



Fund Objectives

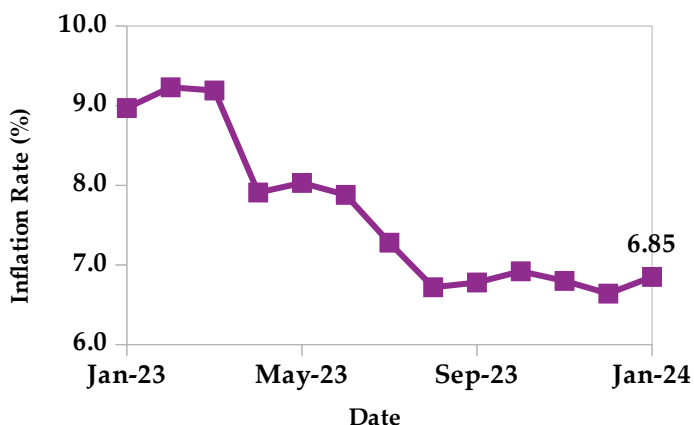
The fund seeks to generate maximum total return by investing in a diversified portfolio of securities offering current income and long-term capital growth.

- 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 increased to 6.9% in January from 6.6% in December, primarily driven by higher food prices. The food and non-alcoholic beverages index went up 0.4%, due to elevated food prices. The housing, water, electricity, gas and other fuels index edged up 1.6%, mainly due to heightened electricity costs. The transport index dropped 0.9% as a result of a decrease in petrol and diesel prices.

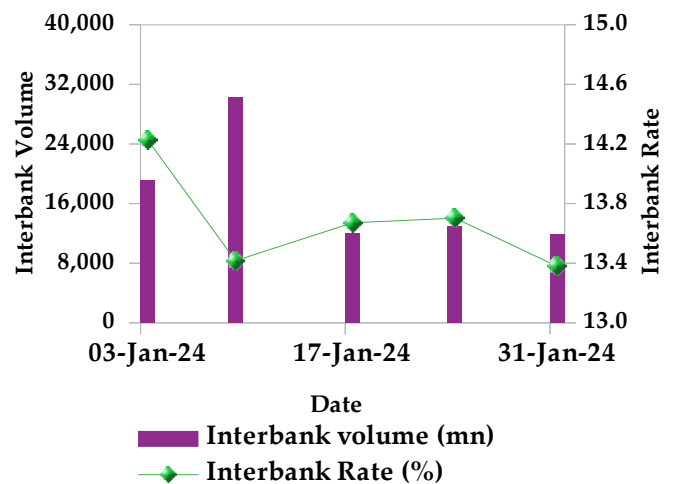


Fund Facts

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Structure	Private Investment Club
Risk Profile	Moderate
Custodian	Cooperative Bank

(B) Liquidity

Liquidity increased as a result of government payments which more than offset tax remittances. The inter-bank rate decreased from 14.4% to 13.4%. The volume of inter-bank transactions increased from Kshs 7.8 billion to Kshs 11.9 billion. Commercial banks excess reserves increased from Kshs 10.1 billion to Kshs 22.7 billion.

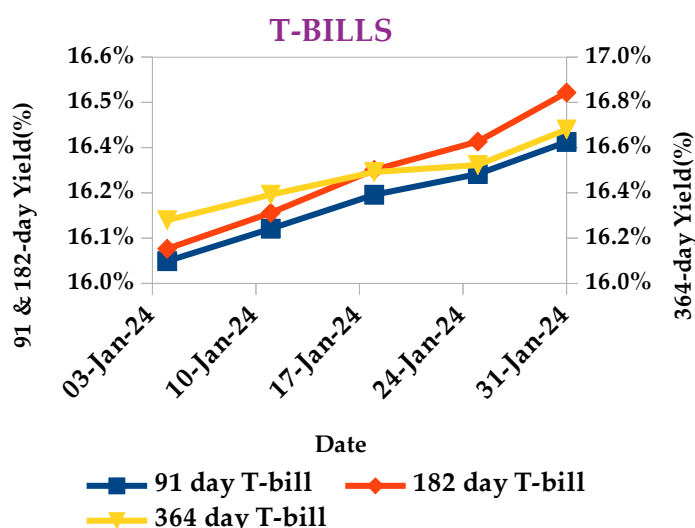


MARKET OVERVIEW

(A) Fixed Income

(1) T-Bills

T-bills recorded an overall subscription rate of 146.50% during the month of January, compared to 89.94% recorded in the previous month. The performance of the 91-day, 182-day and 364-day papers stood at 668.16%, 55.75% and 28.59% respectively. On a monthly basis, yields on the 91-day, 182-day and 364-day papers increased by 2.45%, 3.25% and 3.60% to 16.37%, 16.51% and 16.68% respectively as investors aggressively bid to compensate for a weaker Shilling and inflationary pressures.



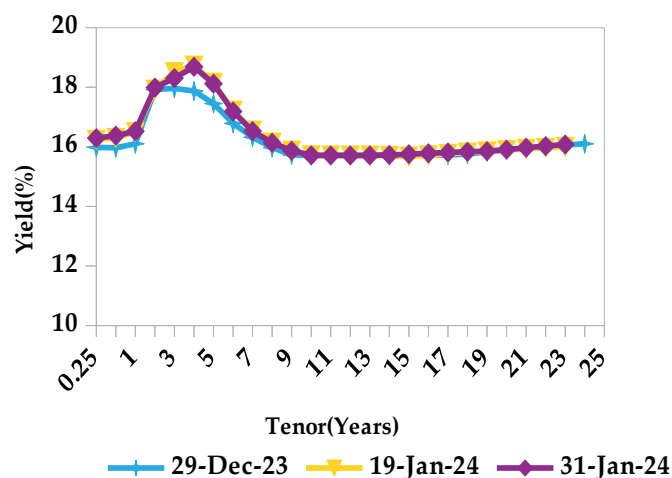
(2) T-Bonds

During the month, T-Bonds registered a total turnover of Kshs 47.3 billion from 1,736 bond deals. This represents a monthly decrease of 9.2% and 4.5% respectively. The yields on government securities in the secondary market increased during the month of January.

In the primary bond market, CBK re-opened FXD1/2024/03 and FXD1/2023/05 through a tap sale, which sought to raise Kshs 15.0 billion. Bids were accepted at a weighted average rates of 18.4% and 18.8% respectively. Additionally, the Central Bank issued a new 8.5-year infrastructure bond, IFB1/2024/8.5, seeking Kshs 70 billion. The bond coupon rate will be market determined.

In the international market, yields on Kenya's Eurobonds increased by an average of 47.20 basis points.

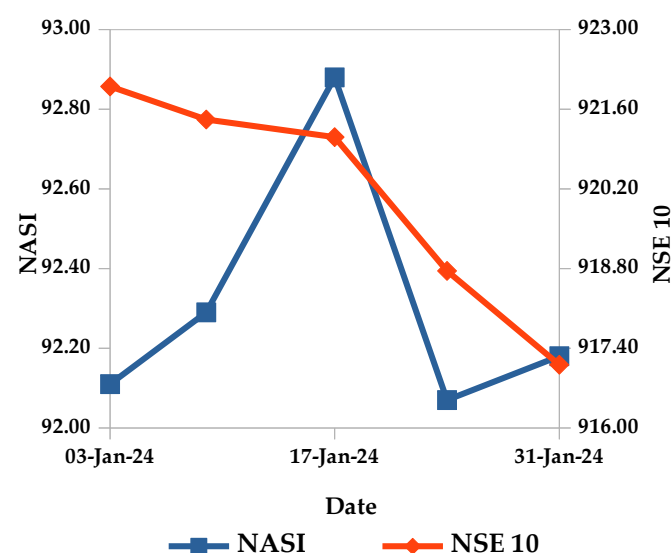
YIELD CURVE (%)

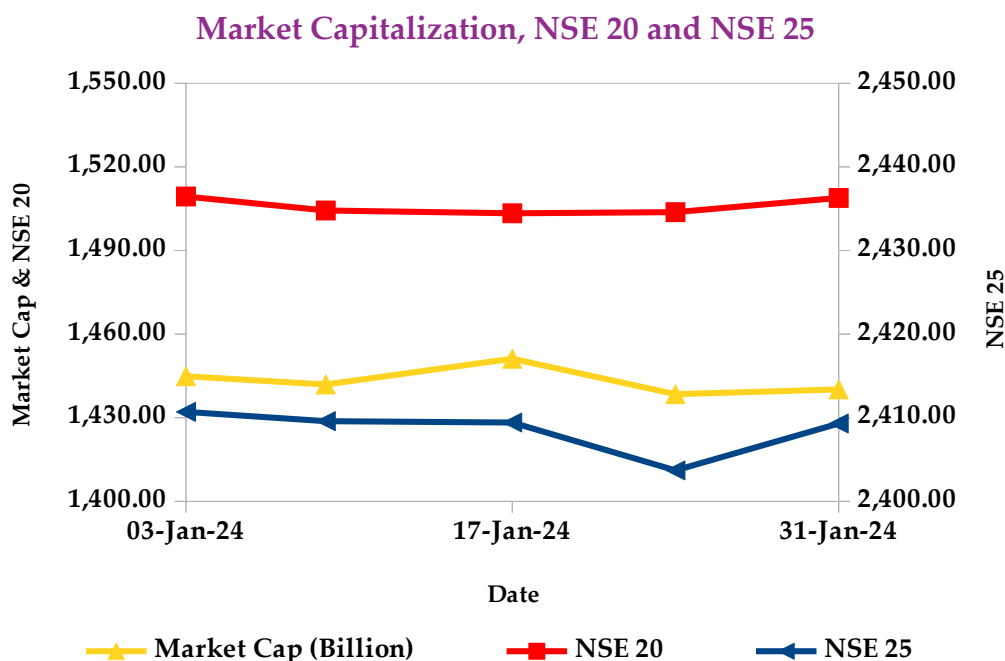


(B) Equities

On a monthly basis, NASI, NSE 20, NSE 25 and NSE 10 settled 0.08%, 0.51%, 1.22% and 1.06% higher. The performance was as a result of gains recorded by large cap stocks such as Equity, Co-operative and ABSA. This was however mitigated by the losses recorded by other large cap stocks such as KCB, EABL and NCBA. At the close of the month, market capitalization gained 0.1% to settle at Kshs 1.4 trillion. Total shares traded decreased by 39.3% to 121.4 million shares and equity turnover went down 30.7% to close at Kshs 2.1 billion.

NASI and NSE 10





MONTHLY HIGHLIGHTS

- Inflation rose to 6.9% in January 2024, up from a 1.5-year low of 6.6% in December 2023. This upsurge was driven by higher food, gas and electricity prices.
- The Court of Appeal rejected the state's application to stay the decision made by the High Court on the Finance Act ruling, implying that the 1.5% housing levy, remains suspended until the appeal's final outcome.
- The government revised upwards NSSF deductions. Tier I deductions will rise from Kshs 360 to Kshs 420 while Tier II will see a more substantial increase, from Kshs 720 to Kshs 1,740.

ARIMA FUND

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