



## Fund Objectives

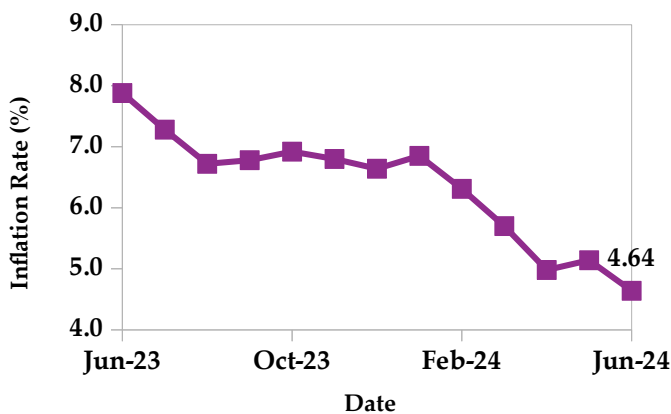
The fund seeks to generate maximum total return by investing in a diversified portfolio of securities offering current income and long-term capital growth.

- 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 decreased to 4.6% in June from 5.1% in May, driven by lower fuel prices. The food and non-alcoholic beverages index edged up 0.7%, driven by rising food prices. Despite a drop in gas and kerosene prices, the housing, water, electricity, gas and other fuels index increased by 0.4%, mainly due to an increase in electricity prices. Notably, the transport index decreased by 0.2%, driven by a decrease in petrol and diesel prices.

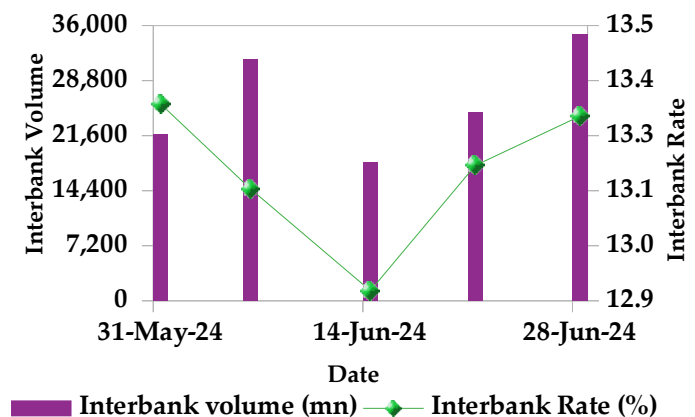


## Fund Facts

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 13.6% to 13.1%. The volume of inter-bank transactions increased from Kshs 20.0 billion to Kshs 24.1 billion. Commercial banks excess reserves decreased from Kshs 15.7 billion to Kshs 12.8 billion.



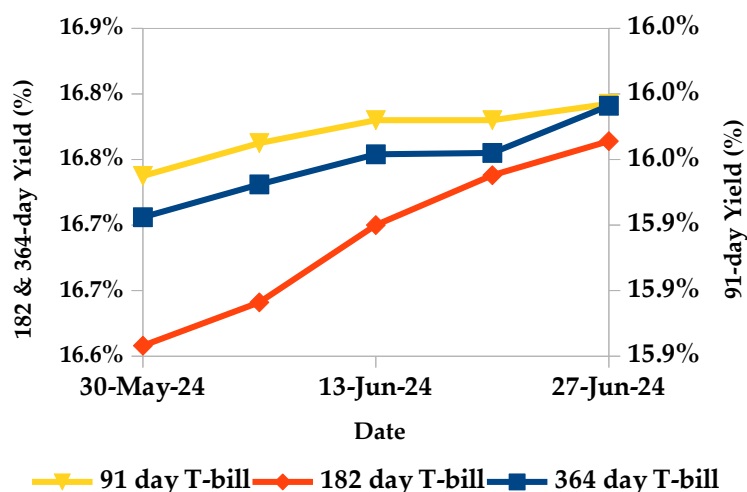
## MARKET OVERVIEW

### (A) Fixed Income

#### (1) T-Bills

T-bills recorded an overall subscription rate of 84.4% during the month of June, compared to 153.3% recorded in the previous month. The performance of the 91-day, 182-day and 364-day papers stood at 285.2%, 53.3% and 35.2% respectively. On a monthly basis, yields on the 91-day, 182-day and 364-day papers increased by 0.1%, 0.9% and 0.5% to 16.0%, 16.8% and 16.8% respectively.

#### T-BILLS



#### (2) T-Bonds

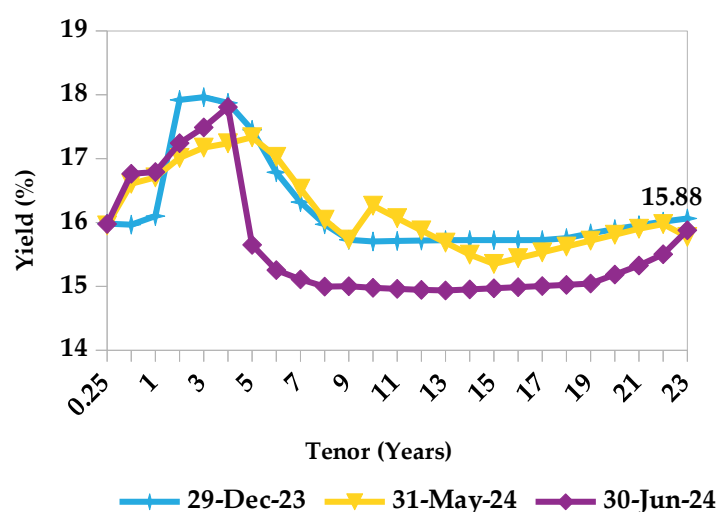
During the month, T-Bonds registered a total turnover of Kshs 97.3 billion from 2,522 bond deals. This represents a monthly decrease of 18.6% and 15.2% respectively. The yields on government securities in the secondary market decreased during the month of June.

In the primary bond market, CBK re-opened FXD1/2024/10 and FXD1/2008/20 bonds with a 16.0% and 13.8% coupons respectively, seeking to raise Kshs 30.0 billion. The Central Bank also re-issued FXD1/2023/02 bond through a tap sale which seeks to raise Ksh 20 billion with 17.0% coupon.

The CBK released auction results for the re-opened 2-year FXD1/2023/002 and 3-year FXD1/2024/003 which sought to raise KES 30.0 billion. CBK also released auction results for the re-opened FXD1/2023/005 and FXD1/2023/010 which sought to raise KES 30.0 billion. Additionally, CBK released auction results for the re-opened FXD1/2023/002, FXD1/2024/003, FXD1/2023/005 and FXD1/2023/010 through a tap sale which sought to raise KES 20.0 billion.

In the international market, yields on Kenya's Eurobonds increased by an average of 98 basis points.

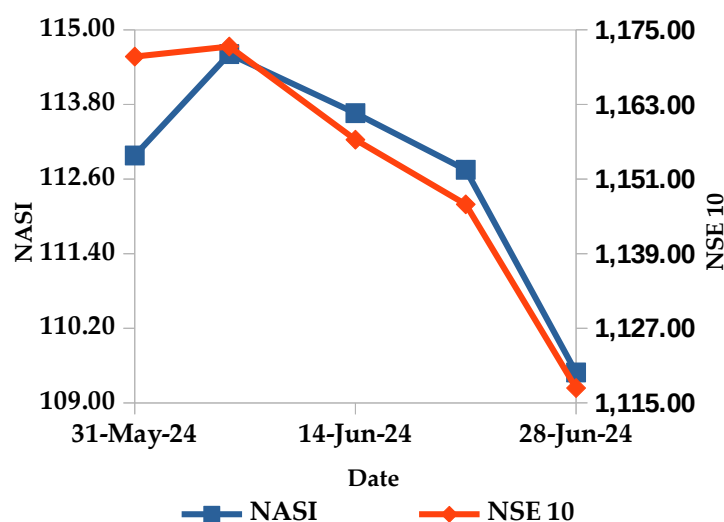
#### YIELD CURVE (%)



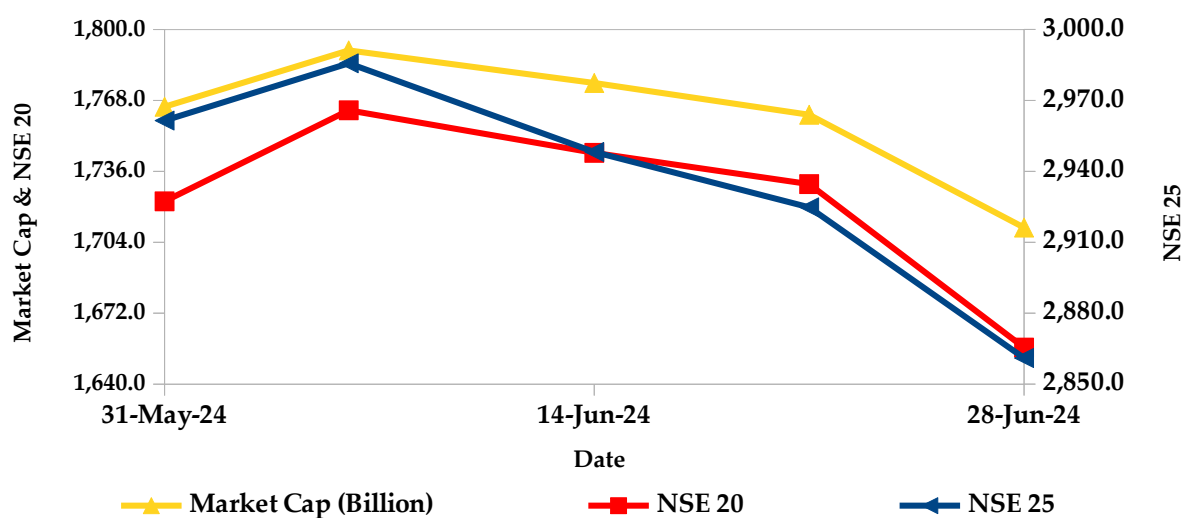
### (B) Equities

On a monthly basis, NASI, NSE 20, NSE 25 and NSE 10 settled 3.1%, 3.4%, 4.6% and 3.8% lower. The performance was as a result of losses recorded by large cap stocks such as KCB, EABL, Co-operative Bank and Safaricom. This was however mitigated by the gains recorded by Standard Chartered and Stanbic. At the close of the month, market capitalization lost 3.1% to settle at Kshs 1.7 trillion. Total shares traded increased by 10.3% to 562.2 million shares while equity turnover also decreased by 68.7% to close at Kshs 5.0 billion.

#### NASI and NSE 10



## Market Capitalization, NSE 20 and NSE 25



## MONTHLY HIGHLIGHTS

- The MPC retained the benchmark rate at 13% during its 5th June 2024 meeting.
- Inflation decreased to 4.0% in June from 5.1% in May. This was primarily attributed to lower fuel prices.
- The National Treasury tabled the Fiscal Year (FY) 2024/2025 budget to parliament. This budget outlines the government's spending plan for the period starting 1st July, 2024, to 30th June, 2025.
- The government withdrew the Finance Bill 2024 in response to public concerns, which aimed to raise Ksh 346 billion.

### ARIMA FUND

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