

Mansa^x
powered by Standard Investment Bank

Mansa^x Shariah
powered by SIB Najah

STANDARD INVESTMENT TRUST FUND

AUDIT REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED

31ST DECEMBER 2025

Standard Investment Trust Fund
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For the period ended 31st December 2025

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Trustees' Report

TRUSTEE'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

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 2025. The Fund is registered by the Capital Markets Authority as a Special Collective Investment Scheme under the Capital Markets (Collective Investment Schemes) Regulations, 2023.

The Fund is also approved as a tax-exempt Collective Investment Scheme by the Commissioner of Domestic Taxes.

The Standard Investment Trust Fund is an umbrella fund, comprising of four Special Sub-Funds, namely:

1. Mansa^X Special Fund (KES)
2. Mansa^X Special Fund (USD)
3. Mansa^X Shariah Special Fund (KES)
4. Mansa^X 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 primary mission and responsibilities is to safeguard the assets of the Fund and act in best interest of investors. We are dedicated to managing the Fund with absolute transparency and accountability and ensuring compliance with the Capital Markets Act & Regulations, the Fund Trust Deed and Information Memorandum and the principles of good governance.

FUND INVESTMENT OBJECTIVES

The Fund has adopted a global multi-asset strategy with a long/short trading model. This gives investors exposure to global stock indices, commodities, and currencies. This approach is designed at optimizing investors' returns while mitigating against downside risks. The investments are diversified across a range financial instruments, in line with its approved Information Memorandum. Each of the four Special Sub-Funds, has its own tailored investment objectives. This allows investors to have a bouquet of investment options to choose from.

Special Sub-Funds Overview

1. Mansa^X Special Fund (KES)

Objective:

This Special Sub-Fund seeks to generate long-term capital growth by investing primarily in quoted equities of companies with strong earnings potential and solid asset bases. It adopts a medium risk profile by investing in stocks across various sectors of the Kenyan economy and globally. To enhance diversification and hedging, the Sub-Fund also invests in Fixed Income, Commodities, and Currencies (FICC).

Standard Investment Trust Fund
Trustees Responsibility
For the period ended 31st December 2025

Guiding Principles:

The investment approach is anchored on the following principles:

- **Disciplined Security Selection:** Through extensive research the Fund Manager builds a diversified portfolio of high quality in companies with proven performance and strong growth prospects.
- **Strategic Diversification:** Maintain diversification across geographies and sectors that meet criteria for performance and growth
- **Active Portfolio Management:** Administer the portfolio using best practices, including taking capital profits when appropriate.

Fund Performance & Growth:

The Mansa^X Special Fund (KES) performance and growth over the last three year is as highlighted below:

Year (31 Dec)	2023	2024	2025
Performance Net of Fees (%)	18.01%	19.53%	20.74%
Fund Value (Kes) (Bn)	19.5	39.1	107.7

2. Mansa^X Special Fund (USD)

Objective:

The dollar denominated Special Sub-Fund also seeks to generate long-term capital growth, with a medium risk profile, by investing primarily in quoted equities of companies with strong earnings potential and solid asset bases. It offers investors an opportunity not just to the US dollar as the world's primary reserve currency, but to global stock indices, commodities, and currencies. To enhance diversification and hedging, the Sub-Fund also invests in Fixed Income, Commodities, and Currencies (FICC).

Guiding Principles:

The investment strategy is guided by the following principles:

- **Quality of Assets and Diversification:** Investing exclusively in top-tier money market instruments, diversified across reputable institutions.
- **Prudent Portfolio Management:** Application of the best practices in portfolio construction, continuous monitoring and rebalancing.
- **Risk Management:** Seeks to minimize downside risk while optimizing returns through selective allocation to near-cash and cash-equivalent instruments where appropriate.
- **Balanced Return Focus:** Prioritizing achievement of an optimal balance between income generation and capital appreciation, in line with the Fund's risk-return profile.

Fund Performance & Growth:

The Mansa^X Special Fund (USD) performance and growth over the last three years is as highlighted below:

Year (31 Dec)	2023	2024	2025
Performance Net of Fees (%)	12.1%	12.5%	13.37%
Fund Value (USD) (Mn)	20.6	53.1	118.00

3. Mansa^X Shariah Special Fund (KES)

Objective:

This Special Sub-Fund aims to provide steady and regular Shariah-compliant (halal) income through investments in Shariah-compliant fixed income instruments, term deposits, and near-cash holdings. In addition, the Fund seeks to deliver capital growth through carefully selected Shariah-compliant equities, maintaining a medium-risk profile.

Guiding Principles

The Fund operates under the following principles:

- **Shariah Compliance:** The Fund strictly invests in Shariah compliant listed securities across reputable institutions and continuously screens investments to ensure sharia compliance
- **Diversification of Assets:** Building a diversified portfolio of high-performing, Shariah-compliant assets across reputable markets.
- **Active Portfolio Management:** Prioritize companies with proven track records and strong growth potential and realizing capital gains when appropriate while maintaining disciplined portfolio oversight.

Fund Performance & Growth:

The Mansa^X Shariah Special Fund (KES) was formed October of 2023, commencing operation in 2024. Its performance and growth over the two years is as highlighted below:

Year (31 Dec)	2024	2025
Performance Net of Fees (%)	12.98%	17.25%
Fund Value (Kes) (Bn)	0.73	2.5

4. Mansa^X Shariah Special Fund (USD)

Objective:

This dollar denominated Special Sub-Fund also aims to provide steady and regular Shariah-compliant (halal) income through investments in Shariah-compliant fixed income instruments, term deposits, and near-cash holdings. It offers investors an opportunity not just to the US dollar as the world's primary reserve currency, but to global stock indices, commodities, and currencies. In addition, the Fund seeks to deliver capital growth through carefully selected Shariah-compliant equities, maintaining a medium-risk profile.

Guiding Principles:

- **Quality of Assets and Diversification:** The Fund invest in high-quality shariah compliant money market instruments diversified across reputable institutions.
- **Sharia Compliance:** The Fund strictly invests in Shariah compliant assets across reputable institutions and ensures continuous screening of investments to ensure sharia compliance.
- **Active Portfolio Management:** Prioritize companies with proven track records and strong growth potential and realizing capital gains when appropriate while maintaining disciplined portfolio oversight.

***Standard Investment Trust Fund
Trustees Responsibility
For the period ended 31st December 2025***

Fund Performance & Growth:

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

Year (31 Dec)	2024	2025
Performance Net of Fees (%)	8.06%	11.64%
Fund Value (USD) (Mn)	2.476	4.01

FINANCIAL SERVICE CHARGES

A Financial Service Charge of 5% per annum of assets under management is paid to the Fund Manager, covering portfolio management, investment research, custodial services, trustee services, and fund administration. This charge is inclusive of any applicable taxes.

FUND COMPLIANCE, OVERSIGHT AND GOVERNANCE

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

- **Monitoring of Fund Performance:** We conduct quarterly reviews of the performance of the Fund, ensuring that investment decisions align with the stated objectives and terms of the Information Memorandum.
- **Regulatory Compliance:** We conduct quarterly reviews of the operations of the Fund to ensure that the Fund operates in compliance with the Capital Markets Act and Regulations.
- **Risk Management:** We ensure 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 compliant 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.

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.

REGISTRATION AND TAX EXEMPTION OF THE FUND

The Fund is registered and regulated by the Capital Markets Authority and is also approved as a tax-exempt Collective Investment Scheme by the Commissioner of Domestic Taxes.

GOING CONCERN STATEMENT

After assessing the Fund's ability to continue as a going concern, the Trustee is confident that there are no material uncertainties affecting its continued operation.

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 period.

By order of the Trustee

Kingsland Court Trustee Services Limited



27.03

2026



Trustees Responsibility

The Capital Markets Act requires the trustee to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the Fund as at the end of the period 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



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FUND MANAGER'S REPORT 31ST DEC 2025

The Year of the Synchronised Pivot

Warren Buffett's mentor Ben Graham observed that in the short run the market is a voting machine, and in the long run a weighing machine. By that measure, 2025 was a year in which the voting machine ran at full noise — yet the weighing machine ultimately prevailed.

The S&P 500 returned over 16% for the year and the Nasdaq Composite advanced a further 20%, but the arithmetic flatters a journey of genuine turbulence. Three distinct shocks — technological, fiscal, and institutional — tested the bull market at intervals, and each time equity markets recovered, they did so on the back of something real: durable earnings, cash generation, and an AI-driven productivity expansion that is only beginning to manifest in corporate income statements. That fundamental resilience is what we positioned for throughout 2025, and it is what underpins our confidence heading into an environment that has since become considerably more complicated.

The year opened with the DeepSeek shock. In late January, Chinese laboratory DeepSeek released its R1 model, claiming frontier AI performance at a fraction of the training cost of US peers, using materially older and fewer chips. Markets repriced instantly. Nvidia fell 17% on 27 January, erasing approximately \$600 billion of market capitalisation in a single session — the largest single-day loss on record for any company. The implied threat was existential for the prevailing AI capital expenditure thesis: if model performance could be replicated cheaply, the billions being directed toward Nvidia hardware by US hyperscalers looked badly miscalibrated. We disagreed with that read. The DeepSeek insight, properly interpreted, is deflationary for training but inflationary for inference — cheaper models mean broader deployment, which means more compute demand, not less. Nvidia's recovery to a 39% full-year gain was not a surprise to us.

The second shock came from the White House. On 2 April, the Trump administration announced a sweeping tariff regime covering virtually all US imports, framing it as “Liberation Day.” The S&P 500 fell approximately 19% in the weeks that followed. We used the sell-off selectively. The administration's sensitivity to equity markets as a political barometer was, and remains, its most predictable characteristic. The 90-day pause announced on 9 April confirmed a pattern that experienced market participants had already identified: aggressive trade rhetoric, followed by orderly retreat when market stress reaches a threshold. We do not expect that dynamic to change.

The fiscal dimension of 2025 was more consequential and more durable. The “One Big Beautiful Bill Act” (OBBBA), signed on 4 July, delivered a substantial transfer to US households and corporations simultaneously: the permanent extension of 2017 corporate tax rates, the exemption of tip and overtime income from federal taxation, and the deductibility of automobile loan interest. The immediate impact was a third-quarter GDP print of 4.3% annualised. The more important implication was structural: the OBBBA has raised the US economy's nominal growth floor and, in doing so, has also raised the likely equilibrium level of interest rates. We are operating in a world of higher nominal growth, stickier inflation, and higher-for-longer rates. That is the regime we positioned for across the fixed income and equity allocation in H2 2025.

***Standard Investment Trust Fund
Managers report
For the period ended 31st December 2025***

The third shock was institutional. The Federal Reserve found itself between a cooling labour market and the inflationary consequences of the OBBBA, while enduring an unprecedented public pressure campaign from the administration. The attempt in August to dismiss Governor Lisa Cook — widely read as a dry run for removing Chairman Powell — injected real institutional risk premium into US assets. The courts blocked it. Powell delivered 75 basis points of cuts across September, October, and December, bringing the federal funds rate to 3.50%–3.75%, and the episode closed without permanent damage to central bank credibility. But the question of what comes after Powell’s term expires in May 2026 is now a live market risk, and one that has become materially more acute given the macroeconomic environment we find ourselves in today.

On the equity side, the most instructive story of 2025 was not the Magnificent Seven as a group but the dispersion within it. Alphabet surged 66% as Gemini’s competitive positioning dispelled earlier skepticism about Google’s AI standing, and cloud revenue accelerated materially. Nvidia clawed back its January losses to close up 39%. The remainder of the group largely trailed the broader market, as capital rotated toward the infrastructure and industrials plays that the AI build-out demands. We had been positioned for exactly this broadening — into the “S&P 493,” the utilities, industrials, and financials that benefit from the domestic capital investment cycle — and the year validated that allocation.

Eurozone

The STOXX 600 gained 16.6% and the FTSE 100 closed up 21.9% — numbers that look healthy until you examine the foundations. Both indices were lifted almost entirely by valuation expansion on the back of ECB rate cuts, not by earnings growth. The ECB moved from 3.00% to 2.00% in six months, and the resultant liquidity injection is what the chart shows. Underlying the headline, Europe’s industrial economy remained in genuine difficulty: chemicals, automotive, and manufacturing all saw earnings estimates revised lower through the year.

The political picture was equally fractured. France was essentially ungovernable for much of the year — the collapse of the Bayrou government in September and the 27-day Lecornu administration that followed imposed a chronic sovereign discount on French assets, with the CAC 40 delivering only 10.4%. Germany moved in the opposite direction, with the CDU/CSU election victory on 23 February triggering a “Hope Rally” that carried the DAX to a 23% gain despite the underlying economic data continuing to deteriorate. Markets were pricing the narrative, not the numbers. The UK was the standout: the Bank of England’s more measured easing path to 3.75%, combined with the Labour government’s fiscally credible November budget and the FTSE 100’s structural tilt toward defensive global sectors, attracted capital fleeing Eurozone fragmentation. The index breached 10,000 points for the first time.

Asia

Asia was where the real alpha was generated in 2025, and the distribution of that alpha was extreme. South Korea’s KOSPI returned over 75% — one of the strongest performances of any major index globally in recent memory. The driver was straightforward: SK Hynix and Samsung Electronics hold a near-monopoly on High Bandwidth Memory, the specialist chip architecture that Nvidia’s AI accelerators cannot function without. Demand was insatiable and the supply could not be replicated quickly. Taiwan’s TAIEX climbed 25%, for analogous reasons: TSMC’s advanced logic fabrication has no credible substitute at scale. These were not speculative runs. They were a repricing of genuinely scarce, strategically critical industrial assets.

Japan delivered 26% on the Nikkei 225, underpinned by the most significant structural monetary shift the country has seen in a generation. Prime Minister Takaichi's election and the Bank of Japan's decision to raise rates to 0.75% — the highest level in nearly thirty years — marked a credible exit from the ultra-loose era. Domestic banking stocks re-rated substantially as net interest margins expanded. China was volatile, as it always is: the PBOC's September stimulus bazooka drove a sharp rally in technology names and took the Hang Seng to a 27.6% annual gain, but the October NDRC press conference that disappointed on fiscal specifics was a reminder of how quickly Chinese market sentiment can reverse on official signaling. India underperformed at roughly 10.5% on the Nifty 50, as foreign institutional investors rotated capital toward cheaper Chinese valuations and high-beta Korean semiconductor plays, compounded by upward revisions to capital gains taxation.

Fixed Income

The Bloomberg Global Aggregate returned 3.4% — a figure that hides more than it reveals. The defining dynamic of 2025 fixed income was the OBBBA's effect on the US rate structure. Injecting fiscal stimulus into a near-capacity economy kept core inflation adhesive near 3.0% and forced a material repricing of the long-run neutral rate. The Fed's 75 basis points of cuts were accompanied by a December pause and a signal that the neutral rate had moved higher — producing a sharp bear steepening in Q4 that took the 10-year Treasury yield to 4.16%, up 40 basis points in December alone. The structural message is that the easy-money era is over: fiscal dominance has raised the floor for long-term rates, and that is the environment we are now navigating.

The transatlantic divergence is the other key structural story. The ECB cut to 2.00% while the Fed paused, creating an unusual configuration that squeezed European sovereign spreads and exposed political risk premia. German Bunds closed at 2.84%; French OATs at 3.56%, reflecting governance paralysis and the failure to pass a credible 2026 fiscal framework. Japan's rate normalisation — two hikes, 10-year JGBs at 2.1% for the first time since 1999 — is the most consequential structural shift in global fixed income. Japanese institutional capital has been an indirect anchor for global bond markets for decades. As the yield differential narrows, that anchor lifts. US investment-grade corporate credit returned 7.56%, supported by tax cut-driven margin expansion. That resilience will be severely tested in the environment we now face.

Commodities

The S&P GSCI closed the year roughly flat, but those aggregate disguises what was, in precious metals, a historic Supercycle. Gold rose 64.7% — its best annual performance since 1979 — driven by relentless central bank accumulation as sovereign reserve managers diversified away from US dollar assets in a world of structurally high deficits and geopolitical fragmentation. Silver returned 147.8%: the monetary bid combined with genuine scarcity in industrial applications — AI data centres, solar panels, EVs — that have no cost-effective substitutes. Platinum advanced nearly 127% on South African supply disruptions and hydrogen fuel cell demand. We held meaningful positions in all three.

Crude oil fell over 20% — its worst year since COVID-19 — on a combination of North and South American supply abundance, incremental OPEC+ production, and eroding Chinese demand from EV penetration. That bear thesis was coherent and well-founded. It has since been rendered irrelevant by events. Industrial metals gained 16.79%, led by copper on electrification demand and genuine supply deficits relative to long-run grid and EV projections. The year's commodity performance confirmed a thesis we had been constructive on: the era of oil's dominance in commodity indices was fading, and the transition toward metals critical to the new economy — gold, silver, copper — was a structural, not a cyclical, shift. The Iran conflict has temporarily complicated that thesis in the most dramatic way imaginable, and we address that directly in the outlook.

Currencies

The US dollar fell 9.4% on a trade-weighted basis — its steepest annual decline since 2017. The “American Exceptionalism” trade, which had been the dominant FX theme for two years, collapsed under a convergence of pressures: 75 basis points of Fed cuts, the shift from quantitative tightening to reserve management purchases, a 44-day government shutdown in Q4 that denied policymakers access to economic data at a critical juncture, and the stagflationary anxiety created by erratic tariff policy. The Euro appreciated sharply as Germany activated its €500 billion infrastructure programme, fundamentally altering the Eurozone growth outlook and compressing the real yield differential with the United States. The Swedish Krona was the G10's best performer, rising nearly 17% on defence investment and NATO integration flows. The Swiss Franc absorbed the safe-haven demand that would historically have gone to the dollar. The Yen remained the laggard — the Bank of Japan's measured tightening pace kept carry trades alive, capping appreciation despite the shifting rate differential.

Nairobi Securities Exchange

The NSE delivered a 51.1% full-year gain on the NASI, closing at 186.58 points and touching an intra-year high of 192.89 on 6 November 2025 — the highest level since August 2018. This was broadly in line with our constructive positioning entering the year, and was driven by a combination of sustained foreign investor participation, improved macroeconomic visibility, and deep value rerating in the banking sector.

The fourth quarter contributed 5.6% quarter-on-quarter — a deceleration from the 5.9%, 17.3%, and 15.2% posted in the preceding three quarters, reflecting consolidation rather than deterioration. Safaricom was the year's most active counter, accounting for 32.3% of total turnover and gaining 66.3% on the year, with foreign investors representing 57.5% of its traded volume. The banking sector drove 49.1% of annual turnover; KCB Group and Equity Group both posted Q4 price gains above 15% quarter-on-quarter. The Telco and Banking sectors combined represented 81.5% of total 2025 NSE turnover. Uchumi Supermarkets was the year's most dramatic performer, rallying 505.9% from a distressed base. Umeme was the principal decliner at -53.3%.

The momentum entering Q1 2026 was constructive. It was overtaken within eight weeks by a geopolitical shock of the first order.

Outlook: Navigating the Post-Epic-Fury Landscape

We are twenty-five days into a Middle East war that has produced the largest oil supply disruption in recorded history. Here is how we are positioned.

On 28 February 2026, joint US-Israeli military operations against Iran commenced under Operations Epic Fury and Roaring Lion. The opening strikes targeted Iran's senior leadership — killing Supreme Leader Ali Khamenei — along with nuclear infrastructure and military command nodes. Iran's retaliation was extensive: hundreds of ballistic missiles and drones directed at Israeli population centres and US military installations across Bahrain, Jordan, Kuwait, Qatar, Saudi Arabia, and the UAE, alongside attacks on commercial shipping in the Persian Gulf. On 4 March, Iranian forces announced the closure of the Strait of Hormuz. The International Energy Agency has described what followed as the most severe energy supply disruption in the history of global markets. We do not think that characterisation is an overstatement.

How We Got Here

This conflict did not emerge from nowhere. The escalation ladder is important context for understanding where it goes next. In June 2025, Israel launched the Twelve-Day War against Iranian nuclear facilities and military command structures, with US carrier groups repositioned to the region and tacit American support throughout. The campaign inflicted serious damage. A Trump-brokered ceasefire in late June paused hostilities, but Iran's air defences, deterrence posture, and domestic economy had all taken severe hits.

The ceasefire held at the surface and dissolved beneath it. By December 2025, Iran's currency was in free fall, accelerated by a comprehensive sanctions package imposed in September. The resulting economic collapse triggered the largest public protests Iran has seen since 1979 — an estimated five million people in the streets across all thirty-one provinces. The Islamic Republic's crackdown was severe and internationally condemned. The United States issued successive public warnings in January 2026. A large-scale US military build-up in the region proceeded in parallel with three rounds of indirect nuclear talks mediated by Oman. On 20 February, Trump issued a ten-day ultimatum. The Geneva talks on 26 February produced no agreement. Two days later, Operation Epic Fury began.

The Hormuz Closure: Why This Is Different from Every Prior Shock

We want to be precise about why the current disruption is not analogous to 2022. When Russia invaded Ukraine, the global energy system absorbed the shock through rerouting, substitution, and policy intervention. Russian barrels kept flowing — through intermediaries, through Turkey, through India — because the mechanism of disruption was commercial and sanctions-based, not physical. The Hormuz closure is different in kind. It is a physical chokepoint. Approximately 20% of global oil supply and 20% of global LNG trade must transit a narrow strait that Iran controls militarily. There is no rerouting at scale. The Habshan–Fujairah pipeline and the Iraqi East-West pipeline offer a combined bypass capacity of 3.5–5.5 million barrels per day against a gap of 15–20 million. Strategic petroleum reserve releases buy time but cannot substitute for sustained normalisation. The IEA is right to use the language it has used. This is the worst-case scenario for global energy supply, and we are in it.

Market Impact: What Has Already Happened

Brent crude was trading near \$72 per barrel on 27 February. It crossed \$100 on 9 March and peaked at \$119 per barrel in the days that followed — close to the July 2008 all-time high. As we write, it sits near \$113, representing a 57% increase in under four weeks. LNG has moved comparably: Qatar Energy declared force majeure on all export contracts after Iranian drone strikes on its infrastructure. Qatar supplies approximately 20% of global LNG. The combined oil production curtailment across Kuwait, Iraq, Saudi Arabia, and the UAE reached an estimated 6.7 million barrels per day by 10 March as export terminals closed and international insurance markets withdrew coverage for Gulf voyages.

Global equities fell, though not as severely as the energy shock might suggest. The S&P 500 declined approximately 4.55% between 3 and 20 March. Asian and European markets fell further, consistent with their heavier energy import dependence. The US, as the world's largest oil producer and a net energy exporter, is structurally insulated from the supply shock in a way that Europe and Asia are not. US energy majors and defence contractors have been among the few clear equity beneficiaries. Gold has extended its 2025 advance materially, as non-sovereign stores of value attract flows from investors confronting a world where geopolitical risk is no longer episodic but systemic.

The Macro Consequence: Stagflation Has Returned

The consensus macro scenario for 2026 at the start of the year was straightforward: moderate growth, declining inflation, gentle central bank easing. That script is gone. The IMF estimates that a 10% increase in energy prices adds approximately 0.5 percentage points to global inflation. We have had a 57% increase in four weeks. Eurozone inflation, expected to approach 2% through 2026, will now peak above 4% year-on-year in the second half of the year. US inflation, already sticky in the 2.7%–3.1% range entering the year, will re-accelerate toward 3.5% or higher. The Federal Reserve, whose Chair's term expires in May 2026, inherits a stagflationary configuration that affords no clean policy response. Rate cuts support growth but feed inflation; rate hikes contain inflation but risk recession in an economy already absorbing an energy tax on consumption. There is no good option. The incoming chair will be navigating the hardest monetary environment since the early 1980s.

For emerging markets, the channel of transmission is direct and painful. Kenya is an energy importer. The current energy price environment is unambiguously negative for the current account, imported inflation, and the Kenya shilling. The Central Bank of Kenya's response function — whether it defends the exchange rate at the cost of growth, or accommodates depreciation to preserve competitiveness — will be among the most consequential domestic policy decisions of 2026. We are watching it closely and have calibrated the domestic allocation accordingly.

How We Are Positioned

We entered 2026 with a portfolio already tilted toward the themes that the Iran conflict has validated: precious metals, defence, the AI-energy infrastructure complex, and selective US equities over European and Asian exposure. The conflict has accelerated our conviction on all four.

On energy, we have added exposure. The pre-war structural bear thesis on oil — premised on EV penetration, OPEC+ oversupply, and slowing Chinese consumption — was sound and remains the correct medium-term view. But medium-term is not now. The Hormuz disruption is a near-term supply shock of historic proportions, and North American integrated producers and US energy majors are the natural beneficiaries. We hold them. We are also conscious that a ceasefire or partial Strait normalisation is the principal tail risk to energy-long positions, and we have structured exposure to preserve meaningful upside without naked vulnerability to a sudden resolution. Trump’s public statements on 23 March — citing “very good and productive conversations” with Iran while postponing ultimatums on Hormuz reopening — are consistent with the TACO dynamic we observed throughout 2025. We have not abandoned the energy position, but we are not complacent about it either.

On defence, our conviction is unchanged and has strengthened. Iran’s use of ballistic missiles and low-cost unmanned systems at scale — firing over 500 ballistic missiles and nearly 2,000 drones since 28 February — has accelerated missile defence procurement reviews across NATO, the Gulf states, and Indo-Pacific allies. The secular bull thesis in defence contractors, satellite communications, and advanced missile defence systems is now receiving the most powerful possible real-world validation. We are long this theme with conviction.

On precious metals, the structural case is intact and has been reinforced. Gold’s function as a non-sovereign store of value is not diminished by rising real yields when geopolitical fragmentation is accelerating and regime change is actively on the table. Central bank accumulation continues. De-dollarisation of reserve portfolios continues. The bull market that began in earnest in 2025 has further to run. Silver retains its dual character — monetary correlation to gold and irreplaceable industrial demand in the energy transition — and remains a core holding.

On geographic allocation, we have a clear preference for the United States over Europe and Asia in the near term. The US energy production advantage is a structural buffer that its peers lack. Europe faces the compounding headwinds of energy price inflation, the risk of renewed industrial recession, and ECB policy that was already stretched before the conflict. Asian equity markets — Japan, Korea, India — face disproportionate energy import exposure; approximately 75–85% of the oil and LNG passing through Hormuz is bound for Asia. That is an enormous terms-of-trade hit that will work through earnings estimates through the year.

On the AI-Energy Nexus, the conflict has paradoxically accelerated the most important structural investment theme of the decade. The baseload power requirements of AI data centres — projected capex of \$432 billion in 2026 alone — had already repositioned natural gas as a critical bridge fuel and established a structural bull market in copper and grid infrastructure. The Hormuz-induced energy crisis has sharpened the urgency around domestic energy production, nuclear generation, and electricity grid investment to a degree that was not imaginable at the start of the year. This theme is no longer just an AI story. It is also an energy security story, and that combination makes it more durable, not less.

Base Case and What We Are Watching

Our base case is a protracted, lower-intensity conflict with a partial normalisation of Hormuz shipping lanes over H2 2026, but no comprehensive resolution. The six demands the United States has publicly placed on Iran — anchored on the permanent cessation of all uranium enrichment — are structurally incompatible with any position an Iranian government could publicly accept without domestic regime consequences. Negotiations are ongoing but the gap is wide. Under this base case, Brent oscillates in an \$85–\$110 range, inflation remains above central bank targets across major economies, and the rate-cutting cycles priced in at the start of 2026 are materially delayed and reduced in scope.

The principal risk to the downside is escalation: a strike on Gulf production infrastructure that permanently damages output capacity, or a broadening of the conflict into the wider region through the Lebanon-Hezbollah front or through Iranian proxy networks. The principal tail risk to energy-long positions is a surprise ceasefire or diplomatic breakthrough that releases accumulated Gulf inventories rapidly and collapses the war premium. Both scenarios are live. We are not positioned with the kind of concentration that makes either one catastrophic to the portfolio.

We are also watching three specific indicators as leading signals of regime shift. First, the rate of Iranian ballistic missile launches: analysts have noted a decline since early March consistent with either depletion of stores or tactical rationing for a longer campaign; a material further decline would indicate degraded retaliatory capability and raise the probability of a negotiated exit. Second, Hormuz transit volumes: any resumption of commercial tanker traffic, even at reduced levels, would signal a de-escalation in the maritime dimension. Third, the Federal Reserve's May 2026 Chair appointment: the choice of successor to Powell will tell us a great deal about the administration's tolerance for above-target inflation and its willingness to use monetary policy as a political instrument. Each of these will inform how we adjust the portfolio as the year develops.

The structural forces that will define markets over the medium term have not been impaired by the Iran conflict. The AI-driven transformation of global productivity is intact. The earnings power of high-quality businesses across our investment universe remains fundamentally sound. The case for hard assets as portfolio ballast in an era of fiscal dominance and geopolitical fragmentation has been strengthened, not weakened. We are not defensive. We are invested, we are positioned for the environment as it actually exists, and we are managing risk with the discipline that a rapidly evolving situation demands. The investors who will emerge from this period in strength are those who resist the temptation to flee into cash at the moment of maximum uncertainty — and instead use dislocations to build positions in assets whose long-run value has not changed, even if their near-term price has.

FA Nahashon Mungai, ACI

Executive Director, Global Markets



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 22 to 38
2. Mansa X Special Fund (USD) set out on pages 39 to 53
3. Mansa X Shariah Special Fund (KES) set out on pages 54 to 69
4. Mansa X Shariah Special Fund (USD) set out on pages 70 to 84

These financial statements each comprise the statement of financial position at 31st December 2025 and the statements of comprehensive income, changes in equity and cash flows for the period 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 2025, and of their respective net income and cash flows for the period 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.



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

Key Audit Matters continued

Revenue recognition under Mansax

Recognition of the Fund's Income is complex due to the high level of automation and trail of the transactions on the online trading system; the unique nature of revenue streams such as foreign exchange, forward contracts investments, offshore margins, Options (excluding binary options) and fair value adjustment to market revaluation.

How our audit addressed the key audit matter?

Our audit procedures included but was not limited to the following:

- i) Evaluated and assessed whether the fund's accounting principles comply with accounting standards (IFRS 15) relating to revenue recognition.
- ii) Tested on a sample basis the revenue transactions, for compliance with the company's accounting principles.
- iii) Tested a sample of key controls to identify and evaluate journal entries passed.
- iv) Traced disclosure information to accounting records and other supporting documentation.

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.



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

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 skepticism throughout the audit. We also:

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

**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.

**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

----- 2026

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

MANSA X SPECIAL FUND (KES)

Mansa^x
powered by Standard Investment Bank

*Standard Investment Trust Fund
Financial Statements
For the period ended 31st December 2025*

MANSA X SPECIAL FUND (KES)

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2025 KES	2024 KES
INCOME			
Investment Income	5 (i)	15,600,459,163	5,208,596,271
Interest Income from bank deposits	5 (ii)	257,110,208	232,616,660
Fair Value Gain /(loss) through profit and loss	5 (iii)	1,246,179,110	1,027,036,888
Increase /(Decrease) in allowance for Expected Credit losses	5 (iv)	203,095,421	(296,840,476)
Other Incomes (Loss)	5 (v)	(107,010,182)	204,770,992
Total Income		17,199,833,720	6,376,180,335
Expenses			
Operating Expenses	6	3,597,846,297	1,217,803,769
Total Expenses		3,597,846,297	1,217,803,769
Net Surplus Attributable to Clients		13,601,987,424	5,158,376,566

Standard Investment Trust Fund
Financial Statements
For the period ended 31st December 2025

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 KES	2024 KES
ASSETS			
Financial Assets at Fair value through profit and loss	8	63,724,686,147	29,332,330,964
Financial Assets at Amortized Cost	9	43,983,797,960	9,759,962,550
		<u>107,708,484,107</u>	<u>39,092,293,514</u>
TOTAL ASSETS		<u>107,708,484,107</u>	<u>39,092,293,514</u>
LIABILITIES			
Unit Holders Balances	10	107,115,866,430	39,051,553,432
Other Payables	11	237,560,034	34,892,499
Due to Related Parties	12	355,057,642	5,847,583
		<u>107,708,484,107</u>	<u>39,092,293,514</u>
TOTAL LIABILITIES		<u>107,708,484,107</u>	<u>39,092,293,514</u>

Standard Investment Trust Fund
Financial Statements
For the period ended 31st December 2025

MANSA X SPECIAL FUND (KES)

STATEMENT OF CHANGES IN UNIT HOLDER BALANCES

Unit Holder balances

As at 1st January 2025	39,051,553,432
Surplus for the year	13,601,987,424
Additions during the year	77,907,683,359
Redemptions during the year	(23,445,357,784)
Withholding Taxes on distributions	-
As at 31st December 2025	107,115,866,430

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 31st December 2024	39,051,553,432

*Standard Investment Trust Fund
Financial Statements
For the period ended 31st December 2025*

Fund statement of cashflows

	2025	2024
	KES	KES
Surplus for the year	13,601,987,424	5,158,376,566
Investing activities		
(Increase) Decrease in investment assets	(66,978,943,696)	(18,084,028,562)
Increase (Decrease) in Trade Payables	551,877,594	40,740,082
Net Cash Flow Used in Operating Activities	<u><u>(52,825,078,678)</u></u>	<u><u>(12,884,911,914)</u></u>
Cashflow From Financing Activities		
Net contributions	54,462,325,575	14,385,871,194
Net Cash Flows from Financing Activities	<u><u>54,462,325,575</u></u>	<u><u>14,385,871,194</u></u>
Net cash inflow/outflow	1,637,246,896	1,500,959,281
Cash and cash equivalents at start of Period	2,881,247,178	1,380,287,897
Cash and cash equivalents at end of the Period	<u><u>4,518,494,074</u></u>	<u><u>2,881,247,178</u></u>
Represented by Fixed Deposits and Cash at bank Balances		
Bank Balances	4,518,494,074	2,881,247,178
	<u><u>4,518,494,074</u></u>	<u><u>2,881,247,178</u></u>

Notes

1. General information

Mansa^X Special Fund (KES) is a registered Special Sub-Fund under the Standard Investment Trust Funds (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 periods 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 adopted *IFRS 9 – Financial Instruments* effective 1 January 2024. In accordance with the transition provisions of IFRS 9, the Fund has applied the requirements on classification, measurement, and impairment of financial assets prospectively from the transition date. Consequently, the comparative information for the period ended 31 December 2025 continues to be prepared and presented under *IAS 39 – Financial Instruments: Recognition and Measurement* and has not been restated.

Notes (continued)

ii. Application of standards and accounting policies

During the current reporting period, the Fund implemented IFRS 9, which introduced significant changes to the accounting for financial instruments. The key areas of impact include:

- **Classification and measurement:** Financial assets have been reclassified based on the Fund's business model for managing the assets and their contractual cash flow characteristics, as required by IFRS 9.
- **Impairment of financial assets:** The Fund transitioned from the *incurred loss model* under IAS 39 to the *expected credit loss (ECL) model* under IFRS 9. The ECL model requires the recognition of credit losses on financial assets on an expected basis, incorporating forward-looking information, rather than waiting for a loss event to occur.

The adoption of IFRS 9 has therefore resulted in changes to the Fund's accounting policies relating to the recognition, measurement, and impairment of financial assets. These changes have been applied prospectively, and no adjustments were made to prior period figures.

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 period in which the right to receive payment is established.

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 recognizes 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.

Notes (continued)

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.

(ii) 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 recognizes 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 recognizes lifetime ECLs, except in the following cases, where 12-month ECLs are applied:

- 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.

Notes (continued)

Expected Credit Losses (ECLs)

Expected credit losses are calculated using the following formula:

$$\text{ECL} = \text{Probability of Default (PD)} \times \text{Loss Given Default (LGD)} \times \text{Exposure at Default (EAD)}$$

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 recognize and how interest income should be recognized:

- **Stage 1:** Financial assets with no significant increase in credit risk since initial recognition – 12 - month ECLs are recognized.
- **Stage 2:** Financial assets with a significant increase in credit risk since initial recognition – Lifetime ECLs are recognized.
- **Stage 3:** Credit-impaired financial assets – Lifetime ECLs are recognized 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 amortization and prepayments.

Financial Liabilities

Financial liabilities are initially recognized at fair value and subsequently measured at amortized cost. A financial liability is derecognized when it is redeemed, cancelled, or otherwise extinguished. The Fund classifies all financial liabilities as subsequently measured at amortized 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 derecognized 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 derecognized when the obligation under the liability is discharged, cancelled, or expires.

Notes (continued)

Fund has adopted Central Bank of Kenya (CBK) prudential guidelines loss provision on financial assets being the first-time in this audit period implementation of the IFRS 9 on Financial Instruments. The Fund has recognized an impairment loss of **Kes 93,745,055 for the amortizable financial assets** for period ended December 31, 2025. This impairment loss captured as Expected Credit losses reflects the estimated potential losses arising from the Funds amortizable 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 recognized 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.

i. 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.

ii. 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.

iii. 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.

Notes (Continued)

(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.

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 through 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.

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.

Notes (continued)

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 period, resulting in no impairment loss but only a provision being recognized for the period ended 31st December 2025. 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.

3. Interest Income

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

*Standard Investment Trust Fund
Financial Statements
For the period ended 31st December 2025*

Notes (continued)

	2025	2024
	KES	KES
5 (i) Investment Income		
Income from Offshore Trading	12,849,604,214	4,945,153,307
Income from Sovereign Debt Instruments (Euro bonds)	1,095,250,167	-
Income from Government Securities	937,399,772	7,595,592
Income from Structured debt Instruments	557,921,603	-
Income from Credit Instrument	65,484,177	126,434,276
Dividends Earned from Local Equities	57,668,488	90,413,096
Income from Unquoted Securities	37,130,743	39,000,000
	15,600,459,163	5,208,596,271
5 (ii) Interest Income Calculated using effective rate		
Interest from Bank Deposits with Financial Institutions	257,110,208	232,616,660
	257,110,208	232,616,660
5 (iii) Fair value Gain/(loss) on financial assets through profit and loss		
NSE Listed Equities	214,553,476	26,797,766
Offshore Assets	1,028,803,787	646,883,085
Sovereign Debt Instruments	-	330,066,589
Government Securities	-	23,289,448
Unquoted securities	2,821,848	-
	1,246,179,110	1,027,036,888
5 (iv) Increase (Decrease) in allowance for Expected credit losses		
Expected Credit Loss on Assets Amortised	203,095,421	(296,840,476)
	203,095,421	(296,840,476)
5 (v) Other incomes		
Foreign Exchange Loss/Gains	(107,010,182)	34,423,830
Credit Investments Income	-	170,347,162
	(107,010,182)	204,770,992
6 Expenses		
Financial Service Charges	3,597,846,297	1,217,803,769
	3,597,846,297	1,217,803,769

A **Financial Service Charge** of 5% per annum prorated daily of the 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 costs. This charge, which is inclusive of applicable taxes, is recognized and charged on an accrual basis.

7. Taxation

Standard Investment Trust Fund is registered under the Trustees (Perpetual Successions Act) CAP 164. It operates under The Income Tax Act, Section 20(1)(a) as a non-charitable trust and is tax exempt.

Standard Investment Trust Fund
Financial Statements
For the period ended 31st December 2025

Notes (continued)

	2025	2024
Investment Assets	KES	KES
8 Financial Assets at Fair value through profit and loss		
Offshore Assets	57,996,723,342	28,816,425,613
NSE Listed securities	2,551,456,110	195,905,352
Unquoted securities	3,176,506,695	320,000,000
	<u>63,724,686,147</u>	<u>29,332,330,965</u>
9 Financial Assets at Amortized cost		
Credit Instruments	378,154,308	2,320,004,784
Structured debt	2,889,629,327	-
Fixed deposits	-	1,416,875,091
Call deposits	9,452,866,280	2,800,880,922
Treasury bonds	12,725,098,003	637,795,051
Sovereign bonds	14,113,301,023	-
Cash and bank balances	4,518,494,074	2,881,247,178
Gross Carrying amount	<u>44,077,543,015</u>	<u>10,056,803,026</u>
Expected credit loss on amortized assets	(93,745,055)	(296,840,476)
Net carrying Amount	<u>43,983,797,960</u>	<u>9,759,962,550</u>

Notes to the Financial Statements (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

*Standard Investment Trust Fund
Financial Statements
For the period ended 31st December 2025*

Notes to the Financial Statements (Continued)

	2025	2024
	KES	KES
10 Unit holder balances		
At the start of the year	39,051,553,432	19,507,305,672
Surplus available for distribution	13,601,987,424	5,158,376,566
Addition during the period	77,907,683,359	23,602,745,648
Redemptions during the period	(23,445,357,784)	(9,181,981,955)
Withholding taxes on distribution	-	(34,892,499)
As at 31 December	107,353,426,464	39,051,553,432
11 Other payables		
Withholding Tax Payable	237,560,034	34,892,499
	237,560,034	34,892,499
12 Due to related parties		
Due to SIB Financial Services Charge	355,057,642	5,847,583
	355,057,642	5,847,583

Related Parties

During the period, 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 3,597,846,297 in 2025 and (2024: Kes 1,217,803,769)** for the 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 period. (2025: Shs nil).

b) Investments in related parties

The Fund had no investments held in related parties at the end of the period. (2025: Shs nil).

MANSA X SPECIAL FUND (USD)



*Standard Investment Trust Fund
Financial Statements
For the period ended 31st December 2025*

MANSA X SPECIAL FUND (USD)

Fund Statement of Comprehensive Income

	Notes	2025 USD	2024 USD
INCOME			
Investment Income	5 (i)	16,795,127	4,304,214
Interest Income from Bank deposits	5 (ii)	363,568	511,331
Fair Value gain/(loss) on at fair value through profit and loss	5 (iii)	(180,212)	44,939
Increase/(Decrease) in allowance for Expected Credit losses	5 (iv)	(241,009)	-
Total Income		<u>16,737,473</u>	<u>4,860,484</u>
Operating Expenses			
Financial Service Charges	6	4,362,232	1,732,987
Total Expenses		<u>4,362,232</u>	<u>1,732,987</u>
Net Surplus Attributable to unitholders		<u>12,375,241</u>	<u>3,127,497</u>

Standard Investment Trust Fund
Financial Statements
For the period ended 31st December 2025

MANSA X SPECIAL FUND (USD)

STATEMENT OF FINANCIAL POSITION

		2025	2024
ASSETS	Notes	USD	USD
Financial Assets at Fair value through profit and loss	8(i)	67,093,638	42,300,295
Financial Assets at Amortized cost	8(ii)	50,895,912	10,816,791
TOTAL ASSETS		<u>117,989,550</u>	<u>53,117,086</u>
LIABILITIES			
Unit Holders Balances	9	117,252,369	53,077,737
Other Payables	10	186,561	-
Due to related parties	11	550,620	39,350
TOTAL LIABILITIES		<u>117,989,550</u>	<u>53,117,087</u>

Standard Investment Trust Fund
Financial Statements
For the period ended 31st December 2025

MANSA X SPECIAL FUND (USD)

STATEMENT OF CHANGES IN UNIT HOLDER BALANCES

Unit holder balances

As at 1st January 2025	53,077,737
Additions during the year	72,157,206
Redemptions during the year	(20,357,815)
Surplus for the year	<u>12,375,241</u>
As at 31 December 2025	<u><u>117,252,369</u></u>

Unit holder balances

As at 1st January 2024	20,625,219
Additions during the year	38,444,205
Redemptions during the year	(9,119,184)
Surplus for the year	<u>3,127,497</u>
As at 31 December 2024	<u><u>53,077,737</u></u>

Standard Investment Trust Fund
Financial Statements
For the period ended 31st December 2025

MANSA X SPECIAL FUND (USD)

Fund statement of cashflows

	2025	2024
	USD	USD
Surplus for the year	12,375,241	3,127,497
Operating activities		
(Increase) Decrease in investment assets	(63,173,291)	(31,382,929)
Increase (Decrease) in Trade Payables	697,831	39,350
Net Cash Flow Used in Operating Activities	(50,100,218)	(28,216,082)
Cashflow From Financing Activities		
Net Contributions	51,799,390	29,325,021
Net Cash Flows from Financing Activities	51,799,390	29,325,021
Net Cash and Cash Equivalent	1,699,173	1,109,028
Cash and cash equivalents for the year the Year	1,699,173	1,109,028
Cash and cash equivalents at start of the year	5,542,657	4,433,629
Cash and cash equivalents at end of year	7,241,830	5,542,657
Represented by:		
Cash and Bank Balances	7,241,830	5,542,657
	7,241,830	5,542,657

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 periods 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 adopted *IFRS 9 – Financial Instruments* effective 1 January 2024. In accordance with the transition provisions of IFRS 9, the Fund has applied the requirements on classification, measurement, and impairment of financial assets prospectively from the transition date. Consequently, the comparative information for the period ended 31 December 2025 continues to be prepared and presented under *IAS 39 – Financial Instruments: Recognition and Measurement* and has not been restated.

Notes (continued)

Summary of significant accounting policies (continued)

ii. Application of standards and accounting policies

During the current reporting period, the Fund implemented IFRS 9, which introduced significant changes to the accounting for financial instruments. The key areas of impact include:

- **Classification and measurement:** Financial assets have been reclassified based on the Fund's business model for managing the assets and their contractual cash flow characteristics, as required by IFRS 9.
- **Impairment of financial assets:** The Fund transitioned from the *incurred loss model* under IAS 39 to the *expected credit loss (ECL) model* under IFRS 9. The ECL model requires the recognition of credit losses on financial assets on an expected basis, incorporating forward-looking information, rather than waiting for a loss event to occur.

The adoption of IFRS 9 has therefore resulted in changes to the Fund's accounting policies relating to the recognition, measurement, and impairment of financial assets. These changes have been applied prospectively, and no adjustments were made to prior period figures.

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 period in which the right to receive payment is established.

5. Financial Instruments

I. Financial assets

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.

Notes (continued)

Financial Instruments (continued)

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.

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.

Notes (continued)

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.

Fund has adopted Central Bank of Kenya (CBK) prudential guidelines loss provision on financial assets being the first-time in this audit period implementation of the IFRS 9 on Financial Instruments. The Fund has recognized an impairment loss of **USD 241,009 for the amortizable financial assets** for the period ended 31st December, 2025. This impairment loss captured as Expected Credit losses reflects the estimated potential losses arising from the Funds amortizable financial assets, based on a comprehensive assessment of the credit risk of the financial assets.

Notes (Continued)

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 the accounting standards, or for gains and losses arising from a group of similar transactions.

a) 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.

b) 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.

c) 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.

4. 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.

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.

Notes (continued)

5. 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.

Risk Management Objectives and Policies (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.

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.

Notes (Continued)

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.

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 period, resulting in no impairment loss but only a provision being recognized for the period ended 31st December 2025. 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.

Standard Investment Trust Fund
Financial Statements
For the period ended 31st December 2025

Notes to the Financial Statements (Continued)

	2025	2024
	USD	USD
5 (i) Investment Income		
Income from Offshore Trading	13,843,646	2,209,024
Income from credit instrument	49,218	836,910
Income from Sovereign Debt Instruments	2,902,262	1,162,083
Income from investments in other funds	-	96,197
	<u>16,795,127</u>	<u>4,304,214</u>
5 (ii) Interest income from Bank Deposits		
Interest from Deposits with Financial institutions	363,568	511,331
	<u>363,568</u>	<u>511,331</u>
5 (iii) Fair value Gain/(loss) through profit and loss		
Offshore Assets	(180,212)	(96,043)
Sovereign Debt Instruments	-	140,982
	<u>(180,212)</u>	<u>44,939</u>
5 (iv) Increase (Decrease) in allowance for Expected credit losses		
Expected credit losses on Amortized Assets	(241,009)	-
	<u>(241,009)</u>	<u>-</u>
6 Expenses		
Financial Service Charges	4,362,232	1,732,987
	<u>4,362,232</u>	<u>1,732,987</u>

A **Financial Service Charge** of 5% per annum prorated daily of the 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, which is inclusive of applicable taxes, is recognized and charged on an accrual basis.

7. Taxation

Standard Investment Trust Fund is registered under the Trustees (Perpetual Successions Act) CAP 164. It operates under The Income Tax Act, Section 20(1)(a) as a non-charitable trust and is tax exempt.

Standard Investment Trust Fund
Financial Statements
For the period ended 31st December 2025

Notes to the Financial Statements (Continued)

	2025	2024
	USD	USD
Investment Assets		
Financial Assets at Fair value through profit and loss		
8(i)		
Offshore Assets	66,727,667	41,204,098
Unquoted securities	365,970	1,096,197
	67,093,638	42,300,295
8(ii) Financial Assets at Amortized cost		
Credit instruments	619,128	5,274,134
Call deposits	21,898,716	-
Sovereign Debt (Eurobonds)	21,377,247	-
Cash and bank balances	7,241,830	5,542,657
Gross Carrying amount	50,517,793	10,816,791
Expected Credit Loss on Amortized Assets	(241,009)	-
Net Carrying Amount	50,276,784	10,816,791

Fair value estimation

The Fund adopted the amendment to IFRS 9 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 maximize the use of observable market data and minimize 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

Standard Investment Trust Fund
Financial Statements
For the period ended 31st December 2025

Notes to the Financial Statements (Continued)

	2025	2024
	USD	USD
9 Unit holder balances		
At the start of the year	53,077,737	20,625,219
Addition during the year	72,157,206	38,444,205
Redemptions during the year	(20,357,815)	(9,119,184)
Surplus available for distribution	12,375,241	3,127,497
	<u>117,252,369</u>	<u>53,077,737</u>
10 Other payables		
Withholding Tax Payable	186,561	-
	<u>186,561</u>	<u>-</u>
11 Due to related parties		
SIB Financial Service charge	550,620	39,350
	<u>550,620</u>	<u>39,350</u>

Related Parties

During the period, 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 financial service charges amounting to **USD 4,362,232 in 2025 and (2024: USD 1,732,987)** for portfolio management services rendered to the Fund. There were no other material transactions with related parties during the reporting period.

a) Investments in related parties

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

MANSA X SHARIAH SPECIAL FUND (KES)

Mansa^x Shariah
powered by SIB Najah

*Standard Investment Trust Fund
Financial Statements
For the period ended 31 December 2025*

MANSA^x SHARIAH SPECIAL FUND (KES)

Fund Statement of Comprehensive Income

		2025	2024
Incomes	Note	KES	KES
Investment Income	5 (i)	221,540,845	20,743,915
Profit attributable from placement with Islamic banks	5 (ii)	9,892,329	4,505,184
Fair Value gain/(loss) through profit and loss	5 (iii)	38,372,603	39,210,184
Income from Sovereign Debt Instruments (Sukuk Bonds)	5 (iv)	1,512,648	40,408
Increase/(Decrease) in allowance for Expected Credit losses	5 (v)	<u>(15,673,758)</u>	<u>-</u>
Total Income		255,644,667	64,499,691
Operating Expenses			
Financial services Charge	6	82,075,597	20,985,173
Purification Expenses	6	1,122,298	186,181
Total Expenses		83,197,895	21,171,354
Profit before distribution to unit holders		<u>172,446,772</u>	<u>43,328,337</u>

Standard Investment Trust Fund
Financial Statements
As at 31st December 2025

MANSA^x SHARIAH SPECIAL FUND (KES)

Statement of Financial Position

	Notes	2025	2024
		KES	KES
ASSETS			
Financial Assets at value through profit and loss	8(i)	357,584,850	128,201,469
Financial Assets at amortized cost	8(ii)	2,165,315,385	600,918,554
TOTAL ASSETS		<u>2,522,900,235</u>	<u>729,120,023</u>
LIABILITIES			
Unit Holders Balances	9	2,509,322,579	728,933,841
Accounts Payables	10	2,724,106	186,181
Due to related Parties	11	10,853,550	-
TOTAL LIABILITIES		<u>2,522,900,235</u>	<u>729,120,023</u>

MANSA^X SHARIAH SPECIAL FUND (KES)

STATEMENT OF CHANGES IN UNIT HOLDER BALANCES

Unit Holder balances

As at 1st January 2025	728,933,842
Additions during the year	1,843,197,501
Redemptions during the year	(235,255,536)
Profit for the year	172,446,772
As at 31 December 2025	<u><u>2,509,322,579</u></u>

As at 1st January 2024	-
Additions during the year	745,058,019
Redemptions during the year	(59,412,106)
Profit for the year	43,287,929
As at 31 December 2024	<u><u>728,933,842</u></u>

Standard Investment Trust Fund
Financial Statements
For the period ended 31st December 2025

MANSA^X SHARIAH SPECIAL FUND (KES)

Statement of Cash flows

	2025	2024
	KES	KES
Surplus for the period	172,446,772	43,287,929
Working Capital Changes		
Increase (decrease in Payables	13,391,475	186,181
(Increase) decrease in investment assets	(1,681,146,676)	(719,387,561)
Net Cash flow Used in Operating Activities	<u>(1,495,308,429)</u>	<u>(675,913,451)</u>
Cashflow from Financing Activities		
Net Contributions	1,607,941,965	685,645,913
Net Cash Flows from Financing Activities	<u>1,607,941,965</u>	<u>685,645,913</u>
Net cash and cash equivalent	112,633,536	-
Cash and cash equivalents at start of year	9,732,462	9,732,462
Cash and cash equivalents at end of the Year	<u><u>122,365,998</u></u>	<u><u>9,732,462</u></u>
Represented by		
Cash and Bank Balances	<u><u>122,365,998</u></u>	<u><u>9,732,462</u></u>

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.

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 periods 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

I. New standards adopted and changes in accounting policies

The Fund adopted *IFRS 9 – Financial Instruments* effective 1 January 2024. In accordance with the transition provisions of IFRS 9, the Fund has applied the requirements on classification, measurement, and impairment of financial assets prospectively from the transition date. Consequently, the comparative information for the period ended 31 December 2025 continues to be prepared and presented under *IAS 39 – Financial Instruments: Recognition and Measurement* and has not been restated.

Notes (continued)

Summary of Significant Accounting Policies (continued)

II. Application of standards and accounting policies

During the current reporting period, the Fund implemented IFRS 9, which introduced significant changes to the accounting for financial instruments. The key areas of impact include:

- **Classification and measurement:** Financial assets have been reclassified based on the Fund's business model for managing the assets and their contractual cash flow characteristics, as required by IFRS 9.
- **Impairment of financial assets:** The Fund transitioned from the *incurred loss model* under IAS 39 to the *expected credit loss (ECL) model* under IFRS 9. The ECL model requires the recognition of credit losses on financial assets on an expected basis, incorporating forward-looking information, rather than waiting for a loss event to occur.

The adoption of IFRS 9 has therefore resulted in changes to the Fund's accounting policies relating to the recognition, measurement, and impairment of financial assets. These changes have been applied prospectively, and no adjustments were made to prior period figures.

(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).

Realized 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.

Notes (continued)

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

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.

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.

Summary of Significant Accounting Policies (continued)

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).

Summary of Significant Accounting Policies (continued)

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.

i. 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

Notes (continued)

Summary of Significant Accounting Policies (continued)

- 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.

Fund has adopted Central Bank of Kenya (CBK) prudential guidelines loss provision on financial assets being the first-time in this audit period implementation of the IFRS 9 on Financial Instruments. The Fund has recognized an impairment loss of **Kes 15,673,758 for the amortizable financial assets** for the period ended 31st December, 2025. This impairment loss captured as Expected Credit losses reflects the estimated potential losses arising from the Funds amortizable financial assets, based on a comprehensive assessment of the credit risk of the financial assets.

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.

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.

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.

Notes (Continued)

(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.

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.

Notes (Continued)

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.

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 period, resulting in no impairment loss but only a provision being recognized for the period ended 31st December 2025. 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.

Standard Investment Trust Fund
Financial Statements
For the period ended 31st December 2025

Notes to financial statements (Continued)

	2025	2024
	KES	KES
5(i) INVESTMENT INCOME		
Income from Offshore Trading	1,216,684	11,719,032
Income from Credit Instruments	34,561,644	5,995,636
Income from Sovereign Debt Instruments (Sukuk Bonds)	1,655,886	3,029,247
Income from Structured Debt	184,106,631	-
	<u>221,540,845</u>	<u>20,743,915</u>
5(ii) Profit attributable from placement with Islamic banks		
Profit from deposits with financial institutions	9,892,329	2,760,892
Profit from Fixed Deposits with financial institutions	-	1,744,292
	<u>9,892,329</u>	<u>4,505,184</u>
5(iii) Fair Value gain/(loss) through profit and loss		
Offshore Assets	23,672,621	5,758,550
Credit Instruments	-	33,411,226
NSE Listed securities	14,699,982	-
	<u>38,372,603</u>	<u>39,169,776</u>
5 (iv) Income from Sovereign Debt Instruments		
Sovereign Debt Instruments (Sukuk Bonds)	1,512,648	40,408
	<u>1,512,648</u>	<u>40,408</u>
5(v) Increase/(Decrease) in allowance for Expected Credit losses		
Expected Credit losses Amortized Assets	(15,673,758)	-
	<u>(15,673,758)</u>	<u>-</u>
6 OPERATING EXPENSES		
Financial Service Charges	82,075,597	20,985,173
Purification expense	1,122,298	186,181
	<u>83,197,895</u>	<u>21,171,354</u>

A **Financial Service Charge** of 5% per annum prorated daily of the 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, which is inclusive of applicable taxes, is recognized and charged on an accrual basis.

7. Taxation

Standard Investment Trust Fund is registered under the Trustees (Perpetual Successions Act) CAP 164. It operates under The Income Tax Act, Section 20(1)(a) as a non-charitable trust and is tax exempt.

Standard Investment Trust Fund
Financial Statements
For the period ended 31st December 2025

Notes to the financial statements (continued)

	2025	2024
Investment Assets		
8(i) Financial Assets at Fair value through profit and loss	KES	KES
Offshore assets	305,617,915	128,201,469
Listed Securities	51,966,935	-
	<u>357,584,850</u>	<u>128,201,469</u>
8(ii) Financial Assets at Amortized cost		
Credit instruments	38,500,000	591,186,092
Sovereign Debt (Sukuk Bonds)	57,653,445	-
Structured Debt	1,367,447,592	-
Fixed deposits	595,022,108	-
Bank Balances	122,365,998	9,732,462
Gross Carrying amount	<u>2,180,989,143</u>	<u>600,918,554</u>
Expected Credit Loss on Amortized Assets	(15,673,758)	-
Net carrying Amount	<u>2,165,315,385</u>	<u>600,918,554</u>

*Standard Investment Trust Fund
Financial Statements
For the period ended 31st December 2025*

Notes to financial statements (Continued)

	2025	2024
	KES	KES
9 Unit Holder Balances		
As at 1st January	728,933,842	-
Additions during the year	1,843,197,501	745,058,019
Redemptions during the year	(235,255,536)	(59,412,106)
Profit distributed during the year	172,446,772	43,287,929
As at 31st December	2,509,322,579	728,933,842
10 Accounts Payables		
Purification Expense Payable	1,308,479	186,181
Withholding Taxes Payable	1,415,627	-
	2,724,106	186,181
11 Due to related Parties		
Due to SIB Management fees	10,853,550	-
	10,853,550	-

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)

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 maximize 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
powered by SIB Najah

Standard Investment Trust Fund
Financial Statements
For the period ended 31st December 2025

MANSAX SHARIAH SPECIAL FUND (USD)

Fund Statement of Comprehensive Income

	Notes	2025 USD	2024 USD
Investment Income	5 i)	477,731	52,161
Profit attributable from placement with Islamic banks	5 ii)	2,197	1,910
Fair Value gain/(loss) through profit and loss	5 iii)	74,556	68,281
Increase/(Decrease) in allowance for Expected Credit losses	5 iv)	(52,120)	-
Total Income		<u>502,364</u>	<u>122,352</u>
Operating Expenses			
Financial Service Charges	6	210,988	76,237
Purification expenses	6	3,752	389
Profit before distribution to unit holders		<u>287,624</u>	<u>45,726</u>

MANSAX SHARIAH SPECIAL FUND (USD)

Statement of Financial Position

	Notes	2025 USD	2024 USD
ASSETS			
Financial Assets at value through profit and loss	8 i)	948,973	262,681
Financial Assets at amortized cost	8 ii)	3,067,497	2,213,511
TOTAL ASSETS		4,016,470	2,476,192
LIABILITIES			
Unit Holders Balances	10	3,993,008	2,475,803
Accounts Payables	11	4,606	389
Due to related Parties	12	18,855	-
TOTAL LIABILITIES		4,016,470	2,476,192

Standard Investment Trust Fund
Financial Statements
For the period ended 31st December 2025

MANSA X SHARIAH SPECIAL FUND (USD)

STATEMENT OF CHANGES IN UNIT HOLDER BALANCES

Unit holder funds

At 1st January 2025	2,475,803
Additions during the year	5,592,345
Redemptions during the year	(4,362,763)
Profits distributed during the period	287,624
AT 31 December 2025	<u><u>3,993,008</u></u>

At 1st January 2024	-
Additions during the year	2,803,538
Redemptions during the year	(373,461)
Profits distributed during the period	45,726
AT 31 December 2024	<u><u>2,475,803</u></u>

Standard Investment Trust Fund
Financial Statements
For the period ended 31st December 2025

MANSA X SHARIAH SPECIAL FUND (USD)

Statement of Cash flows

	2025	2024
	USD	USD
Profit for the year	287,624	45,726
(Increase) decrease in Investment asset	(1,857,570)	(2,130,738)
Increase in Payables	23,072	389
Net Cash Flow from Operating Activities	<u>(1,547,339)</u>	<u>(2,084,623)</u>
Cash flow from financing activities		
Net contributions	1,229,581	2,430,077
Net Cash Flows from Financing Activities	<u>1,229,581</u>	<u>2,430,077</u>
Net cash and cash equivalent	(317,292)	345,454
Cash and cash equivalents at start of year	345,454	-
	<u>28,162</u>	<u>345,454</u>
Represented by:		
Cash and Bank Balances	<u>28,162</u>	<u>345,454</u>
Cash and cash equivalents at end of Period	<u>28,162</u>	<u>345,454</u>

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.

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 periods 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.

Changes in accounting policy and disclosures

i) New standards adopted and changes in accounting policies

The Fund adopted *IFRS 9 – Financial Instruments* effective 1 January 2024. In accordance with the transition provisions of IFRS 9, the Fund has applied the requirements on classification, measurement, and impairment of financial assets prospectively from the transition date. Consequently, the comparative information for the period ended 31 December 2025 continues to be prepared and presented under *IAS 39 – Financial Instruments: Recognition and Measurement* and has not been restated.

Notes (continued)

Summary of Significant Accounting Policies (continued)

ii) Application of standards and accounting policies

During the current reporting period, the Fund implemented IFRS 9, which introduced significant changes to the accounting for financial instruments. The key areas of impact include:

- **Classification and measurement:** Financial assets have been reclassified based on the Fund's business model for managing the assets and their contractual cash flow characteristics, as required by IFRS 9.
- **Impairment of financial assets:** The Fund transitioned from the *incurred loss model* under IAS 39 to the *expected credit loss (ECL) model* under IFRS 9. The ECL model requires the recognition of credit losses on financial assets on an expected basis, incorporating forward-looking information, rather than waiting for a loss event to occur.

The adoption of IFRS 9 has therefore resulted in changes to the Fund's accounting policies relating to the recognition, measurement, and impairment of financial assets. These changes have been applied prospectively, and no adjustments were made to prior period figures.

j) Revenue recognition

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

k) 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.

Notes (continued)

Summary of significant accounting policies (continued)

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.

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).

Notes (continued)

Summary of significant accounting policies (continued)

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.

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.

Fund has adopted Central Bank of Kenya (CBK) prudential guidelines loss provision on financial assets being the first-time in this audit period implementation of the IFRS 9 on Financial Instruments. The Fund has recognized an impairment loss of **USD 52,120 for the amortizable financial assets** for the period ended December, 2025. This impairment loss captured as Expected Credit losses reflects the estimated potential losses arising from the Funds amortizable financial assets, based on a comprehensive assessment of the credit risk of the financial assets.

Summary of significant accounting policies (continued)

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.

l) 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.

m) 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.

n) 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.

Notes (continued)

Risk Management Objectives and Policies (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.

Notes (Continued)

Risk Management Objectives and Policies (Continued)

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.

Fair Value Estimation

The Fund adopted the amendment to IFRS 9 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.

***Standard Investment Trust Fund
Financial Statements
For the period ended 31st December 2025***

Notes (Continued)

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 period, resulting in no impairment loss but only a provision being recognized for the period ended 31st December 2025. 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.

4. Income recognition

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

*Standard Investment Trust Fund
Financial Statements
For the period ended 31st December 2025*

Notes to the financial statements (Continued)

	2025	2024
	USD	USD
INCOME		
5 i) Investment income		
Sukuk Investments	6,825	11,778
Offshore Trading	3,711	40,383
Structured Debt	467,195	-
	<u>477,731</u>	<u>52,161</u>
5 ii) Profit attributable from placement with Islamic banks		
Call deposits with financial institutions	2,197	1,022
Fixed Deposits with financial institutions	-	888
	<u>2,197</u>	<u>1,910</u>
5 iii) Fair Value gain/(loss) through profit and loss		
Offshore Assets	67,843	1,927
Credit Instruments	-	66,354
Listed Securities	6,713	-
	<u>74,556</u>	<u>68,281</u>
5 iv) Increase/(Decrease) in allowance for Expected Credit losses		
Expected Credit Loss on Amortised Assets	(52,120)	-
	<u>(52,120)</u>	<u>-</u>
6 Operating Expenses		
Financial Service Charges	210,988	76,237
Purification expenses	3,752	389
	<u>214,740</u>	<u>76,626</u>

A **Financial Service Charge** of 5% per annum prorated daily of the 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, which is inclusive of applicable taxes, is recognized and charged on an accrual basis.

7. Taxation

Standard Investment Trust Fund is registered under the Trustees (Perpetual Successions Act) CAP 164. It operates under The Income Tax Act, Section 20(1)(a) as a non-charitable trust and is tax exempt.

Standard Investment Trust Fund
Financial Statements
For the period ended 31st December 2025

Notes to the financial statements (Continued)

	2025	2024
	USD	USD
8 i) Financial Assets at fair value through profit and loss		
Offshore Assets	796,605	262,681
NSE Listed Securities	152,368	-
	<u>948,973</u>	<u>262,681</u>
8 ii) Financial Assets at Amortized cost		
Fixed Deposits	200,000	-
Structured Debt	2,673,529	-
Credit instruments	-	1,868,057
Sovereign Debt (Sukuk bonds)	217,925	-
Bank Balances	28,162	345,454
Gross Carrying amount	<u>3,119,616</u>	<u>2,213,511</u>
Expected Credit Loss amortized assets	(52,120)	-
Net carrying Amount	<u>3,067,497</u>	<u>2,213,511</u>
10 Unit Holder Balances		
As at January	2,475,803	-
Additions during the year	5,592,345	2,803,538
Redemptions during the year	(4,362,763)	(373,461)
Profit distributed during the period	287,624	45,726
At 31 December	<u>3,993,008</u>	<u>2,475,803</u>
11 Accounts Payables		
Purification Expense	4,141	389
Withholding Taxes Payable	466	-
	<u>4,606</u>	<u>389</u>
12 Due to related Parties		
Due to SIB Financial Services charge	18,855	-
	<u>18,855</u>	<u>-</u>

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.