

CIC UNIT TRUST SCHEME

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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FOR THE YEAR ENDED 31 DECEMBER 2024

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**CIC UNIT TRUST SCHEME
TRUSTEE AND PROFESSIONAL ADVISERS
FOR THE YEAR ENDED 31 DECEMBER 2024**

CORPORATE TRUSTEE
KCB Bank Kenya Limited
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Nairobi

REGISTERED OFFICE
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P. O. Box 59485 - 00200
Nairobi

FUND MANAGER AND ADMINISTRATOR
CIC Asset Management Limited
8th Floor, CIC Plaza 2
P. O. Box 59485 - 00200
Nairobi

CUSTODIAN
The Co-operative Bank of Kenya Limited
KUSCCO Centre
Kilimanjaro Avenue
P. O. Box 48231 - 00100
Nairobi

AUDITOR
PricewaterhouseCoopers LLP
Certified Public Accountants
PwC Tower, Westlands
Waiyaki Way/Chiromo Road
P.O. Box 43963 - 00100
Nairobi GPO - Kenya

CIC UNIT TRUST SCHEME
REPORT OF THE TRUSTEE
FOR THE YEAR ENDED 31 DECEMBER 2024

The trustee is pleased to submit the CIC Unit Trust Scheme's (the "Fund" or the "Scheme") report together with the audited financial statements for the year ended 31 December 2024.

ESTABLISHMENT, NATURE AND STATUS OF THE SCHEME

The scheme was established and is governed by a trust deed dated 6 January 2011 as a CIC unit trust scheme. The scheme is registered with the Kenyan Capital Markets Authority and approved under the Income Tax Act. The scheme is tax exempt and only withholds tax on interest distributed to unit holders on monthly basis.

INVESTMENT OBJECTIVES

The CIC unit trust scheme comprises of six funds; Money Market Fund, Balanced Fund, Equity Fund, Fixed Income Fund, Wealth Management Fund and Dollar Fund, each of which is described below;

- The primary objective of the CIC Money Market Fund is to seek short term capital growth and income consistent with moderate investment risk from a wide range of securities thereby allowing access to diverse investment assets and returns. It ultimately aims to mobilize savings and allow access to investment assets and returns in money market instruments otherwise restricted to persons with access to large amounts of capital. The Fund primarily invests in interest bearing financial instruments.
- The primary objective of the CIC Balanced Fund is to seek long term capital growth and income consistent with moderate investment risk from a wide range of securities thereby allowing access to diverse investment assets and returns. The Balanced Fund ultimately aims to mobilize savings and allow access to investment assets and returns in both equities and money market instruments otherwise restricted to persons with access to large amounts of capital. The fund primarily invests in quoted equity securities, corporate bonds and government securities.
- The primary objective of the CIC Equity Fund is to seek long term capital growth and income consistent with moderate investment risk from a wide range of securities thereby allowing access to diverse investment assets and returns. It ultimately aims to mobilize savings and allow access to investment assets and returns in equities otherwise restricted to persons with access to large amounts of capital. The fund primarily invests in quoted equity securities.
- The primary objective of the CIC Fixed Income fund is to seek long term capital growth and income consistent with moderate investment risk from a wide range of securities thereby allowing access to diverse investment assets and returns. It ultimately aims to mobilize savings and allow access to investment assets and returns in money markets otherwise restricted to persons with access to large amounts of capital. The fund primarily invests in interest bearing financial instruments.
- The primary objective of the CIC Wealth Management Fund is to attain an enhanced level of return while preserving capital. It ultimately aims to mobilize savings and allow access to investment assets and returns in money markets otherwise restricted to persons with access to large amounts of capital. The fund primarily invests in interest bearing financial instruments.
- The primary objective of the CIC Dollar Fund is to seek short-term capital growth and income in US dollar terms. It is structured to suit investors with obligations denominated in the foreign currency to hedge against currency risk and those who want to conveniently invest their dollar earnings without the hassle of currency translation. The fund primarily invests in interest-bearing financial instruments in local and offshore capital markets denominated in US dollars.

The funds are all unit trusts, and the interest of the individual members is determined by the value of their units. It is administered by the trustee who is responsible for its affairs.

The funds are an approved collective investment scheme within the meaning of the Kenyan Capital Markets Act; and the unit holders are not liable for the debts of the fund.

FINANCIAL REVIEW

The statement of profit or loss and other comprehensive income for the CIC Money Market Fund on page 13 shows a profit for the year of KShs 9,361,442,000 (2023: profit of KShs 4,099,938,000) and the statement of financial position on page 14 shows that the unit holder balances as at 31 December 2024 amounted to KShs 68,182,496,000 (2023: KShs 56,260,059,000)

The statement of profit or loss and other comprehensive income for the CIC Balanced Fund on page 33 shows a profit for the year of KShs 58,996,012 (2023: Loss of KShs 4,575,468) and the statement of financial position on page 34 shows that the unit holder balances as at 31 December 2024 amounted to KShs 294,656,761 (2023: KShs 242,006,034).

CIC UNIT TRUST SCHEME
REPORT OF THE TRUSTEE (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL REVIEW (continued)

The statement of profit or loss and other comprehensive income for the CIC Equity Fund on page 52 shows profit for the year of KShs 64,496,342 (2023: loss of KShs 33,899,795). The statement of financial position on page 53 shows that the unit holder balances as at 31 December 2024 amounted to KShs 229,926,006 (2023: KShs 170,199,541).

The statement of profit or loss and other comprehensive income for the CIC Fixed Income Fund on page 69 shows a profit for the year of KShs. 147,475,674 (2023: profit of KShs 4,970,416) and the statement of financial position on page 70 shows that the unit holder balances as at 31 December 2024 amounted to KShs. 2,288,803,351 (2023: KShs 129,794,804).

The statement of profit or loss and other comprehensive income for the CIC Wealth Management Fund on page 87 shows a profit for the year of KShs. 1,052,029,298 (2023: profit of KShs 139,297,746) and the statement of financial position on page 88 shows that the unit holder balances as at 31 December 2024 amounted to KShs. 7,536,904,385 (2023: KShs. 3,429,632,218).

The statement of profit or loss and other comprehensive income for the CIC Dollar Fund on page 103 shows a profit for the year of USD 1,295,864 (2023: Profit of USD 1,018,866) and the statement of financial position on page 104 shows that the unit holder balances as at 31 December 2024 amounted to USD 28,784,327 (2023: USD 18,461,769)

PERFORMANCE RECORD

The performance record of the funds, over the last five years is shown in appendices for each fund. This being the third reporting period for the CIC Dollar Fund, the performance record is provided for the last three years.

There has not been any amalgamation or reconstruction of the current units in the funds that have had a material effect on the size of the funds.

INVESTMENT

Under the terms of their appointment, CIC Asset Management Limited is responsible for the investments of funds. The overall responsibility for investment and performance lies with the Trustee.

MEMBERSHIP

As at 31 December 2024, the CIC Money Market Fund had 123,976-unit holders (2023: 86,526-unit holders).

As at 31 December 2024, the CIC Balanced Fund had 649-unit holders (2023: 1,579-unit holders)

As at 31 December 2024, the CIC Equity fund had 986-unit holders (2023: 2,399-unit holders)

As at 31 December 2024, the CIC Fixed Income fund had 977-unit holders (2023: 2,139-unit holders)

As at 31 December 2024, the CIC Wealth Management fund had 1,134-unit holders (2023: 135-unit holders)

As at 31 December 2024, the CIC Dollar fund had 1,654-unit holders (2023: 919-unit holders)

FUND ADVISOR

The names and addresses of the fund manager and administrator, corporate trustee and custodian are as shown on page 1.

AUDITOR

PricewaterhouseCoopers LLP continue in office in accordance with the Fund's Trust Deed and section 55(4) of the Capital Markets (Licensing Requirements) (General) Regulations, 2002.

The trustee monitors the effectiveness, objectivity and independence of the auditor. The responsibility includes the approval of the audit engagement contract and the associated fees on behalf of the unit holders.

Signed on behalf of the trustee.


27 March 2025
CORPORATE TRUSTEE


FOR: KCB BANK KENYA LTD.
CORPORATE TRUSTEE

CIC UNIT TRUST SCHEME
STATEMENT OF TRUSTEE'S RESPONSIBILITIES ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

The Capital Markets Authority requires the trustee to prepare financial statements for each financial year that give a true and fair view of the financial position of the Funds as at the end of the financial year and of its profit or loss for that year. It also requires the trustee to ensure that the Funds keeps proper accounting records that show and explain the transactions of the Funds; disclose, with reasonable accuracy, the financial performance and position of the Funds; and that enable the trustee to ensure that every financial statement required to be prepared complies with the requirements of the Capital Markets Authority.

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

- (i) Designing, implementing, and maintaining internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.
- (ii) Selecting suitable accounting policies and then apply them consistently; and
- (iii) Making judgements and accounting estimates that are reasonable in the circumstances

Having assessed the Funds' ability to continue as going concerns, 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 Trustee acknowledges that the independent audit of the financial statements does not relieve them of their responsibility.

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

For: KCB BANK KENYA LTD.

By order of the Trustee

Rhino
CORPORATE TRUSTEE

KCB Bank Kenya Limited

For: KCB BANK KENYA LTD.

[Signature]
CORPORATE TRUSTEE

CIC UNIT TRUST SCHEME
FUND MANAGER'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

We would like to thank the unit holders for their continued trust in the CIC Unit Trust Scheme since its inception in 2011. During the past one year, the Funds remained focused on obtaining a high level of current income for investors while preserving capital and ensuring high liquidity.

We remain committed to our investment philosophy of capital growth, providing our clients with competitive returns and cushioning them from market volatility.

Gross Domestic Product growth decelerated to 4.5% in the third quarter of 2024 from 6% in a similar quarter of 2023. The slowdown was reflected across all sectors of the economy with the construction and mining sectors recording contractions. 2024 growth is projected at 5.1% and 5.5% in 2025. Key service sectors, agriculture, and improved exports are expected to support growth in 2025. The main risks to the growth outlook relate to continued geopolitical tensions, which have potential to disrupt supply chains and increase inflation.

Headline inflation in December closed at 3.0%; largely on account of a significant decrease in fuel inflation. Fuel inflation declined to -1%, mainly driven by decreases in pump, electricity, and cooking gas/LPG prices. Overall, core inflation declined on account of lower consumer demand – tight wallets & low market liquidity. In 2025, we expect inflation to remain below historical average on account of weak economic activity. Food inflation might increase amidst low agricultural output. Core inflation to remain range bound amidst weak consumer demand & tight bank lending standard.

In early December 2024, the Monetary Policy Committee lowered the policy rate further to 11.25% from 12%. It noted that its previous measures have lowered overall inflation to below the mid-point of the target range, stabilized the exchange rate; noting that there is scope for further reductions. The short-term papers finished the quarter at 9.89%, 10.02% and 11.41% for the 91, 182 and 365 day papers respectively.

The shilling saw a turnaround in 2024, appreciating by 22.1% to close at 129.3. CBK continues to shore up the forex reserves to defend the shilling, which closed the year at 4.7 months of import cover. Going forward, we expect the shilling to remain broadly stable and oscillate within the range that it has been operating at for the greater part of the year on the back of improved supply-demand.

Market performance was up in 2024 with The NSE All Share Index (NASI), NSE 20 Index & NSE 25 Index returning 34.06%, 33.9% and 43% respectively with total turnover at USD 794.36 Mn. Foreign investors remained net sellers withdrawing USD 124.05 Mn from the market. We expect the bourse to maintain momentum on the back of earnings performance, attractive dividend yields and return of foreign investor demand.

Money Market and Fixed Income Funds

These funds invest in liquid, high yielding short term and long-term interest-bearing instruments, mainly bank deposits, corporate and government securities. The low-risk nature of these funds, accessibility and increased financial awareness has continued attracting investors seeking low to medium risk investments.

Equity and Balanced Funds

Investments in shares listed in the NSE provides investors with a diversification option albeit with higher risk. We witnessed significant foreign investor sell-offs amid rising interest rates and global macro-economic uncertainties. Local investors have also reduced holdings and stacked their cash in government securities. Despite global uncertainties, we saw an improvement in the equities market in 2024.

Wealth Management Fund

The fund invests in higher yielding bank deposits and investment grade corporate papers. Historical credit risk brought about increased aversion to corporate notes and hence reduced investor appetite there. In a bid to curb rising inflation and anchor the shilling, benchmark interest rates have been on an upward trend for most of 2024. This provided good opportunities for savvy investors to lock in attractive rates.

CIC UNIT TRUST SCHEME
FUND MANAGER'S REPORT(CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024

Dollar Fund

The fund invests in high-quality money market and fixed income instruments denominated in US dollars with a maturity profile that ensures adequate liquidity. It has become an excellent parking bay for investors who prefer to invest in dollars to mitigate against the depreciating local currency. The fund has posted good growth in 2024.

Commissions paid on dealings

The statement of commissions paid shall specify the following information on dealings in the property of the scheme in relation to transactions effected through a broker or an agent of a broker

The average rate of commission for transactions done during the year was 0.026%. There were no commissions paid to associates of the fund manager and the trustee.

During the year, the funds paid commission to the following brokers, that constituted more than 10% of the aggregate amount of the commission paid; Kingdom Securities Limited (46%), KCB Capital (17%), AIB Capital Limited (14%) and Standard Investment Bank Limited (10%).

Total Expense ratio

"total expense charged" shall include all annual operating costs of the scheme with the exception of brokerage on scheme transactions and currency gains/losses on the scheme portfolio. The total expense ratio for the scheme was 2% and in cash terms KShs. 1.4 billion.

	CIC Money Market Fund	CIC Balanced Fund	CIC Equity Fund	CIC Fixed Fund	CIC Wealth Fund	CIC Dollar Fund
	Ksh'000'	Kshs	Kshs	Kshs	Kshs	Kshs
Total expenses for the year	1,346,501	7,450,175	5,738,386	4,032,182	107,669,676	55,135,838
Management fees for the year	1,143,594	6,140,327	4,651,272	3,027,261	80,949,464	43,718,129
Percentage management fee (%)	1.68%	2.08%	2.02%	2%	1.07%	1.17%
Total expense ratio	1.97%	2.53%	2.50%	2.50%	1.43%	1.48%

Accordingly, we intend to maintain our investment approach anchored on safeguarding capital value. In this regard, we will not shy away from taking up any bargain opportunities that may arise either in the debt or equity markets. We are confident that through our disciplined investment philosophy and robust investment strategy, the delivery of predictable and consistent competitive returns throughout the year is achievable. We wish to reiterate our commitment towards ensuring the realization of the specific underlying objectives of each of the funds including offering above average returns while providing adequate liquidity to meet ongoing obligations, capital preservation and conservative risk exposure to the investors.

We would like to thank you for selecting CIC Asset Management Limited as your investment vehicle of choice and look forward to working closely with you to realize and exceed your financial and investment objectives.



Signed on behalf of the Fund Manager

27 March 2025

CIC UNIT TRUST SCHEME
REPORT OF THE CUSTODIAN
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 The Co-operative Bank of Kenya Limited as the Custodians and CIC Asset Management Limited as the Fund Manager, we confirm that:

- a) we have discharged the duties prescribed for a Custodian under Regulation 68 of the Regulations, to the CIC Unit Trust Scheme,
- b) the issue, sale, redemption and cancellation, and calculation of the price of the scheme's units and the application of the scheme's income have been carried out in accordance with the Regulations; and,
- c) the investment and borrowing powers and restrictions applicable to the scheme in accordance with the Regulations and the documents of incorporation have not been exceeded.

For the year ended 31 December 2024, we have held the assets for the scheme, including title deeds, 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.



By order of the Custodian



28 March 2025



INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS OF CIC UNIT TRUST SCHEME

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of the following funds of the CIC Unit Trust Scheme (the "Fund(s)")

- CIC Money Market Fund for the year ended 31 December 2024, set out on pages 12 to 31 and 119 to 128.
- CIC Balanced Fund for the year ended 31 December 2024, set out on pages 32 to 50 and 119 to 128.
- CIC Equity Fund for the year ended 31 December 2024, set out on pages 51 to 67 and 119 to 128
- CIC Fixed Income Fund for the year ended 31 December 2024, set out on pages 68 to 85 and 119 to 128.
- CIC Wealth Management Fund for the year ended 31 December 2024, set out on pages 86 to 101 and 119 to 128 and
- CIC Dollar Fund for the year ended 31 December 2024, set out on pages 102 to 118 and 119 to 128.

The financial statements comprise the respective Funds' 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 CIC Unit Trust Scheme Funds at 31 December 2024 and of their 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, 2023.

Basis for opinion

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

We are independent of the company 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.

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Partners: E Kerich B Kimacia M Mugasa A Murage F Muriu P Ngahu R Njoroge S O Norbert's B Okundi K Saiti



INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF CIC UNIT TRUST SCHEME (CONTINUED)

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.

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, 2023 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.



INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF CIC UNIT TRUST SCHEME (CONTINUED)

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

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.

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

From the matters communicated with the Trustee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about 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.



INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF CIC UNIT TRUST SCHEME (CONTINUED)

Report on other matters prescribed by the Capital Markets Authority (Collective Investment Schemes) Regulations.

We confirm that the financial statements have been properly prepared in accordance with the Capital Markets Authority (Collective Investment Schemes) Regulations, 2023.

The Capital Markets Authority (Collective Investments schemes) Regulations, 2023 also requires that in carrying out our audit we consider and report to you on the following matters:

- If the auditor is of the opinion that proper accounting records for the collective investment scheme have not been kept or that the accounts are not in agreement with those records.
- If the auditor has not been given all the information and explanation which, to the best of his knowledge and belief, are necessary for the purpose of his audit; or
- If the auditor is of the opinion that the information given in the report of the Trustee for that period is inconsistent with the accounts.

We confirm that there are no matters to report in respect of the foregoing requirements.

Bernice Kimacia

**CPA Bernice Kimacia – Practicing Certificate Number 1457
Engagement partner responsible for the audit**

**For and on behalf of PricewaterhouseCoopers LLP
Certified Public Accountants
Nairobi.**

28 March 2025

CIC MONEY MARKET FUND

CIC MONEY MARKET FUND
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 KShs '000	2023 KShs '000
Other interest income	3(a)	2,724,674	2,509,743
Interest income calculated using effective interest rate method	3(b)	5,504,846	4,385,633
Fair value gain/ (loss) on government securities at fair value through profit or loss	4(a)	2,508,055	(1,474,191)
Allowance for expected credit losses	4(b)	(29,632)	31,693
Operating expenses	5	<u>(1,346,501)</u>	<u>(1,352,940)</u>
Profit before income tax		<u>9,361,442</u>	<u>4,099,938</u>
Income tax expense		=	=
Profit for the year before distribution to the unit holders		<u>9,361,442</u>	<u>4,099,938</u>

CIC MONEY MARKET FUND
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Notes	2024 KShs '000	2023 KShs '000
ASSETS			
Government securities at fair value through profit or loss- treasury bonds	7	26,028,580	22,087,261
Corporate bonds at amortised cost	9	134,864	134,757
Government securities at amortised cost- treasury bills	8	229,267	-
Fixed deposits with financial institutions	10	11,649,560	20,906,361
Investment in Fixed Income Fund Unit trust at fair value through profit or loss	13	2,011,736	-
Demand deposits with financial institutions	11	28,275,365	13,250,953
Bank balances	14	<u>2,900</u>	<u>37,042</u>
TOTAL ASSETS		<u>68,332,272</u>	<u>56,416,374</u>
LIABILITIES			
Payables and accruals	15	149,776	156,315
LIABILITIES		<u>149,776</u>	<u>156,315</u>
Net assets attributable to unit holders		<u>68,182,496</u>	<u>56,260,059</u>

The financial statements were approved by the trustee on²⁷ March 2025 and were signed on behalf of the Trustee by:

For: KCB BANK KENYA LTD.
R. Lim
.....
CORPORATE TRUSTEE

Corporate Trustee

For: KCB BANK KENYA LTD.
[Signature]
.....
CORPORATE TRUSTEE

CIC MONEY MARKET FUND
STATEMENT OF CHANGES IN UNIT HOLDER BALANCES
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 KShs '000	2023 KShs '000
Unit holder balance at 1 January		56,260,059	60,231,867
Net movement in units traded in the year	17	10,249,966	(2,286,410)
Profit before distributions to unit holders		9,361,442	4,099,938
Distributions payable in the year	18	<u>(7,688,971)</u>	<u>(5,785,336)</u>
Unit holder balance at 31 December		<u>68,182,496</u>	<u>56,260,059</u>

CIC MONEY MARKET FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 KShs '000	2023 KShs '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		9,361,442	4,099,938
<i>Adjustments</i>			
Fair value (gain) /loss on government securities at fair value through profit or loss	4 (a)	(2,496,319)	1,474,191
Fair value (gain) on fixed income fund unit trust investment	13	(11,736)	-
Accrued interest on treasury bills	8	(4,728)	-
Accrued interest on corporate bonds	9	(96)	-
Decrease in expected credit losses-corporate bonds	4(b)	(11)	(3,386)
Decrease in expected credit losses-fixed deposits	4(b)	(4,277)	(33,023)
Increase in expected credit losses-demand deposits	4(b)	33,920	6,013
Decrease in expected credit losses- commercial papers	4(b)	-	(1,297)
(Decrease)/Increase in payables and accruals	15	(6,539)	30,725
Cash generated from operations		6,871,656	5,573,161
 Maturities of treasury bonds at fair value through profit or loss	7	2,000,000	790,000
Purchase of treasury bonds at fair value through profit or loss	7	(3,445,000)	(9,455,200)
Purchase of treasury bills	8	(224,539)	-
Maturity of treasury bills	8	-	10,538,598
Net investment in fixed deposits with financial institutions	10	12,981,865	11,989,018
Maturity of commercial papers at amortised cost	12	-	259,376
Purchase of fixed income fund units at fair value through profit or loss	13	(2,000,000)	-
 Net cash used in / from operating activities		<u>16,183,982</u>	<u>19,694,953</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Net movement in units	17	10,249,966	(2,286,410)
Distributions paid in the year	18	(7,688,971)	(5,785,336)
 Net cash from financing activities		<u>2,560,995</u>	<u>(8,071,746)</u>
 INCREASE IN CASH AND CASH EQUIVALENTS		18,744,977	11,623,207
CASH AND CASH EQUIVALENTS AT 1 JANUARY		<u>20,383,266</u>	<u>8,760,059</u>
 CASH AND CASH EQUIVALENTS AT 31 DECEMBER	14	<u>39,128,243</u>	<u>20,383,266</u>

MATERIAL ACCOUNTING POLICIES

The material accounting policies on pages 119 to 128 form part of these financial statements.

1. FINANCIAL RISK MANAGEMENT

The Fund generates revenues for the members by investing in various income generating activities which include trading in the bond market, commercial papers and bank deposits. These activities expose the Fund to a variety of , these include; credit risk, liquidity risk, market risk, operating and business risks. 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 structure

The Fund manager is responsible for identifying and managing risks. The Trustee supervises the fund manager and is ultimately responsible for the overall risk management of the Fund.

a) Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Fund is exposed to credit risk from its operating activities (primarily investments), including deposits with financial institutions and other financial instruments.

The Fund’s internal rating process

The Fund’s investment team prepares internal ratings for financial instruments in which counterparties are rated using internal grades. These are used to determine whether an instrument has had a significant increase in credit risk and to estimate the expected credit losses (ECL’s). The ratings are determined incorporating both qualitative and quantitative information from external parties that could affect the counterparty’s behaviour. The Fund reassesses the internal credit rating of the financial instruments at every reporting period and considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due as well as other forward-looking information. This would result in change in the internal credit rating. When there has been a significant increase in credit risk since origination the allowance would be based on the life time ECL.

At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions.

The Fund’s internal credit rating grades is as follows:

Internal rating grade	Internal rating description
0	High grade
1	High grade
2	Standard grade
3	Sub-standard grade
4	Past due but not impaired
5	Individually impaired

CIC MONEY MARKET FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

1. FINANCIAL RISK MANAGEMENT (continued)

a) Credit risk (continued)

Significant increase in credit risk, default and cure

The Fund continuously monitors all assets subject to ECLs. In order to determine whether an instrument or portfolio of instruments is subject to 12-month ECL (12mECL) or life time ECL (LTECL), the Fund assesses whether there has been a significant increase in credit risk since initial recognition.

The Fund considers that there has been a significant increase in credit risk when any contractual payments are more than 30 days past due. In addition, the Fund also considers a variety of instances that may indicate unlikeliness to pay by assessing whether there has been a significant increase in credit risk. Such events include:

- Internal rating of the counterparty indicating default or near default
- The counterparty having past due liabilities to public creditors or employees
- The counterparty filing for bankruptcy application
- Counterparty's listed debt or equity suspended at the primary exchange because of rumours or facts of financial difficulties.

The Fund considers a financial instrument defaulted and, therefore, credit impaired for ECL calculations in all cases when the counterparty becomes 30 days past due on its contractual payments. The Fund may also consider an instrument to be in default when internal or external information indicates that the Fund is unlikely to receive the outstanding contractual amounts in full. In such cases, the Fund recognises a lifetime ECL.

In rare cases when an instrument identified as defaulted, it is the Fund's policy to consider the financial instrument as "cured" and therefore re-classified out of credit-impaired when none of the default criteria have been present for at least twelve consecutive months.

Credit risk exposure by credit rating

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

31 December 2024

	High grade KShs '000	Standard grade KShs '000	Past due but not impaired KShs '000	Individually impaired KShs '000	Total KShs '000
Demand deposits	28,275,365	-	-	-	28,275,365
Fixed deposits	11,649,560	-	-	-	11,649,560
Corporate Bonds	134,864	-	-	-	134,864
Treasury Bills	229,267	-	-	-	229,267
Fixed Income Fund unit trust	2,011,736	-	-	-	2,011,736
Cash and bank balances	<u>2,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,900</u>
	<u>42,303,692</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>42,303,692</u>

CIC MONEY MARKET FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

1. FINANCIAL RISK MANAGEMENT (continued)

a) Credit risk (continued)

31 December 2023

	High grade KShs '000	Standard grade KShs '000	Past due but not impaired KShs '000	Individually impaired KShs '000	Total KShs '000
Demand deposits	13,250,953	-	-	-	13,250,953
Fixed deposits	20,906,361	-	-	-	20,906,361
Corporate Bonds	134,757	-	-	-	134,757
Cash and bank balances	<u>37,042</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,042</u>
	<u>34,329,113</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,329,113</u>

The table below indicates the maximum exposure of assets bearing credit risk:

	2024 KShs '000	2023 KShs '000
Government securities at fair value through profit or loss-treasury bonds	26,028,580	22,087,261
Corporate bonds at amortised cost	134,864	134,757
Government securities at amortised cost- treasury bills	229,267	-
Fixed deposits with financial institutions	11,649,560	20,906,361
Unit Investment trust at fair value through profit or loss	2,011,736	-
Demand deposits with financial institutions	28,275,365	13,250,953
Bank balances	<u>2,900</u>	<u>37,042</u>
Total	<u>68,332,272</u>	<u>56,416,374</u>

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

Impairment losses on financial assets subject to impairment assessment

The tables below show the credit quality and maximum exposure to credit risk based on the Fund's internal credit rating system and analysis of changes in the gross carrying amount and the corresponding ECL's.

Fixed deposits with financial institutions

	2024 KShs '000	2023 KShs '000
Gross	11,670,706	20,931,784
Less: Loss allowance	<u>(21,146)</u>	<u>(25,423)</u>
Net carrying amount	<u>11,649,560</u>	<u>20,906,361</u>

Demand deposits with financial institutions

	2024 KShs '000	2023 KShs '000
Gross	28,316,208	13,257,876
Less: Loss allowance	<u>(40,843)</u>	<u>(6,923)</u>
Net carrying amount	<u>28,275,365</u>	<u>13,250,953</u>

CIC MONEY MARKET FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

1. FINANCIAL RISK MANAGEMENT (continued)

a) Credit risk (continued)

Impairment losses on financial assets subject to impairment assessment (Continued)

Corporate bonds

	2024	2023
	KShs '000	KShs '000
Gross	135,530	135,434
Less: Loss allowance	(666)	(677)
Net carrying amount	<u>134,864</u>	<u>134,757</u>

No loss allowance has been recognized on treasury bills at amortised cost as there is no history of loss.

Reconciliation of loss allowance accounts

	At 1 January 2024	Increase/Decrease in loss allowance	At 31 December 2024
	KShs'000	KShs'000	KShs'000
Demand deposits with financial institutions	6,923	33,920	40,843
Fixed deposits with financial institutions	25,423	(4,277)	21,146
Corporate bonds	<u>677</u>	<u>(11)</u>	<u>666</u>
	<u>33,023</u>	<u>29,632</u>	<u>62,655</u>

	At 1 January 2023	Increase in loss allowance	At 31 December 2023
	KShs'000	KShs'000	KShs'000
Demand deposits with financial institutions	910	6,013	6,923
Fixed deposits with financial institutions	58,446	(33,023)	25,423
Commercial papers	1,297	(1,297)	-
Corporate Bonds	<u>4,063</u>	<u>(3,386)</u>	<u>677</u>
	<u>64,716</u>	<u>(31,693)</u>	<u>33,023</u>

Concentration of credit risk is managed by industry sector

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

2024	Financial institutions	Government	Others*	Total
Financial assets	KShs '000	KShs '000	KShs '000	KShs '000
Government securities at amortised cost-Treasury Bills	-	229,267	-	229,267
Bank balances	2,900	-	-	2,900
Demand deposits with financial institutions	28,275,365	-	-	28,275,365
Fixed deposits with financial institutions	11,649,560	-	-	11,649,560
Corporate bonds	-	-	134,864	134,864
Fixed Income Fund Unit Trust	-	-	<u>2,011,736</u>	<u>2,011,736</u>
	<u>39,927,825</u>	<u>229,267</u>	<u>2,146,600</u>	<u>42,303,692</u>

CIC MONEY MARKET FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

1. FINANCIAL RISK MANAGEMENT (continued)

a) Credit risk (continued)

2023 Financial assets	Financial institutions KShs '000	Government KShs '000	Others* KShs '000	Total KShs '000
Government securities at amortised cost-Treasury Bills	-	-	-	-
Bank balances	37,042	-	-	37,042
Demand deposits with financial institutions	13,250,953	-	-	13,250,953
Fixed deposits with financial institutions	20,906,361	-	-	20,906,361
Corporate bonds	-	-	134,757	134,757
	<u>34,194,356</u>	<u>-</u>	<u>134,757</u>	<u>34,329,113</u>

*Other industries are represented by microfinance, construction, and the commercial services sector

(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 the risk of damaging the Fund's reputation.

The table below summarises the maturity profile of the undiscounted cash flows of the Fund's financial assets and liabilities as at 31 December.

	6 months or on demand KShs '000	Between 6 months and 1 year KShs '000	More than 1 year KShs '000	Total KShs '000
31 December 2024				
Financial assets				
Treasury bonds at fair value through profit or loss	2,252,025	332,085	36,813,540	39,397,650
Corporate bonds at amortised cost	-	-	169,475	169,475
Treasury Bills at amortised cost	95,440	171,550	-	266,990
Fixed deposits with financial institutions	11,649,560	-	-	11,649,560
Investment in Fixed Income Fund Unit trust at fair value through profit or loss	2,011,736	-	-	2,011,736
Demand deposits with financial institutions	28,275,365	-	-	28,275,365
Bank balances	<u>2,900</u>	<u>-</u>	<u>-</u>	<u>2,900</u>
Total	<u>44,287,026</u>	<u>503,635</u>	<u>36,983,015</u>	<u>81,773,676</u>
Financial liabilities				
Financial Liabilities – Payables and accruals	149,776	-	-	149,776
Total	<u>149,776</u>	<u>-</u>	<u>-</u>	<u>149,776</u>
Net liquidity surplus/(gap)	<u>44,137,250</u>	<u>503,635</u>	<u>36,983,015</u>	<u>81,623,900</u>

CIC MONEY MARKET FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

1. FINANCIAL RISK MANAGEMENT (continued)

(b) Liquidity risk (continued)

	6 months or on demand KShs '000	Between 6 months and 1 year KShs '000	More than 1 year KShs '000	Total KShs '000
31 December 2023				
Financial assets				
Treasury bonds at fair value through profit or loss	-	-	39,776,740	39,776,740
Corporate bonds at amortised cost	-	-	187,796	187,796
Fixed deposits with financial institutions	19,010,334	2,280,567	-	21,290,901
Demand deposits with financial institutions	13,250,953	-	-	13,250,953
Bank balances	<u>37,042</u>	<u>-</u>	<u>-</u>	<u>37,042</u>
Total	<u>32,298,329</u>	<u>2,280,567</u>	<u>39,964,536</u>	<u>74,543,432</u>
Financial liabilities				
Financial Liabilities – Payables and accruals	156,315	-	-	156,315
Total	<u>156,315</u>	<u>-</u>	<u>-</u>	<u>156,315</u>
Net liquidity surplus/(gap)	<u>31,142,014</u>	<u>2,280,567</u>	<u>39,964,536</u>	<u>74,387,117</u>

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk).

(i) Price risk

The Fund is exposed to price risk because of its holdings in quoted debt instruments investments, carried at fair value through profit or loss. Exposure to quoted debt instruments in aggregate is monitored to ensure compliance with the relevant regulatory limits for solvency purposes. Investments held are listed and traded on the Nairobi Securities Exchange.

An increase/decrease of 5% in bond prices would cause the profit for the year and net assets to increase/decrease by KShs 1,301,423,085(2023: KShs1,104,363,016).

(ii) Interest rate risk

Interest rate risk arises primarily from investments in fixed interest securities that are measured at fair value through profit or loss. The sensitivity analysis for interest rate risk illustrates how changes in the fair value or future cash flows of a financial instrument would fluctuate because of changes in market interest rates at the reporting date.

The Fund's manager monitors the sensitivity of reported interest rate movements monthly by assessing the expected changes in the different portfolios due to a parallel movement of 5% in all yield curves of financial assets and financial liabilities.

The Fund is not exposed to interest rate risk as all financial assets are at fixed interest rates.

CIC MONEY MARKET FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

(c) Market risk (continued)

(iii) Foreign exchange risk

The Fund has no financial instruments that would be subject to the foreign exchange risk.

(d) Operational and business risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Fund cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks.

The CMA sets out that the book value of the fund's investment should not exceed the statutory limits:

Statutory limits	Security	Allowed limit	Fund's investment
Securities by government of Kenya 100%	Kenya government treasury bills and treasury bonds	100%	39%
Cash and cash equivalents 80%	Bank deposits and cash balances	80%	57%
Related party balances 10%	Related party balances	10%	10%

(e) Custody risk

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

CIC MONEY MARKET FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

2. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Determination of fair value and fair value hierarchy

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

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments traded on exchanges.

Level 2 – 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 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The Fund considers relevant and observable market prices in its valuations where possible.

	Level 1 KShs '000	Level 2 KShs '000	Level 3 KShs '000	Total KShs '000
At 31 December 2024				
Treasury bills at amortised cost	229,267	-	-	229,267
Investment in Fixed Income Fund Unit trust at fair value through profit or loss	2,011,736			2,011,736
Treasury bonds at fair value through profit or loss	<u>26,028,580</u>	<u>-</u>	<u>-</u>	<u>26,028,580</u>
	<u>28,269,583</u>	<u>-</u>	<u>-</u>	<u>28,269,583</u>
At 31 December 2023				
Treasury bills at amortised cost	-	-	-	-
Treasury bonds at fair value through profit or loss	<u>22,087,261</u>	<u>-</u>	<u>-</u>	<u>22,087,261</u>
	<u>22,087,261</u>	<u>-</u>	<u>-</u>	<u>22,087,261</u>

The Trustee assessed that the fair values of cash, fixed and demand deposits, unit trusts and payables and accruals approximate their carrying amounts largely due to short-term maturities of these instruments.

CIC MONEY MARKET FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

3	INVESTMENT INCOME	2024	2023
	Analysed as follows:	KShs '000	KShs '000
(a)	Other interest income		
	Interest on treasury bonds at fair value through profit or loss	2,719,946	2,509,743
	Interest on treasury bills	<u>4,728</u>	<u>=</u>
		<u>2,724,674</u>	<u>2,509,743</u>
(b)	Interest income calculated using effective interest rate method		
	At amortised cost		
	Interest on commercial paper at amortised cost	-	8,243
	Interest on demand deposits with financial institutions	3,943,194	392,210
	Interest on fixed deposits with financial institutions	1,544,006	3,576,227
	Interest on corporate bonds at amortised cost	17,646	17,550
	Interest on treasury bills	<u>=</u>	<u>391,403</u>
		<u>5,504,846</u>	<u>4,385,633</u>
4.	FAIR VALUE GAIN / (LOSS) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		
		2024	2023
		KShs '000	KShs '000
(a)	Fair value gain / (loss) on government bonds (note 7)	2,496,319	(1,474,191)
(b)	Fair value gain on fixed income fund investment	<u>11,736</u>	<u>=</u>
		<u>2,508,055</u>	<u>(1,474,191)</u>
(b)	ALLOWANCE FOR EXPECTED CREDIT LOSSES		
		2024	2023
		KShs '000	KShs '000
	Increase/ (Decrease) in ECL on:		
	Corporate bonds (note 9)	(11)	(3,386)
	Fixed deposits (note 10)	(4,277)	(33,023)
	Demand deposits (note 11)	33,920	6,013
	Commercial papers (note 12)	<u>=</u>	<u>(1,297)</u>
		<u>29,632</u>	<u>(31,693)</u>
5.	OPERATING EXPENSES		
		2024	2023
		KShs '000	KShs '000
	Fund management fees	1,143,594	1,150,142
	Trustee's fee	118,990	119,668
	Custodial fee	80,231	80,025
	Audit fees	1,636	1,588
	Capital Markets Authority levy	50	38
	Annual General meeting expenses	<u>2000</u>	<u>1,479</u>
		<u>1,346,501</u>	<u>1,352,940</u>

CIC MONEY MARKET FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

6. INCOME TAX EXPENSE

The Fund is exempt from income tax. However, it withholds tax on interest distributed to unit holders.

7. GOVERNMENT SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS -
TREASURY BONDS

	2024 KShs '000	2023 KShs '000
At 1 January	22,087,261	14,896,252
Additions	3,445,000	9,455,200
Disposals	(2,000,000)	(790,000)
Fair value Gain/(loss)	2,496,319	(1,474,191)
	<u>26,028,580</u>	<u>22,087,261</u>
Maturity analysis		
Maturing within 1 year	2,582,464	-
Maturing after 1 year	<u>23,446,116</u>	<u>22,087,261</u>
	<u>26,028,580</u>	<u>22,087,261</u>

The weighted average effective interest rate on treasury bonds as at 31 December 2024 was 13.91% p.a. (2023: 13.54% p.a.).

8. GOVERNMENT SECURITIES AT AMORTISED COST-TREASURY BILLS

	2024 KShs '000	2023 KShs '000
At January 1	-	10,538,598
Additions	224,539	-
Maturities	-	(10,538,598)
Accrued interest	<u>4,728</u>	-
	<u>229,267</u>	-

9. CORPORATE BONDS AT AMORTISED COST

	2024 KShs '000	2023 KShs '000
At January 1 – gross	135,434	135,434
Accrued interest	96	-
Expected credit losses	<u>(666)</u>	<u>(677)</u>
	<u>134,864</u>	<u>134,757</u>
ALLOWANCE FOR EXPECTED CREDIT LOSSES		
At 1 January	677	4,063
Decrease in allowance for expected credit losses	<u>(11)</u>	<u>(3,386)</u>
At 31 December	<u>666</u>	<u>677</u>

CIC MONEY MARKET FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

10. FIXED DEPOSITS WITH FINANCIAL INSTITUTIONS	2024 KShs '000	2023 KShs '000
Co-operative Bank of Kenya Limited	575,686	3,465,782
National Bank of Kenya Limited	511,270	1,408,071
Eco Bank	309,836	-
Family Bank Limited	1,140,960	1,336,023
United Bank of Africa Limited	157,803	-
Victoria Commercial Bank Limited	536,525	979,555
Kingdom Bank	52,462	1,127,830
NCBA Bank Limited	-	5,950,233
Equity Bank Kenya Limited	2,981,126	3,450,194
I&M Bank	1,502,235	-
Sidian Bank	-	774,653
Stanbic Bank Kenya	100,109	303,376
Development Bank of Kenya	-	885,767
KCB Bank	507,746	-
SBM Bank	1,494,274	947,210
Mayfair Bank	322,665	-
Middle East Bank	489,335	303,090
Bank Of Africa	988,674	-
	<u>11,670,706</u>	<u>20,931,784</u>
Maturing within 6 months or on demand	10,809,135	7,088,348
Maturing between 6 months and 12 months	<u>861,571</u>	<u>13,843,436</u>
	<u>11,670,706</u>	<u>20,931,784</u>
Allowance for expected credit losses	<u>(21,146)</u>	<u>(25,423)</u>
Net deposits	<u>11,649,560</u>	<u>20,906,361</u>
ALLOWANCE FOR EXPECTED CREDIT LOSSES		
At 1 January	25,423	58,446
Decrease in allowance for expected credit losses	<u>(4,277)</u>	<u>(33,023)</u>
At 31 December	<u>21,146</u>	<u>25,423</u>

The weighted average effective interest rate on fixed deposits as at 31 December 2024 was 14.30% p.a. (2023: 14.63% p.a.)

CIC MONEY MARKET FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

11. DEMAND DEPOSITS WITH FINANCIAL INSTITUTIONS	2024 KShs '000	2023 KShs '000
NCBA Bank Kenya	1,717,653	5,080,774
Co-operative Bank of Kenya	5,960,238	2,351,754
Equity Bank Kenya Ltd	7,216,879	3,022,914
Family Bank Kenya Ltd	640,670	425,925
I&M Bank Limited	-	307,246
Stanbic Bank Kenya	233,147	1,181,250
Kingdom Bank	1,723,506	521,916
Middle East Bank	-	300,817
Bank Of Africa	1,361,129	-
Development Bank	917,313	-
KCB Bank	4,660,945	-
Mayfair Bank	501,803	-
National Bank Of Kenya	3,149,683	-
SBM Bank	233,242	-
Victoria Commercial Bank	-	65,280
	<u>28,316,208</u>	<u>13,257,876</u>
Allowance for expected credit losses	<u>(40,843)</u>	<u>(6,923)</u>
Net deposits	<u>28,275,365</u>	<u>13,250,953</u>
Maturity analysis		
Maturing on demand	<u>28,275,365</u>	<u>13,250,953</u>
ALLOWANCE FOR EXPECTED CREDIT LOSSES		
As at 1 January	6,923	910
Increase in allowance for expected credit losses	<u>33,920</u>	<u>6,013</u>
As at 31 December	<u>40,843</u>	<u>6,923</u>
The weighted average effective interest rate on demand deposits as at 31 December 2024 was 14.92% p.a. (2023: 15.45% p.a.)		
12. COMMERCIAL PAPER AT AMORTISED COST	2024 KShs '000	2023 KShs '000
At 1 January – gross	-	259,376
Additions	-	-
Maturity	-	(259,376)
Accrued interest	-	-
Allowance for expected credit losses	-	-
	-	-
Maturity analysis		
Maturity within 1 year	-	-
ALLOWANCE FOR EXPECTED CREDIT LOSSES		
At 1 January	-	1,297
Decrease in allowance for expected credit losses	-	<u>(1,297)</u>
At 31 December	-	-

CIC MONEY MARKET FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

	2024	2023
13. INVESTMENT IN FIXED INCOME FUND UNIT TRUST AT FAIR VALUE THROUGH PROFIT OR LOSS	KShs '000	KShs '000
At 1 January – gross	-	-
Additions	2,000,000	-
Fair value gain	11,736	-
	<u>2,011,736</u>	<u>-</u>
14. CASH AND CASH EQUIVALENTS	2024	2023
	KShs '000	KShs '000
(a) Bank balances	2,900	37,042
(b) Demand deposits with financial institutions (note 11)	28,316,208	13,257,876
(c) Fixed deposits with financial institutions with original maturity of less than three months (note 10)	<u>10,809,135</u>	<u>7,088,348</u>
	<u>39,128,243</u>	<u>20,383,266</u>

There are no cash & cash equivalents that are not available for fund's day to day operations.

15. PAYABLES AND ACCRUALS	2024	2023
	KShs '000	KShs '000
Audit fees	1,636	1,588
Trustee and custody fees	35,379	46,258
Due to CIC Asset Management Limited	<u>112,761</u>	<u>108,469</u>
	<u>149,776</u>	<u>156,315</u>

16. RELATED PARTY BALANCES AND TRANSACTIONS

CIC Money Market Fund is managed by CIC Asset Management Limited as its Fund manager. CIC Asset Management Limited is a subsidiary of The CIC Insurance Group PLC which is a holding Company and owns a number of other subsidiaries which are sister companies to CIC Asset Management Limited. The Fund transacts with the Fund Manager. There have been no guarantees provided for any related party payables.

There were no provisions made, or amounts written off on related party balances during the year (2023 nil). The amounts due to related parties are non-interest bearing and the balances are not secured.

As at 31 December 2024, the balances and transactions with related parties were as follows:

	2024	2023
	KShs '000	KShs '000
Investment held on behalf of related party CIC Asset Management Limited	43,054	38,753
Transactions with related party during the year are as follows:		
Fund management fees paid to CIC Asset Management Limited (note 5)	1,143,594	1,150,142
Custodial fees paid to Cooperative Bank of Kenya Limited (note 5)	80,231	80,025
Due to CIC Asset Management Limited (Note 15)	112,761	108,469

Due to related parties relates to management fees owed to CIC Asset Management Limited.

CIC MONEY MARKET FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

17. TRANSACTIONS OF UNITS

	2024	2023
	KShs '000	KShs '000
Purchases	60,618,026	52,403,140
Sales	<u>(50,368,060)</u>	<u>(54,689,550)</u>
Net	<u>10,249,966</u>	<u>(2,286,410)</u>

18. DISTRIBUTION

The total income paid to unit holders during the year totalled KShs (7,688,971,000) (2023 – KShs 5,785,336,000).

19. CURRENCY

The financial statements are presented in the Fund's functional currency, Kenya Shillings (KShs).

20. CONTINGENT LIABILITIES AND COMMITMENTS

There were no contingent liabilities and commitments during the year.

21. EVENTS AFTER THE REPORTING PERIOD

There are no events after the reporting date that would require adjustments to, or disclosure in, the financial statements.

22. REGISTRATION

The Fund is registered in Kenya under the Capital Markets (Collective Investment Schemes) Regulations, 2023.

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CIC MONEY MARKET FUND
PERFORMANCE RECORD
FOR THE YEAR ENDED 31 DECEMBER 2024

Appendix i (Unaudited)

The cumulative average growth rate of the Fund's invested in the Fund at 31 December:

	2020	2021	2022	2023	2024
Growth rate	32%	30%	9%	-7%	21%

The closing, lowest and highest daily and annual yield of the units of the Fund

	2020		2021		2022		2023		2024	
	Daily Yield	Annual Yield	Daily Yield	Annual Yield	Daily Yield	Annual Yield	Daily Yield	Annual Yield	Daily Yield	Annual Yield
	% p.a.	% p.a.	% p.a.	% p.a.	% p.a.	% p.a.	% p.a.	% p.a.	% p.a.	% p.a.
Closing rate	8.81%	9.17%	9.00%	9.38%	8.82%	9.19%	11.19%	11.78%	11.99%	12.67%
Lowest rate	8.75%	9.11%	8.67%	9.02%	8.52%	8.85%	8.88%	9.47%	11.19%	11.87%
Highest rate	9.46%	9.88%	9.11%	9.50%	9.00%	9.30%	11.19%	11.78%	12.91%	13.70%

The total fund value, number of units and net income distributed is as shown below:

	2020	2021	2022	2023	2024
	KShs '000	KShs '000	KShs '000	KShs '000	KShs '000
Total fund value (KShs)	42,306,963	55,126,514	60,231,866	56,260,059	68,182,496
Number of units in issue	42,306,963	55,126,514	60,231,866	56,260,059	68,182,496
Net income distributed (% of units held)	8.56%	8.63%	8.60%	10.03%	14%

CIC BALANCED FUND

CIC BALANCED FUND
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 KShs	2023 KShs
Interest income calculated using effective interest rate method	3(a)	9,130,997	5,219,991
Other interest and investment income	3(b)	23,070,606	26,937,123
Fair value gain/ (loss) on financial assets at fair value through profit or loss	4	34,356,235	(28,978,821)
Allowance for expected credit losses	5	(111,650)	(35,206)
Operating expenses	6	<u>(7,450,175)</u>	<u>(7,718,555)</u>
Profit / (Loss) before income tax		<u>58,996,013</u>	<u>(4,575,468)</u>
Income tax expense		<u>-</u>	<u>-</u>
Profit / (Loss) before distributions to unit holders		<u>58,996,013</u>	<u>(4,575,468)</u>

CIC BALANCED FUND
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	2024 KShs	2023 KShs
ASSETS			
Government securities at fair value through profit or loss – Treasury Bonds	8(a)	182,299,854	160,703,405
Equity instruments at fair value through profit or loss	9	35,622,427	50,563,478
Government securities at amortised cost-Treasury Bills	8(b)	1,778,776	-
Fixed deposits with financial institutions	10	9,481,396	2,118,419
Demand deposits with financial institutions	11	66,508,571	29,656,088
Bank balances	12(a)	<u>5,000</u>	<u>19,818</u>
TOTAL ASSETS		<u>295,696,024</u>	<u>243,061,208</u>
LIABILITIES			
Payables and accruals	13	1,039,263	1,055,174
LIABILITIES		<u>1,039,263</u>	<u>1,055,174</u>
Net assets attributable to unit holders		<u>294,656,761</u>	<u>242,006,034</u>

The financial statements were approved by the trustee on 27 March 2025 and were signed on behalf of the Trustee by:

For: KCB BANK KENYA LTD.


.....
TRUSTEE CORPORATE TRUSTEE

For: KCB BANK KENYA LTD.


.....
TRUSTEE CORPORATE TRUSTEE

CIC BALANCED FUND
STATEMENT OF CHANGES IN UNIT HOLDER BALANCES
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 KShs	2023 KShs
Unit holder balance at 1 January		242,006,034	283,872,666
Net proceeds from units traded in the year	16	29,672,233	(10,409,598)
Profit before distribution to unit holders		58,996,013	(4,575,468)
Distributions payable in the year	15	<u>(36,017,519)</u>	<u>(26,881,566)</u>
Unit holder balance at 31 December		<u>294,656,761</u>	<u>242,006,034</u>

CIC BALANCED FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

		2024	2023
	Note	KShs	KShs
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (Loss) before income tax		58,996,013	(4,575,468)
Adjustments			
Fair value (gain) loss on financial assets at fair value through profit or loss	4	(34,356,235)	28,978,821
Accrued interest in Treasury bills	8(b)	(52,672)	-
Increase/ (Decrease) in expected credit losses-Fixed deposits	10	9,086	(20,049)
Increase in expected credit losses-Demand deposits	11	102,564	55,255
Changes in operating assets and liabilities:			
Purchase of equity Instruments	9	-	(2,558,467)
Proceeds from sale of equity Instruments	9	29,150,837	32,116,185
Decrease in payables and accruals	13	(15,911)	49,837
Sale of government securities-treasury bonds	8(a)	38,000,000	18,450,000
Purchase of government securities-treasury bonds	8(b)	(39,450,000)	(45,600,000)
Purchase of government securities-treasury Bills	8(b)	(1,726,104)	-
Net investment on fixed deposits	10	2,125,719	22,605,373
Net cash used in / from operating activities		<u>52,783,297</u>	<u>49,501,487</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from units issued	16	29,672,233	(10,409,598)
Distributions paid during the year	15	<u>(36,017,519)</u>	<u>(26,881,566)</u>
Net cash used in financing activities		<u>(6,345,286)</u>	<u>(37,291,164)</u>
INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		46,438,011	12,210,323
CASH AND CASH EQUIVALENTS AT JANUARY	12	<u>29,739,906</u>	<u>17,529,583</u>
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	12	<u>76,177,917</u>	<u>29,739,906</u>

MATERIAL ACCOUNTING POLICIES

The accounting policies on pages 119 to 128 form part of these financial statements.

1. FINANCIAL RISK MANAGEMENT

The Fund generates revenues for the members by investing in various income generating activities which includes trading in the bond market, the equities market, bank deposits and commercial papers. These activities expose the Fund to a variety of financial risks, risks, these include in credit risk, liquidity risk, market risk, operational and business 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 structure

The Fund manager is responsible for identifying and controlling risks. The Trustee supervises the Fund manager and is ultimately responsible for the overall risk management of the Fund.

a) Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Fund is exposed to credit risk from its operating activities (primarily investments), including deposits with financial institutions and other financial instruments.

The Fund's internal rating process

The Fund's investment team prepares internal ratings for financial instruments in which counterparties are rated using internal grades. These are used to determine whether an instrument has had a significant increase in credit risk and to estimate the expected credit loss (ECL). The ratings are determined incorporating both qualitative and quantitative information from external parties, ratings supplemented with information specific to the counterparty that could affect the counterparty's behaviour. The Fund reassess the internal credit rating of the financial instruments at every reporting period and considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due as well as other forward-looking information. This would result in change in the internal credit rating. When there has been a significant increase in credit risk since origination the allowance would be based on the life time ECL.

At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions.

The Fund's internal credit rating grades is as follows:

Internal rating grade	Internal rating description
0	High grade
1	High grade
2	Standard grade
3	Sub-standard grade
4	Past due but not impaired
5	Individually impaired

CIC BALANCED FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

MATERIAL ACCOUNTING POLICIES (continued)

1. FINANCIAL RISK MANAGEMENT (continued)

a) Credit risk (continued)

Significant increase in credit risk, default, and cure

The Fund continuously monitors all assets subject to ECLs. In order to determine whether an instrument or portfolio of instruments is subject to 12-month ECL (12mECL) or life time ECL (LTECL), the Fund assesses whether there has been a significant increase in credit risk since initial recognition.

The Fund considers that there has been a significant increase in credit risk when any contractual payments are more than 30 days past due. In addition, the Fund also considers a variety of instances that may indicate unlikelihood to pay by assessing whether there has been a significant increase in credit risk. Such events include:

- Internal rating of the counterparty indicating default or near default;
- The counterparty having past due liabilities to public creditors or employees;
- The counterparty filing for bankruptcy application; and
- Counterparty's listed debt or equity suspended at the primary exchange because of rumours or facts of financial difficulties.

The Fund considers a financial instrument defaulted and, therefore, credit impaired for ECL calculations in all cases when the counterparty becomes 30 days past due on its contractual payments. The Fund may also consider an instrument to be in default when internal or external information indicates that the Fund is unlikely to receive the outstanding contractual amounts in full. In such cases, the Fund recognises a lifetime ECL.

In rare cases when an instrument identified as defaulted, it is the Fund's policy to consider the financial instrument as "cured" and therefore re-classified out of credit-impaired when none of the default criteria have been present for at least twelve consecutive months.

Credit risk exposure by credit rating

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

31 December 2024

	High grade KShs	Standard grade KShs	Past due but not impaired KShs	Individually impaired KShs	Total KShs
Fixed deposits with financial institutions	9,481,396	-	-	-	9,481,396
Demand deposits with financial institutions	66,508,571				66,508,571
Cash and bank balances	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
	<u>75,994,967</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,994,967</u>

CIC BALANCED FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

1. FINANCIAL RISK MANAGEMENT (continued)

a) Credit risk (continued)

31 December 2023

	High grade KShs	Standard grade KShs	Past due but not impaired KShs	Individually impaired KShs	Total KShs
Fixed deposits with financial institutions	2,118,419	-	-	-	2,118,419
Demand deposits with financial institutions	29,656,088				29,656,088
Cash and bank balances	<u>19,818</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,818</u>
	<u>31,794,325</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,794,325</u>

The table below indicates the maximum exposure of assets bearing credit risk:

	2024 KShs '000	2023 KShs '000
Government securities at fair value through profit or loss – Treasury Bonds	182,299,854	160,703,405
Equity instruments at fair value through profit or loss	35,622,427	50,563,478
Government securities at amortised cost-Treasury Bills	1,778,776	-
Fixed deposits with financial institutions	9,481,396	2,118,419
Demand deposits with financial institutions	66,508,571	29,656,088
Bank balances	<u>5,000</u>	<u>19,818</u>
Total	<u>295,696,024</u>	<u>243,061,208</u>

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

Impairment losses on financial assets subject to impairment assessment.

The tables below show the credit quality and maximum exposure to credit risk based on the Fund's internal credit rating system and analysis of changes in the gross carrying amount and the corresponding ECL's.

Fixed deposits with financial institutions

	2024 KShs	2023 KShs
Gross	9,497,782	2,125,719
Less: Loss allowance	<u>(16,386)</u>	<u>(7,300)</u>
Net carrying amount	<u>9,481,396</u>	<u>2,118,419</u>

Demand deposits with financial institutions

	2024 KShs	2023 KShs
Gross	66,675,135	29,720,088
Less: Loss allowance	<u>(166,564)</u>	<u>(64,000)</u>
Net carrying amount	<u>66,508,571</u>	<u>29,656,088</u>

CIC BALANCED FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

1. FINANCIAL RISK MANAGEMENT (continued)

a) Credit risk (continued)

Reconciliation of loss allowance accounts

	At 31 December 2023	Increase/(decrease) in loss allowance	At 31 December 2024
	KShs	KShs	KShs
Demand deposits with financial institutions	64,000	102,564	166,564
Fixed deposits with financial institutions	<u>7,300</u>	9,086	16,386
	<u>71,300</u>	111,650	<u>182,950</u>

	At 31 December 2022	Increase/(decrease) in loss allowance	At 31 December 2023
	KShs	KShs	KShs
Demand deposits with financial institutions	8,745	55,255	64,000
Fixed deposits with financial institutions	<u>27,349</u>	(20,049)	<u>7,300</u>
	<u>36,094</u>	<u>35,206</u>	<u>71,300</u>

Risk concentrations of the maximum exposure to credit risk

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

31 December 2024	Financial institutions KShs	Others KShs	Total KShs
Financial assets			
Bank balances	5,000	-	5,000
Demand deposits with financial institutions	66,508,571	-	66,508,571
Fixed deposits with financial institutions	9,481,396	-	9,481,396
	<u>75,994,967</u>	=	<u>75,994,967</u>

31 December 2023	Financial institutions KShs	Others KShs	Total KShs
Financial assets			
Bank balances	19,818	-	19,818
Demand deposits with financial institutions	29,656,088	-	29,656,088
Fixed deposits with financial institutions	<u>2,118,419</u>	-	<u>2,118,419</u>
	<u>31,794,325</u>	=	<u>31,794,325</u>

No collateral was held for these assets and none of them is either past due or impaired

The fund does not have any commitment and guarantees. As a result, it does not have any credit exposure relating to the commitment and guarantee.

CIC BALANCED FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

1 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 the risk of damaging the fund's reputation.

The table below summarizes the maturity profile of the undiscounted cash flows of the fund's financial assets and liabilities as at 31 December 2024.

	6 months or on Demand	Between 6 months and 1 year	More than 1 year	Total
	KShs	KShs	KShs	KShs
31 December 2024				
Financial assets				
Financial assets at FVTPL - Government securities	-		389,994,598	389,994,598
Financial assets at amortised cost - Government securities	-	2,255,432	-	2,255,432
Fixed deposits with financial institutions	9,497,782	-	-	9,497,782
Demand deposits with financial institutions	66,675,135	-	-	66,675,135
Bank balances	5,000	-	-	5,000
		-	-	
Total	<u>76,177,917</u>	<u>2,255,432</u>	<u>389,994,598</u>	<u>468,427,947</u>
Financial liabilities				
Payables and accruals	1,039,263	-	-	1,039,263
Total	1,039,263	-	-	1,039,263
Net liquidity gap	<u>75,138,654</u>	<u>2,255,432</u>	<u>389,994,598</u>	<u>467,388,684</u>

CIC BALANCED FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

1 FINANCIAL RISK MANAGEMENT (continued)

b) Liquidity risk (continued)

	6 months or on Demand	Between 6 Months and 1 year	More than 1 year	Total
31 December 2023				
Financial assets				
Financial assets at FVTPL -				
Government securities	-	-	434,905,362	434,905,362
Fixed deposits with financial institutions	-	2,282,100	-	2,282,100
Demand deposits with financial institutions	29,720,088	-	-	29,720,088
Bank balances	<u>19,818</u>	<u>-</u>	<u>-</u>	<u>19,818</u>
Total	<u>29,739,906</u>	<u>2,282,100</u>	<u>434,905,362</u>	<u>466,927,368</u>
Financial liabilities				
Payables and accruals	1,055,174	-	-	1,055,174
Total	<u>1,055,174</u>	<u>-</u>	<u>-</u>	<u>1,055,174</u>
Net liquidity gap	<u>28,684,732</u>	<u>2,282,100</u>	<u>434,905,362</u>	<u>465,872,194</u>

c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk).

(i) Price risk

The Fund is exposed to price risk because of its holdings in quoted debt instruments and equity investments, carried at fair value through profit or loss. Exposure to quoted debt instruments in aggregate is monitored to ensure compliance with the relevant regulatory limits for solvency purposes. Investments held are listed and traded on the Nairobi Securities Exchange:

As at 31 December 2024, an increase/decrease of 5% on the prices of securities would result to an increase/(decrease) in net returns on investments of approximately KShs 9,116,091 (2023: KShs 10,563,344).

CIC BALANCED FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

1 FINANCIAL RISK MANAGEMENT (continued)

(ii) Interest rate risk

Interest rate risk arises primarily from investments in fixed interest securities that are measured at amortised cost and at fair value through profit or loss. The sensitivity analysis for interest rate risk illustrates how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates at the reporting date.

The fund's management monitors the sensitivity of reported interest rate movements monthly by assessing the expected changes in the different portfolios due to a parallel movement of 5% in all yield curves of financial assets and financial liabilities. These exposures illustrate the fund's overall exposure to interest rate sensitivities included in the fund's Asset Liability Management (ALM) framework and its impact in the fund's net returns on investment.

The fund is not exposed to interest rate risk since its securities are at fixed rates (2023: nil).

(iii) Foreign exchange risk

The fund has no financial instruments that would be subject to the foreign exchange risk.

(d) Operational and business risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The fund cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks.

The CMA sets out that the book value of the fund's investment should not exceed the statutory limits:

Statutory limits	Security	Allowed limit	Fund's investment
Listed securities 60%	Shares and stocks listed at the NSE	80%	12%
Securities by government of Kenya 60%	Kenya government treasury bills and treasury bonds	80%	63%
Cash and cash equivalents 60%	Bank deposits and cash balances	100%	20%
Related party balances 10%	Related party balances	10%	5%

(e) Custody risk

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

CIC BALANCED FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

2. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Determination of fair value and fair values hierarchy:

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

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments traded on exchanges.

Level 2 – 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 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The fund considers relevant and observable market prices in its valuations where possible.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy.

	Level 1	Level 2	Level 3	Total
At 31 December 2024				
Equity investments at fair value through profit or loss	35,622,427	-	-	35,622,427
Government securities at fair value through profit or loss	<u>182,299,854</u>	-	-	<u>182,299,854</u>
	<u>217,922,281</u>	<u>-</u>	<u>-</u>	<u>217,922,281</u>
At 31 December 2023				
Equity investments at fair value through profit or loss	50,563,478	-	-	50,563,478
Government securities at fair value through profit or loss	<u>160,703,405</u>	-	-	<u>160,703,405</u>
	<u>211,266,883</u>	<u>-</u>	<u>-</u>	<u>211,266,883</u>

The trustee assessed that the fair values of cash, fixed and demand deposits and payables and accruals approximate their carrying amounts largely due to short-term maturities of these instruments.

CIC BALANCED FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

3.	INVESTMENT INCOME	2024 KShs	2023 KShs
(a)	Interest income calculated using effective interest rate method		
	At amortised cost		
	Interest on fixed deposits with financial institutions	1,504,265	1,889,562
	Interest on demand deposits with financial institutions	<u>7,626,732</u>	<u>3,330,429</u>
		<u>9,130,997</u>	<u>5,219,991</u>
(b)	Other interest and investment income		
	Interest on treasury bonds	18,317,557	21,427,618
	Interest on treasury bills	52,672	-
	Dividend income	<u>4,700,377</u>	<u>5,509,505</u>
		<u>23,070,606</u>	<u>26,937,123</u>
4	FAIR VALUE GAIN / (LOSS) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		
	Fair value gain / (loss) on equity instruments (note 9)	14,209,786	(17,856,698)
	Fair value gain / (loss) on government securities (note 8)	<u>20,146,449</u>	<u>(11,122,123)</u>
		<u>34,356,235</u>	<u>(28,978,821)</u>
5	EXPECTED CREDIT LOSSES		
	Increase / (Decrease) in allowance for expected credit losses-Fixed deposits (note 10)	9,086	(20,049)
	Increase in allowance for expected credit losses-Demand deposits (note 11)	<u>102,564</u>	<u>55,255</u>
		<u>111,650</u>	<u>35,206</u>
6.	OPERATING EXPENSES		
	Management fees	6,140,327	6,403,310
	Custodial fee	465,557	480,209
	Trustees' fees	552,628	562,912
	Capital Markets Authority levy	50,000	37,500
	Audit fees	<u>241,663</u>	<u>234,624</u>
		<u>7,450,175</u>	<u>7,718,555</u>
7.	INCOME TAX EXPENSE		
	The fund is exempt from income tax. Tax is however withheld on the income distributed quarterly to investors.		

CIC BALANCED FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

8(a). GOVERNMENT SECURITIES AT FAIR VALUE THROUGH PROFIT OR LOSS – TREASURY BONDS.

	2024 KShs	2023 KShs
As at 1 January	160,703,405	144,675,528
Addition	39,450,000	45,600,000
Disposals	(38,000,000)	(18,450,000)
Fair value gain/(loss)	<u>20,146,449</u>	<u>(11,122,123)</u>
As at 31 December	<u>182,299,854</u>	<u>160,703,405</u>
Maturity analysis		
Maturing within a year	-	-
Maturing in 1 to 5 years	81,189,435	36,261,095
Maturing in more than 5 years	<u>101,110,419</u>	<u>124,442,310</u>
	<u>182,299,854</u>	<u>160,703,405</u>

The average interest rate on Treasury bond at 31 December 2024 was 13.75% p.a. (2023: 13.58% p.a.)

8(b). GOVERNMENT SECURITIES AT ARMORTISED-TREASURY BILLS

	2024 KShs	2023 KShs
At January	-	-
Additions	1,726,104	-
Disposals	-	-
Accrued interest	<u>52,672</u>	-
	<u>1,778,776</u>	-

9. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS-EQUITY INSTRUMENTS

	2024 KShs	2023 KShs
At January	50,563,478	97,977,894
Additions	-	2,558,467
Disposals	(29,150,837)	(32,116,185)
Fair value gain/(loss)	<u>14,209,786</u>	<u>(17,856,698)</u>
	<u>35,622,427</u>	<u>50,563,478</u>

Fair values for quoted shares are determined by reference to the closing Nairobi Securities Exchange prices at the end of the reporting period.

CIC BALANCED FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

	2024 KShs	2023 KShs
10. FIXED DEPOSIT WITH FINANCIAL INSTITUTIONS		
NCBA	-	2,125,719
Co-operative bank	4,832,891	-
Family Bank	2,078,962	-
Development Bank	2,585,929	-
	<u>9,497,782</u>	<u>2,125,719</u>
Allowance for expected credit losses	<u>(16,386)</u>	<u>(7,300)</u>
	<u>9,481,396</u>	<u>2,118,419</u>
Maturity analysis		
Maturing within 6 months	9,497,782	-
Maturing between 6 months and 12 months	-	2,125,719
ALLOWANCE FOR EXPECTED CREDIT LOSSES		
As at 1 January	7,300	27,349
Increase/ (Decrease) in allowance for expected credit losses	<u>9,086</u>	<u>(20,049)</u>
As at 31 December	<u>16,386</u>	<u>7,300</u>

The weighted average effective interest rate on fixed deposits at 31 December 2024 was 17% p.a. (2023: 13.99% p.a.).

	2024 KShs	2023 KShs
11. DEMAND DEPOSITS WITH FINANCIAL INSTITUTIONS		
Maturing within 90 days		
Co-operative Bank of Kenya Limited	8,517,359	505,030
Equity Bank Kenya Limited	7,937,158	2,512,740
Stanbic Bank	5,624,325	-
Bank of Africa	1,137,775	-
Investments and Mortgages Bank	2,593,613	-
KCB Bank	12,396,774	-
National Bank of Kenya	28,468,131	-
NCBA Bank of Kenya Limited	-	26,702,318
	<u>66,675,135</u>	<u>29,720,088</u>
Allowance for expected credit losses	<u>(166,564)</u>	<u>(64,000)</u>
	<u>66,508,571</u>	<u>29,656,088</u>
ALLOWANCE FOR EXPECTED CREDIT LOSSES		
As at 1 January	64,000	8,745
Increase in allowance for expected credit losses	<u>102,564</u>	<u>55,255</u>
As at 31 December	<u>166,564</u>	<u>64,000</u>

The weighted average effective interest rate on short term deposits at 31 December 2024 was 14.72% p.a. (2023: 15.6% p.a.).

CIC BALANCED FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

12. Cash and cash equivalents	2024 KShs	2023 KShs
(a) Bank balances	5,000	19,818
(b) Demand deposits (note 11)	66,675,135	29,720,088
(c) Fixed deposits (note 10)	<u>9,497,782</u>	-
	<u>76,177,917</u>	<u>29,739,906</u>

There are no cash & cash equivalents that are not available for fund's day to day operations.

13. PAYABLES AND ACCRUALS	2024 KShs	2023 KShs
Audit fees	241,663	234,625
Trustee and custody fees	223,890	247,020
Due to CIC Asset Management Limited	<u>573,710</u>	<u>573,529</u>
	<u>1,039,263</u>	<u>1,055,174</u>

14. RELATED PARTY TRANSACTIONS

CIC Balanced Fund has CIC Asset Management Limited as its Fund manager. CIC Asset Management Limited is a subsidiary of The CIC Insurance Group Limited which is a holding Company and owns a number of other subsidiaries which are sister companies to CIC Asset Management Limited. The Fund transacts with the Fund Manager. There have been no guarantees provided for any related party payables. There were no provisions made, or amounts written off on related party balances during the year (2023: nil). The amounts due to related parties are non- interest bearing and the balances are not secured.

As at 31 December the balances and transactions with related parties were as follows:

	2024 KShs	2023 KShs
Transactions with related party during the year are as follows:		
CIC Asset Management Limited Management fees (Note 6)	6,140,327	6,403,310
Custody fee paid to Cooperative Bank of Kenya Limited (Note 6)	465,557	480,209

The balance outstanding at year end was as follows:

Due to CIC Asset Management (Note 13)	573,710	573,529
---------------------------------------	---------	---------

Due to related parties relates to management fees owed to CIC Asset Management Limited.

15. DISTRIBUTIONS

The total income paid to unit holders during the year totalled KShs 36,017,519 (2023: 26,881,566)

16. TRANSACTIONS OF UNITS

	2024 KShs	2023 KShs
Purchases	42,988,487	5,383,816
Sales	<u>(13,316,254)</u>	<u>(15,793,414)</u>
Net	<u>29,672,233</u>	<u>(10,409,598)</u>

CIC BALANCED FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

17. CURRENCY

The financial statements are presented the fund's functional currency, in Kenya shillings (KShs).

18. CONTINGENT LIABILITIES AND COMMITMENTS

There were no contingent liabilities and commitments during the year.

19. EVENTS AFTER THE REPORTING PERIOD

There are no events after the reporting date that would require adjustments to, or disclosure in, the financial statements.

20. REGISTRATION

The Fund is registered in Kenya under the Capital Markets (Collective Investment Schemes) Regulations, 2023.

**CIC BALANCED FUND
PERFORMANCE RECORD
FOR THE YEAR ENDED 31 DECEMBER 2024**

Appendix ii (Unaudited)

The cumulative average growth rate of the Funds invested in the Fund:

	2020	2021	2022	2023	2024
Growth rate	-3.63%	-3.63%	-1.94%	-14.70%	22%

The closing, lowest and highest unit prices of the units of the Fund during the year were as follows

	2020	2020	2021	2021	2022	2022	2023	2023	2024
	Bid price KShs	Offer price KShs	Bid price KShs	Offer price KShs	Bid price KShs	Offer price KShs	Bid price KShs	Offer price KShs	Bid price KShs
Closing unit price	8.23	8.42	8.18	8.36	7.46	7.63	6.07	6.21	6.74
Lowest unit price	8.05	8.23	8	8.18	7.21	7.37	5.9	6.04	6.08
Highest unit price	9.29	9.5	8.55	8.74	8.24	8.43	7.59	7.77	6.74
									6.59
									5.94
									6.59

The total Fund value, number of units and net income distributed at the end of the year is as shown below:

	2020	2021	2022	2023	2024
	KShs	KShs	KShs	KShs	KShs
Total fund value (KShs)	266,299	289,497	283,873	242,006	294,657
Number of units in issue	36,479	39,579	43,260	39,832	43,710
Net income distributed per unit (KShs)	0.62	0.14	0.15	0.16	0.15

CIC EQUITY FUND

CIC EQUITY FUND
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 KShs	2023 KShs
Interest income calculated using effective interest rate method	3(a)	9,705,243	5,832,077
Other investment income	3(b)	11,237,463	11,111,374
Fair value gain /(loss) on assets at fair value through profit or loss	4	49,414,647	(45,400,636)
Allowance for expected credit losses	5	(122,625)	(16,368)
Operating expenses	6	<u>(5,738,386)</u>	<u>(5,426,242)</u>
Profit/ (Loss) before income tax		64,496,342	(33,899,795)
Income tax expense		_____ -	_____ -
Profit /(Loss) before distributions to unit holders		<u>64,496,342</u>	<u>(33,899,795)</u>

CIC EQUITY FUND
STATEMENT OF FINANCIAL POSITION
As AT 31 DECEMBER 2024

	Note	2024 KShs	2023 KShs
ASSETS			
Equity Investments at fair value through profit or loss	8	180,232,464	110,109,651
Fixed deposits with financial institutions	9	15,109,860	2,117,468
Demand deposits with financial institutions	10	35,791,486	56,505,215
Bank balances	11	<u>7,112</u>	<u>2,248,685</u>
TOTAL ASSETS		<u>231,140,922</u>	<u>170,981,019</u>
LIABILITIES			
Payables and accruals	12	1,214,916	781,478
LIABILITIES		<u>1,214,916</u>	<u>781,478</u>
Net assets attributable to unit holders		<u>229,926,006</u>	<u>170,199,541</u>

The financial statements were approved by the Trustee on..... 27 March 2025 and were signed on behalf of the Trustee by:

For: KCB BANK KENYA LTD.

 CORPORATE TRUSTEE

TRUSTEE

For: KCB BANK KENYA LTD.

 CORPORATE TRUSTEE

CIC EQUITY FUND
STATEMENT OF CHANGES IN UNIT HOLDER BALANCES
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 KShs	2023 KShs
Unit holder balances at 1 January		170,199,541	215,535,441
Net proceeds from units traded in the year	15	13,657,667	4,135,545
Profit before distributions to unit holders		64,496,342	(33,899,795)
Distributions payable in the year	14	<u>(18,427,544)</u>	<u>(15,571,650)</u>
Unit holder balances at 31 December		<u>229,926,006</u>	<u>170,199,541</u>

**CIC EQUITY FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Note	2024 KShs	2023 KShs
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (Loss) before income tax		64,496,342	(33,899,795)
Fair value (gain) / loss on equity instruments at fair value	4	(49,414,647)	45,400,636
Increase in expected credit losses - fixed deposits	9	57,579	5,783
Increase in expected credit losses-demand deposits	10	<u>65,046</u>	<u>10,585</u>
Cashflows from operating activities		15,204,320	11,517,209
Purchase of financial assets at fair value through profit or loss-equity instruments	8	(22,343,976)	(12,558,344)
Proceed from disposal of financial assets at fair value through profit or loss-equity instruments	8	1,635,810	50,489,925
Increase/(decrease) in payables and accruals	12	433,438	(29,325)
Net investment in fixed deposit	9	<u>2,125,718</u>	<u>2,808,317</u>
Net cash used in operating activities		<u>(2,944,690)</u>	<u>(52,227,782)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from units issued	15	13,657,667	4,135,545
Distributions paid during the year	14	<u>(18,427,544)</u>	<u>(15,571,650)</u>
Net cash used in financing activities		<u>(4,769,877)</u>	<u>(11,436,105)</u>
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(7,714,567)	40,791,677
CASH AND CASH EQUIVALENTS AT 1 JANUARY	11	<u>58,773,450</u>	<u>17,981,773</u>
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	11	<u>51,058,883</u>	<u>58,773,450</u>

CIC EQUITY FUND
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

MATERIAL ACCOUNTING POLICIES

1. FINANCIAL RISK MANAGEMENT

The Fund generates revenues for the members by investing in various income generating activities which include trading in the equities market, commercial papers, and bank deposits. These activities expose the Fund to a variety of financial risks, these include; in credit risk, liquidity risk, market risk, operational and business 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 structure

The Fund manager is responsible for identifying and controlling risks. The Trustee supervises the Fund manager and is ultimately responsible for the overall risk management of the Fund.

a) Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Fund is exposed to credit risk from its operating activities (primarily investments), including deposits with financial institutions and other financial instruments.

The Fund's internal rating process

The Fund's investment team prepares internal ratings for financial instruments in which counterparties are rated using internal grades. These are used to determine whether an instrument has had a significant increase in credit risk and to estimate the ECLs. The ratings are determined incorporating both qualitative and quantitative information from external parties' ratings supplemented with information specific to the counterparty that could affect the counterparty's behaviour. The Fund reassess the internal credit rating of the financial instruments at every reporting period and considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due as well as other forward-looking information. This would result in change in the internal credit rating. When there has been a significant increase in credit risk since origination the allowance would be based on the life time ECL.

At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions.

The Fund's internal credit rating grades is as follows:

Internal rating grade	Internal rating description
0	High grade
1	High grade
2	Standard grade
3	Sub-standard grade
4	Past due but not impaired
5	Individually impaired

THE CIC EQUITY FUND
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

1. FINANCIAL RISK MANAGEMENT (continued)

(a) Credit risk (continued)

The Fund considers a financial instrument defaulted and, therefore, credit impaired for ECL calculations in all cases when the counterparty becomes 90 days past due on its contractual payments. The Fund may also consider an instrument to be in default when internal or external information indicates that the Fund is unlikely to receive the outstanding contractual amounts in full. In such cases, the Fund recognises a lifetime ECL.

In rare cases when an instrument identified as defaulted, it is the Fund's policy to consider the financial instrument as "cured" and therefore re-classified out of credit-impaired when none of the default criteria have been present for at least twelve consecutive months.

Credit risk exposure by credit rating

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

	High grade KShs	Standard grade KShs	Past due but not impaired KShs	Individually impaired KShs	Total KShs
2024					
Demand deposits	35,791,486	-	-	-	35,791,486
Deposits with financial institutions	15,109,860	-	-	-	15,109,860
Bank balances	<u>7,112</u>	-	-	-	<u>7,112</u>
	<u>50,908,458</u>	-	-	-	<u>50,908,458</u>
2023					
Demand deposits	56,505,215	-	-	-	56,505,215
Deposits with financial institutions	2,117,468	-	-	-	2,117,468
Bank balances	<u>2,248,685</u>	-	-	-	<u>2,248,685</u>
	<u>60,871,368</u>	-	-	-	<u>60,871,368</u>

The table below indicates the maximum exposure of assets bearing credit risk:

	2024 KShs	2023 KShs
Equity Investments at fair value through profit or loss	180,232,464	110,109,651
Fixed deposits with financial institutions	15,109,860	2,117,468
Demand deposits with financial institutions	35,791,486	56,505,215
Bank balances	<u>7,112</u>	<u>2,248,685</u>
Total	<u>231,140,922</u>	<u>170,981,019</u>

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

THE CIC EQUITY FUND
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

1. FINANCIAL RISK MANAGEMENT (continued)
(a) Credit risk (continued)

Impairment losses on financial assets subject to impairment assessment.

The tables below show the credit quality and maximum exposure to credit risk based on the Fund's internal credit rating system and analysis of changes in the gross carrying amount and the corresponding ECL's

Fixed deposits with financial institutions

	2024	2023
	KShs	KShs
Gross	15,175,689	2,125,718
Less: Loss allowance	(65,829)	(8,250)
Net carrying amount	<u>15,109,860</u>	<u>2,117,468</u>

Demand deposits with financial institutions

Gross	35,876,082	56,524,765
Less: Loss allowance	(84,596)	(19,550)
Net carrying amount	<u>35,791,486</u>	<u>56,505,215</u>

Reconciliation of loss allowance accounts

	At 31 December 2023	Increase in loss allowance	At 31 December 2024
	KShs	KShs	KShs
Demand deposits with financial institutions	19,550	65,046	84,596
Fixed deposits with financial institutions	<u>8,250</u>	<u>57,579</u>	<u>65,829</u>
	<u>27,800</u>	<u>122,625</u>	<u>150,425</u>

	At 31 December 2022	Increase in loss allowance	At 31 December 2023
	KShs	KShs	KShs
Demand deposits with financial institutions	8,965	10,585	19,550
Fixed deposits with financial institutions	<u>2,467</u>	<u>5,783</u>	<u>8,250</u>
	<u>11,432</u>	<u>16,368</u>	<u>27,800</u>

The credit risk for bank balances has been assessed as immaterial (2023: immaterial).

THE CIC EQUITY FUND
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

2. FINANCIAL RISK MANAGEMENT (continued)
(a) Credit risk (continued)

Risk concentrations of the maximum exposure to credit risk

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

2024	Financial institutions	Government	*Others	Total
Financial assets	KShs	KShs	KShs	KShs
Bank balances	7,112	-	-	7,112
Demand deposits with financial institutions	35,791,486	-	-	35,791,486
Fixed deposits with financial institutions	<u>15,109,860</u>	-	-	<u>15,109,860</u>
	<u>50,908,458</u>	<u>-</u>	<u>-</u>	<u>50,908,458</u>
2023	Financial institution	Government	Others	Total
Financial assets	KShs '000	KShs '000	KShs '000	KShs '000
Bank balances	2,248,685	-	-	2,248,685
Demand deposits with financial institutions	56,505,215	-	-	56,505,215
Fixed deposits with financial institutions	<u>2,117,468</u>	-	-	<u>2,117,468</u>
	<u>60,871,368</u>	<u>-</u>	<u>-</u>	<u>60,871,368</u>

No collateral was held for these assets. None of the above assets are either past due or impaired.

The Fund does not have any commitment and guarantees. As a result, it does not have any credit exposure relating to the commitment and guarantee.

THE CIC EQUITY FUND
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

1. 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 the risk of damaging the Fund's reputation.

The table below summarises the maturity profile of the undiscounted cash flows of the Fund's financial assets and liabilities as at 31 December.

	6 months or on demand	Between 6 months and 1 year	More than 1 year	Undetermined maturity date	Total
	Kshs	Kshs	Kshs	Kshs	Kshs
31 December 2024					
Financial assets					
Financial assets at fair value through profit or loss- equity investments	-	-	-	180,232,464	180,232,464
Fixed deposits with financial institutions	15,109,860	-	-	-	15,109,860
Demand deposits with financial institutions	35,791,486	-	-	-	35,791,486
Bank balances	<u>7,112</u>	<u>-</u>	<u>-</u>	-	<u>7,112</u>
Total	<u>50,908,458</u>	<u>-</u>	<u>-</u>	<u>180,232,464</u>	<u>231,140,922</u>
Financial liabilities					
Payables and accruals	1,214,916	-	-	-	1,214,916
Total	<u>1,214,916</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,214,916</u>
Liquidity surplus/(gap)	<u>49,693,542</u>	<u>-</u>	<u>-</u>	<u>180,232,464</u>	<u>229,926,006</u>
31 December 2023					
Financial assets					
Financial assets at fair value through profit or loss- equity investments	-	-	-	110,109,651	110,109,651
Fixed deposits with financial institutions	-	2,282,100	-	-	2,282,100
Demand deposits with financial institutions	56,505,215	-	-	-	56,505,215
Bank balances	<u>2,248,685</u>	<u>-</u>	<u>-</u>	-	<u>2,248,685</u>
Total	<u>58,753,900</u>	<u>2,282,100</u>	<u>-</u>	<u>110,109,651</u>	<u>171,145,651</u>
Financial liabilities					
Payables and accruals	781,478	-	-	-	781,478
Total	<u>781,478</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>781,478</u>
Liquidity surplus/(gap)	<u>57,972,422</u>	<u>2,282,100</u>	<u>-</u>	<u>110,109,651</u>	<u>170,364,173</u>

THE CIC EQUITY FUND
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

1. FINANCIAL RISK MANAGEMENT (continued)

b) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk).

(i) Price risk

The fund is exposed to equity 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 investments 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 are traded on the Nairobi Securities Exchange (NSE).

As at 31 December 2024, an increase/ (decrease) of 5% on the prices of equities would cause profit for the year and net assets to an increase/ (decrease) by KShs 9,011,624 (2023: KShs 5,505,482).

(ii) Interest rate risk

The fund has no financial instruments that would be subject to the interest rate risk.

(iii) Foreign exchange risk

The fund has no financial instruments that would be subject to the foreign exchange risk.

THE CIC EQUITY FUND
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

1. FINANCIAL RISK MANAGEMENT (continued)

(iv) Operational and business risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The fund cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks.

The CMA sets out that the book value of the fund's investment should not exceed the statutory limits:

Statutory limits	Security	Allowed limit	Fund's investment
Listed securities minimum 60%	Shares and stocks listed at the NSE	100%	78%
Cash and cash equivalents 40%	Bank deposits and cash balances	40%	16%
Related party balances 10%	Related party balances	10%	1%

(v) Custody risk

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

2. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Determination of fair value and fair values hierarchy:

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

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments traded on exchanges.

Level 2 – 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 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The fund considers relevant and observable market prices in its valuations where possible.

There were no financial assets classified under level 2 in the year. There were no transfers from level 1 to level 3 during the year. The assets were classified as follows:

	Level 1 KShs	Level 2 KShs	Level 3 KShs	Total KShs
At 31 December 2024				
Equity investments at fair value through profit or loss	<u>180,232,464</u>	=	=	<u>180,232,464</u>
At 31 December 2023				
Equity investments at fair value through profit or loss	<u>110,109,651</u>	=	=	<u>110,109,651</u>

The trustees assessed that the fair values of cash, fixed, demand deposits, payables and accruals approximate their carrying amounts largely due to short-term maturities of these instruments.

THE CIC EQUITY FUND
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

3.	INVESTMENT INCOME	2024 KShs	2023 KShs
(a)	Interest income calculated using effective interest rate method		
	At amortised cost		
	Interest on fixed deposits with financial institutions	1,446,647	1,150,622
	Interest on demand deposits with financial institutions	<u>8,258,596</u>	<u>4,681,455</u>
		<u>9,705,243</u>	<u>5,832,077</u>
(b)	Other investment income		
	Dividend income	<u>11,237,463</u>	<u>11,111,374</u>
4.	FAIR VALUE GAIN/(LOSS) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		
	Fair value gain /(loss) on equity instruments (note 8)	<u>49,414,647</u>	<u>(45,400,636)</u>
5.	ALLOWANCE FOR EXPECTED CREDIT LOSSES		
	Increase/ (decrease) in allowance for expected credit losses-fixed deposits (note 9)	57,579	5,783
	Increase in allowance for expected credit losses-demand deposits (note 10)	<u>65,046</u>	<u>10,585</u>
		<u>122,625</u>	<u>16,368</u>
6.	OPERATING EXPENSES		
	Fund management fees	4,651,272	4,400,648
	Trustees' fees	418,614	396,058
	Custodial fees	376,838	357,412
	Capital Markets Authority levy	50,000	37,500
	Audit fees	<u>241,662</u>	<u>234,624</u>
		<u>5,738,386</u>	<u>5,426,242</u>
7.	INCOME TAX EXPENSE		

The fund is exempt from income tax. Tax is withheld on the income distributed to unit holders.

THE CIC EQUITY FUND
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

8.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS- EQUITY INSTRUMENTS	2024 KShs	2023 KShs
	At 1 January	110,109,651	193,441,868
	Purchases	22,343,976	12,558,344
	Disposals	(1,635,810)	(50,489,925)
	Fair value gain / (loss)	<u>49,414,647</u>	<u>(45,400,636)</u>
		<u>180,232,464</u>	<u>110,109,651</u>
9.	FIXED DEPOSITS WITH FINANCIAL INSTITUTIONS		
	Co-operative bank	2,233,270	-
	Family Bank Limited	2,598,702	-
	Development Bank	10,343,717	-
	NCBA Bank Kenya Limited	=	<u>2,125,718</u>
		<u>15,175,689</u>	<u>2,125,718</u>
	Allowance for expected credit losses	<u>(65,829)</u>	<u>(8,250)</u>
	Net deposits	<u>15,109,860</u>	<u>2,117,468</u>
	Maturity analysis- gross		
	Maturity within 6 months	<u>15,175,689</u>	-
	Maturity between 6 months and 12 months	=	<u>2,125,718</u>
	ALLOWANCE FOR EXPECTED CREDIT LOSSES		
	At 1 January	8,250	2,467
	Increase in allowance for expected credit losses	<u>57,579</u>	<u>5,783</u>
	At 31 December	<u>65,829</u>	<u>8,250</u>
	The weighted average effective interest rate on fixed deposits at 31 December 2024 was 15.83% p.a. (2023: 13.99% p.a.).		

THE CIC EQUITY FUND
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

10.	DEMAND DEPOSITS WITH FINANCIAL INSTITUTIONS	2024 KShs	2023 KShs
	Co-operative Bank of Kenya Limited	987,259	4,918,486
	Equity Bank Kenya Limited	10,222,131	-
	Family Bank Limited	-	32,247,561
	Stanbic Bank Limited	-	14,232,121
	Bank Of Africa	1,533,041	-
	Development Bank	10,886,755	-
	KCB Bank	792,305	-
	National Bank Of Kenya	2,392,993	-
	NCBA Bank Kenya Limited	<u>9,061,598</u>	<u>5,126,597</u>
		<u>35,876,082</u>	<u>56,524,765</u>
	Allowance for expected credit losses	<u>(84,596)</u>	<u>(19,550)</u>
	Net deposits	<u>35,791,486</u>	<u>56,505,215</u>
	Maturity analysis		
	Maturing on demand	<u>35,876,082</u>	<u>56,524,765</u>
	ALLOWANCE FOR EXPECTED CREDIT LOSSES		
	At 1 January	19,550	8,965
	Increase in allowance for expected losses	<u>65,046</u>	<u>10,585</u>
	At 31 December	<u>84,596</u>	<u>19,550</u>
	The weighted average effective interest rate on demand deposits at 31 December 2024 was 13.72% p.a. (2023: 15.36% p.a.).		
11.	CASH AND CASH EQUIVALENTS	2024 KShs	2023 KShs
	(a) Bank balances	7,112	2,248,685
	(b) Demand deposits with financial institutions (note 10)	35,876,082	56,524,765
	(c) Fixed deposits with financial institutions (note 9)	<u>15,175,689</u>	-
		<u>51,058,883</u>	<u>58,773,450</u>
	There are no cash & cash equivalents that are not available for funds day to day operations.		
12.	PAYABLES AND ACCRUALS		
	Audit fees	234,624	234,624
	Trustee and custody fees	121,343	179,508
	Due to CIC Asset Management Ltd	<u>858,949</u>	<u>367,346</u>
		<u>1,214,916</u>	<u>781,478</u>

THE CIC EQUITY FUND
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

13. RELATED PARTY TRANSACTIONS

CIC Equity Fund is managed by CIC Asset Management Limited as their Fund manager. CIC Asset Management Limited is a subsidiary of The CIC Insurance Group PLC which is a holding Company and owns a number of other subsidiaries which are sister companies to CIC Asset Management Limited. The Fund transacts with the Fund Manager. There have been no guarantees provided for any related party payables.

There were no provisions made, or amounts written off on related party balances during the year (2023: nil). The amounts due to related parties are non- interest bearing and the balances are not secured.

As at 31 December 2024, the balances and transactions with related parties were as follows:

	2024 KShs	2023 KShs
Investment held on behalf of related party CIC Asset Management Limited	105,147,582	79,054,330
Transactions with related party during the year are as follows:		
CIC Asset Management Limited Management fees (Note 6)	4,651,272	4,400,648
Custodial fees charged by Co-operative Bank of Kenya Limited (Note 6)	376,838	357,412
The balance outstanding at year end was as follows:		
Due to CIC Asset Management (Note 12)	<u>858,949</u>	<u>367,346</u>
Due to related parties relates to management fees owed to CIC Asset Management Limited.		

14. DISTRIBUTIONS

The total income paid to unit holders totalled KShs 18,427,544 and (2023: KShs 15,571,650)

15. TRANSACTIONS OF UNITS

	2024 KShs	2023 KShs
Purchases	23,806,899	12,798,844
Sales	<u>(10,149,232)</u>	<u>(8,663,299)</u>
Net	<u>13,657,667</u>	<u>4,135,545</u>

16. CURRENCY

The financial statements are presented in the fund's functional currency, Kenya shillings (KShs).

17. CONTINGENT LIABILITIES AND COMMITMENTS

There were no contingent liabilities and commitments during the year.

18. EVENTS AFTER THE REPORTING PERIOD

There are no events after the reporting date that would require adjustments to, or disclosure in, the financial statements.

19. REGISTRATION

The Fund is registered in Kenya under the Capital Markets (Collective Investments Schemes) Regulations, 2023.

THE CIC EQUITY FUND
PERFORMANCE RECORD
FOR THE YEAR ENDED 31 DECEMBER 2024

Appendix III (Unaudited)

The cumulative average growth rate of the funds invested in the Fund:

	2020		2021		2022		2023		2024	
Growth rate		%		%		%		%		%
						-2%		-21%		35%

The closing, lowest and highest daily and annual yield of the units of the Fund

	2020		2021		2022		2023		2024	
	Bid price	Offer price	Bid price	Offer price	Bid price	Offer price	Bid price	Offer price	Bid price	Offer price
	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs
Closing unit price	7.35	7.53	7.56	7.75	6.42	6.58	4.78	4.9	6.01	5.86
Lowest unit price	6.78	6.95	7.17	7.35	5.74	5.88	4.41	4.52	4.67	4.55
Highest unit price	9.15	9.38	8.23	8.44	7.76	7.95	6.51	6.68	6.01	5.86

The total fund value, number of units and net income distributed at the end of the year is as shown below:

	2020		2021		2022		2023		2024	
		KShs		KShs		KShs		KShs		KShs
Total fund value (KShs)		198,574,961		220,670,119		215,535,441		170,019,069		229,926,006
Number of units in issue		29,505,406		31,673,981		37,042,816		35,428,545		38,315,553
Net income distributed per unit (KShs)		0.39		0.14		0.17		0.44		0.17

CIC FIXED INCOME FUND

CIC FIXED INCOME FUND
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
AS AT 31 DECEMBER 2024

	Note	2024 KShs	2023 KShs
Interest income calculated using effective interest rate method	3(a)	6,771,016	3,364,148
Other interest income	3(b)	(89,371,142)	8,055,502
Fair value gain/ (loss) on financial assets held at fair value through profit or loss	4	234,437,582	(2,377,650)
Allowance for expected credit losses	5	(329,600)	(26,518)
Operating expenses	6	<u>(4,032,182)</u>	<u>(4,045,066)</u>
Profit before income tax		147,475,674	4,970,416
Income tax expense		-	-
Profit before distributions to unit holders		<u>147,475,674</u>	<u>4,970,416</u>

CIC FIXED INCOME FUND
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	2024 KShs	2023 KShs
ASSETS			
Financial assets at fair value through profit or loss-treasury bonds	8(a)	2,188,136,826	94,949,244
Financial assets at amortised cost-treasury bills	8(b)	14,492,231	-
Fixed deposits with financial institutions	9	7,334,009	3,070,097
Demand deposits with financial institutions	10	79,604,075	31,594,307
Bank balances	11(a)	<u>3,991</u>	<u>690,397</u>
TOTAL ASSETS		<u>2,289,571,132</u>	<u>130,304,045</u>
LIABILITIES			
Payables and accruals	12	767,781	509,241
LIABILITIES		<u>767,781</u>	<u>509,241</u>
Net assets attributable to unit holders		<u>2,288,803,351</u>	<u>129,794,804</u>

The financial statements were approved by the Trustee on 27 March 2025 and were signed on behalf of the Trustee by:

For: KCB BANK KENYA LTD.

R.imo
.....
Corporate Trustee CORPORATE TRUSTEE

For: KCB BANK KENYA LTD.

[Signature]
.....
Corporate Trustee CORPORATE TRUSTEE

CIC FIXED INCOME FUND
STATEMENT OF CHANGE IN UNIT HOLDER BALANCES
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 KShs	2023 KShs
Unit holder balances at 1 January		129,794,804	177,185,671
Net trading with units traded in the year	15	2,035,957,603	(33,936,202)
Profit before distributions to unit holders		147,475,674	4,970,416
Distributions payable in the year	14	<u>(24,424,730)</u>	<u>(18,425,081)</u>
Unit holder balances at 31 December		<u>2,288,803,351</u>	<u>129,794,804</u>

CIC FIXED INCOME FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 KShs	2023 KShs
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		147,475,674	4,970,416
Adjustments			
Fair value (gain)/ loss on treasury bonds	8(a)	(234,437,582)	2,377,650
Accrued interest in Treasury bills	8(b)	(447,509)	-
Increase / (Decrease) in expected credit losses-fixed deposits	9	1,519	(2,902)
Increase in expected credit losses-demand deposits	10	328,081	29,420
Changes in operating assets and liabilities:			
Purchase of treasury bonds at fair value through profit or loss	8(a)	(1,964,050,000)	(79,500,000)
Maturity of treasury bonds at fair value through profit or loss	8(a)	105,300,000	126,100,000
Purchase of treasury bills	8(b)	(14,044,722)	-
Net investment in fixed deposit	9	-	10,104,685
Increase / (Decrease) in payables and accruals	12	<u>258,540</u>	<u>(21,028)</u>
Net cash used in / from operating activities		<u>(1,959,615,999)</u>	<u>64,058,241</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from units issued	15	2,035,957,603	(33,936,202)
Distributions paid during the year	14	<u>(24,424,730)</u>	<u>(18,425,081)</u>
Net cash generated from financing activities		<u>2,011,532,873</u>	<u>(52,361,283)</u>
INCREASE IN CASH AND CASH EQUIVALENTS		51,916,874	11,696,958
CASH AND CASH EQUIVALENTS AT 1 JANUARY		<u>35,397,951</u>	<u>23,700,993</u>
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	11	<u>87,314,825</u>	<u>35,397,951</u>

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies on pages 119 to 128 form part of these financial statements.

1 FINANCIAL RISK MANAGEMENT

The Fund generates revenues for the members by investing in various income generating activities which include trading mainly in the bond market and bank deposits. These activities expose the Fund to a variety of financial risks, these include; credit risk, liquidity risk, market risk, operational and business risks. 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 structure

The Fund manager is responsible for identifying and controlling risks. The Trustee supervises the fund manager and is ultimately responsible for the overall risk management of the Fund.

a) Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Fund is exposed to credit risk from its operating activities (primarily investments), including deposits with financial institutions and other financial instruments.

The Fund's internal rating process

The Fund's investment team prepares internal ratings for financial instruments in which counterparties are rated using internal grades. These are used to determine whether an instrument has had a significant increase in credit risk and to estimate the ECL's. The ratings are determined incorporating both qualitative and quantitative information from external parties ratings supplemented with information specific to the counterparty that could affect the counterparty's behaviour. The Fund reassess the internal credit rating of the financial instruments at every reporting period and considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due as well as other forward-looking information. This would result in change in the internal credit rating. When there has been a significant increase in credit risk since origination the allowance would be based on the life time ECL.

At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions.

The Fund's internal credit rating grades is as follows:

Internal rating grade	Internal rating description
0	High grade
1	High grade
2	Standard grade
3	Sub-standard grade
4	Past due but not impaired
5	Individually impaired

CIC FIXED INCOME FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

1 FINANCIAL RISK MANAGEMENT (continued)

a) Credit risk(continued)

Significant increase in credit risk, default and cure

The Fund continuously monitors all assets subject to ECLs. To determine whether an instrument or portfolio of instruments is subject to 12mECL or LTECL, the Fund assesses whether there has been a significant increase in credit risk since initial recognition.

The Fund considers that there has been a significant increase in credit risk when any contractual payments are more than 30 days past due. In addition, the Fund also considers a variety of instances that may indicate unlikeliness to pay by assessing whether there has been a significant increase in credit risk. Such events include:

- Internal rating of the counterparty indicating default or near default
- The counterparty having past due liabilities to public creditors or employees
- The counterparty filing for bankruptcy application
- Counterparty's listed debt or equity suspended at the primary exchange because of rumours or facts of financial difficulties.

The Fund considers a financial instrument defaulted and, therefore, credit impaired for ECL calculations in all cases when the counterparty becomes 90 days past due on its contractual payments. The Fund may also consider an instrument to be in default when internal or external information indicates that the Fund is unlikely to receive the outstanding contractual amounts in full. In such cases, the Fund recognises a lifetime ECL.

In rare cases when an instrument identified as defaulted, it is the Fund's policy to consider the financial instrument as "cured" and therefore re-classified out of credit-impaired when none of the default criteria have been present for at least twelve consecutive months.

Credit risk exposure by credit rating

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

31 December 2024

	High grade	Standard grade	Past due but not impaired	Individually impaired	Total
	KShs	KShs	KShs	KShs	KShs
Fixed deposits with financial institutions	7,334,009	-	-	-	7,334,009
Demand deposits with financial institutions	79,604,075	-	-	-	79,604,075
Bank balances	<u>3,991</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,991</u>
	<u>86,942,075</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>86,942,075</u>

CIC FIXED INCOME FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

1 FINANCIAL RISK MANAGEMENT (continued)

a) Credit risk(continued)

31 December 2023

	High grade	Standard grade	Past due but not impaired	Individually impaired	Total
	KShs	KShs	KShs	KShs	KShs
Fixed deposits with financial institutions	3,070,097	-	-	-	3,070,097
Demand deposits with financial institutions	31,594,307	-	-	-	31,594,307
Bank balances	<u>690,397</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>690,397</u>
	<u>35,354,801</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,354,801</u>

The table below indicates the maximum exposure of assets bearing credit risk:

	2024 KShs	2023 KShs
Financial assets at fair value through profit or loss-treasury bonds	2,188,136,826	94,949,244
Financial assets at amortised cost-treasury bills	14,492,231	-
Fixed deposits with financial institutions	7,334,009	3,070,097
Demand deposits with financial institutions	79,604,075	31,594,307
Bank balances	<u>3,991</u>	<u>690,397</u>
Totals	<u>2,289,571,132</u>	<u>130,304,045</u>

Impairment losses on financial assets subject to impairment assessment.

The tables below show the credit quality and maximum exposure to credit risk based on the Fund's internal credit rating system and analysis of changes in the gross carrying amount and the corresponding ECL's.

Demand deposits with financial institutions

	2024 KShs	2023 KShs
Gross	79,973,156	31,635,307
Less: Loss allowance	<u>(369,081)</u>	<u>(41,000)</u>
Net carrying amount	<u>79,604,075</u>	<u>31,594,307</u>

CIC FIXED INCOME FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

1 FINANCIAL RISK MANAGEMENT (continued)

a) Credit risk (continued)

Impairment losses on financial assets subject to impairment assessment (continued)

Fixed deposits with financial institutions

	2024 KShs	2023 KShs
Gross	7,337,678	3,072,247
Less: Loss allowance	<u>(3,669)</u>	<u>(2,150)</u>
Net carrying amount	<u>7,334,009</u>	<u>3,070,097</u>

Reconciliation of loss allowance accounts

	At 31 December 2023 KShs	Increase/ (decrease) in loss allowance KShs	At 31 December 2024 KShs
Demand deposits with financial institutions	41,000	328,081	369,081
Fixed deposits with financial institutions	<u>2,150</u>	<u>1,519</u>	<u>3,669</u>
	<u>43,150</u>	<u>329,600</u>	<u>372,750</u>

	At 31 December 2022 KShs	Increase/ (decrease) in loss allowance KShs	At 31 December 2023 KShs
Demand deposits with financial institutions	11,580	29,420	41,000
Fixed deposits with financial institutions	<u>5,052</u>	<u>(2,902)</u>	<u>2,150</u>
	<u>16,632</u>	<u>26,518</u>	<u>43,150</u>

CIC FIXED INCOME FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

1 FINANCIAL RISK MANAGEMENT (continued)

a) Credit risk(continued)

Risk concentrations of the maximum exposure to credit risk

Concentration of credit risk is managed by industry sector.

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

31 December 2024	Financial institution KShs	Government KShs	Others KShs	Total KShs
Bank balances	3,991	-	-	3,991
Demand deposits with financial institutions	79,604,075	-	-	79,604,075
Fixed deposits with financial institutions	<u>7,334,009</u>	<u>-</u>	<u>-</u>	<u>7,334,009</u>
	<u>86,942,075</u>	<u>-</u>	<u>-</u>	<u>86,942,075</u>
31 December 2023	Financial institution KShs	Government KShs	Others KShs	Total KShs
Bank balances	690,397	-	-	690,397
Demand deposits with financial institutions	31,594,307	-	-	31,594,307
Fixed deposits with financial institutions	<u>3,070,097</u>	<u>-</u>	<u>-</u>	<u>3,070,097</u>
	<u>35,354,801</u>	<u>-</u>	<u>-</u>	<u>35,354,801</u>

No collateral was held for these assets. None of the above assets is either past due or impaired.

The fund does not have any commitment and guarantees. As a result, it does not have any credit exposure relating to the commitment and guarantee.

CIC FIXED INCOME FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

1 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 the risk of damaging the Fund's reputation.

The table below summarises the maturity profile of the undiscounted cash flows of the fund's financial assets and liabilities as at 31 December.

	6 months or on demand KShs	Between 6 months and 1 Year	More than 1 year KShs	Total KShs
31 December 2024				
Financial assets				
Financial assets at fair value through profit or loss -treasury bonds	-	-	4,747,922,467	4,747,922,467
Financial assets at amortised cost - treasury bills	2,928,601	14,661,261	-	17,589,862
Fixed deposits with financial institutions	7,334,009	-	-	7,334,009
Demand deposits with financial institutions	79,604,075	-	-	79,604,075
Bank balances	<u>3,991</u>	-	-	<u>3,991</u>
Total	<u>89,870,676</u>	<u>14,661,261</u>	<u>4,747,922,467</u>	<u>4,852,454,404</u>
Financial liabilities				
Payables and accruals	767,781	-	-	767,781
Total	<u>767,781</u>	-	-	<u>767,781</u>
Liquidity surplus/(gap)	<u>89,106,564</u>	<u>14,661,261</u>	<u>4,747,922,467</u>	<u>4,851,690,291</u>
31 December 2023				
Financial assets				
Financial assets at fair value through profit or loss -treasury bonds	-	-	303,655,281	303,655,281
Financial assets at amortised cost - treasury bills	-	-	-	-
Fixed deposits with financial institutions	3,070,097	-	-	3,070,097
Demand deposits with financial institutions	31,594,307	-	-	31,594,307
Bank balances	<u>690,397</u>	-	-	<u>690,397</u>
Total	<u>35,354,801</u>	-	<u>303,655,281</u>	<u>339,010,082</u>
Financial liabilities				
Payables and accruals	509,241	-	-	509,241
Total	<u>509,241</u>	-	-	<u>509,241</u>
Liquidity surplus/(gap)	<u>34,845,560</u>	-	<u>303,655,281</u>	<u>338,500,841</u>

1 FINANCIAL RISK MANAGEMENT (continued)

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk).

(i) Price risk

The Fund is exposed to price risk because of its holdings in quoted debt instruments investments, carried at fair value through profit or loss. Exposure to quoted debt instruments in aggregate is monitored to ensure compliance with the relevant regulatory limits for solvency purposes. Investments held are listed and traded on the Nairobi Securities Exchange.

An increase/decrease of 5% in bond prices would cause the profit for the year and net assets to increase/decrease by KShs 109,389,773 (2023: KShs 7,194,860)

(ii) Interest rate risk

The Fund is not exposed to interest rate risk since its investments in debt are at fixed interest rates (2023: no impact)

(iii) Foreign exchange risk

The fund has no financial instruments that would be subject to the foreign exchange risk.

(d) Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The fund cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks.

The CMA sets out that the book value of the fund's investment should not exceed the statutory limits:

Statutory limits	Security	Allowed limit	Fund's investment
Securities by government of Kenya minimum 60%	Kenya government treasury bills and treasury bonds	100%	96%
Cash and cash equivalents 40%	Bank deposits and cash balances	40%	3%
Related party balances 10%	Related party balances	10%	1%

(e) Custody risk

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

CIC FIXED INCOME FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

2. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Determination of fair value and fair values hierarchy:

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

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments traded on exchanges.

Level 2 – 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 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The fund considers relevant and observable market prices in its valuations where possible.

This hierarchy requires the use of observable market data when available. The fund considers relevant and observable market prices in its valuations where possible.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy.

	Level 1 KShs	Level 2 KShs	Level 3 KShs	Total KShs
At 31 December 2024				
Financial assets at fair value through profit or loss-government securities	<u>2,188,136,826</u>	<u>-</u>	<u>-</u>	<u>2,188,136,826</u>
At 31 December 2023				
Financial assets at fair value through profit or loss-government securities	<u>94,949,244</u>	<u>-</u>	<u>-</u>	<u>94,949,244</u>

The trustee assessed that the fair values of cash, fixed and demand deposits, payables and accruals approximates their carrying amounts largely due to short-term maturities of these instruments.

CIC FIXED INCOME FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

3	INVESTMENT INCOME	2024 KShs	2023 KShs
(a)	Interest income calculated using effective interest rate method At amortised cost		
	Interest on call deposits	5,920,557	2,595,623
	Interest on fixed deposits	<u>850,459</u>	<u>768,525</u>
		<u>6,771,016</u>	<u>3,364,148</u>
(b)	Other interest income		
	Interest on financial assets at amortised cost -treasury bills	447,509	-
	Interest on financial assets at fair value through profit or loss-treasury bonds	<u>(89,818,651)</u>	<u>8,055,502</u>
		<u>(89,371,142)</u>	<u>8,055,502</u>
4	FAIR VALUE GAIN / (LOSS) ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		
	Fair value gain/(loss) (note 8(a))	<u>234,437,582</u>	<u>(2,377,650)</u>
5	ALLOWANCE FOR EXPECTED CREDIT LOSSES		
	Increase / (Decrease) in allowance for expected credit losses-fixed deposits (note 9)	1,519	(2,902)
	Increase in allowance for expected credit losses-demand deposits (note 10)	<u>328,081</u>	<u>29,420</u>
		<u>329,600</u>	<u>26,518</u>
6	OPERATING EXPENSES		
	Management fees	3,027,261	3,319,879
	Trustee fees	272,453	298,789
	Custodial fees	559,119	269,142
	Audit fees	123,349	119,756
	Capital Markets Authority levy	<u>50,000</u>	<u>37,500</u>
		<u>4,032,182</u>	<u>4,045,066</u>
7	INCOME TAX EXPENSE		

The fund is exempt from income tax. Tax is withheld on the income distributed semi-annually to unit holders.

CIC FIXED INCOME FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

8(a) FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS-TREASURY BONDS	2024 KShs	2023 KShs
1 January	94,949,244	143,926,894
Additions	1,964,050,000	79,500,000
Disposals	(105,300,000)	(126,100,000)
Fair value Gain/(Loss)	<u>234,437,582</u>	<u>(2,377,650)</u>
	<u>2,188,136,826</u>	<u>94,949,244</u>
Maturity analysis		
Maturing between 1 year and 5 years	-	-
Maturing after 5 years	<u>2,188,136,826</u>	<u>94,949,244</u>

The weighted average effective interest rate on treasury bonds as at 31 December 2024 was 14.75% p.a. (2023: 14.38%).

8(b) FINANCIAL ASSETS AT AMORTISED COST-TREASURY BILLS	2024 KShs	2023 KShs
1 January	-	-
Additions	14,044,722	-
Accrued Interest	<u>447,509</u>	-
	<u>14,492,231</u>	-

9 FIXED DEPOSITS WITH FINANCIAL INSTITUTIONS

Co-operative Bank of Kenya Ltd	5,778,456	1,064,110
Family Bank	1,559,222	-
Equity Bank Kenya Ltd	-	<u>2,008,137</u>
	<u>7,337,678</u>	<u>3,072,247</u>
Allowance for expected credit losses	<u>(3,669)</u>	<u>(2,150)</u>
Net deposits	<u>7,334,009</u>	<u>3,070,097</u>
Maturity analysis		
Maturing within 6 months	7,337,678	3,072,247
Maturing between 6 months and 12 months	-	-
	<u>7,337,678</u>	<u>3,072,247</u>

ALLOWANCE FOR EXPECTED CREDIT LOSSES

At 1 January	2,150	5,052
Increase / (Decrease) in allowance for expected losses	<u>1,519</u>	<u>(2,902)</u>
At 31 December	<u>3,669</u>	<u>2,150</u>

The weighted average effective interest rate on fixed deposits at 31 December 2024 was 17% p.a. (2023: 14.25% p.a.).

CIC FIXED INCOME FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

10	DEMAND DEPOSITS WITH FINANCIAL INSTITUTIONS	2024 KShs	2023 KShs
	Maturing within 90 days		
	The Co-operative Bank of Kenya Ltd	6,084,337	-
	Bank Of Africa	66,203,950	-
	Development Bank	5,745,787	-
	Family Bank	136,040	-
	Kenya Commercial Bank	507,028	-
	National Bank of Kenya	1,182,293	-
	Equity Bank Kenya Limited	-	1,508,494
	Stanbic Bank	113,721	24,072,205
	Kingdom Bank	-	6,054,608
		79,973,156	31,635,307
	Expected credit losses	(369,081)	(41,000)
		<u>79,604,075</u>	<u>31,594,307</u>
	ALLOWANCE FOR EXPECTED CREDIT LOSSES		
	At 1 January	41,000	11,580
	Increase in allowance for expected credit losses	328,081	29,420
	At 31 December	<u>369,081</u>	<u>41,000</u>
	The weighted average effective interest rate on demand deposits at 31 December 2024 was 11.99%p.a. (2023: 15.43%p.a.)		
11	CASH AND CASH EQUIVALENTS	2024 KShs	2023 KShs
	(a) Bank balances	3,991	690,397
	(b) Demand deposits with financial institutions (note 10)	79,973,156	31,635,307
	(c) Fixed deposits with financial institutions (note 9)	<u>7,337,678</u>	<u>3,072,247</u>
		<u>87,314,825</u>	<u>35,397,951</u>
	There are no cash & cash equivalents that are not available for fund's day to day operations.		
12	PAYABLES AND ACCRUALS	2024 KShs	2023 KShs
	Audit fees	123,349	119,756
	Trustee and custody fees	319,773	270,731
	Due to CIC Asset Management Limited	<u>324,659</u>	<u>118,754</u>
		<u>767,781</u>	<u>509,241</u>

CIC FIXED INCOME FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

13 RELATED PARTY TRANSACTIONS

CIC Fixed Income Fund has CIC Asset Management Limited as its Fund manager. CIC Asset Management Limited is a subsidiary of The CIC Insurance Group PLC which is a holding Company and owns a number of other subsidiaries which are sister companies to CIC Asset Management Limited. The Fund transacts with the Fund Manager. There have been no guarantees provided for any related party payables.

There were no provisions made, or amounts written off on related party balances during the year (2023: nil). The amounts due to related parties are non- interest bearing and the balances are not secured.

As at 31 December 2024, the balances and transactions with the CIC Asset Management Limited were as follows:

	2024 KShs	2023 KShs
Investment held on behalf of related party CIC Asset Management Limited	<u>35,280,719</u>	=
Transactions with related party during the year are as follows:		
CIC Asset Management Limited Management fees (Note 6)	3,027,261	3,319,879
Custodial fees charged by Co-operative Bank of Kenya Limited (Note 6)	559,119	269,142
The balance outstanding at year end was as follows:		
Due to CIC Asset Management Limited (Note 12)	<u>324,659</u>	<u>118,754</u>

Due to related parties relates to management fees owed to CIC Asset Management Limited.

14 DISTRIBUTIONS

The total income paid to unit holders amounted to KShs. 24,424,730 (2023: KShs. 18,425,081).

15 TRANSACTIONS OF UNITS

	2024 KShs	2023 KShs
Purchases	2,078,851,435	48,806,222
Sales	<u>(42,893,832)</u>	<u>(82,742,424)</u>
Net proceeds	<u>2,035,957,603</u>	<u>(33,936,202)</u>

16 CURRENCY

The financial statements are presented in the fund's functional currency, Kenya Shillings (KShs).

17 CONTINGENT LIABILITIES AND COMMITMENTS

There were no contingent liabilities and commitments during the year.

18 EVENTS AFTER THE REPORTING PERIOD

There are no events after the reporting date that would require adjustments to, or disclosure in, the financial statements.

19 REGISTRATION

The Fund is registered in Kenya under the Kenyan Capital Markets (Collective Investments Schemes) Regulations, 2023.

**CIC FIXED INCOME FUND
PERFORMANCE RECORD
FOR THE YEAR ENDED 31 DECEMBER 2024
Appendix iv (Unaudited)**

The cumulative average growth rate of the funds invested in the Fund:

	2020	2021	2022	2023	2024
Growth rate	26.00%	97.05%	63.73%	26.75%	1663%

The closing, lowest and highest unit prices of the units of the fund

	2020	2020	2020	2021	2021	2022	2022	2022	2023	2023	2023	2024	2024	2024
	Bid price	Offer price	Bid price	Offer price	Bid price	Offer price	Bid price	Offer price	Bid price	Offer price	Bid price	Offer price	Bid price	Offer price
	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs	KShs
Closing unit price	8.46	8.59	8.33	8.45	8.09	8.21	7.83	7.83	7.73	7.73				
Lowest unit price	8.42	8.55	8.28	8.4	7.96	8.08	7.39	7.39	6.9	6.9				
Highest unit price	8.87	9	8.48	8.61	8.24	8.36	8.39	8.39	8.03	8.03				

The total fund value, number of units and net income distributed at the end of the year:

	2020	2021	2022	2023	2024
	KShs	KShs	KShs	KShs	KShs
Total fund value (KShs)	54,898,799	108,219,221	177,185,671	129,794,803	2,288,803,351
Number of units in issue	6,689,197	12,599,618	22,163,198	22,163,198	221,242,570
Net income distributed per unit (KShs)	0.80	0.74	0.13	0.13	0.10

CIC WEALTH MANAGEMENT FUND

CIC WEALTH MANAGEMENT FUND
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
AS AT 31 DECEMBER 2024

	Note	2024 KShs	2023 KShs
Interest income calculated using effective interest rate method	3	1,163,122,403	150,181,458
Allowance for expected credit losses	4	(3,423,429)	(2,706,585)
Operating expenses	5	<u>(107,669,676)</u>	<u>(8,177,127)</u>
Profit before income tax		<u>1,052,029,298</u>	<u>139,297,746</u>
Income tax expense		<u>-</u>	<u>-</u>
Profit before distributions to unit holders		<u>1,052,029,298</u>	<u>139,297,746</u>

CIC WEALTH MANAGEMENT FUND
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	2024 KShs	2023 KShs
ASSETS			
Fixed deposits with financial institutions	7	6,124,369,937	3,413,018,957
Demand deposits with financial institutions	8	1,422,005,848	4,806,467
Bank balances	9(a)	-	18,253,080
TOTAL ASSETS		<u>7,546,375,785</u>	<u>3,436,078,504</u>
LIABILITIES			
Payables and accruals	10	9,471,400	6,446,286
LIABILITIES		<u>9,471,400</u>	<u>6,446,286</u>
Net assets attributable to unit holders		<u>7,536,904,385</u>	<u>3,429,632,218</u>

The financial statements were approved by the Trustee on27.....March 2025 and were signed on behalf of the Trustee by:

For: KCB BANK KENYA LTD.

.....
Corporate Trustee

For: KCB BANK KENYA LTD.

.....
Corporate Trustee

CIC WEALTH MANAGEMENT FUND
STATEMENT OF CHANGE IN UNIT HOLDER BALANCES
FOR THE YEAR ENDED 31 DECEMBER 2024

		2024 KShs	2023 KShs
Unit holder balance at 1 January		3,429,632,218	158,925,886
Net proceeds from units traded in the year	12	3,055,242,869	3,131,408,586
Profit before distributions to unit holders		<u>1,052,029,298</u>	<u>139,297,746</u>
UNIT HOLDER BALANCE AT 31 DECEMBER		<u>7,536,904,385</u>	<u>3,429,632,218</u>

CIC WEALTH MANAGEMENT FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 KShs	2023 KShs
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		1,052,029,298	139,297,746
Adjustments			
Provision for expected credit losses-fixed deposits	4	2,589,909	2,683,648
Provision for expected credit losses-demand deposits	4	833,520	22,937
Changes in operating assets and liabilities:			
Net investment in fixed deposits	7	(60,799,138)	(113,742,110)
Increase in payables and accruals	10	<u>3,025,114</u>	<u>3,005,836</u>
Net cash from operating activities		<u>997,678,703</u>	<u>31,268,057</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from units issued	12	<u>3,055,242,869</u>	<u>3,131,408,586</u>
INCREASE IN CASH AND CASH EQUIVALENTS		4,052,921,572	3,162,676,643
BEGINNING CASH AND CASH EQUIVALENTS		<u>3,199,183,021</u>	<u>36,506,378</u>
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	9	<u>7,252,104,593</u>	<u>3,199,183,021</u>

MATERIAL ACCOUNTING POLICIES

The accounting policies on pages 119 to 128 form part of these financial statements.

1 FINANCIAL RISK MANAGEMENT

The Fund generates revenues for the members by investing in various income generating activities which include trading in the fixed and demand deposits. These activities expose the Fund to a variety of financial risks, these includes; credit risk, liquidity risk, market risk, operational and business risks. 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 structure

The Fund manager is responsible for identifying and controlling risks. The Trustee supervises the fund manager and is ultimately responsible for the overall risk management of the Fund.

a) Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Fund is exposed to credit risk from its operating activities (primarily investments), including deposits with financial institutions and other financial instruments.

The Fund's internal rating process

The Fund's investment team prepares internal ratings for financial instruments in which counterparties are rated using internal grades. These are used to determine whether an instrument has had a significant increase in credit risk and to estimate the ECL's. The ratings are determined incorporating both qualitative and quantitative information from external parties' ratings supplemented with information specific to the counterparty that could affect the counterparty's behaviour. The Fund reassess the internal credit rating of the financial instruments at every reporting period and considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due as well as other forward-looking information. This would result in change in the internal credit rating. When there has been a significant increase in credit risk since origination the allowance would be based on the life time ECL.

At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions.

The Fund's internal credit rating grades is as follows:

Internal rating grade	Internal rating description
0	High grade
1	High grade
2	Standard grade
3	Sub-standard grade
4	Past due but not impaired
5	Individually impaired

CIC WEALTH MANAGEMENT FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

1 FINANCIAL RISK MANAGEMENT (continued)

a) Credit risk (continued)

Significant increase in credit risk, default, and cure

The Fund continuously monitors all assets subject to ECLs. To determine whether an instrument or portfolio of instruments is subject to 12mECL or LTECL, the Fund assesses whether there has been a significant increase in credit risk since initial recognition.

The Fund considers that there has been a significant increase in credit risk when any contractual payments are more than 30 days past due. In addition, the Fund also considers a variety of instances that may indicate unlikelihood to pay by assessing whether there has been a significant increase in credit risk. Such events include:

- Internal rating of the counterparty indicating default or near default
- The counterparty having past due liabilities to public creditors or employees
- The counterparty filing for bankruptcy application
- Counterparty's listed debt or equity suspended at the primary exchange because of rumours or facts of financial difficulties.

The Fund considers a financial instrument defaulted and, therefore, credit impaired for ECL calculations in all cases when the counterparty becomes 30 days past due on its contractual payments. The Fund may also consider an instrument to be in default when internal or external information indicates that the Fund is unlikely to receive the outstanding contractual amounts in full. In such cases, the Fund recognises a lifetime ECL.

In rare cases when an instrument identified as defaulted, it is the Fund's policy to consider the financial instrument as "cured" and therefore re-classified out of credit-impaired when none of the default criteria have been present for at least twelve consecutive months.

Credit risk exposure by credit rating

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

2024

	High grade KShs	Standard grade KShs	Past due but not impaired KShs	Individually impaired KShs	Total KShs
Fixed deposits	6,124,369,937				6,124,369,937
Demand deposits	1,422,005,848				1,422,005,848
Bank balances	—	—	—	—	—
	<u>7,546,375,785</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>7,546,375,785</u>

2023

	High grade KShs	Standard grade KShs	Past due but not impaired KShs	Individually impaired KShs	Total KShs
Fixed deposits	3,413,018,957				3,413,018,957
Demand deposits	4,806,467				4,806,467
Bank balances	<u>18,253,080</u>	—	—	—	<u>18,253,080</u>
	<u>3,436,078,504</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>3,436,078,504</u>

CIC WEALTH MANAGEMENT FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

1 FINANCIAL RISK MANAGEMENT (continued)

a) Credit risk(continued)

The table below indicates the maximum exposure of assets bearing credit risk:

	2024 KShs	2023 KShs
Fixed deposits with financial institutions	6,124,369,937	3,413,018,957
Demand deposits with financial institutions	1,422,005,848	4,806,467
Bank balances	-	<u>18,253,080</u>
Totals	<u>7,546,375,785</u>	<u>3,436,078,504</u>

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

Impairment losses on financial assets subject to impairment assessment.

The tables below show the credit quality and maximum exposure to credit risk based on the Fund's internal credit rating system and analysis of changes in the gross carrying amount and the corresponding ECL's.

Fixed deposits with financial institutions

	2024	2023
Gross	6,129,953,565	3,416,012,676
Less: Loss allowance	<u>(5,583,628)</u>	<u>(2,993,719)</u>
Net carrying amount	<u>6,124,369,937</u>	<u>3,413,018,957</u>

Demand deposits with financial institutions

Gross	1,422,863,521	4,830,620
Less: Loss allowance	<u>(857,673)</u>	<u>(24,153)</u>
Net carrying amount	<u>1,422,005,848</u>	<u>4,806,467</u>

CIC WEALTH MANAGEMENT FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

1 FINANCIAL RISK MANAGEMENT (continued)

a) Credit risk(continued)

Impairment losses on financial assets subject to impairment assessment. (continued)

Reconciliation of loss allowance accounts			
	At 31 December 2023	Increase/ (decrease) in loss allowance	At 31 December 2024
	KShs	KShs	KShs
Demand deposits with financial institutions	24,153	833,520	857,673
Fixed Deposits with financial institutions	<u>2,993,719</u>	<u>2,589,909</u>	<u>5,583,628</u>
	<u>3,017,872</u>	<u>3,423,429</u>	<u>6,441,301</u>
	At 31 December 2022	Increase/ (decrease) in loss allowance	At 31 December 2023
	KShs	KShs	KShs
Demand deposits with financial institutions	1,216	22,937	24,153
Fixed Deposits with financial institutions	<u>310,071</u>	<u>2,683,648</u>	<u>2,993,719</u>
	<u>311,287</u>	<u>2,706,585</u>	<u>3,017,872</u>

No Loss allowance for bank balances as balance is nil (2023: immaterial)

Risk concentrations of the maximum exposure to credit risk

Concentration of credit risk is managed by industry sector.

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

2024	Financial institution	Government	Others*	Total
	KShs	KShs	KShs	KShs
Bank balances	-	-	-	-
Demand deposits with financial institutions	1,422,005,848	-	-	1,422,005,848
Fixed deposits with financial institutions	<u>6,124,369,937</u>	-	-	<u>6,124,369,937</u>
	<u>7,546,375,785</u>	-	-	<u>7,546,375,785</u>
2023	Financial institution	Government	Others*	Total
	KShs	KShs	KShs	KShs
Bank balances	18,253,080	-	-	18,253,080
Demand deposits with financial institutions	4,806,467	-	-	4,806,467
Fixed deposits with financial institutions	<u>3,413,018,957</u>	-	-	<u>3,413,018,957</u>
	<u>3,436,078,504</u>	-	-	<u>3,436,078,504</u>

No collateral was held for these assets. None of the above assets is either past due or impaired.

The fund does not have any commitment and guarantees. As a result, it does not have any credit exposure relating to the commitment and guarantee.

CIC WEALTH MANAGEMENT FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

1 FINANCIAL RISK MANAGEMENT (continued)

a) 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 the risk of damaging the Fund's reputation.

The table below summarises the maturity profile of the undiscounted cash flows of the fund's financial assets and liabilities as at 31 December.

	6 months or on demand KShs	More than 1 year KShs	Total KShs
31 December 2024			
Financial assets			
Fixed deposits with financial institutions	6,124,369,937	-	6,124,369,937
Demand deposits with financial institutions	1,422,005,848	-	1,422,005,848
Bank balances	-	-	-
Total	<u>7,546,375,785</u>	<u>-</u>	<u>7,546,375,785</u>
Financial liabilities			
Payables and accruals	9,471,400	-	9,471,400
Total	<u>9,741,400</u>	<u>-</u>	<u>9,471,400</u>
Liquidity surplus/(gap)	<u>7,536,904,385</u>	<u>-</u>	<u>7,536,904,385</u>
	6 months or on demand KShs	More than 1 year KShs	Total KShs
31 December 2023			
Financial assets			
Fixed deposits with financial institutions	3,616,012,676		3,616,012,676
Demand deposits with financial institutions	4,830,620		4,830,620
Bank balances	<u>18,253,080</u>	-	<u>18,253,080</u>
Total	<u>3,639,096,376</u>	<u>-</u>	<u>3,639,096,376</u>
Financial liabilities			
Payables and accruals	6,446,286	-	6,446,286
Total	<u>6,446,286</u>	<u>-</u>	<u>6,446,286</u>
Liquidity surplus/(gap)	<u>3,632,650,090</u>	<u>-</u>	<u>3,632,650,090</u>

CIC WEALTH MANAGEMENT FUND
 NOTES TO THE FINANCIAL STATEMENTS (continued)
 FOR THE YEAR ENDED 31 DECEMBER 2024

1 FINANCIAL RISK MANAGEMENT(CONTINUED)

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk).

(i) Price risk

The Fund is exposed to price risk because of its holdings in quoted debt instruments investments, carried at fair value through profit or loss. Exposure to quoted debt instruments in aggregate is monitored to ensure compliance with the relevant regulatory limits for solvency purposes. Investments held are listed and traded on the Nairobi Securities Exchange.

(ii) Interest rate risk

The fund has no financial instruments that would be subject to the interest rate risk. The fund holds only bank deposits which are measured at amortised cost.

(iii) Foreign exchange risk

The fund has no financial instruments that would be subject to the foreign exchange risk.

(d) Operational risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The fund cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks.

The CMA sets out that the book value of the fund's investment should not exceed the statutory limits:

Statutory limits	Security	Allowed limit	Fund's investment
Cash and cash equivalents	Bank deposits and cash balances	100%	75%
Related party balances 10%	Related party balances	10%	25%

At 31 December 2024, the fund had deposits with related parties which exceed the statutory limit of 10%.

(e) Custody risk

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

2. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Determination of fair value and fair values hierarchy:

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

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments traded on exchanges.

Level 2 – 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 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The fund considers relevant and observable market prices in its valuations where possible.

This hierarchy requires the use of observable market data when available. The fund considers relevant and observable market prices in its valuations where possible.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy.

The trustee assessed that the fair values of deposits with banks, payables and accruals and net assets attributable to unit holders approximates their carrying amounts largely due to short-term maturities of these instruments.

CIC WEALTH MANAGEMENT FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

3	INVESTMENT INCOME	2024 KShs	2023 KShs
	Interest income calculated using effective interest rate method At amortised cost		
	Interest on fixed deposits	1,150,335,663	149,496,686
	Interest on demand deposits	<u>12,786,740</u>	<u>684,772</u>
		<u>1,163,122,403</u>	<u>150,181,458</u>
4	EXPECTED CREDIT LOSSES		
	Increase in allowance for expected credit losses-fixed deposits (note 7)	2,589,909	2,683,648
	Increase in allowance for expected credit losses-demand deposits (note 8)	<u>833,520</u>	<u>22,937</u>
		<u>3,423,429</u>	<u>2,706,585</u>
5	OPERATING EXPENSES		
	Management fees	80,949,464	3,819,532
	Trustee fees	14,672,368	2,320,747
	Custodial fees	11,874,494	1,917,092
	Audit fees	123,350	119,756
	CMA Levy	<u>50,000</u>	=
		<u>107,669,676</u>	<u>8,177,127</u>
6	INCOME TAX EXPENSE		
	The fund is exempt from income tax. Tax is withheld on the income distributed to unit holders.		

CIC WEALTH MANAGEMENT FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

7	FIXED DEPOSITS IN FINANCIAL INSTITUTIONS	2024	2023
		KShs	KShs
	Co-Operative Bank	549,241,674	212,575,890
	Equity Bank	852,198,751	691,364,572
	Investments & Mortgages Bank	70,005,920	451,000,851
	Middle East Bank	-	21,073,425
	National Bank of Kenya	20,283,774	22,105,342
	NCBA Bank	30,816,120	776,860,437
	Stanbic Bank	8,014,122	553,299,661
	Victoria Commercial	-	263,608,486
	Bank Of Africa	35,198,221	-
	Ecobank Ltd	1,773,225,811	-
	Mayfair Bank	6,400,525	-
	SBM Bank	703,448,687	-
	UBA Kenya	483,672,006	-
	Family Bank	1,597,447,954	402,145,375
	Kingdom Bank	-	21,978,637
	Gross deposits	6,129,953,565	3,416,012,676
	Allowance on expected credit losses	<u>(5,583,628)</u>	<u>(2,993,719)</u>
	Net deposits	<u>6,124,369,937</u>	<u>3,413,018,957</u>
	Maturity analysis – gross		
	Maturing within 3 months	5,829,241,072	3,176,099,321
	Maturing between 3 months and 12months	<u>300,712,493</u>	<u>239,913,355</u>
		<u>6,129,953,565</u>	<u>3,416,012,676</u>

The weighted average effective interest rate on fixed deposits as at 31 December 2024 was 15.95% p.a. (2023: 15.91%)

8	DEMAND DEPOSITS IN FINANCIAL INSTITUTIONS	2024	2023
		KShs	KShs
	Family Bank Ltd	-	4,830,620
	Co-operative bank of Kenya Limited	1,349,951,059	-
	National Bank of Kenya	31,304,993	-
	NCBA	40,414,413	-
	Bank Of Africa	1,193,056	-
	Gross deposits	1,422,863,521	4,830,620
	Allowance on expected credit losses	<u>(857,673)</u>	<u>(24,153)</u>
	Net deposits	<u>1,422,005,848</u>	<u>4,806,467</u>

The weighted average effective interest rate on demand deposits as at 31 December 2024 was 13.96% p.a. (2023: 15.00%)

9	CASH AND CASH EQUIVALENTS	2024	2023
		KShs	KShs
	(a) Bank balances	-	18,253,080
	(b) Demand deposits with financial institutions (note 8)	1,422,863,521	4,830,620
	(c) Fixed deposits with financial institutions (note 7)	<u>5,829,241,072</u>	<u>3,176,099,321</u>
		<u>7,252,104,593</u>	<u>3,199,183,021</u>

There are no cash & cash equivalents that are not available for the fund's day to day operations.

CIC WEALTH MANAGEMENT FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

10	PAYABLES AND ACCRUALS	2024	2023
		KShs	KShs
	Audit fees	123,349	119,756
	Trustee and custody fees	2,898,928	2,481,680
	Due to CIC Asset Management Limited	<u>6,449,123</u>	<u>3,844,850</u>
		<u>9,471,400</u>	<u>6,446,286</u>

11 RELATED PARTY TRANSACTIONS

CIC Wealth Management Fund has CIC Asset Management Limited as its Fund manager. CIC Asset Management Limited is a subsidiary of The CIC Insurance Group PLC which is a holding Company and owns a number of other subsidiaries which are sister companies to CIC Asset Management Limited. The Fund transacts with the Fund Manager. There have been no guarantees provided for any related party payables.

There were no provisions made, or amounts written off on related party balances during the year (2023: nil). The amounts due to related parties are non- interest bearing and the balances are not secured.

As at 31 December 2024, the balances and transactions with the CIC Asset Management Limited were as follows:

	2024	2023
	KShs	KShs
Transactions with related party during the year are as follows:		
CIC Asset Management Limited Management fees (Note 5)	80,949,464	3,819,532
Custodial fees charged by Co-operative Bank of Kenya Limited (Note 5)	11,874,494	1,917,092

The balance outstanding at year end was as follows:

Due to CIC Asset Management Limited (Note 10)	<u>6,449,123</u>	<u>3,844,850</u>
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Due to related parties relates to management fees owed to CIC Asset Management Limited.

12 TRANSACTIONS OF UNITS

	2024	2023
	KShs	KShs
Purchases	23,649,545,533	4,791,108,788
Sales	(20,594,302,664)	(1,659,700,202)
Net proceeds	<u>3,055,242,869</u>	<u>3,131,408,586</u>

13 CURRENCY

The financial statements are presented in the fund's functional currency, Kenya Shillings (KShs).

14 CONTINGENT LIABILITIES AND COMMITMENTS

There were no contingent liabilities and commitments during the year.

15 EVENTS AFTER THE REPORTING PERIOD

There are no events after the reporting date that would require adjustments to, or disclosure in, the financial statements.

16 REGISTRATION

The Fund is registered in Kenya under the Kenyan Capital Markets (Collective Investments Schemes) Regulations, 2023.

CIC WEALTH MANAGEMENT FUND
PERFORMANCE RECORD
FOR THE YEAR ENDED 31 DECEMBER 2024
Appendix v (Unaudited)

The cumulative average growth rate of the funds invested in the Fund:

	2020	2021	2022	2023	2024
Growth rate	-60%	1,090%	-56%	2058%	120%

The closing, lowest and highest unit prices of the units of the fund

	2020 Daily yield % p.a.	2020 Annual yield % p.a.	2021 Daily yield % p.a.	2021 Annual yield % p.a.	2022 Daily yield % p.a.	2022 Annual yield % p.a.	2023 Daily yield % p.a.	2023 Annual yield % p.a.	2024 Daily yield % p.a.	2024 Annual yield % p.a.
Closing unit price	9.50%	9.50%	9.35%	9.35%	9.50%	9.50%	16.50%	16.50%	9.25%	9.25%
Lowest unit price	9.50%	9.50%	9.35%	9.35%	9%	9%	10.50%	10.50%	9.25%	9.25%

The total fund value, number of units and net income distributed at the end of the year:

	2020 KShs	2021 KShs	2022 KShs	2023 KShs	2024 KShs
Total fund value (KShs)	27,252,181	362,044,346	158,925,886	3,429,632,218	7,536,904,385
Number of units in issue	27,252,181	362,044,346	158,925,886	3,429,632,218	7,536,904,385
Income distributed per unit (% of units held)	9.50%	9.35%	9.35%	10.50%	14%

CIC DOLLAR FUND

CIC DOLLAR FUND
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2024

	Note	2024 USD	2023 USD
Other interest investment income	3(a)	315,879	556,499
Interest income calculated using effective interest rate method	3(b)	1,202,101	431,678
Fair value gain on government securities at fair value through profit or loss	4(a)	212,096	221,394
Allowance for expected credit losses	4(b)	(7,770)	8,578
Operating expenses	5	<u>(426,442)</u>	<u>(199,283)</u>
Profit before tax		1,295,864	1,018,866
Income tax expense		<u>-</u>	<u>-</u>
Profit for the year before distribution to the unit holders		<u>1,295,864</u>	<u>1,018,866</u>

CIC DOLLAR FUND
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Notes	2024 USD	2023 USD
ASSETS			
Government securities at fair value through profit or loss-Treasury bonds	7	5,368,732	6,256,636
Fixed deposits with financial institutions	8	9,642,832	2,446,540
Offshore Unit trust at fair value through profit or loss	10	2,718,299	-
Demand deposits with financial institutions	9	11,028,327	9,733,021
Bank balances	11	85,475	73,357
TOTAL ASSETS		<u>28,843,665</u>	<u>18,509,554</u>
LIABILITIES			
Payables and accruals	12	59,338	47,785
LIABILITIES		<u>59,338</u>	<u>47,785</u>
Net assets attributable to unit holders		<u>28,784,327</u>	<u>18,461,769</u>

The financial statements were approved by the trustee on²⁷ March 2025 and were signed on behalf of the Trustee by:

For: KCB BANK KENYA LTD.
.....
Corporate Trustee

For: KCB BANK KENYA LTD.
.....
Corporate Trustee

CIC DOLLAR FUND
STATEMENT OF CHANGES IN UNIT HOLDER BALANCES
FOR THE YEAR ENDED 31 DECEMBER 2024

	Notes	2024 USD	2023 USD
Unit holder balance at 1 January		18,461,769	9,679,711
Net proceeds from units traded in the year	14	10,162,201	8,244,185
Profit before distributions to unit holders		1,295,864	1,018,866
Distributions payable in the year	15	<u>(1,135,507)</u>	<u>(480,993)</u>
UNIT HOLDER BALANCE AT 31 DECEMBER		<u>28,784,327</u>	<u>18,461,769</u>

CIC DOLLAR FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 USD	2023 USD
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before income tax		1,295,864	1,018,866
<i>Adjustments</i>			
Fair value gain on Treasury bonds at fair value through profit or loss	7	(212,096)	(221,394)
Fair value gain on Offshore Unit Trust	10	(18,299)	-
Expected credit losses- fixed deposits	4(b)	651	(9,841)
Expected credit losses-demand deposits	4(b)	7,119	1,263
Changes in operating assets and liabilities:			
Purchase of treasury bonds at fair value through profit or loss	7	(2,800,000)	(2,250,000)
Maturity of treasury bonds at fair value through profit or loss	7	3,900,000	250,000
Purchase of offshore unit trust	10	(2,700,000)	-
Net investment in fixed deposits with financial institutions	8	(8,691,634)	1,627,566
Payables and accruals	12	<u>11,553</u>	<u>34,847</u>
Net cash (used in) / from operating activities		<u>(9,206,842)</u>	<u>451,307</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Net Proceeds from units issued	14	10,162,201	8,244,185
Distributions paid in the year	15	<u>(1,135,507)</u>	<u>(480,993)</u>
Net cash generated from financing activities		<u>9,026,694</u>	<u>7,763,192</u>
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(180,148)	8,214,499
CASH AND CASH EQUIVALENTS AT 1 JANUARY		<u>11,313,465</u>	<u>3,098,966</u>
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	11	<u>11,133,317</u>	<u>11,313,465</u>

MATERIAL ACCOUNTING POLICIES

The accounting policies on pages 119 to 128 form part of these financial statements.

1. FINANCIAL RISK MANAGEMENT

The Fund generates revenues for the members by investing in various income generating activities which include trading in the bond market, bank deposits and bank balances. These activities expose the Fund to a variety of financial risks, these include; credit risk, liquidity risk, market risk, operating and business risks. 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 structure

The Fund manager is responsible for identifying and managing risks. The Trustee supervises the fund manager and is ultimately responsible for the overall risk management of the Fund.

a) Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Fund is exposed to credit risk from its operating activities (primarily investments), including deposits with financial institutions and other financial instruments.

The Fund's internal rating process

The Fund's investment team prepares internal ratings for financial instruments in which counterparties are rated using internal grades. These are used to determine whether an instrument has had a significant increase in credit risk and to estimate the expected credit losses (ECL's). The ratings are determined incorporating both qualitative and quantitative information from external parties ratings supplemented with information specific to the counterparty that could affect the counterparty's behaviour. The Fund reassesses the internal credit rating of the financial instruments at every reporting period and considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due as well as other forward-looking information. This would result in change in the internal credit rating. When there has been a significant increase in credit risk since origination the allowance would be based on the life time ECL.

At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions.

The Fund's internal credit rating grades is as follows:

Internal rating grade	Internal rating description
0	High grade
1	High grade
2	Standard grade
3	Sub-standard grade
4	Past due but not impaired
5	Individually impaired

CIC DOLLAR FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 DECEMBER 2024

1. FINANCIAL RISK MANAGEMENT (continued)

a) Credit risk (continued)

Significant increase in credit risk, default, and cure

The Fund continuously monitors all assets subject to ECLs. In order to determine whether an instrument or portfolio of instruments is subject to 12 month ECL (12mECL) or life time ECL (LTECL), the Fund assesses whether there has been a significant increase in credit risk since initial recognition.

The Fund considers that there has been a significant increase in credit risk when any contractual payments are more than 30 days past due. In addition, the Fund also considers a variety of instances that may indicate unlikeliness to pay by assessing whether there has been a significant increase in credit risk. Such events include:

- Internal rating of the counterparty indicating default or near default
- The counterparty having past due liabilities to public creditors or employees
- The counterparty filing for bankruptcy application
- Counterparty's listed debt or equity suspended at the primary exchange because of rumours or facts of financial difficulties.

The Fund considers a financial instrument defaulted and, therefore, credit impaired for ECL calculations in all cases when the counterparty becomes 30 days past due on its contractual payments. The Fund may also consider an instrument to be in default when internal or external information indicates that the Fund is unlikely to receive the outstanding contractual amounts in full. In such cases, the Fund recognises a lifetime ECL.

In rare cases when an instrument identified as defaulted, it is the Fund's policy to consider the financial instrument as "cured" and therefore re-classified out of credit-impaired when none of the default criteria have been present for at least twelve consecutive months.

Credit risk exposure by credit rating

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

31 December 2024

	High grade USD	Standard grade USD	Past due but not impaired USD	Individually impaired USD	Total USD
Demand deposits with financial institutions	11,028,327	-	-	-	11,028,327
Fixed deposits with financial institutions	9,642,832	-	-	-	9,642,832
Offshore unit trust	2,718,299				2,718,299
Bank balances	<u>85,475</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,475</u>
	<u>23,474,933</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,474,933</u>

31 December 2023

	High grade USD	Standard grade USD	Past due but not impaired USD	Individually impaired USD	Total USD
Demand deposits with financial institutions	9,733,021	-	-	-	9,733,021
Fixed deposits with financial institutions	2,446,540	-	-	-	2,446,540
Bank balances	<u>73,357</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,357</u>
	<u>12,252,918</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,252,918</u>

CIC DOLLAR FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 DECEMBER 2024

1. FINANCIAL RISK MANAGEMENT (continued)

a) Credit risk (continued)

The table below indicates the maximum exposure of assets bearing credit risk:

	2024	2023
	USD	USD
Government securities at fair value through profit or loss-Treasury bonds	5,368,732	6,256,636
Fixed deposits with financial institutions	9,642,832	2,446,540
Offshore Unit trust at fair value through profit or loss	2,718,299	-
Demand deposits with financial institutions	11,028,327	9,733,021
Bank balances	<u>85,475</u>	<u>73,357</u>
Totals	<u>28,843,665</u>	<u>18,509,554</u>

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

Impairment losses on financial assets subject to impairment assessment.

The tables below show the credit quality and maximum exposure to credit risk based on the Fund's internal credit rating system and analysis of changes in the gross carrying amount and the corresponding ECL's.

Fixed deposits with financial institutions

	2024	2023
	USD	USD
Gross	9,647,656	2,450,713
Less: Loss allowance	<u>(4,824)</u>	<u>(4,173)</u>
Net carrying amount	<u>9,642,832</u>	<u>2,446,540</u>

Demand deposits with financial institutions

	2024	2023
	USD	USD
Gross	11,047,842	9,745,417
Less: Loss allowance	<u>(19,515)</u>	<u>(12,396)</u>
Net carrying amount	<u>11,028,327</u>	<u>9,733,021</u>

Reconciliation of loss allowance accounts

	At 31 December 2023	(Decrease)/increase in loss allowance	At 31 December 2024
	USD	USD	USD
Fixed deposits with financial institutions	4,173	651	4,824
Demand deposits with financial institutions	<u>12,396</u>	<u>7,119</u>	<u>19,515</u>
	<u>16,569</u>	<u>7,770</u>	<u>24,339</u>

CIC DOLLAR FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 DECEMBER 2024

1. FINANCIAL RISK MANAGEMENT (continued)

a) Credit risk (continued)

	At 31 December 2022	(Decrease)/increase in loss allowance	At 31 December 2023
	USD	USD	USD
Fixed deposits with financial institutions	14,014	(9,841)	4,173
Demand Deposits with financial institutions	<u>11,133</u>	<u>1,263</u>	<u>12,396</u>
	<u>25,147</u>	<u>(8,578)</u>	<u>16,569</u>

Concentration of credit risk is managed by industry sector

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

2024	Financial institutions	Government	Others	Total
Financial assets	USD	USD	USD	USD
Bank balances	85,475	-	-	85,475
Demand deposits with financial institutions	11,028,327	-	-	11,028,327
Fixed deposits with financial institutions	9,642,832	-	-	9,642,832
Offshore unit trust	<u>2,718,299</u>	<u>-</u>	<u>-</u>	<u>2,718,299</u>
	<u>23,474,933</u>	<u>-</u>	<u>-</u>	<u>23,474,933</u>
2023	Financial institutions	Government	Others	Total
Financial assets	USD	USD	USD	USD
Bank balances	73,357	-	-	73,357
Demand deposits with financial institutions	9,733,021	-	-	9,733,021
Fixed deposits with financial institutions	<u>2,446,540</u>	<u>-</u>	<u>-</u>	<u>2,446,540</u>
	<u>12,252,918</u>	<u>-</u>	<u>-</u>	<u>12,252,918</u>

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 the risk of damaging the Fund's reputation.

The table below summarises the maturity profile of the undiscounted cash flows of the Fund's financial assets and liabilities as at 31 December.

CIC DOLLAR FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 DECEMBER 2024

1. FINANCIAL RISK MANAGEMENT (continued)

(a) Liquidity risk (continued)

	<u>6 months or on demand</u>	<u>Between 6 months and 1 year</u>	<u>More than 1 year</u>	<u>Total</u>
	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
31 December 2024				
Financial assets				
Financial assets at fair value through profit or loss-Treasury bonds	-	-	7,914,323	7,914,323
Fixed deposits with financial institutions	4,592,011	2,199,945	3,306,586	10,098,542
Demand deposits with financial institutions	11,047,842	-	-	11,047,842
Bank balances	<u>85,475</u>	<u>-</u>	<u>-</u>	<u>85,475</u>
Total	<u>15,725,328</u>	<u>2,199,945</u>	<u>11,220,909</u>	<u>29,146,182</u>
Financial liabilities				
Financial Liabilities - Payables and accruals	39,831	-	-	39,831
Total	<u>39,831</u>	<u>-</u>	<u>-</u>	<u>39,831</u>
Net liquidity surplus/(gap)	<u>15,685,497</u>	<u>2,199,945</u>	<u>11,220,909</u>	<u>29,106,351</u>
	<u>6 months or on demand</u>	<u>Between 6 months and 1 year</u>	<u>More than 1 year</u>	<u>Total</u>
	<u>USD</u>	<u>USD</u>	<u>USD</u>	<u>USD</u>
31 December 2023				
Financial assets				
Financial assets at fair value through profit or loss-Government Securities	2,083,814	-	6,628,597	8,712,411
Fixed deposits with financial institutions	2,511,096	-	-	2,511,096
Demand deposits with financial institutions	9,733,021	-	-	9,733,021
Bank balances	<u>73,357</u>	<u>-</u>	<u>-</u>	<u>73,357</u>
Total	<u>14,401,288</u>	<u>-</u>	<u>6,628,597</u>	<u>21,029,885</u>
Financial liabilities				
Financial Liabilities - Payables and accruals	47,785	-	-	47,785
Total	<u>47,785</u>	<u>-</u>	<u>-</u>	<u>47,785</u>
Net liquidity surplus/(gap)	<u>14,353,503</u>	<u>-</u>	<u>6,628,597</u>	<u>20,982,100</u>

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: foreign exchange rates (currency risk), market interest rates (interest rate risk) and market prices (price risk).

(i) Price risk

The Fund is exposed to price risk because of its holdings in quoted debt instruments investments, carried at fair value through profit or loss. Exposure to quoted debt instruments in aggregate is monitored to ensure compliance with the relevant regulatory limits for solvency purposes. Investments held are listed and traded on the Nairobi Securities Exchange.

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 DECEMBER 2024

1. FINANCIAL RISK MANAGEMENT

(ii) Price risk (continued)

An increase/decrease of 5% in bond prices would cause the profit for the year and net assets to increase/decrease by USD 206,594 (2023: USD 312,392).

(iii) Interest rate risk

Interest rate risk arises primarily from investments in fixed interest securities that are measured at fair value through profit or loss. The sensitivity analysis for interest rate risk illustrates how changes in the fair value or future cash flows of a financial instrument would fluctuate because of changes in market interest rates at the reporting date.

The Fund's manager monitors the sensitivity of reported interest rate movements on a monthly basis by assessing the expected changes in the different portfolios due to a parallel movement of 5% in all yield curves of financial assets and financial liabilities.

The Fund is not exposed to interest rate risk as all financial assets are at fixed interest rates.

(iv) Foreign exchange risk

The Fund has no financial instruments that would be subject to the foreign exchange risk.

(d) Operational and business risk

Operational risk is the risk of loss arising from systems failure, human error, fraud or external events. When controls fail to operate effectively, operational risks can cause damage to reputation, have legal or regulatory implications, or lead to financial loss. The Fund cannot expect to eliminate all operational risks, but it endeavours to manage these risks through a control framework and by monitoring and responding to potential risks.

The CMA sets out that the book value of the fund's investment should not exceed the statutory limits:

Statutory limits	Security	Allowed limit	Fund's investment
Securities by government of Kenya 80%	Kenya government treasury bills and treasury bonds	80%	34%
Cash and cash equivalents 80%	Bank deposits and cash balances	80%	66%
Related party balances 10%	Related party balances	10%	0%

e) Custody Risk

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

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 DECEMBER 2024

2. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Determination of fair value and fair value hierarchy

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

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments traded on exchanges.

Level 2 – 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 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components. This hierarchy requires the use of observable market data when available. The Fund considers relevant and observable market prices in its valuations where possible.

	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
At 31 December 2024				
Government securities at fair value through profit or loss	5,368,732	-	-	5,368,732
Offshore Unit trust at fair value through profit or loss	<u>2,718,299</u>	-	-	<u>2,718,299</u>
	<u>8,087,031</u>	<u>-</u>	<u>-</u>	<u>8,087,031</u>
	Level 1 USD	Level 2 USD	Level 3 USD	Total USD
At 31 December 2023				
Government securities at fair value through profit or loss	<u>6,256,636</u>	-	-	<u>6,256,636</u>
	<u>6,256,636</u>	<u>-</u>	<u>-</u>	<u>6,256,636</u>

CIC DOLLAR FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 DECEMBER 2024

3.	INVESTMENT INCOME	2024	2023
	Analysed as follows:	USD	USD
(a)	Other interest income		
	Interest on treasury bonds at fair value through profit or loss	297,580	556,499
	Interest on offshore Investment	<u>18,299</u>	<u>-</u>
		<u>315,879</u>	<u>556,499</u>
(b)	Interest income calculated using effective interest rate method		
	At amortised cost		
	Interest on fixed deposits with financial institutions	521,570	222,680
	Interest on demand deposits with financial institutions	<u>680,531</u>	<u>208,998</u>
		<u>1,202,101</u>	<u>431,678</u>
4.	FAIR VALUE GAINS ON FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	2024	2023
		USD	USD
(a)	Fair value gains on Government bonds (note 7)	<u>212,096</u>	<u>221,394</u>
(b)	ALLOWANCE FOR EXPECTED CREDIT LOSSES		
	Increase/ (Decrease) in allowance for expected credit losses- fixed deposits (note 8)	651	(9,841)
	Increase in allowance for expected credit losses- demand deposits (note 9)	<u>7,119</u>	<u>1,263</u>
		<u>7,770</u>	<u>(8,578)</u>
5.	OPERATING EXPENSES	2024	2023
		USD	USD
	Fund management fees	338,133	157,456
	Trustee's fee	51,003	23,420
	Custodial fee	36,351	17,569
	Audit fees	955	766
	Other operating expenses	<u>-</u>	<u>72</u>
		<u>426,442</u>	<u>199,283</u>
6.	INCOME TAX EXPENSE		

The Fund is exempt from income tax. However, it withholds tax on interest distributed to unit holders.

CIC DOLLAR FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 DECEMBER 2024

7. TREASURY BONDS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024 USD	2023 USD
As at 1 January	6,256,636	4,035,242
Additions	2,800,000	2,250,000
Disposal	(3,900,000)	(250,000)
Fair value gain	<u>212,096</u>	<u>221,394</u>
	<u>5,368,732</u>	<u>6,256,636</u>
Maturity analysis		
Maturing between 1 year and 5 years	2,454,660	2,621,520
Maturing in more than 5 years	<u>2,914,072</u>	<u>3,635,116</u>
	<u>5,368,732</u>	<u>6,256,636</u>

The weighted average effective interest rate on treasury bonds as at 31 December 2024 was 8% p.a. (2023: 7.30%)

8. FIXED DEPOSITS WITH FINANCIAL INSTITUTIONS

	2024 USD	2023 USD
Co-Operative Bank Kenya Ltd	-	839,727
CFC Stanbic Bank Ltd	9,647,656	956,022
Victoria Commercial Bank	-	654,964
Gross deposits	<u>9,647,656</u>	<u>2,450,713</u>
Allowance for expected credit losses	<u>(4,824)</u>	<u>(4,173)</u>
Net deposits	<u>9,642,832</u>	<u>2,446,540</u>
Maturing within 3 months	-	1,494,691
Maturing between 3 months and 12 months	<u>9,647,656</u>	<u>956,022</u>
	<u>9,647,656</u>	<u>2,450,713</u>

ALLOWANCE FOR EXPECTED CREDIT LOSSES

As at 1 January	4,173	14,014
Increase/ (Decrease) in allowance for expected credit losses	<u>651</u>	<u>(9,841)</u>
As at 31 December	<u>4,824</u>	<u>4,173</u>

The weighted average effective interest rate on fixed deposits as at 31 December 2024 was 7.29%p.a. (2023: 8.44%)

CIC DOLLAR FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 DECEMBER 2024

9.	DEMAND DEPOSITS WITH FINANCIAL INSTITUTIONS	2024 USD	2023 USD
	NCBA Bank Kenya Limited	-	1,300,641
	Co-operative Bank of Kenya Limited	293,267	-
	National Bank of Kenya Limited	163,214	-
	Family Bank Kenya Ltd	7,510,035	3,934,027
	Middle East Bank Limited	-	2,838,811
	SBM Bank	135,381	-
	Victoria Commercial Bank Limited	<u>2,945,945</u>	<u>1,671,938</u>
		<u>11,047,842</u>	<u>9,745,417</u>
	Allowance for expected credit losses	<u>(19,515)</u>	<u>(12,396)</u>
	Net deposits	<u>11,028,327</u>	<u>9,733,021</u>
	Maturity analysis		
	Maturing within 90 days	<u>11,047,842</u>	<u>9,745,417</u>
	ALLOWANCE FOR EXPECTED CREDIT LOSSES		
	As at 1 January	12,396	11,133
	Increase in allowance for expected credit losses	<u>7,119</u>	<u>1,263</u>
	As at 31 December	<u>19,515</u>	<u>12,396</u>
	The weighted average effective interest rate on demand deposits as at 31 December 2024 was 5.74% p.a (2023: 6.13%).		
10.	OFFSHORE UNIT TRUST AT FAIR VALUE THROUGH PROFIT OR LOSS	2024 USD	2023 USD
	As at 1 January	-	-
	Additions	2,700,000	-
	Fair value gain	<u>18,299</u>	-
		<u>2,718,299</u>	-
11	CASH AND CASH EQUIVALENTS	2024 USD	2023 USD
	a) Bank balances	85,475	73,357
	b) Demand deposits with financial institutions (note 9)	11,047,842	9,745,417
	c) Fixed deposits with financial institutions (note 8)	-	<u>1,494,691</u>
		<u>11,133,317</u>	<u>11,313,465</u>
	There are no cash & cash equivalents that are not available for fund's day to day operations.		
12	PAYABLES AND ACCRUALS	2024 USD	2023 USD
	Audit fees	955	766
	Trustee and custody fees	24,578	26,461
	Due to CIC Asset Management Limited	<u>33,805</u>	<u>20,558</u>
		<u>59,338</u>	<u>47,785</u>

CIC DOLLAR FUND
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 31 DECEMBER 2024

13. RELATED PARTY BALANCES AND TRANSACTIONS

CIC Dollar Fund is managed by CIC Asset Management Limited as its Fund manager. CIC Asset Management Limited is a subsidiary of The CIC Insurance Group PLC which is a holding Company and owns a number of other subsidiaries which are sister companies to CIC Asset Management Limited. The Fund transacts with the Fund Manager. There have been no guarantees provided for any related party payables.

There were no provisions made, or amounts written off on related party balances during the year. The amounts due to related parties are non-interest bearing and the balances are not secured.

As at 31 December 2024, the balances and transactions with related parties were as follows:

	2024 USD	2023 USD
Investment held on behalf of related party CIC Asset Management Limited	<u>790,776</u>	<u>266,494</u>
Transactions with related party during the year are as follows:		
CIC Asset Management Limited Management fees (Note 5)	338,133	157,456
Custodial fees charged by Co-operative Bank of Kenya Limited (Note 5)	36,351	17,569
Due to CIC Asset Management (note 11)	<u>33,805</u>	<u>20,558</u>

Due to related parties relates to management fees owed to CIC Asset Management Limited.

14. TRANSACTIONS OF UNITS

	2024 USD	2023 USD
Purchases	24,688,335	16,671,164
Sales	<u>(14,526,134)</u>	<u>(8,426,979)</u>
Net proceeds	<u>10,162,201</u>	<u>8,244,185</u>

15. DISTRIBUTION

The total income paid to unit holders during the year totalled USD 1,135,507 (2023: USD 480,993).

16. CURRENCY

The financial statements are presented in the Fund's functional currency, United States Dollar (USD).

17. CONTINGENT LIABILITIES AND COMMITMENTS

There were no contingent liabilities and commitments during the year.

18. EVENTS AFTER THE REPORTING PERIOD

There are no events after the reporting date that would require adjustments to, or disclosure in, the financial statements.

19. REGISTRATION

The Fund is registered in Kenya under the Capital Markets (Collective Investment Schemes) Regulations, 2023

CIC DOLLAR FUND
PERFORMANCE RECORD
FOR THE PERIOD ENDED 31 DECEMBER 2024
Appendix vi (Unaudited)

	2022	2023	2024
Growth rate	20%	91%	56%

The closing, lowest and highest daily and annual yield of the units of the Fund

	2022	2022	2023	2023	2024	2024
	Daily Yield	Annual Yield	Annual Yield	Annual Yield	Daily Yield	Annual Yield
	% p.a.	% p.a.	% p.a.	% p.a.	% p.a.	% p.a.
Closing unit price	3.57%	3.62%	5.30%	5.43%	5.19%	5.32%
Lowest unit price	2.06%	2.11%	3.48%	3.61%	4.68%	4.79%
Highest unit price	3.90%	3.95%	5.56%	5.70%	5.36%	5.49%

The total Fund value, number of units and net income distributed is as shown below:

	2022	2023	2024
	USD	USD	USD
Total Fund value (USD)	9,679,711	18,461,769	28,784,326
Number of units in issue	9,679,711	18,461,769	28,784,326
Net income distributed (% of units held)	3.13%	2.61%	3.94%

CIC UNIT TRUST SCHEME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

1. MATERIAL ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements are prepared on a going concern basis in compliance with IFRS Accounting Standards and the requirements of the Capital Markets Authority Act. The financial statements have been prepared on a historical cost basis, except otherwise stated in the accounting policies below. The financial statements are presented in Kenya Shillings (Kshs), save for the CIC Dollar Fund, which is also the functional currency.

The financial statements comprise the statement of profit or loss and other comprehensive income, statements of financial position, statements of changes in equity, statements of cash flows, and notes to the financial statement. Income and expenses, excluding the components of other comprehensive income, are recognised in the profit or loss. Other comprehensive income is recognised in the statement of comprehensive income and comprises items of income and expenses (including reclassification adjustments) that are not recognised in the profit or loss as required or permitted by IFRS. Transactions with the owners of the Company in their capacity as owners are recognised in the statement of changes in equity.

The funds present their statement of financial position broadly in order of liquidity from the least liquid to the most liquid. An analysis regarding recovery or settlement within twelve months after the reporting date (current) and more than 12 months after the reporting date (non-current) is presented in the notes.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Scheme's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

(b) New and amended standards and interpretations

The table below provides a summary of (i) new standards and amendments that are effective for the first time for periods commencing on or after 1 January 2024 (i.e. years ending 31 December 2024), and (ii) forthcoming requirements, being standards and amendments that will become effective on or after 1 January 2024.

i. New standards and amendments – applicable 1 January 2024

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 January 2024:

CIC UNIT TRUST SCHEME
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2024

1. MATERIAL ACCOUNTING POLICIES (continued)

(b) New and amended standards and interpretations (continued)

i. New standards and amendments – applicable 1 January 2024 (continued)

Title	Key requirements	Effective Date *
Amendment to IFRS 16 – Leases on sale and leaseback	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.	1 January 2024
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	The IASB amended IAS 1 to require entities to disclose their material rather than their significant accounting policies. The amendments define what is 'material accounting policy information' and explain how to identify when accounting policy information is material. They further clarify that immaterial accounting policy information does not need to be disclosed. If it is disclosed, it should not obscure material accounting information.	1 January 2024
Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12	<p>The amendments to IAS 12 Income Taxes require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.</p> <p>The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:</p> <ul style="list-style-type: none"> • right-of-use assets and lease liabilities, and • decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets. The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable. Some entities may have already accounted for such transactions consistent with the new requirements. These entities will not be affected by the amendments. 	1 January 2024

Adoption of these standard did not have a material impact of the Company's financial reporting.

CIC UNIT TRUST SCHEME
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

1. MATERIAL ACCOUNTING POLICIES (continued)

(b) New and amended standards and interpretations (continued)

ii. New and amended standards in issue but not yet effective in the year ended 31 December 2024.

Title	Key requirements	Date *
Amendments to IAS 21, 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability (Amendments to IAS 21)	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..	Annual periods beginning on or after 1 January 2025
Amendment to IFRS 9, "Financial Instruments" and IFRS 7, "Financial Instruments: Disclosures" - Classification and Measurement of Financial Instruments	These amendments: <ul style="list-style-type: none"> clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI). 	Annual periods beginning on or after 1 January 2026
IFRS 18, 'Presentation and Disclosure in Financial Statements'	The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. 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'	Annual periods beginning on or after 1 January 2027
IFRS 19, 'Subsidiaries without Public Accountability'	The objective of IFRS 19 is to provide reduced disclosure requirements for subsidiaries, with a parent that applies the Accounting Standards in its consolidated financial statements. IFRS 19 is a voluntary Accounting Standard that eligible subsidiaries can apply when preparing their own consolidated, separate or individual financial statements.	Annual periods beginning on or after 1 January 2027

* applicable to reporting periods commencing on or after the given date.

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

2. MATERIAL ACCOUNTING POLICIES (continued)

(c) Revenue recognition

Interest income is recognised in the statement of profit or loss as it accrues and is calculated by using the effective interest rate (EIR) method. Interest income is recognised using EIR method for all financial assets measured at amortised cost. Interest income on interest bearing financial assets measured at fair value through OCI under IFRS 9 is also recorded using the EIR method. The EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or liability or when appropriate, a shorter period, to the gross carrying amount of the financial asset.

The EIR (and therefore the amortised cost of the financial asset) is calculated taking into account transaction costs and any discount or premium on acquisition of the financial asset, as well as fees and costs that are an integral part of the EIR. The Fund recognises interest income using the EIR method.

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 sale proceeds and the original or amortised cost and are recorded on occurrence of the sale transaction.

(d) Provisions

Provisions for liabilities are recognised when there is a present obligation (legal or constructive) resulting from a past event, it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate can be made of the monetary value of the obligation. Where the Fund expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(e) Expenses

Expenses are recognised in profit or loss when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably and is independent from transactions with equity participants. This means, in effect, that recognition of expenses occurs simultaneously with the recognition of an increase in liabilities or a decrease in assets.

- i) When economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined expenses are recognised in profit or loss on the basis of systematic and rational allocation procedures. This is often necessary in recognizing the expense associated with the using up of assets such as property and equipment in such cases the expense is referred to as a depreciation or amortisation. These allocation procedures are intended to recognize expenses in the accounting periods in which the economic benefits associated with these items are consumed or expire.
- ii) An expense is recognised immediately in profit or loss when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, or cease to qualify, for recognition in the statement of financial position as an asset.

CIC UNIT TRUST SCHEME
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024

1. MATERIAL ACCOUNTING POLICIES (continued)

(f) Fair value measurement

The scheme measures financial instruments such as investment in government securities at fair value at each reporting date. Fair value disclosures for financial instruments at fair value or where fair value is disclosed are summarised in note 4 to the financial statements of the four funds.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the scheme. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The scheme uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2-Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3-Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the scheme determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. For the purpose of fair value disclosures, the scheme has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

1. MATERIAL ACCOUNTING POLICIES (continued)

(g) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the scheme's business model for managing them. With the exception of other receivables, which do not contain significant financing component, the scheme initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Financial assets

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Scheme's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the scheme commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in two categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

The Scheme measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Scheme's financial assets at amortised cost includes bank balances, deposits with financial institutions, demand deposits with financial institutions, commercial papers and corporate bonds.

Business model assessment

The scheme determines its business model at the level that best reflects how it manages groups of financial assets to achieve its business objective.

The scheme holds financial assets to generate returns and provide a capital base to provide for settlement of fund withdrawals as they arise. The Fund considers the timing, amount, and volatility of cash flow requirements to support the financial need of the fund in determining the business model for the assets as well as the potential to maximise return for shareholders and future business development.

The expected frequency, value, and timing of asset sales are important aspects of the scheme's assessment.

The business model assessment is based on reasonably expected scenarios without taking "worst case" or "stress case" scenarios into account. If cash flows after initial recognition are realised in a way that is different from the scheme's original expectations, the scheme does not change the classification of the remaining financial assets held in that business model but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

1. MATERIAL ACCOUNTING POLICIES (continued)

(g) Financial instruments (continued)

The SPPI test

As a second step of its classification process the scheme assesses the contractual terms to identify whether they meet the SPPI test.

"Principal" for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significance elements of interest within a debt arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the scheme applies judgement and considers relevant factors such as the period for which the interest is set.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

The scheme funds have designated government securities and classified quoted equity instruments in this category.

Derecognition

Derecognition other than for substantial modification

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Funds statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Funds have transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Funds have transferred substantially all the risks and rewards of the asset, or (b) the Funds have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Funds have transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Fund continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Funds also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Fund has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Fund could be required to repay.

1. MATERIAL ACCOUNTING POLICIES (continued)

(g) Financial instruments (continued)

Derecognition

Derecognition due to substantial modification of terms and conditions

The Funds derecognises a financial asset when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new instrument, with the difference recognised as derecognition gain or loss. When assessing whether or not to derecognise an instrument, amongst others, the Fund considers the following factors: introduction of an equity feature, change in counterparty and if the modification is such that the instrument would no longer meet the SPPI criterion.

If the modification does not result into cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Funds records a modification gain or loss.

Impairment of financial assets

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL).

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The scheme has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Overview of ECL principles

The calculation of ECLs

The scheme calculates ECLs based on three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. Company considers three scenarios (a base case, optimistic (upside) and pessimistic (downside), which are weighted at 30%, 30% and 40% respectively. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- | | |
|-----|---|
| PD | The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio. |
| EAD | The Exposure at Default is an estimate of the exposure at a future default date, considering expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments. |
| LGD | The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD. |

The maximum period for which the credit losses are determined is the contractual life of a financial asset at amortised cost unless the Fund has the legal right to call it earlier.

The scheme allocates its assets subject to ECL calculations into these categories determined as follows:

12mECL-The 12mECL is calculated as the portion of the LTECL that represents the ECL that result from default events on a financial instrument that are possible within 12 months after the reporting date. The Fund calculates the 12mECL allowance based on the expectation of a default occurring within 12 months following the reporting date.

LTECL-This is recorded when a financial instrument has shown a significant increase in credit risk since origination.

Impairment-For debt instruments considered credit-impaired, the scheme recognises the lifetime expected credit losses for these instruments.

CIC UNIT TRUST SCHEME
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2024
1. MATERIAL ACCOUNTING POLICIES (continued)

(g) Financial instruments (continued)

Write offs

Financial assets are written off either partially or in entirety only when the scheme has stopped pursuing the recovery. If the amount to be written off is greater than the accumulated loss allowance, the difference is first treated as an addition to the allowance that is then applied against the gross carrying amount. Any subsequent recoveries are credited to credit loss expense. There were no write offs over the period reported in these financial statements.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss if they meet the definition for trading or at amortised cost.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

The Funds have not designated any financial liability at fair value through profit or loss.

Other payables

After initial recognition, other payables are subsequently measured at amortised cost using the EIR method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or (where appropriate) a shorter period, to the carrying amount on initial recognition. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

This category generally applies to other payables and the net assets attributable to unitholders.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset, and the net amount reported in the statement of financial position only when there is a current and legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expenses will not be offset in the profit or loss unless required or permitted by any accounting standard or interpretation, as specifically disclosed in the accounting policies of the A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

1. MATERIAL ACCOUNTING POLICIES (continued)

(g) Taxation

The scheme is exempt from income tax, but it withholds tax on interest paid out to unit holders on regular basis.

(h) 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 and fixed deposits maturing within three months from the reporting date are designated as cash and cash equivalents.

(i) Going concern

Trustee has assessed the scheme's ability to continue as a going concern and is satisfied that the scheme has the resources to continue in business for the foreseeable future. Trustee is not aware of any other material uncertainties that may cast significant doubt on the scheme's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING THE FUND'S ACCOUNTING POLICIES

In the process of applying the scheme's accounting policies described above, the trustee has made estimates and assumptions that have a significant effect on the amounts recognized in the financial statements that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key areas of judgment in applying the scheme's accounting policies relates to the following:

(a) Impairment of financial assets

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 company 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 Company 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.

(b) Fair value of financial assets

Where the fair values of financial assets and financial liabilities recorded on the statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of discounted cash flow models and/or mathematical models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgment is required to establish fair values. The judgments include considerations of liquidity risk, credit risk, and model inputs such as volatility for longer dated derivatives and discount rates, prepayment rates and default rate assumptions for asset backed securities. For discounted cash flow analysis, estimated future cash flows and discount rates are based on current market information and rates applicable to financial instruments with similar yields, credit quality and maturity characteristics. Estimated future cash flows are influenced by factors such as economic conditions (including country specific risks), concentrations in specific industries, types of instruments or currencies, market liquidity and financial conditions of counterparties. Discount rates are influenced by risk free interest rates and credit risk. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer to note 4 for the four funds for details.

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