

Britam Imarika Fund Commentary 31 October 2017

Markets Review

- **Inflation: Annual inflation fell to 5.72% in October 2017 from 7.06% recorded in September 2017.** The rate is the lowest recorded since May 2016. The fall was mainly due to a drop in food prices on account of favorable weather conditions. The Food and Non-Alcoholic Drinks' Index decreased by 1.78% between September and October 2017. Food inflation dropped to 8.47% in October 2017.
- **Equities Market:** The equities indices recorded mixed performance in the month. While the NSE-20 share index decreased, the NSE All Share Index (NASI) recorded improved performance. The NSE-20 share index fell by 34.74 points in October to close the month at 3,716.72 points marking a 0.73% drop. The index is however up 16.65% since the start of the year. The NSE All Share Index (NASI) increased slightly in October by 1.17 points representing an increase of 0.72% in the month. Year to date, the NASI is up 22.53%.
- **Fixed Income market:** The yield curve remained largely unchanged within the month falling by just 0.09%. The month's primary action saw reduced participation amid heightened political uncertainty in the country. Out of the KES 30Bn of FXD2/2017/5 offered by the Central Bank of Kenya (CBK), total bids received were KES 20.08Bn. The CBK accepted KES 13.50Bn at an average rate of 12.517%.
- **Money Markets:** Short-term interest rates as indicated by the 91-Day, 182-Day and 364-Day Treasury bill rates recorded slight movements in October. The 91-Day fell by 0.120% to close the month at 8.011%. The 182-Day rate rose 0.070% to settle at 10.389% while the 364-Day Treasury bill rose to close the month at an average of 10.989% recording an increase of 0.030%. The average interbank rate, which is the rate at which banks lend to each other over a short timeframe, rose to 8.7651% at the close of October from 8.161% average recorded at the end of September.

Imarika Fund Performance

The Funds annualized return is 13.54%.

Outlook and Strategy

The market remains appealing amid the current political uncertainty. The portfolio has been structured to withstand any transient political related shocks. We continue to monitor and take-up attractive investment opportunities to maximize investment return.

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