



Fund Objectives

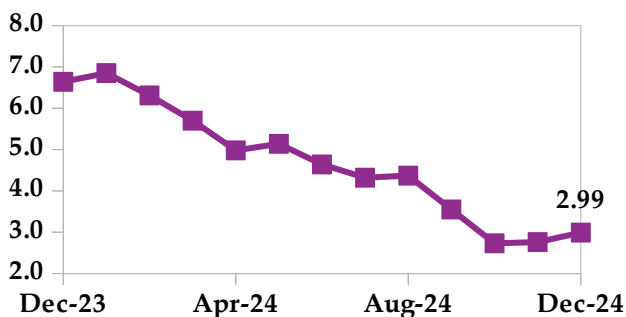
The fund seeks to generate maximum total return by investing in a diversified portfolio of securities offering current income and long-term capital growth.

- Provide a consistent positive return above inflation over the medium term and long term.
- Protect capital over the long term.
- Minimize risk of capital loss.
- Manages volatility and liquidity through allocations to cash and cash equivalents.

ECONOMIC INDICATORS

(A) Inflation

The overall year on year inflation edged 3.0% in December 2024 from 2.8% in November. This was primarily driven by higher food, electricity and transport prices. The food and non-alcoholic beverages index increased by 0.7%, driven by higher food prices. The housing, water, electricity, gas and other fuels index increased by 0.2%, mainly due to increase in electricity prices. Additionally, despite the decrease in diesel and petrol prices, the transport index increased by 1.8% mainly due to elevated bus/matatu fares.

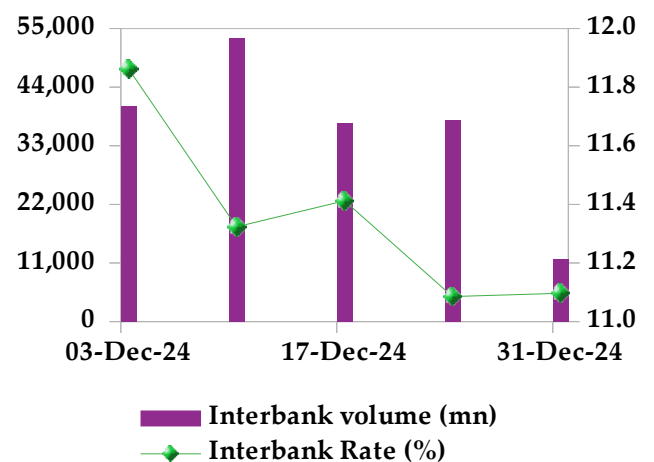


Fund Facts

Fund Facts	
Structure	Private Investment Club
Risk Profile	Moderate
Custodian	Cooperative Bank

(B) Liquidity

Liquidity increased as a result of government payments which more than offset tax remittances. The average inter-bank rate decreased from 12.0% to 11.4%. The volume of inter-bank transactions increased from Kshs 32.0 billion to Kshs 39.3 billion. Commercial banks excess reserves decreased from Kshs 44.8 billion to Kshs 44.0 billion..



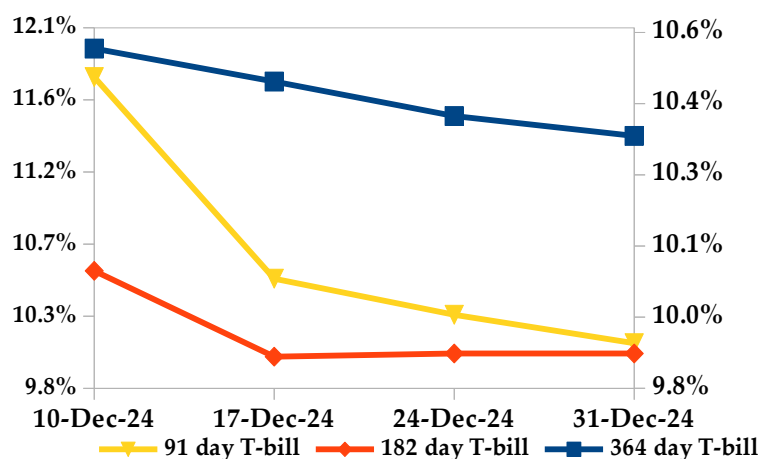
MARKET OVERVIEW

(A) Fixed Income

(1) T-Bills

T-bills recorded an overall subscription rate of 80.1% during the month of December, compared to 335.2% recorded in the previous month. The performance of the 91-day, 182-day and 364-day papers stood at 208.3%, 33.3% and 75.5% respectively. On a monthly basis, yields on the 91-day, 182-day and 364-day papers decreased by 12.0%, 11.6% and 8.7% to 9.9%, 10.0% and 11.4% respectively.

T-BILLS



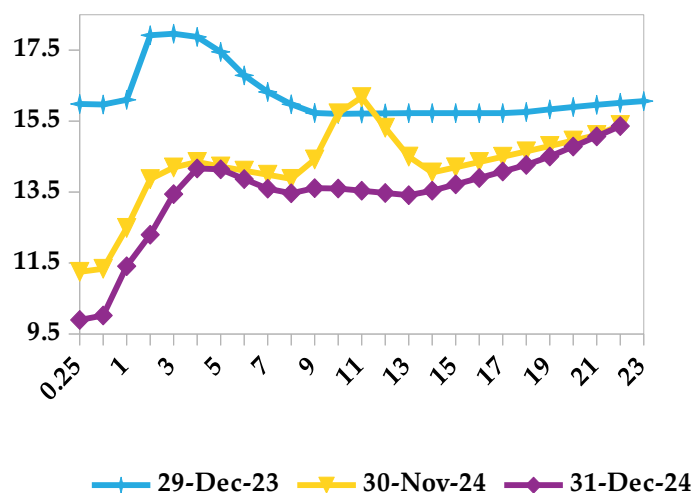
(2) T-Bonds

During the month, T-Bonds registered a total turnover of Kshs 120.2 billion from 2,298 bond deals. This represents a monthly increase of 9.9% and a decrease of 8.8% respectively. The yields on government securities in the secondary market also decreased during the month of December.

In the primary bond market, CBK re-opened FXD1/2018/015 and FXD1/2022/025 treasury bonds in an effort to raise Kshs 30.0 billion. The coupon rates are 12.7% and 14.2% respectively.

In the international market, yields on Kenya's Eurobonds increased by an average of 45 basis points.

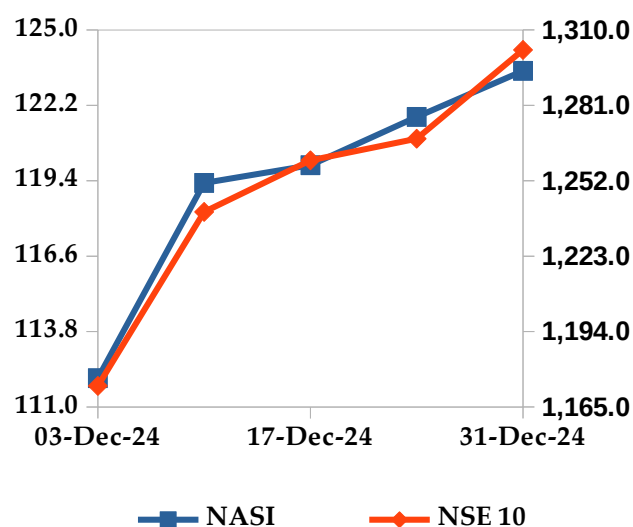
YIELD CURVE (%)



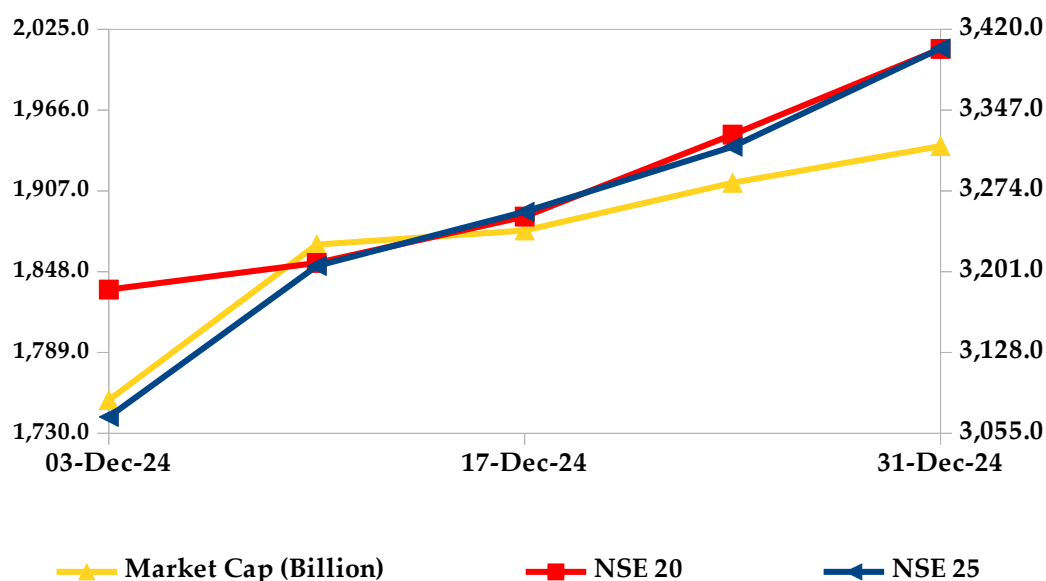
(B) Equities

NASI, NSE 20, NSE 25 and NSE 10 settled 10.7%, 8.0%, 11.1% and 11.3% higher respectively. The performance was as a result of gains recorded by large cap stocks such as ABSA, Co-operative Bank, Standard Chartered and Safaricom. At the close of the month, market capitalization gained 11.1% to settle at Kshs 1.9 trillion. Total shares traded increased by 75.4% to 826.1 million shares and equity turnover increased by 368.0% to close at Kshs 29.0 billion.

NASI and NSE 10



Market Capitalization, NSE 20 and NSE 25



MONTHLY HIGHLIGHTS

- The Monetary Policy Committee (MPC) lowered the benchmark lending rate by 75 basis points to 11.3% from 12.0% at its 5th December meeting.
- Inflation increased to 3.0% in December 2024 from 2.8% in November. This was primarily driven by higher food, electricity and transport prices.
- Amsons Group secured a 96.5% controlling stake in Bamburi Cement.
- The Government extended its Government-to-Government (G-to-G) oil import deal with Gulf oil companies.
- The World Bank revised its economic growth forecast for Kenya to 4.7% for 2024, from the initial estimate of 5%.

ARIMA FUND

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