

***CYTONN UMBRELLA RETIREMENT BENEFITS SCHEME  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2024***

**MACO**  
**MAINGĪ AUKA & COMPANY LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS OF KENYA**

**CYTONN UMBRELLA RETIREMENT BENEFITS SCHEME  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
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**CORPORATE TRUSTEE, PROFESSIONAL ADVISERS AND OTHER INFORMATION**

**Trustees**

Michael Omondi	Chairperson
Grace Ndung'u	Trustee
Lydia Wambugu	Trustee
Michael Wamae	Trustee
Jostine Orina	Trustee
Peter Kagwi	Trustee
Victor Muguna	Trustee
Grace Mwai	Trustee
Joshua Omollo	Trustee

**Administrator**

Enwealth Financial Services Limited  
Enwealth Business Centre  
Ngong Lane, Off Ngong Road  
P.O. Box 52840 - 00200  
Nairobi.

**Investment manager**

Cytonn Asset Managers Limited  
6<sup>th</sup> Floor, The Chancery, Valley Road  
P.O. Box 20695 - 00200  
Nairobi.

**Custodian**

Custodial services  
SBM Bank Central offices  
Riverside mews  
P.O BOX 34886 - 00100  
Nairobi.

**Independent auditor**

Maingi Auka & Company LLP  
Certified Public Accountants (Kenya)  
3<sup>rd</sup> Floor, Pension Towers, Loita Street  
P.O. Box 76172 - 00508  
Nairobi.

**Registered office**

6<sup>th</sup> Floor, The Chancery, Valley Road  
P.O. Box 20695 - 00200  
Nairobi.

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**REPORT OF THE TRUSTEES**

The Trustees present the annual report together with the audited financial statements for the year ended 31 December 2024 which disclose the state of affairs of the scheme.

**Establishment, nature, and status of the Scheme**

The Scheme was established and is governed, by a Trust Deed dated 28 May 2019. It is a defined contribution Scheme and provides, under the rules of the Scheme, retirement benefits for the members on retirement at a specified age and the relief for certain of the dependants of members who die while in membership of the Scheme. It is an exempt approved plan under the Income Tax Act and is registered with the Retirement Benefits Authority. However, income on contributions in excess of Shs 240,000, Shs 360,000 effective 27<sup>th</sup> December 2024 per annum is subject to income tax.

**Contributions**

Each Sponsor and each Member employed by such Sponsor shall be liable to make the contributions to the Scheme provided for herein and in the Rules and in the Deed of Adherence executed by such Sponsor and in determining the amounts to be paid in respect of such contributions the Sponsors and the Members may reduce the amounts of such contributions by the amounts of their respective contributions to the State Scheme.

**Withdrawals benefits**

A member, less than 50 years of age, who leaves service of own free will or is dismissed by the Sponsor, shall be entitled to benefits equal to:

- i) 50% of the total accrued benefits exclusive of NSSF Tier II contributions at the date of leaving service.
- ii) While the remaining 50% of the total accrued benefits will be transferred out to the Scheme of the new employer or deferred to normal retirement age.

**Membership**

Description	2024			2023		
	Active	Deferred	Totals	Active	Deferred	Totals
At start of year	150	101	251	167	95	262
Joiners	-	74	74	-	7	7
Adjustments	-	-	-	(7)	-	(7)
Leavers	(78)	(4)	(82)	(10)	(1)	(11)
	<u>72</u>	<u>171</u>	<u>243</u>	<u>150</u>	<u>101</u>	<u>251</u>

Deferred members comprise those members who have left the Scheme, for any reason other than death, having completed one or more years' service and who are entitled to a deferred benefit of the amount accrued in respect of the Founder's contributions, which are retained in the Scheme until certain conditions are met

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**REPORT OF THE TRUSTEES (continued)**

**Financial review**

The statement of changes in net assets on page 11 shows an increase in net assets of the Scheme for the year of Shs. **12,999,067** (2023: decrease Shs. **10,208,833**) and the statement of net assets available for benefits on page 12 shows the Scheme's net assets as Shs. **60,788,422** (2023: Shs. **47,789,355**)

The registered fund net rate of return on investment to be credited to the members' account for the year is **18.85%** (2023: **1.05%**) while the unregistered fund net rate of return on investments to be credited to the members' account for the year is **18.13%** (2023: **Negative 0.5%**)

**Investment of members' Funds**

Under the terms of their appointment, Cytonn Asset Managers Limited (Investment Managers) are responsible for the investment of the available funds. However, the overall responsibility for investment and performance lies with the Trustees.

**Amounts credited to members' accounts**

In accordance with Legal Notice No. 21, The Retirement Benefits (Umbrella Retirement Benefits Schemes) (Amendment) Regulations, 2017, in determining the amounts to be credited to members' accounts, the Trustees have excluded unrealized gains and losses arising from the valuation of financial assets using the fair value model.

The net income/(loss) to be allocated to the members' accounts has therefore been arrived at as follows:

	2024	2023
	Shs	Shs
Net return/(loss) on investments, less investment management and administration expenses, as reported in the audited financial statements	11,133,607	(1,734,440)
Adjusted for:		
Unrealised (gains) / losses from the revaluation of debt instruments using the fair value model arising in the prior year realised in the current year	-	-
Unrealised losses/ (gains) from the revaluation of debt instruments using the fair value model arising in the current year	(1,950,462)	1,364,589
Amount credited to members' accounts	9,183,145	(369,851)

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**REPORT OF THE TRUSTEES (continued)**

We confirm that there is no self-investment, nor have the Scheme's assets been used as security or collateral on behalf of the employer or any connected business or individual. The Scheme's investment managers are guided by an established Investment Policy. The make-up of the investments as at year-end is summarised in the investment compliance table below:

**Investment compliance (Continued)**

	Value as at 31/12/2024	% of portfolio %	Value as at 31/12/2023	% of portfolio %	% RBA limits %
Treasury bonds	25,493,687	42.25	23,600,546	63.10	90.00
Quoted equities	13,688,600	22.68	8,932,155	23.88	70.00
Fixed deposits	6,149,243	10.19	1,819,422	4.86	30.00
Cytonn unit trust	3,166,464	5.25	3,042,860	8.14	20.00
Cash at bank	48,611	0.08	9,149	0.02	5.00
	<u>48,546,605</u>	<u>80.45</u>	<u>37,404,132</u>	<u>100.00</u>	
Property – Alma Unit	11,800,000	19.55	-	-	30.00
	<u>60,346,605</u>	<u>100.00</u>	<u>37,404,132</u>	<u>100.00</u>	

**Investment policy statement (Fund management)**

The primary investment objectives of the Scheme are as follows:

- i) Capital preservation: The investment of the Scheme's assets will ensure the preservation of capital.
- ii) Long term capital growth: Capital growth with avoidance of risk over the long term. Short term volatility will be tolerated if appropriate considering the asset class and comparable market risk.
- iii) Return on investment: The attainment of the agreed investment performance deliverables against the accepted benchmarks over the investment period.
- iv) Liquidity: An adequate level of liquidity will be maintained to enable the scheme to meet its liabilities and obligations.

**Trustees**

The Trustees are appointed in accordance with the requirements of the Retirement Benefits (Umbrella Retirement Benefits Schemes) Regulations, 2017, and the Scheme's Trust Deed and Rules. The current Trustees of the Scheme are listed on page 1.

**Auditors**

The auditors, Maingi Auka & Company LLP, have expressed their willingness to continue in office in accordance with Section 34 (3) of the Retirement Benefits (Occupational Retirement Benefits Schemes) Regulations, 2000, and subject to Scheme's Trust Deed and Rules. The Corporate trustee monitors the effectiveness, objectivity, and independence of the auditor. He also approves the annual audit engagement, which sets out the auditors' appointment and related fees.

For the Trustees

  
\_\_\_\_\_  
Trustees

28/Jan/ 2026

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**SCHEME GOVERNANCE DISCLOSURE STATEMENT**

**1. Trustees in office**

Name of Trustee	Age	Category	No. of Meetings attended during the year	Certified (Yes/No)	Highest Qualification	Membership of other Trustee Boards
Michael Omondi	32	Independent	None	No	Bachelor	No
Grace Ndung'u	45	Independent	None	Yes	Bachelor	No
Lydia Wambugu	52	Independent	None	Yes	Masters	No
Michael Wamae	35	Independent	None	No	Bachelor	No
Jostine Orina	32	Independent	None	No	Bachelor	No
Peter Kagwi	32	Independent	None	No	Bachelor	No
Victor Muguna	31	Independent	None	No	Bachelor	No
Grace Mwai	28	Independent	None	No	Bachelor	No
Joshua Omollo	26	Independent	None	No	Bachelor	No

**2. Dates of Trustee Board Meetings**

The Corporate Trustee held three (3) board meetings of its governing body for the scheme during the year ended 31 December 2024.

The board meetings were held on the dates set out below:

- a) 21 May 2024-BOT Q1
- b) 9 August 2024-BOT Q2
- c) 15 November 2024-BOT Q3
- d) 12 July 2024-AGM Meeting

**3. Transition from Corporate Trustee to Trustees**

The Scheme hereby notifies its members and stakeholders of a transition in its trustee structure from a Corporate Trustee to Individual Trustees. The Corporate Trustee shall formally hand over all trustee responsibilities, documents, and records to the Individual Trustees effective on 16th September 2025.

**4. Composition of Trustees**

- a) Gender balance: Female: 3, Male: 6
- b) Skills mix: No of Trustees with financial skills: Three (3)
- c) Age mix: Number of Trustees who are younger than 35 years. Six (6)
- d) Number of Trustees who are older than 35 years. Three (3)

**5. Committees of the Board - [N/A – Corporate Trustee]**

The Corporate Trustee's main body for discharging its duties is its Corporate Trustee Services Committee ("CTSC"). This body operates very much like a trustee board and meets formally at least once per quarter. CTSC reviews the schemes' operations and governance under the broad headings of "Investments", "Governance, Audit and Risk" and "Member Administration, Relations and Services" focusing on reports from the service providers as well as other material. Service providers and representatives of the Sponsor attend these meetings.

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**SCHEME GOVERNANCE DISCLOSURE STATEMENT(Continued)**

**6. Fiduciary responsibility statement**

The Trustees are the governing body of the **Cytonn Umbrella Retirement Benefits Scheme** and are responsible for the corporate governance of the scheme. The trustees are responsible for ensuring that the administration of the scheme is conducted in the best interests of the scheme's members and the sponsor. To achieve this, the trustees embraces its fiduciary responsibility by:

- (a) Acting honestly and not improperly use inside information or abuse its position;
- (b) Exercising the highest degree of care and diligence in the performance of its duties that a reasonable person in a like position would exercise in the circumstances; and
- (c) Performing its duties with the requisite degree of skill.

The Scheme has complied with the laws, regulations, and guidelines that govern retirement benefits Schemes and the Scheme's business operations.

**7. Responsible corporate citizenship**

The Scheme is 100% invested in a segregated fund and in the opinion of the Trustee, the Scheme has not been involved in any activity that may undermine the well-being of the Sponsor, members, or the community in which it operates.

**8. Key outcomes**

The Trustees seek to achieve the following:

- (a) Building trust with the members and sponsor of the scheme so that they are satisfied with the administration of the scheme;
- (b) Supporting innovation and developing solutions that meet the members' and sponsor's needs; and
- (c) Ensuring that the scheme's administrative processes remain transparent and accessible to members and the sponsor.

**9. Annual general meeting (AGM)**

The Trustee held the Annual General Meeting for the year 2023 on the 12<sup>th</sup> July 2024 virtually. In total 35 members were present out of 322 members, making up 10% of schemes' representation. The board adequately addressed the members' concerns.

**10. Members' sensitization**

The Sponsor's relationship teams regularly communicate with the members during the year and conducted member education and sensitization via virtual means during the AGM. Members were reminded at the AGM that they can request for member education and sensitization sessions through the Sponsor.

During the sensitization activity, members were reminded of the Retirement Benefits Authority. Whistle Blower portal to report any unusual occurrences in the management of Scheme affairs.

**11. Trustee remuneration policy**

The Trustee was remunerated in accordance with the contract between the Trustee, Goal Advisory Trustee Services Limited, and the Scheme. As per the Agreement, the Trustee is remunerated at a rate of 0.25% of the Scheme Fund Value subject to a minimum fee of Ksh 10,000 per month. All expenses including income tax and RBA Levy are borne by the Scheme.

Signed  .....  
(Chairperson)

Dated 28/Jan/.....2026

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**STATEMENT OF TRUSTEES RESPONSIBILITIES**

The Retirement Benefits (Occupational Retirement Benefits Schemes) Regulations, 2000, requires the Trustees to prepare financial statements in a prescribed form for each financial year. It also requires the Trustees to ensure that the Scheme keeps proper accounting records of its income, expenditure, liabilities, and assets and that contributions are remitted to the custodian in accordance with the rules of the Scheme and the Kenya Retirement Benefits (Occupational Retirement Benefits Schemes) Regulations, 2000.

The Trustees accept responsibility for the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error. They also accept responsibility for: -

- i) Designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements;
- ii) Selecting and applying appropriate accounting policies; and
- iii) Making accounting estimates and board events that are reasonable in the circumstances in conformity with International Financial Reporting Standards and the Retirement Benefits (Occupational Retirement Benefits Schemes) Regulations, 2000.

The Trustees are of the opinion that the financial statements give a true and fair view of the state of the financial affairs of the Scheme as at 31 December 2024 and of the disposition at that date of its assets and liabilities, in accordance with International Financial Reporting Standards and the requirements of the Retirement Benefits (Umbrella Retirement Benefits Schemes) Regulations, 2017.

The Trustees certify that to the best of their knowledge and belief the information furnished to the auditors for the purposes of the audit was correct and complete in every respect.

Nothing has come to the attention of the Trustees to indicate that the Scheme will not remain a going concern for at least the next twelve months from the date of this statement.

The Trustees acknowledge that the independent audit of the Scheme's financial statements does not relieve them their responsibilities.

28/Jan/

The statement was approved by the Trustees on.....2026 and signed on its behalf by:



Trustee



Trustee

**REPORT OF THE INDEPENDENT AUDITOR TO THE TRUSTEES OF CYTONN UMBRELLA RETIREMENT BENEFITS SCHEME (Continued)**

**Opinion**

We have audited the accompanying financial statements of Cytonn Umbrella Retirement Benefits Scheme set out on pages 11 to 26, which comprise the statement of net assets available for benefits as at 31 December 2024, the statement of changes in net assets available for benefits, the statement of members' accumulated funds and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Scheme during the year ended 31 December 2024 and of the changes in net assets available for benefits and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Retirement Benefits (Occupational Retirement Benefits Schemes) Regulations, 2000.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), together with other ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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

**Other Information**

The Trustees are responsible for the other information which comprises the report of the Trustees as required by the Retirement Benefits (Occupational Retirement Benefits Schemes) Regulations, 2000. The other information 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 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 on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

***REPORT OF THE INDEPENDENT AUDITOR TO THE TRUSTEES OF CYTONN UMBRELLA RETIREMENT BENEFITS SCHEME (Continued)***

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**Key audit matters**

Key audit matters are those matters that, in our professional judgement, 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 financial statements and in forming our opinion thereon, and we do not provide a separate opinion on them.

**Responsibilities of Trustee for the financial statements**

The Trustees are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Retirement Benefits (Umbrella Retirement Benefits Schemes) Regulations, 2017, and for such internal controls as the Trustees 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 Trustees are responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Scheme's financial reporting process.

**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 ISA's 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 based on 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 Scheme's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- 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 a fair presentation.

**REPORT OF THE INDEPENDENT AUDITOR TO THE TRUSTEES OF CYTONN UMBRELLA RETIREMENT BENEFITS SCHEME (Continued)**

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

- Conclude on the appropriateness of the Trustees use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Scheme to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the Scheme's audit. We remain responsible for our audit opinion.

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

**Report on other legal requirements**

As required by the Kenyan Retirement Benefits (Umbrella Retirement Benefits Schemes) Regulations, 2017, we report to you, based on our audit, that in our opinion, the information given in the report of the trustees on pages 2 to 4 is consistent with the financial statements.

*The Engagement Partner responsible for the audit resulting in the independent auditor's report is FCPA, Dr. Jackson K. Maingi, Practicing Certificate No. 1331.*



.....  
**For and on behalf of:**  
**Maingi Auka & Company LLP**  
**Certified Public Accountants**  
**P.O BOX 76172 – 00508**  
**Nairobi**



Date 29th January, ..... 2026

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**STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS**

	Note	2024 Shs	2023 Shs
<b>Income from dealings with members</b>			
Contributions	4	2,039,924	-
		<u>2,039,923</u>	<u>-</u>
<b>Outgoings from dealings with members</b>			
Benefits paid to withdrawing members	5	(174,464)	(8,474,393)
Net decrease from dealings with members		<u>1,865,460</u>	<u>(8,474,393)</u>
<b>Return on investments</b>			
Investment income	6(a)	5,413,747	5,556,026
Change in fair value of investments	6(b)	8,074,745	(5,532,751)
Return on investment		13,488,492	23,275
Investment management expenses	8(a)	(625,111)	(582,392)
<b>Gross return on investment</b>		<u>12,863,381</u>	<u>(559,117)</u>
<b>Expenditure</b>			
Administration expenses	8(b)	(1,441,689)	(768,408)
Tax expense for the year	13	(288,085)	(406,915)
		<u>(1,729,774)</u>	<u>(1,175,323)</u>
<b>Net return on investment</b>		11,133,607	(1,734,440)
<b>Net increase / (decrease) in net assets for the year</b>		<u>12,999,067</u>	<u>(10,208,833)</u>
<b>Net assets available for benefits at the start of the year</b>		<u>47,789,355</u>	<u>57,998,188</u>
<b>Net assets available for benefits at end of year</b>		<u>60,788,422</u>	<u>47,789,355</u>

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**STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS AS AT 31 DECEMBER**

	Note	2024 Shs	2023 Shs
<b>Investments</b>			
Investments at fair value	7	39,182,287	32,532,701
Investments at amortized cost	7	6,149,243	1,819,422
Cytonn unit trust		3,166,464	3,042,860
Property- Alma Unit		<u>11,800,000</u>	<u>-</u>
		<u>60,297,994</u>	<u>37,394,983</u>
<b>Current assets</b>			
Cash at bank	11(a)	48,611	9,149
Contribution debtors	12	611,972	10,432,162
Tax recoverable	13	254,341	284,107
		<u>914,924</u>	<u>10,725,418</u>
<b>Current liabilities</b>			
Accounts payable	10	424,496	331,046
<b>Net current assets</b>		<u>490,428</u>	<u>10,394,372</u>
<b>Total net assets available for benefits</b>		<u><u>60,788,422</u></u>	<u><u>47,789,355</u></u>
<b>Financed by</b>			
Members fund		60,202,549	49,153,944
Revaluation reserve		585,873	(1,364,589)
		<u>60,788,422</u>	<u>47,789,355</u>

The financial statements on pages 11 to 26 were approved for issue by the Trustees on.....

28th January.....2026 and signed on their behalf by:



Trustee



Trustee

**CYTONN UMBRELLA RETIREMENT BENEFITS SCHEME  
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**STATEMENT OF CHANGES IN MEMBERS' FUNDS**

	<b>Members Funds Shs</b>	<b>Revaluation Reserve Fund Shs</b>	<b>Totals Shs</b>
<b>Year ended 31 December 2024</b>			
At 1 January 2024	49,153,944	(1,364,589)	47,789,355
Contributions and transfers in	2,039,924	-	2,039,924
Withdrawal benefits payable	(174,464)	-	(174,464)
Net investment profit	11,133,607	-	11,133,607
Transfer to reserve	<u>(1,950,462)</u>	<u>1,950,462</u>	<u>-</u>
At 31 December 2024	<u><b>60,202,549</b></u>	<u><b>585,873</b></u>	<u><b>60,788,422</b></u>
<b>Year ended 31 December 2023</b>			
At 1 January 2023	57,998,188	-	57,998,188
Contributions and transfers in	-	-	-
Withdrawal benefits payable	(8,474,393)	-	(8,474,393)
Net investment loss	(1,734,440)	-	(1,734,440)
Transfer to reserve	<u>1,364,589</u>	<u>(1,364,589)</u>	<u>-</u>
At 31 December 2023	<u><b>49,153,944</b></u>	<u><b>(1,364,589)</b></u>	<u><b>47,789,355</b></u>

Revaluation reserve fund is created from the revaluation gains on treasury bonds (undistributable gains), in accordance with Legal Notice No. 21 of the Retirement Benefits (Occupational Retirement Benefits Schemes) (Amendment) Regulations, 2023. This Legal Notice requires unrealised gains or losses from treasury bonds to be excluded from distribution to members.

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**STATEMENT OF CASH FLOWS**

	Note	2024 Shs	2023 Shs
<b>Cash flows from operating activities</b>			
Contributions received		60,114	-
Benefits paid to seceding members	5	(174,464)	(8,474,393)
Administrative expenses paid		(1,295,838)	(534,022)
Other income-credit interest received	6(a)	-	245
Tax paid	13	(258,319)	(462,482)
RBA Levy Paid	9(b)	(95,629)	(115,996)
		<u>(1,764,135)</u>	<u>(9,586,648)</u>
<b>Cash flows from investing activities</b>			
Investment income received		2,282,843	4,166,607
Investment management expenses paid		(581,884)	(592,707)
Purchase of investment	7(a)	(3,617,093)	(1,027,122)
Sale of investments	7(a)	3,719,732	2,872,701
		<u>1,803,598</u>	<u>5,419,479</u>
Net cash generated in investing activities		<u>1,803,598</u>	<u>5,419,479</u>
Net Increase / (decrease) in cash and cash equivalents		<u>39,463</u>	<u>(4,167,169)</u>
<b>Movement in cash and cash equivalents</b>			
At the start of the year		9,149	4,176,318
Net Increase / (decrease) in cash and cash equivalents		<u>39,463</u>	<u>(4,167,169)</u>
Cash and cash equivalents at the end of the period	11(b)	<u>48,611</u>	<u>9,149</u>

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**ACCOUNTING POLICIES**

**1. Material accounting policy information**

The accounting policy information considered material in the preparation of these financial statements is set out below:

**a) Basis of preparation**

The financial statements are prepared in accordance with and comply with IFRS Accounting Standards (IFRS) issued by the International Accounting Standards Board, the Kenyan Retirement Benefits (Umbrella Retirement Benefits Schemes) Regulations, 2017, and the Retirement Benefits (Umbrella Retirement Benefit Schemes) Regulations, 2017.

The financial statements summarize the transactions of the scheme and deal with the net assets at the disposal of the trustees. They do not take account of obligations to pay benefits that fall due after the end of the year.

The financial statements are presented in Kenya Shillings (Shs), and are prepared under the historical cost convention, as modified by the carrying of investments at fair value.

For those assets and liabilities measured at fair value, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the scheme uses market observable data as far as possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the scheme using valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items or discounted cash flow analysis). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account.

Fair values are categorised into three levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from 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 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised by the scheme at the end of the reporting period during which the change occurred.

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**ACCOUNTING POLICIES (Continued)**

**b) New and revised standards**

**i. Adoption of new and revised IFRS standards in issue and effective for the year ended 31 December 2024**

The following Standards became effective for the first time in the financial year beginning 1st January 2024 and have been adopted by the Scheme.

- Amendments to IFRS 16 – Leases on sale and leaseback- These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of transaction.
- Amendments to IAS 1- Non-current liabilities with covenants;  
The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.
- Amendments to IAS 7 and IFRS 7 – Supplier finance;  
Requiring disclosures to enhance transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk.

None of the amendments have had a material impact on the Scheme's financial statements.

**ii. New and revised standards and interpretations which have been issued but are not yet effective for the year ended 31 December 2024**

The Scheme has not applied the following revised standards and interpretations that have been published but are not yet effective for the year beginning 1st January 2024.

- Amendments to IAS 21 titled *Lack of Exchangeability* (issued in August 2023, effective 1 January 2025)
- IFRS 18 titled Presentation and Disclosure in Financial Statements (issued in April 2024, effective 1 January 2027)
- IFRS 19 titled Subsidiaries without Public Accountability: Disclosures (issued in May 2024, effective 1 January 2027)
- Amendments to IFRS 9 and IFRS 7 titled Amendments to the Classification and Measurement of Financial Instruments (issued in May 2024, effective 1 January 2026)
- Amendments to IFRS 10 and IAS 28 titled Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued in September 2014)

The Trustees have assessed the potential impact of the above and expect that they will not have a significant impact on the Scheme's financial statements.

**c) Contribution receivables and revenue recognition**

Contributions from the members and employer are accounted for in the period in which they fall due. The Scheme's revenue is generated from monthly contributions from members, interest income from government securities and dividends from quoted and unquoted equities. Revenue represents the fair value of consideration received or receivable in the course of the Scheme's activities. It is recognized when it is probable that future economic benefits will flow to the Scheme and the amount of revenue can be measured reliably. It is stated net of value added tax, rebates and trade discount

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**ACCOUNTING POLICIES (Continued)**

**Contribution receivables and revenue recognition (Continued)**

Investments are carried at fair value. The fair value of marketable securities is the market value. Securities that have fixed redemption values are carried at those amounts assuming constant rates of return to maturity. Interest on Government securities, corporate bonds, short-term deposits, treasury bills and offshore investments is recognized in the period in which it is earned. Interest income is recognized in the changes in net assets available for benefit as it accrues and is calculated by using the effective interest rate method. Investment income also includes dividend income which is recognized when the right to receive the payment is established. Rental income is on a straight-line basis over the lease term. The excess of rental income on a straight-line over cash received is recognized as an operating lease liability/asset. Dividends are recognized when the Scheme's right to receive the payment is established.

**d) Benefits payable**

Benefits payable to seceding members are recognised as liabilities in the period in which they fall due

**e) Income from investments**

Dividend income is recognised when the right to receive the payment is established.

Interest income is recognised for all interest-bearing instruments on a time proportion basis using the effective interest method.

**f) Investments**

All purchases and sales of investments are recognised on the trade date, which is the date the scheme commits to purchase or sell the investment. The cost of purchase includes all transaction costs. Investments are subsequently carried at fair value. Changes in the fair value of investments are recognised in the Statement of Changes in Net Assets Available for Benefits.

**g) Transfers in or out**

Transfers are recognized in the period in which members join from other Schemes or leave for other Schemes. The values are based on methods and assumptions determined by Actuaries and accounted for in the statement of changes in net assets.

**h) Investment property**

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in income statement in the period in which they arise, including the corresponding tax effect.

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**ACCOUNTING POLICIES (Continued)**

**i) Contribution debtors and other accounts receivable**

Critical estimates are made by the trustees in determining the recoverable number of receivables. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Accounts receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for Impairment. At the end of the year, a review of all outstanding amounts is made then a provision is given for bad and doubtful debts. All amounts that the management feels that are uncollectable, are written off as bad debts in the year in which they are identified.

**j) Benefits and other accounts payables**

Pensions and other benefits payable to seceding members are taken into account in the period in which they fall due. Accounts payable including accruals are recognized when the Scheme has a present obligation arising from past events, the settlement of which is expected to result in an outflow of economic benefits from the Scheme. Accounts payable are initially measured at fair value, and are subsequently measured at amortized cost.

**k) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and short-term deposits with an original maturity of three months or less in the statement of financial position. Cash and cash equivalent are initially and subsequently recorded at fair value while placements are measured at amortized costs.

**l) Reserves**

The trustees determine the proportion of the reserve account. Amount allocated to the account can only be written off or utilised in such a manner as may be fit by the trustees. Reserves are provided to caution fluctuation of withdrawals.

**m) Income tax expense**

The scheme is an exempt approved plan under the Income Tax Act and is registered with the Retirement Benefits Authority. However, income on contributions in excess of Shs 240,000 per member per annum is subject to income tax.

The tax charge for the year is calculated on the investment income less administrative and investment management expenses apportioned to the supplementary (taxable) scheme, which comprises the cumulative contributions in excess of the limits imposed by the Income Tax Act for tax exempt schemes, and income thereon.

The rate used for apportionment of expenses is calculated by taking the total of the opening fund value, contributions received during the year and benefits paid during the year of the supplementary scheme as a portion of the total opening fund value, contributions received during the year and benefits paid during the year.

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**ACCOUNTING POLICIES (Continued)**

**n) Functional and presentation currency**

Assets and liabilities expressed in foreign currencies are translated to Kenya shillings at the rates of exchange ruling at the end of each reporting period while transactions during the year in foreign currencies are converted at the rates of exchange ruling on the dates of the transactions. Exchange gains or losses arising from foreign currency transactions are dealt with in the statement of changes in net assets.

**o) Comparatives**

Where necessary, comparative figures have been adjusted to conform to changes in presentations in the current year

**2. Significant judgements and key sources of estimation and uncertainty**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including exceptions of future events that are believed to be reasonable under the circumstances. There are no estimates or judgements made that give rise to a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

**3. Financial risk management objectives and policies**

The Scheme's activities expose it to a variety of financial risks including credit, liquidity and market risks. The Scheme's overall risk management policies are set out by the fund managers and guidelines approved by the trustees, and focus on the unpredictability of changes in the financial markets and seek to minimise the potential adverse effects of such risks on its financial performance. The Scheme does not hedge against any risks.

**i) Credit risk**

Credit risk arises from investments other than equity investments, contributions receivable, cash at bank, and other receivables. The investment manager assesses the credit quality of each investment, taking into account its credit rating. Individual risk limits are set by the trustees.

The amount that best represents the Scheme's maximum exposure to credit risk at 31st December 2024 is made up as follows:

	2024 Shs	2023 Shs
Treasury bonds	25,493,687	23,600,546
Fixed and call deposits	6,149,243	1,819,422
Contribution debtors	611,972	10,432,162
Cash & bank balances	48,611	9,149
	<u>32,303,513</u>	<u>35,861,279</u>

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**ACCOUNTING POLICIES (Continued)**

**ii) Liquidity risk**

The trustees ensure that the fund's obligations are met as they arise. The trustees ensure prudent management of liquidity by planning and budgeting for cash requirements during the year. The trustees ensure adequate funds are retained in liquid or near liquid forms to pay leavers within thirty days of leaving. The trustees direct the Investment Manager to invest surplus funds not needed immediately for payments.

**iii) Market risk**

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market price and comprises three types of risks: currency risk, interest rate risk and other price risk.

**Interest rate risk**

The fund's investments in variable rate deposits exposes it to cash flow interest rate risk, and its investments in fixed rate bonds expose it to fair value interest rate risk. The investment managers advise the trustees on the appropriate balance of the portfolio between equity, fixed rate interest, and variable rate interest investments. The fund has no interest-bearing liabilities.

At 31 December 2024, an increased/ decreased in interest rates of 1% with other variables held constant, would have resulted in an increased/ decreased in the net assets available for benefits by Shs 607,884 (2023: Shs 477,894), arising substantially from the change in market values.

**Currency risk**

Currency risk arises on financial instruments that are denominated in foreign currency. The investment managers advise the trustees on the appropriate limit of exposure to offshore investments.

At 31 December 2024, if the shilling weakened/strengthened by 10% (2023:10%) against the US dollar with other variables held constant, would have resulted in an increased/ decreased in the net assets available for benefits by Shs 6,078,842 (2023: Shs 4,778,935), arising substantially from the change in market values.

**Other price risk**

Marketable instruments held by the fund include Treasury Bonds, Offshore Investments, Corporate Bonds and Commercial Papers whose market prices are subject to change. The trustees review the portfolio, set exposure limits and respond to market price changes and conditions to secure both fair values and cash flow from such instruments.

If the price of treasury bonds were to appreciate/depreciate by 5%, it would have resulted in an increase or decrease in net assets of Shs 1,274,684 (2023: Shs 1,180,027)

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**NOTES TO THE FINANCIAL STATEMENTS**

<b>4 Contributions Receivable</b>	<b>2024</b>	<b>2023</b>
	<b>Shs</b>	<b>Shs</b>
Employee Contributions	1,019,962	-
Employer Contributions	1,019,962	-
	<u>2,039,924</u>	<u>-</u>
<b>5 Benefits paid to seceding members</b>		
Benefits paid	174,464	8,474,393
	<u>174,464</u>	<u>8,474,393</u>
<b>6(a) Investment income</b>		
<b>Realized income</b>		
Treasury bonds interest	3,398,918	3,237,304
Fixed and time deposits interest	464,953	197,058
Cytonn unit trust interest	504,608	405,233
Dividend income	782,000	1,077,566
Gain on sale of quoted equities	-	17,095
Interest income	-	245
Gain / (Loss) on sale of treasury bonds	80,268	(104,421)
Audit fee written off	-	5,800
Rent income	183,000	-
Interest on unremitted contributions	-	720,146
	<u>5,413,747</u>	<u>5,556,026</u>
<b>6(b) Change in fair value of investment</b>		
Revaluation gain / (Loss) on treasury bonds	1,950,462	(1,364,589)
Revaluation gain / (Loss) on quoted equity	4,756,445	(4,168,162)
Revaluation gain on Alma properties	1,367,838	-
	<u>8,074,745</u>	<u>(5,532,751)</u>
<b>Total income</b>	<u>13,488,492</u>	<u>23,275</u>

**CYTONN UMBRELLA RETIREMENT BENEFITS SCHEME  
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**7(a) RECONCILIATION OF NET INVESTMENTS**

Year ended 31 December 2024	At	Purchases at cost	Sales proceeds	Change in fair value	Accrued interest	Value at
	1/1/2024					Shs
<b>At fair value</b>						
Quoted Equity	8,932,155	-	-	4,756,445	-	13,688,600
Treasury bonds	23,600,546	3,617,093	(3,719,732)	1,950,462	45,318	25,493,687
	<u>32,532,701</u>	<u>3,617,093</u>	<u>(3,719,732)</u>	<u>6,706,907</u>	<u>45,318</u>	<u>39,182,287</u>
<b>At amortized cost</b>						
Fixed and time deposits	1,819,422	9,177,000	(5,015,000)	-	167,821	6,149,243
	<u>1,819,422</u>	<u>9,177,000</u>	<u>(5,015,000)</u>	<u>-</u>	<u>167,821</u>	<u>6,149,243</u>
	<u>34,352,123</u>	<u>12,794,093</u>	<u>(8,734,732)</u>	<u>6,706,907</u>	<u>213,139</u>	<u>45,331,530</u>
<b>Year ended 31 December 2023</b>	<b>At</b>	<b>Purchases</b>	<b>Sales</b>	<b>Change in fair</b>	<b>Accrued</b>	<b>Value at</b>
	<b>1/1/2023</b>	<b>at cost</b>	<b>proceeds</b>	<b>value</b>	<b>interest</b>	<b>31/12/2023</b>
	<b>Shs</b>	<b>Shs</b>	<b>Shs</b>	<b>Shs</b>	<b>Shs</b>	<b>Shs</b>
<b>At fair value</b>						
Quoted equity	14,045,346	73,251	(1,018,280)	(4,168,162)		8,932,155
Treasury bonds	25,862,262	953,871	(1,854,421)	(1,364,589)	3,423	23,600,546
	<u>39,907,608</u>	<u>1,027,122</u>	<u>(2,872,701)</u>	<u>(5,532,751)</u>	<u>3,423</u>	<u>32,532,701</u>
<b>At amortized cost</b>						
Fixed and time deposits	4,107,689	3,725,000	(6,015,000)	-	1,733	1,819,422
	<u>4,107,689</u>	<u>3,725,000</u>	<u>(6,015,000)</u>	<u>-</u>	<u>1,733</u>	<u>1,819,422</u>
	<u>44,015,297</u>	<u>4,752,122</u>	<u>(8,887,701)</u>	<u>(5,532,751)</u>	<u>5,156</u>	<u>34,352,123</u>

**CYTONN UMBRELLA RETIREMENT BENEFITS SCHEME  
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**7(b) Investment analysis**

	Up to 3 months	4 to 12 months Shs	1 to 5 years Shs	Over 5 Years Shs	Total Shs
Treasury bonds	-	4,964,508	1,099,581	19,429,598	25,493,687
Fixed deposits	-	5,117,968	1,031,275	-	6,149,243
Totals	-	<u>10,082,476</u>	<u>2,130,856</u>	<u>19,429,598</u>	<u>31,642,930</u>

**7(c) Concentration of investments**

The following investments in a single institution exceed 5% of the net assets of the Scheme

	2024 Shs	%	2023 Shs	%
Fixed and time deposits	6,149,243	10.12%	1,819,422	3.81%
Treasury bonds	25,493,687	41.94%	23,600,546	49.38%
Cytonn unit trust	3,166,464	5.21%	3,042,860	6.37%

The fair values of government securities are based on prices published by brokers (Level 1). Fair values of corporate bonds and term deposits are based on discounted cash flows using a discount rate based on current market rates offered for deposits with similar credit risk and maturity dates (Level 2).

	Level 1 Sh	Level 2 Sh	Level 3 Sh	Total Sh
<b>At 31st December 2024</b>				
Quoted equity in Kenya	13,688,600	-	-	13,688,600
Government bonds and bills	25,493,687	-	-	25,493,687
<b>Total</b>	<u>39,182,287</u>	<u>-</u>	<u>-</u>	<u>39,182,287</u>
<b>At 31st December 2023</b>				
Quoted equity in Kenya	8,932,155	-	-	8,932,155
Government bonds and bills	23,600,546	-	-	23,600,546
<b>Total</b>	<u>32,532,701</u>	<u>-</u>	<u>-</u>	<u>32,532,701</u>

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

<b>8 Expenses</b>	<b>2024</b>	<b>2023</b>
	<b>Shs</b>	<b>Shs</b>
<b>(a) Investment management expenses</b>		
Management fees	568,632	487,061
Custodial fees	56,479	95,331
	<u>625,111</u>	<u>582,392</u>
<b>(b) Administrative expenses</b>		
Administration fees	136,225	101,238
Audit fees	23,200	23,200
Bank charges	12,880	15,535
Corporate trustee fees	152,246	139,572
RBA levy	121,788	94,338
Group life cover	441,847	384,108
Asset transfer fees	-	10,417
Property rates and related costs	553,503	-
	<u>1,441,689</u>	<u>768,408</u>
<b>9 RBA levy for the Scheme</b>		
<b>(a) The RBA levy is arrived at as follows:</b>		
<b>(Based on the size of the Scheme)</b>		<b>Annual levy rate %age of the Scheme</b>
Up to 500 million		0.20%
More than 500 million but not exceeding 1,000 million		0.15%
More than 1,000 million but not exceeding 5,000 million		0.10%
RBA levy	<u>121,788</u>	<u>94,338</u>
<b>(b) RBA levy at the beginning of the year</b>	94,838	116,496
RBA levy for the year	121,788	94,338
RBA levy paid	<u>(95,629)</u>	<u>(115,996)</u>
RBA levy payable at the end of the year.	<u>120,997</u>	<u>94,838</u>
<b>10 Accounts payable</b>		
Investment management fees	182,010	114,704
Custody fees	15,018	39,096
Corporate trustee fees	43,894	34,800
Audit fees	23,200	23,200
Administration fees	39,377	24,408
Retirement Benefits Authority levy	120,997	94,838
	<u>424,496</u>	<u>331,046</u>

**CYTONN UMBRELLA RETIREMENT BENEFITS SCHEME  
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

	2024	2023
	Shs	Shs
<b>11 Cash and cash equivalent</b>		
(a) Cash with the custodian		
SBM Bank Custody	<u>48,611</u>	<u>9,149</u>
	<u>48,611</u>	<u>9,149</u>
(b) For the purpose of the cash flow statement, cash and cash equivalents comprise the following:		
Cash with the custodian	48,611	9,149
Fixed and time deposits	<u>-</u>	<u>-</u>
	<u>48,611</u>	<u>9,149</u>
<b>12 Contribution debtors</b>		
Employee contributions	305,986	5,609,903
Employer contributions	<u>305,986</u>	<u>4,822,259</u>
	<u>611,972</u>	<u>10,432,162</u>

**13 Tax status of the Scheme**

Cytonn Umbrella Retirement Benefits Scheme has been approved by the Kenya Revenue Authority (KRA) and is exempt from income tax on its investment income.

The unregistered Scheme's investment income is taxable at the current prevailing rate of 30% while the registered Scheme is exempt from tax. In the current year, the tax on the unregistered portion of investment income was as shown below.

Tax charge for the year	<u>288,085</u>	<u>406,915</u>
Tax (recoverable) / payable at the beginning of the year	(284,107)	(228,540)
Tax charge for the year	288,085	406,915
Less: Tax paid during the year	<u>(258,319)</u>	<u>(462,482)</u>
Tax recoverable at the end of the year	<u>(254,341)</u>	<u>(284,107)</u>

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**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**14 Related party transactions**

Related parties comprise the Trustees, the administrator, the participating companies, and Companies which are related to these parties through common shareholdings or common Directorship. With the exceptions of contributions receivable from the participating companies and the payment of fees to the administrator, there are no other transactions carried out with related parties during the year.

**15 Contingent liabilities**

Other than the liability to pay future benefits there were no contingent liabilities of the Scheme as at 31 December 2024.

**16 Events after the reporting date**

The Trustees are not aware of events after the reporting date that require disclosure in or adjustments to the financial statements as at the date of this report.

**17 Registration**

The Scheme is registered in Kenya under the Retirement Benefits (Occupational Retirement Benefits Schemes) Regulations, 2000. The registration number is (Scheme Ref. 02075 and Certificate No. 01668)

**18 Currency**

The financial statements are presented in Kenya Shillings (Shs).

*CYTONN UMBRELLA RETIREMENT BENEFITS SCHEME  
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**MACO**

**MAINGĪ AUKA & COMPANY LLP**

CERTIFIED PUBLIC ACCOUNTANTS OF KENYA

3<sup>rd</sup> Floor, Pension Towers, Loita Street  
P.O. Box 76172 – 00508, Nairobi, Kenya  
020 – 2249613, 0728421420  
Email: [info@maingiauka.com](mailto:info@maingiauka.com)

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**CYTONN UMBRELLA RETIREMENT BENEFITS SCHEME  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

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**TRUSTEES, PROFESSIONAL ADVISERS AND OTHER INFORMATION**

**Trustees**

Michael Omondi	-	Chairperson
Grace Ndung'u	-	Trustee
Lydia Wambugu	-	Trustee
Michael Wamae	-	Trustee
Jostine Orina	-	Trustee
Peter Kagwi	-	Trustee
Victor Muguna	-	Trustee
Grace Mwai	-	Trustee
Joshua Omollo	-	Trustee

**Administrator**

Enwealth Financial Services Limited  
Enwealth Business Centre  
Ngong Lane, Off Ngong Road  
P.O. Box 52840 - 00200  
Nairobi.

**Investment manager**

Cytonn Asset Managers Limited  
Cysuites Work Spaces, Church Road, Westlands  
P.O. Box 20695 - 00200  
Nairobi.

**Custodian**

Custodial services  
SBM Bank Central offices  
Riverside mews  
P.O BOX 34886 - 00100  
Nairobi.

**Independent auditor**

Maingi Auka & Company LLP  
Certified Public Accountants (Kenya)  
3<sup>rd</sup> Floor, Pension Towers, Loita Street  
P.O. Box 76172 - 00508  
Nairobi.

**Registered office**

Cysuites Work Spaces, Church Road, Westlands  
P.O. Box 20695 - 00200  
Nairobi.

**CYTONN UMBRELLA RETIREMENT BENEFITS SCHEME  
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**REPORT OF THE TRUSTEES**

The Trustees present the annual report together with the audited financial statements for the year ended 31 December 2025 which disclose the state of affairs of the scheme.

**Establishment, nature, and status of the Scheme**

The Scheme was established and is governed, by a Trust Deed dated 28 May 2019. It is a defined contribution Scheme and provides, under the rules of the Scheme, retirement benefits for the members on retirement at a specified age and the relief for certain of the dependants of members who die while in membership of the Scheme. It is an exempt approved plan under the Income Tax Act and is registered with the Retirement Benefits Authority. However, income on contributions in excess of Shs 240,000, Shs 360,000 effective 27<sup>th</sup> December 2024 per annum is subject to income tax.

**Principal activity**

The main purpose of the Scheme is the provision of retirement benefits and other ancillary benefits to members upon their retirement at a specified age and relief for the dependents of deceased members as defined in the Trust Deed and Rules or the Legal Instrument of Establishment.

**Contributions**

Each Sponsor and each Member employed by such Sponsor shall be liable to make the contributions to the Scheme provided for herein and in the Rules and in the Deed of Adherence executed by such Sponsor and in determining the amounts to be paid in respect of such contributions the Sponsors and the Members may reduce the amounts of such contributions by the amounts of their respective contributions to the State Scheme.

The Scheme also receives NSSF Tier II contributions from both members and employers in accordance with the NSSF Act, 2013. These Tier II contributions are treated as pensionable contributions and are credited to individual members' accounts in line with the Scheme Rules. The Board of Trustees confirms that all such contributions are properly accounted for and invested in compliance with the applicable laws, regulations, and approved investment guidelines.

**Withdrawals benefits**

A member, less than 50 years of age, who leaves service of own free will or is dismissed by the Sponsor, shall be entitled to benefits equal to:

- i) 50% of the total accrued benefits exclusive of NSSF Tier II contributions at the date of leaving service.
- ii) While the remaining 50% of the total accrued benefits will be transferred out to the Scheme of the new employer or deferred to normal retirement age.

**Membership**

Description	2025			2024		
	Active	Deferred	Totals	Active	Deferred	Totals
At start of year	72	171	243	150	101	251
Joiners	44	24	68	-	74	74
Adjustments	-	230	230	-	-	-
Non-contributors	(24)	-	(24)	-	-	-
Retirements	-	(1)	(1)	-	-	-
Leavers	-	(7)	(7)	(78)	(4)	(82)
	<u>92</u>	<u>417</u>	<u>509</u>	<u>72</u>	<u>171</u>	<u>243</u>

**CYTONN UMBRELLA RETIREMENT BENEFITS SCHEME  
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**REPORT OF THE TRUSTEES (continued)**

Deferred members comprise those members who have left the Scheme, for any reason other than death, having completed one or more years' service and who are entitled to a deferred benefit of the amount accrued in respect of the Founder's contributions, which are retained in the Scheme until certain conditions are met

**Financial review**

The statement of changes in net assets on page 12 shows an increase in net assets of the Scheme for the year of Shs. 14,335,956 (2024: increase Shs. 12,999,067) and the statement of net assets available for benefits on page 13 shows the Scheme's net assets as Shs. 75,124,379 (2024: Shs. 60,788,422)

The net rate of return on investments to be credited to the members' accounts on the registered fund for the year is 19.25% (2024: 18.85%), while the net rate of return to be credited to the members' accounts on the unregistered fund for the year is 16.29% (2024: 18.13%)

**Investment of members' Funds**

Under the terms of their appointment, Cytonn Asset Managers Limited (Investment Managers) are responsible for the investment of the available funds. However, the overall responsibility for investment and performance lies with the Trustees.

Trustees are responsible for determining the Scheme's Investment Strategy and have in place the Investment Policy Statement dated 15 May 2025.

The principal objective of the Investment Policy Statement is to document the investment policy and summarise the investment strategy, set out decision making responsibilities relating to the Scheme's assets, provide a framework for the effective implementation and review of all the components of the investment strategy, assist stakeholders, including the trustees in understanding the Investment policy and strategies of the Scheme and to demonstrate the adherence to legislation.

The Scheme's investment managers are guided by an established Investment Policy. The make-up of the investments as at year-end is summarised in the investment compliance table below.

**Amounts credited to members' accounts**

In accordance with Legal Notice No. 22, The Retirement Benefits (Umbrella Retirement Benefits Schemes) (Amendment) Regulations, 2023, in determining the amounts to be credited to members' accounts, the Trustees have excluded unrealized gains and losses arising from the valuation of financial assets using the fair value model.

The net income/(loss) to be allocated to the members' accounts has therefore been arrived at as follows:

	<b>2025</b>	<b>2024</b>
	<b>Shs</b>	<b>Shs</b>
Net return/(loss) on investments, less investment management and administration expenses, as reported in the audited financial statements	12,324,364	11,133,607
Adjusted for:		
Unrealised (gains) / losses from the revaluation of debt instruments using the fair value model arising in the prior year realised in the current year	-	-
Unrealised losses/ (gains) from the revaluation of debt instruments using the fair value model arising in the current year	<u>(1,170,589)</u>	<u>(1,950,462)</u>
Amount credited to members' accounts	<u>11,153,775</u>	<u>9,183,145</u>

**CYTONN UMBRELLA RETIREMENT BENEFITS SCHEME  
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**REPORT OF THE TRUSTEES (continued)**

We confirm that there is no self-investment, nor have the Scheme's assets been used as security or collateral on behalf of the employer or any connected business or individual.

The Scheme's investment managers are guided by an established Investment Policy. The make-up of the investments as at year-end is summarised in the investment compliance table below:

**Investment compliance (Continued)**

	Value as at 31/12/2025	% of portfolio %	Value as at 31/12/2024	% of portfolio %	% RBA limits %
Treasury bonds	24,546,577	32.54	25,493,687	42.25	90.00
Quoted equities	20,631,555	27.35	13,688,600	22.68	70.00
Fixed deposits	4,415,013	5.85	6,149,243	10.19	30.00
Cytonn unit trust	13,760,553	18.24	3,166,464	5.25	20.00
Cash at bank	281,115	0.37	48,611	0.08	5.00
	<u>63,634,813</u>	<u>84.36</u>	<u>48,546,603</u>	<u>80.45</u>	
Property – Alma Unit	11,800,000	15.64	11,800,000	19.55	30.00
	<u>75,434,813</u>	<u>100.00</u>	<u>60,346,603</u>	<u>100.00</u>	

**Investment policy statement (Fund management)**

The primary investment objectives of the Scheme are as follows:

- i) Capital preservation: The investment of the Scheme's assets will ensure the preservation of capital.
- ii) Long term capital growth: Capital growth with avoidance of risk over the long term. Short term volatility will be tolerated if appropriate considering the asset class and comparable market risk.
- iii) Return on investment: The attainment of the agreed investment performance deliverables against the accepted benchmarks over the investment period.
- iv) Liquidity: An adequate level of liquidity will be maintained to enable the scheme to meet its liabilities and obligations.

**Trustees**

The Trustees are appointed in accordance with the requirements of the Retirement Benefits Act, and the Scheme's Trust Deed and Rules. The current Trustees of the Scheme to the date of this report are listed on page 2.

**Auditors**

The auditors, Maingi Auka & Company LLP, have expressed their willingness to continue in office in accordance with Section 34 (3) of the Retirement Benefits Act, and subject to Scheme's Trust Deed and Rules. The Trustees monitor the effectiveness, objectivity, and independence of the auditor. He also approves the annual audit engagement, which sets out the auditors' appointment and related fees.

**For the Trustees**

*Peter Kagwi*

Trustees

23/March/ 2026

**CYTONN UMBRELLA RETIREMENT BENEFITS SCHEME  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
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**SCHEME GOVERNANCE DISCLOSURE STATEMENT**

**1. Trustees in office**

Name of Trustee	Age	Category	No. of Meetings attended during the year	Certified (Yes/No)	Highest Qualification	Membership of other Trustee Boards
Michael Omondi	32	Independent	1	Yes	Bachelor	No
Grace Ndung'u	45	Independent	1	Yes	Bachelor	No
Lydia Wambugu	52	Independent	1	Yes	Masters	No
Michael Wamae	35	Independent	1	No	Bachelor	No
Jostine Orina	32	Independent	1	No	Bachelor	No
Peter Kagwi	32	Independent	1	No	Bachelor	No
Victor Muguna	31	Independent	1	Yes	Bachelor	No
Grace Mwai	28	Independent	1	No	Bachelor	No
Joshua Omollo	26	Independent	1	Yes	Bachelor	No

**2. Dates of Trustee Board Meetings**

The Board of Trustees held One (1) board meeting of its governing body for the scheme during the year ended 31 December 2025.

The board meeting was held on the date set out below:

- a) 28<sup>th</sup> November 2025 – BOT Q4 2024 to Q3 2025

**3. Transition from Corporate Trustee to Trustees**

The Scheme hereby notifies its members and stakeholders of a transition in its trustee structure from a Corporate Trustee to Individual Trustees. The Corporate Trustee shall formally hand over all trustee responsibilities, documents, and records to the Individual Trustees effective on 16th September 2025.

**4. Composition of the Board of Trustees**

- a) Gender balance: Female: 33.33% Male: 66.67%  
b) Skills mix: No of Trustees with financial skills: Three (3)  
c) Age mix: Number of Trustees who are younger than 35 years. Six (6)  
d) Number of Trustees who are older than 35 years. Three (3)

**5. Committees of the Board**

The Committees of the Board are formed on need basis

**6. Fiduciary responsibility statement**

The Board of Trustees are the governing body of the **Cytonn Umbrella Retirement Benefits Scheme** and are responsible for the corporate governance of the scheme. The trustees are responsible for ensuring that the administration of the scheme is conducted in the best interests of the scheme's members and the sponsor. To achieve this, the trustees embrace its fiduciary responsibility by:

- (a) Acting honestly and not improperly use inside information or abuse its position;  
(b) Exercising the highest degree of care and diligence in the performance of its duties that a reasonable person in a like position would exercise in the circumstances; and  
(c) Performing its duties with the requisite degree of skill.

**CYTONN UMBRELLA RETIREMENT BENEFITS SCHEME  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
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**SCHEME GOVERNANCE DISCLOSURE STATEMENT (Continued)**

The Scheme has complied with the laws, regulations, and guidelines that govern retirement benefits Schemes and the Scheme's business operations.

**7. Responsible corporate citizenship**

The Scheme is 100% invested in a segregated fund and in the opinion of the Trustees, the Scheme have not been involved in any activity that may undermine the well-being of the Sponsor, members, or the community in which it operates.

**8. Key outcomes**

The Trustees seek to achieve the following:

- (a) Building trust with the members and sponsor of the scheme so that they are satisfied with the administration of the scheme;
- (b) Supporting innovation and developing solutions that meet the members' and sponsor's needs; and
- (c) Ensuring that the scheme's administrative processes remain transparent and accessible to members and the sponsor.

The Board of Trustees will measure the progress towards these outcomes through:

- a) Triennial members' survey score. No survey was conducted
- b) Regular reports and feedback from the sponsor. No. of reports N/A


**9. Annual general meeting (AGM)**

The Board of Trustees has not held the Annual General Meeting **for the year 2024**. The Trustees intend to have the Annual General Meeting for the year 2024 and 2025 held in 2026, having been duly constituted and legally quorate.

**10. Trustee remuneration policy**

During the year under review, the founder replaced the Corporate Trustee with Individual Trustees. Both the Corporate Trustee and the Individual Trustees were remunerated for service rendered to the Scheme During the Year ended 31 December 2025 for a total sum of Shs 138,752

**For the Board of Trustees:**

Signed   
.....  
(Chairperson)

Dated 23/March/.....2026

**REPORT OF THE INDEPENDENT AUDITOR TO THE TRUSTEES OF CYTONN UMBRELLA RETIREMENT BENEFITS SCHEME**

**Opinion**

We have audited the accompanying financial statements of Cytonn Umbrella Retirement Benefits Scheme set out on pages 12 to 27, which comprise the statement of changes in net assets available for benefits, statement of net assets as at 31 December 2025, and statement of changes in member's funds and statement of cash flows for the year then ended, together with a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Scheme as at 31 December 2025 and of the statement of changes in net assets available for benefits and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) and in the manner required by the Retirement Benefits Act, 1997.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Scheme in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), together with other ethical requirements that are relevant to our audit of the financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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

**Other Information**

The Trustees are 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 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 on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Key audit matters**

Key audit matters are those matters that, in our professional judgement, 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 financial statements and in forming our opinion thereon, and we do not provide a separate opinion on them.

**REPORT OF THE INDEPENDENT AUDITOR TO THE TRUSTEES OF CYTONN UMBRELLA RETIREMENT BENEFITS SCHEME (Continued)**

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**Responsibilities of Trustee for the financial statements**

The Trustees are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Retirement Benefits Act, and for such internal controls as the Trustees determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Scheme's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intends to liquidate the Scheme or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Scheme's financial reporting process.

**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 ISA's 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 based on 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 Scheme's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- 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 a fair presentation.
- Conclude on the appropriateness of the Trustees use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Scheme's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Scheme to cease to continue as a going concern.

**REPORT OF THE INDEPENDENT AUDITOR TO THE TRUSTEES OF CYTONN UMBRELLA RETIREMENT BENEFITS SCHEME (Continued)**

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Scheme to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the Scheme's audit. We remain responsible for our audit opinion.

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

**Report on other legal requirements**

As required by the Kenyan Retirement Benefits Act, we report to you, based on our audit, that in our opinion, the information given in the report of the trustees on pages 3 to 5 is consistent with the financial statements.

*The Engagement Partner responsible for the audit resulting in the independent auditor's report is FCPA, Dr. Jackson K. Maingi, Practicing Certificate No. 1331.*



.....  
For and on behalf of:  
Maingi Auka & Company LLP  
Certified Public Accountants  
P.O BOX 76172 – 00508  
Nairobi



Date: 25th March, ..... 2026



UNIQUE CODE: 89770260316

**CYTONN UMBRELLA RETIREMENT BENEFITS SCHEME  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
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**STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS**

	Note	2025 Shs	2024 Shs
<b>Income from dealings with members</b>			
NSSF Tier II Contributions	4(a)	<u>4,053,236</u>	<u>2,039,924</u>
		<u>4,053,236</u>	<u>2,039,923</u>
<b>Outgoings from dealings with members</b>			
Benefits paid to withdrawing members	5	<u>(2,041,644)</u>	<u>(174,464)</u>
Net surplus from dealings with members		<u>2,011,593</u>	<u>1,865,460</u>
<b>Return on investments</b>			
Investment income	6(a)	6,626,168	5,413,747
Change in fair value of investments	6(b)	<u>8,113,544</u>	<u>8,074,745</u>
Return on investment		14,739,712	13,488,492
Investment management expenses	8(a)	<u>(863,084)</u>	<u>(625,111)</u>
<b>Gross return on investment</b>		<u>13,876,628</u>	<u>12,863,381</u>
<b>Expenditure</b>			
Administration expenses	8(b)	(1,025,680)	(1,441,689)
Tax expense for the year	13	<u>(526,585)</u>	<u>(288,085)</u>
		<u>(1,552,265)</u>	<u>(1,729,774)</u>
<b>Net return on investment</b>		12,324,364	11,133,607
<b>Net increase in net assets for the year</b>		<u>14,335,956</u>	<u>12,999,067</u>
<b>Net assets available for benefits at the start of the year</b>		<u>60,788,422</u>	<u>47,789,355</u>
<b>Net assets available for benefits at end of year</b>		<u>75,124,379</u>	<u>60,788,422</u>

**CYTONN UMBRELLA RETIREMENT BENEFITS SCHEME  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
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**STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS AS AT 31 DECEMBER**

	Note	2025 Shs	2024 Shs
<b>Investments</b>			
Investments at fair value	7	45,178,132	39,182,287
Investments at amortized cost	7	4,415,013	6,149,243
Cytonn unit trust		13,760,553	3,166,464
Property- Alma Unit		<u>11,800,000</u>	<u>11,800,000</u>
		<u>75,153,698</u>	<u>60,297,994</u>
<b>Current assets</b>			
Cash at bank	11(a)	281,115	48,611
Contribution debtors	12	319,868	611,972
Tax recoverable	13	-	254,341
		<u>600,983</u>	<u>914,924</u>
<b>Current liabilities</b>			
Tax payable	13	(113,797)	-
Accounts payable	10	(516,505)	(424,496)
		<u>(630,302)</u>	<u>(424,496)</u>
<b>Net current liabilities / assets</b>		<u>(29,319)</u>	<u>490,428</u>
<b>Total net assets available for benefits</b>		<u><u>75,124,379</u></u>	<u><u>60,788,422</u></u>
<b>Financed by</b>			
Members fund		73,367,916	60,202,549
Revaluation reserve		<u>1,756,463</u>	<u>585,873</u>
		<u>75,124,379</u>	<u>60,788,422</u>

The financial statements on pages 12 to 27 were approved for issue by the Trustees on.....

.....2026 and signed on their behalf by:

*Peter Kagwi*

Trustee

*Jeta Wambui*

Trustee

**CYTONN UMBRELLA RETIREMENT BENEFITS SCHEME  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
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**STATEMENT OF CHANGES IN MEMBERS' FUNDS**

	<b>Members Funds Shs</b>	<b>Revaluation Reserve Fund Shs</b>	<b>Totals Shs</b>
<b>Year ended 31 December 2024</b>			
At 1 January 2024	49,153,944	(1,364,589)	47,789,355
Contributions and transfers in	2,039,924	-	2,039,924
Withdrawal benefits payable	(174,464)	-	(174,464)
Net investment profit	11,133,607	-	11,133,607
Transfer to reserve	<u>(1,950,462)</u>	<u>1,950,462</u>	<u>-</u>
At 31 December 2024	<u><b>60,202,549</b></u>	<u><b>585,873</b></u>	<u><b>60,788,422</b></u>
<b>Year ended 31 December 2025</b>			
At 1 January 2025	60,202,549	585,873	60,788,422
Contributions and transfers in	4,053,236	-	4,053,236
Withdrawal benefits payable	(2,041,644)	-	(2,041,644)
Net investment profit	12,324,364	-	12,324,364
Transfer to reserve	<u>(1,170,589)</u>	<u>1,170,589</u>	<u>-</u>
At 31 December 2025	<u><b>73,367,916</b></u>	<u><b>1,756,463</b></u>	<u><b>75,124,379</b></u>

Revaluation reserve fund is created from the revaluation gains on treasury bonds (undistributable gains), in accordance with Legal Notice No. 22 of the Retirement Benefits (Umbrella Scheme) (Amendment) Regulations, 2023. This Legal Notice requires unrealised gains or losses from treasury bonds to be excluded from distribution to members.

**CYTONN UMBRELLA RETIREMENT BENEFITS SCHEME  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**STATEMENT OF CASH FLOWS**

	Note	2025 Shs	2024 Shs
<b>Cash flows from operating activities</b>			
Contributions received		4,345,340	60,114
Benefits paid to seceding members	5	(2,041,644)	(174,464)
Administrative expenses paid		(978,783)	(1,391,466)
Tax paid	13	(158,447)	(258,319)
Net cash generated/(used in) from operations activities		<u>1,166,467</u>	<u>(1,764,135)</u>
<b>Cash flows from investing activities</b>			
Investment income received		8,375,268	2,282,843
Investment management expenses paid		(817,972)	(581,884)
Purchase of Cytonn Unit Trust		(10,594,089)	-
Purchase of investment	7(a)	(2,971,929)	(3,617,093)
Sale of investments	7(a)	5,074,759	3,719,732
Net cash (used in) /generated in investing activities		<u>(933,962)</u>	<u>1,803,598</u>
Net Increase in cash and cash equivalents		<u>232,504</u>	<u>39,463</u>
<b>Movement in cash and cash equivalents</b>			
At the start of the year		48,611	9,149
Net Increase in cash and cash equivalents		<u>232,504</u>	<u>39,463</u>
Cash and cash equivalents at the end of the period	11(b)	<u><b>281,115</b></u>	<u><b>48,611</b></u>

**CYTONN UMBRELLA RETIREMENT BENEFITS SCHEME  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

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**ACCOUNTING POLICIES**

**1. Material accounting policy information**

The accounting policy information considered material in the preparation of these financial statements is set out below:

**a) Basis of preparation**

The financial statements are prepared in accordance with and comply with IFRS Accounting Standards (IFRS) issued by the International Accounting Standards Board, the Kenyan Retirement Benefits (Umbrella Retirement Benefits Schemes) Regulations, 2000, and the Retirement Benefits (Umbrella Retirement Benefit Schemes) Regulations, 2000.

The financial statements summarize the transactions of the scheme and deal with the net assets at the disposal of the trustees. They do not take account of obligations to pay benefits that fall due after the end of the year.

The financial statements are presented in Kenya Shillings (Shs), and are prepared under the historical cost convention, as modified by the carrying of investments at fair value.

For those assets and liabilities measured at fair value, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the scheme uses market observable data as far as possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the scheme using valuation techniques that maximize the use of relevant observable inputs and minimize the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items or discounted cash flow analysis). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account.

Fair values are categorised into three levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from 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 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised by the scheme at the end of the reporting period during which the change occurred.

**b) New and revised standards**

**i. Adoption of new and revised standards**

- Amendments to IAS 21 titled Lack of Exchangeability (issued in August 2023, effective 1 January 2025). The standard has been adopted by the Scheme where applicable.

The amendment has not had a material impact on the Scheme's financial statements.

**CYTONN UMBRELLA RETIREMENT BENEFITS SCHEME  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

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**ACCOUNTING POLICIES (Continued)**

**ii. New and revised standards and interpretations which have been issued but are not yet effective.**

The Scheme has not applied the following revised standards and interpretations that have been published but are not yet effective for the year beginning 1st January 2025.

- IFRS 18 titled Presentation and Disclosure in Financial Statements (issued in April 2024, effective 1 January 2027).
- IFRS 19 titled Subsidiaries without Public Accountability: Disclosures (issued in May 2024, effective 1 January 2027).
- Amendments to IFRS 9 and IFRS 7 titled Amendments to the Classification and Measurement of Financial Instruments (issued in May 2024, effective 1 January 2026).
- Annual Improvements to IFRS Accounting Standards - Volume 11 (issued in July 2024, effective 1 January 2026).
- Amendments to IFRS 9 and IFRS 7 titled Contracts Referencing Nature-dependent Electricity (issued in December 2024, effective 1 January 2026).

The Trustees have assessed the potential impact of the above and expect that they will not have a significant impact on the Scheme's financial statements.

**c) Contribution receivables and revenue recognition**

Contributions from the members and employer are accounted for in the period in which they fall due. The Scheme's revenue is generated from monthly contributions from members, interest income from government securities and dividends from quoted and unquoted equities. Revenue represents the fair value of consideration received or receivable in the course of the Scheme's activities. It is recognized when it is probable that future economic benefits will flow to the Scheme and the amount of revenue can be measured reliably. It is stated net of value added tax, rebates and trade discount

Investments are carried at fair value. The fair value of marketable securities is the market value. Securities that have fixed redemption values are carried at those amounts assuming constant rates of return to maturity. Interest on Government securities, corporate bonds, short-term deposits, treasury bills and offshore investments is recognized in the period in which it is earned. Interest income is recognized in the changes in net assets available for benefit as it accrues and is calculated by using the effective interest rate method. Investment income also includes dividend income which is recognized when the right to receive the payment is established. Rental income is on a straight-line basis over the lease term. The excess of rental income on a straight-line over cash received is recognized as an operating lease liability/asset. Dividends are recognized when the Scheme's right to receive the payment is established.

**d) Benefits payable**

Benefits payable to seceding members are recognised as liabilities in the period in which they fall due

**e) Income from investments**

Dividend income is recognised when the right to receive the payment is established.

Interest income is recognised for all interest-bearing instruments on a time proportion basis using the effective interest method.

**CYTONN UMBRELLA RETIREMENT BENEFITS SCHEME  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

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**ACCOUNTING POLICIES (Continued)**

**f) Investments**

All purchases and sales of investments are recognised on the trade date, which is the date the scheme commits to purchase or sell the investment. The cost of purchase includes all transaction costs. Investments are subsequently carried at fair value. Changes in the fair value of investments are recognised in the Statement of Changes in Net Assets Available for Benefits.

**g) Transfers in or out**

Transfers are recognized in the period in which members join from other Schemes or leave for other Schemes. The values are based on methods and assumptions determined by Actuaries and accounted for in the statement of changes in net assets.

**h) Investment property**

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in income statement in the period in which they arise, including the corresponding tax effect.

**i) Contribution debtors and other accounts receivable**

Critical estimates are made by the trustees in determining the recoverable number of receivables. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Accounts receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for Impairment. At the end of the year, a review of all outstanding amounts is made then a provision is given for bad and doubtful debts. All amounts that the management feels that are uncollectable, are written off as bad debts in the year in which they are identified.

**j) Benefits and other accounts payables**

Pensions and other benefits payable to seceding members are taken into account in the period in which they fall due. Accounts payable including accruals are recognized when the Scheme has a present obligation arising from past events, the settlement of which is expected to result in an outflow of economic benefits from the Scheme. Accounts payable are initially measured at fair value, and are subsequently measured at amortized cost.

**k) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and short-term deposits with an original maturity of three months or less in the statement of financial position. Cash and cash equivalent are initially and subsequently recorded at fair value while placements are measured at amortized costs.

**CYTONN UMBRELLA RETIREMENT BENEFITS SCHEME  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

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**ACCOUNTING POLICIES (Continued)**

**l) Income tax expense**

The scheme is an exempt approved plan under the Income Tax Act and is registered with the Retirement Benefits Authority. However, income on contributions in excess of Shs 240,000 Shs 360,000 effective 27<sup>th</sup> December 2024 per member per annum is subject to income tax.

The tax charge for the year is calculated on the investment income less administrative and investment management expenses apportioned to the supplementary (taxable) scheme, which comprises the cumulative contributions in excess of the limits imposed by the Income Tax Act for tax exempt schemes, and income thereon.

The rate used for apportionment of expenses is calculated by taking the total of the opening fund value, contributions received during the year and benefits paid during the year of the supplementary scheme as a portion of the total opening fund value, contributions received during the year and benefits paid during the year.

**m) Functional and presentation currency**

Assets and liabilities expressed in foreign currencies are translated to Kenya shillings at the rates of exchange ruling at the end of each reporting period while transactions during the year in foreign currencies are converted at the rates of exchange ruling on the dates of the transactions. Exchange gains or losses arising from foreign currency transactions are dealt with in the statement of changes in net assets.

**n) Comparatives**

Where necessary, comparative figures have been adjusted to conform to changes in presentations in the current year

**CYTONN UMBRELLA RETIREMENT BENEFITS SCHEME  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

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**NOTES TO THE FINANCIAL STATEMENTS**

**2. Significant judgements and key sources of estimation and uncertainty**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including exceptions of future events that are believed to be reasonable under the circumstances. There are no estimates or judgements made that give rise to a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

**3. Financial risk management objectives and policies**

The Scheme's activities expose it to a variety of financial risks including credit, liquidity and market risks. The Scheme's overall risk management policies are set out by the fund managers and guidelines approved by the trustees, and focus on the unpredictability of changes in the financial markets and seek to minimise the potential adverse effects of such risks on its financial performance. The Scheme does not hedge against any risks.

**i) Credit risk**

Credit risk arises from cash and cash equivalents, fixed deposits, interest bearing investments, deposits with bank and receivable. It excludes equity investments. The investment manager assesses the credit quality of each investment, taking into account its credit rating. Individual risk limits are set by the trustees.

The Trustees ensure that the fund's obligations are met as they arise. The Trustees ensure prudent management of liquidity by planning and budgeting for cash requirements during the year. The Trustees ensure adequate funds are retained in liquid or near liquid forms to pay leavers within thirty days of leaving. The Trustees direct the Investment Manager to invest surplus funds not needed immediately for payments.

The amount that best represents the Scheme's maximum exposure to credit risk at 31 December 2025 is made up as follows:

	<b>2025</b>	<b>2024</b>
	<b>Shs</b>	<b>Shs</b>
Treasury bonds	24,546,577	25,493,687
Fixed and call deposits	4,415,013	6,149,243
Contribution debtors	319,868	611,972
Cash & bank balances	281,115	48,611
	<u>29,562,573</u>	<u>32,303,513</u>

**ii) Market risk**

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market price and comprises three types of risks: currency risk, interest rate risk and other price risk.

**CYTONN UMBRELLA RETIREMENT BENEFITS SCHEME  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**Interest rate risk**

The fund's investments in variable rate deposits exposes it to cash flow interest rate risk, and its investments in fixed rate bonds expose it to fair value interest rate risk. The investment managers advise the Trustees on the appropriate balance of the portfolio between equity, fixed-rate interest, and variable-rate interest investments. The fund has no interest-bearing liabilities.

**Currency risk**

Currency risk arises on financial instruments that are denominated in foreign currency. The investment managers advise the trustees on the appropriate limit of exposure to offshore investments.

**Other price risk**

Marketable instruments held by the fund include Treasury Bonds, Offshore Investments, Corporate Bonds and Commercial Papers whose market prices are subject to change. The trustees review the portfolio, set exposure limits and respond to market price changes and conditions to secure both fair values and cash flow from such instruments.

If the price of Quoted equity were to appreciate/depreciate by 5%, it would have resulted in an increase or decrease in net assets of Shs 1,031,578 (2024: Shs 684,430).

If the price of treasury bonds were to appreciate/depreciate by 5%, it would have resulted in an increase or decrease in net assets of Shs 1,227,329 (2024: Shs 1,274,684).

	<b>2025</b>	<b>2024</b>
	<b>Shs</b>	<b>Shs</b>
<b>4 NSSF Tier II Contributions receivable</b>		
NSSF Employee contributions	1,979,681	1,019,962
NSSF Employer contributions	1,979,681	1,019,962
Contributions in arrears	93,875	-
	<u>4,053,237</u>	<u>2,039,924</u>
<b>5 Benefits paid to seceding members</b>		
Benefits paid	<u>2,041,644</u>	<u>174,464</u>
	<u>2,041,644</u>	<u>174,464</u>

**CYTONN UMBRELLA RETIREMENT BENEFITS SCHEME  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

	2025	2024
	Shs	Shs
<b>6(a) Investment income</b>		
<b>Realized income</b>		
Treasury bonds interest	3,203,902	3,398,918
Fixed and time deposits interest	882,471	464,953
Cytonn unit trust interest	1,144,089	504,608
Dividend income	1,127,400	782,000
Gain on sale of treasury bonds	13,589	80,268
Rent income	254,717	183,000
	<u>6,626,168</u>	<u>5,413,747</u>
<b>6(b) Change in fair value of investment</b>		
Revaluation gains on treasury bonds	1,170,589	1,950,462
Revaluation gains on quoted equity	6,942,955	4,756,445
Revaluation gains on Alma properties	-	1,367,838
	<u>8,113,544</u>	<u>8,074,745</u>
<b>Total income</b>	<u>14,739,713</u>	<u>13,488,492</u>

**CYTONN UMBRELLA RETIREMENT BENEFITS SCHEME  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**7(a) RECONCILIATION OF NET INVESTMENTS**

Year ended 31 December 2025	At 1/1/2025		Purchases at cost	Sales proceeds	Change in fair value	Gain / Loss on Disposal	Accrued interest	Value at 31/12/2025
	Shs	Shs						
<b>At fair value</b>								
Quoted Equity	13,688,600	-	-	-	6,942,955	-	-	20,631,555
Treasury bonds	25,493,687	2,971,929	(5,074,759)	1,170,589	13,589	(28,457)	(28,457)	24,546,577
	39,182,287	2,971,929	(5,074,759)	8,113,544	13,589	(28,457)	(28,457)	45,178,132
<b>At amortized cost</b>								
Fixed and time deposits	6,149,243	5,160,000	(6,722,000)	-	-	(172,230)	(172,230)	4,415,013
	45,331,530	8,131,929	(11,796,759)	8,113,544	13,589	(200,686)	(200,686)	49,593,145

Year ended 31 December 2024	At 1/1/2024		Purchases at cost	Sales proceeds	Change in fair value	Gain / Loss on Disposal	Accrued interest	Value at 31/12/2024
	Shs	Shs						
<b>At fair value</b>								
Quoted equity	8,932,155	-	-	-	4,756,445	-	-	13,688,600
Treasury bonds	23,600,546	3,617,093	(3,719,732)	1,950,462	80,268	34,950	34,950	25,493,687
	32,532,701	3,617,093	(3,719,732)	6,706,907	80,268	34,950	34,950	39,182,287
<b>At amortized cost</b>								
Fixed and time deposits	1,819,422	9,177,000	(5,015,000)	-	-	167,821	167,821	6,149,243
	1,819,422	9,177,000	(5,015,000)	-	-	167,821	167,821	6,149,243
	34,352,123	12,794,093	(8,734,732)	6,706,907	80,268	202,771	202,771	45,331,530

**CYTONN UMBRELLA RETIREMENT BENEFITS SCHEME  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**7(b) Investment analysis**

	Up to 3 months	4 to 12 months Shs	1 to 5 years Shs	Over 5 Years Shs	Total Shs
Treasury bonds	-	-	-	24,546,577	24,546,577
Fixed deposits	-	4,415,013	-	-	4,415,013
Totals	-	4,415,013	-	24,546,577	28,961,590

**7(c) Concentration of investments**

The following investments in a single institution exceed 5% of the net assets of the Scheme

	2025 Shs	%	2024 Shs	%
Fixed and time deposits	4,415,013	5.88	6,149,243	10.12
Treasury bonds	24,546,577	32.67	25,493,687	41.94
Cytonn unit trust	13,760,553	18.32	3,166,464	5.21

The fair values of government securities are based on prices published by brokers (Level 1). Fair values of corporate bonds and term deposits are based on discounted cash flows using a discount rate based on current market rates offered for deposits with similar credit risk and maturity dates (Level 2).

	Level 1 Sh	Level 2 Sh	Level 3 Sh	Total Sh
<b>At 31st December 2025</b>				
Quoted equity in Kenya	20,631,555	-	-	20,631,555
Government bonds and bills	24,546,577	-	-	24,546,577
Cytonn unit trust	13,760,553	-	-	13,760,553
<b>Total</b>	<b>58,938,685</b>	<b>-</b>	<b>-</b>	<b>58,938,685</b>
<b>At 31st December 2024</b>				
Quoted equity in Kenya	13,688,600	-	-	13,688,600
Government bonds and bills	25,493,687	-	-	25,493,687
Cytonn unit trust	3,166,464	-	-	3,166,464
<b>Total</b>	<b>42,348,751</b>	<b>-</b>	<b>-</b>	<b>42,348,751</b>

**CYTONN UMBRELLA RETIREMENT BENEFITS SCHEME  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

<b>8 Expenses</b>	<b>2025</b>	<b>2024</b>
	<b>Shs</b>	<b>Shs</b>
<b>(a) Investment management expenses</b>		
Management fees	781,208	568,632
Custodial fees	81,877	56,479
	<u>863,084</u>	<u>625,111</u>
<b>(b) Administrative expenses</b>		
Administration fees	179,327	136,225
Audit fees	29,000	23,200
Bank charges	19,469	12,880
Trustee allowances	138,752	152,246
RBA levy	150,249	121,788
Group life cover	445,084	441,847
IPS preparation Fees	63,800	-
Property rates and related costs	-	553,503
	<u>1,025,680</u>	<u>1,441,689</u>
<b>9 RBA levy for the Scheme</b>		
<b>(a) The RBA levy is arrived at as follows:</b>		<b>Annual levy rate</b>
<b>(Based on the size of the Scheme)</b>		<b>%age of the</b>
		<b>Scheme</b>
Up to 500 million		0.20%
More than 500 million but not exceeding 1,000 million		0.15%
More than 1,000 million but not exceeding 5,000 million		0.10%
RBA levy	<u>150,249</u>	<u>121,788</u>
<b>(b) RBA levy at the beginning of the year</b>	120,997	94,838
RBA levy for the year	150,249	121,788
RBA levy paid	<u>(121,627)</u>	<u>(95,629)</u>
RBA levy payable at the end of the year.	<u>149,619</u>	<u>120,997</u>
<b>10 Accounts payable</b>		
Investment management fees	221,021	182,010
Custody fees	21,120	15,018
Trustee allowances	46,522	43,894
Audit fees	29,000	23,200
Administration fees	49,224	39,377
Retirement Benefits Authority levy	<u>149,619</u>	<u>120,997</u>
	<u>516,505</u>	<u>424,496</u>

**CYTONN UMBRELLA RETIREMENT BENEFITS SCHEME  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

	2025	2024
	Shs	Shs
<b>11 Cash and cash equivalent</b>		
(a) Cash with the custodian		
SBM Bank Custody	281,115	48,611
	<u>281,115</u>	<u>48,611</u>
(b)		
For the purpose of the cash flow statement, cash and cash equivalents comprise the following:		
Cash with the custodian	281,115	48,611
Fixed and time deposits	-	-
	<u>281,115</u>	<u>48,611</u>
<b>12 Contribution debtors</b>		
Employee contributions	159,934	305,986
Employer contributions	159,934	305,986
	<u>319,868</u>	<u>611,972</u>
<b>13 Tax status of the Scheme</b>		
<p>Cytonn Umbrella Retirement Benefits Scheme has been approved by the Kenya Revenue Authority (KRA) and is exempt from income tax on its investment income.</p> <p>The unregistered Scheme's investment income is taxable at the current prevailing rate of 30% while the registered Scheme is exempt from tax. In the current year, the tax on the unregistered portion of investment income was as shown below.</p>		
Tax charge for the year	<u>526,585</u>	<u>288,085</u>
Tax recoverable at the beginning of the year	(254,341)	(284,107)
Tax charge for the year	526,585	288,085
Less: Tax paid during the year	<u>(158,447)</u>	<u>(258,319)</u>
Tax Payable / (recoverable) at the end of the year	<u>113,797</u>	<u>(254,341)</u>

***CYTONN UMBRELLA RETIREMENT BENEFITS SCHEME  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025***

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***NOTES TO THE FINANCIAL STATEMENTS (Continued)***

**14 Related party transactions**

Related parties comprise the Trustees, the administrator, the participating companies, and Companies which are related to these parties through common shareholdings or common Directorship. With the exceptions of contributions receivable from the participating companies and the payment of fees to the administrator, there are no other transactions carried out with related parties during the year.

**15 Contingent liabilities**

Other than the liability to pay future benefits there were no contingent liabilities of the Scheme as at 31 December 2025.

**16 Events after the reporting date**

The Trustees are not aware of events after the reporting date that require disclosure in or adjustments to the financial statements as at the date of this report.

**17 Registration**

The Scheme is registered in Kenya under the Retirement Benefits (Umbrella Scheme) Regulations, 2000. The registration number is (Scheme Ref. 02075 and Certificate No. 01668)

**18 Currency**

The financial statements are presented in Kenya Shillings (Shs).

# **Cytonn Umbrella Retirement Benefits Scheme (CURBS) – AGM Presentation**

12<sup>th</sup> June 2026

# Table of Contents

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1 Introduction to Cytonn Asset Managers Ltd

2 Economic Update

3 Cytonn Umbrella Retirement Benefits Scheme Performance

# **1. Introduction to Cytonn Asset Managers**

# Cytonn Asset Managers Limited (CAML)

**Cytonn Asset Managers Limited's key focus is on Pension and CIS fund management**

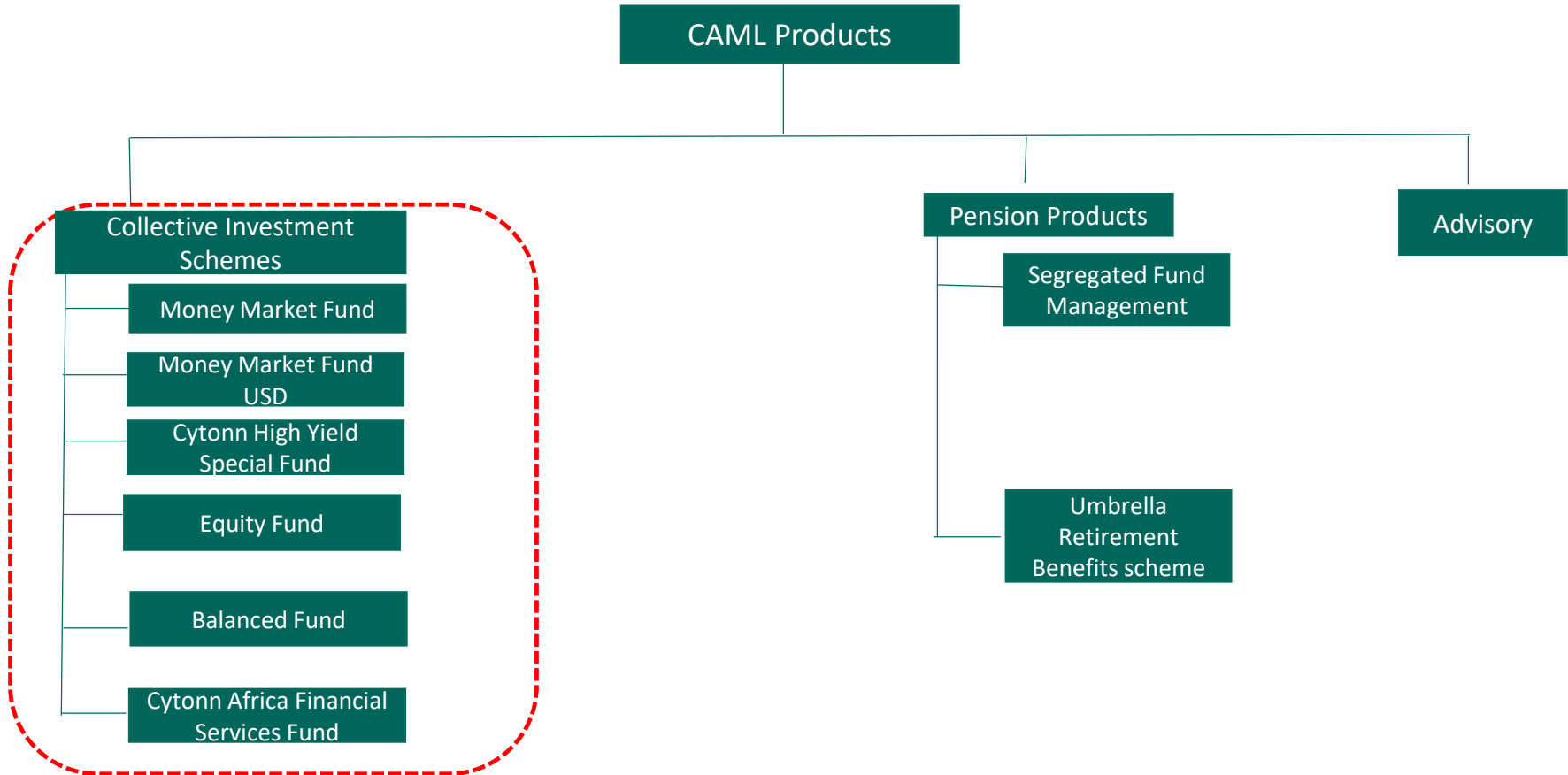
- ❑ **Cytonn Asset Managers Limited is the regulated affiliate of Cytonn Investments Management Plc**



- ❑ Cytonn Asset Managers Limited (CAML) is the regulated and licensed as a Fund Manager by:-
  - (i) the Capital Markets Authority, and
  - (ii) the Retirement Benefits Authority.
- ❑ Its key focus is **Fund Management for Retirement Benefits Schemes** and **Collective Investments Schemes**.
- ❑ Our objective is to offer superior risk adjusted investment returns to our clients that is above market average through investments in both public markets and alternative investments markets

# CAML Products

**Cytonn Asset Managers Limited is Licensed to Offer Collective Investment Schemes, Pension Scheme Products and Investment Advisory Services**



- Our objective is to offer superior risk adjusted investment returns to our clients

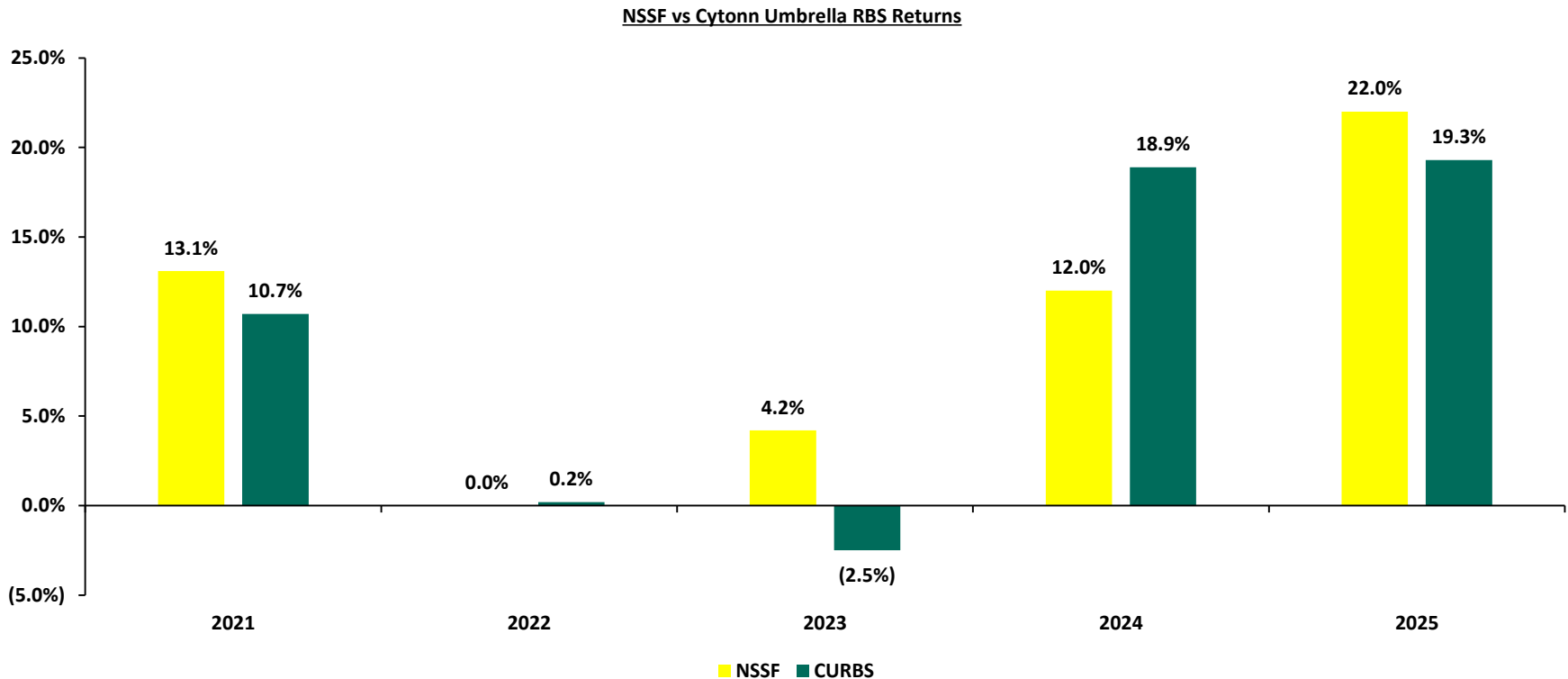
# **Cytonn's approval to manage NSSF Tier II contributions**

## **CAML received RBA's approval to manage NSSF Tier II Contribution on 29<sup>th</sup> January 2024**

- According to the NSSF Act No. 45 of 2013 which took effect from February 2023, Kenya introduced a two-tier contribution system, transitioning from the Kshs 200 monthly contribution (matched by the employer), to 6% of the employee's gross salary (matched by the employer).
  - Under the NSSF Act 2013, contributions are structured into a two-tier system where a total of 12% of an employee's pensionable earnings is contributed, with 6% from the employee matched by 6% from the employer.
  - The contributions are applied within defined bands, namely the Lower Earnings Limit (LEL) and the Upper Earnings Limit (UEL), which are being increased progressively under a 5-year phased implementation, and as of February 2026 the scheme is in the fourth phase with the LEL at KES 9,000 and the UEL at KES 108,000.
  - Tier I applies to earnings up to the LEL and must be remitted directly to NSSF, while Tier II applies to earnings between the LEL and UEL and may either be remitted to NSSF or, under the contracting-out option, redirected to an RBA-approved private retirement benefits scheme.
- ❖ **Cytonn Asset Manager's Ltd (CAML) secured the approval from the Retirement Benefits Authority (RBA) to receive and manage NSSF Tier II contributions in line with the NSSF Act of 2013, under the:**
- 1. Cytonn Umbrella Retirement Benefits Scheme**

# Cytonn Umbrella Scheme Annual Returns

**CURBS recorded a 5 –year average return of 10.7% compared to NSSF’s 10.3%**



- Over the past five years, the Cytonn Umbrella Retirement Scheme recorded an average return of 10.7%, 0.4% points higher than the average return of 10.3% recorded by NSSF.

# How to Opt out of NSSF Tier II to CURBS

**CAML received RBA's approval to manage NSSF Tier II Contribution on 29<sup>th</sup> January 2024**

## **Step 1: Board Resolution and Employee Notification**

- Have a Board resolution to opt out
- Notify the employees in writing about the intention to contract out

## **Step 2: Submit Application to RBA**

- Fill out Form C1 (Application for Contracting Out) at least 60 days prior to the date of contracting out and submit to RBA with the supporting documents (Employer resolution, Notice to Employees, TDR Deed of Amendment, Trustee Consent, Declaration by the administrator/actuary confirming the scheme meets the NSSF Act (2013) reference test & Administrator undertaking to comply with the Act and Contracting-Out Regulations in managing protected rights.
- CAML will handle the contracting-out process for employers by submitting the required opt-out documentation to the RBA on their behalf.

## **Step 3: Obtain Contracting - Out Certificate**

- Once RBA approves (within 30 days), a contracting out certificate will be issued.
- Notify NSSF of the change

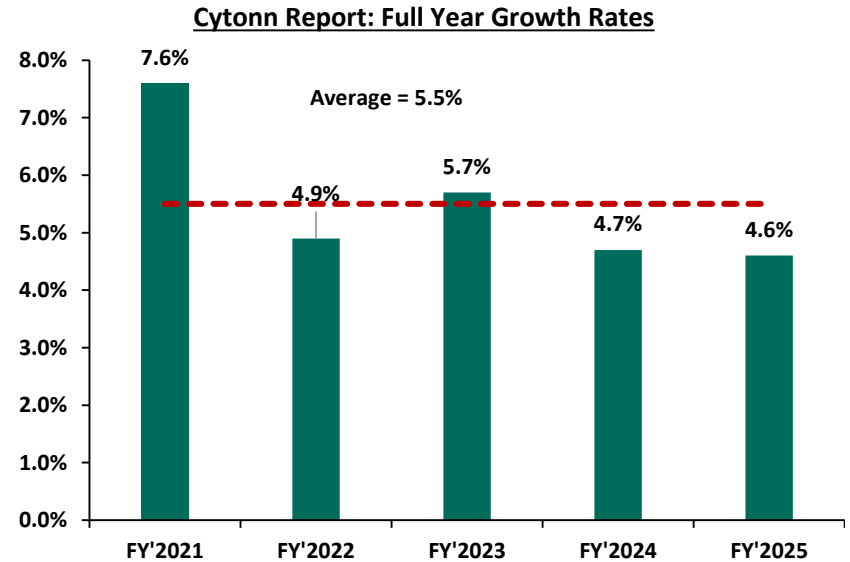
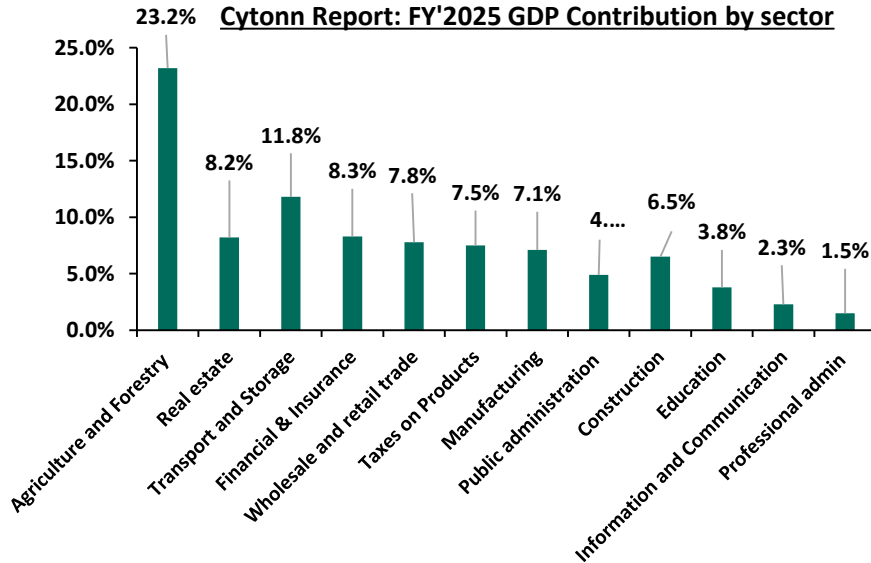
## **Step 4: Implement Remittances**

- Continue remitting Tier I contributions to NSSF and redirect Tier II to Cytonn Umbrella Retirement Benefits Scheme

## **2. Economic Update**

# GDP Growth

The Kenyan economy grew by 4.6% in FY'2025, lower than the 4.7% growth recorded in FY'2024



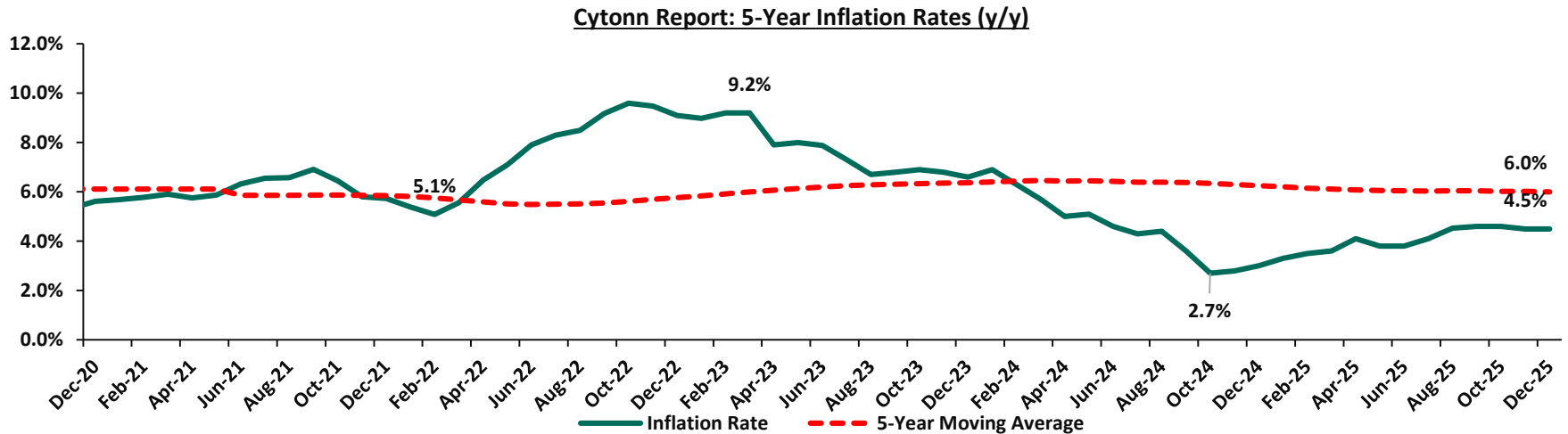
- The Kenyan economy recorded a 4.6% growth in FY'2025, lower than the 4.7% growth recorded in FY'2024. The main contributor to Kenyan GDP remains to be the Agriculture, forestry and fishing sector whose contribution stood at 23.2% in FY'2025, higher than the 22.4% recorded in FY'2024. All sectors in FY'2025 recorded positive growths, with varying magnitudes across activities.
- In the near-term, the looming increase in borrowing costs due to an increase in inflation to 6.7% (May 2026) may increase production costs, leading to higher food prices in the country coupled with increasing fuel prices caused by external shocks particularly from the ongoing Iran war. However, this is likely to be supported by the stable shilling against the US Dollar which is expected to improve foreign investors' confidence ultimately supporting economic growth.

\*Source: KNBS, Central Bank of Kenya

# Inflation

# Inflation

The average inflation rate increased to 4.5% in FY'2025, compared to 4.1% in FY'2024



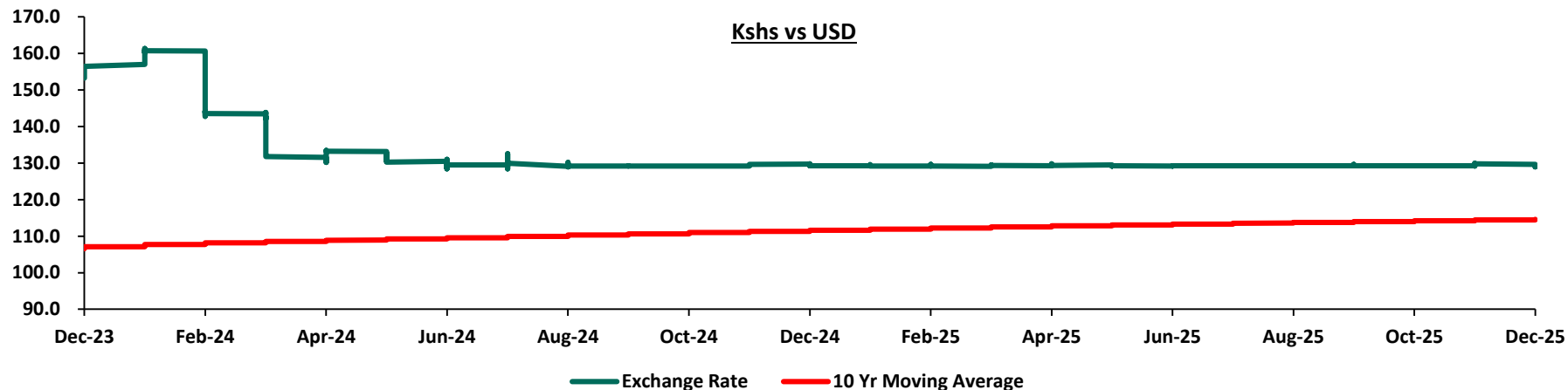
- The average inflation rate decreased to 4.1% in FY'2025, compared to 4.5% in FY'2024, indicating a moderate increase in price levels while remaining within the CBK's preferred target range, reflecting a relatively stable macroeconomic environment.
- The inflation in May 2026 increased by 1.1% points to 6.7% from the 5.6% recorded in April 2026, driven by a rise in prices of items in the Food and Non-Alcoholic Beverages 9.4%, Transport 16.5%, and Housing, Water, Electricity, Gas and other fuels 3.4% over the one-year period. The sharp rise in inflation was largely attributable to the spillover effects of the ongoing war in Middle East, which has kept global crude oil prices elevated increasing transport and production costs.
- Going forward, we expect the inflationary pressures to remain within the CBK's preferred target in the short to medium term, but above the mid-point of the target range of 2.5%-7.5%. However, the geopolitical tensions remain a risk for the inflation rate.

\*Source: KNBS

# Currency Performance

# Currency

The Kenyan Shilling appreciated by 0.2% in FY'2025 to close the year at Kshs 129.0



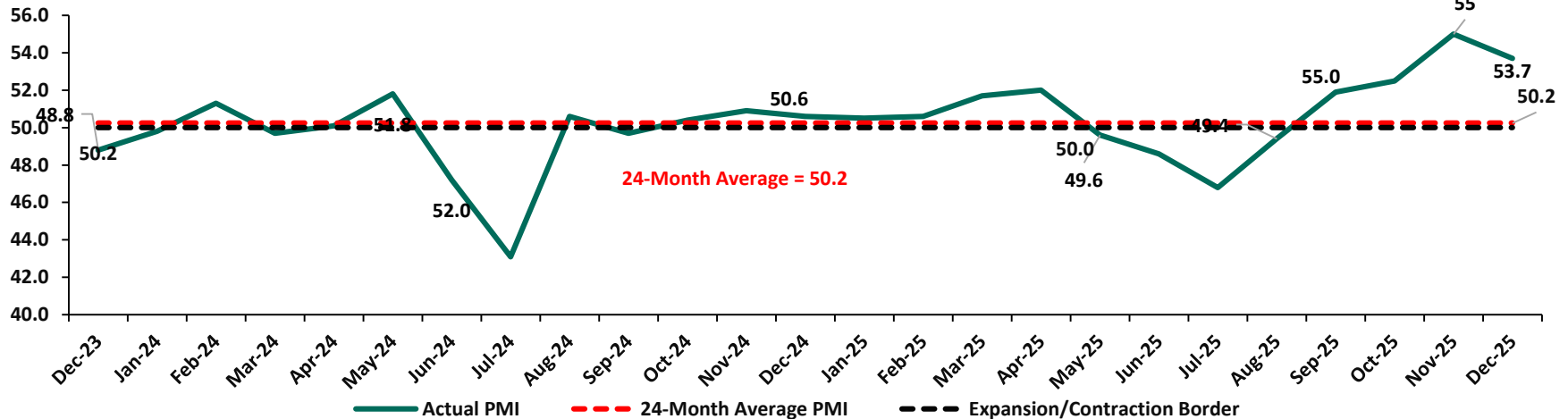
- The Kenya Shilling appreciated by 0.2% against the US Dollar to close the year at Kshs 129.0 in 2025, compared to Kshs 129.3 at the end of 2024, a significant moderation from the 17.4% appreciation recorded in 2024.
- In our view, the shilling will continue to be supported by diaspora remittances standing at cumulative USD 5,053.5 mn in the twelve months to April 2026, 1.1% higher than the USD 4,997.2 mn recorded over the same period in 2025, which has continued to cushion the shilling against further depreciation, as well as the tourism inflow receipts. We however expect the shilling to remain under pressure as a result of an ever-present current account deficit which came at 2.4% of GDP in the twelve months to February 2026, and, as well as the need for government debt servicing.

*\*Source: Central Bank of Kenya*

# Purchasing Managers Index (PMI)

The Stanbic PMI for the month of December 2025 came in at 53.7, up from 50.6 in December 2024

Cytonn Report: Kenya's Purchasing Manager's Index for the Last 24 Months



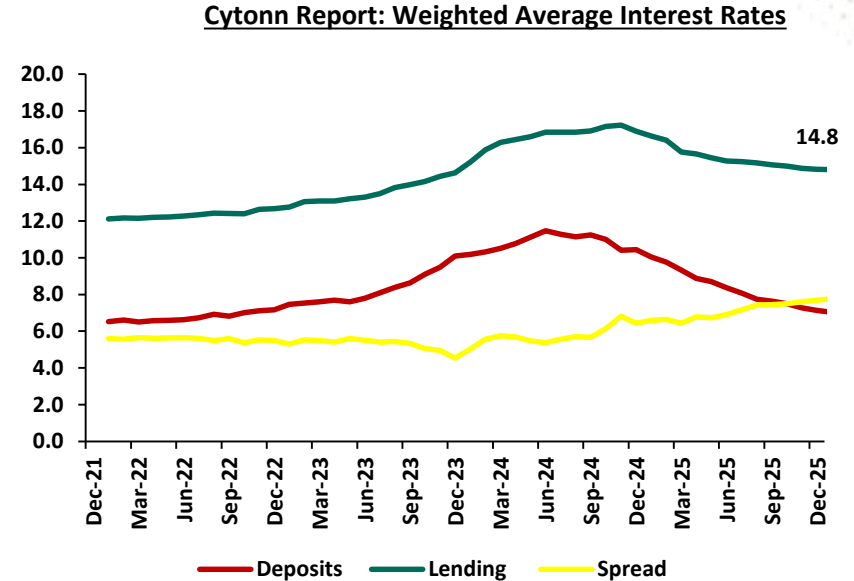
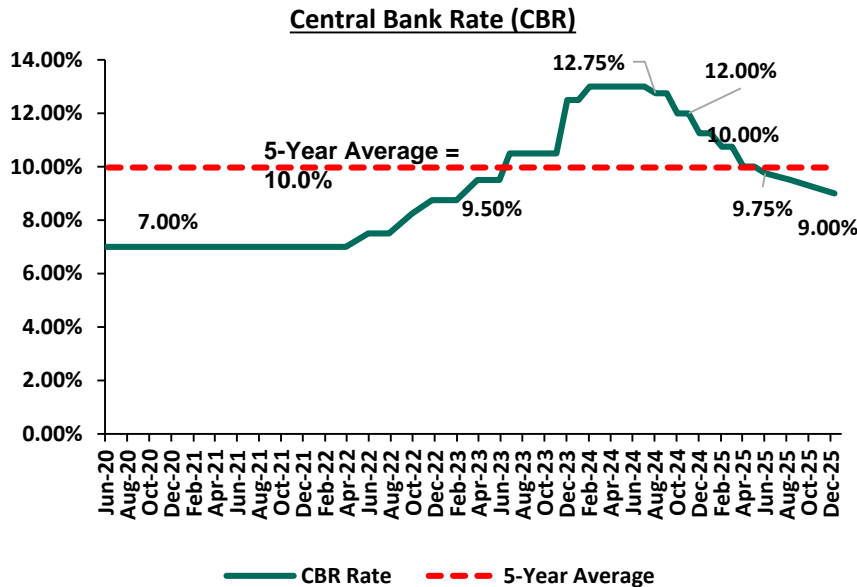
- Kenya's general business environment slightly improved in FY'2025, with the average Purchasing Manager's Index coming in at 51.0, compared to 49.6 recorded in FY'2024. The improvement was mainly on the back of an ease in the monetary policy stance, reducing the cost of borrowing and increasing spending therefore supporting business activity.
- Going forward, the outlook for Kenya's private sector remains cautious under considerable strain. As business conditions are still contracting, the pace of deterioration is accelerating, pointing to a private sector that is under pressure. The key expectation is that economic activity is likely to remain subdued in the near term, mainly due to uncertainty surrounding the ongoing Middle East conflict.

\*Source: Central Bank of Kenya

# Interest Rates and Monetary Policy

# Interest Rates and Monetary Policy

The MPC cut the Central Bank Rate by 175.0 bps to 9.00% in the December 2025 meeting, from 10.75% set in February 2025



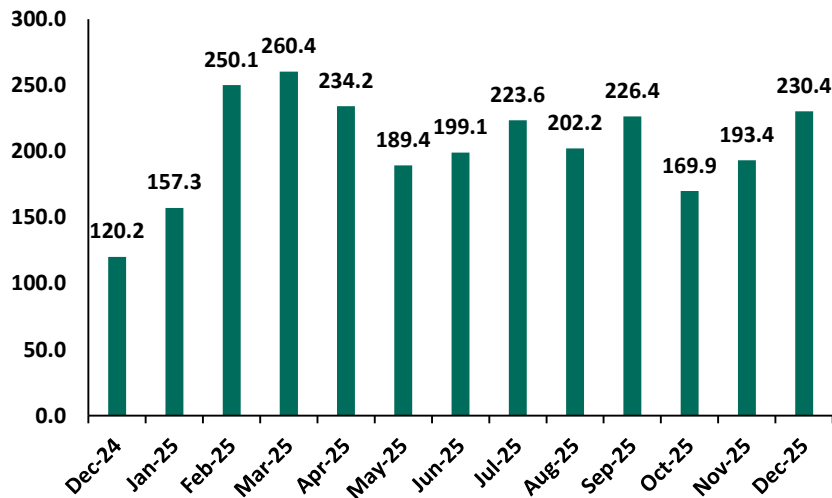
- In FY'2025, the Monetary Policy Committee (MPC) met six times and progressively eased monetary policy, lowering the Central Bank Rate (CBR) by a total of 175.0 bps, to 9.00% in December 2025 from 10.75% in February 2025.
- At the latest April 2026 MPC meeting, the CBR was maintained at 8.75% to monitor the effects of the Middle East Conflict.
- In our view, we expect the MPC to adopt a more cautious approach to rate adjustments in the coming meetings in a bid to continue supporting the private sector, while closely monitoring the impact on inflation and the exchange rate, as a result of the ongoing Middle East war. The next MPC meeting is scheduled for June 2026

# Asset Class Performance

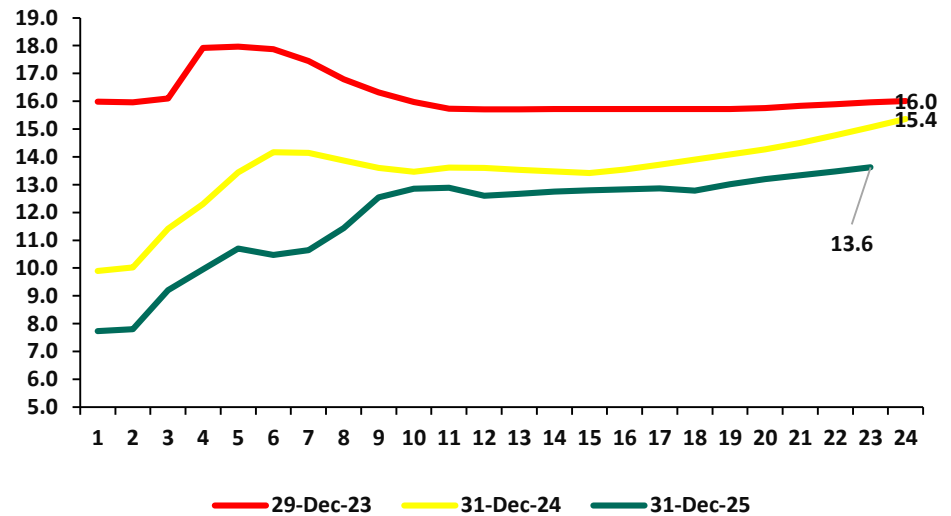
# Kenyan Fixed Income Market

The secondary bond market recorded a 91.8% increase in activity in FY'2025

Secondary Market Bond Turnover (Kshs bn)



Cytonn Report: Yield Curve (%)



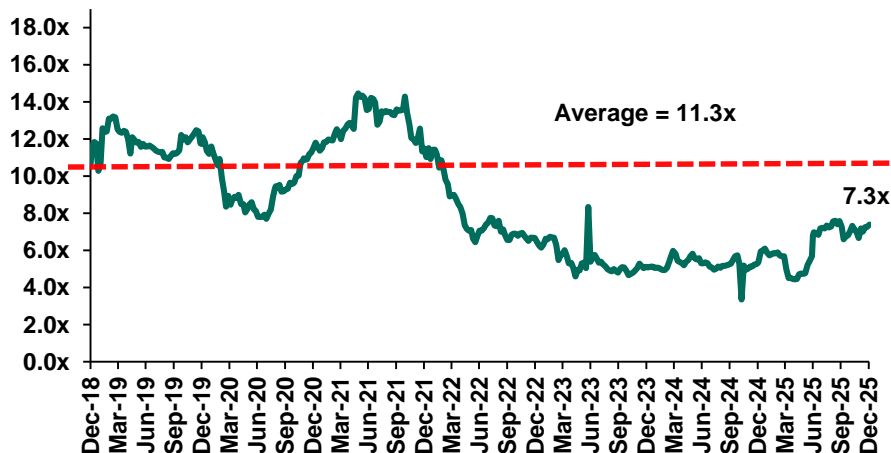
- In the secondary bond market, activity increased, with the bond turnover increasing by 91.8% to Kshs 230.4 bn by December 2025, from Kshs 120.2 bn in December 2024, pointing towards increased activities by commercial banks in the secondary bond market.
- In 2025, the yield curve experienced a downward adjustment compared to 2024, primarily driven by continued effort by the government to reject highly priced bids, local currency stabilization and relatively eased inflation. These factors reduced the need to demand higher yields as compensation for inflation and currency depreciation risks, resulting in an overall decline across the yield curve.

\*Source: Central Bank of Kenya, NSE

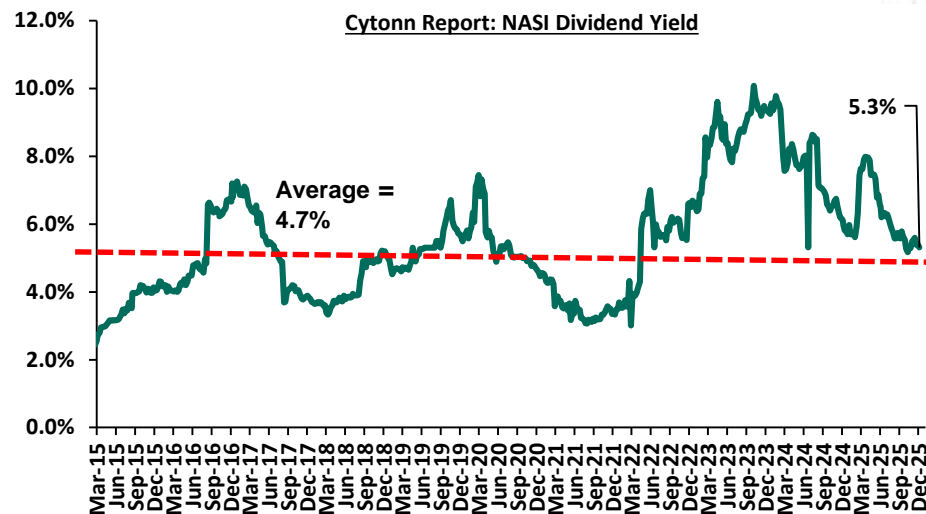
# Kenyan Equities Markets

The equities market were on an upward trajectory with NASI closing the year with a gain of 48.9%

Cytonn Report: NASI P/E



Cytonn Report: NASI Dividend Yield



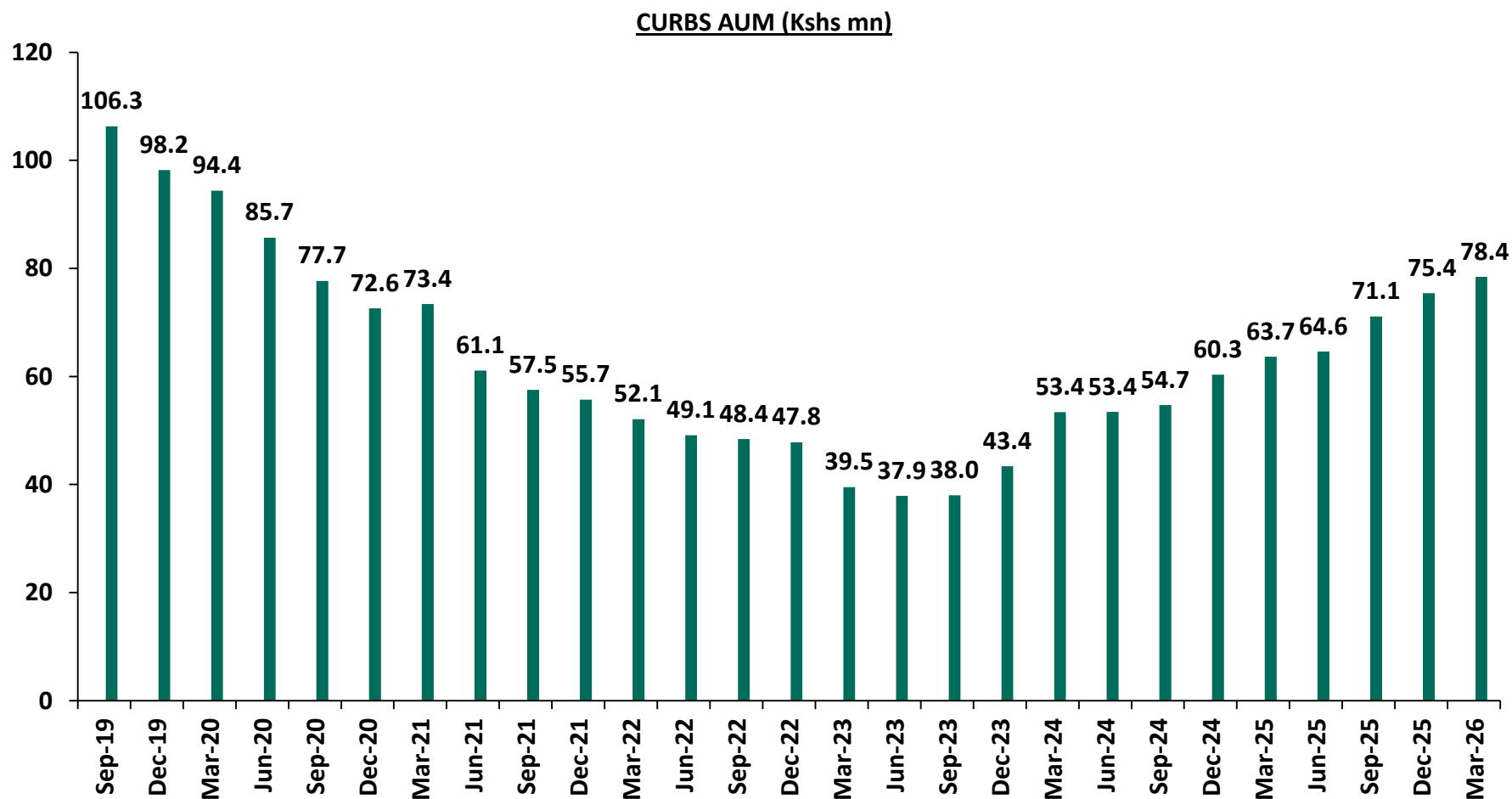
- During FY'2025, the equities market were on an upward trajectory with NASI closing the year with a gain of 48.9%. NASI's PEG ratio currently stands at 0.9x, an indication that the market is undervalued relative to its future earnings growth. A PEG ratio greater than 1.0x indicates the market is overvalued while a PEG ratio less than 1.0x indicates that the market is undervalued
- We have a **CAUTIOUSLY OPTIMISTIC** outlook on the Kenyan Equities market in the short term but "**NEUTRAL**" in the medium to long term. We expect a continued improvement in the listed sector's earnings growth in 2026, largely driven by the expected 4.7%-5.0% GDP growth, decreased yields in the fixed income markets and the expected improvement of the country's business environment.

# **3. Cytonn Umbrella Retirement Benefits Scheme Performance**

# Scheme Growth Since Inception - AUM

**The Scheme's AUM stood at Kshs 75.4 mn as of 31<sup>st</sup> December 2025 from Kshs 60.3 mn in December 2024**

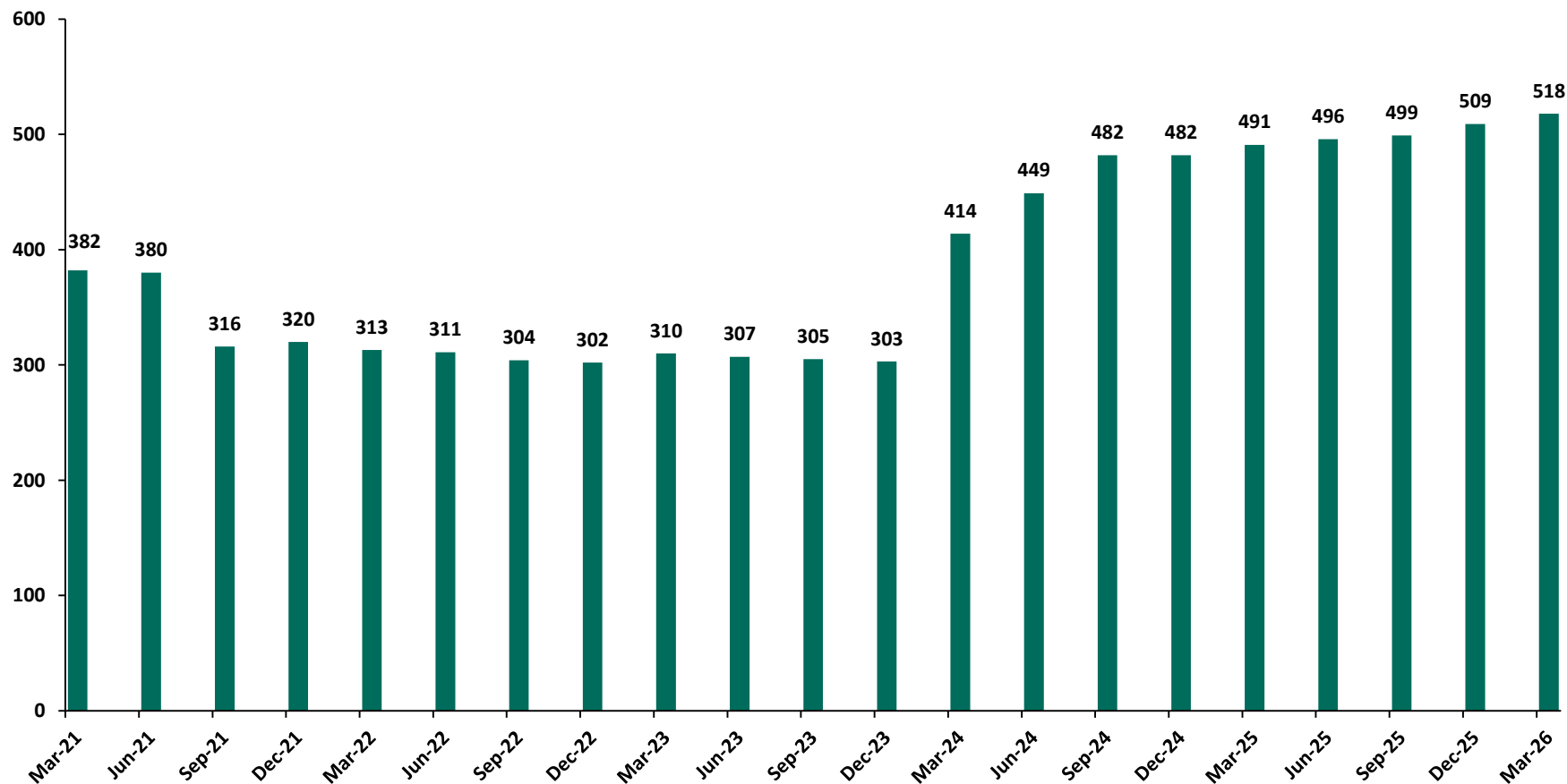
□ Below is a graph showing the growth of the Scheme's Assets since inception:



# Scheme Growth - Membership

The Scheme membership stood at 482 and 509 members as of December 2024 and 2025 respectively

CURBS Membership



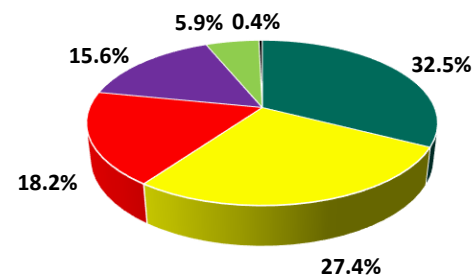
# Scheme Asset Allocation

As of FY'2024 and FY'2025 the Scheme remained IPS compliant having allocations of 42.2% and 32.5% in Treasury Bonds & 22.7% & 27.4% in Equities

## Asset Allocation

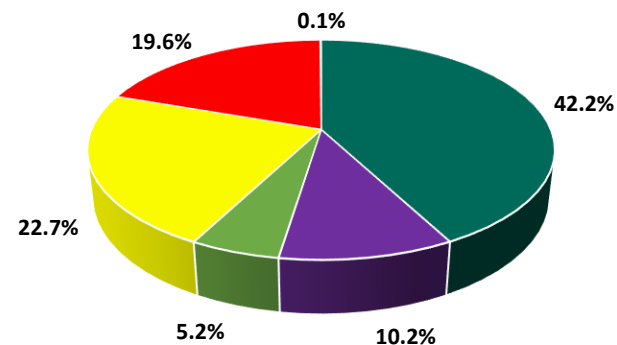
Category	Dec '24	Dec '25	IPS Strategic	IPS Tactical
Treasury Bonds	42.2%	32.5%	50.0%	35 – 80%
Fixed Deposits	10.2%	5.9%	6.9%	5% – 20%
CIS	5.2%	18.2%	19.0%	0% – 5%
Equities	22.7%	27.4%	20.0%	15% – 45%
Property	19.6%	15.6%	20.0%	15% – 25%
Offshore	0%	0%	0%	0% – 5%
Cash	0.1%	0.4%	0.1%	0% – 4%

**CURBS Asset Allocation FY'2025**



- Treasury bonds
- Equities
- CIS
- Immovable property
- Fixed Deposits
- Cash

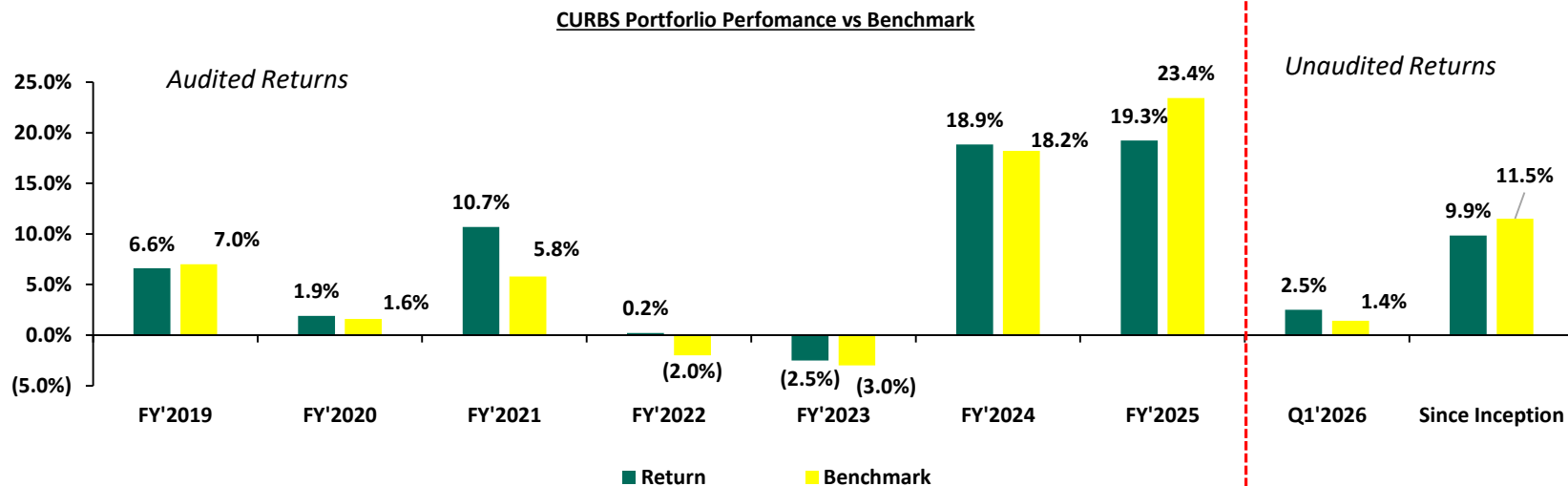
**CURBS Asset Allocation FY'2024**



- Treasury bonds
- Equities
- CIS
- Immovable property
- Fixed Deposits
- Cash

# Scheme Performance

The Scheme recorded gains of 18.85% and 19.25% in FY'2024 and FY'2025



- The Umbrella scheme declared audited net returns of 18.9% in the period ending 31<sup>st</sup> December 2024 and 19.3% in the period ending 31<sup>st</sup> December 2025. The strong returns were mainly driven by a change in fair value of investment following the 60.9% increase in the equities portfolio in 2025.
- In Q1'2026, the scheme recorded a gross performance of 2.5%, which was above the benchmark return of 1.4%. This gain has been supported by the 3.7% gain in the fixed-income portfolio. Also, the equities market has been on an upward trajectory supporting the portfolio performance with the equities portfolio gaining by 2.6% in the first quarter of 2026.

**Q&A**





**CYTONN UMBRELLA RETIREMENT  
BENEFITS SCHEME  
FOR THE PERIOD ENDED 31<sup>ST</sup>  
DECEMBER 2025**

**AGM – 12<sup>TH</sup> JUNE 2026**

# AGENDA

- SBM Bank (Kenya) Limited brief
- General Role of a Custodian
- Custodian Confirmation on the Audited Financials
- Q &A

# BRIEF ABOUT SBM BANK



## About SBM Bank

SBM Bank Kenya is a subsidiary of SBM Holdings Group, Mauritius. The Group is mainly owned by the Government of Mauritius and associated entities. The Group has presence in Mauritius, India, Madagascar and Kenya.

-  SBM Bank Kenya  
Riverside Drive, Nairobi - Kenya
-  P. O. Box 34886-00100 Nairobi
-  0730 175 000 | 0709 800 000
-  [atyourservice@smbank.co.ke](mailto:atyourservice@smbank.co.ke)
-  [www.smbank.co.ke](http://www.smbank.co.ke)

## Our History

**1973**

SBM Group Established in Mauritius.



**1994**

Present in India since 1994, providing Personal, SME & Corporate Banking. Product offering include trade finance, treasury, working capital finance and retail services.

**1998**

Present in Madagascar in since 1998. Operates 5 branches and serves corporates, large and medium enterprises.



**2017**  
MAY 10

**2017**  
MAY 10



SBM Group successfully completed the acquisition of Fidelity Commercial Bank Limited through SBM Africa Holdings Limited.

**2018**  
AUGUST 18



# BRIEF ABOUT SBM BANK

- SBM Bank Kenya is wholly owned subsidiary of SBM Holdings Group, which was established in 1973 and is owned by the Government of Mauritius and associated entities. The Group has presence in Mauritius, India (1994), Madagascar(1998) and Kenya (since 2017). SBM Holdings is listed in the Stock Exchange of Mauritius and has an asset base of MUR 425.3B as of 31<sup>st</sup> December 2025.
- SBM Holdings Group through SBM Africa holdings successfully completed acquisition of Fidelity Commercial bank in May 2017 and in August 2018 completed acquisition of the carved-out assets and assumed liabilities of Chase Bank Kenya Ltd (In Receivership).
- SBM Bank Kenya had an asset base of Kshs. 105.7B as of 31st December 2025, with a network of 39 branches countrywide.
- SBM Bank Kenya is duly licensed to be a Custodian and is regulated by the Capital Markets Authority (CMA)and Retirement Benefits Authority (RBA) of Kenya.
- As a Custodian our core responsibility is in taking into safe custody the assets of the scheme in addition to taking the administrative role revolving around these assets.

# LICENCING

<p>LICENCE NO. 0000000000</p> <p> Central Bank of Kenya THE BANKING ACT (Cap 488)</p> <p><b>LICENCE TO CONDUCT BANKING BUSINESS</b></p> <p>THIS LICENCE is granted to <u>SBM Bank (Kenya) Limited</u> (name of Bank) of P.O. Box 34886 - 00100 NAIROBI (address) and authorizes the said bank to conduct or carry on banking business in Kenya.</p> <p>This Licence is issued subject to the provisions of the Central Bank of Kenya Act, the Banking Act and Central Bank of Kenya Prudential Guidelines and in the conditions endorsed herein.</p> <p><b>CONDITIONS</b></p> <p>THIS LICENCE SHALL REMAIN VALID UNLESS REVOKED</p> <p>The Central Bank of Kenya may at anytime revoke, amend, suspend or vary this licence or any term or condition imposed thereon.</p> <p>Issued under the authority of CENTRAL BANK OF KENYA</p> <p>CENTRAL BANK OF KENYA SEAL</p> <p>This is done on this 1<sup>st</sup> day of June 2017</p> <p> GOVERNOR CENTRAL BANK OF KENYA</p> <p>I certify that this is a true Copy of the Original</p> <p></p>	<p>Licence No. <u>121</u></p> <p>  CAPITAL MARKETS AUTHORITY Regulating Promoting and Protecting the Capital Markets</p> <p>Certified True Copy Of The Original  Aina Masese Advocate</p> <p><b>Licence to conduct the Business of AUTHORIZED DEPOSITORY</b></p> <p>This LICENCE is granted to <u>SBM BANK LIMITED</u></p> <p>Of P.O. Box <u>34886-00100, NAIROBI</u></p> <p>And authorizes the licensee to conduct or carry on the Business of <u>AUTHORIZED DEPOSITORY</u></p> <p>In the Republic of Kenya.</p> <p>This license is issued and shall remain valid subject to compliance with the requirements for approval and provisions of the Capital Markets Act, (Cap, 485A of the Laws of Kenya) Regulations and Guidelines issued thereunder and to such conditions as may be stipulated by the Authority.</p> <p>DATED THIS <u>6<sup>th</sup></u> day of <u>MAY</u> Year <u>2019</u></p> <p>Approved</p> <p> Signed _____</p> <p> Signed _____</p> <p>Chairman CAPITAL MARKETS AUTHORITY</p> <p>Chief Executive CAPITAL MARKETS AUTHORITY</p>	<p>Serial No: CUST 12 C1</p> <p> Retirement Benefits Authority Safeguarding your retirement benefits</p> <p>Certified True Copy Of The Original  Aina Masese Advocate</p> <p><b>Certificate of Registration</b></p> <p>Registration No. RBA/1/13/025</p> <p>This is to certify that</p> <p><u>SBM Bank (Kenya) Limited</u></p> <p>(Custodian) is registered and authorized to act as a Custodian of retirement benefits schemes funds subject to the provisions of the Retirement Benefits Act and the conditions endorsed herein</p> <p><b>CONDITIONS</b></p> <p>Given under my hand and seal of the Retirement Benefits Authority this</p> <p><u>10<sup>th</sup></u> day of <u>December</u> 2018</p> <p> Chief Executive Officer Retirement Benefits Authority</p>
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## CUSTODIAN RESPONSIBILITY

Core  
Responsibility

Holding and safekeeping the Schemes' financial assets in addition to taking the administrative role of the assets

# CUSTODIAN RESPONSIBILITY

## Our Role As A Custodian

- Opening of segregated bank accounts to hold the assets of the scheme.
- Receipt of unitholders contributions
- Manage all cash accounts for the scheme at SBM Bank and other banks as well as all settlement accounts
- Advise/Notify the investment manager daily on funds available in the scheme account.
- Execute investment instructions as received from the Fund manager and within market guidelines.

# CUSTODIAN RESPONSIBILITY

## Our Role As A Custodian

- Execute all payment instructions as received from the Administrator (Member and Service providers payments).
- Ensure registration of assets is undertaken on behalf of the scheme.
- Keep documents of title for the scheme investments.
- Collection of income accruing to these assets: dividends for Shares, interest income for deposits, coupons for bonds and entitlements such as bonus shares, rights offers.

# CUSTODIAN RESPONSIBILITY

## Our Role As A Custodian

- Continuous reconciliations of the book values of the scheme's assets with the fund manager and the registrars.
- Investments compliance monitoring and reporting (IPS and CMA guideline).
- Reporting:
  - ✓ Daily and monthly to the Investment manager and administrator,
  - ✓ Quarterly reporting to the Corporate Trustee,
  - ✓ Annual confirmation to the members during AGMs.

## CUSTODIAN STATEMENT-AUDITED FINANCIALS

For the year ended 31<sup>st</sup> December 2024 and 31<sup>st</sup> December 2025 , we held assets for Cytonn Umbrella Retirement Benefits Scheme as outlined in the audited financials for the year 2024 and 2025. These assets include Cash, Deposits, Equities, Treasury bonds, Other CIS, certificates of ownership and income that accrue to the assets, to the order of the Fund Manager and facilitated the transfer, exchange or delivery in accordance with the instructions received from the Fund Manager and the Fund Administrator.

We have executed our mandate as per the Retirement Benefits Regulations,2000 and the Custody Agreement between SBM Bank (Kenya) Limited (The Custodian) and the Trustees of the Scheme. We confirm we have interacted through the year during the quarterly review sessions.



*Thank You*



# **CYTONN UMBRELLA RBS AGM REPORT 12<sup>TH</sup> JUNE 2026**



# CONTENT

OUR ROLE

BENEFITS OF  
JOINING PENSION  
SCHEME

MEMBERS' RIGHTS

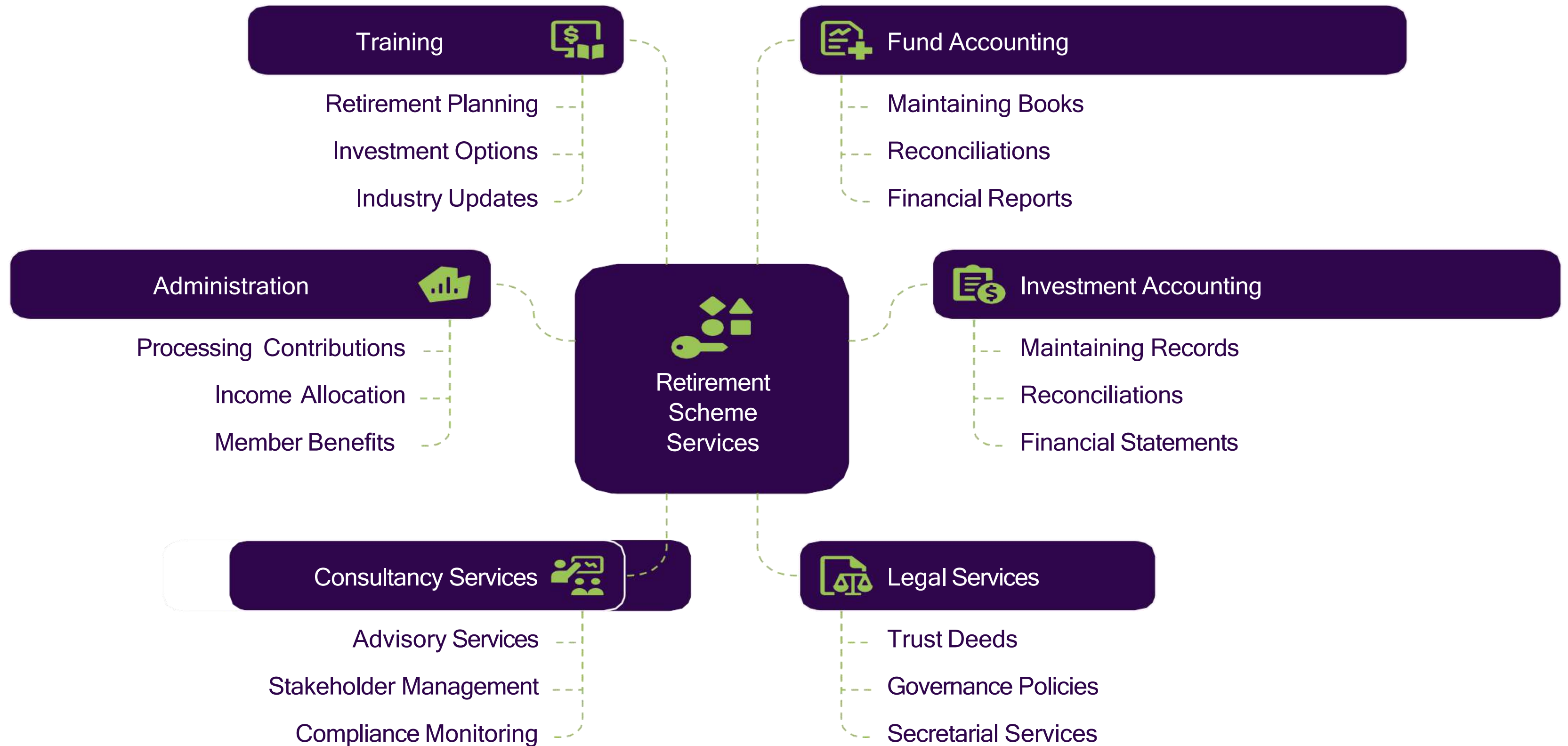
BENEFITS ACCESS



# ROLE OF FUND ADMINISTRATOR



# SCHEME ADMINISTRATION ROLES/SERVICES



# Benefits of Joining Pension Scheme





# Members' Rights

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- Right to access scheme information. i.e. Audited Financial Statements and Investment performance.**
- Rights to inspect information. i.e. Trust Deed and Rule, Audited Financial Statements etc.**
- Immediate vesting of benefits.**
- Right to applicable payment options on exit.**
- Transfers of benefits to other registered pension schemes upon exit from employment.**
- Commutation of benefits.**
- Attendance at annual general meetings.**
- Nomination of Beneficiaries**



# PRIVATE BENEFITS ACCESS

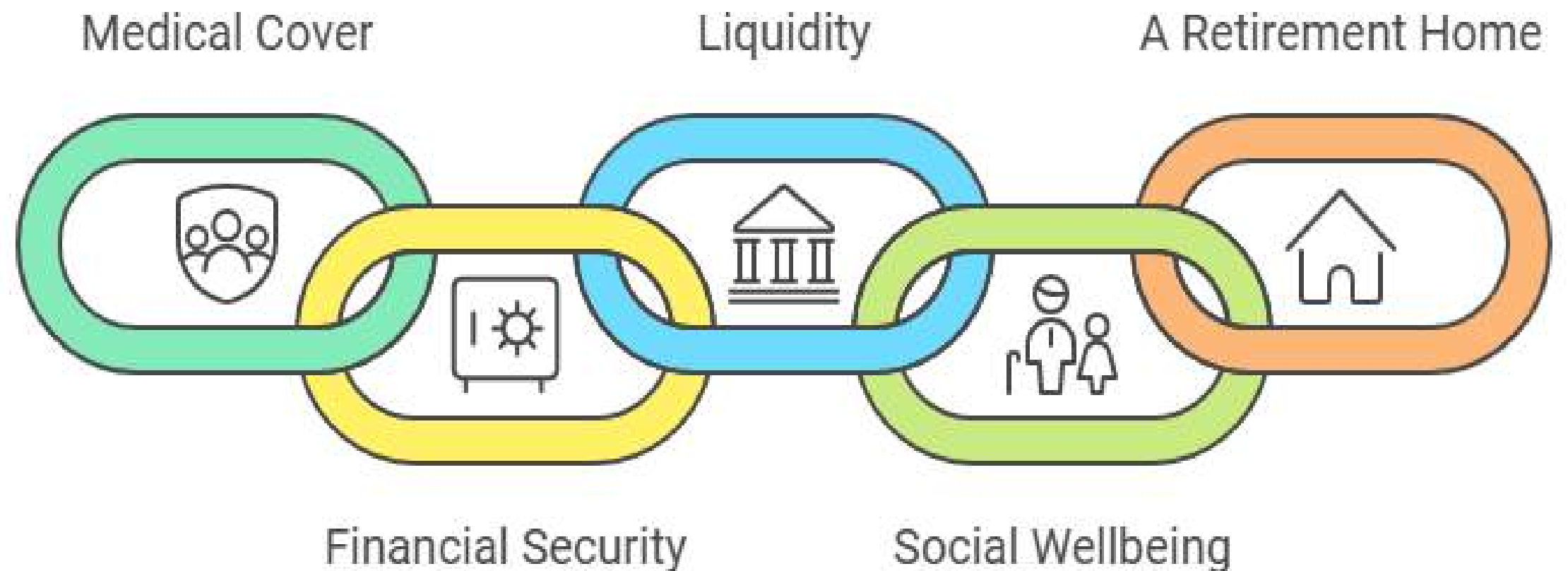


## Access of Benefits

### RETIREMENT

❑ **MODE OF ACCESS: Access 100% Cash lumpsum.**

❑ **Option to access partial and use balance to purchase either a pension inform of annuity or income drawdown.**



# Benefits Access



## □ EARLY EXIT ( BELOW 50 YRS)

✓ Access up to 50% of accumulated benefits as cash

**lumpsum**

✓ Following options applicable on the retained 50%

❖ Defer the amount in the Scheme until early/normal retirement age

❖ Transfer to retirement benefits scheme of new employer

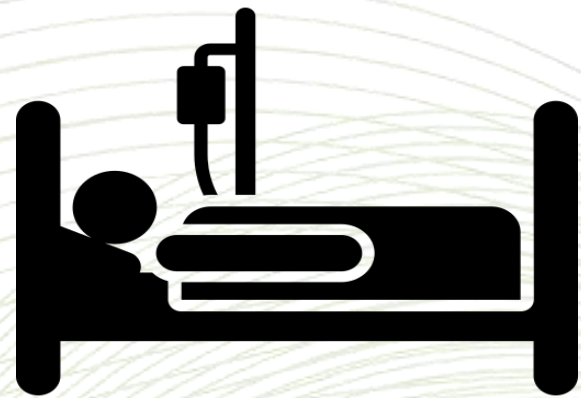
❖ Transfer to a registered personal pension scheme

## CONSIDERATIONS

Investment returns

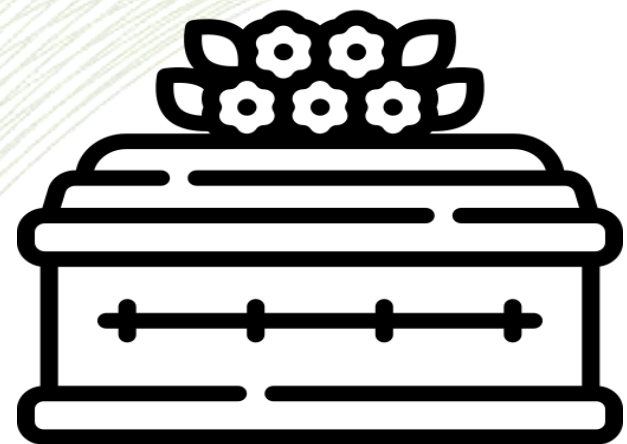
Taxation

# Benefits Access



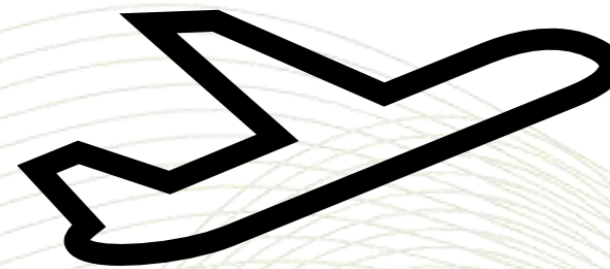
## Ill Health Retirement

- ✓ Access of Accumulated Benefits as cash lumpsum
- ✓ Medical evidence to be provided



## Death Benefits

- ✓ Accumulated benefits paid to nominated beneficiaries as cash lumpsum



## Emigration

- ✓ Access of Accumulated Benefits as cash lumpsum
- ✓ Evidence of permanent emigration to be provided



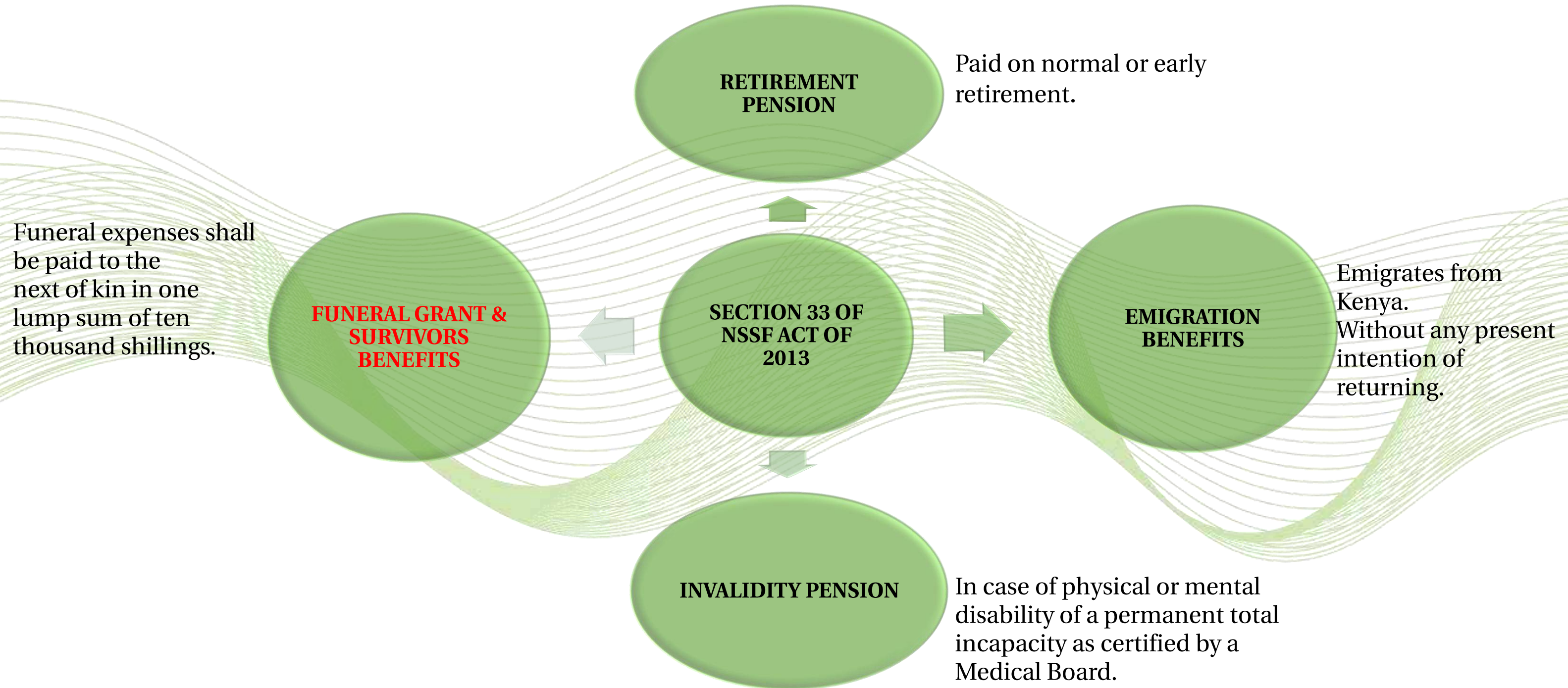
## Transfer Out

- ✓ Portability to other registered pension schemes permitted



# BENEFITS ACCESS NSSF TIER II

# NSSF TIER II ACCESS (AT NO TAX)





# BENEFITS TAXATION



## Early Exit

### 1. BELOW AGE 50 YEARS

### 2. SCHEME MEMBERSHIP < 20 YEARS

### 3. DEATH BENEFITS

First Kshs. 288,000 at 10%

Next Kshs. 100,000 at 25%

Next Kshs. 388,000 at 30%

**N/B:**

There are no tax free lumpsum applicable. All registered benefits are taxed in the above bands.

# Illustration on Taxation on Lumpsums

## Case 1 ( Below 50Yrs )

- **Total Benefits – 2,000,000.00**
- **Pensionable Service – 5 Years**
- **Age – 35 Years**
- **Benefits Accessible – 1,000,000.00**

**Taxable Income – 1,000,000.00**

<b>288,000.00</b>	<b>10%</b>	<b>(28,800.00)</b>
<b>100,000.00</b>	<b>25%</b>	<b>(25,000.00 )</b>
<b>Above 388,000.00</b>	<b>30%</b>	<b>(183,600.00)</b>

**Tax Payable – (237,400.00)**

**Net Payable – Kshs. 762,600.00**

# TAX FREE ACCESS

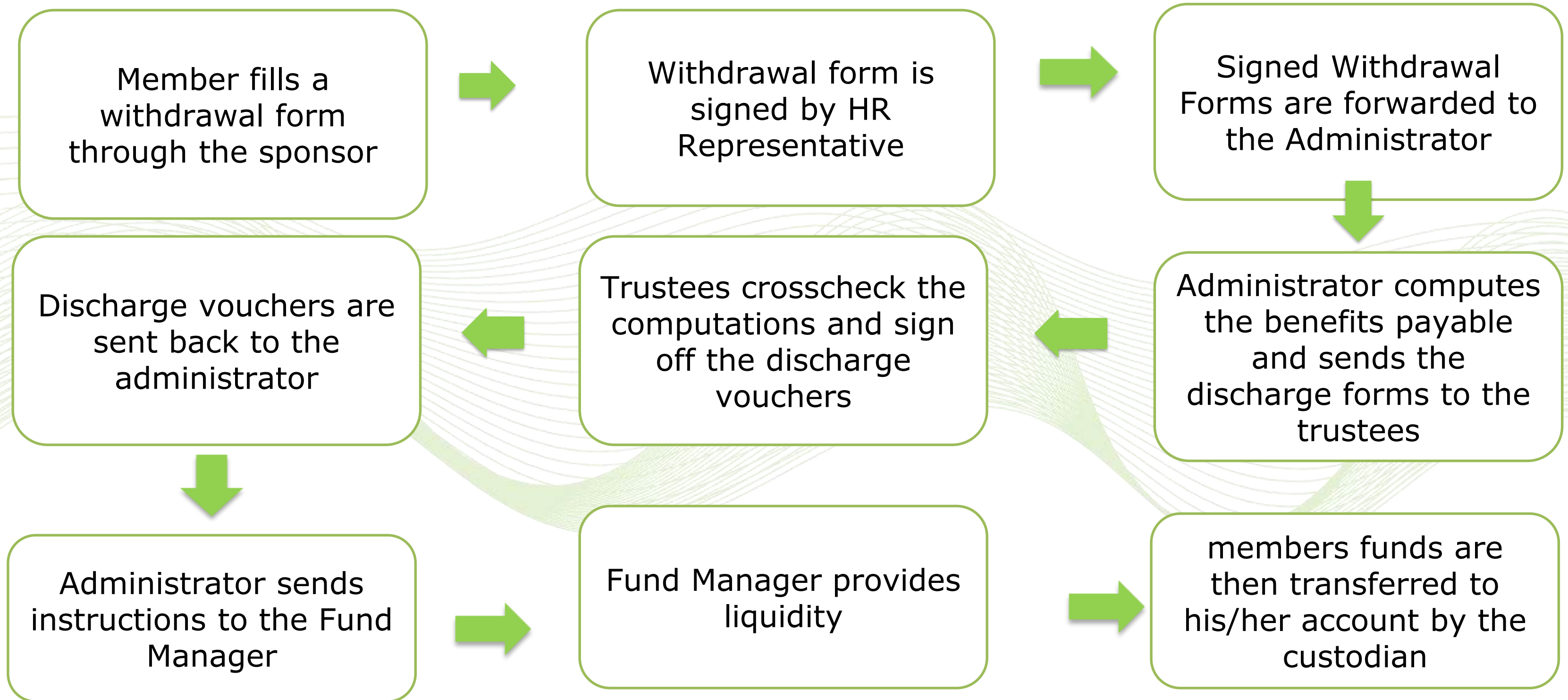
**1. RETIREMENT CASES (>50 YEARS)**

**2. SCHEME MEMBERSHIP >20 YEARS**

**3. ILL HEALTH CASES**







**No tax on retirement benefits for the above cases**

# Withdrawal Procedure





# Our Social Media HANDLES

-  Enwealth Financial Services Limited
-  @enwealthkenya
-  Enwealth Financial Services Limited
-  @enwealthkenya
-  Enwealth Money TV
-  EnwealthKenya

*Join Our Network*





## CONTACT US

**Enwealth Financial Services (K) Ltd.**

Enwealth Business Center,  
Ngong lane, Off Ngong Road  
P.O Box 52840-00200  
Nairobi, Kenya

**Pilot Line:** +254 20 2788000

**Tel:** +254 20 8160312 , 20 2319162 , 20 2316467

**Mobile:** +254 727 617 443 , +254 788 617 443

**Email:** [info@enwealth.co.ke](mailto:info@enwealth.co.ke)

**Website:** [www.enwealth.co.ke](http://www.enwealth.co.ke)

