under Regulation 68 of the Regulations to KCB Asset Management Money Market Fund - USD

- We have held the assets for the KCB Asset Management Money Market Fund - USD, including securities and income that accrue thereof, to the order of the Fund Manager and Administrator and facilitated the transfer, exchange or delivery in accordance with the instructions received from the Fund Manager.

To the best knowledge of the Custodian, the Fund Manager has in all material respects managed the scheme in accordance with the provisions of the CMA Regulations, Incorporation documents, the Information Memorandum and the rules of Collective Investment Scheme.

By order of the Custodian

NATIONAL BANK OF KENYA LTD. CUSTODY SERVICES

27 March **2025**

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INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS OF KCB ASSET MANAGEMENT MONEY MARKET FUND (USD)

Opinion

We have audited the accompanying financial statements of KCB Asset Management Money Market Fund (USD) (the "Fund") set out on pages 12 to 30 which comprise the Fund's statements of financial position at 31 December 2024, the statements of profit or loss and other comprehensive income, changes in unit holder balances, and cash flows for the year then ended and the notes to the financial statements, comprising material accounting policies and other explanatory information.

In our opinion the financial statements give a true and fair view of the financial position of KCB Asset Management Money Market Fund (USD) at 31 December 2024 and of its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Capital Markets Authority (Collective Investment Schemes) Regulations, 2001.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Fund in accordance with the International Code of Ethics for professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The Trustee is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS OF KCB ASSET MANAGEMENT MONEY MARKET FUND (USD) (CONTINUED)

Responsibilities of the Trustee for the financial statements

The Trustee is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the requirements of the Capital Markets Authority (Collective Investment Schemes) Regulations, 2001 and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the Funds' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to liquidate the Funds or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control.

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

- Conclude on the appropriateness of the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Funds to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF KCB ASSET MANAGEMENT MONEY MARKET FUND (USD) (CONTINUED)

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

We communicate with the Trustee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Trustee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence applicable and where applicable actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Trustee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

FCPA Michael Mugasa, Practicing Certificate Number 1478
Engagement partner responsible for the audit
For and on behalf of PricewaterhouseCoopers LLP
Certified Public Accountants
Nairobi
27th March 2025

Statement of profit or loss and other comprehensive income

	Notes	2024 USD	2023 USD
Income			
Interest income	5	119,402	5,832
Service fees	6	(13,088)	(764)
Profit before tax		106,314	5,068
Income tax expense		-	-
Profit for the year		106,314	5,068
Other comprehensive income for the year		-	-
Total comprehensive income for the year		106,314	5,068

Statement of financial position

	Notes	2024 USD	2023 USD
Assets			
Current Assets			
Fixed term bank deposits	7	2,457,839	665,363
Call deposits with banks	7	1,417,416	147,145
Bank balances	8	1,149	71
Total assets		3,876,404	812,579
Liabilities			
Current liabilities			
Trade and other payables	9	5,193	764
Net assets		3,871,211	811,815
Total unit holders' balances		3,871,211	811,815

The financial statements on pages 12 to 30 were approved for issue by the Trustee on 27 March 2025 and signed on its behalf by;

Trustee

THE CO-OPERATIVE BANK OF KENYA LTD. TRUSTEE SERVICES

Statement of changes in net assets

	2024 USD	2023 USD
At start of year	811,815	-
Issue of units	3,833,908	892,702
Withdrawals	(880,826)	(85,955)
Profit for the year	106,314	5,068
At end of year	3,871,211	811,815

Statement of cash flows

	Notes	2024 USD	2023 USD
Cash flows from operating activities			
Profit before tax		106,314	811,815
Adjustments for:			
Interest income	5	(119,402)	(5,832)
Changes in operating assets and liabilities:			
Purchases of Investment		(1,963,403)	(908,793)
Maturity of Investment		102,046	-
Increase in payables and accruals	9	4,429	764
Interest received		119,402	5,832
Net cash flows from operating activities		(1,750,614)	(96,214)
Cash flows from financing activities			
Proceeds from unit issues		3,833,908	892,702
Withdrawals by unit holders		(880,826)	(85,955)
Net cash flows from financing activities		2,953,082	806,747
Net increase in cash and cash equivalents		1,202,468	710,533
Cash and cash equivalents at start of year		710,533	-
Cash and cash equivalents at end of year	8	1,913,001	710,533

Notes

1. General information

The Fund started operations on 01 January 2023. The Fund is governed by a Trust Deed dated 01 February 2022, is registered under the Capital Markets Authority Act, is domiciled in Kenya and the holders are not liable for the debts of the Fund. The address of its registered office is:

KCB Unit Trust Scheme
Kencom House
Second Floor, Wing B
P.O. Box 48400 – 00100
Nairobi, Kenya

2. Material accounting policies

a) Basis of preparation

The financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS"), Interpretations issued by IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS and the requirements of the Capital Markets Authority Act.

The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

(i) Changes in accounting policies and disclosures

New and amended standards adopted by the Company

Number	Effective date	Executive summary
Amendments to IAS 1 - Non-current liabilities with covenants	Annual periods beginning on or after 1 January 2024	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

Notes

2. Material accounting policies (continued)

(a) Basis of preparation

(i) Changes in accounting policies and disclosures

New and amended standards adopted by the Company

Number	Effective date	Executive summary
Amendment to IFRS 16 – Leases on sale and leaseback	Annual periods beginning on or after 1 January 2024	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
Amendments to Supplier Finance Arrangements (IAS 7 and IFRS 7)	Annual periods beginning on or after 1 January 2024	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

These standards are not expected to have a material impact to the Company.

(ii) International Reporting Standards, interpretations and amendments issued but not effective

Number	Effective date	Executive summary
Amendments to IAS 21 Lack of Exchangeability (Amendments to IAS 21)	Annual periods beginning on or after 1 January 2025	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.
IFRS 18, 'Presentation and Disclosure in Financial Statements'	Annual periods beginning on or after 1 January 2027	IFRS 18 replaces IAS 1 'Presentation of Financial Statements' and focuses on updates to the statement of profit or loss with a focus on the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. Many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'.

Notes (continued)

2. Material accounting policies (continued)

Revenue recognition

- *Interest income*

Interest income is recognised in profit or loss as it accrues and is calculated by using the effective interest rate method on the outstanding balance.

- *Realised/unrealised gains and losses*

Unrealised/realised gains and losses on valuation of financial assets at the reporting date or sale of financial assets are recognised in profit or loss. Gain and losses on the sale of investments are calculated as the difference between net sales proceeds and the original or amortised cost and are recorded on occurrence of the sale transaction.

Financial instruments

Financial instruments are recognised when, and only when, the Fund becomes party to the contractual provisions of the instrument. All financial assets are recognised initially using the trade date accounting which is the date the Fund commits itself to the purchase or sale.

Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss.

Financial assets

The Fund classifies its financial assets into the following categories:

(i) Amortised cost;

Financial assets that are held within a business model whose objective is to hold assets in order to collect contractual cash flows, and for which the contractual terms of the financial asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding and are not designated at Fair Value Through Profit or Loss (FVTPL), are classified and measured at amortised cost; The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured. Assets held at amortised cost are Treasury Bonds, Term deposits.

(ii) Fair Value Through Profit or Loss (FVTPL):

Financial assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. Fixed and Call deposits fall under this category. A gain or loss on a debt investment that is subsequently measure at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the profit or loss statement.
Notwithstanding the above, the Fund may:

- on initial recognition of an equity investment that is not held for trading, irrevocably elect to classify and measure it at fair value through other comprehensive income

- on initial recognition of a debt instrument, irrevocably designate it as classified and measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

Notes (continued)

2. Material accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

At initial recognition of a financial asset, the Fund determines whether newly recognised financial assets are part of an existing business model or whether they reflect the commencement of a new business model. The Fund reassesses its business models each reporting period to determine whether the business models have changed since the preceding period. For the current and prior reporting period the Fund has not identified a change in its business models.

Derecognition/write off

Financial assets are derecognised when the rights to receive cash flows from the financial asset have expired, when the Fund has transferred substantially all risks and rewards of ownership, or when the Fund has no reasonable expectations of recovering the asset. When a debt instrument measured at FVTOCI is derecognised, the cumulative gain/loss previously recognised in OCI is reclassified from equity to profit or loss.

Impairment

The Fund recognises loss allowances for Expected Credit Losses (ECLs) on the following financial instruments that are measured at amortised cost or at fair value through other comprehensive income (FVTOCI):

- Cash and cash equivalents
- Trade and other receivables
- Other financial assets

No impairment loss is recognised on investments measured at FVTPL.

The loss allowance is measured at an amount equal to the lifetime expected credit losses for trade receivables and for financial instruments for which:

- the credit risk has increased significantly since initial recognition; or
- there is observable evidence of impairment (a credit-impaired financial asset).

If, at the reporting date, the credit risk on a financial asset other than a trade receivable has not increased significantly since initial recognition, the loss allowance is measured for that financial instrument at an amount equal to 12-month expected credit losses. All changes in the loss allowance are recognised in profit or loss as impairment gains or losses.

Lifetime expected credit losses represent the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses represent the portion of lifetime expected credit losses that result from default events on a financial asset that are possible within 12 months after the reporting date.

Expected credit losses are measured in a way that reflects an unbiased and probability-weighted amount 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.

Notes (continued)

2. Material accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

All financial assets are classified as non-current except those that are held for trading, those with maturities of less than 12 months from the balance sheet date, those which management has the express intention of holding for less than 12 months from the reporting date or those that are required to be sold to raise operating capital, in which case they are classified as current assets.

Financial liabilities

The Fund's financial liabilities are the Fund's expenses – services offered by service providers. The Fund may also, on initial recognition, irrevocably designate a financial liability as at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency.

All other financial liabilities are classified and measured at amortised cost.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Bank balances, call deposits with banks and fixed term bank deposits maturing within three months from the reporting date are designated as cash and cash equivalents.

Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in United States Dollar (USD), rounded to the nearest dollar which is the Fund's presentation currency.

Notes (continued)

3. Critical accounting estimates and judgement

In the application of the accounting policies, the Trustee is required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other relevant factors. Such estimates and assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The Trustee has made the following estimates and judgements that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.:

Impairment of financial assets

The Fund reviews their portfolio of investments on an annual basis. In determining whether investments are impaired, the trustee makes judgement as to whether there is any evidence indicating that there is a measurable decrease in the estimated future cash flows expected.

Measurement of expected credit losses (ECL):

The Funds recognise an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Fund expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The inputs and models used for calculating ECLs may not always capture all characteristics of the market at the date of the financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.
The Fund did not provide detailed information on how the forecast economic conditions have been incorporated in the determination of ECL because the impact is not significant.

Notes (continued)

4. Financial risk management

The Fund generates revenues for the members by investing in various income generating activities. These activities expose the Fund to a variety of financial risks, including credit risk and the effects of changes in market dynamics. The trust deed sets out the investment policy and management of the Fund's assets to minimise potential adverse effects on its financial performance.

Risk management is carried out by the management.

a) Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Fund. The credit risk on Term deposits and bank balances is limited as the counterparties are all recognised banks with good reputations. The Fund's investments are done through reputable intermediaries to protect the Fund against any misappropriations.

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.

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 recognised on a collective basis. For such purposes, the Fund's financial assets on the basis of shared credit risk characteristics, such as:

- type of instrument;
- industry in which the debtor operates; and
- nature of collateral.

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 the following events:

- significant financial difficulty of the holder of debt instrument
- a breach of contract
- it is probable that the holder of debt instrument will enter bankruptcy the disappearance of an active market for the financial asset because of financial difficulties.

Notes (continued)

4. Financial risk management

a) Credit risk (continued)

Credit risk exposure

The table below provides information regarding the credit risk exposure of the fund by classifying assets according to the fund's credit ratings of the counter parties.

2024	Stage 1 USD	Stage 2 USD	Stage 3 USD	Total USD
Call deposits with banks	1,417,416	-	-	1,417,416
Fixed term bank deposits	2,457,839	-	-	2,457,839
Bank balances	1,149	-	-	1,149
Total	3,876,404	-	-	3,876,404

2023	Stage 1 USD	Stage 2 USD	Stage 3 USD	Total USD
Call deposits with banks	147,145	-	-	147,145
Fixed term bank deposits	665,363	-	-	665,363
Bank balances	71	-	-	71
Total	812,579	-	-	812,579

Notes (continued)

4. Financial risk management (continued)

a) Credit risk (continued)

Concentration risk

Concentration risk is the risk that the Fund could potentially put an excessive focus on a specific asset. The Fund's approach to managing this risk is to ensure the Fund does not invest past the securities limit as guided by the IPS and the CMA regulations. The limits are reported to the trustee every quarter to ensure compliance.

The following table analyses the concentration of credit risk by industry sector.

2024	Financial Institution	Government	Others	Total
	USD	USD	USD	USD
Fixed term bank deposits	2,457,839	-	-	2,457,839
Call deposits with banks	1,417,416	-	-	1,417,416
Bank balances	1,149	-	-	1,149
	3,876,404	-	-	3,876,404

2023	Financial Institution	Government	Others	Total
	USD	USD	USD	USD
Fixed term bank deposits	665,363	-	-	665,363
Call deposits with banks	147,145	-	-	147,145
Bank balances	71	-	-	71
	812,579	-	-	812,579

Notes (continued)

4. Financial risk management (continued)

b) Liquidity risk

Liquidity risk is the risk that the Fund will not be able to meet its financial obligations when they fall due. The Fund's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or at the risk of damaging the Fund's reputation.

The Fund's financial liabilities as at 31 December 2023 relate to the payable balance of USD 764 which is payable within one year hence discounting effect is not significant.

The table below summaries the maturity profile of the undiscounted cashflows of the fund financial assets and liabilities as at 31 December.

At 31 December 2024	On demand USD	1 to 3 months USD	3 to 6 months USD	6 to 12 months USD	Total USD
Bank balances	1,149	-	-	-	1,149
Call deposits with banks	1,417,416	-	-	-	1,417,416
Fixed term bank deposits		1,561,362	527,488	359,919	2,448,769
Total financial assets	**1,418,565**	**1,561,362**	**1,418,564**	**359,919**	**3,867,334**
Trade and other payables	-	(5,193)	-	-	(5,193)
Total financial liabilities	-	(5,193)	-	-	(5,193)
Net liquidity surplus	**1,418,565**	**1,556,169**	**1,418,564**	**359,919**	**3,862,141**

At 31 December 2023	On demand USD	1 to 3 months USD	3 to 6 months USD	6 to 12 months USD	Total USD
Bank balances	71	-	-	-	71
Call deposits with banks	147,145	-	-	-	147,145
Fixed term bank deposits	-	567,084	46,531	58,207	671,822
Total financial assets	**147,216**	**567,084**	**46,531**	**58,207**	**819,038**
Trade and other payables	-	(764)	-	-	(764)
Total financial liabilities	-	(764)	-	-	(764)
Net liquidity surplus	**147,216**	**566,320**	**46,531**	**58,207**	**818,274**

Notes (continued)

4. Financial risk management (continued)

c) Market risk

i) Price risk

The Fund is exposed to equity securities price risk because of investments in quoted shares. The trust deed sets out the following guiding principles for the Fund Manager in order to manage this risk:

- invest in a solid spread of high-performance securities
- take capital profits when appropriate
- select stocks in companies with proven performance and good prospects for growth
- spread securities over those economic sectors that meet the criteria of performance and growth; and
- administer the portfolio according to best practice.

All quoted shares held by the Fund were traded on the Nairobi Securities Exchange (NSE).
The price risk exposure on the Fund as at end of the year is not considered to be material.

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Fund's interest-bearing assets include Term deposits and treasury bonds which have fixed interest rates hence exposure to interest rate risk is not considered to be material.

iii) Foreign Exchange risk

The Fund is currently not exposed to foreign exchange risk.

Notes (continued)

5 Interest income

	2024 USD	2023 USD
Call deposits with banks	33,521	-
Fixed term bank deposits	85,881	5,832
	119,402	5,832

6 Operating expenses

	2024 USD	2023 USD
Service fees	13,088	764

7 Financial assets at amortised cost

(i) Classification of financial assets at amortised cost

	2024 USD	2023 USD
Fixed term bank deposits	2,457,839	665,363
Call deposits with banks	1,417,416	147,145
Bank balances	1,149	71
	3,876,404	812,579

(ii) Maturity profile of financial assets at amortised cost

31 December 2024	Up to 3 months USD	Due between 3 & 12 months USD	Totals USD
Bank balances	1,149	-	1,149
Fixed term bank deposits	494,436	1,963,403	2,457,839
Call deposits with banks	1,417,416	-	1,417,416
Total	1,913,001	1,963,403	3,876,404

31 December 2023	Up to 3 months USD	Due between 3 & 12 months USD	Totals USD
Bank balances	71	-	71
Fixed term bank deposits	563,317	102,046	665,363
Call deposits with banks	147,145	-	147,145
Total	710,533	102,046	812,579

Notes

7 Financial assets at amortised cost (continued)

Movement of financial assets at amortised cost (excluding bank balances)

7(ii) **Call deposits with banks**	**2024 USD**	**2023 USD**
At start of year	147,145	-
Purchases	3,468,521	147,000
Maturities	(2,220,120)	-
Accrued Interest	21,870	145
At end of year	1,417,416	147,145
Maturity Analysis		
Mature within 3 months	1,417,416	147,145
Mature after 3 months	-	-
Total	1,417,416	147,145

7(iii) **Fixed term bank deposits**	**2024 USD**	**2023 USD**
At start of year	665,363	-
Purchases	4,616,118	843,611
Maturities	(2,869,232)	(181,341)
Accrued Interest	45,590	3,093
At end of year	2,457,839	665,363
Maturity Analysis		
Mature within 3 months	494,436	563,317
Mature after 3 months	1,963,403	102,046
Total	2,457,839	665,363

Notes (continued)

8 Cash and cash equivalents

For the purpose of the statement of cash flows, the cash and cash equivalents as at 31 December 2024 comprise of;

	2024 USD	2023 USD
Call deposits with banks	1,417,416	147,145
Fixed term bank deposits maturing within 3 months	494,436	563,317
Bank balances	1,149	71
	1,913,001	710,533

The carrying amount of the Fund's cash at bank and in hand are dominated in United States Dollars. In the opinion of the Trustee, the carrying amount of the cash and cash equivalents approximate to their fair value.

9 Other payables

	2024 USD	2023 USD
Accrued service fees	5,193	764

In the opinion of the Trustee, the carrying amounts of trade and other payables approximate to their fair value. The carrying amounts of the Fund's trade and other payables are denominated in United States Dollars. The maturity of trade and other payables is between 1 to 3 months.

10 Related party transactions

KCB Asset Management Money Market Fund (USD) is managed by KCB Asset Management Limited, which is controlled by KCB Group PLC, a company incorporated in Kenya. There are other companies that are related to KCB Asset Management Limited through common shareholdings or common directorship.

a) Related party balances at the end of the reporting period were as follows:

	2024 USD	2023 USD
Cash and cash equivalents held with National Bank of Kenya Limited (Note 8)	1,149	71
Cash and cash equivalents held with KCB Bank Kenya Limited (Note 8)	-	-
Total	1,149	71
Payables due to KCB Asset Management Limited	1,076	764

Notes (continued)

10 Related party transactions (continued)

b) The following transactions were carried out with related parties:

		2024 USD	2023 USD
i)	Interest earned in the year from related parties		
	Interest income from National Bank of Kenya Limited	10,757	1,590
	Interest income from KCB Bank Kenya Limited	3,634	366
	Total	14,391	1,956
ii)	Receivables from related parties		
	Interest receivable from National Bank of Kenya Limited	6,035	162
	Interest receivable from KCB Bank Kenya Limited	3,277	366
	Total	9,312	528

iii) Fixed and Call deposits with banks

	National Bank of Kenya Limited	KCB Bank Kenya Limited	Total
	USD	USD	USD
Call deposits with banks	707,005	-	707,005
Fixed term bank deposits	21,231	243,447	264,678
Total	728,236	243,447	971,683

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