SIB Standard Investment Bank

SITF Standard Investment Trust Funds

Mansa^x

powered by Standard Investment Bank

Mansa^x Shariah

powered by SIB Najah

STANDARD INVESTMENT TRUST FUND

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

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Trustees' Report

TRUSTEE'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2024

FUND OVERVIEW AND REGISTRATION
The Trustee is pleased to present the Annual Trustee Report, together with the audited financial statements, for the Standard Investment Trust Fund (the Fund) for the year ended 31 December 2024.

The Fund is registered as a Collective Investment Scheme by the Capital Markets Authority under the Capital Markets (Collective Investment Schemes) Regulations, 2023.

The Fund comprises of four active Special Funds namely:
1. MansaX Special Fund (KES)
2. MansaX Special Fund (USD)
3. MansaX Shariah Special Fund (KES)
4. MansaX Shariah Special Fund (USD)

This report provides an overview of the Fund's performance, key activities undertaken during the year, and the responsibilities of the Trustee in ensuring compliance with the applicable legal and regulatory requirements.

TRUSTEE RESPONSIBILITIES
As the Trustee of the Fund, our key responsibilities include safeguarding the assets of the Fund, ensuring compliance with the provisions of the Capital Markets Act & Regulations, The Fund Trust Deed and Information Memorandum and acting in the best interests of the investors. We are committed to ensuring that the Fund is managed in accordance with the law, the Fund Trust Deed and Information Memorandum, and the principles of good governance and accountability.

FUND INVESTMENT OBJECTIVES

The Fund follows a global multi-asset strategy with a long/short trading model, aimed at optimizing investors' returns while safeguarding capital against downside risks. It invests in various financial assets, in line with its approved Information Memorandum.

The Fund operates as an umbrella fund, composed of four Special Sub-Funds, each with distinct investment objectives.

Special Sub-Funds Overview

1. MansaX Special Fund (KES)

Objective:
To generate long-term capital growth through investment principally in quoted securities, stocks or shares in companies with solid earnings and assets. This Sub-Fund provides a medium to high risk profile by investing in stocks across various sectors of the Kenyan economy and globally. The Special Sub-Fund also invests in Fixed Income, Commodities and Currencies (FICC).

Guiding Principles:

- Research and select a diversified portfolio of shares in companies with proven performance and strong growth prospects.

- Administer the portfolio using best practices, including taking capital profits when appropriate.
- Maintain diversification across geographies and sectors that meet criteria for performance and growth.

Fund Performance & Growth:
The MansaX Special Fund (KES) performance and growth over the last three year is as highlighted below:

Year (31 Dec)	2022	2023	2024
Performance Net of Fees (%)	15.59%	18.01%	19.53%
Fund Value (Kes) (Bn)	12.358	19.507	39.092

2. MansaX Special Fund (USD)

Objective:
To generate long-term capital growth through investment principally in quoted securities i.e., stocks or shares in companies with solid earnings and assets. This Sub-Fund provides a medium to high risk profile by investing in stocks across various sectors of the Kenyan economy and globally. The Special Sub-Fund also in offshore assets predominantly Fixed Income, Commodities and Currencies (FICC).

Guiding Principles:

- Invest exclusively in top-tier money market instruments, diversified across reputable institutions.
- Administer the portfolio using best practices.
- Minimize losses while maximizing investment returns through strategic allocation to near-cash or cash deposits.
- Prioritize income generation over capital growth, or balance both objectives, even if this limits capital appreciation.

Fund Performance & Growth:
The MansaX Special Fund (USD) performance and growth over the last three year is as highlighted below:

Year (31 Dec)	2022*	2023	2024
Performance Net of Fees (%)	10.06%	12.1%	12.5%
Fund Value (USD) (Mn)	3.867	20.625	53.077

**Less than a year annualised performance*

3. MansaX Shariah Special Fund (KES)

Objective:
To achieve steady, regular Shariah-compliant (halal) income through investments in Shariah-compliant fixed income securities, term deposits, or near-cash holdings.

The Fund also aims for capital growth from equity investments, **with a medium-risk profile**.
Guiding Principles:

- Invest in Shariah compliant listed securities across reputable institutions.
- Select a diversified portfolio of high-performing shares.
- Focus on shares categorized as medium risk over the medium to long term.
- Prioritize companies with proven track records and strong growth potential.
- Take capital profits when appropriate.
- Apply best practices in portfolio management.

Fund Performance & Growth:
The MansaX Shariah Special Fund (Kes) was formed October of 2023, commencing operation in 2024. Its performance and growth over the year is as highlighted below:

Year (31 Dec)	2024
Performance Net of Fees (%)	12.98%
Fund Value (Kes) (Mn)	729.12

4. MansaX Shariah Special Fund (USD)

Objective:

To achieve steady, regular Shariah-compliant income with investments in Shariah-compliant fixed income securities, term deposits, or near-cash holdings. This sub-fund adopts a medium-risk profile and invests in high-quality Shariah-compliant instruments.

Guiding Principles:

- Invest only in high-quality shariah compliant money market instruments diversified across reputable institutions.
- Administer the portfolio in line with best practices.
- Minimize potential losses while maximizing returns through near-cash or cash investments.
- Prioritize income generation, or balance this with capital growth, recognizing that this approach may limit capital appreciation.

Fund Performance & Growth:

The MansaX Shariah Special Fund (USD) was formed October of 2023, commencing operation in 2024. Its performance and growth over the year is as highlighted below:

Year (31 Dec)	2024
Performance Net of Fees (%)	8.06%
Fund Value (USD) (Mn)	2.476

FINANCIAL SERVICE CHARGES

A **Financial Service Charge** of 5% per annum of assets under management is paid to the Fund Manager, Standard Investment Bank Limited (SIB), covering portfolio management, investment research, custodial services, trustee services, and fund administration. This charge is exclusive of any applicable taxes.

FUND COMPLIANCE, OVERSIGHT AND GOVERNANCE

The Trustee has, throughout the year, engaged in the following activities to fulfill its oversight role:

- **Monitoring of Fund Performance:** We have regularly reviewed the performance of the Fund, including ensuring that investment decisions align with the stated objectives and terms of the Information Memorandum.
- **Regulatory Compliance**: The Trustee ensures that the fund operates in compliance with the Capital Markets Act and Regulations.
- **Risk Management:** We have ensured that the Fund maintains effective risk management processes to protect the interests of the investors, including the mitigation of risks such as market risk, liquidity risk, and operational risk.
- **Independent Oversight:** The Trustee has maintained independence in overseeing the activities of the Fund Manager, Custodians, and other service providers to ensure transparency and accountability in all operations.

COMPLIANCE STATEMENT

The Fund has remained complaint with the provisions of the Capital Markets Act & Regulations, the Fund Trust Deed and approved Information Memorandum.

The Fund has not reported any incident of non-compliance in the year under review.

KEY DEVELOPMENTS DURING THE YEAR

i. Registration of the Fund Under the New Collective Investment Schemes Regulations

Upon issuance of the Capital Markets (Collective Investment Schemes) Regulations, 2023, in October 2023 by the Cabinet Secretary for National Treasury and Planning, the Fund was required to register with the Capital Markets Authority to ensure compliance with the new Regulations.

The Fund applied to the Capital Markets Authority and was issued with an updated Registration Certificate in the July 2024 in compliance with the new Regulations.

ii. Incorporation of the Fund

Standard Investment Trust Fund was incorporated under the Trustees (Perpetual Succession) Act. This incorporation aligns with the Trust Deed establishing the Fund, and Information Memorandum, following the updated licence issued by the Capital Markets Authority (CMA) on 18 July 2024 under the requirement of the Collective Investment Schemes regulations of 2023.

STATEMENT

The Trustee remains committed to safeguarding the Fund's assets, ensuring compliance with regulations, and acting in the best interests of the investors. We look forward to continued success and growth in the upcoming year.

By order of the Trustee

Kingsland Court Trustee Services Limited

Kingsland Court Trustee Services Ltd.

25th March --**2025**

Trustees Responsibility

The Capital Markets Act requires the trustee to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Fund as at the end of the year and of the results of its operations. It also requires the trustee to ensure that the Fund manager keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Fund. The trustee is also responsible for safeguarding the assets of the Fund.

The trustee accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies in conformity with International Financial Reporting Standards and the requirements of the Capital Markets Act. The trustee is of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Fund and of its operating results.

DECLARATION STATEMENT

- The Standard Investment Trust Fund is an approved unit trust within the meaning of the Capital Markets Act;
- Standard Investment Trust Fund is an umbrella Fund comprising of four sub- special funds;
- The unitholders are not liable for the debts of the unit trust funds;
- The Standard Investment Equity Fund is a securities Fund investing in securities listed in regulated exchanges, primarily the Nairobi Securities Exchange in Kenya, and in unlisted equities;
- The Standard Investment Money Market Fund is a securities Fund investing only in interest-earning money market instruments which have a maximum weighted average tenor of eighteen months and any other like instruments as specified by the Central Bank of Kenya from time to time;
- The Standard Investment Balanced Fund is a securities Fund investing in equity and interest-bearing assets, and other eligible asset classes as specified in regulation;
- In future there may be other sub-funds in the umbrella collective investment scheme;
- A sub-fund is not a legal entity. If the assets attributable to any sub-fund were insufficient to meet the liabilities attributable to it, the shortfall may have to be met out of the assets attributable to one or more other sub-funds of the umbrella scheme.

GOING CONCERN STATEMENT

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

By order of the Trustee

Kingsland Court Trustee Services Limited

Kingsland Court Trustee Services Ltd.

-- 25th March **2025**

Fund Managers Report 2024

Much like the year before - heading into 2024, many strategists doubted the market's ability to keep moving higher after a strong 2023. Inflation was still high; the market was very top-heavy with most gains coming from the Magnificent Seven contingent of big tech stocks and the Federal Reserve had not yet indicated it would cut interest rates. Estimates for the broader benchmark S&P 500 ranged from 4,200 to 5,400. Those turned out to be wrong, and the S&P 500 ended the year at 5,881 after topping 6,000 numerous times and making 57 all-time highs during the year. As we look back on 2024, a year marked by significant global events and market fluctuations, we see resilience and adaptability at the forefront. From historic elections and geopolitical tensions to ground breaking advancements in technology, this year has underscored the dynamic and ever-evolving nature of our world and the global economy.

In many ways, 2024 played like a dubbed recording of 2023. The U.S. economy remained resilient, outgrowing other major developed countries, and mega-cap tech stocks led the S&P 500 to dominate global markets yet again. The 'Magnificent Seven' stocks rose 48% while the other 493 stocks in the S&P 500 rose just 10%. The S&P 500's 23.3% return, marked a second consecutive year of +20% returns – a feat that has only occurred seven times in the last 70 years.

US Economic data showed strong GDP growth (+2.7% YoY), low unemployment (4.1%), increased consumer spending (+3.7%), and falling inflation (+2.7% YoY) removed any recession fears lingering from the 2022-2023 rate hiking cycle (+525bps). Corporate profits accompanied the rising economic tide with S&P 500 earnings growing 9.5% in 2024. Accordingly, Ten of 11 large-cap sectors finished higher in 2024 including four gaining more than 30%. The top performers were Communications (+38.9%), Technology (35.7%), Financials (+28.4%), and Consumer Discretionary (+29.1%). At the other end of the performance spectrum were Materials (-1.8%), Healthcare (+0.9%), and Real Estate (1.7%).

It was a roller coaster year for rates and timing the start of the rate cut cycle. At the start of 2024, markets were pricing seven 25bp rate cuts by year end. Over the next four months into early May, the hawkish repricing of rates led to markets pricing just one 25 bp rate cut by year end. As the summer came, softening economic data swung the pendulum back towards a dovish repricing of rates and while inflation had yet to reach the Federal Reserve's 2% threshold, its declining trend provided the FOMC enough cover to pivot from its restrictive policy with three rate cuts totalling 100bps over the final three meetings in 2024.

At the November FOMC, Chair Powell said the presidential election will have no effect on monetary policy decisions and accordingly the uptrend in rates stalled over the next four weeks. Animal spirits were in high gear all month following the resounding sweep of republicans in the elections. Market breadth was strong with all eleven large and small-cap sectors finishing higher, and both the S&P 500 (+5.9%) and the Russell 2000 (+11%) had their best monthly performance in 2024.

The Federal Reserve's reaction function changed in a hawkish direction at the December FOMC, where Chair Powell emphasized a greater balance between inflation and labour relative to the prior meetings' concern for softening economic data (i.e. labour). Powell also noted some members were starting to incorporate economic effects of the incoming Trump administration (i.e. inflation). While the Fed's projections included marginal changes for 2025

GDP and Unemployment, its outlook on inflation and the Fed Funds Rate was more pronounced implying just two 25bp rate cuts in 2025 from the prior projection of four. Equities responded accordingly by reversing sharply lower in December, where eight of eleven large-cap sectors finished in the red. Once again, one of the few pockets of strength came from the Magnificent Seven Index which gained in December.

Eurozone

Eurozone economic momentum weakened significantly over 2024. The manufacturing sector was particularly hard hit by high energy costs, damaging regulation and lack of export demand. Compounding these challenges was increased competition from Chinese firms benefiting from state subsidies in numerous areas, particularly in the automotive industry. The divergence between the old continent and the rest of the world widened further amid political crises in the two largest economies in the eurozone, France and Germany, where fiscal pressures and the rise of populist right-wing parties created a political divide. The economic weakness, real interest rates remaining well above inflation - despite the ECB's four rate cuts - and a limited exposure to AI hindered European equities, resulting in the Euro Stoxx 600 Index generating a comparatively subpar return of 5.98%.

The Eurozone economy has barely experienced growth since 2023, facing a range of cyclical and structural challenges. For 2025, there is a potential for an upswing, as falling inflation and lower interest rates could help revive corporate investment spending and consumer confidence. Stronger real disposable income and easier financing conditions should encourage growth in consumption. However, potential US tariffs and their retaliation pose a downside risk, particularly for the auto sector. The forecasted negative impact on growth is around half a percentage point. Germany is particularly exposed to this risk and could face additional uncertainty from possible snap elections.

The census expectation is for the European Central Bank to cut rates quickly to 2%, followed by gradual easing to 1.5% by the end of 2025. More aggressive tariffs could provoke additional and accelerated easing, although the Central Bank will need to monitor any currency weakness against the dollar.

UK equities fared slightly better to their continental counterparts with the FTSE 100 index returning 7.11%, as the economy recovered from its 2023 lows. This cyclical rebound was initially boosted by optimism following the election. However, The UK Autumn Budget announced by Chancellor Rachel Reeves stirred a mixed response from financial markets, reflecting both cautious optimism and heightened concern over fiscal sustainability. The larger-than-expected cost increases unveiled in the Budget could be weighing on the jobs market as companies adjust to the increase in employer National Insurance contributions and National Living Wage, both due to come into effect in April. This would likely result in higher prices leaving the Bank of England in a difficult position as Industry hiring data for November suggested demand for UK staff had been unusually weak in the run-up to the busy Christmas period. This exacerbated the pound's depreciation against the dollar, reflecting investor anxiety.

Asia

The Japanese equity market experienced gains during the fourth quarter to close out a strong year overall, with the TOPIX Index increasing by 17.69% in yen terms throughout the year. Developments in the US and their impact on financial markets, particularly the currency market, drove the Japanese equity market. Overall, the resumption of yen weakness towards the end of 2024 bolstered the earnings outlook for large-cap exporters, allowing the market to finish the year on a high note. The implications of a potential "Trump 2.0" presidency remain uncertain; however, the market appears reasonably well-prepared for the new regime. At the very least, the robust US economy has provided support to the Japanese equity market as The Bank of Japan (BOJ) decided not to raise interest rates at its December policy meeting, with BOJ Governor Ueda adopting a less hawkish stance compared to his speech in July. Macroeconomic developments have not been sufficiently robust to stimulate domestic demand; however, we observe a solid pace of improvement in business sentiment.

During the last quarter, the majority of Japanese companies reported semi-annual earnings results, which were mixed across various sectors. News of consolidation among two large automakers (Nissan & Honda), along with Toyota Motor announcing a target 20% return on equity (ROE), indicated potential shifts in corporate strategies. Share buybacks continued to surge, with companies announcing additional buybacks generally enjoying favourable market reactions.

Beyond Japan, Chinese activity remained weak as the country grappled with falling property prices and weak consumer confidence. Investors were initially unimpressed with the policy response from regulators. However, September's more cohesive policy announcements appeared to convince markets that 2025 would finally see the significant stimulus required to reignite the economy and Chinese equities rallied in the second half of the year. However, this optimism appeared to be short-lived as the prospect of a second Trump presidency raised the risk of heightened tensions over trade and technology with the CSI 300 closing out the year with a 14.7% gain.

Elsewhere in Asia, Singapore seemed to be the biggest beneficiary to a Trump 2.0 presidency as overseas investors seeking exposure to the region were attracted by Singapore's political stability and relative neutrality. Taiwan's equity market, meanwhile, was the best-performing major Asian market in 2024, as it houses the world's leading manufacturers and suppliers which produce hardware essential for AI applications. That made its economy and equity market one of the top beneficiaries of this year's AI boom. The Taiex index jumped over 28.5% in 2024 despite a decline towards the end of the year amidst investor fears over potential tariffs following Donald Trump's re-election as US President in November. Despite the potential headwinds, its economy is set to power on in 2025, with its central bank recently raising its gross domestic product growth forecast to 4.25% from 3.82% earlier. That would more than triple 2023's growth.

Fixed Income

While growth in the equity markets was fairly consistent this year, the same can't be said for the bond market. The bond market in 2024 faced significant challenges with persistently high yields. The 10-year yields on German, French and U.S. government bonds increased by 34, 60 and 70 basis points, respectively, reflecting concerns over inflation and fiscal deficits. Treasury yields experienced volatility throughout the year, driven by strong U.S. economic data but tempered by labour market concerns in the latter half. Despite the Federal Reserve cutting rates by 50bps and 25bps in successive meetings since September, yields rose, and the yield curve steepened, highlighting a divergence between market and Fed expectations.

Market sentiment shifted after a Republican electoral sweep fuelled optimism about economic growth but raised inflation concerns. The Fed tried to tame these expectations, signalling that future rate cuts may be slower due to persistent inflation concerns arising from forthcoming Trump tariffs, but this nothing to slow the sell-off in US bonds. In Europe, the ECB began its easing program amid economic uncertainty, with Germany's weak performance and political issues in France weighing on the outlook.

Commodities

The S&P GSCI Index ended the year on a positive note rounding out a mixed year for commodities as the index only gained 2.61% during 2024.

Benchmark Brent crude oil prices averaged $80 per barrel in 2024, $2 less than in 2023. Intraday prices stayed within a $24 range, between $68 and $92, which was the narrowest trading range since 2019. Adjusting the trading range for inflation, last year was the narrowest since 2003. Strong global growth in production of oil and slower demand growth put downward pressure on prices, while heightened geopolitical risks and voluntary production restrictions among OPEC members supported them. These offsetting factors kept oil prices within a narrow range. Despite a rollercoaster ride in 2024, Natural gas ended with a dramatic 44% annual increase — their best performance since 2021. An exceptionally cold December in the United States and Europe pushed up demand for heating.

Unlike industrial metals which had a mixed year, precious metals glitter throughout 2024 as Gold posted its biggest gain in 14 years with a 27% surge. This impressive performance was fuelled by US monetary easing, persistent geopolitical risks, and central bank buying sprees. Despite a slight dip after the US presidential election, gold outshone all other metals.

Within the agricultural space, there were some dramatic price movements over the year. Coffee and cocoa prices were the star performers, whole Wheat, cotton and sugar prices were sharply lower. The sharp increase in Cocoa (+178%) was driven by concerns over poor weather conditions in West Africa, compounded by strong seasonal demand. Global cocoa production is estimated to have declined by 14 percent in the last year. Similarly, Coffee – which gained +70% in 2024 - remains highly sensitive to global supply risks as production levels are still short of 2021 levels. While improved weather in East Asia has eased some pressure on Robusta prices, Brazil's Arabica production faces significant shortfalls for both the current and, potentially, the next season.

Nairobi Stock Exchange

The bourse printed double-digit growth in 4Q2024 with NSE 25 registering the strongest growth of 17.4% QoQ. The NASI, N10, and NSE 20 grew 15.3%, 15.8%, and 13.2%, respectively on a QoQ basis. Worth noting, November was the only month in the quarter to register negative q/q returns – diluting the rallies in October and December.

Market activity for 4Q2024 stood at USD 223.23m – largely driven by USD 175.85m block trades on Bamburi, in line with the takeover offer from Amson's to acquire 100% of Bamburi shareholding. Shy of the block trade, the banking and telecommunication sectors accounted for c. 72.4% of the period's turnover.

From a 2024 vantage point, the bourse posted a 34.1% YoY recovery on the back of strong 1Q2024 and 4Q2024 performance – c. 22.8% QoQ and c.15.3% QoQ, respectively. The banking and the telecommunication sectors, which jointly account for c. 80% of the overall market cap, did the heavy lifting with strong double-digit capital returns. The former rose by c. 45% in the year with the latter at c.23%. Bullish sentiments in the construction and energy sector had a play in the 2024 performance.

With the consensus outlook for global and local macroeconomics positive, we expect to see a narrowing of the opportunity cost exposure in frontier equity markets that may result in an influx in foreign investor activity presenting a case for a bull run in 2025. Further, as taps of high returns in the fixed-income asset class in Kenya close, we foresee local investors reallocating capital towards the equities as they chase alpha. From a valuation point of view, metrics are set to benefit from the positive outlook, implying higher fair value estimates and an overall turn of investor sentiments to a bullish and optimistic outlook.

Looking Ahead

As we move into 2025, we are encouraged by opportunities in both the equity and fixed income markets but caution that this is not a time to get greedy, particularly when it comes to stocks. The past two years have been exceptional for stock performance, but history reminds us of the importance of setting realistic expectations. Since 1950, the average bull market for the S&P 500 has lasted five and a half years. The dot-com bubble that ended in 2000 was the longest, lasting more than 12 years and resulting in a staggering 582% gain. Incidentally, the shortest bull was the one that ended in 2022, which lasted less than two years and was done as it became clear the Federal Reserve would need to fight rising inflation with higher rates.

It may seem obvious, but for the stock market gains to continue, the economy needs to stay resilient, and that means the US needs to sidestep a recession again in 2025. Historical data suggests the third year of a bull market can be solid, printing average gains of about 5%. In the absence of a recession, the odds that a two-year-old bull market gets to three are quite good. The bulls that didn't make it through a third year were ended by recessions, an overly aggressive Fed, or, in the case of 1987, excessive speculation. With US GDP growth expectations in 2025 at 2%, it seems only an external shock could jolt the economy significantly lower.

The composition of 2024 performance also looks very different from 2023, when the “tech-plus” sectors led the charge. A mid-year sector rotation and overall market broadening in 2024 cut the return contribution of the top-seven S&P 500 stocks (the “Magnificent 7”) from 60% in the first half to 23% in the second half through December. We see continued broadening presenting attractive stock selection opportunities as the market rewards a larger swath of fundamentally sound stocks.

Stocks have seen a surge in volatility since Fed chairman Jerome Powell issued a somewhat hawkish interest rate cut at the central bank's FOMC meeting in December 2024. But it's important to note that the Fed is still dovish. The base case remains two cuts in 2025 as inflation comes down further, which should be good for stocks. While rate cut expectations for 2025 have moved lower, the Fed is still in the midst of a cutting cycle. And absent a recession, the S&P 500 has historically delivered solid returns after the start of a Fed-cutting cycle. The S&P 500 has produced modest gains of 5.5%, on average, during the 12 months following the initial cut of a Fed cycle, with gains typically double that in the absence of a recession. This isn't the first time markets have experienced volatile trading due to a recalibration of interest rate expectations. Heading into 2024, markets were expecting more than six interest rate cuts from the Fed. They only delivered three rate cuts, including a 50-basis point jumbo cut. The stock market ultimately did just fine.

Back in the good old days, politics was an afterthought—investors really only needed to worry about earnings, economic data, and interest rates. But the thing about the old days, they are exactly that – the old days. The impact of Washington on financial markets has rarely been quite as profound as in the current climate. The quick and decisive election result removed a key uncertainty that had been hanging over the market. The rally that followed could have legs into the start of 2025, as the prospect of tax cuts and deregulation across key industries lends support. History augurs well, with a long-term record of positive returns in the first year of a Presidential term.

The outlook is not without risks. Clarity in some areas is offset by uncertainty in others. For one thing, new policies around trade and immigration could be inflationary across time. More broadly, there are undertones of consternation over the prospect for future inflation. These concerns are not without merit. In a study by Strategas Asset Management, they observed that over the course of 2,100 years of history across 24 countries, there were 62 inflationary periods. Of which, only 8 occurrences (or 13%) saw only one wave of price surges. Additionally, they also noted that those second waves of price surges occurred an average of 30 months after the first peak. As we are seemingly approaching 30 months from peak inflation in 2022, it may be premature to say rising inflation is well & truly behind us.

The treasury bond market seems to believe trade policy changes under the upcoming administration would be the catalyst to this second wave. The current weighted-average tariff on all US imports is currently 2%. That could rise as high as 17%, under the plan outlined by Donald Trump on the campaign trail. However, from past experience, we think the president-elect should be taken seriously but not literally. In his first term, he used the threat of tariffs to get new trade deals with Mexico and Canada. He also equates stock market returns with economic success. If equities fall because high tariffs seem likely, the new administration could well soften its stance.

As we reflect on the past two years of exceptional market performance, it's important to recognize that the powerful rally over the last two years has left stocks looking increasingly expensive. The S&P 500 closed the year at 21.9 times its projected earnings over the next 12 months, above its historical average of 18.5 times. Some analysts argue that the hefty presence of fast-growing tech stocks in today's market justifies a richer multiple than in the past. But many still worry the market looks pricey. By itself, a lofty price tag is unlikely to stop the rally. But it could be a potential reason for S&P 500 returns to normalize toward the annual average of around 10% since inception in 1957. The high valuations heighten the importance of corporate earnings growth to stock performance with expectations amongst analysts at a lofty 15% growth for S&P 500 companies in 2025, up from a 9.5% growth during 2024. Corporate earnings are ultimately the driving force behind rising stock prices in the long term, so it should be no surprise that we will continue watching for continued earnings strength in the new year.

Last but not least, the Federal Reserve has signalled a cautious approach for 2025, with expectations of only two interest rate cuts. This could keep short-term rates higher than initially anticipated, benefiting savers but potentially limiting economic momentum. Meanwhile, inflation concerns have nudged yields upward as investors demand higher compensation for perceived risks around inflation and government deficits. With US yields likely to remain within a narrow range of ±0.5% from current levels, the expected returns for bonds are attractive. Current yields are close to their highest levels in a decade and downside risks are limited in this environment so we are likely to see capital flows into money market funds outpace the flows into equity funds as investors lock-in these yields.

So, could equities three-peat in 2025? Investors have been generously rewarded by U.S. stocks over the past two years. What comes next? We enter 2025 optimistic yet balanced in our outlook, cognizant that two years of big gains and a broadening market suggests a lot of good news is priced into a growing number of stocks. At the same time, we are still seeing enough appreciation potential across individual companies to maintain a constructive, risk-on stance. Across asset classes, sectors and geographies, we believe nimbleness and selectivity will be important to navigating markets in the coming year. The Year of the Snake is upon us and many market risks lie ahead for us to slither through and if change will be a hallmark of 2025, a thoughtful balance between optimism and rationality will be pivotal as we navigate the vagaries and opportunities ahead to meet our client's long-term investment goals.

Using this investment philosophy, the Mansa-X KES fund delivered a net return of 19.53% which compares favourably to the 18.01% achieved in 2023. This brings the average annual performance for the fund since inception to 17.72%. Meanwhile, the funds' Assets Under Management have grown to KES 39.05 billion as at the close of 2024. The Mansa-X USD fund, which had Assets Under Management at USD 53.08 Million by end of the year, also had a comparatively better year as 2024 full year net returns came in at 12.5% while 2023 net returns were at 12.10%.

2024 also marked the first full year of Mansa-X KES & USD Shariah funds, leveraging the same diversified investment strategy but guided by the investment principles under Sharia law. The Mansa-X Shariah KES fund generated a full year net return of 12.97% while the Mansa-X Shariah USD fund generated a full year return of 8.06%. This once again demonstrates that the investment philosophy deployed at Mansa-X is adaptable and offers excellent opportunities for capital appreciation under different conditions.

We would like to take this opportunity to express our deepest gratitude for the trust placed in us by our investors. Your faith in our capabilities fuels our commitment to remain vigilant towards risk to portfolios and strive for excellence in this unprecedented geopolitical and global economic climate. As your fund managers, we remain steadfast in our dedication to uphold the highest standards of service and performance as we seek opportunities to maximize your returns and ensure the growth of your investments.

We value the partnership with our investors and in the face of unprecedented geopolitical and economic challenges, we deeply appreciate the trust they have placed in us. We are committed to diligently protecting your portfolios and striving for excellence. We will continue to uphold the highest standards to grow your investments and deliver optimal returns.

FA Nahashon Mungai, ACI

Executive Director, Global Markets

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REPORT OF THE INDEPENDENT AUDITOR TO THE UNIT HOLDERS OF STANDARD INVESTMENT TRUST FUND

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of the following unit portfolios of the Standard Investment Trust Fund;

1. Mansa X Special Fund (KES) set out on pages 17 to 33
2. Mansa X Special Fund (USD) set out on pages 34 to 48
3. Mansa X Shariah Special Fund (KES) set out on pages 49 to 63
4. Mansa X Shariah Special Fund (USD) set out on pages 64 to 78

These financial statements each comprise the statement of financial position at 31 December 2024 and the statements of comprehensive income, changes in equity 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 the STANDARD INVESTMENT TRUST FUND at 31 December 2024, and of their respective net income and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Capital Market Act (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 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.

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 Funds' 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.

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REPORT OF THE INDEPENDENT AUDITOR TO THE UNIT HOLDERS OF STANDARD INVESTMENT TRUST FUND (CONTINUED)

Other information

The Trustee is responsible for the other information. Other information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information 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, 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 and fair presentation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Capital Market Act (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 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 intend 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 of the Funds.

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

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REPORT OF THE INDEPENDENT AUDITOR TO THE UNIT HOLDERS OF STANDARD INVESTMENT TRUST 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 ability of the Funds to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the funds to cease to continue as a going concern.

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

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

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

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REPORT OF THE INDEPENDENT AUDITOR TO THE UNIT HOLDERS OF STANDARD INVESTMENT TRUST FUND (CONTINUED)

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), 2023.

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

- If the auditor is of the opinion that proper accounting records for the collective investment scheme have not been kept or that the accounts are not in agreement with those records,

- If the auditor has not been given all the information and explanation which, to the best of his knowledge and belief, are necessary for the purpose of his audit, or

- If the auditor is of the opinion that the information given in the report of the Trustee for that period is inconsistent with the accounts.

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

Certified Public Accountants
Nairobi

Chartafai LLP

CHARTAFAI LLP CPA (K)

25 March ------------------------------ **2025**

CPA Njeru Mwangi, Practising certificate No. 2198
Signing Partner responsible for the independent audit.

MANSA X SPECIAL FUND (KES)

Mansa x

powered by Standard Investment Bank

MANSA X SPECIAL FUND (KES) STATEMENT OF COMPREHENSIVE INCOME

	Notes	2024 KES	2023 KES
INCOME			
Investment Income	**5 (i)**	5,208,596,271	**3,461,504,130**
Interest Income Calculated using effective rate	**5 (ii)**	232,616,660	**299,230,614**
Fair Value gain/(loss) on financial assets at fair value through profit and loss	**5 (iii)**	1,027,036,888	**(32,088,377)**
Increase/(Decrease) in allowance for Expected Credit losses	**5 (iv)**	(296,840,476)	**-**
Other Incomes (Loss)	**5 (v)**	204,770,992	**16,321,326**
Total Income		**6,376,180,335**	**3,744,967,693**
Expenses			
Financial Services Charge	**6**	1,217,803,769	801,710,318
Total Expenses		**1,217,803,769**	**801,710,318**
Net Surplus Attributable to Unit Holders		**5,158,376,566**	**2,943,257,375**

MANSA X SPECIAL FUND (KES) STATEMENT OF FINANCIAL POSITION

ASSETS	Notes	2024 KES	2023 KES
Assets at Fair value through profit and loss	**8(i)**		
Government Securities at fair value through profit and loss		637,795,051	568,378,149
Offshore Assets at fair value through profit and loss		28,816,425,613	10,854,253,488
NSE listed Equities at fair value through profit and loss		195,905,352	118,950,000
Shares Unquoted Securities at fair value through profit and loss		320,000,000	300,000,000
Assets at Amortised cost	**8(ii)**		
Fixed Deposit with financial instruments		1,416,875,091	956,358,924
Call Deposits with financial instruments		2,800,880,922	198,666,268
Credit Instruments at amortized cost		2,023,164,308	1,557,882,127
Accounts receivables	**9**	-	3,572,528,819
Bank Balances	**10**	2,881,247,178	1,380,287,897
TOTAL ASSETS		**39,092,293,514**	**19,507,305,672**
LIABILITIES			
Unit Holders Balances	**11**	39,051,553,432	19,507,305,672
Payables and Accruals	**12**	34,892,499	-
Due to related parties	**13**	5,847,583	-
TOTAL LIABILITIES		**39,092,293,514**	**19,507,305,672**

MANSA X SPECIAL FUND (KES) STATEMENT OF CHANGES IN UNIT HOLDER BALANCES

	Unit Holder Balances
As at 1st January 2024	**19,507,305,672**
Surplus for the year	5,158,376,566
Additions during the year	23,602,745,648
Redemptions during the year	(9,181,981,955)
Withholding Taxes on distributions	(34,892,499)
As at 31 December 2024	**39,051,553,432**
As at 1st January 2023	**12,358,272,843**
Surplus for the year	2,943,257,375
Additions during the year	9,542,890,095
Redemptions during the year	(5,325,044,473)
Withholding Taxes on distributions	(12,070,168)
As at 31 December 2023	**19,507,305,672**

MANSA X SPECIAL FUND (KES) FUND STATEMENT OF CASH FLOWS

	2024	2023
	KES	**KES**
Operating Activities		
Surplus for the period	5,158,376,566	2,943,257,375
Investing Activities		
(Increase) Decrease in investment assets	(18,084,028,562)	(6,994,120,015)
Increase (Decrease) in Trade Payables	40,740,082	-
Net Cash Flow Used	**(12,884,911,914)**	**(4,050,862,640)**
Cash flow from financing activities		
Net funds from unit holders	14,385,871,194	4,205,775,454
Net Cash Flows from Financing Activities	**14,385,871,194**	**4,205,775,454**
Net cash and cash equivalents	**1,500,959,280**	**1,225,375,084**
Cash and cash equivalents at start of year	1,380,287,897	154,912,813
Cash and cash equivalents at end of the Year	**2,881,247,177**	**1,380,287,897**
Represented by bank Balances		
Cash at Bank	2,881,247,178	1,380,287,897
Represented by; **Bank Balances**	**2,881,247,178**	**1,380,287897**

Notes

1. General information

Mansa^{X} Special Fund (KES) is a registered Special Sub-Fund under the Standard Investment Trust Fund (the Fund) which is licensed and registered by Capital Market Authority under the requirement of the Collective Investment Schemes regulations of 2023.

The address of its registered office is:

Standard Investment Trust Fund,
16th Floor JKUAT Building,
Kenyatta Avenue
P.O. Box 13714-00800
Nairobi, Kenya.

2. Summary of significant accounting policies

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

a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). 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 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. Areas involving a higher degree of judgement or complexity relate to classification of assets, determination of whether the assets are impaired and the tax status of the Fund.

Changes in Accounting Policies and Disclosures

i. New standards adopted and changes in accounting policies

The Fund has applied the accounting policies for financial asset classification and impairment under IFRS 9 prospectively from the transition date of 1 January 2024, as permitted by the standard. The comparative periods presented in these financial statements have not been restated.

iii. Application of standards and accounting policies

In the current reporting period, the Fund has adopted **IFRS 9 - Financial Instruments** for the first time, which introduces significant changes in the classification, measurement, and impairment of financial assets. As a result, the Fund has reassessed the classification and measurement of its financial assets in line with the new standard. Additionally, the Fund has implemented the **expected credit loss (ECL) model** for impairment of financial assets, replacing the previous incurred loss model under IAS 39.

b) Revenue recognition

Investment income is recognised on a time proportion basis that takes into account the effective yield on the asset. Dividends are recognised as income in the year in which the right to receive payment is established.

Notes (continued)

c) Financial Instruments

Financial assets

i.Classification and impairment of financial assets

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

- at fair value through profit or loss (FVPL); and
- at amortised cost.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The Fund recognises cash at bank, fixed deposits and treasury bills at amortised cost.

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 FVTPL are expensed in profit or loss.

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 investment 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.

(iv) Impairment

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

The impairment model applies to the following financial instruments:

- Deposits with financial institutions
- Cash and bank balances

The Fund recognises a loss allowance at an amount equal to either 12-month expected credit losses (ECLs) or lifetime ECLs.

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

The Fund recognises lifetime ECLs, except in the following cases, where 12-month ECLs are applied:

Notes (continued)

- Financial instruments considered to have low credit risk at the reporting date. A financial instrument is deemed to have low credit risk if its credit rating is equivalent to the globally accepted definition of 'investment-grade'.
- Financial instruments for which credit risk has not increased significantly since initial recognition.

Measurement of Expected Credit Losses (ECLs)

Expected credit losses (ECLs) are a probability-weighted estimate of credit losses and are measured as follows:

- For financial assets that are not credit-impaired at the reporting date: ECLs are measured as the present value of all cash shortfalls, i.e., the difference between the contractual cash flows due to the Fund and the cash flows that the Fund expects to receive.

- For financial assets that are credit-impaired at the reporting date: ECLs are measured as the difference between the gross carrying amount of the asset and the present value of estimated future cash flows.

An asset is considered 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 (ECLs)

Expected credit losses are calculated using the following formula:

ECL = Probability of Default (PD) × Loss Given Default (LGD) × Exposure at Default (EAD)

The Fund applies the general approach under IFRS 9 to determine expected credit losses. At each reporting date, the Fund assesses whether a financial asset falls into one of the three stages to determine both the amount of ECL to recognise and how interest income should be recognised:

- Stage 1: Financial assets with no significant increase in credit risk since initial recognition – 12 - month ECLs are recognised.
- Stage 2: Financial assets with a significant increase in credit risk since initial recognition – Lifetime ECLs are recognised.
- Stage 3: Credit-impaired financial assets – Lifetime ECLs are recognised and interest income is calculated on the net carrying amount.

For deposits and call balances placed with banks, the expected credit loss model is based on the default rates assigned by global credit rating agency S&P.

- Loss Given Default (LGD): Represents the magnitude of the likely loss in the event of default. The Fund estimates LGD based on historical recovery rates from claims against defaulted counterparties.

- Exposure at Default (EAD): Represents the expected exposure at the time of default. The Fund determines EAD based on current exposure to the counterparty, potential future changes in exposure as per contractual terms, including amortisation and prepayments.

Notes (continued)

Financial Liabilities

Financial liabilities are initially recognised at fair value and subsequently measured at amortised cost. A financial liability is derecognised when it is redeemed, cancelled, or otherwise extinguished. The Fund classifies all financial liabilities as subsequently measured at amortised cost.

(vi) Derecognition of Financial Instruments

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired
- The Fund has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
- The Fund has transferred substantially all the risks and rewards of the asset, or
- The Fund has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset
- A financial liability is derecognised when the obligation under the liability is discharged, cancelled, or expires.

Fund has adopted Central Bank of Kenya (CBK) prudential guidelines loss provision on financial assets being the first-time implementation of the IFRS 9 on Financial Instruments. The Fund has recognized an impairment loss of Kes 296,840,476 (equivalent to 1% of the amortisable financial assets for the year ended December 31, 2024. This impairment loss captured as Expected Credit losses reflects the estimated potential losses arising from the Funds amortisable financial assets, based on a comprehensive assessment of the credit risk of the financial assets.

iv. Offsetting Financial Instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention either to settle on a net basis or to realise the asset and settle the liability simultaneously. Income and expenses are presented on a net basis only when permitted by accounting standards or for gains and losses arising from a group of similar transactions.

v. Distribution

All income arising from receipts of investment income is distributed to unit holders after provision for expenses and taxes. Unit holders have the option of receiving their distributions in cash or having the distribution reinvested to form part of their unit holder capital balance.

vi. Unit Holder Balances

Unit holder balances are redeemable on demand at an amount equal to a proportionate share of the unit portfolio's net asset value. These balances are carried at the redemption amount payable at the balance sheet date if the holder exercised their right to redeem.

Notes (continued)

vii. Cash and Cash Equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

3 Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. The trustee also needs to exercise judgment in applying the Fund's accounting policies.

All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events.

(a) Measurement of the expected credit loss allowance

A number of significant judgements are required in applying the accounting requirement for measuring ECL, such as:
- Determining the appropriate business models and assessing the "solely payments of principal and interest (SPPI)" requirements for financial assets,
- Determining criteria for significant increase in credit risk,
- Choosing the appropriate models and assumptions for the measurement of ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

4. Risk management objectives and policies (Continued)

Financial risk management

The Fund generates revenues for unit holders by investing in various income generating activities which involve trading in the global markets. These activities expose the Fund to various financial risks, including market, credit, liquidity, currency, and compliance risks. The Fund's risk management framework is designed to identify, assess, and mitigate risks that could impact the scheme's financial position and performance. Risk management is carried out by the investment managers under direction of the Standard Investment Bank Limited Board and the Investment Committee, in compliance with regulatory guidelines set by the Capital Markets Authority.

Liquidity Risk

Liquidity risk is the risk of not having sufficient cash to meet financial obligations as they fall due, or of having positions in securities that are infrequently traded and have insufficient liquidity. This is mitigated by rigorous and optimized cash flow management, adherence to stringent Portfolio allocation and diversification guidelines, and only taking positions in highly liquid assets. The Fund also maintains a sufficient cash and cash equivalents reserve to accommodate redemption requests.

Market Risk

Market risk arises from fluctuations in market prices, including asset prices, foreign exchange rates, and interest rates, which may affect the value of investments held by the scheme.

Notes (Continued)

Asset Price Risk

The Fund invests in financial securities that are subject to price volatility due to changes in market conditions, economic factors, and geopolitical events. Diversification across sectors and geographical regions is used to mitigate this risk.

Currency Risk
Given that the Fund trades in global markets, it is exposed to currencies other than the fund currency of denomination. Changes in the rate of exchange between such currencies could cause the value of units in the Fund to go up or down. This risk is mitigated by diversification and use of hedging instruments.

Interest Rate Risk
Changes in interest rates or reforms to reference rates could impact the valuation of securities held by the Fund. The Fund actively manages the portfolio's duration to reduce sensitivity to interest rate changes.

Operational Risk Operational risk relates to potential losses resulting from inadequate internal processes, human errors, system failures, or external disruptions. The Fund implements strong internal controls, employs qualified personnel, and utilizes robust technology platforms to ensure operational efficiency. A business continuity plan is in place to mitigate risks from unexpected disruptions.

Regulatory and Compliance Risk
Compliance risk arises from failure to adhere to applicable laws and regulations. The Fund ensures adherence to the Capital Markets (Collective Investment Schemes) Regulations, 2023. Regular audits and risk assessments are conducted to identify and address any compliance gaps.

Credit Risk
Credit risk refers to the potential loss arising from a counterparty's failure to fulfil contractual obligations. The scheme's fixed-income investments are subject to credit risk from issuers such as governments and corporations. Counterparty risk is managed through due diligence, setting credit exposure limits, and investing in securities with high credit ratings.

4. Risk Management Objectives and Policies (continued)

Expected Credit Loss (ECL) Measurement
IFRS 9 introduces a three-stage model for measuring impairment of financial instruments, based on changes in credit quality since initial recognition:

Stage 1: Financial instruments that are not credit-impaired at initial recognition are classified in Stage 1. Their credit risk is continuously monitored, and expected credit losses (ECL) are measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months.

Notes (continued)

Stage 2: If a significant increase in credit risk (SICR) is identified since initial recognition, the financial instrument is transferred to Stage 2. While not yet deemed credit-impaired, ECL is measured on a lifetime basis to reflect the increased credit risk.

Stage 3: When a financial instrument becomes credit-impaired, it is classified in Stage 3. ECL is measured on a lifetime basis, incorporating the heightened probability of default and associated losses.

A core principle of ECL measurement under IFRS 9 is the inclusion of forward-looking information. This includes macroeconomic indicators and other relevant factors that may impact the likelihood of default and potential credit losses.

Write-off Policy

The Fund writes off financial assets, in whole or in part, when all practical recovery efforts have been exhausted and there is no reasonable expectation of recovery. Indicators of such a scenario include:

(i) cessation of enforcement activities, and

(ii) instances where the Fund's recovery efforts, such as foreclosing on collateral, indicate that the value of the collateral is insufficient to recover the full amount owed.

5. Interest Income the Fund earns income from its portfolio of liquid assets, which primarily includes treasury bills, bonds, and fixed deposits.

Notes (Continued)

		2024	2023
5 (i)	**Investment Income**	**KES**	**KES**
	Income from Government Securities	7,595,592	-
	Income from Offshore Trading	4,945,153,307	2,945,612,310
	Income from credit instrument	126,434,276	473,072,820
	Income from Unquoted Securities	39,000,000	39,000,000
	Local Stocks Dividends earned	90,413,096	3,819,000
		5,208,596,271	**3,461,504,130**
5 (ii)	**Interest income calculated using effective rate**		
	Interest from Call Deposits with Financial institutions	232,616,660	299,230,614
5 (iii)	**Fair value Gain/(loss) on financial assets through profit and loss**		
	NSE Listed Equities	26,797,766	(32,088,374)
	Government securities	23,289,448	-
	Offshore Assets	46,031,105	-
	Sovereign Debt Instruments	330,066,589	-
	Offshore OTC Instruments	600,851,982	-
		1,027,036,888	**(32,088,374)**
5 (iv)	**Increase (Decrease) in allowance for Expected credit losses**		
	Offshore assets	(288,164,256)	-
	Credit Instruments	(8,676,220)	
		(296,840,476)	**-**
5 (v)	**Other incomes**		
	Foreign Exchange Loss/Gains	34,423,830	16,321,326
	Credit Investments Income	170,347,162	-
		204,770,992	**16,321,326**
6	**Expenses**		
	Financial Services Charge	1,217,803,769	801,710,318
		1,217,803,769	**801,710,318**

Notes (continued)

A **Financial Service Charge** of 5% per annum of assets under management is paid to the Fund Manager, Standard Investment Bank Limited (SIB), covering portfolio management, investment research, custodial services, trustee services, and fund administration. This charge is exclusive of any applicable taxes.

7. Taxation

Standard Investment Trust Fund is registered under the Trustees (Perpetual Successions Act) CAP 164. It operates under Income Tax Act; the fund operates under Section 20(1)(a) as a non-charitable trust and qualifies for tax exemption. However, distribution to Unit holders is not exempt from tax. With effect from January 2021 distributions (income less expenses) to unit holders are subjected to tax at current withholding tax rates (15% for interest and 5% for dividends) and are recognized in the statement of changes in unitholders balances.

		2024	2023
	Investment Assets	**KES**	**KES**
8(i)	**Fair value through profit and loss**		
	Offshore Assets	28,816,425,613	10,854,523,487
	Government securities	637,795,051	568,378,149
	NSE Listed securities	195,905,352	118,950,000
	Unquoted securities	320,000,000	300,000,000
8(ii)	**Amortised cost**		
	Credit instruments	2,023,164,308	1,557,882,127
	Fixed deposits	1,416,875,091	956,358,924
	Call deposits	2,800,880,922	198,666,268
		36,211,046,336	**14,554,758,955**
9	**Accounts receivables**		
	Accrued Income from Investments	-	3,572,258,819
10	**Cash and cash equivalent**		
	Cash and bank balances	2,881,247,178	1,380,287,897

Notes (continued)

Risk Management Objectives and Policies (Continued)

Fair Value Estimation

The Fund adopted the amendment to IFRS 7 regarding financial instruments measured at fair value in the balance sheet. This amendment requires disclosure of fair value measurements based on the following hierarchy:

- **Level 1**: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2**: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (e.g., prices) or indirectly (e.g., derived from prices).
- **Level 3**: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is considered active if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service, or regulatory agency, and these prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Fund is the current bid price. Instruments in this category are classified as Level 1 and primarily include equity investments listed on the Nairobi Securities Exchange (NSE) that are designated as trading securities.

For financial instruments not traded in active markets, fair value is determined using valuation techniques that maximise the use of observable market data and minimise reliance on entity-specific estimates. Instruments are classified as Level 2 if all significant inputs required for fair valuation are observable. Valuation techniques include:

- Quoted market prices or dealer quotes for similar instruments
- Discounted cash flow analysis and other appropriate valuation models

Notes (continued)

		2024	2023
		KES	**KES**
11	**Unit holder funds**		
	At the start of the year	**19,507,305,672**	**12,358,272,843**
	Addition during the year	23,602,745,648	9,542,890,095
	Redemptions during the year	(9,181,981,955)	(5,325,044,473)
	Surplus available for distribution	5,158,376,566	2,943,257,375
	Withholding taxes on distribution	(34,892,499)	(12,070,168)
		39,051,553,432	**19,507,305,672**
12	**Payables**		
	Withholding taxes	34,892,499	-
13	**Due to related parties' transactions**		
	Due to SIB Financial Services Charge	5,847,583	-

During the year, related parties transacted with the Fund as detailed below. These transactions were conducted in the ordinary course of business and at arm's length. Standard Investment Bank (SIB), the Fund Manager, earned management fees amounting to Kes 5,847,583 in 2024 (2023: Nil) for portfolio management services rendered to the Fund. There were no other material transactions with related parties during the reporting period.

a) Purchases of units by related parties

The Fund had no related parties' investments in units as at end of the year (2024: Shs nil).

b) Investments in related parties

The Fund had no investments held in related parties at the end of the year (2024: Shs nil).

MANSA X SPECIAL FUND (USD)

MANSA X SPECIAL FUND (USD) STATEMENT OF COMPREHENSIVE INCOME

	Notes	2024 USD	2023 USD
INCOME			
Investment Income	**5(i)**	4,304,214	2,039,717
Interest Income Calculated using effective interest rate method	**5(ii)**	511,331	29,176
Fair Value gain/(loss) on financial assets at fair value through profit and loss	**5(iii)**	44,939	-
Total Income		**4,860,484**	**2,068,893**
EXPENSES			
Financial services charge	**6**	1,732,987	562,868
Profit before distribution to unit holders		**3,127,497**	**1,506,025**

MANSA X SPECIAL FUND (USD) STATEMENT OF FINANCIAL POSITION

		2024	2023
	Notes	**USD**	**USD**
ASSETS	**7**		
Credit Instruments at amortised cost		5,274,134	4,461,116
Offshore Assets at fair value through profit and loss		41,204,098	9,233,042
Investment in other Funds		1,096,197	1,000,000
Accounts Receivable	**8**	-	1,497,342
Bank Balances	**9**	5,542,657	4,433,629
TOTAL ASSETS		**53,117,086**	**20,625,219**
Unit Holders Balances	**10**	53,077,737	20,625,219
Related parties	**11**	39,350	
TOTAL LIABILITIES		**53,117,086**	**20,625,219**

MANSA X SPECIAL FUND (USD) STATEMENT OF CHANGES IN UNIT HOLDER BALANCES

	2024
	USD
As at 1st January, 2024	**20,625,219**
Surplus distributed during the Year	**3,127,497**
Additions for the period	38,444,205
Redemptions for the period	(9,119,184)
Withholding taxes on distributions	-
As at 31st December, 2024	**53,077,737**
As at 1st January, 2023	**3,867,568**
Surplus distributed during the Year	**1,506,025**
Additions for the period	19,056,273
Redemptions for the period	(3,804,647)
Withholding taxes on distributions	-
As at 31st December, 2023	**20,625,219**

MANSA X SPECIAL FUND (USD) STATEMENT OF CASH FLOWS

	2024	2023
	USD	USD
CASH FLOWS FROM OPERATIONS		
Surplus for the period	3,127,497	1,506,025
Increase in payables	39,350	-
(Increase) in investment assets	(31,382,929)	(13,704,053)
Net Cash Flow Used in Operating Activities	**(28,119,796)**	**(12,198,028)**
CASH FLOW FROM FINANCING ACTIVITIES		
Net Client Contributions	29,325,021	15,251,627
Net Cash Flows from Financing Activities	29,325,021	15,251,627
Net cash and cash equivalent	**1,109,028**	**3,053,598**
Cash and cash equivalents at start of year	4,433,629	1,380,030
Cash and cash equivalents at end of year	**5,542,657**	**4,433,629**
Cash and cash equivalents at end of Period	**5,542,657**	**4,433,629**

Notes

1. General information

Mansa[X] Special Fund (USD) is a registered Special Sub-Fund under the Standard Investment Trust Fund (the Fund) which is licensed and registered by Capital Market Authority under the requirement of the Collective Investment Schemes regulations of 2023.

The address of its registered office is:

Standard Investment Trust Fund,
16th Floor JKUAT Building,
Kenyatta Avenue
P.O. Box 13714-00800
Nairobi, Kenya.

2. **Summary of significant accounting policies**

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

i. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). 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 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. Areas involving a higher degree of judgement or complexity relate to classification of assets, determination of whether the assets are impaired and the tax status of the Fund as explained in note 6.

Changes in accounting policy and disclosures

i. New standards adopted and changes in accounting policies

The Fund has applied the accounting policies for financial asset classification and impairment under IFRS 9 prospectively from the transition date of 1 January 2024, as permitted by the standard. The comparative periods presented in these financial statements have not been restated.

ii. Application of standards and accounting policies

In the current reporting period, the Fund has adopted IFRS 9 - Financial Instruments for the first time, which introduces significant changes in the classification, measurement, and impairment of financial assets. As a result, the Fund has reassessed the classification and measurement of its financial assets in line with the new standard. Additionally, the Fund has implemented the expected credit loss (ECL) model for impairment of financial assets, replacing the previous incurred loss model under IAS 39

Notes (continued)

Summary of significant accounting policies (continued)

ii. Revenue recognition

Investment income is recognised on a time proportion basis that takes into account the effective yield on the asset. Dividends are recognised as income in the year in which the right to receive payment is established.

iii. Financial Instruments

Financial assets

iii. **Classification and impairment of financial assets**

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

- at fair value through profit or loss (FVPL); and
- at amortised cost.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The Fund recognises cash at bank, fixed deposits and treasury bills at amortised cost.

i. Recognition

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.

ii. 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 FVTPL are expensed in profit or loss.

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 investment 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.

Financial Instruments (continued)

(i) **Impairment**

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

The impairment model applies to the following financial instruments:

- Treasury bills;
- Deposits with financial institutions; and
- Cash and bank balances.

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 recognises 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;
- 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).

ECL = PD x LGD x 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.

An expected credit loss model for deposits and call balances placed with banks will be based on the default rate assigned by global credit rating body S&P.

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.

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.

Financial Instruments (continued)

iv. **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.

The Fund classifies all financial liabilities as subsequently measured at amortised cost.

v. **Derecognition of financial instruments**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

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

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

vi. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

d) Distribution

All income arising from receipts of investment income is distributed to unit holders after provision for expenses and taxes. The unit holders have an option of taking their distributions in cash or having the distribution reinvested to form part of the unit holder capital balance.

Notes (Continued)

(e) Unit holder balances

Unit holder balances 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 balance sheet date if the holder exercised their right to redeem the balances.

(f) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

3 Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. The trustee also needs to exercise judgment in applying the Fund's accounting policies.

All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events.

(a) Measurement of the expected credit loss allowance

A number of significant judgements are also required in applying the accounting requirement for measuring ECL, such as:
- Determining the appropriate business models and assessing the "solely payments of principal and interest (SPPI)" requirements for financial assets.
- Determining criteria for significant increase in credit risk;
- Choosing the appropriate models and assumptions for the measurement of ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

4. Risk management objectives and policies

Financial risk management

The Fund generates revenues for unit holders by investing in various income generating activities which involve trading in the global markets. These activities expose the Fund to various financial risks, including market, credit, liquidity, currency, and compliance risks. The Fund's risk management framework is designed to identify, assess, and mitigate risks that could impact the scheme's financial position and performance. Risk management is carried out by the investment managers under direction of the Standard Investment Bank Limited Board and the Investment Committee, in compliance with regulatory guidelines set by the Capital Markets Authority.

Liquidity Risk

Liquidity risk is the risk of not having sufficient cash to meet financial obligations as they fall due, or of having positions in securities that are infrequently traded and have insufficient liquidity. This is mitigated by rigorous and optimized cash flow management, adherence to stringent Portfolio allocation and diversification guidelines, and only taking positions in highly liquid assets. The Fund also maintains a sufficient cash and cash equivalents reserve to accommodate redemption requests.

Notes (continued)

Market Risk

Market risk arises from fluctuations in market prices, including asset prices, foreign exchange rates, and interest rates, which may affect the value of investments held by the scheme.

Asset Price Risk
The Fund invests in financial securities that are subject to price volatility due to changes in market conditions, economic factors, and geopolitical events. Diversification across sectors and geographical regions is used to mitigate this risk.

4. Risk Management Objectives and Policies (continued)

Currency Risk
Given that the Fund trades in global markets, it is exposed to currencies other than the fund currency of denomination. Changes in the rate of exchange between such currencies could cause the value of units in the Fund to go up or down. This risk is mitigated by diversification and use of hedging instruments.

Interest Rate Risk
Changes in interest rates or reforms to reference rates could impact the valuation of securities held by the Fund. The Fund actively manages the portfolio's duration to reduce sensitivity to interest rate changes.

Operational Risk
Operational risk relates to potential losses resulting from inadequate internal processes, human errors, system failures, or external disruptions. The Fund implements strong internal controls, employs qualified personnel, and utilizes robust technology platforms to ensure operational efficiency. A business continuity plan is in place to mitigate risks from unexpected disruptions.

Regulatory and Compliance Risk
Compliance risk arises from failure to adhere to applicable laws and regulations. The Fund ensures adherence to the Capital Markets (Collective Investment Schemes) Regulations, 2023. Regular audits and risk assessments are conducted to identify and address any compliance gaps.

Credit Risk
Credit risk refers to the potential loss arising from a counterparty's failure to fulfil contractual obligations. The scheme's fixed-income investments are subject to credit risk from issuers such as governments and corporations. Counterparty risk is managed through due diligence, setting credit exposure limits, and investing in securities with high credit ratings.

Expected Credit Loss (ECL) Measurement
IFRS 9 introduces a three-stage model for measuring impairment of financial instruments, based on changes in credit quality since initial recognition:

Stage 1: Financial instruments that are not credit-impaired at initial recognition are classified in Stage 1. Their credit risk is continuously monitored, and expected credit losses (ECL) are measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months.

Stage 2: If a significant increase in credit risk (SICR) is identified since initial recognition, the financial instrument is transferred to Stage 2. While not yet deemed credit-impaired, ECL is measured on a lifetime basis to reflect the increased credit risk.

Stage 3: When a financial instrument becomes credit-impaired, it is classified in Stage 3. ECL is measured on a lifetime basis, incorporating the heightened probability of default and associated losses.

A core principle of ECL measurement under IFRS 9 is the inclusion of forward-looking information. This includes macroeconomic indicators and other relevant factors that may impact the likelihood of default and potential credit losses.

Notes (Continued)

Write-off Policy

The Fund writes off financial assets, in whole or in part, when all practical recovery efforts have been exhausted and there is no reasonable expectation of recovery. Indicators of such a scenario include:

(i) cessation of enforcement activities, and

(ii) instances where the Fund's recovery efforts, such as foreclosing on collateral, indicate that the value of the collateral is insufficient to recover the full amount owed.

In line with the transition to IFRS 9, the Fund has calculated and recognized the expected credit loss (ECL) on its financial assets. However, there were no significant changes in the credit risk of the Fund's financial assets during the year, resulting in no impairment loss being recognized for the year ended 31 December 2024. The Fund has adopted a simplified approach for measuring ECL on the assets under management using a provision matrix to estimate lifetime ECLs. The Fund's other financial assets, including offshore assets and debt securities, were reviewed and assessed for credit risk, and no significant increase in credit risk was observed.

		2024 USD	2023 USD
5(i).	**INVESTMENT INCOME**		
	Income from Offshore Trading	2,209,024	874,546
	Income from Credit Instruments	836,910	796,700
	Income from Sovereign Debt Instruments	1,162,083	368,471
	Income from Investment in other Funds	96,197	-
		4,304,214	**2,039,717**
5(ii)	**INTEREST INCOME**		
	Interest from call deposits with financial institutions	**511,331**	**29,176**
5(iii)	**Fair Value gain/(loss) on financial assets through profit & loss**		
	Fair value loss on Offshore trading	(96,043)	-
	Fair value gain Sovereign Debt Instruments	140,982	-
		44,939	**-**
6	**EXPENSES**		
	Financial Service Charges	1,732,987	562,868
		1,732,987	**562,868**

A **Financial Service Charge** of 5% per annum of assets under management is paid to the Fund Manager, Standard Investment Bank Limited (SIB), covering portfolio management, investment research, custodial services, trustee services, and fund administration. This charge is exclusive of any applicable taxes.

Taxation
Standard Investment Trust Fund is registered under the Trustees (Perpetual Successions Act) CAP 164. It operates under Income Tax Act; the fund operates under Section 20(1)(a) as a non-charitable trust and qualifies for tax exemption. However, distribution to Unit holders is not exempt from tax. With effect from January 2021 distributions (income less expenses) to unit holders are subjected to tax at current withholding tax rates (15% for interests/profits and 5% for dividends) and are recognized in the statement of changes in unitholders balances.

Distribution
All income arising from receipts of investment income is distributed to unit holders after provision for expenses and taxes. The unit holders have an option of taking their distributions in cash or having the distribution reinvested to form part of the unit holder capital balance.

Notes (Continued)

		2024	2023
		USD	USD
7	**INVESTMENTS**		
	Credit Instruments at amortized cost	5,274,134	4,461,116
	Offshore Assets at fair value through profit and loss	41,204,098	9,233,042
	Investment in other funds	1,096,197	1,000,000
	Total Investments	**47,574,429**	**14,694,158**

Fair value estimation

The Fund adopted the amendment to IFRS 7 regarding financial instruments measured at fair value in the balance sheet. This amendment requires disclosure of fair value measurements based on the following hierarchy:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (e.g., prices) or indirectly (e.g., derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is considered active if quoted prices are readily and regularly available from an exchange, dealer, broker, pricing service, or regulatory agency, and these prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Fund is the current bid price. Instruments in this category are classified as Level 1 and primarily include equity investments listed on the Nairobi Securities Exchange (NSE) that are designated as trading securities.

For financial instruments not traded in active markets, fair value is determined using valuation techniques that maximise the use of observable market data and minimise reliance on entity-specific estimates. Instruments are classified as Level 2 if all significant inputs required for fair valuation are observable. Valuation techniques include:

- Quoted market prices or dealer quotes for similar instruments
- Discounted cash flow analysis and other appropriate valuation models

Notes (continued)

		2024	2023
		USD	**USD**
8	**RECEIVABLES**		
	Accrued Income from Investments		1,497,432
		-	**1,497,432**
9	**CASH & BANK BALANCES**	**5,542,657**	**4,433,629**
10	**UNIT HOLDER FUNDS**		
	As at 1st January, 2024	**20,625,219**	**3,867,568**
	Surplus distributed during the Year	3,127,497	1,506,025
	Additions for the period	38,444,205	19,056,273
	Redemptions for the period	(9,119,184)	(3,804,647)
	AUM As at 31st December 2024	**53,077,736**	**20,625,219**

11. Related Parties

During the year, related parties transacted with the Fund as detailed below. These transactions were conducted in the ordinary course of business and at arm's length. Standard Investment Bank (SIB), the Fund Manager, earned management fees amounting to USD 39,350 in 2024 (2023: Nil) for portfolio management services rendered to the Fund. There were no other material transactions with related parties during the reporting period.

	2024	2023
	USD	**USD**
SIB Financial Services Charge	39,350	-
	39,350	**-**

MANSA X SHARIAH SPECIAL FUND (KES)

Mansa^x Shariah
powered by SIB Najah

MANSA X SHARIAH SPECIAL FUND (KES) STATEMENT OF COMPREHENSIVE INCOME

	Notes	2024 KES
Investment Income	**5(i)**	11,532,851
Profit from Placements in Islamic Banks	**5(ii)**	4,505,184
Fair Value gain/(loss) on financial assets at fair value through profit and loss	**5(iii)**	39,210,184
Total Income		**64,459,283**
EXPENSES	**6**	
Financial Services Charge		20,985,173
Purification Expenses		186,181
Total Expenses		**21,171,354**
Profit Attributable to Unit Holders		**43,287,929**

MANSA^{X} SHARIAH SPECIAL FUND (KES) STATEMENT OF FINANCIAL POSITION

	Notes	2024 KES
Offshore Assets at fair value through profit and loss	**7(i)**	128,201,469
Credit Instruments at amortised cost	**7 (ii)**	591,186,092
Bank Balances	**8**	9,732,462
TOTAL ASSETS		**729,120,023**
Unit Holders Balances	**9**	728,933,841
Payables and Accruals	**10**	186,181
TOTAL LIABILITIES		**729,120,023**

MANSA^X SHARIAH SPECIAL FUND (KES) STATEMENT OF CHANGES IN UNIT HOLDER BALANCES

	2024 KES
Unit Holder Funds	
As at 1st January 2024	**-**
Surplus for the year	43,287,929
Additions during the year	745,058,019
Redemptions during the year	(59,412,106)
Withholding Taxes on distributions	**-**
As at 31 December 2024	**728,933,842**

MANSA X SHARIAH SPECIAL FUND(KES) STATEMENT OF CASH FLOWS

	2024
	KES
Surplus for the period	43,287,929
Increase (decrease in Payables	186,181
(Increase) decrease in investment assets	(719,387,561)
Net Cash Flow Used in Operating Activities	**(675,913,451)**
Cash flow from financing activities	
Net Client Contributions	685,645,913
Net Cash Flows from Financing Activities	685,645,913
Net cash and cash flows equivalents	**9,732,462**
Cash and cash equivalents at start of year	**-**
Cash and cash equivalents at end of the Year	**9,732,462**
Represented by	
Cash and Bank Balances	**9,732,462**

Notes

1 General information

Standard Investment Trust Fund is licensed and registered by Capital Market Authority under the requirement of the Collective Investment Schemes regulations of 2023.

The address of its registered office is:

Standard Investment Trust Fund,
16th Floor JKUAT Building,
Kenyatta Avenue
P.O. Box 13714-00800
Nairobi, Kenya.

a) Financial Statement Period

The financial statements of Mansa^{X} Shariah Special Fund (KES) have been prepared for the 15-month period from October 1, 2023, to December 31, 2024. The first 3 months of this period, from October 1, 2023, to December 31, 2023, were not previously audited as the fund commenced operations on October 1, 2023. The 3-month period is included in the current financial statements for completeness.

As the fund was operational for only 3 months during this period, the financial results for this period (October 1, 2023, to December 31, 2023) are presented as part of the prior year. The inclusion of this period ensures that the financial statements are comprehensive and reflect the full 15-month period.

b) Prior Year Adjustment

As the period from October 1, 2023, to December 31, 2023, was not previously audited, the results for this period have been included in the financial statements for the first time and are presented as part of the prior year. There were no significant adjustments necessary to include this unaudited period in the financial statements, and no restatements were required.

2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are outlined below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of Preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The measurement basis used is the historical cost basis, unless otherwise indicated in the accounting policies below. All amounts are presented in Kenya Shillings (KES).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Trustee to exercise judgement in applying the Fund's accounting policies. Areas that involve a higher degree of judgement or complexity include:

- Classification of assets,
- Assessment of asset impairment, and
- Evaluation of the Fund's tax status (refer to Note 6).

Changes in Accounting Policies and Disclosures

Notes (Continued)

ii. Summary of Significant Accounting Policies (continued)

i. **New standards adopted and changes in accounting policies**

The Fund has applied the accounting policies for financial asset classification and impairment in accordance with IFRS 9 on a prospective basis, effective from the transition date of 1 January 2024, as permitted by the standard. Comparative figures presented in these financial statements have not been restated.

ii. ***Application of standards and accounting policies***

In the current reporting period, the Fund has adopted IFRS 9 - Financial Instruments for the first time, which introduces significant changes in the classification, measurement, and impairment of financial assets. As a result, the Fund has reassessed the classification and measurement of its financial assets in line with the new standard. Additionally, the Fund has implemented the expected credit loss (ECL) model for impairment of financial assets, replacing the previous incurred loss model under IAS 39.

(b) Revenue Recognition

Profit income from Shariah-compliant deposits with licensed Islamic financial institutions and unquoted Sukuk is recognised on a time-proportionate basis using the effective profit rate method on an accrual basis.

Profit income is calculated by applying the effective profit rate to the gross carrying amount of a financial asset, except where the financial asset becomes credit impaired. In such cases, the effective profit rate is applied to the net carrying amount of the asset (i.e., after deducting the loss allowance).

Realised gains or losses on the disposal of unquoted Sukuk and Islamic commercial papers are recognised as the difference between:

1. the net disposal proceeds, and
2. the carrying amount of the respective instruments,

determined based on cost, adjusted for accretion of discount or amortisation of premium.

(c) Financial Instruments

Financial Assets

Classification and Impairment of Financial Assets

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

1. At fair value through profit or loss (FVTPL), and
2. At amortised cost

-A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

1. It is held within a business model whose objective is to hold assets to collect contractual cash flows, and
2. Its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The Fund recognises cash at bank, fixed deposits, and treasury bills at amortised cost.

Recognition

Notes (continued)

(c) Financial Instruments (continued)

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.

Measurement

At initial recognition, a financial asset is measured at:

- Fair value, plus
- Transaction costs directly attributable to the acquisition of the asset (if not at FVTPL).

Transaction costs of financial assets carried at FVTPL are expensed immediately through profit or loss.

Assets held to collect contractual cash flows, and where those cash flows represent solely payments of principal and interest, are measured at amortised cost.

Interest income from such financial assets is recognised using the effective interest rate method and included in investment income.

Any gain or loss arising on derecognition of financial assets is recognised directly in profit or loss under other gains/(losses), together with any related foreign exchange gains or losses.

(i) **Impairment**

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

The impairment model applies to the following financial instruments:

- Treasury bills;
- Deposits with financial institutions; and
- Cash and bank balances.

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 recognises 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

Notes (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 assets

(c) Financial Instruments (continued)

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).

ECL = PD x LGD x 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.

An expected credit loss model for deposits and call balances placed with banks will be based on the default rate assigned by global credit rating body S&P.

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.
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.

ii) 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.

The Fund classifies all financial liabilities as subsequently measured at amortised cost.

iii. **Derecognition of financial instruments**

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

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

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires

Notes (continued)

(c) Financial Instruments (continued)

vi. Offsetting financial instruments
Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

c) Distribution
All income arising from receipts of investment income is distributed to unit holders after provision for expenses and taxes. The unit holders have an option of taking their distributions in cash or having the distribution reinvested to form part of the unit holder capital balance.

d) **Unit holder balances**
Unit holder balances 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 balance sheet date if the holder exercised their right to redeem the balances.

The fund began operations on October 1, 2023. As the fund was operational for only the last 3 months of the 15-month audit period, the results of operations for the 3 months from October 1, 2023, to December 31, 2023, are included under the prior year, which was unaudited at the time.

e) **Cash and cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

3 Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. The trustee also needs to exercise judgment in applying the Fund's accounting policies.

All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events.

(a) Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). A number of significant judgements are also required in applying the accounting requirement for measuring ECL, such as:

- Determining the appropriate business models and assessing the "solely payments of principal and interest (SPPI)" requirements for financial assets.
- Determining criteria for significant increase in credit risk;
- Choosing the appropriate models and assumptions for the measurement of ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Notes (Continued)

4 Risk Management Objectives and Policies

Financial Risk Management

The Fund generates revenues for unit holders by investing in various income generating activities which involve trading in Shariah compliant stocks, currencies, precious metals, commodities, Shariah compliant stock indices, Shariah compliant ETFs, cash & fixed income and trading in Sukuk. These activities expose the Fund to a variety of financial risks, including credit, liquidity risk and the effects of changes in debt and equity market prices and profit rates. The Shariah Advisory Board and the Investment Committee oversee risk management strategies in compliance with regulatory guidelines set by the Capital Markets Authority (CMA) of Kenya and Shariah principles. Investment managers review the market trends and information available to evaluate the potential exposures. They then arrive at strategies to mitigate against these risks.

Liquidity Risk

Liquidity risk refers to the possibility that the Fund may face challenges in meeting its financial obligations as they fall due. The Manager mitigates this risk by maintaining an adequate level of liquid assets to cover anticipated payments and redemptions of units by unit holders. Liquid assets include bank balances, Shariah-compliant deposits held with licensed Islamic financial institutions, and other instruments that can be converted into cash within seven business days. While all investments inherently carry a certain level of liquidity risk—depending on factors such as the nature of the instruments, market conditions, and sector exposure—the Manager adopts a balanced approach. This involves diversifying the portfolio with a mix of assets that offer satisfactory trading volumes alongside those that may occasionally experience lower liquidity. This strategy aims to minimize liquidity risk for the overall portfolio while preserving the Fund's potential for growth.

Market Risk – Price Risk

The fair value of a Shariah-compliant investment in unquoted Sukuk and Islamic commercial papers will fluctuate because of changes in market prices (other than those arising from interest rate risk). The value of unquoted Sukuk and Islamic commercial papers may fluctuate according to the activities of individual companies, sectors and overall political and economic conditions. Such fluctuation may cause the Fund's NAV and prices of units to fall as well as rise, and income produced by the Fund may fluctuate. This is the risk that the fair value of a Shariah-compliant investment in unquoted Sukuk and Islamic commercial papers will fluctuate because of changes in market prices (other than those arising from interest rate risk). The value of unquoted Sukuk and Islamic commercial papers may fluctuate according to the activities of individual companies, sectors and overall political and economic conditions. Such fluctuation may cause the Fund's NAV and prices of units to fall as well as rise, and income produced by the Fund may fluctuate. The price risk is managed through diversification and selection of unquoted Sukuk and Islamic commercial papers within specified limits according to the Deeds.

Interest Rate Risk

Interest rate risk – in general, when interest rates rise, Sukuk and Islamic commercial papers prices will tend to fall and vice versa. Therefore, the NAV of the Fund may also tend to fall when interest rates rise or are expected to rise. In order to mitigate interest rate exposure of the Fund, the Manager will manage the duration of the portfolio via shorter or longer tenured assets depending on the view of the future interest rate trend of the Manager, which is based on its continuous fundamental research and analysis.

Notes (Continued)

4 Risk Management Objectives and Policies (Continued)

Expected Credit loss measurement

IFRS 9 outlines a “three-stage” model for impairment based on changes in credit quality since initial recognition as summarised below:
- A financial instrument that is not credit impaired at initial recognition is classified in “Stage 1” and has its credit risk continuously monitored by the Fund.
- If a significant increase in credit risk (“SICR” since initial recognition is identified, the financial instrument is moved to “Stage 2” but is not yet deemed to be credit impaired.
- If the financial instrument is credit-impaired, the financial instrument is then moved to “Stage 3.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stage 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis.
- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should consider forward-looking information.

Write-off policy

The Fund writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include (i) ceasing enforcement activity and (ii) where the Fund’s recovery methods foreclosing on collateral and the value of the collateral is such that there are no reasonable expectations of recovering in full.

In line with the transition to IFRS 9, the Fund has calculated and recognized the expected credit loss (ECL) on its financial assets. However, there were no significant changes in the credit risk of the Fund’s financial assets during the year, resulting in no impairment loss being recognized for the year ended 31 December 2024. The Fund has adopted a simplified approach for measuring ECL on the assets under management using a provision matrix to estimate lifetime ECLs. The Fund’s other financial assets, including offshore assets and debt securities, were reviewed and assessed for credit risk, and no significant increase in credit risk was observed.

Notes (Continued)

	2024
INCOME	**KES**
5(i) Investment income	
Income from Offshore Trading	11,719,032
Income from Credit Instruments	5,995,636
Income Sovereign Debt Instruments	3,029,247
	20,743,915
5 (ii) Profit Income Calculated using effective rate	
Gain from call deposits with Islamic financial institutions	2,760,892
Profit from Fixed Deposits with Islamic financial institutions	1,744,292
	4,505,184
5 (iii) Fair Value gain/(loss) on financial assets at fair value through profit and loss	
Sovereign Debt Instruments	40,408
Offshore Assets	5,758,550
Credit Instruments	33,411,226
	39,210,184
6. Expenses	
Financial Services Charge	20,985,173
Purification Expense	186,181
	21,171,354

A **Financial Service Charge** of 5% per annum of assets under management is paid to the Fund Manager, Standard Investment Bank Limited (SIB), covering portfolio management, investment research, custodial services, trustee services, and fund administration. This charge is exclusive of any applicable taxes.

Taxation

Standard Investment Trust Fund is registered under the Trustees (Perpetual Successions Act) CAP 164. It operates under Income Tax Act; the fund operates under Section 20(1)(a) as a non-charitable trust and qualifies for tax exemption. However, distribution to Unit holders is not exempt from tax. With effect from October 2023 distributions (income less expenses) to unit holders are subjected to tax at current withholding tax rates (15% for interests/profits and 5% for dividends) and are recognized in the statement of changes in unitholders balances.

Notes (Continued)

		2024
7	**Investment balances**	**KES**
	Credit Instruments at amortized cost	591,186,092
	Offshore Assets at fair value through profit and loss	128,201,469
		719,387,561
8	**CASH & BANK BALANCES**	**9,732,462**
9	**Unit holder funds**	
	Surplus distributed during the Year	43,287,929
	Additions during the year	745,058,019
	Redemptions during the year	(59,412,106)
	Withholding Taxes deducted	-
	Net Unit Holder Funds	**685,645,913**
12	**Payables**	
	Purification Expenses	186,181
		186,181

Purification expense refers to the removal and donation of impermissible (haram) income, such as interest (*riba*) or earnings from non-compliant business activities, to ensure Shariah compliance. Since even Shariah-screened stocks may generate minor non-halal revenue (e.g., interest on cash holdings or incidental haram income), purification cleanses these earnings.

The amount is calculated based on the proportion of non-compliant income in dividends or capital gains, as determined through a subscription to Muslim exchange software approved by the fund's Shariah board. The impure amount is donated to charity and not retained by investors.

Purification maintains the fund's ethical integrity, ensuring adherence to Islamic principles. We disclose these expenses transparently, reinforcing investor trust in their Halal income and shariah compliance. This process distinguishes Islamic finance from conventional investing by aligning profits with faith-based values.

Notes (Continued)

Risk Management Objectives and Policies (Continued

Fair value estimation

The Fund adopted the amendment to IFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry Fund, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Fund is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily NSE equity investments classified as trading securities.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

MANSA X SHARIAH SPECIAL FUND (USD)

MANSA X SHARIAH SPECIAL FUND (USD) STATEMENT OF COMPREHENSIVE INCOME

		2024
	Notes	**USD**
Investment Income	**5 i)**	52,162
Profit attributable from placements with Islamic Banks	**5 ii)**	1,910
Fair Value gain/(loss) on financial assets at fair value through profit and loss	**5 iii)**	68,281
Total Income		**122,352**
Expenses		
Financial Services Charge	**6**	(76,237)
Purification Expense		(389)
Total Expenses		**(76,626)**
Profit Attributable to Unit Holders		**45,726**

MANSA X SHARIAH SPECIAL FUND (USD) STATEMENT OF FINANCIAL POSITION

		2024
	Notes	**USD**
ASSETS		
Credit Instruments at amortised cost	**7 i)**	1,868,057
Offshore Assets at fair value through profit and loss	**7 ii)**	262,681
Bank Balances	**8**	345,454
TOTAL ASSETS		**2,476,192**
Unit Holders Balances	**9**	2,475,803
Accounts Payables (Purification account)	**10**	389
TOTAL LIABILITIES		**2,476,192**

MANSA X SHARIAH SPECIAL FUND (USD) STATEMENT OF CHANGES IN UNIT HOLDER BALANCES

	2024
	USD
At 1st January 2024	**-**
Surplus distributed during the period	**45,726**
Additions during the year	2,803,538
Redemptions during the year	(373,461)
AT 31st December, 2024	**2,475,803**

MANSA X SHARIAH SPECIAL FUND (USD) STATEMENT OF CASH FLOWS

	2024 USD
CASHFLOWS FROM OPERATIONS	
Surplus for the period	45,726
Investing activities	
(Increase) decrease in investment asset	(2,130,738)
Increase in Payables (purification Account)	389
Net Cash Flow Used in Investing Activities	**(2,084,623)**
Cash flow from financing activities	
Additions during the year	2,803,538
Redemptions during the year	(373,461)
Net Cash Flows from Financing Activities	**2,430,077**
Net cash and cash equivalent	**345,454**
Cash and cash equivalents at start of year	-
Represented by:	
Cash and Bank Balances	345,454
Cash and cash equivalents at end of Period	**345,454**

Notes

1 General information

Standard Investment Trust Fund is licensed and registered by Capital Market Authority under the requirement of the Collective Investment Schemes regulations of 2023.

The address of its registered office is:

Standard Investment Trust Fund,
16th Floor JKUAT Building,
Kenyatta Avenue
P.O. Box 13714-00800
Nairobi, Kenya.

c) Financial Statement Period

The financial statements of Mansa X Shariah Special Fund (KES) have been prepared for the 15-month period from October 1, 2023, to December 31, 2024. The first 3 months of this period, from October 1, 2023, to December 31, 2023, were not previously audited as the fund commenced operations on October 1, 2023. The 3-month period is included in the current financial statements for completeness.

As the fund was operational for only 3 months during this period, the financial results for this period (October 1, 2023, to December 31, 2023) are presented as part of the prior year. The inclusion of this period ensures that the financial statements are comprehensive and reflect the full 15-month period.

d) Prior Year Adjustment

As the period from October 1, 2023, to December 31, 2023, was not previously audited, the results for this period have been included in the financial statements for the first time and are presented as part of the prior year. There were no significant adjustments necessary to include this unaudited period in the financial statements, and no restatements were required

1. Summary of significant accounting policies

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

a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). 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 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. Areas involving a higher degree of judgement or complexity relate to classification of assets, determination of whether the assets are impaired, and the tax status of the Fund as explained in note

Notes (Continued)

Changes in accounting policy and disclosures

i. New standards adopted and changes in accounting policies

The Fund has applied the accounting policies for financial asset classification and impairment under IFRS 9 prospectively from the transition date of 1 January 2024, as permitted by the standard. The comparative periods presented in these financial statements have not been restated.

ii. Application of standards and accounting policies

In the current reporting period, the Fund has adopted IFRS 9 - Financial Instruments for the first time, which introduces significant changes in the classification, measurement, and impairment of financial assets. As a result, the Fund has reassessed the classification and measurement of its financial assets in line with the new standard. Additionally, the Fund has implemented the expected credit loss (ECL) model for impairment of financial assets, replacing the previous incurred loss model under IAS 39.

b) Revenue recognition

Interest income is recognised on a time proportion basis that takes into account the effective yield on the asset.

c) Financial Instruments

Financial assets

iii.Classification and impairment of financial assets

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

- at fair value through profit or loss (FVPL); and
- at amortised cost.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The Fund recognises cash at bank, fixed deposits and treasury bills at amortised cost

iv.Recognition

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.

v.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 FVTPL are expensed in profit or loss.

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 investment 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.

Summary of significant accounting policies (continued)

vi. Impairment

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

The impairment model applies to the following financial instruments:

- Treasury bills;
- Deposits with financial institutions; and
- Cash and bank balances.

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 recognises 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;
- 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).

ECL = PD x LGD x 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.

An expected credit loss model for deposits and call balances placed with banks will be based on the default rate assigned by global credit rating body S&P.

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.

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.

Notes (continued)

Summary of significant accounting policies (continued)

vii. 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.

The Fund classifies all financial liabilities as subsequently measured at amortised cost.

viii. Derecognition of financial instruments

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

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

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

ix. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

d) Distribution

All income arising from receipts of investment income is distributed to unit holders after provision for expenses and taxes. The unit holders have an option of taking their distributions in cash or having the distribution reinvested to form part of the unit holder capital balance.

e) Unit holder balances

Unit holder balances 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 balance sheet date if the holder exercised their right to redeem the balances. The fund began operations on October 1, 2023. As the fund was operational for only the last 3 months of the 15-month audit period, the results of operations for the 3 months from October 1, 2023, to December 31, 2023, are included under the prior year, which was unaudited at the time.

Summary of significant accounting policies (continued)

f) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. The trustee also needs to exercise judgment in applying the Fund's accounting policies.

All estimates and assumptions required in conformity with IFRS are best estimates undertaken in accordance with the applicable standard. Estimates and judgements are evaluated on a continuous basis, and are based on past experience and other factors, including expectations with regard to future events.

(a) Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). A number of significant judgements are also required in applying the accounting requirement for measuring ECL, such as:

- Determining the appropriate business models and assessing the "solely payments of principal and interest (SPPI)" requirements for financial assets.
- Determining criteria for significant increase in credit risk;
- Choosing the appropriate models and assumptions for the measurement of ECL and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

4. Risk Management Objectives and Policies

Financial risk management

The Fund generates revenues for unit holders by investing in various income generating activities which involve trading in Shariah compliant stocks, currencies, precious metals, Commodities, Shariah compliant stock Indices, Shariah compliant ETFs, Cash & Fixed Income and trading in Sukuk. These activities expose the Fund to a variety of financial risks, including credit, liquidity risk and the effects of changes in debt and equity market prices and profit rates. The Shariah Advisory Board and the Investment Committee oversee risk management strategies in compliance with regulatory guidelines set by the Capital Markets Authority (CMA) of Kenya and Shariah principles. Investment managers review the market trends and information available to evaluate the potential exposures. They then arrive at strategies to mitigate against these risks.

Liquidity Risk

Liquidity risk refers to the possibility that the Fund may face challenges in meeting its financial obligations as they fall due. The Manager mitigates this risk by maintaining an adequate level of liquid assets to cover anticipated payments and redemptions of units by unit holders. Liquid assets include bank balances, Shariah-compliant deposits held with licensed Islamic financial institutions, and other instruments that can be converted into cash within seven business days. While all investments inherently carry a certain level of liquidity risk—depending on factors such as the nature of the instruments, market conditions, and sector exposure—the Manager adopts a balanced approach. This involves diversifying the portfolio with a mix of assets that offer satisfactory trading volumes alongside those that may occasionally experience lower liquidity. This strategy aims to minimize liquidity risk for the overall portfolio while preserving the Fund's potential for growth.

Notes (Continued)

4. Risk Management Objectives and Policies (Continued)

Market risk

Price risk

The fair value of a Shariah-compliant investment in unquoted Sukuk and Islamic commercial papers will fluctuate because of changes in market prices (other than those arising from interest rate risk). The value of unquoted Sukuk and Islamic commercial papers may fluctuate according to the activities of individual companies, sectors and overall political and economic conditions. Such fluctuation may cause the Fund's NAV and prices of units to fall as well as rise, and income produced by the Fund may fluctuate.

This is the risk that the fair value of a Shariah-compliant investment in unquoted Sukuk and Islamic commercial papers will fluctuate because of changes in market prices (other than those arising from interest rate risk). The value of unquoted Sukuk and Islamic commercial papers may fluctuate according to the activities of individual companies, sectors and overall political and economic conditions. Such fluctuation may cause the Fund's NAV and prices of units to fall as well as rise, and income produced by the Fund may fluctuate. The price risk is managed through diversification and selection of unquoted Sukuk and Islamic commercial papers within specified limits according to the Deeds.

Interest rate risk

Interest rate risk – in general, when interest rates rise, Sukuk and Islamic commercial papers prices will tend to fall and vice versa. Therefore, the NAV of the Fund may also tend to fall when interest rates rise or are expected to rise.

In order to mitigate interest rates exposure of the Fund, the Manager will manage the duration of the portfolio via shorter or longer tenured assets depending on the view of the future interest rate trend of the Manager, which is based on its continuous fundamental research and analysis.

Expected Credit Loss (ECL) Measurement

IFRS 9 introduces a three-stage model for measuring impairment of financial instruments, based on changes in credit quality since initial recognition:

Stage 1: Financial instruments that are not credit-impaired at initial recognition are classified in Stage 1. Their credit risk is continuously monitored, and expected credit losses (ECL) are measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months.

Stage 2: If a significant increase in credit risk (SICR) is identified since initial recognition, the financial instrument is transferred to Stage 2. While not yet deemed credit-impaired, ECL is measured on a lifetime basis to reflect the increased credit risk.

Stage 3: When a financial instrument becomes credit-impaired, it is classified in Stage 3. ECL is measured on a lifetime basis, incorporating the heightened probability of default and associated losses.

A core principle of ECL measurement under IFRS 9 is the inclusion of forward-looking information. This includes macroeconomic indicators and other relevant factors that may impact the likelihood of default and potential credit losses.

Notes (Continued)

4. Risk Management Objectives and Policies (Continued)

Fair Value Estimation

The Fund adopted the amendment to IFRS 7 for financial instruments that are measured in the balance sheet at fair value. This requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- **Level 3:** Inputs for the asset or liability that are not based on observable market data (i.e., unobservable inputs).

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry fund, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm’s length basis.

The quoted market price used for financial assets held by the Fund is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily NSE equity investments classified as trading securities.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where available and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Valuation techniques include:

- Quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis.

Note that all of the resulting fair value estimates are included in Level 2.

Write-off Policy

The Fund writes off financial assets, in whole or in part, when all practical recovery efforts have been exhausted and there is no reasonable expectation of recovery. Indicators of such a scenario include:

(i) cessation of enforcement activities, and

(ii) instances where the Fund's recovery efforts, such as foreclosing on collateral, indicate that the value of the collateral is insufficient to recover the full amount owed.

In line with the transition to IFRS 9, the Fund has calculated and recognized the expected credit loss (ECL) on its financial assets. However, there were no significant changes in the credit risk of the Fund’s financial assets during the year, resulting in no impairment loss being recognized for the year ended 31 December 2024. The Fund has adopted a simplified approach for measuring ECL on the assets under management using a provision matrix to estimate lifetime ECLs. The Fund’s other financial assets, including offshore assets and debt securities, were reviewed and assessed for credit risk, and no significant increase in credit risk was observed.

Notes (Continued)

5. Interest Income
The Fund earns income from its portfolio of liquid assets, which primarily includes treasury bills, bonds, and fixed deposits

		2024 USD
	INCOME	
5 i)	**Investment income**	
	Income from Sukuk Investments	11,778
	Income from Offshore Trading	40,383
		52,161
5 ii)	**Profit attributable from placement with Islamic banks**	
	Call deposits with financial institutions	1,022
	Fixed Deposits with financial institutions	888
		1,910
5 iii)	**Fair Value gain/(loss) on financial assets at fair value through profit and loss**	
	Offshore Assets	1,927
	Credit Instruments	66,354
		68,281
6	**Operating Expenses**	
	Financial Service Charges	76,237
	Purification expenses	389
		76,626

A **Financial Service Charge** of 5% per annum of assets under management is paid to the Fund Manager, Standard Investment Bank Limited (SIB), covering portfolio management, investment research, custodial services, trustee services, and fund administration. This charge is exclusive of any applicable taxes.

Taxation

Standard Investment Trust Fund is registered under the Trustees (Perpetual Successions Act) CAP 164. It operates under Income Tax Act; the fund operates under Section 20(1)(a) as a non-charitable trust and qualifies for tax exemption. However, distribution to Unit holders is not exempt from tax. With effect from October 2023 distributions (income less expenses) to unit holders are subjected to tax at current withholding tax rates (15% for interests/profits and 5% for dividends) and are recognized in the statement of changes in unitholders balances.

Notes (Continued)

		2024 USD
7 i)	**Investment Assets at Fair value through profit and loss**	
	Offshore Assets	262,681
7 ii)	**Amortised cost**	
	Credit Instruments	1,868,057
		2,130,738
8	**Cash & Bank Balances**	
	Bank Balances	345,454
		345,454
9	**Unit Holder Balances**	
	Surplus distributed during the period	45,726
	Additions during the year	2,803,538
	Redemptions during the year	(373,461)
	AT 31st December, 2024	**2,430,077**
10	**Accounts Payables**	
	Purification Expense	389
		389

Purification expense refers to the removal and donation of impermissible (haram) income, such as interest (*riba*) or earnings from non-compliant business activities, to ensure Shariah compliance. Since even Shariah-screened stocks may generate minor non-halal revenue (e.g., interest on cash holdings or incidental haram income), purification cleanses these earnings.

The amount is calculated based on the proportion of non-compliant income in dividends or capital gains, as determined through a subscription to Muslim exchange software approved by the fund's Shariah board. The impure amount is donated to charity and not retained by investors.

Purification maintains the fund's ethical integrity, ensuring adherence to Islamic principles. We disclose these expenses transparently, reinforcing investor trust in their Halal income and shariah compliance. This process distinguishes Islamic finance from conventional investing by aligning profits with faith-based values.