

EQUITY INVESTMENT BANK UNIT TRUST FUNDS

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**



NOTICE OF THE SIXTH EQUITY INVESTMENT BANK UNIT TRUST FUNDS ANNUAL GENERAL MEETING

Notice is hereby given to the Unit holders of the Equity Investment Bank Unit Trust Funds (comprising of Equity Investment Bank Money Market Fund and Equity Investment Bank Balanced Fund), that pursuant to Article 41 of the Trust Deeds of the Equity Investment Bank Unit Trust Funds the 6th Annual General Meeting (AGM) of Equity Investment Bank Unit Trust Funds will be held via electronic communication on **Tuesday 15th June, 2021 at 10.00 a.m** for the purpose of considering and, if thought fit, passing the resolutions set out below.

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

AGENDA

1. CONSTITUTION OF THE MEETING

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

2. ORDINARY BUSINESS

- a. To receive, consider and if deemed fit, adopt the Annual Report and Audited Financial Statements for the year ended **31st December, 2020** together with Auditors' reports thereon;
- b. To notify Unit Holders of the change of External Auditors for Equity Investment Bank Unit Trust Funds; and

3. ANY OTHER BUSINESS

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



Mary Wangari Wamae
Director

P.O. Box 74454-00200
Nairobi

25th May, 2021

NOTES

1. The Trustee of the Equity Investment Bank Unit Trust Funds has convened and shall be conducting this virtual general meeting pursuant to Article 41 of the Trust Deeds of the Equity Investment Bank Unit Trust Funds. The Trustee has appointed Image Registrars Limited to host the virtual AGM.
2. In Accordance with Part VII of the Trust Deed, Unit holders are entitled to attend and vote at the AGM and are entitled to appoint a proxy to vote on their behalf. A proxy need not be a unit holder in the Equity Investment Bank Unit Trust Funds, the appointed proxy will need to access a mobile phone. A proxy form is attached to this Notice and is available on the Equity Group Holdings Plc website <https://equitygroupholdings.com/ke/investor-relations/eib/agm> and shall be sent to the unit holders' email address. A proxy must be signed by the appointor or his attorney duly authorized in writing, or if the appointor is a Company, either under seal (where applicable), or under the hand of an officer or attorney duly authorized by the Company. A completed form should be emailed to AWM@equityinvestmentbank.co.ke or lodged with the Secretary at EQUITY CENTRE 9th floor, Hospital Road, not later than 4.00pm on **Friday 11th June, 2021**. Any person appointed as a proxy should submit his/her email to the Secretary not later than 4.00pm on **Friday 11th June, 2021**. Any proxy registration that is rejected shall be communicated to the Unit holder concerned no later than 10.00am on **Monday 14th June, 2021** to allow time to address any issues.
3. Any Unit holder wishing to participate in the meeting should register using either of the following:

NOTICE OF THE SIXTH EQUITY INVESTMENT BANK UNIT TRUST FUNDS ANNUAL GENERAL MEETING

a. Through the web portal

Members shall receive an email link which will enable them register via the web platform. For assistance, they should dial the following number: (+254) 709170000 between 8:00 a.m. to 5:00 p.m. from Monday to Friday.

b. Unstructured Supplementary Service Data (USSD)

By dialing *483*902# on their Safaricom, Airtel and Telkom telephone lines or *760# for Equitel telephone lines and following the prompts. In order to complete the registration process, unitholders will need to have their ID/Passport Numbers that were used to purchase their units and/or their member Number at hand. For assistance unitholders should dial the helpline number:

(+254) 709 170 000 between 8:00 a.m. to 5:00 p.m. from Monday to Friday excluding public holidays.

4. Registration for the AGM opens on **Monday 31st May, 2021**, at 9.00 am and will close on **Monday 14th June, 2021** at 5.00 pm.
5. Unit holders wishing to raise any questions or clarifications regarding the Agenda before the AGM may do so by:
 - a. Sending their written questions by email to AWM@equityinvestmentbank.co.ke; or
 - b. To the extent possible, physically delivering their written questions with a return physical address or email address to the registered office of Equity Investment Bank Limited at the Equity Investment Bank's Head Office situated at EQUITY CENTRE, 9th FLOOR, Hospital Road, Upper Hill, Nairobi. Unit holders must provide their full details (full names, Kenyan national identity card or Passport Number or Member Number) when submitting their questions or seeking clarifications.

All questions and requests for clarifications must reach Equity Investment Bank Limited on or before **Monday 14th June, 2021** at 10.00 a.m.

Following receipt of the questions, the Trustee of Equity Investment Bank Unit Trust Funds shall provide written responses to the questions and clarifications received to the return physical address or email address provided by the Unit holder no later than 5.00 p.m. on **Monday 14th June, 2021**.

6. The AGM will be streamed live via a link which shall be provided to all unitholders who will have registered to participate in the AGM. Duly registered unitholders and proxies shall be able to join the meeting using the meeting link to be shared a day before the meeting.
7. Duly registered Unit holders and proxies may vote upon registration for resolutions on a panel provided next to the live stream screen or by dialing *483*902# on their Safaricom, Airtel and Telkom telephone lines or *760# for Equitel telephone lines and selecting the 'vote' menu.
8. Results of the AGM shall be published at <https://equitygroupholdings.com/ke/investor-relations/eib/agm> within 24 hours following conclusion of the AGM.
9. Equity Investment Bank Limited Unit Trust Funds strongly encourages all Unit holders to monitor the Equity Group Holdings Plc website <https://equitygroupholdings.com/ke/investor-relations/eib/agm> for further updates or changes in relation to the AGM.
10. Unit holders can access the Annual Report and Audited Financial Statements for the year ended **31st December, 2020** together with Auditors' reports thereon, the Agenda for the AGM at <https://equitygroupholdings.com/ke/investor-relations/eib/agm>
11. Time indicated on this Notice is East Africa Time (EAT)

TABLE OF CONTENTS

CORPORATE INFORMATION 5
TRUSTEE'S REPORT 6 - 8
FUND MANAGER'S REPORT 9 - 11
CUSTODIAN'S REPORT 12
STATEMENT OF TRUSTEE'S RESPONSIBILITIES 13
INDEPENDENT AUDITOR'S REPORT 14 - 17

EQUITY INVESTMENT BANK MONEY MARKET FUND:

FINANCIAL STATEMENTS:

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 19
STATEMENT OF FINANCIAL POSITION 20

EQUITY INVESTMENT BANK BALANCED FUND:

FINANCIAL STATEMENTS:

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 22
STATEMENT OF FINANCIAL POSITION 23

CORPORATE TRUSTEE

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

REGISTERED OFFICE

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

FUND MANAGER

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

ADMINISTRATOR

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

CUSTODIAN

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

AUDITOR

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

EQUITY INVESTMENT BANK UNIT TRUST FUNDS TRUSTEE'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

The Trustee has the pleasure of submitting its report together with the audited financial statements of the Equity Investment Bank Unit Trust Funds (the "Funds") for the year ended 31 December 2020.

INVESTMENT OBJECTIVES

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

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

The key investment philosophies for the Funds are:

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

CHANGES TO INCORPORATION DOCUMENTS

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

INVESTMENT

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

FUND PERFORMANCE

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

	2016	2017	2018	2019	2020
Highest Effective Annual Yield	14.07%	5.91%	8.45%	8.74%	8.69%
Lowest Effective Annual Yield	4.31%	1.88%	0.92%	1.04%	0.91%

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

EQUITY INVESTMENT BANK UNIT TRUST FUNDS TRUSTEE'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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

	2016	2017	2018	2019	2020
Highest NAV	111.23	111.23	120.29	128.19	137.66
Lowest NAV	104.63	109.81	108.98	120.14	128.22

INCOME DISTRIBUTION

Equity Investment Bank Money Market Fund - The profit for the years, which has been distributed to the unit holders by reinvestment in the fund, is presented below:

	2016	2017	2018	2019	2020
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Profit for the year	341,224	81,422	27,929	22,327	13,339

Equity Investment Bank Balanced Fund - The profit for the years, which has been distributed to the unit holders, is presented below:

	2016	2017	2018	2019	2020
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Profit for the year	5,533	2,297	3,484	2,879	5,430

TOTAL VALUE OF THE FUND

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

	2016	2017	2018	2019	2020
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Fund Value	2,919,722	1,220,408	644,517	386,464	271,646

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

	2016	2017	2018	2019	2020
	Shs'000	Shs'000	Shs'000	Shs'000	Shs'000
Fund Value	52,126	50,457	46,197	28,596	34,151

DISCLOSURE TO THE AUDITOR

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

- a. There is, no relevant audit information of which the Funds' auditor was unaware of; and
- b. The Trustee has taken all steps that ought to have been taken as Trustee so as to be aware of any relevant audit information and to establish that the Funds' auditor is aware of that information.

By order of the Trustee

KCB Bank Kenya Limited

2021

Dear Unit Holder,

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

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

Britam Asset Managers (Kenya) Limited adopts an investment philosophy that ensures high returns for investors while optimizing overall portfolio risk. For the Equity Investment Bank Money Market Fund, we aim to generate a high level of interest income by investing primarily in fixed income securities. This is all done in an environment of rigorous risk management by investing in fundamentally sound fixed income assets to protect against credit risk.

Britam Asset Managers (Kenya) Limited also ensures that the Balanced Fund maintains a balanced and optimal portfolio. The fixed income portion of the Fund provides stability during volatile years in the markets. The equity portion is invested in companies with quality businesses which are trading at attractive valuations. We actively monitor and invest in companies that match our criteria: namely, consistent financial performance, specialized competitive advantage, positive earnings outlook and sound management.

The Kenyan macroeconomic environment was stable in 2020. A benign inflationary environment, sufficient rains and resilient investor sentiment supported the overall economy despite the challenges posed by the COVID-19 pandemic.

Highlights:

- The Kenyan macroeconomic environment was impacted by the effects of the COVID-19 pandemic in 2020. There was a notable slowdown in Q2 as the economy contracted by 5.7 percent. Subsequent to this, the economy recorded a 1.1 percent contraction in Q3, which indicated some improvement from the performance recorded in Q2. Two consecutive quarters of contraction indicates that an economy has gone into a recession. Significant contractions in Accommodation and Food Services as well as Education were the key causes of the economic contraction, as schools were shut and hotels and restaurants suffered from travel restrictions and shorter operating hours due to curfews. The economy however continued to be supported by key sectors such as Agriculture, Construction, Finance & Insurance, and Electricity & Water Supply which all recorded growth in the period.
- Inflationary pressure remained low in the year despite seasonal fluctuations, reaching a low of 4.2 percent in September 2020 as a result of relatively low food prices. Fuel inflation trended lower during the year even as spikes in fuel prices were felt through some months. Stability of Crude Oil prices also kept the transport, electricity and fuel indices largely contained. Overall, headline inflation closed the year at 5.6 percent remaining within the Central Bank's target range of 2.5 percent and 7.5 percent. Going forward, the Consumer Price Index is expected to remain stable around the CBK's medium term target of 5.0 percent over the coming months supported by stable food and non-food non-fuel prices.

- The Kenya Shilling came under pressure during the year hitting highs of KES 111.59 in December against the Dollar. The weakness coincided with increased KES liquidity even as dollar demand weakened especially in the second and third quarters. That peak was however momentary and the shilling regained some ground and stabilized, closing the year at 109.17 against the Dollar. On a year-on-year basis the Shilling depreciated against the US Dollar by 7.7%. The weakness observed in the Shilling was mainly due to weaker export performance, lower tourism receipts as well as a stronger US Dollar. The shilling was however supported by growing diaspora remittances as well as robust foreign currency reserves.
- The interest rate environment continued to exhibit stability during the year with a slight uptick towards the close of the year attributable to higher domestic borrowing pressure from the Government. The Central Bank Interbank rate trended lower as ample liquidity among the large banks continued to support short term rates. The yields on the 3-month, 6-month and 1-year Treasury Bills closed the year at 6.9 per cent, 7.4 per cent and 8.3 per cent respectively, which was lower than the 7.2 percent, 8.2 percent and 9.8 percent recorded respectively in 2019. The monetary policy committee lowered the Central Bank Rate to 7.0 percent during the year, in order to provide economic support in the face of the COVID-19 pandemic. The money market remained relatively liquid during the year, although the average interbank rate closed the year at 6.2 per cent, slightly higher than the 5.5 per cent recorded at the close of 2019.
- The equities market experienced a decline in 2020 as the effects of the COVID-19 pandemic were felt on the bourse. The Nairobi All Share Index fell by 8.6 percent while the NSE 20 fell by 29.6 percent in the year. Concerns on the performance of listed stocks in the wake of the COVID-19 outbreak kept prices subdued as investors adopted a more risk averse stance. While foreign investors continued to sell down their exposure to Kenyan equities, local investor buying activity provided support for the overall market. News of effective COVID-19 vaccines as well as expectations of a global rollout provided markets with a boost towards the end of the year.

Money Market Fund Performance

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

	2016	2017	2018	2019	2020
Highest Effective Annual Yield	14.07%	5.91%	8.45%	8.74%	8.69%
Lowest Effective Annual Yield	4.31%	1.88%	0.92%	1.04%	0.91%

*Effective annual yield captured as Net of fees and Gross of tax

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

Balanced Fund Performance

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

	2016	2017	2018	2019	2020
Highest NAV	111.23	111.23	120.29	128.19	137.66
Lowest NAV	104.63	109.81	108.98	120.14	128.22

Accordingly, we intend to maintain our cautious investment approach anchored on capital preservation. We are confident that through our disciplined investment philosophy and robust investment strategy, the delivery of predictable and consistent competitive returns throughout the year is achievable. We wish to reiterate our commitment towards ensuring the realization of the specific underlying objectives of each of the funds including offering above average returns while providing adequate liquidity to meet ongoing obligations, capital preservation and conservative risk exposure to the investors.

We would like to thank the unit holders for their continued trust in the Equity Investment Bank Unit Trust Funds and look forward to working closely with you in meeting and exceeding your financial and investment objectives.

Yours sincerely,

Britam Asset Managers

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

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

For the year ended 31 December 2020, we have held the assets for the Equity Investment Bank Unit Trust Funds, including title deeds, securities and income that accrue thereof, to the order of the Fund Manager and facilitated the transfer, exchange or delivery in accordance with the instructions received from the Fund Manager.

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

By order of the Custodian
Equity Bank (Kenya) Limited

_____2021

The Capital Markets Act requires the Trustee to prepare financial statements for each financial year that give a true and fair view of the financial position of the Funds at the end of the financial year and of their profit or loss for that year. The Trustee is responsible for ensuring that the Funds keep proper accounting records that are sufficient to show and explain the transactions of the Funds; disclose with reasonable accuracy at any time the financial position of the Funds; and that enables them to prepare financial statements of the Funds that comply with prescribed financial reporting standards and the requirements of the Capital Markets Act. They are also responsible for safeguarding the assets of the Funds and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustee accepts responsibility for the preparation and presentation of these financial statements in accordance with International Financial Reporting Standards and in the manner required by the Capital Markets Act. They also accept responsibility for:

- i. Designing, implementing and maintaining internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error;
- ii. Selecting suitable accounting policies and then apply them consistently; and
- iii. Making judgements and accounting estimates that are reasonable in the circumstances.

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

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

Approved by the Trustee on _____ 2021 and signed on its behalf by:

By order of the Trustee
KCB Bank Kenya Limited

_____2021

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS OF EQUITY INVESTMENT BANK UNIT TRUST FUNDS



REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Equity Investment Bank Unit Trust Funds (the "Funds") comprising Equity Investment Bank Money Market Fund set out on pages 13 to 31 and Equity Investment Bank Balanced Fund set out on pages 33 to 53. These financial statements each comprise the statement of financial position at 31 December 2020, the statements of profit or loss and other comprehensive income, changes in unitholders' funds and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of Equity Investment Bank Unit Trust Funds at 31 December 2020 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Capital Markets Authority (Collective Investments Scheme) Regulations, 2001.

Basis for opinion

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

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

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

Material Uncertainty Related to Going Concern

We draw attention to:

- Note 13 in the financial statements for the Equity Investment Bank Money Market Fund, which discloses that the fund has not received contributions from unit holders as from 1 May 2016. In addition, the unit holders' funds decreased from Shs 386,484,000 at 31 December 2019 to Shs 271,646,000 at 31 December 2020.
- Note 14 in the financial statements of Equity Investment Bank Balanced Fund which indicates that the fund has not received contributions from unit holders as from 1 May 2016.

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

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS OF EQUITY INVESTMENT BANK UNIT TRUST FUNDS



Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Apart from the matter in the 'Material Uncertainty Related to Going Concern' paragraph above, we have determined that there are no key audit matters to communicate in our report.

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information we have received prior to the date of this auditor's report we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Trustee for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS OF EQUITY INVESTMENT BANK UNIT TRUST FUNDS



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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE UNIT HOLDERS OF EQUITY INVESTMENT BANK UNIT TRUST FUNDS



Report on other legal requirements

The Capital Markets Authority (Collective Investments Schemes) Regulations, 2001 requires that in carrying out our audit we consider and report to you on the following matters:

- If the auditor is of the opinion that proper accounting records for the collective investment scheme have not been kept or that the accounts are not in agreement with those records,
- If the auditor has not been given all the information and explanation which, to the best of his knowledge and belief, are necessary for the purpose of his audit, or
- If the auditor is of the opinion that the information given in the report of the Trustee for that period is inconsistent with the accounts.

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

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

Certified Public Accountants

Nairobi

_____ 2021

FCPA Richard Njoroge, Practising certificate P/1244

Signing partner responsible for the independent audit

EQUITY INVESTMENT BANK
MONEY MARKET FUND

Statement of profit or loss and other comprehensive income

	2020 Shs'000	2019 Shs'000
Investment income	22,886	36,897
Operating expenses	(9,547)	(14,570)
Profit before income tax	13,339	22,327
Income tax expense	-	-
Profit for the year	13,339	22,327
Other comprehensive income		
FVOCI reserve release	-	24
Total comprehensive income for the year	13,339	22,351

EQUITY INVESTMENT BANK MONEY MARKET FUND
FINANCIAL STATEMENTS AT 31 DECEMBER 2020

Statement of financial position

	2020 Shs'000	2019 Shs'000
Assets		
Cash at bank	31,647	33,510
Fixed deposits	50,841	100,983
Treasury bills	130,314	256,307
Call deposits	62,106	-
Total Assets	274,548	390,800
Liabilities		
Accrued expenses	1,825	2,012
Due to related parties	1,077	2,324
Unit holders' funds	271,646	386,464
Total Liabilities	274,548	390,800

The financial statements on pages 17 to 18 were approved for issue by the Trustee on _____ 2021 and signed on its behalf by:

For Trustee, KCB Bank Kenya Limited

EQUITY INVESTMENT BANK
BALANCED FUND

Statement of profit or loss and other comprehensive income

	2020 Shs'000	2019 Shs'000
Investment income	7,067	4,447
Operating expenses	(1,637)	(1,568)
Profit before income tax	5,430	2,879
Income tax expense	-	-
Profit for the year	5,430	2,879
Other comprehensive income		
Fair value gain/(loss) on FVOCI investments	125	(300)
Total comprehensive income for the year	5,555	2,579

Statement of financial position

	2020 Shs'000	2019 Shs'000
Assets		
Cash at bank	282	255
Call deposits	14,964	2,039
Fixed deposits	6,563	12,806
Treasury bonds	14,466	18,440
Total assets	36,275	33,540
Liabilities		
Accrued expenses	1,964	2,698
Due to related parties	160	2,246
Unitholders' funds	34,151	28,596
Total liabilities	36,275	33,540

The financial statements on pages 20 to 21 were approved for issue by the Trustee on _____ 2021 and signed on its behalf by:

For Trustee, KCB Bank Kenya Limited

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Equity Investment Bank Limited is regulated by the Capital Markets Authority

