

## Britam Imarika Fund Commentary 31 August 2017

### Markets Review

- **Inflation: Inflation rose to 8.04% in August 2017 rising from 7.47% recorded in July 2017.** The rate was recorded at 9.21% in June 2017. The rise in inflation was due to notable increase in the cost of some food items occasioned by depressed supply especially in the second week of the month. The Food and Non-Alcoholic Drinks' Index increased by 1.04% in August alone.
- **Equities Market:** The NSE-20 share index gained 229.59 points in the month of August to cross the 4000 point mark. The NSE-20 share index closed the month at 4,027.12 points marking a 26% increase year to date. The NSE All Share Index (NASI) also rallied in August gaining 7.81 points to close the month at 169.16 points. The NSE-20 share index is up 7.81% year to date.
- **Fixed Income market:** There was a slight upward movement on the yield curve in the month. The curve rose by an average of 0.12% in August. In the August 2017 primary auction, the Central Bank of Kenya (CBK) offered KES 30Bn of FXD1/2017/5 and FXD1/2017/10 (Re). Subscriptions for both papers totaled KES 26.668Bn and the CBK took up KES 17.589Bn at an average rate of 12.465% for the 5-year paper and 12.966% for the 10-year bond.
- **Money Markets:** Short-term interest rates as indicated by the 91-Day, 182-Day and 364-Day Treasury bill rates changed little in the month. The 91-Day shed 0.054% in the month to close August at 8.148%. The 182-Day rate declined marginally falling 0.007% to settle at 10.314% while the 364-Day Treasury bill rose to close the month at an average of 10.909% recording an increase of 0.015%. The average interbank rate, which is the rate at which banks lend to each other over a short period of time, dropped to 5.101% at the close of August from 8.5404% average at the beginning of the month.

### Imarika Fund Performance

The Fund has returned 7.6% year to date, implying an annualized return of 13.6%.

### Outlook and Strategy

We continue to monitor the market looking for attractive opportunities while taking into account the impact of political developments on macroeconomic and investment markets outlook.

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