



Fund Objectives

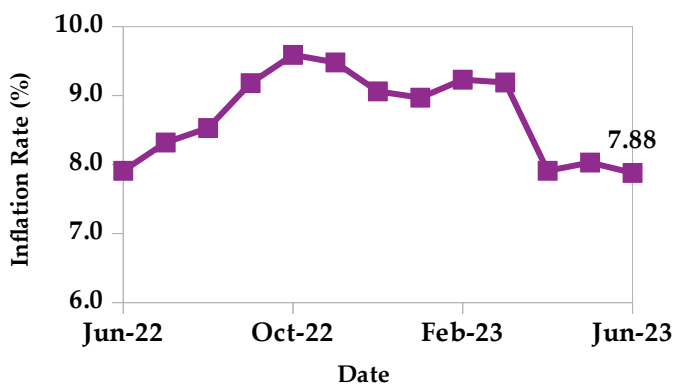
The fund seeks to generate maximum total return by investing in a diversified portfolio of securities offering current income and long-term capital growth.

- 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 slightly declined to 7.9% in June from 8.0% in May. This was attributed to lower LPG prices. The food and non-alcoholic beverages index rose 1.3% in June, reflecting higher sugar and vegetables prices. The housing, water, electricity, gas and other fuels index edged 0.6% higher due to a 4.2% rise in electricity prices. The transport index marginally increased by 0.2% as a result of hiked fare prices.

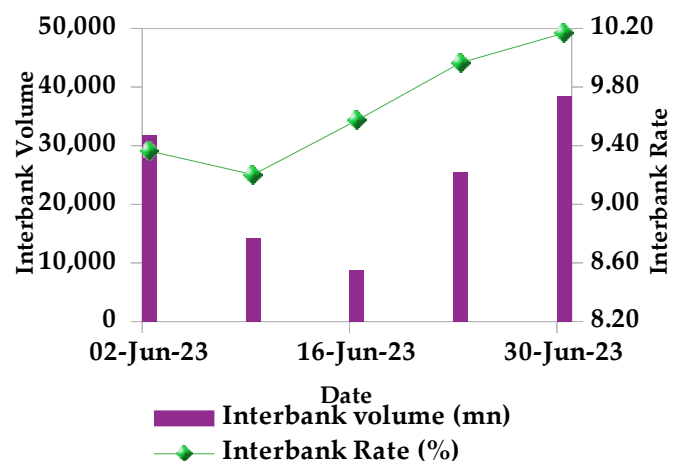


Fund Facts

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Structure	Private Investment Club
Risk Profile	Moderate
Custodian	Cooperative Bank

(B) Liquidity

Liquidity tightened during the month as a result of tax remittances which more than offset government payments. The inter-bank rate increased to 10.2% from 9.4%. The volume of inter-bank transactions increased to Kshs 38.5 billion from Kshs 25.1 billion. Commercial banks excess reserves rose from Kshs 26.1 billion to Kshs 59.3 billion.

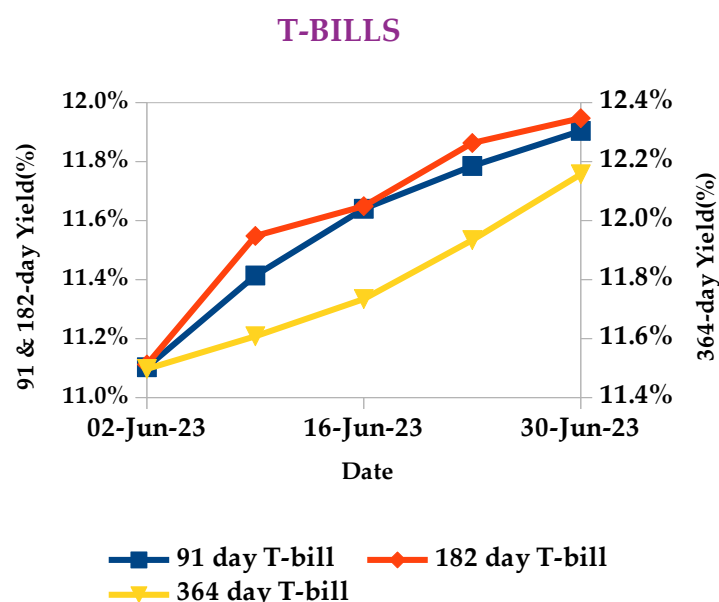


MARKET OVERVIEW

(A) Fixed Income

(1) T-Bills

T-bills recorded an overall subscription rate of 86.8% in the month of June, compared to 135.4% recorded in the previous month. The performance of the 91-day, 182-day and 364-day papers stood at 422.3%, 18.6% and 20.7% respectively. On a monthly basis, yields on the 91-day, 182-day and 364-day papers increased by 9.9%, 7.5% and 6.1% to 11.9%, 12.0% and 12.2% respectively as investors aggressively bid to compensate for a weaker Shilling and inflationary pressures.



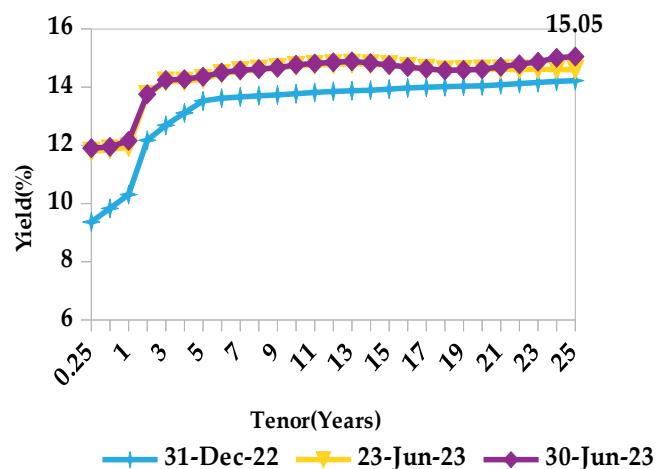
(2) T-Bonds

During the month, CBK reopened the 3-year fixed coupon treasury bond; FXD1/2023/003 through a tap sale, seeking to raise 15.0 billion at a 14.2% coupon rate.

T-Bonds registered a total turnover of Kshs 49.9 billion from 2,801 bond deals. This represents a monthly decline of 22.11% and increase of 64.19% respectively. The yields on government securities in the secondary market increased during the month of June.

In the international market, yields on Kenya's Eurobonds increased by an average 122 basis points.

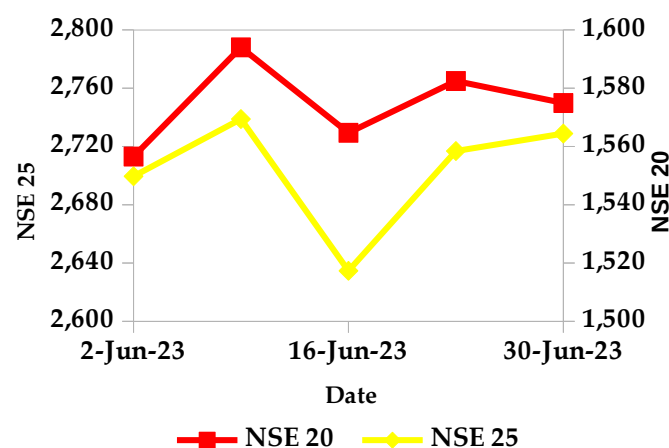
YIELD CURVE (%)



(B) Equities

On a monthly basis, NASI, NSE 20 and NSE 25 settled 3.2%, 1.8% and 2.4% higher. The performance was as a result of gains recorded by large-cap stocks such as Stanbic, Safaricom and ABSA which were weighed down by a loss recorded by KCB. At the close of the month, market capitalization gained 3.2% to settle at Kshs 1.7 trillion, total shares traded decreased by 15.5% to 259.2 million shares and equity turnover dropped 10.0% to close at Kshs 4.8 billion.

NSE 20 and NSE 25



MONTHLY HIGHLIGHTS

- The MPC of the Central Bank raised the lending rate from 9.50% to 10.50%, in response to the need for further tightening to anchor inflation expectations and the potential impact of elevated global risks on the domestic economy.
- Inflation slightly declined to 7.9% in June 2023 from 8.0% in May 2023, mainly driven by lower lpg prices.
- EPRA in response to the rise in VAT to 16% increased the maximum pump prices of super petrol, diesel and kerosene by Kshs 13.49, Kshs 13.39 and Kshs 11.96 to Kshs 195.53, Ksh 179.67 and Ksh 173.44 per litre respectively effective from 1st July to 14th July 2023.
- The government approved the conversion of the country's debt ceiling from Kshs 10 trillion to a debt anchor threshold of 55% of GDP in present value terms which includes a buffer of up to 5% to accommodate the existing debt threshold to GDP, which currently stands at 60%.