Month: January 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.

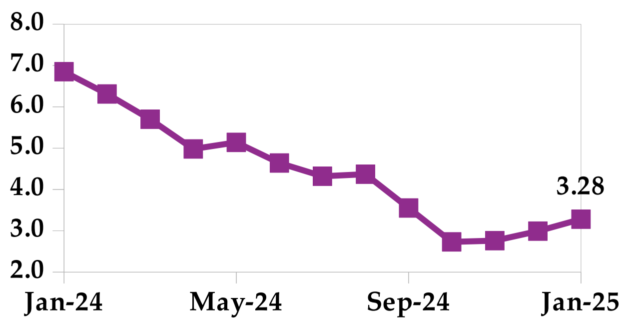
Fund Facts

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

ECONOMIC INDICATORS

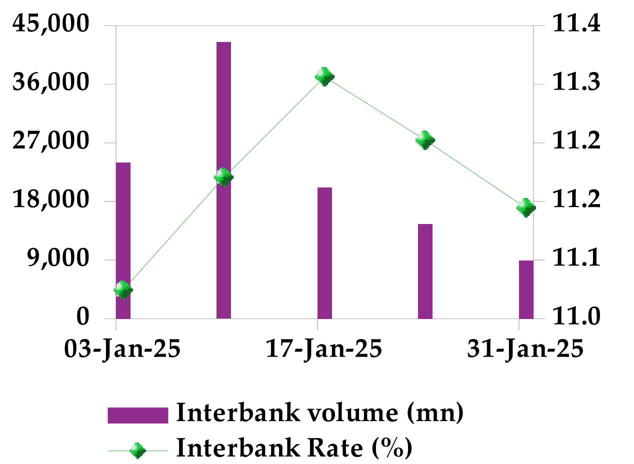
(A) Inflation

The overall year-on-year inflation edged 3.3% in January 2025 from 3.0% in December 2024. This was primarily driven by higher food and kerosene prices. The food and non-alcoholic beverages index increased by 1.6%, driven by higher food prices. The housing, water, electricity, gas and other fuels index increased by 0.1%, mainly due to increase in kerosene prices. However, despite the increase in diesel and petrol prices, the transport index decreased by 0.4% mainly due to decreased bus/matatu fares.



(B) Liquidity

Liquidity increased as a result of government payments which more than offset tax remittances. The average inter-bank rate decreased from 11.4% to 11.3%. The volume of inter-bank transactions decreased from Kshs 39.3 billion to Kshs 27.1 billion. Commercial banks excess reserves decreased from Kshs 44.0 billion to Kshs 16.7 billion.



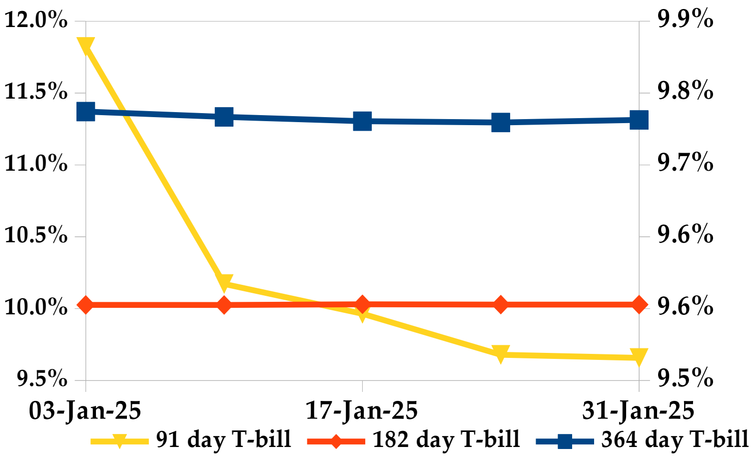
MARKET OVERVIEW

(A) Fixed Income

(1) T-Bills

T-bills recorded an overall subscription rate of 95.0% during the month of January, compared to 80.1% recorded in the previous month. The performance of the 91-day, 182-day and 364-day papers stood at 219.8%, 55.8% and 84.2% respectively. On a monthly basis, yields on the 91-day and 364-day papers decreased by 3.8% and 0.9% respectively, while 182-day paper increased by 0.1% to 9.5%, 11.3% and 10.0% respectively.

T-BILLS



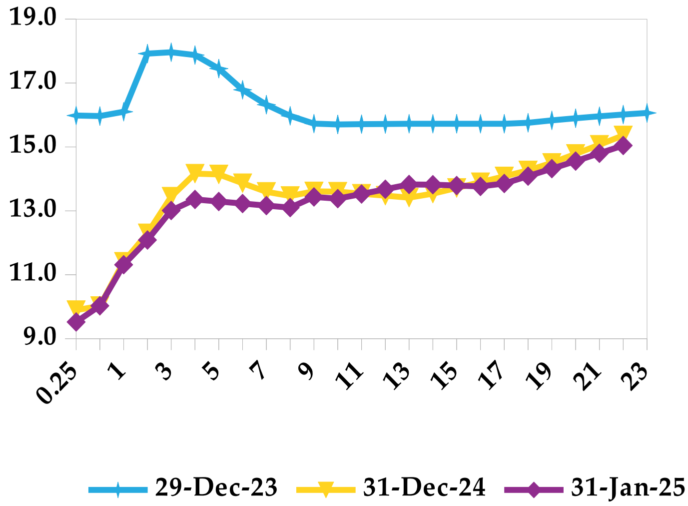
(2) T-Bonds

During the month, T-Bonds registered a total turnover of Kshs 157.3 billion from 2,481 bond deals. This represents a monthly increase of 30.9% and 8.0% respectively. The yields on government securities in the secondary market decreased during the month of January.

In the primary bond market, CBK re-opened IFB1/2022/14 and IFB1/2023/17 infrastructure bonds in an effort to raise Kshs 70.0 billion. The coupon rates are 13.9% and 14.4% respectively.

In the international market, yields on Kenya's Eurobonds decreased by an average of 16 basis points.

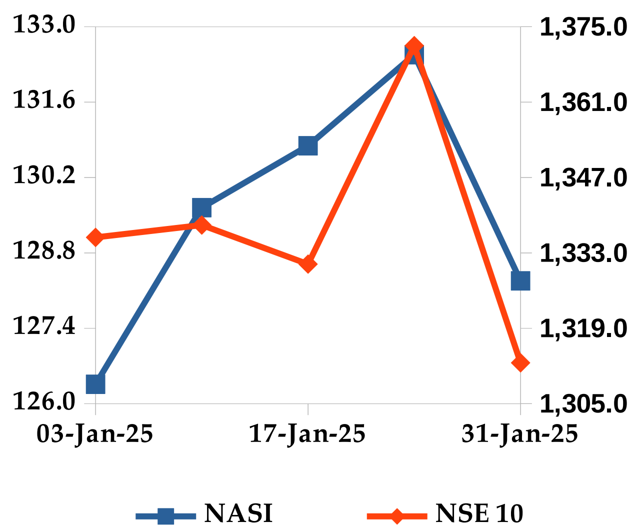
YIELD CURVE (%)



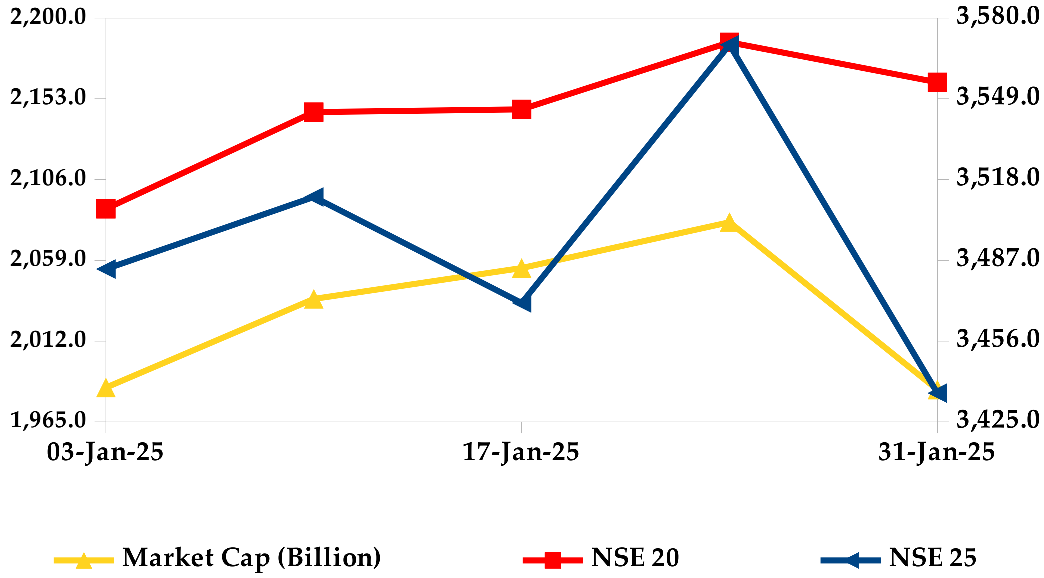
(B) Equities

NASI, NSE 20, NSE 25 and NSE 10 settled 3.9%, 7.6%, 1.0% and 0.8% higher respectively. The performance was as a result of gains recorded by large cap stocks such as EABL, KCB and Stanbic. This was however weighed down by the loss recorded by Equity. At the close of the month, market capitalization gained 2.3% to settle at Kshs 2.0 trillion. Total shares traded decreased by 23.5% to 632.2 million shares and equity turnover decreased by 66.9% to close at Kshs 9.6 billion.

NASI and NSE 10



Market Capitalization, NSE 20 and NSE 25



MONTHLY HIGHLIGHTS

- Inflation increased to 3.3% in January 2025 from 3.0% in December 2024. This was primarily driven by higher food and kerosene prices.
- Fitch Ratings maintained Kenya's sovereign credit rating at 'B-' with a Stable Outlook.
- Kenya's economy expanded 4.0% year-on-year in Q3 2024 from 4.6% in the previous quarter, according to the data by KNBS.
- RBA announced significant amendments to pension laws, including an increase in the tax-deductible contribution limit to Kshs 360,000 annually from Kshs 240,000.
- Kenya and the United Arab Emirates (UAE) signed a comprehensive trade agreement aimed at boosting bilateral trade.

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