

# **EQUITY INVESTMENT BANK UNIT TRUST FUNDS**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**



## NOTICE OF THE FIFTH EQUITY INVESTMENT BANK UNIT TRUST ANNUAL GENERAL MEETING

Notice is hereby given to the Unit holders of the Equity Investment Bank Unit Trust Funds (comprising of Equity Investment Bank Money Market Fund and Equity Investment Bank Balanced Fund), that pursuant to Regulation 84 of the Capital Markets (Collective Investments Schemes) Regulations 2001 and in compliance with the CMA Circular number CMA/MRT/006/2020 the 5<sup>th</sup> Annual General Meeting (AGM) of Equity Investment Bank Unit Trust Funds will be held via electronic communication on **Friday, 28<sup>th</sup> August, 2020** at 10:00 am for the purpose of considering and, if thought fit, passing the resolutions set out below.

Due to ongoing Government restrictions on public gatherings Unit holders will not be able to attend the AGM in person but will be able to register for, access information pertaining to the proposed resolutions, follow the meeting in the manner detailed below and to vote electronically or by proxy. Unit holders may ask questions in advance of the meeting, as detailed below.

### AGENDA

#### 1. CONSTITUTION OF THE MEETING

The Secretary to read the notice convening the meeting and determine if a quorum is present.

#### 2. ORDINARY BUSINESS

To receive, consider and if deemed fit, adopt the Annual Report and Audited Financial Statements for the year ended **31<sup>st</sup> December, 2019** together with Auditors' reports thereon;

#### 3. SPECIAL BUSINESS

##### SPECIAL RESOLUTIONS

- i. To amend Article 41 of the Trust Deeds of the Equity Investment Bank Unit Trust Funds to allow virtual meetings for General Meetings including Annual General Meetings and Extraordinary General Meetings.

#### 4. ANY OTHER BUSINESS

To transact any other business that may legally be transacted at an annual general meeting, of which notice will have been duly received.



Mary Wangari Wamae

Director

P.O. Box 74454-00200

Nairobi

8<sup>th</sup> August, 2020

### Notes

1. On **12<sup>th</sup> June, 2020**, the Capital Markets Authority released Circular No. CMA/MRT/006/2020, with regards to requirements for convening and conducting virtual Annual General Meetings by approved Collective Investments Schemes (CISs). This circular provides guidelines for any CISs listed on the Nairobi Securities Exchange ("Public REIT") to convene and conduct a virtual general meeting subject to receipt of a letter of 'No Objection' from the Capital Markets Authority (CMA).
2. The Trustee of the Equity Investment Bank Unit Trust Funds has convened and shall be conducting this virtual general meeting following receipt of a No Objection from the Capital Markets Authority. The Trustee has appointed CDSC Registrars Limited to host the virtual AGM.
3. In Accordance with Part VII of the Trust Deed, Unit holders are entitled to attend and vote at the AGM and are entitled to appoint a proxy to vote on their behalf. A proxy need not be a unit holder in the Equity Investment Bank Unit Trust Funds, the appointed proxy will need to access a mobile phone. A proxy form is attached to this Notice and is available on the Equity Group Holdings Plc website <https://equitygroupholdings.com/EIBUnitTrustAGM> and shall be sent to the unit holders' email address. A proxy must be signed by the appointor or his attorney duly authorized in writing, or if the appointor is a Company, either under seal (where applicable), or under the hand of an officer or attorney duly authorized by the Company. A completed form should be emailed to [AWM@equityinvestmentbank.co.ke](mailto:AWM@equityinvestmentbank.co.ke) or lodged with the Secretary at Equity Centre 9<sup>th</sup> Floor, Hospital Road, not later than 4.00pm on **Wednesday 26<sup>th</sup> August, 2020**. Any person appointed as a proxy should submit his/her email to the Secretary not later than 4:00 pm on **Wednesday 26<sup>th</sup> August, 2020**. Any proxy registration that is rejected shall be communicated to the Unit holder concerned no later than 10:00 am on **Thursday 27<sup>th</sup> August, 2020** to allow time to address any issues.
4. Any Unit holder wishing to participate in the meeting should register using either of the following:

**a. Through the web portal**

By logging onto <https://escrowagm.com/agm/> and filling in the registration form. In order to complete the registration process, the unit holder will need to have their ID/Passport Numbers that were used to purchase their units and/or their member Number. For assistance, they should dial the following number: (+254) 710 888 000 between 9:00 am to 5:00 pm from Monday to Friday.

**b. Unstructured Supplementary Service Data (USSD)**

By dialing \*483\*560# on their Safaricom, Airtel and Telkom telephone lines or \*482# on Equitel telephone lines and following the prompts. In order to complete the registration process, unitholders will need to have their ID/Passport Numbers that were used to purchase their units and/or their member Number at hand. For assistance unitholders should dial the following helpline number: (+254) 710 888 000 between 9:00 am. to 5:00 pm. from Monday to Friday excluding public holidays.

5. Registration for the AGM opens on **Monday, 10<sup>th</sup> August 2020** at 9:00 am and will close on **Wednesday, 26<sup>th</sup> August, 2020** at 5:00 pm.
6. Unit holders wishing to raise any questions or clarifications regarding the Agenda before the AGM may do so by:
  - a. Sending their written questions by email to [AWM@equityinvestmentbank.co.ke](mailto:AWM@equityinvestmentbank.co.ke); or
  - b. To the extent possible, physically delivering their written questions with a return physical address or email address to the registered office of Equity Investment Bank Limited at the Equity Investment Bank's Head Office situated at Equity Centre, 9th FLOOR, Hospital Road, Upper Hill, Nairobi. Unit holders must provide their full details (full names, Kenyan national identity card or Passport Number or Member Number) when submitting their questions or seeking clarifications.

All questions and requests for clarifications must reach Equity Investment Bank Limited on or before **Wednesday, 26<sup>th</sup> August, 2020** at 10:00 am. Following receipt of the questions, the Trustee of Equity Investment Bank Unit Trust Funds shall provide written responses to the questions and clarifications received to the return physical address or email address provided by the Unit holder no later 10:00 am on **Thursday, 27<sup>th</sup> August 2020**.

7. The AGM will be streamed live via a link which shall be provided to all unitholders who will have registered to participate in the AGM. Duly registered unitholders and proxies shall be able to join the meeting either by logging into the system at <https://escrowagm.com/agm/> using their registration credentials or following proceedings on the link to be shared two hours to the AGM.
8. Duly registered Unit holders and proxies may vote upon registration for resolutions on a panel provided next to the live stream screen or by dialing \*483\*560# and selecting the 'vote' menu.
9. Results of the AGM shall be published at <https://equitygroupholdings.com/EIBUnitTrustAGM> within 48 hours following conclusion of the AGM.
10. As the situation regarding COVID-19 is evolving and the Government directives remain subject to change, Equity Investment Bank Limited Unit Trust Funds strongly encourages all Unit holders to monitor the Equity Group Holdings Plc website <https://equitygroupholdings.com/EIBUnitTrustAGM> for further updates or changes in relation to the AGM. Equity Investment Bank Unit Trust Funds appreciate the understanding of the Unit holders as it navigates the changing business conditions posed by the COVID-19.
11. Unit holders can access the Annual Report and Audited Financial Statements for the year ended **31<sup>st</sup> December, 2019** together with Auditors' reports thereon, the Agenda for the AGM and a copy of the CMA Circular number CMA/MRT/006/2020 at <https://equitygroupholdings.com/EIBUnitTrustAGM>.

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**CORPORATE TRUSTEE**

KCB Bank Kenya Limited  
KCB Towers, 7<sup>th</sup> Floor  
Kenya Road, Upper Hill  
P.O. Box 30664 - 00100  
Nairobi, Kenya

**REGISTERED OFFICE**

Equity Centre  
Hospital Road, Upper Hill  
P.O. Box 75104 - 00200  
Nairobi, Kenya

**FUND MANAGER**

Britam Asset Managers (Kenya) Limited  
Britam Centre, 5<sup>th</sup> Floor  
Junction of Mara and Ragati Roads, Upper Hill  
P.O. Box 30375 - 00100  
Nairobi, Kenya

**ADMINISTRATOR**

Equity Investment Bank Limited  
Equity Centre  
Hospital Road, Upper Hill  
P.O. Box 75104 - 00200  
Nairobi, Kenya

**CUSTODIAN**

Equity Bank (Kenya) Limited  
Equity Centre  
Hospital Road, Upper Hill  
P.O. Box 75104 - 00200  
Nairobi, Kenya

**AUDITOR**

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

## EQUITY INVESTMENT BANK UNIT TRUST FUNDS TRUSTEE'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

The Trustee has the pleasure in submitting the Funds report together with the audited financial statements for the year ended 31 December 2019.

### INVESTMENT OBJECTIVES

Equity Investment Bank Unit Trust Funds is an umbrella fund with two sub-funds whose objectives are as described below:

The objective of the Equity Investment Bank Money Market Fund is to achieve a high level of yield while protecting the investors' capital. To achieve this, the portfolio is invested in fixed income securities of various durations at attractive yields to ensure the return on the Fund is maximised. The collective investment scheme is an approved collective investment scheme within the meaning of the Capital Markets Act. The holders are not liable for the debts of the collective investment scheme.

The objective of the Equity Investment Bank Balanced Fund is to achieve reasonable level of current income and enhance capital growth. This is achieved by investing in a diversified spread of fixed income securities.

The key investment philosophies for the funds are:

- To maintain a balanced and optimal portfolio by investing in shares of companies with strong potential for growth and fixed income instruments with attractive yields
- To achieve its performance objectives through well researched and superior share selection
- To invest in quality businesses diligently selected based upon attractive long term fundamentals

### CHANGES TO INCORPORATION DOCUMENTS

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

### INVESTMENT

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

### FUND PERFORMANCE

For the Equity Investment Bank Money Market Fund, the highest and lowest effective annual yields during the years were as below:

	2016	2017	2018	2019
Highest Effective Annual Yield	14.07%	5.91%	8.45%	8.74%
Lowest Effective Annual Yield	4.31%	1.88%	0.92%	1.04%

\*Effective annual yield captured as net of fees and gross of tax

For the Equity Investment Bank Balanced Fund, the highest and lowest Net Asset Values (NAV) during the years were as below:

	2016	2017	2018	2019
Highest NAV	111.23	111.23	120.29	128.19
Lowest NAV	104.63	109.81	108.98	120.14

### INCOME DISTRIBUTION

The profit for the years of the Equity Investment Bank Money Market Fund has been distributed to the Unit Holders by reinvestment in the Fund as indicated below:

	2016	2017	2018	2019
	KShs 000	KShs 000	KShs 000	KShs 000
Profit for the year	341,224	81,422	27,929	22,327

The profit for the years of the Equity Investment Bank Balanced Fund has been distributed to the Unit holders as indicated below:

	2016	2017	2018	2019
	KShs 000	KShs 000	KShs 000	KShs 000
Profit for the year	5,533	2,297	3,484	2,879

### TOTAL VALUE OF THE FUND

The Money Market Fund value as at 31 December was as below:

	2016	2017	2018	2019
	KShs 000	KShs 000	KShs 000	KShs 000
Fund Value	2,919,722	1,220,408	644,517	386,464

The Balanced Fund Value as at 31 December was as below:

	2016	2017	2018	2019
	KShs 000	KShs 000	KShs 000	KShs 000
Fund Value	52,126	50,457	46,197	28,596

### DISCLOSURE TO THE AUDITOR

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

- (a) there is, no relevant information of which the Fund's auditor was unaware of and
- (b) the Trustee has taken all steps that ought to have been taken as Trustee so as to be aware of any relevant audit information and to establish that the Fund's auditor is aware of that information.

### TERMS OF APPOINTMENT OF THE AUDITOR

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

The 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 Unit Holders.

By order of the Trustee,  
KCB Bank Kenya Limited




**EQUITY INVESTMENT BANK UNIT TRUST FUNDS**  
**STATEMENT OF TRUSTEE'S RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2019**

The Kenyan Capital Markets Act 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 their profit or loss for that year. It also requires the Trustee to ensure that the Funds keeps proper accounting records that: (a) show and explain the transactions of the Funds; (b) disclose, with reasonable accuracy, the financial position of the Funds; and (c) enable the Trustee to ensure that every financial statement required to be prepared complies with the requirements of the Kenyan Capital Markets Act.

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 Kenyan 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 made an assessment of the Fund's ability to continue as a going concern, the Trustee has disclosed in note 13 of the financial statements of Equity Investment Bank Money Market Fund and in note 14 of the financial statements of Equity Investment Bank Balanced Fund matters relating to the use of going concern basis of preparation of the financial statements.

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

Approved by the Trustee on 17/03/2020 and signed on its behalf by:

By order of the Trustee  
KCB Bank Kenya Limited



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Dear Unit Holder,

The investment objective of Equity Investment Bank Money Market Fund is to preserve capital, liquidity and generate regular income. The Fund primarily invests in treasury bills and bonds, commercial papers and cash with a short to medium term investment horizon.

The fundamental investment objective of the Equity Investment Bank Balanced Fund is to offer investors a high level of current income and long term capital growth. In order to achieve this, the fund invests primarily in government fixed income securities, corporate bonds and quoted shares. The Fund is biased towards equities offering long term value as a hedge against inflation. Typically, the Fund's equity weighting ranges between 20%-60% depending on market opportunities, with the balance held in fixed income and cash.

Britam Asset Managers (Kenya) Limited adopts an investment philosophy that ensures high returns for investors while optimising overall portfolio risk. For the Equity Investment Bank Money Market Fund, we aim to generate a high level of interest income by investing primarily in fixed income securities. This is all done in an environment of rigorous risk management by investing in fundamentally sound fixed income assets to protect against credit risk. Britam Asset Managers (Kenya) Limited also ensures that the Balanced Fund maintains a balanced and optimal portfolio. The fixed income portion of the Fund provides stability during volatile years in the markets. The equity portion is invested in companies with quality businesses which are trading at attractive valuations. We actively monitor and invest in companies that match our criteria: namely, consistent financial performance, specialised competitive advantage, positive earnings outlook and sound management.

The Kenyan macroeconomic environment was stable in 2019. A benign inflationary environment, sufficient rains and positive investor sentiment supported economic growth.

#### **Highlights:**

- The Kenyan macroeconomic environment remained largely stable in 2019. The economy recorded a notable slow-down in the third quarter with real GDP Growth of 5.1% compared to 6.4% the same quarter in 2018. The deceleration was on account of pressure on key sectors. Agricultural production was subdued owing to delayed short-rains early 2019. Inflation over the year remained within CBK's target banks despite an uptick in the last quarter, closing the year at 5.8%. The headwinds facing the macro-economic environment were however offset by a stable KShs, narrowing account deficit, and inflation remaining within CBK's target band and a slight improvement in private sector credit growth. The Kenya Shilling faced some minor shocks in the year on account of overvaluation claims, seasonal Dollar demand pressures and high liquidity levels in the markets.
- Inflationary pressure remained subdued in the year reaching a low of 3.8% in September 2019 as a result of overall lower food prices offsetting increased prices in some foods and alcoholic drinks. Fuel inflation trended lower during the year closing at 1.45% in 2019 even as spikes in fuel prices were felt through some months. Stability of crude oil prices also kept the transport, electricity and fuel indices largely contained despite some OPEC oil cut supplies in the year. Overall, headline inflation closed the year at 5.8% remaining within the government's target range of 2.5% and 7.5%. Going forward, the Consumer Price Index is expected to remain stable around the CBK's medium term target of 5.0% over the coming months supported by stable food, non-food and non-fuel prices.
- The Kenya Shilling came under pressure during the year in July hitting highs of 104.05 against the Dollar, levels last seen 2 years ago. The weakness coincided with increased KShs. liquidity amid demonetisation efforts. That peak was however momentary and the Shilling regained some ground and stabilised, closing the year at 101.34 against the Dollar, even as it recorded mixed performance with other major international currencies. The Shilling was supported by a contracting current account deficit due to reduced imports and robust foreign currency reserves. The local currency appreciated against the Dollar and the Euro by 0.5% and 2.6% respectively while depreciating against the pound by 3% in 2019. Regionally, the Kenya Shilling appreciated against the Tanzanian Shilling and Rwandan Franc by 0.4% and 6.75% respectively and depreciated against the Ugandan Shilling by 0.8% over the same period.

## EQUITY INVESTMENT BANK UNIT TRUST FUND MANAGER'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2019

- The interest rate environment continued to exhibit stability during the year with a slight uptick at the close of the year attributable to the repeal of the caps on interest rates. The Central Bank Interbank Rate trended lower as ample liquidity among the large banks continued to support short term rates. The yields on the 3-month, 6-month and 1-year Treasury Bills declined across the board to 7.2%, 8. % and 9.8% respectively. The monetary policy committee lowered the Central Bank Rate to 8.5 percent at the close of the year, reflective of the benign inflationary environment in the year. The money market remained liquid during the year, depicted by the average interbank rate closed the year at 5.46% from 6.73% in 2018. Liquidity remained skewed to the large banks while CBK intervened in the money markets to offer liquidity support to the smaller banks through reverse repos.
- The equities market rallied at the end of 2019 with the Nairobi All Share Index gaining 18.5%. This was despite the challenging macro-economic environment characterised by drought at the beginning of the year and a slowed private sector credit growth. The equities market recovery was largely on the back of the repeal of the interest rate cap which came in later in the year. Large cap stocks and the banking sector shored up most of the gains on account of improved investor sentiment on earnings post the cap. The local market performance was also in tandem with the global stock markets where we saw huge gains over the year. The market was also boosted by attractive dividend yields especially across the banking sector.

Given the Money Market Fund's objectives and increasing interest rates observed in the year, the Fund maintained its overweight exposure in short tenure instruments.

### Money Market Fund Performance

	2015	2016	2017	2018	2019
Highest Effective Annual Yield	20.02%	14.07%	5.91%	8.45%	8.74%
Lowest Effective Annual Yield	3.45%	4.31%	1.88%	0.92%	1.04%

\*Effective Annual Yield captured as Net of Fees and Gross of Tax

Going forward, we will be looking to boost the returns of the portfolio by investing in high-yielding short to medium term interest bearing assets. Our disciplined investment strategy, coupled with the philosophy of investing in high-quality fixed income investments with attractive yields, will continue to benefit investors who invest in the Fund in the medium term.

In line with the balanced fund strategy and expected withdrawals during the year, the fund manager adopted a conservative strategy investing only in fixed income instruments.

### Balanced Fund Performance

	2015	2016	2017	2018	2019
Highest NAV	111.23	111.23	111.23	120.29	128.19
Lowest NAV	97.44	104.63	109.81	108.98	120.14

Accordingly, we intend to maintain our cautious investment approach anchored on capital preservation. 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 realisation 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 the Unit Holders for their continued trust in the Equity Investment Bank Funds and look forward to working closely with you in meeting and exceeding your financial and investment objectives.

Yours sincerely



Britam Asset Managers.

In accordance with the Capital Markets (Collective Investments Schemes) Regulations, 2001 (the regulations) and the Custody Agreement between Equity Bank (Kenya) Limited as the Custodian and Britam Asset Managers (Kenya) Limited as the Fund Manager, we confirm that:

- a) we have discharged the duties prescribed for a custodian under Regulation 35 of the Regulations to Equity Investment Bank Unit Trust Funds;
- b) the issue, sale, redemption and cancellation, and calculation of the price of the Funds' units and the application of the Funds' income have been carried out in accordance with the Regulations; and
- c) the investment and borrowing powers and restrictions applicable to the Funds in accordance with the Regulations and the documents of incorporation have not been exceeded.

For the year ended 31 December 2019, we have held the assets for the Equity Investment Bank Unit Trust Funds, including title deeds, 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.

In our opinion, the Fund Manager has in all material respects managed the scheme in accordance with the provisions of the Capital Markets (Collective Investment Schemes) Regulations, 2001, incorporation documents, the information memorandum and the rules of the Fund.

By order of the Custodian  
Equity Bank (Kenya) Limited

 2020



## **Report on the audit of the financial statements**

### **Opinion**

We have audited the accompanying financial statements of Equity Investment Bank Unit Trust Funds (the “Funds”) comprising of the following sub-funds:

1. Equity Investment Bank Money Market Fund set out on pages 13 to 30; and
2. Equity Investment Bank Balanced Fund set out on pages 32 to 50.

These financial statements each comprise the statement of financial position at 31 December 2019 and the statement of profit or loss and other comprehensive income, changes in unit holder capital balances and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of Equity Investment Bank Unit Trust Funds at 31 December 2019 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Capital Markets Authority (Collective Investments Scheme) Regulations, 2001.

### **Basis for Opinion**

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

We are independent of the Funds in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Kenya, and we have fulfilled our ethical responsibilities in accordance with these requirements and the IESBA Code.

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

### **Material Uncertainty Related to Going Concern**

We draw attention to Note 13 in the financial statements for the Equity Investment Bank Money Market Fund, which discloses that the fund has not received contributions from Unit Holders as from 1 May 2016. In addition, the Unit Holders funds decreased from KShs. 644,541,000 in 2018 to KShs. 386,464,000 in 2019.

Similarly, we also draw attention to Note 14 in the financial statements of Equity Investment Bank Balanced Fund which indicates that the fund has not received contributions from Unit Holders as from 1 May 2016. In addition, the Unit Holders funds decreased from KShs. 45,005,000 in 2018 to KShs. 27,704,000 in 2019.



### Material Uncertainty Related to Going Concern (continued)

These events or conditions, along with other matters as set forth in Note 13 of the financial statements of Equity Investment Bank Money Market Fund and in Note 14 of the financial statements of Equity Investment Bank Balanced Fund, indicate that a material uncertainty exists that may cast significant doubt on the Funds' ability to continue as going concern. Our opinion is not modified in respect of this matter.

### 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 Company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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 Directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not and will 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 have received prior to the date of this auditor's report 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.

When we read the rest of the other information in the Annual Report and we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

### 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 International Financial Reporting Standards and the requirements of Capital Markets Authority (Collective Investments Schemes) Regulations 2001, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the 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 Funds or to cease operations, or have no realistic alternative but to do so.



### Auditor's responsibilities for the audit of the financial statements

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

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

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



Report on Other Legal Requirements

We confirm that the financial statements have been properly prepared in accordance with the Capital Markets Authority (Collective Investment Schemes) Regulations, 2001.

The Capital Markets Authority (Collective Investments schemes) Regulations, 2001 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.

A handwritten signature in black ink, appearing to read 'Richard Njoroge', followed by the letters 'CPA' in a stylized font.

Certified Public Accountants

Nairobi

25<sup>th</sup> March 2020

FCPA Richard Njoroge, Practising Certificate No. 1244

Signing partner responsible for the independent audit

**EQUITY INVESTMENT BANK MONEY MARKET FUND**



Statement of profit or loss and other comprehensive income

	2019 KShs 000	2018 KShs 000
Investment income	36,897	45,343
Fair value loss on financial assets	-	(155)
	36,897	45,188
Operating expense	(14,570)	(17,259)
<b>Profit before income tax</b>	<b>22,327</b>	<b>27,929</b>
Income tax expense	-	-
<b>Profit for the year</b>	<b>22,327</b>	<b>27,929</b>
<b>Other comprehensive Income</b>		
Reserve release	24	-
<b>Total Comprehensive income for the year</b>	<b>22,351</b>	<b>27,929</b>

**EQUITY INVESTMENT BANK MONEY MARKET FUND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

**Statement of Financial Position**

	2019 Shs'000	2018 Shs'000
<b>Assets</b>		
Cash at bank	33,510	18,388
Fixed deposits	100,983	454,542
Treasury bills	256,307	174,120
<b>TOTAL ASSETS</b>	<b>390,800</b>	<b>647,050</b>
<b>LIABILITIES</b>		
Accrued expenses	2,012	1,113
Due to related parties	2,324	1,420
<b>TOTAL LIABILITIES</b>	<b>4,336</b>	<b>2,533</b>
<b>NET ASSETS</b>	<b>386,464</b>	<b>644,517</b>
<b>MEMBERS' FUNDS</b>		
FVOCI reserve	-	(24)
Unit Holder's fund	386,464	644,541
	386,464	644,517

Represented by:

The financial statements on pages 17 and 18 were approved for issue by the Trustee on  
17/03/2020 and signed on its behalf by:




For Trustee, KCB Bank Kenya Limited

**EQUITY INVESTMENT BANK BALANCED FUND**

**EQUITY INVESTMENT BANK BALANCED FUNDS  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019**

**Statement of Profit or Loss and Other Comprehensive Income**

	2019 KShs 000	2018 KShs 000
Investment income	4,447	5,711
Operating expense	(1,568)	(2,227)
<b>Profit before income tax</b>	<b>2,879</b>	<b>3,484</b>
Income Tax expense	-	-
<b>Profit for the year</b>	<b>2,879</b>	<b>3,484</b>
<b>Other Comprehensive Income</b>		
Fair value (loss) / gain on FVOCI Investments	(300)	1,192
Reserves released on disposal of FVOCI	-	(585)
<b>Total Comprehensive income for the year</b>	<b>2,579</b>	<b>4,091</b>

**Statement of Financial Position**

	2019 KShs 000	2018 KShs 000
<b>Assets</b>		
Cash at bank	255	6,370
Call deposits	2,039	1,043
Fixed deposits	12,806	10,426
Treasury bonds	18,440	31,739
<b>TOTAL ASSETS</b>	<b>33,540</b>	<b>49,578</b>
<b>LIABILITIES</b>		
Accrued expenses	2,698	2,256
Due to related parties	2,246	1,125
<b>TOTAL LIABILITIES</b>	<b>4,944</b>	<b>3,381</b>
<b>NET ASSETS</b>	<b>28,596</b>	<b>46,197</b>
Represented by:		
<b>MEMBERS' FUNDS</b>		
FVOCI reserve	892	1,192
Unit Holders' funds	27,704	45,005
<b>Total members' funds</b>	<b>28,596</b>	<b>46,197</b>

The financial statements on pages 20 and 21 were approved for issue by the Trustee on 17/03/2020 and signed on its behalf by:



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Trustee



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Trustee

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Website: [www.equitygroupholdings.com](http://www.equitygroupholdings.com)

Equity Investment Bank Limited is regulated by the Capital Markets Authority

