

Market Commentary

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Portfolio Manager



The major stocks listed on the Nairobi Securities Exchange (NSE) registered mixed results in August. Foreign investor exits at the NSE sustained as developed market central banks continued to raise interest rates to combat rising inflation. However, the double-digit earnings growth reported by most banks for 1H2022 provided some reprieve.

Index	Aug-22	Jul-22	Monthly Chg	Ytd
NAI	137	141	-2.5%	-17.4%
NSE 20	1,751	1,701	2.9%	-8.0%
NSE 25	3,254	3,275	-0.6%	-13.1%
Equity turnover (USDm)	45	67	-33.9%	-31.3%
Net foreign flows (USDm)	(14)	(25)		

The Central Bank auctioned 3-year, 7-year and 19-year treasury bonds at interest rates of 12.44%, 13.88% and 13.96% respectively. The bond sale recorded a 98% subscription rate as CBK received bids worth KES49bn out of KES50bn on offer. Meanwhile, the increase in secondary market bond yields moderated in August. Yields on short term bond rose while medium term and long term bond rates declined month-on-month.

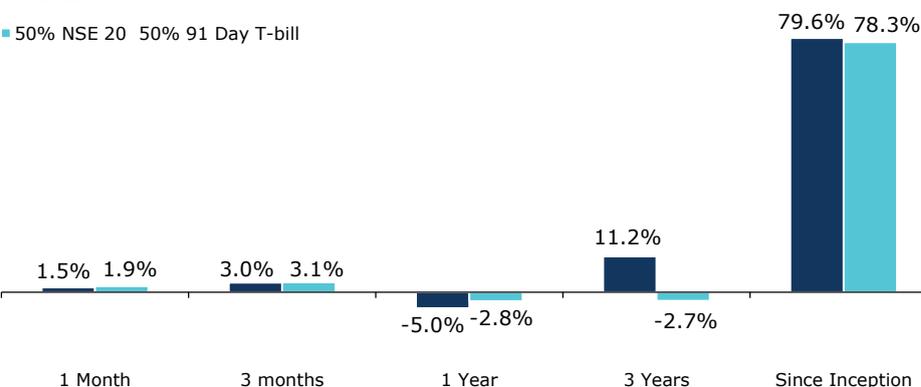
What does this mean for the Growth Fund?

Higher prices on select major stocks are positive for the equities portion of the fund. In the near term, global investor sentiment will continue to be a significant driver of NSE price movement far more than any underlying prospects of the listed firms. Therefore, we shall remain vigilant on the global economic challenges whilst we scout for opportunities. Our strategy will allow us to deliver competitive long term equity returns. In the fixed income segment, bond rates are likely to face upward pressure from rising inflation and further USD-KES weakness. However, Central Bank's strategy of maintaining stable interest rates by rejecting aggressive investor bids is likely to mitigate a sharp spike in bond yields. The rising interest rate environment presents an opportunity to acquire government treasuries at attractive yields. We shall take advantage of the prevailing environment to increase our trading activities in the primary and secondary markets in a bid to enhance the fixed income return.

Fund Performance

■ ICEA LION Growth Fund

■ 50% NSE 20 50% 91 Day T-bill



Fund Facts

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Fund Size

KES 305 Million

Inception Date

October 2007

Fund Manager



Custodian



Trustee



Auditor



Minimum Investment

KES 500/=

Minimum Top Up

No Limit

Management Fees
2%

Fund Objective



Achieve long term capital growth

Initial Fees

0%

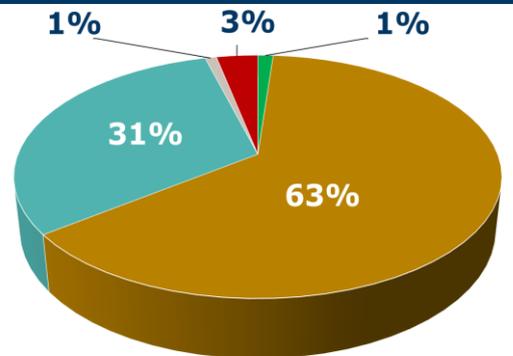
Risk Profile



Benchmark

50% NSE 20 Share Index 50% 91 day T-bill

Fund Assets



■ Corporate bonds ■ T-bonds ■ Equities ■ Deposits ■ Cash

Disclaimer: Past performance is not necessarily a guide to future performance. There are no guarantees on the investor's capital as the value of investments can fall as well as rise depending on the performance of underlying investments.

All returns are inclusive of distribution income, net of fund management fees and gross of withholding tax.