

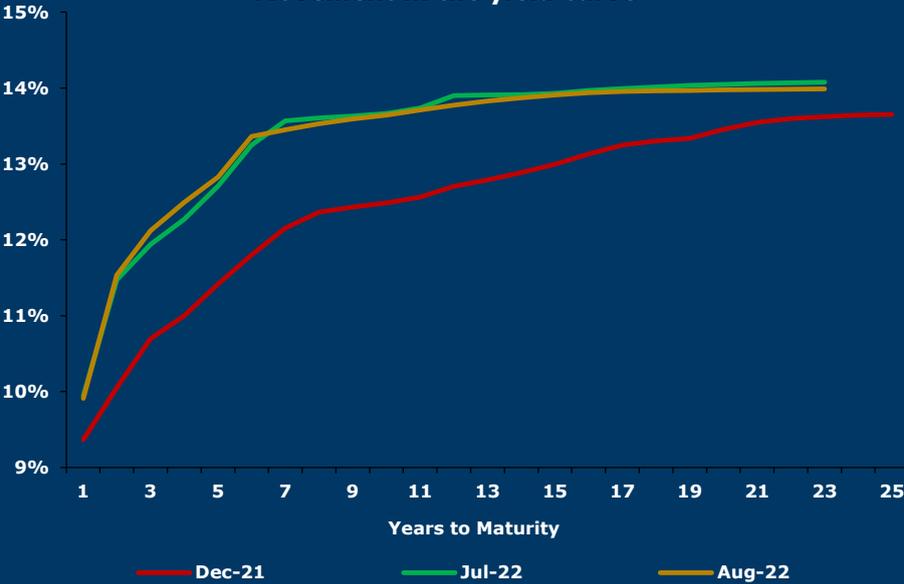
Market Commentary

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Portfolio Manager



The Central Bank auctioned 3-year, 7-year and 19-year treasury bonds at interest rates of 12.45%, 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.

Movement in the yield curve



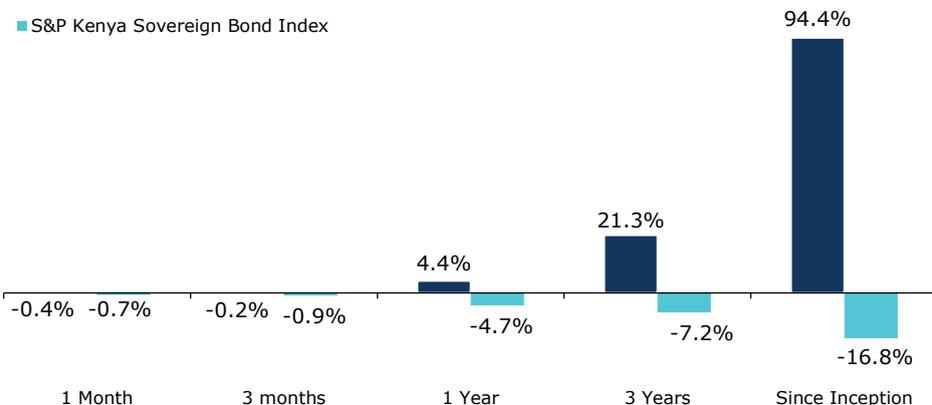
The increase in bond yields moderated in August. Yields on short term bond rose while medium term and long term bond rates declined month-on-month.

What does this mean for the Bond Fund?

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 return of the ICEA LION Bond Fund.

Fund Performance

■ ICEA LION Bond Fund
■ S&P Kenya Sovereign Bond Index



Fund Facts

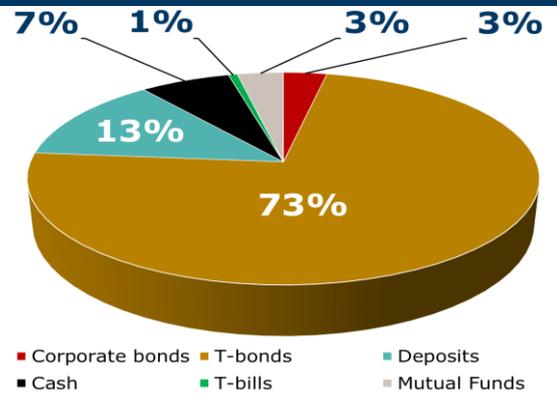
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Fund Size

KES 71 Million

Inception Date October 2010	Fund Manager ICEA LION ASSET MANAGEMENT Investment Security	Custodian Standard Chartered
Trustee KCB	Auditor Deloitte.	Minimum Investment KES 500/=
Minimum Top Up No Limit	Management Fees 2%	Fund Objective Achieve long term capital growth and a reasonable level of income
Initial Fees 0%	Risk Profile MEDIUM	Benchmark S&P Kenya Sovereign Bond Index

Fund Assets



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.