

Britam Imarika Fund Commentary 31 January 2018

Markets Review

- **Annual inflation rose to 4.83% in January 2018 from 4.50% recorded in December 2017.** The increase was due to a rise in food prices, that saw the Food and Non-Alcoholic drinks index going up by 1.69%, and an increase in the Housing, Water, Electricity, Gas and other fuels' index, which rose by 0.90% in January compared to December 2017.
- **Short-term interest rates as indicated by the 91-Day, 182-Day and 364-Day Treasury bill rates showed varied movement in January.** While the 91-Day and 182-Day Treasury bills remained fairly stable, dropping by just 0.001% and 0.019% respectively, the 364-Day T-bill rose by 0.031% to close the month at 11.159%.
From the KES 24.00Bn offered by the Central Bank in the last Treasury bill issue of January 2018, the Central Bank received bids worth KES 28.03Bn and took up KES 25.63Bn.
The 91-Day closed the month at 8.004% while the 182-Day closed January 2018 at an average of 10.564%, slightly lower than the 364-Day which averaged 11.159%.
- **Fixed Income markets interest rates dropped within the month falling by an average of 0.56%.** In the January 2018 bond auction, the Central Bank of Kenya offered KES 40.0Bn of IFB1/2018/15. Bids received totaled KES 55.76Bn 2017 at a weighted average rate of 13.026%. The Central Bank took up just KES 5.04Bn at an average rate of 12.505% before offering investors an opportunity to invest in the paper through a tap sale.
- **Equities markets rose during the month;** the NSE-20 Share Index increased by 25.33 points to close the month at 3,737.27 points. The index is up 0.68% since the start of the year. The NSE All Share Index (NASI) increased by 9.40 points in January to close at 180.60 points. Year to date, the NASI is up 5.49%.

Imarika Fund Performance

The Funds annualized return stands at 13.51% pa.

Outlook and Strategy

We seek to ensure a sustained performance in the Long-run by ensuring we take guided investment decisions. We target a well-diversified balanced asset allocation to drive returns and ensure capital protection. We understand that with carefully selected and diversified securities, we can maximize risk-adjusted returns and ensure market beating returns. We continue to take advantage of higher interest rate regime and careful selection within the Equities market.