Month: February 2025

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.

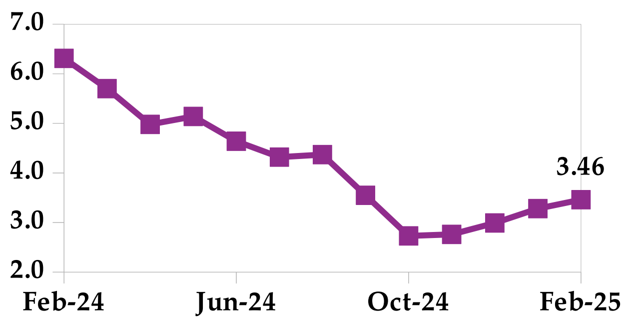
Fund Facts

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

ECONOMIC INDICATORS

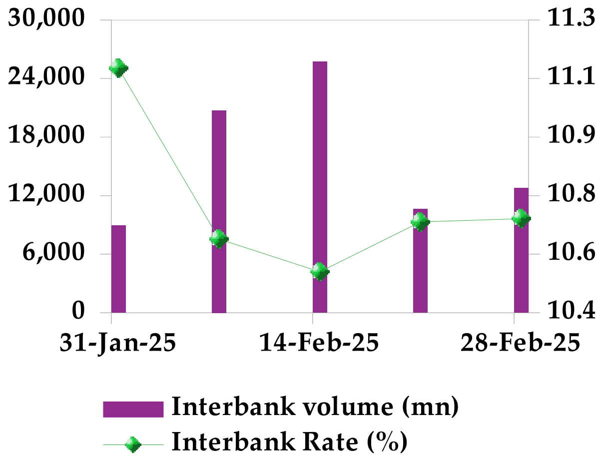
(A) Inflation

The overall year-on-year inflation increased to 3.5% in February 2025 from 3.3% in January. This was primarily driven by higher food and gas/LPG prices. The food and non-alcoholic beverages index increased by 0.6%, driven by higher food prices. The housing, water, electricity, gas and other fuels index increased by 0.1%, mainly due to increase in gas/LPG prices. Despite the stabilisation in diesel and petrol prices, the transport index increased by 0.1%, mainly due to elevated local flight prices.



(B) Liquidity

Liquidity increased as a result of government payments which more than offset tax remittances. The average inter-bank rate decreased from 11.3% to 10.7%. The volume of inter-bank transactions decreased from Kshs 27.1 billion to Kshs 15.9 billion. Commercial banks excess reserves increased from Kshs 16.7 billion to Kshs 19.1 billion.



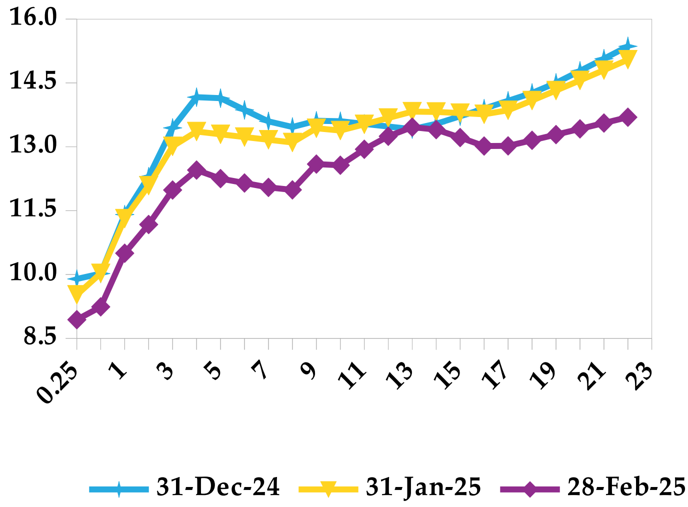
MARKET OVERVIEW

(A) Fixed Income

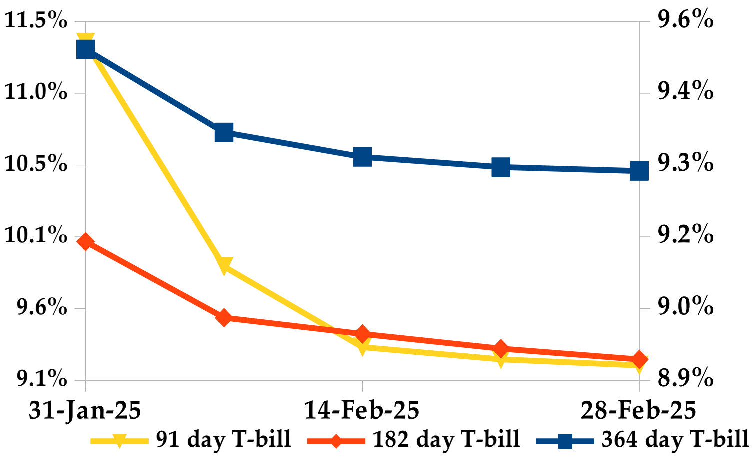
(1) T-Bills

T-bills recorded an overall subscription rate of 192.6% during the month of February, compared to 95.0% recorded in the previous month. The performance of the 91-day, 182-day and 364-day papers stood at 218.8%, 167.2% and 207.6% respectively. On a monthly basis, yields on the 91-day, 182-day and 364-day papers decreased by 6.1%, 7.9% and 7.2% respectively.

YIELD CURVE (%)



T-BILLS



(2) T-Bonds

During the month, T-Bonds registered a total turnover of Kshs 250.2 billion from 3,709 bond deals. This represents a monthly increase of 59.0% and 49.5% respectively. The yields on government securities in the secondary market decreased during the month of February.

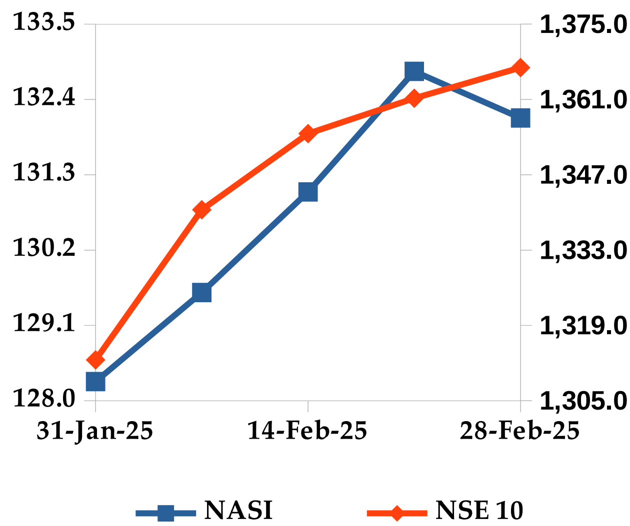
In the primary bond market, CBK issued a prospectus for the buyback of FXD1/2022/003 & FXD1/2020/005 treasury bonds and IFB1/2016/09 infrastructure bond, seeking to raise Kshs 50 billion, through a multi-price reverse auction method. The coupon rates are 11.8%, 11.7% and 12.5% respectively. Additionally, CBK re-opened the FXD1/2018/25 treasury bond in an effort to raise Kshs 25 billion. The bond has a coupon rate of 13.4%.

In the international market, yields on Kenya's Eurobonds decreased by an average of 70 basis points.

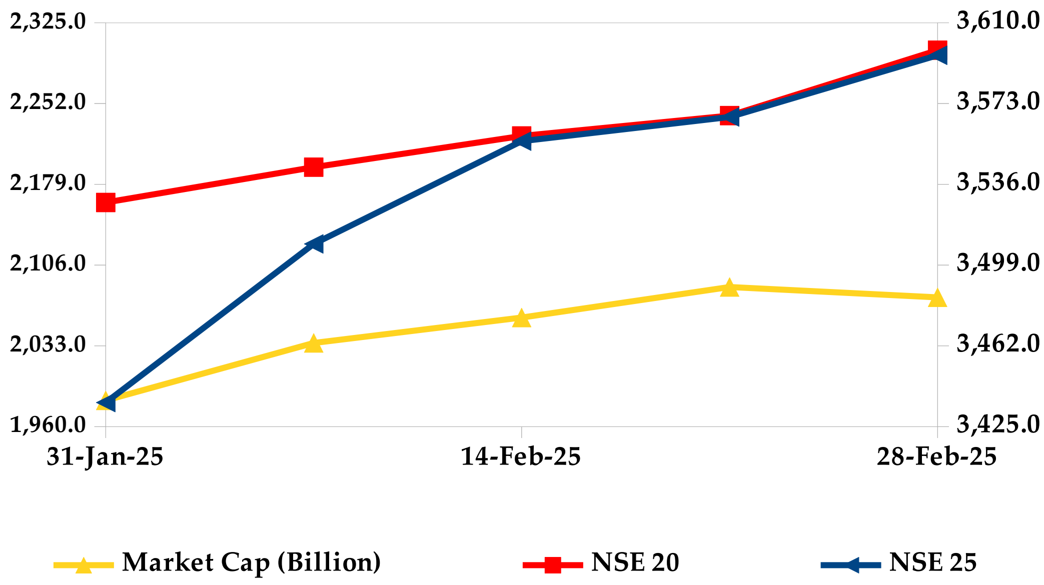
(B) Equities

NASI, NSE 20, NSE 25 and NSE 10 settled 3.0%, 6.4%, 4,6% and 4.1% higher respectively. The performance was as a result of gains recorded by large cap stocks such as Stanbic, Standard Chartered, ABSA and KCB. At the close of the month, market capitalization gained 4.7% to settle at Kshs 2.1 trillion. Total shares traded decreased by 25.5% to 470.7 million shares and equity turnover decreased by 10.9% to close at Kshs 8.5 billion.

NASI and NSE 10



Market Capitalization, NSE 20 and NSE 25



MONTHLY HIGHLIGHTS

- MPC lowered the CBR to 10.75% from 11.25% during its 5th February 2025 meeting.
- Inflation increased to 3.46% in February 2025 from 3.28% in January.
- Kenya launched a buyback offer for its USD 900 million Eurobond maturing in May 2027, coinciding with the issuance of a new USD 1.5 billion, 11-year Eurobond.
- Fitch Ratings has affirmed Kenya's sovereign rating at "B-" with a Stable Outlook.
- NSE suspended trading of Bamburi Cement shares on 27th February 2025.

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