

## Market Commentary

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Portfolio Manager



The major stocks listed on the Nairobi Securities Exchange (NSE) closed lower in June despite the end-month uplift from investors taking advantage of lower prices. The increase in rates by developed market central banks to combat elevated inflation arising from disruptions of the Russia-Ukraine war led to a surge in foreign investor exits. Consequently, the NSE equity indices declined to multi-year lows despite strong first quarter results from the banking sector.

Index	Jun-22	May-22	Monthly Chg	Ytd
NASI	124	129	-3.3%	-25.2%
NSE 20	1,613	1,682	-4.1%	-15.2%
NSE 25	2,954	3,056	-3.3%	-21.1%
Equity turnover (USDm)	79	92	-14.2%	-28.0%
Net foreign flows (USDm)	(43)	(36)		

The Central Bank auctioned a 19-year infrastructure bond at an interest rate of 13.7%. The bond sale recorded a 102% subscription rate as CBK received investor bids worth KES76bn out of KES75bn on offer.

Later in the month, CBK sold 3-year and 15-year T-bonds at rates of 11.8% and 13.9% respectively. The tap sale recorded a 78% subscription rate as CBK received investor bids worth KES20bn out of KES25bn on offer.

Meanwhile, short term and medium term bonds general rose month-on-month while long term bond rates declined marginally.

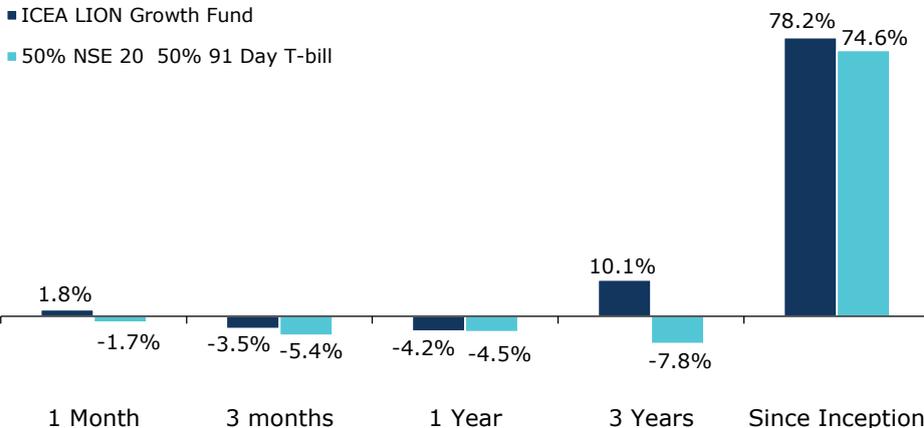
### What does this mean for the Growth Fund?

A decline in the prices of NSE-listed stocks is negative for the equities portion of the fund. We note that global investor sentiment has been a significant driver of NSE price movement far more than any underlying prospects of the listed firms. Therefore, we shall remain vigilant on the global economic challenges and upcoming local elections whilst we scout for opportunities in the current bear market. Our strategy will allow us to deliver competitive long term equity returns. On the fixed income segment, a rise in interest rates would decrease bond prices. Bonds may continue to face upward pressure from rising inflation and further USD-KES weakness. However, Central Bank's strategy of maintaining stable interest rates by rejecting highly aggressive investor bids during auctions is likely to mitigate a sharp spike in bond yields. The rising rate environment presents an opportunity to acquire treasuries at attractive yields. We shall take advantage of the prevailing environment to increase our trading activities in the primary and secondary markets in a bid to enhance the fixed income return.

## Fund Performance

■ ICEA LION Growth Fund

■ 50% NSE 20 50% 91 Day T-bill



## Fund Facts

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Fund Size

# KES 297 Million

Inception Date

## October 2007

Fund Manager



Custodian



Trustee



Auditor



Minimum Investment

## KES 500/=

Minimum Top Up

## No Limit

Management Fees  
**2%**

Fund Objective



Achieve long term capital growth

Initial Fees

# 0%

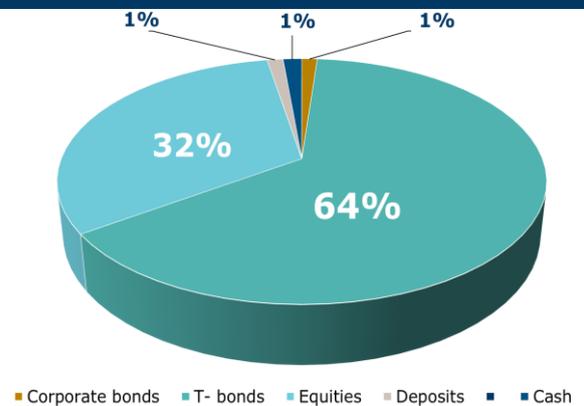
Risk Profile



Benchmark

**50% NSE 20 Share Index 50% 91 day T-bill**

## Fund Assets



Disclaimer: Past performance is not necessarily a guide to future performance. There are no guarantees on the investor's capital as the value of investments can fall as well as rise depending on the performance of underlying investments.

All returns are inclusive of distribution income, net of fund management fees and gross of withholding tax.