CPF BALANCED FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2025

Table of contents **Page No**

Corporate information 1

Report of the Trustee 2-3

Fund manager's report 4-7

Custodian's report 8

Independent auditor's report 9-11

Financial statements:

Statement of profit or loss and other comprehensive income 12

Statement of financial position 13

Statement of changes in net assets available 14

Statement of cash flows 15

Notes to the financial statements 16-26

Corporate Trustee	KCB Bank Kenya Limited KCB Towers 7th Floor, Upper Hill Junction of Kenya Road & Hospital Road P.O. Box 30664-00100 Nairobi, Kenya
Registered office	CPF House, 5th floor Haile Selassie Avenue P.O. Box 28938-00200 Nairobi, Kenya
Fund Manager	CPF Asset Managers Limited Haile Selassie Avenue P.O. Box 28938-00200 Nairobi, Kenya
Custodian	NCBA Bank Kenya Limited Mara Rd, Upperhill P.O. Box 44599-00100 Nairobi, Kenya
Auditor	PricewaterhouseCoopers LLP Certified Public Accountants PwC Tower Waiyaki Way/Chiromo Road,Westlands P.O. Box 43963-00100 Nairobi, Kenya

The Corporate Trustee of the CPF Unit Trust Funds is pleased to present its report to the unit holders for the year ended 31 December 2025.

Compliance with the Capital Markets (Collective Investment Schemes) Regulations, 2023

In accordance with the Capital Markets (Collective Investment Schemes) Regulations, 2023, the Trust Deed between KCB Bank Kenya Ltd (the "Trustee") and CPF Asset Managers Limited (the "Fund Manager"), and the Information Memorandum, we confirm that during the year under review:

- The Trustee has fulfilled all duties and responsibilities prescribed under the Regulations and the Trust Deed.
- The Fund was operated in accordance with the approved scheme documents, the Regulations, and applicable laws.

Oversight of Fund Manager Activities

The Trustee has exercised continuous oversight over the Fund Manager's activities and confirms that:

- All investment decisions were made within the investment policy, strategy, and limits set out in the fund documents and the Regulations.
- The Fund Manager adhered to the investment powers granted and did not exceed the mandate conferred by the Trust Deed or the Regulations.
- Pricing, valuation, unit creation, and redemption processes were reviewed periodically and found to be in compliance with regulatory requirements.

Management of Conflicts of Interest

The Trustee confirms that:

- No conflicts of interest were identified that would prejudice the interests of the unit holders.
- The interests of all participants were treated as paramount in all matters relating to the scheme.

Review of Irregularities and Undesirable Practices

In line with regulatory obligations:

- The Trustee monitored the scheme for any irregularities or undesirable practices.
- Where concerns arise, the Trustee is required to notify the Fund Manager and, where not resolved, to notify the Authority.
- For the period under review, no irregularities or undesirable practices were observed.

Custody and Safeguarding of Assets

The Trustee has ensured that all fund assets were properly held, registered, and safeguarded for the benefit of unit holders.

Trustee's Opinion

Based on the oversight performed during the year, the Trustee is satisfied that:

- The Fund was managed in accordance with applicable regulations and the governing documents.
- The Fund Manager conducted its duties with due skill, care, and diligence.
- Unit holders' interests were adequately protected throughout the year.

Signed for and on behalf of the Corporate Trustee

KCB Bank Kenya Limited

For: KCB BANK KENYA LTD.

CORPORATE TRUSTEE

[Authorized Signatory]

Date 22 APRIL 2026

For: KCB BANK KENYA LTD.

CORPORATE TRUSTEE

[Authorized Signatory]

Date 22 APRIL 2026

Dear Unit Holder,

The Fund Manager presents the report and financial statements for the period ended 31 December 2025.

In 2025, the Fund recorded a return of 4.7% over 12 months. The performance was supported by income generated from fixed income investments.

Establishment, nature and status of the Funds

The Fund was established and is governed by a trust deed dated 6 August 2024 as CPF Unit Trust Funds. The Fund commenced operations on 1st January 2025. The Funds are 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 investment objective of the CPF Balanced Fund is to maximize total returns for unitholders, by preserving and growing the real value of both capital and income. The fund places equal emphasis on generating income and achieving capital growth.

The fund is a unit trust, 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 fund is 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

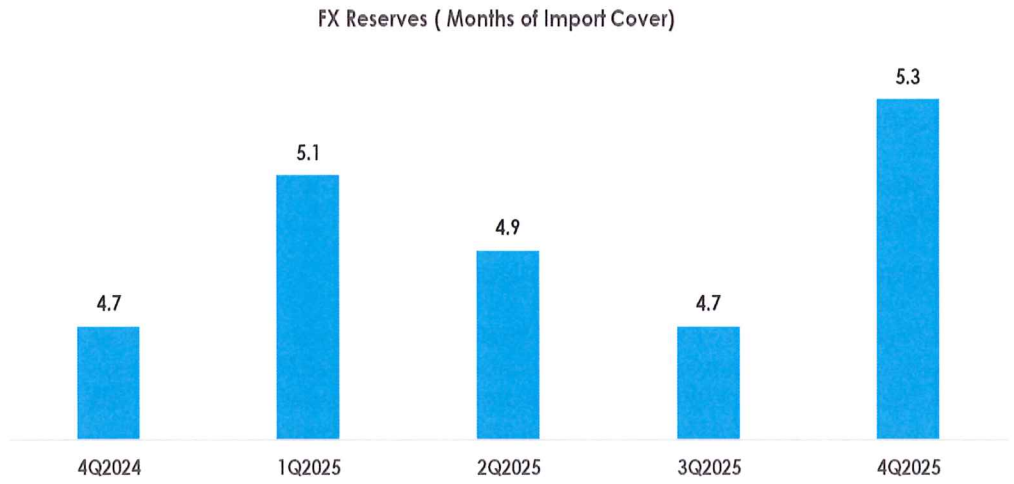
The statement of profit or loss and other comprehensive income for the CPF Balanced Fund on page 12 shows a profit for the year of KShs 15,825 and the statement of financial position on page 13 shows that the unit holder balances as at 31 December 2025 amounted to KShs 3,129,227

Review of operating Environment and Outlook

Economic Performance: Kenya's economy demonstrated resilience in 2025 despite global headwinds. The first 3 quarters of the year recorded an average growth of 4.9%, supported by improved agricultural performance and growth in service sectors. The International Monetary Fund(IMF) projects the global economy to sustain its growth at 2025 levels, maintaining growth at 2.67%.

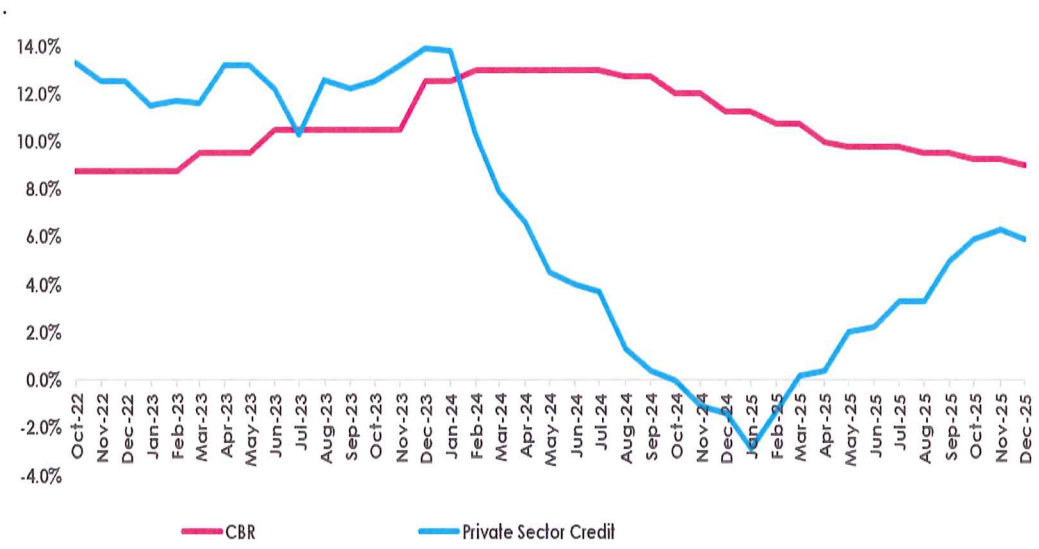
Inflation: The average 2025 annual inflation slightly eased to 4.1% from 4.5% recorded the previous year. The drop in inflation was mainly supported by lower food and fuel prices in the period under review. Inflation remains within the Central Bank's medium-term range of 2.5%-7.5% that is necessary to support vibrant economic activity.

Exchange rate: The local currency slightly appreciated by 0.23% against the USD closing at KES 129. However, the shilling weakened by 7.1% against the Sterling Pound and 12.4% against the Euro. Foreign exchange reserves rose to 5.3 months of import cover, driven by CBK interventions. In 2026, stability is expected supported by improving balance of payment dynamics, steady growth in diaspora remittances and government measures of fiscal policies that have smoothed maturities on external financing.



Source: Central Bank of Kenya

Interest Rate – Central Bank Rate : The Monetary Policy Committee revised the Central Bank Rate (CBR) downwards six times during the year, from 11.25% to 9.00%, resulting in a cumulative reduction of 225 basis points in 2025. This aimed to support credit uptate and domestic demand. Private Sector Credit grew 5.0% in December 2025 compared to a contradiction of 2.9% at the beginning of the year.



Source: Central Bank of Kenya

Interest rate- Government Securities: Interest rates on government securities declined significantly during 2025, driven by monetary policy easing, improved foreign exchange liquidity, and enhanced overall market liquidity. Yields on government bonds decreased by an average of 145 basis points over the period.

Treasury bill rates also followed a downward trajectory throughout the year. As at 31 December 2025, yields stood at 7.73%, 7.80%, and 9.21% for the 91-day, 182-day, and 364-day tenors, respectively, compared to 9.89%, 10.02%, and 11.41% recorded as at 31 December 2024.

Treasury Bill Rates			
Tenor	**31-Dec-25**	**31-Dec-25**	**Year Change**
91- Day	7.73%	9.89%	-2.16%
182 Day	7.80%	10.02%	-2.22%
364 Day	9.21%	11.41%	-2.20%

Source: Central Bank of Kenya

Equities Markets: The equities market recorded strong positive performance in 2025, performance primarily driven by gains in the banking, manufacturing, and telecommunications sectors. The Nairobi All Share Index (NASI) gained 51.1% year-on year, while the NSE 20 Index gained 56.1% year-on-year, and the NSE-10 Index increased by 50.9% year-on-year.

Fund Performance

In 2025, the Fund recorded a return of 4.7% over 12 months. The performance was supported by income generated from fixed income investments.

The performance record of the Fund is as shown below:

(a) Minimum and maximum yield.

The highest and lowest prices for the year 2025 were as follows:

Year 2025	Highest Price	Lowest Price
Quarter 1	100.84	99.99
Quarter 2	103.32	100.87
Quarter 3	105.66	102.45
Quarter 4	108.22	105.71

(b) Income distribution

The income realized by the fund for the year 2025 has been distributed to unitholders as per the table below;

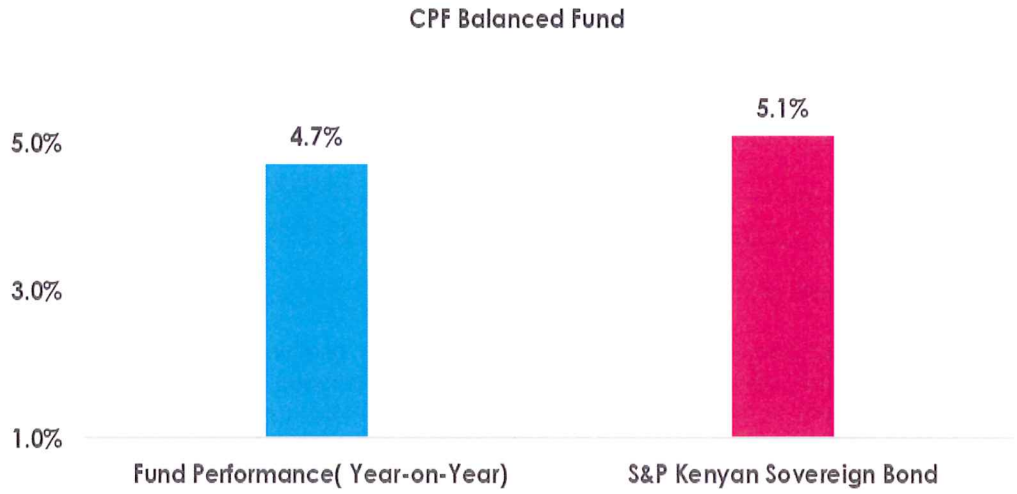
Year 2025	Amount (Kes)
Financial year 2025	15,825

(c) Fund value

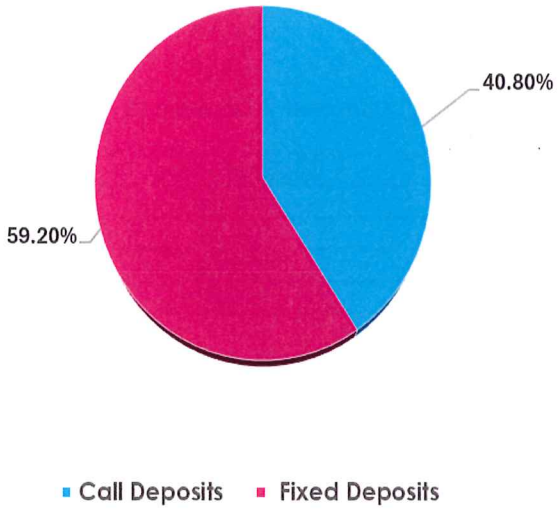
The total value of the fund, number of units and unit price for the year 2025 is as shown below.

Year 2025	Total Fund Value (Kes)	Number of Units in Issue	Net Income Distributed per Unit (Kes)
Financial year 2025	3,129,227	3,129,227	0.005

The chart below summarizes performances of the Fund for the year ended 31st December 2025 against relevant benchmark.



CPF Balanced Fund Asset Allocation



Signed for and on behalf of the Fund Manager
CPF Asset Managers Limited

[Director]
Date 22 APRIL 2026

[Director]
Date 22 APRIL 2026

In accordance with the Capital Markets (Collective Investment Schemes) Regulations, 2023 (the 'Regulations') and the Custody Agreement between NCBA Bank Kenya Limited as the Custodian and CPF Asset Managers Limited as the Fund Manager, we confirm:

(a) we have discharged the duties prescribed for a Custodian under Regulation 68 of the Regulations, to the CPF Balanced Fund;

(b) for the period ended 31 December 2025, we have held the assets for the CPF Balanced Fund; including securities and income that accrue thereof, to the order of the Trustee and facilitated the transfer, exchange or delivery in accordance with the instructions received from the Fund Manager.

Signed on behalf of the Custodian
Date: 17/04/2026

NCBA CUSTODIAL SERVICES P. O. Box 44599 - 00100 NAIROBI, KENYA

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Independent auditor's report to the Trustee of CPF Balanced Fund

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of CPF Balanced Fund (the "Fund") set out on pages 12 to 26 which comprise the statement of financial position as at 31 December 2025, the statements of profit or loss and other comprehensive income, changes in net assets available for benefits, and its cash flows for the period 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 CPF Balanced Fund as at 31 December 2025 and of its financial performance and its cash flows for the period then ended in accordance with IFRS Accounting Standards and the requirements of the Capital Markets (Collective Investment Schemes) Regulations, 2023.

Basis for opinion

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

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period.

We have determined that there were 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 and will not express any form of assurance conclusion thereon. 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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Partners: J Aroi E Kerich P Kiambi B Kimacia M Mugasa F Muriu P Ngahu R Njoroge S O Norbert's B Okundi K Saiti

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Independent auditor's report to the Trustee of CPF Balanced Fund (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 Investment Schemes) Regulations, 2023, and for such internal controls as the Trustee determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

- 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 Fund's internal control;

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

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Independent auditor's report to the Trustee of CPF Balanced Fund (Continued)

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

- 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 Fund'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 Fund to cease to continue as a going concern; and

- 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 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 Patrick Kiambi, Practicing Certificate Number 2056
Engagement partner responsible for the audit

For and on behalf of PricewaterhouseCoopers LLP
Certified Public Accountants
Nairobi

22 April **2026**

UNIQUE CODE: 83694260422

Statement of profit or loss and other comprehensive income

	Notes	2025 Shs '000
Investment income	5	203
Total Income		203
Operating expenses	6	(187)
Profit before income tax		16
Income tax expense		-
Profit for the period		16
Other Comprehensive Income		-
Total comprehensive income for the period		16

Statement of financial position

	Notes	2025 Shs '000
ASSETS		
Current assets		
Bank Balances	9	-
Deposits with financial institutions	8	3,303
Total assets		3,303
LIABILITIES		
Current liabilities		
Trade payables	11	174
Liabilities (excluding unit holders balances)		174
Unit holder balances	10	3,129
Total Liabilities		3,303

The financial statements on pages 12 to 26 were approved and authorised for issue by the Fund manager on 22 APRIL 2026 and were signed on behalf of the Fund manager by:

Director:

Director:

Statement of changes in net assets available

	Note	2025 Shs '000
At start of period		-
Net movement in units traded	10	3,113
Profit before distribution to unit holders	10	16
Unit holder balances at end of period		3,129

Statement of cash flows

	Note	2025 Shs '000
Cashflow from operating activities		
Profit before taxation		16
Changes in operating activities		
Fees payable	11	173
Deposits with financial institutions	8	(3,303)
Net cash from operating activities		(3,114)
Cashflows from financing activities		
Net movement in units	10	3,113
Withholding tax on distribution	10	1
Net cash flow from financing activities		3,114
Net increase in cash and cash equivalents		-
Cash at the beginning of the period		-
Cash and Cash Equivalents at the end of the period		-

Notes

1 General information

The Fund started operations on 1 January 2025, and is governed by a Trust Deed dated 16 August 2024, is registered with the Capital Markets Authority and is domiciled in Kenya. The address of its registered office is:

CPF House, 5th floor
Haile Selassie Avenue
P.O. Box 28938-00200
Nairobi

2 Material accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

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

2 Material accounting policies

(b) Changes in accounting policy and disclosures

(i) New and amended standards adopted by the Fund.
The Fund has applied the following amendments for the first time for their reporting period ended 31 December 2025. The amendments did not have any impact on the amounts recognised in the current period and are not expected to significantly affect future periods.

Title	Effective date	Key requirements
Amendments to IAS 21, 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability (Amendments to IAS 21)	Annual periods beginning on or after 1 January 2025	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations.

Notes (continued)

2 Material accounting policies (continued)

(b) Changes in accounting policy and disclosures

(i)New and amended standards adopted by the Fund (continued)

The amendments listed above are not expected to significantly affect the current or future periods

(ii) Standards, amendments and interpretations issued but not yet effective (continued)

Title	Effective date	Key requirements
Amendment to IFRS 9, "Financial Instruments" and IFRS 7, "Financial Instruments: Disclosures" - Classification and Measurement of Financial Instruments	Annual periods beginning on or after 1 January 2026	These amendments: • 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).
IFRS 19, 'Subsidiaries without Public Accountability'	Annual periods beginning on or after 1 January 2027	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.

Notes (continued)

2 Material accounting policies (continued)

(b) Changes in accounting policy and disclosures

(ii) Standards, amendments and interpretations issued but not yet effective (continued)

Title	Effective date	Key requirements
IFRS 18, 'Presentation and Disclosure in Financial Statements'	Annual periods beginning on or after 1 January 2027	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'.

These standards, amendments or interpretations are not expected to have a material impact on the Fund in the current or future reporting periods and on foreseeable future transactions.

(c) Revenue recognition

Interest income from a financial asset is recognised 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 and at the effective interest rate applicable which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset net the carrying amount on initial recognition..

(d) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Fund operates ('the Functional Currency'). The financial statements are presented in Kenya Shillings rounded off to the nearest thousand (Shs'000) which is the Funds's functional and presentation currency.

Notes (continued)

2 Material accounting policies (continued)

(e) Financial instruments

(i) Classification and impairment of financial assets

The Fund carries its financial assets at amortised cost.

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/ (losses) together with foreign exchange gains and losses.

(ii) Recognition and Derecognition

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

(iii) Measurement

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

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

Classification and subsequent measurement of debt instruments depends on:

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

Business model: the business model reflected how the Fund manages the assets in order to generate cash flows. Factors considered by the Fund in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel and how risks are assessed and managed.

SPPI: Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Fund assesses whether the financial instruments' cash flows represent solely payments of principal and interest ('SPPI test').

In making this assessment, the Fund considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

The Fund reclassifies debt investments when and only when its business model for managing those assets changes.

Notes (continued)

2 Material accounting policies (continued)

(e) Financial instruments

(iv) Impairment

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

The Fund's ECL model applies to the following financial instruments that are not measured at FVTPL or FVOCI:
Corporate bonds and commercial papers;
Deposits with financial institutions;
and Cash and bank balances.

No impairment loss is recognised on financial assets measured at FVPL.

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

- 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.

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; and
- 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).

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 recognise as well as how interest income should be recognised.

Notes (continued)

2 Material accounting policies (continued)

(e) Financial instruments

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

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

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.

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 amortisation, and prepayments. The EAD of a financial asset is its gross carrying amount.

(f) Financial liabilities

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

(g) Cash and bank balances

Cash and bank balances includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

(h) Income tax

The Fund is tax exempt and only withholds and pays to Kenya Revenue Authority (KRA) applicable tax on interest distributed to the unit holders.

Notes (continued)

3 Critical judgement in applying the Fund's accounting policies

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(e). 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.

Impairment losses

Estimates are made in determining the expected credit losses on financial assets. Such estimates include the determination of probabilities of default including the use of forward-looking information, and of losses given default. Impairment of deposits with financial institutions are disclosed in note 8.

4 Financial risk management objectives and policies

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

Risk management is carried out by the Fund Manager, CPF 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 maximise return within an acceptable level of interest rate risk.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Fund. The Fund is exposed to credit risk from its operating activities (primarily investments), including deposits with financial institutions and other financial instruments.

In accordance with the Fund's 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.

(a) Credit risk (continued)

In order to determine whether an instrument is subject to 12 months ECL or Life Time ECL, 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

The table below shows the credit quality and maximum exposure to credit risk based on the Fund's internal credit rating system and year end stage classification and analysis of changes in the gross carrying amount and the corresponding ECL' s.

	Gross Shs'000	Loss allowance Shs'000	Balance Shs'000
At 31 December 2025			
Cash at bank (Note 9)	-	-	-
Deposits with financial institutions (Note 8)	3,318	15	3,303
	3,318	15	3,303

Notes (continued)

4 Financial risk management objectives and policies (continued)

(b) Interest rate risk

The Fund's interest - bearing financial assets are commercial papers, government securities, corporate bonds and deposits with financial institutions, which are at 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 .

(c) 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 invest ors. 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. Management closely monitors the proportion of maturing funds available to meet such calls and on the minimum level of funds that should be in place to cover withdrawals at unexpected levels of demand.

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

At 31 December 2025:	Less than 1 year Shs'000	Total Shs'000
Financial assets		
Deposits with financial institutions (Note 8)	3,303	3,303
Financial liabilities		
Other payables and accruals (Note 11)	(174)	(174)
Liquidity gap	3,129	3,129

d) Capital management

The capital of the Fund is represented by unit holders' balances. The amount of unit holder liabilities can change significantly on a daily basis as the Fund is subject to daily subscriptions and redemptions at the discretion of unit holders.

The Fund's objectives when managing capital are to safeguard the Fund's ability to continue as a going concern in order to provide returns for unitholders.

(e) Foreign exchange risk

At 31 December 2025, the Fund had no significant exposure to foreign exchange risk.

Notes (continued)

4 Financial risk management objectives and policies (continued)

(f) Price risk

The Fund invests in financial instruments that are measured at amortised cost. Therefore, the Fund is not exposed to price risk associated with fluctuations in market prices.

5 Investment income

	2025 Shs'000
Interest Income-Fixed deposit	104
Interest income -Demand deposit	99
	203

6 Administrative and operating expenses

The following items have been charged in arriving at profit before income tax:

	2025 Shs'000
Management Fees	65
Trustee Fees	4
Custody Fees	3
Audit fees	100
Expected credit loss on deposits with financial institutions	15
	187

Total Expense Ratio (TER)
Total expenses to the annual average Net Asset Value was 6% in 2025.

		2025
	Total expenses	187
	Management fee	65
	Average management fee rate	2%
	TER	**6%**

*Management fees are accrued at a rate not exceeding 5% of the daily market value of the total assets.
**Trustees fees are accrued at the agreed rate based on the daily market value of the total assets.
***Custody fees are accrued at the agreed rate based on the daily market value of the total assets.

7 Taxation

The unit trust is registered under the Income Tax (Unit Trusts/ Collective Investment Schemes) Rules, 2003 and is exempt from income tax. However, the Fund withholds tax on interest distributed to unit holders.

Notes (continued)

8	**Investments**	**2025 Shs'000**
	Deposits with financial institutions	
	Investment in Fixed Deposits	1,963
	Investment in Demand Deposits	1,355
	Expected credit losses on deposits	(15)
		3,303

9	**Cash and Cash equivalents**	**2025 Shs'000**
	Cash at Bank	-

10	**Unit Holder Balances**	**2025 Number of Units '000**	**2025 Value Shs'000**
	At the start of the period	-	-
	Additional units purchased	3,113	3,113
	Units liquidated	-	-
	Net movement in units traded	3,113	3,113
	Profit before distribution to unit holders	17	17
	Withholding tax on distribution	(1)	(1)
	Unit holder balances as at 31st December 2025	3,129	3,129

11	**Trade and Other Payables**	**2025 Shs'000**
	Audit fee payable	100
	Accrued Management Fees (Note 12 (c))	65
	Accrued Trustee Fee	2
	Accrued Custody Fee	3
	Related Party Payable (Note 12 (c))	2
	Withholding tax on distribution	1
		174

Notes (continued)

12 Related party transactions

CPF Money Market Fund is managed by CPF Asset Managers. CPF Asset Managers is controlled by CPF Financial Services Limited. The ultimate and immediate parent of the Company is CPF Financial Services Limited. There are other companies that are related to CPF Asset Managers Limited through common shareholdings or common directorships.

The following transactions were carried out with related parties:

(a) Unit holder's balances	**2025 Shs'000**
CPF Asset Managers	3,129

(b) Management fees	**2025 Shs'000**
The below amounts relate to the management fees paid in 2025	
CPF Asset Managers	65

(c) Amounts due to related parties	**2025 Shs'000**
The below amounts relate to the management fees payable in 2025	
CPF Money Market Fund	2
CPF Asset Managers	65
	67

13 Distribution

The total income paid to unit holders during the year totalled Shs 15,825

14 Capital commitments and contingent liabilities

There were no capital commitments or contingent liabilities known to the fund manager as at 31 December 2025.

14 Contingent liabilities

There were no contingent liabilities of the Fund at 31 December 2025.

15 Events after reporting date

The Trustee was not aware of any matter or circumstances arising since the end of the financial year, not otherwise dealt with in the financial statements, which would significantly affect the financial position of the Fund and results of its operation as laid out in these financial statements.