

Britam Imarika Fund Commentary 31 July 2017

Markets Review

- **Inflation: Inflation dropped to 7.47% in July 2017** from 9.21% recorded in June 2017 and 11.70% in May 2017. The drop is mainly on account a fall in the Food and Non-Alcoholic index that decreased by 2.05% in June 2017. Annual food inflation dropped to 12.19% in July 2017 from 15.81% recorded in the previous month as government intervention aimed at containing staple food prices and good weather conditions in some parts of the country contributed to the fall.
- **Equities Market:** The NSE All Share Index (NASI) continued its rally in July 2017 to reach 133.34 points marking a 21.01% increase year to date. The NSE-20 share index is up 19.19% year to date closing the month at 3,797.53 points from 3,186.21 points as at close of 2016.
- **Fixed Income market:** The yield curve remained largely unchanged in the month dropping by an average of 0.01% across the curve. The Central Bank of Kenya (CBK) in its July 2017 Treasury bond primary auction offered KES 30Bn of FXD1/2017/10. Subscriptions for the paper were just KES 19.043Bn and the CBK took just KES 5.190Bn at an average rate of 12.966% as it continued to reject aggressive bids. The yields range between 10.89% and 13.80% across the yield curve.
- **Money Markets:** Short-term rates recorded mixed performance in July 2017. While the 91-Day, 182-Day and 364-Day Treasury bill rates remained stable, the interbank rate, which is the rate of interest banks charge each other for short term loans, rose. The 91-Day rate closed the month at 8.202% from 8.284% at the beginning of the month. The 182-day and 364-day papers remained largely unchanged to close the month at 10.321% and 10.894% respectively. The interbank rate rose to 7.1819% on 25 June 2017 from 4.7966% recorded at the end of June 2017.

Imarika Fund Performance

The Fund has returned 6.4% year to date, implying an annualized return of 13.5%.

Outlook and Strategy

We remain cautiously optimistic as we head into the general elections. The portfolio has been structured to withstand any short-term election related shocks. We continue to monitor and take-up attractive investment opportunities to maximize investment return.

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