



Fund Objectives

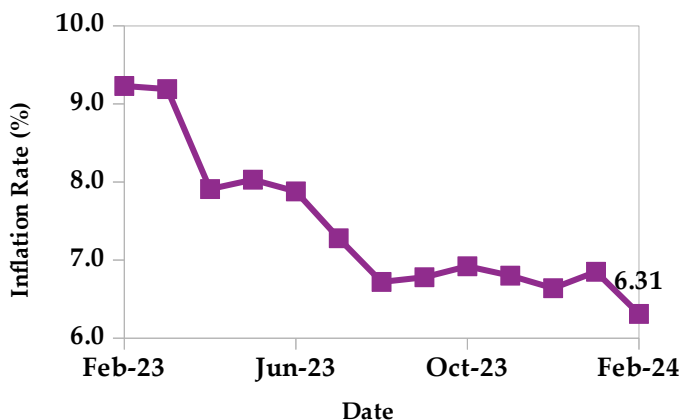
The fund seeks to generate maximum total return by investing in a diversified portfolio of securities offering current income and long-term capital growth.

- 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 6.3% in February from 6.9% in January, primarily driven by lower fuel and electricity prices. The food and non-alcoholic beverages index went up by 0.3%. The housing, water, electricity, gas and other fuels index decreased by 0.8%, mainly due to electricity costs and kerosene prices. Transport index increased by 0.9% despite a decrease in petrol and diesel prices.

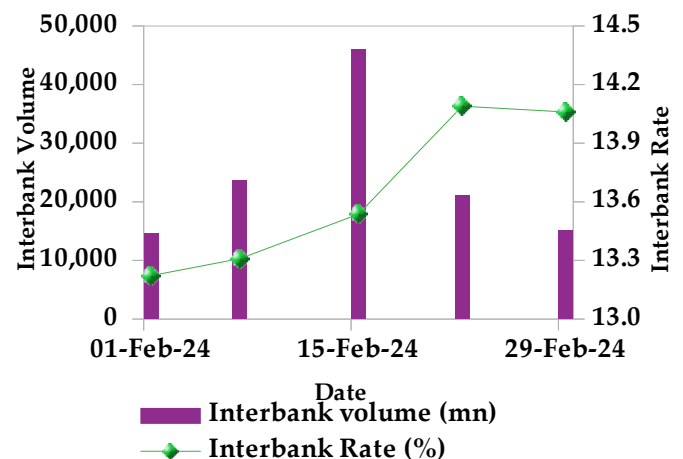


Fund Facts

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Structure	Private Investment Club
Risk Profile	Moderate
Custodian	Cooperative Bank

(B) Liquidity

Liquidity tightened as a result of tax remittances which more than offset government payments. The inter-bank rate increased from 13.4% to 14.1%. The volume of inter-bank transactions increased from Kshs 11.9 billion to Kshs 15.0 billion. Commercial banks excess reserves increased from Kshs 22.7 billion to Kshs 27.40billion.

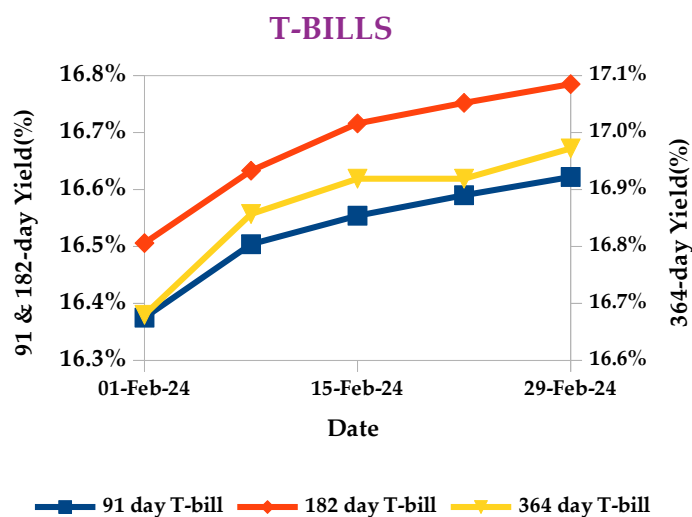


MARKET OVERVIEW

(A) Fixed Income

(1) T-Bills

T-bills recorded an overall subscription rate of 161.1% during the month of February, compared to 146.5% recorded in the previous month. The performance of the 91-day, 182-day and 364-day papers stood at 518.9%, 75.3% and 103.7% respectively. On a monthly basis, yields on the 91-day, 182-day and 364-day papers increased by 1.5%, 1.7% and 1.8% to 16.6%, 16.8% and 17.0% respectively.



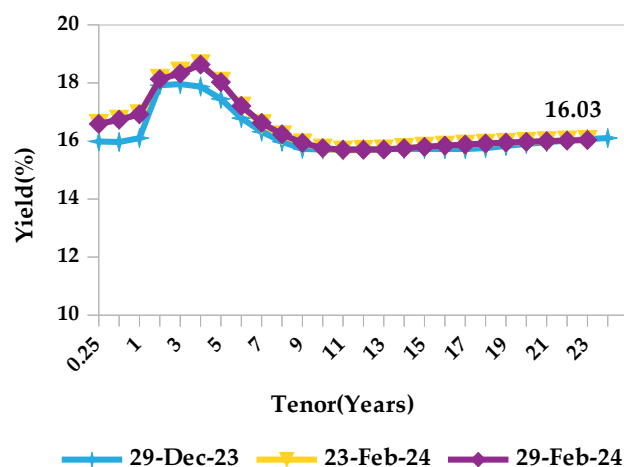
(2) T-Bonds

During the month, T-Bonds registered a total turnover of Kshs 271.0 billion from 3,204 bond deals. This represents a monthly increase of 332.4% and 50.3% respectively. The yields on government securities in the secondary market increased during the month of February.

In the primary bond market, CBK re-opened FXD1/2024/03 and FXD1/2023/05 and issued a new FXD1/2024/10, seeking to raise Kshs 40.0 billion from the three treasury bonds. The period of sale for the FXD1/2024/03 runs from 27/02/2024 to 06/03/2024 while FXD1/2023/05 and FXD1/2024/10 runs from 27/02/2024 to 20/03/2024 and their coupon rates are 8.39%, 16.84% and 16.00% respectively.

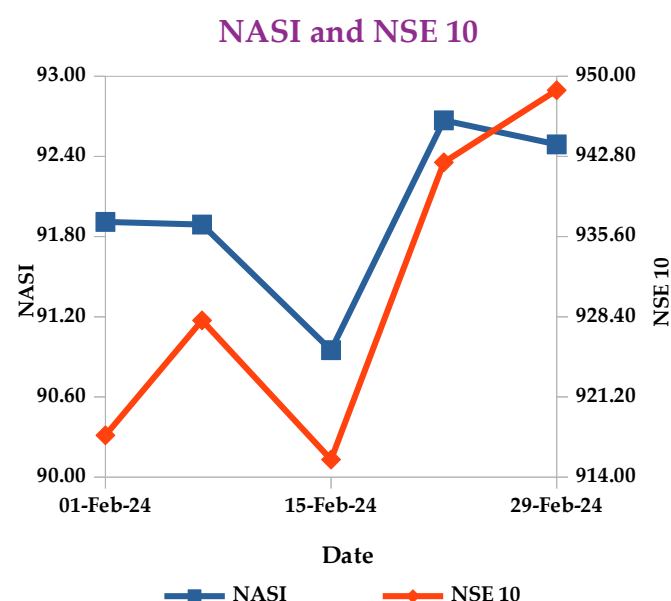
In the international market, yields on Kenya's Eurobonds decreased by an average of 69 basis points.

YIELD CURVE (%)

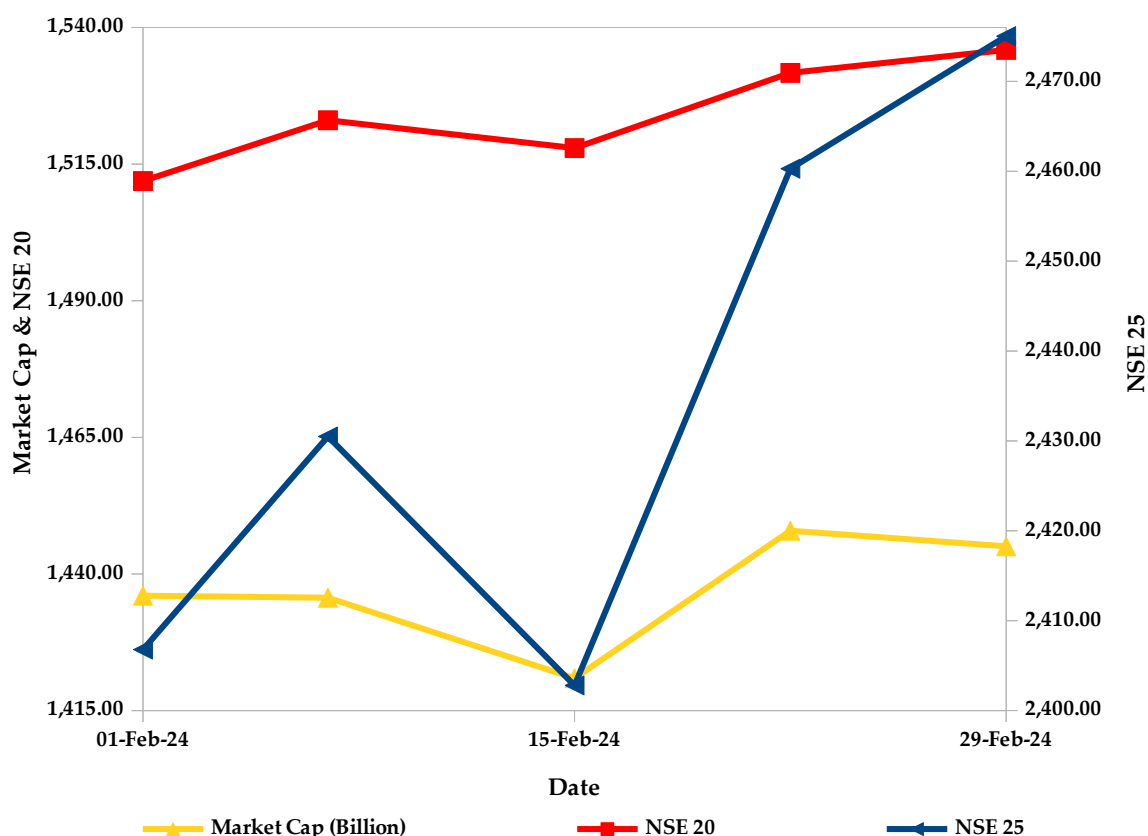


(B) Equities

On a monthly basis, NASI, NSE 20, NSE 25 and NSE 10 settled 0.34%, 1.79%, 2.73% and 3.45% higher. The performance was as a result of gains recorded by large cap stocks such as ABSA, Co-operative and Equity. This was however weighed down by the losses recorded by other large cap stocks such as Safaricom and Stanbic. At the close of the month, market capitalization gained 0.3% to settle at Kshs 1.5 trillion. Total shares traded increased by 82.3% to 276.0 million shares and equity turnover also increased 71.5% to close at Kshs 4.6 billion.



Market Capitalization, NSE 20 and NSE 25



MONTHLY HIGHLIGHTS

- The Monetary Policy Committee (MPC) of the Central Bank of Kenya increased its benchmark rate by 50 basis points to 13.0% at its meeting on February 6, 2024, following a significant 200 basis point hike in December.
- Inflation declined to 6.3% in February 2024, the lowest since March 2022, from 6.9% in January and below market expectations of 6.9%. This was primarily driven by lower fuel and electricity prices.
- Kenya has officially been placed on the Financial Action Task Force (FATF) "grey list," indicating increased monitoring to ensure compliance with international Anti-Money Laundering, Countering the Financing of Terrorism and Proliferation of Weapons of Mass Destruction (AML/CFT/CPF) obligations.

ARIMA FUND

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