

GENAFRICA UNIT TRUST SCHEME

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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CORPORATE TRUSTEE

KCB Bank Kenya Limited
7th Floor, KCB Towers, Upper Hill
P.O. Box 30664 - 00100
Nairobi, Kenya.

REGISTERED OFFICE

1st Floor, Arlington Block
14 Riverside
P.O. Box 79217 - 00200
Nairobi, Kenya.

FUND MANAGER

GenAfrica Asset Managers Limited
1st Floor, Arlington Block
14 Riverside
P.O. Box 79217 - 00200
Nairobi, Kenya.

CUSTODIAN

Standard Chartered Bank of Kenya Limited
Chiromo, 48 Westlands Road
P.O. Box 40984 - 00100
Nairobi, Kenya.

INDEPENDENT AUDITOR

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

The Corporate Trustee has the pleasure in submitting the GenAfrica Unit Trust Scheme (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 03 February 2022 as GenAfrica Unit Trust Scheme. The Scheme is registered with the Capital Markets Authority and approved under the Income Tax Act, 2012. The Scheme is tax exempt and only withholds and pays to Kenya Revenue Authority applicable tax on interest distributed to the Unitholders.

GenAfrica Unit Trust Scheme is an umbrella with three sub - Funds each of which is described below:

1. GenAfrica Money Market Fund

The primary objective of the GenAfrica Money Market Fund is to achieve a reasonable level of return while preserving capital and liquidity. The Fund primarily invests in high quality money market instruments with maturity profile to ensure liquidity and optimal income generation. It started its operations in December 2022.

2. GenAfrica Equity Fund

The primary objective of GenAfrica Equity Fund is to achieve long term capital appreciation by investing in a diversified portfolio of equity securities of East African companies. The Fund is yet to start operations.

3. GenAfrica Fixed Income Fund

The primary objective of GenAfrica Fixed Income Fund is to seek medium term stability and growth of capital consistent with moderate investment risk and a reasonable level of income in the Kenyan Market. The Fund is yet to start operations.

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 Corporate Trustee who is responsible for its affairs. It is an approved collective investment scheme within the meaning of the Capital Markets (Collective Investment Schemes) Regulations, 2023.

CHANGES TO INCORPORATION DOCUMENTS

There were no changes made to the incorporation documents (Prospectus, Trust deed and Rules of the Scheme) during the year.

INVESTMENT

Under the terms of their appointment, GenAfrica Asset Managers Limited is the Fund Manager and supports the Corporate Trustee in the investment decisions. The overall responsibility for investment and performance lies with the Corporate Trustee.

SCHEME PERFORMANCE

The performance record of the Scheme's sub - Fund is as shown below:

a) Maximum and minimum yield

The highest and lowest absolute yields for the previous years is as per the table below:

Fund	Year	Highest Yield (%)	Lowest Yield (%)
GenAfrica Money Market Fund	2024	17.26	11.13
	2023	16.62	6.22

b) Income distribution

The profit realised by the Fund for the year has been distributed to unitholders as per the table below:

Fund	2024	2023
	Shs	Shs
GenAfrica Money Market Fund	173,844,295	14,973,595

c) Fund value

The total value of the Fund, number of units and unit price at the end of the year is as shown below:

Fund	Year	Total Fund value (Shs)	Number of units in issue
GenAfrica Money Market Fund	2024	2,367,824,074	2,367,824,074
	2023	419,149,924	419,149,924

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

STATEMENT OF DISCLOSURE TO THE SCHEME'S AUDITOR

With respect to the Corporate Trustee at the time this report was approved:

- there is, so far as the Corporate Trustee is aware, no relevant audit information of which the Scheme's auditor is unaware; and
- the Corporate Trustee has taken all the steps that the Corporate Trustee ought to have taken as a Corporate Trustee so as to be aware of any relevant audit information and to establish that the Scheme's auditor is aware of that information.

TERMS OF APPOINTMENT OF THE AUDITOR

PricewaterhouseCoopers LLP was appointed and continue in office in accordance with the Scheme's Trust Deed and the Capital Markets (Collective Investments Schemes) Regulations, 2023.

The Corporate Trustee monitors the effectiveness, objectivity and independence of the auditor. This responsibility includes the approval of the audit engagement contract and the associated fees on behalf of the unitholders.

For: KCB BANK KENYA LTD.

Representing Corporate Trustee

27 MARCH 2025

For: KCB BANK KENYA LTD.

Representing Corporate Trustee

The Capital Markets Act requires the Corporate Trustee to prepare financial statements for each financial year which give a true and fair view of the financial position of the Scheme at the end of the financial year and its financial performance for the year then ended.

The Corporate Trustee is responsible for ensuring that the Scheme keeps proper accounting records that are sufficient to show and explain the transactions of the Scheme; disclose with reasonable accuracy at any time the financial position of the Scheme; and that enables them to prepare financial statements of the Scheme that comply with prescribed financial reporting standards and the requirements of the Capital Markets (Collective Investments Schemes) Regulations, 2023. They are also responsible for safeguarding the assets of the Scheme and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Corporate Trustee accepts responsibility for the preparation and presentation of these financial statements in accordance with IFRS Accounting Standards and in the manner required by the Capital Markets (Collective Investments Schemes) Regulations, 2023. 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 Scheme's ability to continue as a going concern, the Corporate Trustee is not aware of any material uncertainties related to events or conditions that may cast doubt upon the Scheme's ability to continue as a going concern.

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

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

For: KCB BANK KENYA LTD.


CORPORATE TRUSTEE
Representing Corporate Trustee

For: KCB BANK KENYA LTD.


CORPORATE TRUSTEE
Representing Corporate Trustee

GENAFRICA MONEY MARKET FUND

Dear Unitholder,

The GenAfrica Money Market Fund aims to deliver a competitive rate of return relative to average banks' fixed deposits. The Fund is conservative in nature and seeks capital preservation while offering ease of access to liquidity.

In 2024, the Fund recorded a return of 15.98% over 12 months. This was supported by allocation to fixed deposits and treasury securities which offer a competitive return. This return was competitive despite the upward trend on interest rates for most of the year.

Review of operating environment and outlook

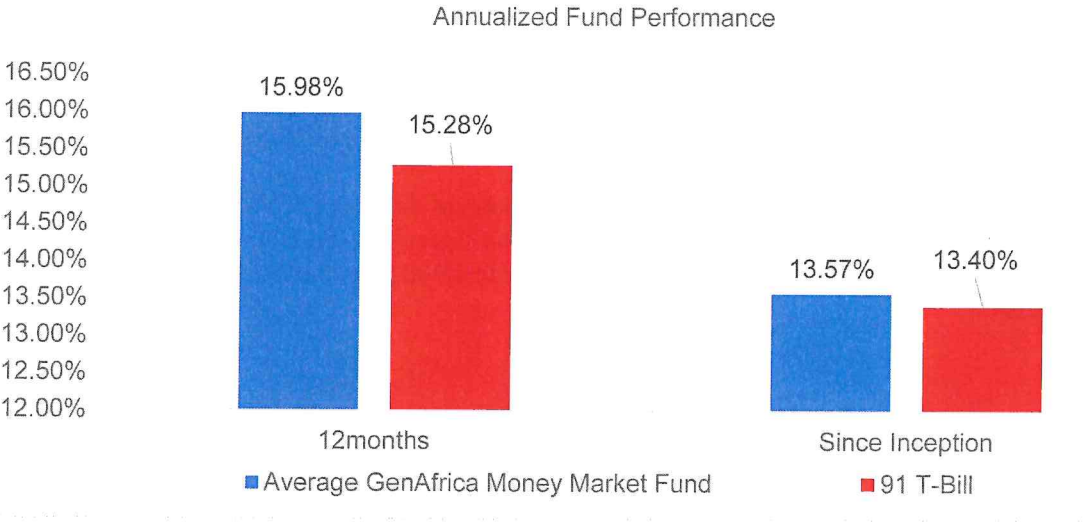
In 2024, liquidity in the money markets experienced a significant tightening, with interbank rates averaging 12.98%, up from 9.82% in 2023. Treasury bill rates rose sharply, with the 91-day, 182-day, and 364-day papers averaging 15.23%, 15.74%, and 16.04% over the year, reflecting increases of 3.12%, 3.40%, and 3.37%, respectively. However, rates started to decline in the fourth quarter, closing the year at 9.89%, 10.02%, and 11.41% for the 91-day, 182-day, and 364-day papers, respectively.

In 2024, the Central Bank of Kenya raised Shs 1.40 trillion in treasury bill sales, an increase from Shs 1.38 trillion raised the previous year. This increase in collection was driven by the government's increased reliance on domestic borrowing, as external markets offered unfavourable borrowing conditions. Investors predominantly favoured shorter-dated papers, seeking to mitigate duration risk amidst heightened economic volatility. Investors favoured the 91-day paper as they sought to minimize duration risk amid heightened market volatility.

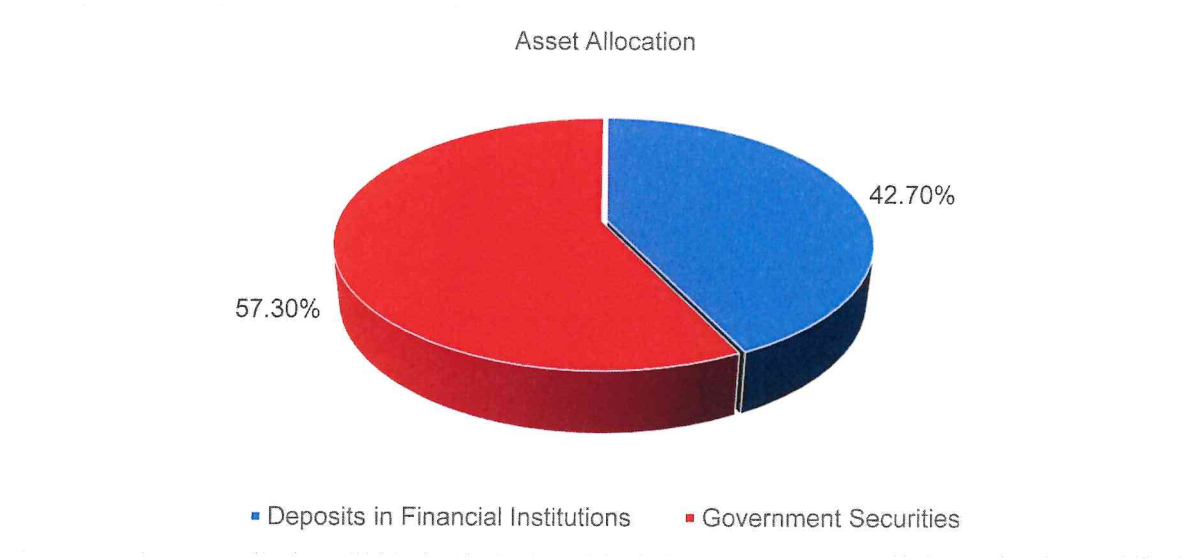
The monetary policy committee increased Central bank rates by 50 basis points, from 12.50% in 2023 to 13% in 2024. This is to support the currency and curb inflation. The rate remained unchanged throughout the first half of the year. With inflation moderating and currency stabilizing in the second half, the MPC implemented three rates cuts in the second half of the year, reducing the policy rate by a total of 1.75% to 11.25% in December 2024.

In 2024, annual inflation averaged 4.53%, a 3.16% decline compared to an average of 7.69% recorded in 2023, driven by broad decline across all indices. The transport index fell by 6.75% to an average of 5.41%, the housing, gas, electricity and other fuels index declined by 4.08% to 4.03% while the food index dropped by 4.13% to an average of 5.63%.

GenAfrica Money Market Fund Performance



GenAfrica Money Market Fund Asset Allocation



Signed on behalf of the Fund Manager

27 MARCH 2025

In accordance with the Capital Markets (Collective Investment Schemes) Regulations, 2023 and the Custody Agreement between Standard Chartered Bank Kenya Limited as the Custodians and GenAfrica Asset Managers Limited as the Fund Manager, we confirm that for the year ended 31 December 2024:

- a) we have discharged the duties prescribed for a Custodian under the Capital Markets (Collective Investment Schemes) Regulations, 2023 to the GenAfrica Unit Trust Scheme; and
- b) we have held the assets for the GenAfrica Money Market Fund, a sub- Fund of GenAfrica Unit Trust Scheme, including securities and income that accrue thereof, to the order of the Fund Manager and facilitated the transfer, exchange or delivery in accordance with the instructions received from the Fund Manager.



By order of the Custodian
Standard Chartered Bank Kenya Limited

27 MARCH 2025



INDEPENDENT AUDITOR'S REPORT TO THE UNITHOLDERS OF GENAFRICA UNIT TRUST SCHEME

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of GenAfrica Money Market Fund (the "Fund"), a sub-Fund of the GenAfrica Unit Trust Scheme (the "Scheme") set out on pages 11 to 26 which comprise the statement of financial position at 31 December 2024, the statements of profit or loss and other comprehensive income, changes in unitholder 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 GenAfrica Money Market Fund as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards and the requirements of the Capital Markets (Collective Investments 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 Scheme 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 ethical responsibilities in accordance with the IESBA Code.

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the Fund's financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

There were no key audit matters identified from our audit.

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.

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

Other information (continued)

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 (Collective Investments 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 Scheme's 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 Scheme or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Scheme's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustee.



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

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

- Conclude on the appropriateness of 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 Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures 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 Scheme 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.

FCPA Kang'e Saiti - Practicing Certificate Number 1652
Engagement partner responsible for the audit

For and on behalf of PricewaterhouseCoopers LLP
Certified Public Accountants
Nairobi

 **27 March 2025**

GENAFRICA MONEY MARKET FUND

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2024 Shs	13 months ended 31 December 2023 Shs
Investment income	5	211,339,652	16,834,011
Administrative expenses	6	(37,495,358)	(1,860,415)
Profit before income tax		173,844,294	14,973,595
Income tax expense		-	-
Profit for the year/ period		173,844,294	14,973,595
Other comprehensive income		-	-
Total comprehensive income for the year/ period		173,844,294	14,973,595

STATEMENT OF FINANCIAL POSITION

	Notes	2024 Shs	2023 Shs
ASSETS			
Bank balances	9	44,353,763	-
Investment balances	10	2,331,120,508	420,544,823
TOTAL ASSETS		2,375,474,271	420,544,823
LIABILITIES			
Unitholder balances		2,367,824,074	419,149,924
Accruals and other payables	8	7,650,197	1,394,899
TOTAL LIABILITIES		2,375,474,271	420,544,823

The financial statements on page 11 to 26 were approved for issue by the Corporate Trustee on:

27 MARCH 2025 and signed on its behalf by:

For: KCB BANK KENYA LTD.

Representing Corporate Trustee

For: KCB BANK KENYA LTD.

CORPORATE TRUSTEE

Representing Corporate Trustee

STATEMENT OF CHANGES IN UNITHOLDER BALANCES

	Year ended 31 December 2024 Shs	13 months ended 31 December 2023 Shs
At start of year/ period	419,149,924	-
Total comprehensive income	173,844,294	14,973,595
Transactions with unitholders		
Units purchased	2,644,379,666	531,525,285
Units liquidated	(841,747,022)	(125,031,229)
Withholding tax on distributions	(27,802,788)	(2,317,727)
Total transactions with unitholders	1,774,829,856	404,176,329
At end of year/ period	2,367,824,074	419,149,924

STATEMENT OF CASH FLOWS

	Notes	Year ended 31 December 2024 Shs	13 months ended 31 December 2023 Shs
Cash flows from operating activities			
Profit before taxation		173,844,294	14,973,595
Changes in working capital			
- Accruals and other payables		6,255,298	1,394,899
- Investment balances		(1,910,575,685)	(420,544,823)
Net cash used in operating activities		(1,730,476,093)	(404,176,329)
Cash flow from financing activities			
Contribution from unitholders		2,644,379,666	531,525,285
Liquidations by unitholders		(841,747,022)	(125,031,229)
Withholding tax on distributions		(27,802,788)	(2,317,727)
Net cash generated from financing activities		1,774,829,856	404,176,329
Net increase in cash and cash equivalents		44,353,763	-
At start of the year/ period		-	-
At end of the year/ period	9	44,353,763	-

Notes

1 General information

The Fund started operations on 08 December 2022 and is governed by a Trust Deed dated 03 February 2022, the Fund is registered with the Capital Markets Authority and is domiciled in Kenya. The address of its registered office is.

GenAfrica Asset Managers Limited
1st Floor, Arlington Block
14 Riverside
P.O. Box 79217 – 00200
Nairobi, Kenya.

2 Summary of material accounting policies

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

(a) Basis of preparation

The financial statements have been prepared in accordance with IFRS Accounting Standards. The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The financial statements are presented in Kenya Shillings (Shs).

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires the Trustee to exercise its judgement in the process of applying the Fund's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

(b) Changes in accounting policy and disclosures

(i) *New standards, amendments, and interpretations effective and adopted by the fund during the year*

The Fund has adopted the following new standards and amendments during the year ended 31 December 2024, including consequential amendments to other standards with the date of initial application by the Company being 1 January 2024. None of the standards adopted had a material effect on the Fund's financial statements.

New standard or amendment	Effective date
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	1 January 2024
Supplier Finance Arrangements (IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosure')	1 January 2024

Notes (continued)

2 Summary of material accounting policies (continued)

(b) Changes in accounting policy and disclosures (continued)

(iii) Standards, amendments, and interpretations not effective and not yet adopted by the Fund

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Fund. These standards are not expected to have a material impact on the Fund in future reporting periods and on foreseeable future transactions.

New amendments or interpretation	Effective for annual periods beginning on or after
The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability (Amendments to IAS 21)	1 January 2025
Amendment to IFRS 9, "Financial Instruments" and IFRS 7, "Financial Instruments: Disclosures" - Classification and Measurement of Financial Instruments	1 January 2026
IFRS 18, 'Presentation and Disclosure in Financial Statements'	1 January 2027
IFRS 19, 'Subsidiaries without Public Accountability'	1 January 2027

(c) Revenue recognition

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Fund and the amount of income can be measured reliably. Interest income is accrued on a time basis by reference to the principal outstanding at the effective interest rate applicable.

(d) Income tax

The Fund is tax exempt and only withholds and pays to Kenya Revenue Authority applicable tax on interest distributed to the unitholders.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash at the bank and short-term liquid investments which are readily convertible into known amounts of cash, and which were within three months of maturity when acquired.

(f) Financial instruments

(i) Classification and impairment of financial assets

The Fund classifies its financial assets into the following measurement categories:

- those measured subsequently at fair value through profit or loss (FVTPL); and
- those measured at amortised cost.

(ii) Recognition and derecognition

Regular purchases and sales of financial assets are recognized on the trade date, the date on which the Fund commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Fund has transferred substantially all risks and rewards of ownership.

Notes (continued)

2 Summary of material accounting policies (continued)

(f) Financial instruments (continued)

(iii) Measurement

At initial recognition, the Fund measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. The Fund classifies all financial assets as subsequently measured at amortized cost.

Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds.

Classification and subsequent measurement of debt instruments depends on:

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

(iv) Impairment

The Fund assesses on a forward-looking basis the expected credit loss associated with its financial instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

No impairment loss is recognized on financial assets measured at FVTPL

The Fund recognizes loss allowance at an amount equal to either 12-month ECLs or lifetime ECLs. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument, whereas 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date.

The Fund will recognize loss allowances at an amount equal to lifetime ECLs, except in the following cases, for which the amount recognized will be 12-month ECLs:

- Financial instruments that are determined to have low credit risk at the reporting date. The Fund will consider a financial instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment-grade'; and
- Other financial instruments for which credit risk has not increased significantly since initial recognition.

Notes (continued)

2 Summary of material accounting policies (continued)

(f) Financial instruments (continued)

Measurement of expected credit losses

ECLs are a probability-weighted estimate of credit losses and will be measured as follows:

- financial assets that are not credit-impaired at the reporting date: the present value of all cash shortfalls - i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Fund expects to receive;
- financial assets that are credit-impaired at the reporting date: the difference between the gross carrying amount and the present value of estimated future cash flows.

An asset is credit-impaired if one or more events have occurred that have a detrimental impact on the estimated future cash flows of the asset.

Expected credit losses

Expected credit losses are computed as a product of the Probability of Default (PD), Loss Given Default (LGD) and the Exposure at Default (EAD).

$$\text{ECL} = \text{PD} \times \text{LGD} \times \text{EAD}$$

In applying the IFRS 9 impairment requirements, the Fund follows the general approach:

Under the general approach, at each reporting date, the Fund determines whether the financial asset is in one of the three stages below, to determine both the amount of ECL to recognize as well as how interest income should be recognized.

- **Stage 1** - where credit risk has not increased significantly since initial recognition. For financial assets in stage 1, the Fund will recognize 12-month ECL and recognize interest income on a gross basis - this means that interest will be calculated on the gross carrying amount of the financial asset before adjusting for ECL.
- **Stage 2** - where credit risk has increased significantly since initial recognition. When a financial asset transfers to stage 2, the Fund will recognize lifetime ECL, but interest income will continue to be recognized on a gross basis.
- **Stage 3** - where the financial asset is credit impaired. This is effectively the point at which there has been an incurred loss event for financial assets in stage 3, the Fund will continue to recognize lifetime ECL, but they will now recognize interest income on a net basis. As such, interest income will be calculated based on the gross carrying amount of the financial asset less ECL.

The changes in the loss allowance balance are recognized in profit or loss as an impairment gain or loss.

The key inputs into the measurement of ECL are the term structures of the following variables:

- Probability of Default (PD);
- Loss Given Default (LGD); and
- Exposure at Default (EAD).

To determine lifetime and 12-month PDs, the Fund uses internally developed PD tables based on the default history of obligors with the same credit rating. The Fund adopts the same approach for unrated investments by mapping them to the equivalent external credit ratings.

Notes (continued)

2 Summary of material accounting policies (continued)

(f) Financial instruments (continued)

LGD is the magnitude of the likely loss if there is a default. The Fund estimates LGD parameters based on the history of recovery rates of claims against defaulted counterparties. The LGD models consider the structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset.

EAD represents the expected exposure in the event of a default. The Fund derives the EAD from the current exposure to the counterparty and potential changes to the current amount allowed under the contract, including amortization, and prepayments. The EAD of a financial asset is its gross carrying amount.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Fund measures ECL considering the risk of default over the maximum contractual period over which it is exposed to credit risk, even if, for risk management purposes, the Fund considers a longer period. Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped based on shared risk characteristics, which include instrument type; credit risk gradings, collateral type, date of initial recognition, remaining term to maturity, industry and geographic location.

Financial liabilities

Financial liabilities are initially recognized at fair value and subsequently measured at amortized cost. Financial liabilities are derecognized when they have been redeemed or otherwise extinguished. The Fund classifies all financial liabilities as subsequently measured at amortized cost

(g) Functional and presentational currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "Functional Currency"). The financial statements are presented in "Kenyan Shillings" (Shs), which is the Fund's presentation currency.

(h) Distribution

All income or loss arising from investment is distributed to unitholders after provision of all expenses. All distributions including unclaimed distributions are reinvested in the unitholders' accounts.

(i) Unitholder balances

Unitholders' funds are redeemable on demand at an amount equal to a proportionate share of the unit portfolio's net asset value. The balances are carried at the redemption amount that is payable at the financial reporting date if the holder exercised their right to redeem the balances.

3 Critical accounting estimates and judgements

In the process of applying the Fund's accounting policies, management has made estimates and judgements in valuation of financial instruments as discussed in Note 2(f). Estimates and judgements 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 impairment requirements of IFRS 9 require the Trustee judgement, estimates and assumptions, particularly in the following areas: assessing whether the credit risk of an instrument has increased significantly since initial recognition; and incorporating forward-looking information into the measurement of ECLs.

Notes (continued)

4 Financial risk management objectives and policies

The Fund generates revenues for the members by investing in various income generating activities which involve trading in various short terms securities. These activities expose the Fund to a variety of financial risks, including credit risk and the effects of changes in market dynamics. The Trust Deed sets out the investment policy and management of the Fund's assets to minimize potential adverse effects on its financial performance.

Risk management is carried out by the Fund Manager, GenAfrica Asset Managers Limited. The Fund Manager identifies, evaluates and manages financial risks, with emphasis on specific areas such as interest rate risk, credit risk and investing excess liquidity.

The Fund's risk management policies include the use of guidelines governing the acceptance of clients and investment policies are in place which help manage liquidity and seek to maximize return within an acceptable level of interest rate risk.

The Capital Markets Authority (CMA) sets out that the book value of the Fund's investments should not exceed the following limits:

- Cash and cash equivalents up to - 100%
- Unlisted securities in East African Community Partner - 10%
- Securities issued by the Government of Kenya - 100%
- Other collective investment schemes - 20%
- Other alternative investments - 10%
- Off-shore unlisted investments - 5%
- Offshore listed investments - 10%

The maximum weighted average tenor for the Money Market fund is eighteen(18) months.

The Fund had complied with these requirements as at 31 December 2024.

(a) Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Fund. In accordance with the Funds' policy, the Fund manager monitors the Fund's credit position on a daily basis, and it is reviewed on a quarterly basis by the Fund's Investments Committee.

The amount that best represents the Fund's maximum exposure to credit risk on 31 December 2024.

	2024	2023
	Shs	Shs
Bank balances (Note 9)	44,353,763	-
Investment balances (Note 10)	2,331,120,543	420,544,823
	<hr/>	<hr/>
	2,375,474,271	420,544,823
	<hr/>	<hr/>

Notes (continued)

4 Financial risk management objectives and policies (continued)

(b) Liquidity risk

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

The Fund is exposed to daily withdrawal of funds by investors. The Fund maintains cash balances to meet all of these needs as experience shows that a certain amount of withdrawals are requested daily and can be predicted with a high level of certainty. The Fund Manager and the Trustee closely monitor the proportion of maturing funds available to meet such calls and the minimum level of funds that should be in place to cover withdrawals at unexpected levels of demand.

The table below analyses the Fund's financial liabilities and unitholder balances that will be settled on a net basis into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

	Due on demand Shs	Due within 3 months Shs	Total Shs
At 31 December 2024			
Unitholder balances	2,367,824,074	-	2,367,824,074
Due to related parties (Note 11(b))	-	4,275,585	4,275,585
	<hr/>	<hr/>	<hr/>
	2,367,824,074	4,275,585	2,372,099,659
	<hr/>	<hr/>	<hr/>
At 31 December 2023			
Unitholder balances	419,149,924	-	419,149,924
Due to related parties (Note 11(b))	-	704,521	704,521
	<hr/>	<hr/>	<hr/>
	419,149,924	704,521	419,854,445
	<hr/>	<hr/>	<hr/>

(c) Market risk

(i) Cashflow and fair value interest rate risk

The Fund's interest-bearing financial assets are commercial paper, government corporate bonds and deposits with financial institutions, which are at a fixed rate, and on which it is therefore not exposed to cash flow and interest rate risk. The Fund Manager regularly monitors financing options available to ensure optimum interest rates are obtained.

(ii) Foreign exchange risk

At 31 December 2024, the Fund had no exposure to foreign exchange risk (2023: Nil).

Notes (continued)

4 Financial risk management objectives and policies (continued)

(c) Market risk (continued)

(iii) Price risk

At 31 December 2024, the Fund had no exposure to price risk (2023: Nil).

(d) Fair value estimation

For the Fund, all investments are measured at amortized cost.

(e) Capital management

The capital of the Fund is represented by unitholder balances. The amount of unitholder balances can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unitholders. The Fund's objectives when managing capital are to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders.

5 Investment income	2024 Shs	2023 Shs
Deposit with financial institutions	98,229,837	14,353,895
Government bonds	94,051,041	1,622,937
Government bills	19,058,774	857,179
	<u>211,339,652</u>	<u>16,834,011</u>
6 Administrative expenses		
Management fees	24,352,308	1,272,711
Income tax expense	-	112,893
Allowance for expected credit loss - Bank balances (Note 9)	254,266	-
Allowance for expected credit loss - Investments (Note 10)	12,888,784	474,811
	<u>37,495,358</u>	<u>1,860,415</u>
Total expense ratio	<u>2%</u>	<u>2%</u>

The management fees of 2% is inclusive of the Corporate Trustee fees, custody fees, commissions, audit fees and AGM costs which are paid by the sponsor.

Total commissions for dealings in the year were Shs 1,550,322 (2023: Shs 30,934).

7 Taxation

The Fund is registered under the Income Tax Act, 2012 and is exempt from income tax. However, the Fund withholds tax on interest distributed to unitholders as per the Kenya Revenue Authority legal notice.

Notes (continued)

8. Accruals and other payables	2024 Shs	2023 Shs
Withholding tax payable	3,094,808	690,378
Accruals	279,804	-
Due to related parties (Note 11(b))	4,275,585	704,521
	<hr/>	<hr/>
	7,650,197	1,394,899
	<hr/>	<hr/>

9 Bank balances

Cash at bank	44,608,029	-
Provision for expected credit losses	(254,266)	-
	<hr/>	<hr/>
	44,353,763	-
	<hr/>	<hr/>

The balance relates to cash balances held in the bank collection accounts.

10 Investment balances

(i) Movement in impairment provisions	2024 Shs	2023 Shs
At start of year	474,811	-
Increase in the year	12,888,784	474,811
	<hr/>	<hr/>
At end of year	13,363,595	474,811
	<hr/>	<hr/>

Notes (continued)

10 Investment balances

(ii) Maturity profile of investments

	Upto 1 year Shs	Due within 1 to 5 years Shs	Allowance for ECL Shs	Total Shs
At 31 December 2024				
Deposits with financial institutions	975,505,243	-	(5,560,376)	969,944,867
Government securities	432,994,863	935,983,997	(7,803,219)	1,361,175,641
	1,408,500,106	935,983,997	(13,363,595)	2,331,120,508
At 31 December 2023				
Deposits with financial institutions	351,392,774	-	(461,443)	350,931,331
Government securities	44,202,304	25,424,556	(13,368)	69,613,492
	395,595,078	25,424,556	(474,811)	420,544,823

GenAfrica Money Market Fund
Financial statements
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Notes (continued)

10 Investment balances

(iii) Movement in investment balances

	At 01 January 2024	Purchase at cost	Sales/maturities	Amortized	Accrued interest	Provision for ECL December 2024	At 31 December 2024
	Shs	Shs	Shs	Shs	Shs	Shs	Shs
Year ended 31 December 2024							
Deposits with financial institutions	350,931,331	4,666,156,409	(4,140,273,777)	-	98,229,837	(5,098,933)	969,944,867
Government securities	25,419,675	879,877,416	(63,369,699)	9,817,317	84,233,724	(2,463,229)	933,515,204
Treasury bills	44,193,817	449,734,468	(80,000,000)	19,058,774	-	(5,326,622)	427,660,437
	420,544,823	5,995,768,293	(4,283,643,476)	28,876,091	182,463,561	(12,888,784)	2,331,120,508
	At 01 December 2022	Purchase at cost	Sales/maturities	Amortized	Accrued interest	Provision for ECL December 2023	At 31 December 2023
	Shs	Shs	Shs	Shs	Shs	Shs	Shs
Year ended 31 December 2023							
Deposits with financial institutions	-	1,260,613,670	(911,361,986)	-	2,141,090	(461,443)	350,931,331
Government securities	-	24,820,124	(155,869)	59,712	700,589	(4,881)	25,419,675
Treasury bills	-	43,345,125	-	857,179	-	(8,487)	44,193,817
	-	1,328,778,919	(911,517,855)	916,891	2,841,679	(474,811)	420,544,823

Notes (continued)

11 Related party transactions

GenAfrica Money Market Fund is a sub-Fund of GenAfrica Unit Trust Scheme. GenAfrica Asset Managers Limited (GAAM) is the appointed Fund manager of the Fund.

During the year the following transactions were carried out with related parties.

(a) Transactions with related parties	2024 Shs	2023 Shs
GenAfrica Asset Managers Limited		
Investment into the Fund	140,314,095	13,129,849
Management fees (Note 6)	24,352,308	1,272,711
	<hr/>	<hr/>
	164,666,403	14,402,560
	<hr/>	<hr/>

The management fees above relate to the fees charged by GenAfrica Asset Managers Limited for the assets under management. The fee is inclusive of Value Added Tax (VAT).

GenAfrica Asset Managers Limited bears the audit fees on behalf of GenAfrica Money Market Fund.

(b) Due to related parties	2024 Shs	2023 Shs
GenAfrica Asset Managers Limited		
Outstanding management fees	4,227,844	637,203
Reimbursable expenses	47,741	67,318
	<hr/>	<hr/>
	4,275,585	704,521
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