



Fund Objectives

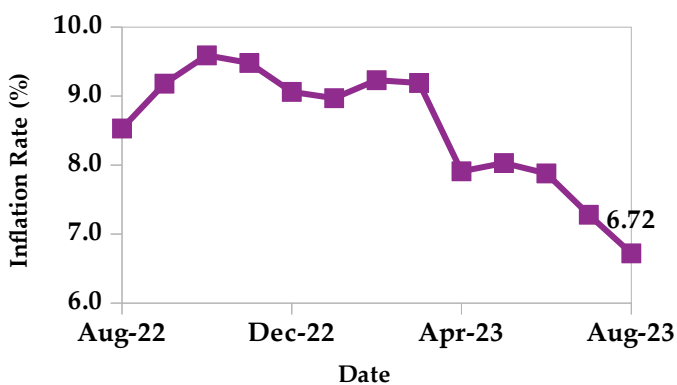
The fund seeks to generate maximum total return by investing in a diversified portfolio of securities offering current income and long-term capital growth.

- 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 declined to 6.7% in August from 7.3% in July. This was mainly attributed to reduced food prices. The food and non-alcoholic beverages index dropped 0.5%. The housing, water, electricity, gas and other fuels index remained the same due to lower cost of gas which offset the increase in electricity prices. However, the transport index rose by 0.3%, driven by a hike in fare prices.

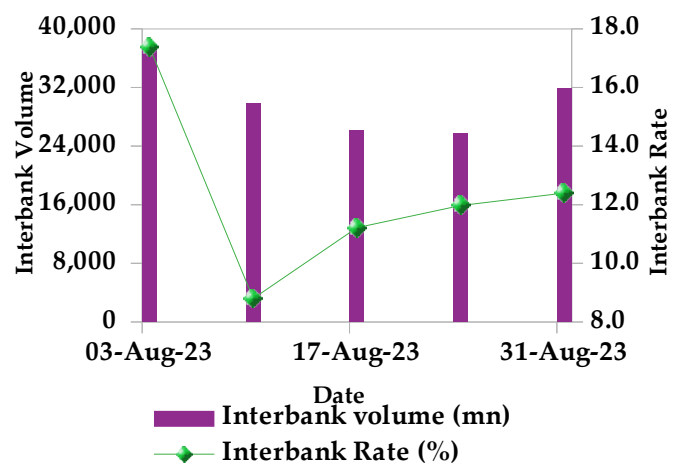


Fund Facts

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Structure	Private Investment Club
Risk Profile	Moderate
Custodian	Cooperative Bank

(B) Liquidity

Liquidity increased during the month as a result of government payments which more than offset tax remittances. The inter-bank rate decreased from 16.6% to 12.4%. The volume of inter-bank transactions increased from Kshs 18.1 billion to Kshs 31.9 billion. Commercial banks excess reserves declined from Kshs 18.1 billion to Kshs 14.9 billion.

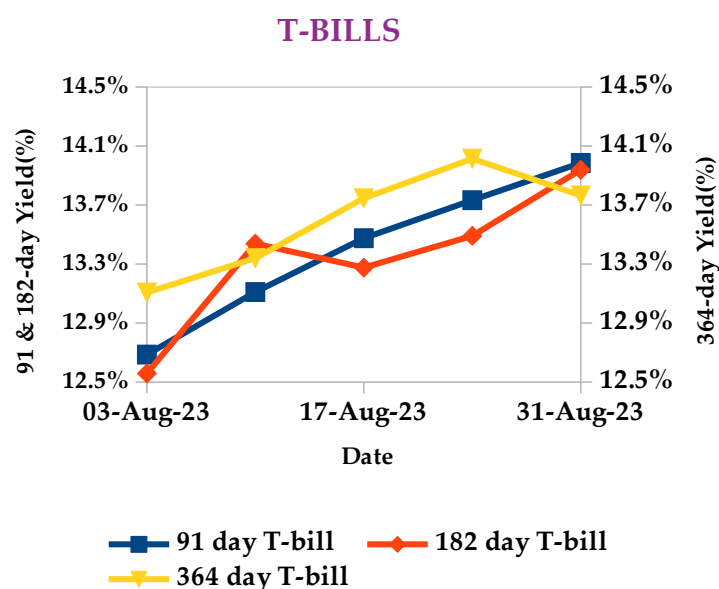


MARKET OVERVIEW

(A) Fixed Income

(1) T-Bills

T-bills recorded an overall subscription rate of 125.1% in the month of August, compared to 120.0% recorded in the previous month. The performance of the 91-day, 182-day and 364-day papers stood at 632.6%, 34.0% and 13.1% respectively. On a monthly basis, yields on the 91-day, 182-day and 364-day papers increased by 13.2%, 12.5% and 8.2% to 14.0%, 13.9% and 13.8% respectively as investors aggressively bid to compensate for a weaker Shilling and inflationary pressures.



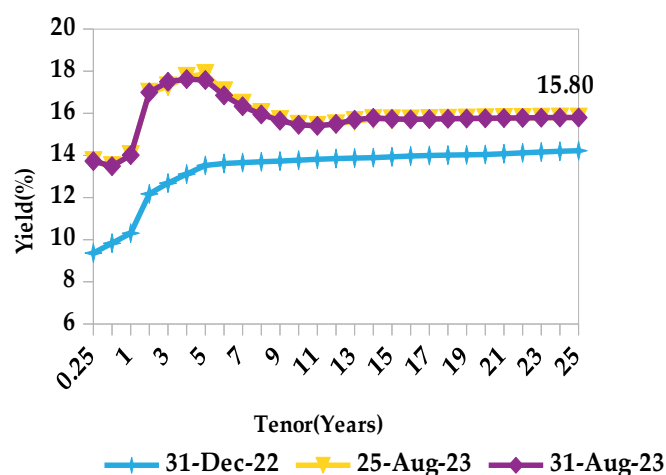
(2) T-Bonds

During the month, CBK issued a new FXD1/2023/2 bond and reopened FXD1/2023/5 bond with an effective tenor of 4.9 years, seeking to raise Kshs 40.0 billion from the two papers. Additionally, the Central Bank reopened the same bonds through a tap sale seeking to raise Kshs 21.0 billion with coupon rates of 16.97% and 16.84% respectively.

T-Bonds registered a total turnover of Kshs 55.9 billion from 2,363 bond deals. This represents a monthly decrease of 4.4% and 6.1% respectively. The yields on government securities in the secondary market increased during the month of August.

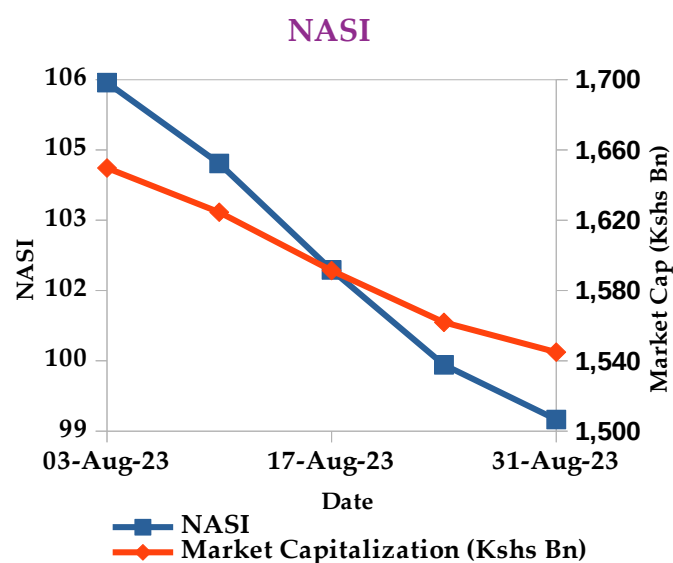
In the international market, yields on Kenya's Eurobonds increased by an average 85 basis points.

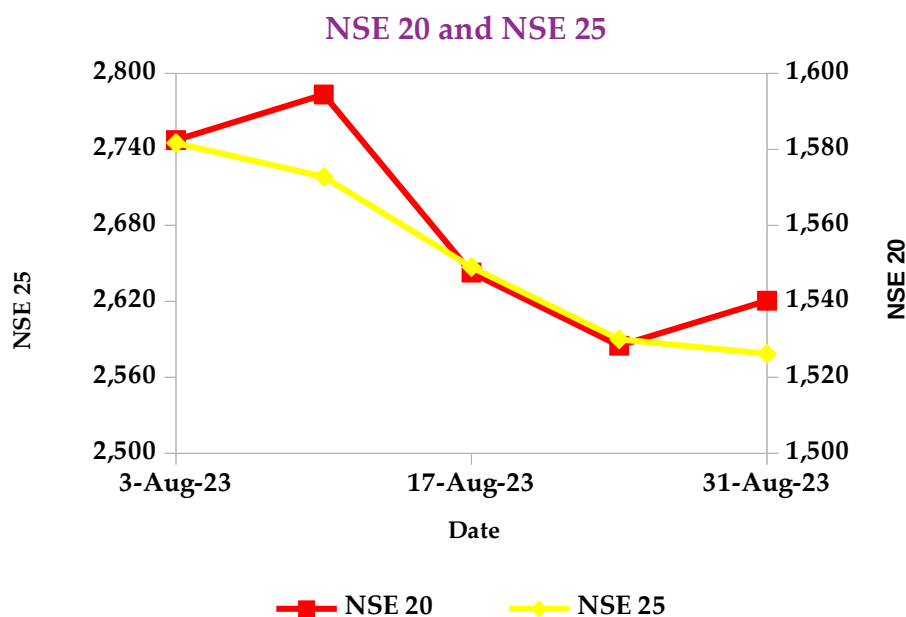
YIELD CURVE (%)



(B) Equities

On a monthly basis, NASI, NSE 20 and NSE 25 settled 5.9%, 2.4% and 5.5% lower. The performance was as a result of losses recorded by large-cap stocks such as KCB, Safaricom and ABSA. At the close of the month, market capitalization lost 6.0% to settle at Kshs 1.5 trillion, total shares traded decreased by 1.3% to 407.4 million shares and equity turnover dropped 18.3% to close at Kshs 5.4 billion.





MONTHLY HIGHLIGHTS

- Inflation declined for the third consecutive month to 6.7% in August from 7.3% in July, owing to easing food prices.
- MPC of the Central Bank of Kenya (CBK) retained the lending rate at 10.50%, noting that the impact of the June 2023 tightening of monetary policy to anchor inflationary expectations was still working its way through the economy.
- Safaricom received approval from the CBK to increase the M-PESA account limit to Kshs 500,000. The daily transaction limit has also been increased to Kshs 500,000. The current per-transaction limit of Kshs 150,000 will remain in place, but customers will be able to make as many transactions as they need to up to the daily limit of Kshs 500,000.
- The MPC approved an interbank interest rate corridor around the Central Bank Rate (CBR) set at $CBR \pm 2.5\%$, as well as changes to the terms and conditions for the facility, including reducing interest rate on the facility from 600 bps above the CBR to 400 bps above the CBR, improving access to the CBK Discount (Overnight) Window facility.