

Market Commentary

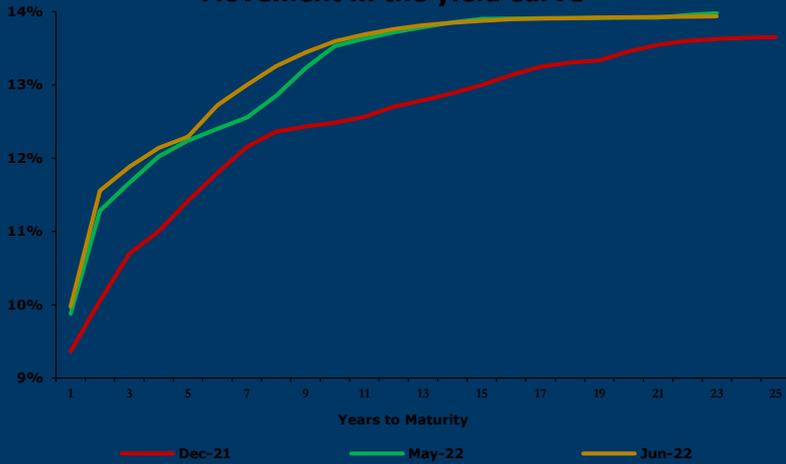
Muthoni Muuo
Portfolio Manager



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.

Movement in the yield curve

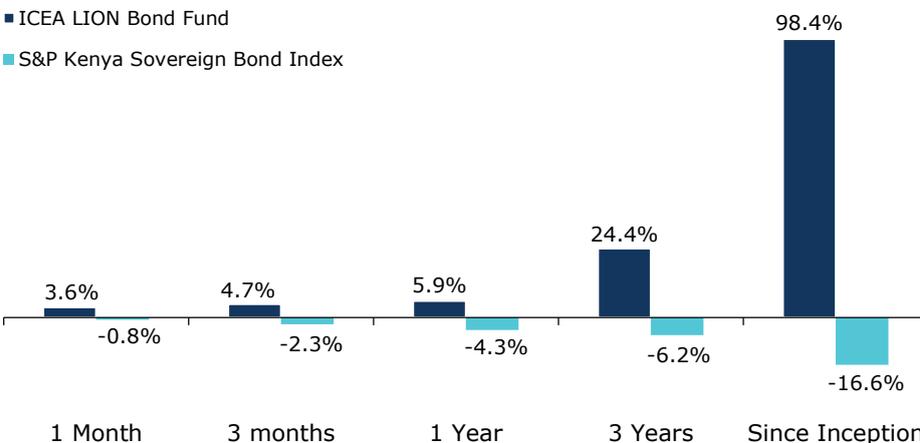


Short term and medium term bonds general rose month-on-month while long term bond rates declined marginally in June.

What does this mean for the Bond Fund?

A rise in 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. Therefore, we anticipate stable but increasing bond rates in the near term. 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 return of the ICEA LION Bond Fund.

Fund Performance



Fund Facts

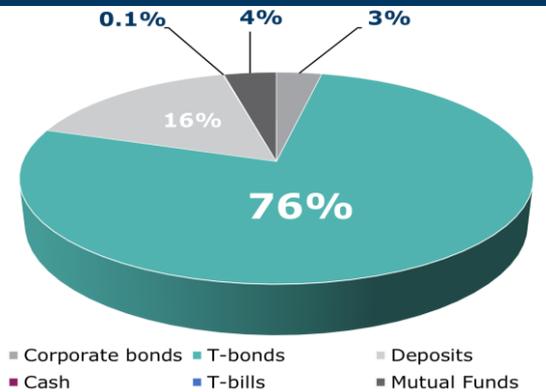
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Fund Size

KES 68 Million

Inception Date October 2010	Fund Manager ICEA LION ASSET MANAGEMENT Investment Security	Custodian Standard Chartered
Trustee KCB	Auditor Deloitte.	Minimum Investment KES 500/=
Minimum Top Up No Limit	Management Fees 2%	Fund Objective Achieve long term capital growth and a reasonable level of income
Initial Fees 0%	Risk Profile MEDIUM	Benchmark S&P Kenya Sovereign Bond Index

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.