

General Fund Information

Fund Structure	CIS
Region	Kenya
Currency	KES
Asset Class	Fixed Income
Portfolio Manager	Jackline Onyango
Headline Fee	0.75%
Initial Fee	-
Distribution Frequency	Monthly
Launch Date	August 31, 2018
Minimum Lump Sum Investment	10000
Risk Rating	Medium-Low
Net Asset Value (NAV)	100.00
Assets Under Management (AUM)	17,044,836

Fund Objective

The African Alliance Kenya Enhanced Yield Fund's primary objective is to preserve capital over the medium-term whilst providing consistent income generation within moderate risk parameters by investing in a diversified portfolio of domestic short and medium-term corporate and sovereign debt securities.

Risk Rating



Gross Performance (%)

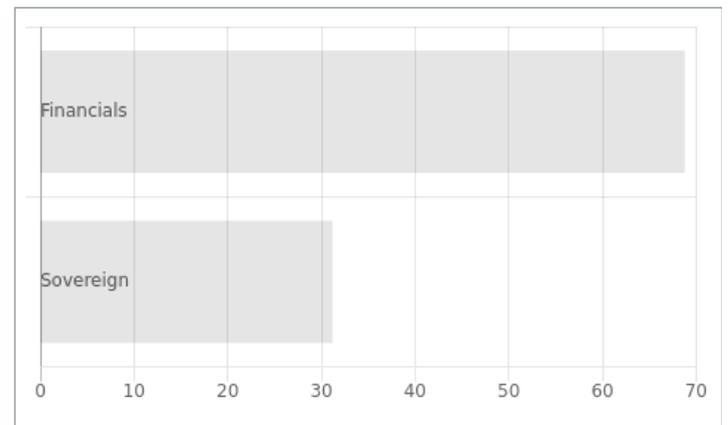
	1 Month	3 Months	6 Months	1 Year	2 Years*	3 Years*	5 Years*
Fund	0.66	1.48	-	-	-	-	-
Benchmark**	0.56	1.12	-	-	-	-	-
Value Add	0.10	0.36	-	-	-	-	-

*Annualised **Not Applicable

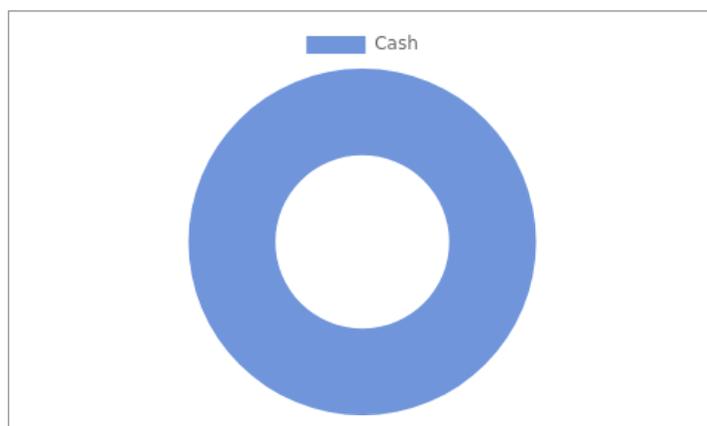
Issuer Exposure (%)

The Co-operative Bank of Kenya	36.2
Central Bank of Kenya	31.2
Equity Bank	21.2
NCBA Bank Kenya	11.4
Stanbic Bank Kenya	0.1

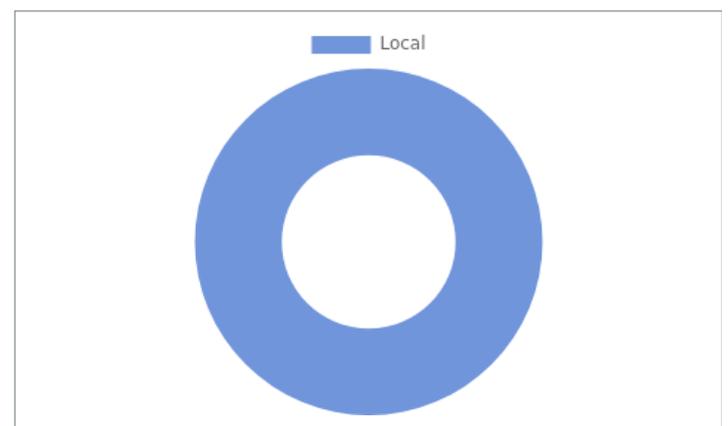
Sector Allocations (%)



Asset Class Breakdown (%)



Region Breakdown (%)



Portfolio Manager Commentary

The Kenya National Treasury revised economic growth in 2020 to 0.6% on the back of deep contraction in the second quarter. They forecast a strong rebound in 2021 of 6.4% supported by low base effect in 2020 and continued reopening of global economies. They also expect public debt service to worsen year on year moving forward from about 0.8 trillion in 2019/20 to kes.0.9 trillion this year and to kes.1.2 trillion in 2023/24. Treasury has however, successfully pursued debt service suspension initiatives from Paris club, China and G20 countries in the short term reducing pressure on yields.

In the month of February 2021, the overall year-on-year inflation stood at 5.78 percent an increase from 5.69 in January 2021 while the consumer price Index (CPI) increased by 0.7 percent month-on-month. This was attributed to an increase in all indices i.e. Food and non-alcoholic beverages index, housing, water, electricity, gas and other fuels index as well as transport index which increased by 1.01 percent, 0.43 percent and 2.33 percent respectively. The increase occurred on the back of a rise in prices of food, diesel, petrol and kerosene.

International oil prices have been on an upward trajectory during the month of February following the significant decline in United States (U.S.) crude oil production arising from Polar Vortex, which resulted in freezing temperatures in parts of the U.S such as Texas where wellheads and pipelines froze. Murban oil, the Kenya Benchmark, price has also been increasing largely reflecting the ongoing global supply cuts and increased demand pressures on the back of continued reopening of major economies.

The Kenya shilling has remained relatively stable against the US dollar during the month of February 2021. The shilling continues to face pressure due to the high dollar demand from importers as business activities pick up, however from the potential boost in official reserves from the expected facilities i.e. IMF, World Bank as well as the planned Eurobond issue it should remain stable.

In the fixed income space, the Treasury bill auctions were undersubscribed in the first two weeks of February, which in turn changed on the back of increased liquidity supported by government payments which partly offset tax remittances. The Central Bank of Kenya (CBK) opened a tap sale of fixed bonds FXD1/2013/15 and FXD1/2012/20 in a bid to raise Kes.18billion. They recorded a low demand with CBK receiving Kes.11.2B worth of bids and accepting Kes.10.9Bn.

Equity markets recovered during the month with the NSE All share Index (NASI) and NSE 20 gaining 8.66% and 2.38% year to date. This reflects the gradual economic recovery from the COVID -19 restrictions and increase foreign net inflows into the market with Safaricom, ABSA Bank Kenya and Stanbic receiving most of the flows during the month. The top gainers in February constituted of BAT Kenya (20.5 percent), BT Group (18.4 percent) and Sameer Africa (16.7 percent) which recently got back into the tyre business.

Disclaimer

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