

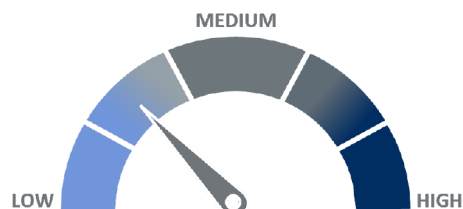
General Fund Information

Fund Structure	CIS
Region	Kenya
Currency	KES
Asset Class	Fixed Income
Portfolio Manager	AA Kenya Investment Team
Headline Fee	2.00%
TER (includes Headline Fee)	0.03%
Initial Fee	2.5%
Distribution Frequency	Semi-annually
Launch Date	May 19, 2005
Financial Year End	December
Minimum Lump Sum Investment	100,000.00
Risk Rating	Medium-Low
Net Asset Value (NAV)	10.22
Assets Under Management (AUM)	370,798,614.00

Fund Objective

The primary objective of this Fund is to outperform a regular short-term money market investment over time. The Fund aims to provide maximum income and relative capital stability from a portfolio of Kenyan interest-bearing investments. It aims to pay out a high level of income without putting the investor's money at undue risk, although there will be a degree of price fluctuation caused by movements in the bond market.

Risk Rating



Gross Performance (%)

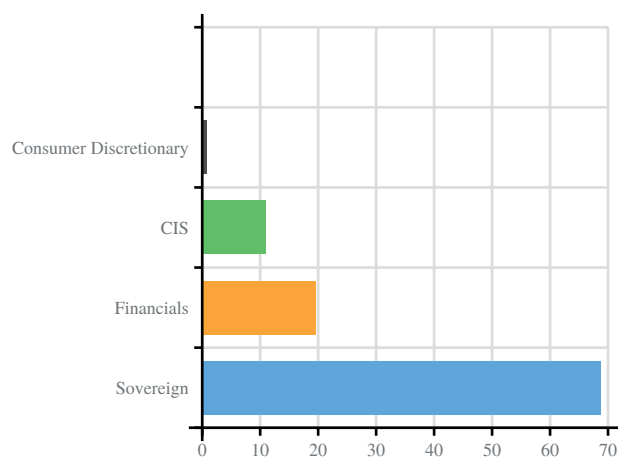
	1 Month	3 Months	6 Months	1 Year	2 Years*	3 Years*	5 Years*
Fund	0.64	5.24	10.03	13.36	10.22	9.11	9.01
Benchmark**	1.32	4.41	9.23	12.50	9.38	9.73	10.03
Value Add	-0.68	0.83	0.80	0.86	0.84	-0.62	-1.02

*Annualised **FTSE NSE (80.00%)91.00-day T-Bill (20.00%)

Issuer Exposure (%)

Central Bank of Kenya	68.7
Kenya Commercial Bank	15.4
AA Kenya Enhanced Yield Fund	5.5
CIS	5.4
Stanbic Bank	3.2
East African Breweries Limited	0.7
The Co-operative Bank of Kenya	0.6
Kenya Mortgage Refinance Company	0.5

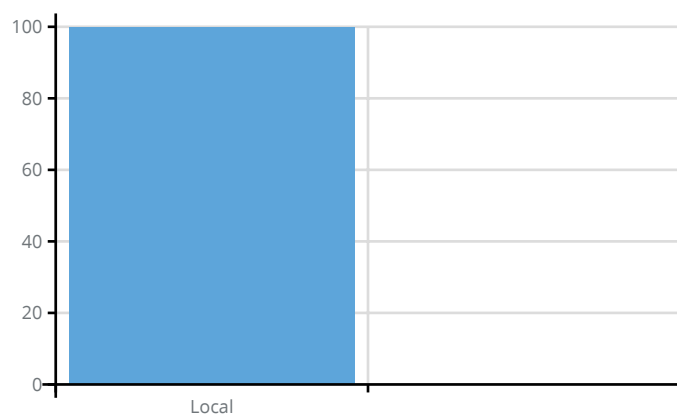
Sector Allocations (%)



Asset Class Breakdown (%)



Region Breakdown (%)



Portfolio Manager Commentary

The y/y inflation in July 2024 decreased by 0.3% points to 4.3%, from the 4.6% recorded in June 2024. The headline inflation was majorly driven by increases in prices of commodities in the following categories; Food & Non-Alcoholic Beverages, Transport and Housing, Water, Electricity, Gas & other fuels by 5.6%, 4.0% and 3.9% respectively. The overall inflation has remained within the Central Bank of Kenya (CBK) target range of 2.5% to 7.5%. The decrease in headline inflation in July 2024 comes amid the decline in the prices for Super Petrol, Diesel and Kerosene by Kshs 1.0, Kshs 1.5, and Kshs 1.3 each respectively, and will retail at Kshs 188.9, Kshs 171.6, and Kshs 161.8 per litre respectively for the period between 15th July 2024 to 14th August 2024. We expect inflation to remain within the CBK's preferred range of 2.5% to 7.5%, mainly on the back of a strengthened currency, tight monetary policy, and reducing fuel prices.

During the month, the Kenya Shilling depreciated by 0.3% against the US Dollar, to close the month at Kshs 129.9, from Kshs 129.5 recorded at the end of June 2024. During the previous week, the Kenya Shilling gained by 2.0% against the US Dollar to close at Kshs 129.9 from the Kshs 132.6 recorded the previous week. On a year-to-date basis, the shilling has appreciated by 17.2% against the US Dollar.

The yields on the government papers were on a downward trajectory, with the yields on the 91-day paper decreasing the most by 1.2 bps to 15.99% from the 16.00% recorded the previous week, while the yields on the 364-day and 182-day papers decreased marginally by 0.1 bps and 0.04 bps to remain relatively unchanged from the 16.92% and 16.85% respectively recorded the previous week. Investors' preference for the shorter 91-day paper persisted, with the paper receiving bids worth Kshs 14.9 bn against the offered Kshs 4.0 bn.

The yields on the government securities were on an upward trajectory during the month compared to the same period in 2023. We observe a humped yield curve for the medium-term bonds in the 2 to 5 year maturity range, an indication of the prevailing uncertainty in the market regarding both medium term interest rates and inflation. Investors are demanding higher yields for bonds in the 2 to 5 year maturity range to compensate for the perceived risks as they anticipate potential fluctuations in economic conditions in the Kenyan market on the back of the government's debt sustainability concerns.

In the primary bond market, the government is looking to raise Kshs 50.0 bn through the reopened infrastructure bonds IFB1/2023/6.5 with a tenor to maturity of 5.8 years and IFB1/2023/17 with a tenor to maturity of 15.7 years. The bonds will be offered at fixed coupon rates of 17.9% and 14.4% for the IFB1/2023/6.5 and IFB1/2023/17 respectively.

During the month of July 2024, the equities market was on a downward trajectory, with NSE 10 declining the most by 1.7%, while NSE 25, NSE 20, and NASI declined by 1.6%, 1.3%, and 0.8% respectively.

We remain neutral on the Equities markets in the short term due to the current tough operating environment and huge foreign investor outflows. With the market currently being undervalued we believe that investors should reposition towards value stocks with strong earnings growth as we expect the current high foreign investors' sell-offs to continue weighing down the equities outlook in the short term.

Disclaimer

Unit trusts are generally medium to long term investments. The value of units and any income derived therefrom may go down as well as up and past performance is no indication of future growth. In certain circumstances the Manager may be required to suspend the redemption of units. All information and opinions provided are of a general nature and are not intended to address the circumstances of any particular individual or entity. We are not acting and do not purport to act in any way as an advisor or in a fiduciary capacity. No one should act upon such information or opinion without appropriate professional advice after a thorough examination of a particular situation. We endeavour to provide accurate and timely information but we make no representation or warranty, express or implied, with respect to the correctness, completeness of the information and opinions. We do not undertake to update, modify or amend the information on an accuracy or frequent basis or to advise any person if such information subsequently becomes inaccurate. Any representation or opinion is provided for information purposes only.