

INVESTMENT BANK WEBINAR
Investing in Volatile Markets

▲ September 2024

Macro-economic Overview



Kenya economic growth projection is at **5.0%** in 2024 supported by agricultural and services sectors.



Inflation has **decelerated** to **4.4%** as at August 2024 which is within Central Bank's target range of 2.5% - 7.5%.



The KES has **appreciated** against the USD, EUR and GBP – which signifies a favorable development, suggestive of potential stability.



Central Bank Rate cut at to **12.75%** citing the necessity to anchor inflation and currency.

Yields remain elevated for both the short and long term papers.

Investment Opportunities



Stocks : Diversification is key

- Value stocks
- Dividend stocks



Money Markets : Liquidity Management

- Treasury Bills
- Negotiable Cash



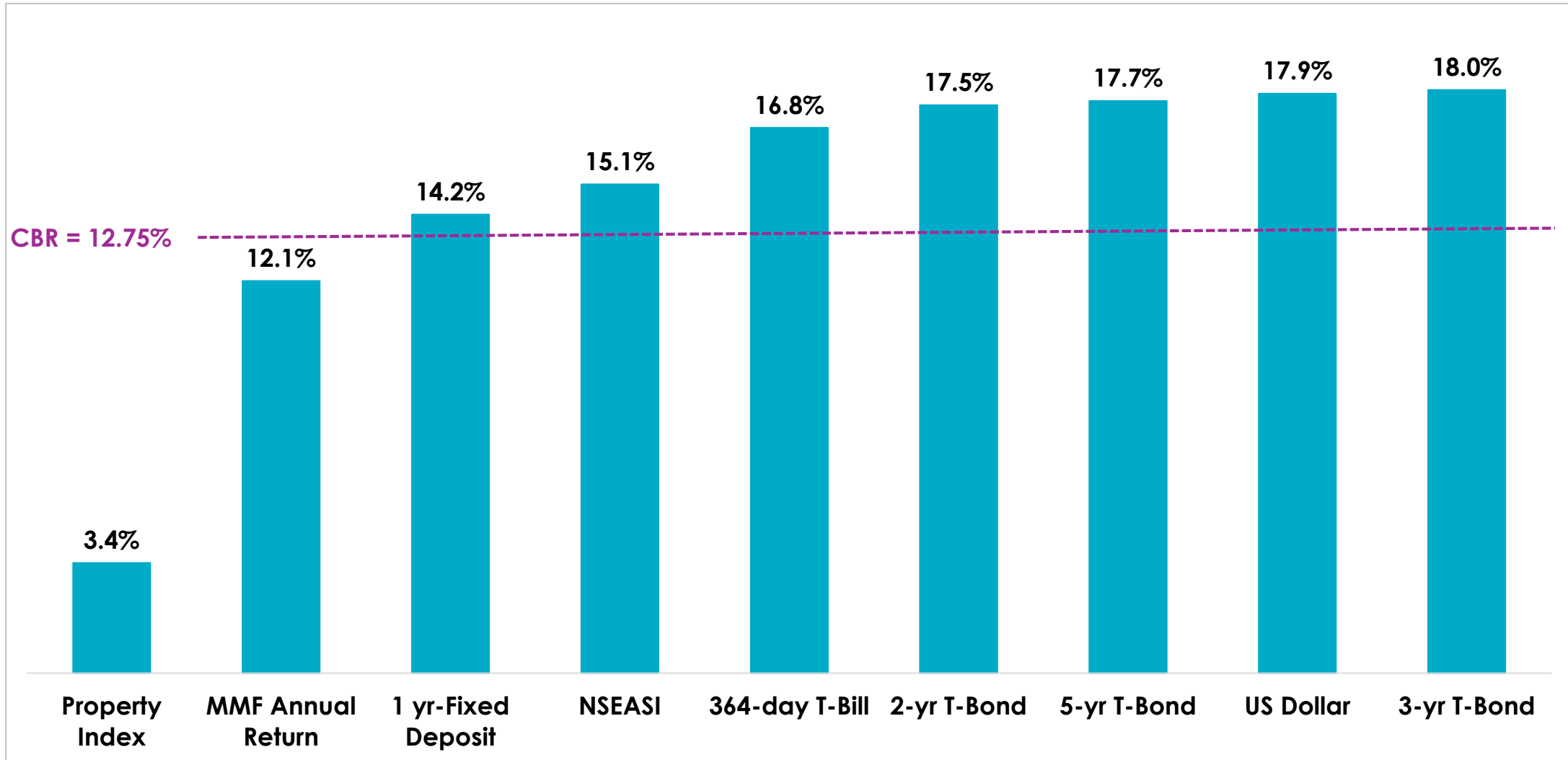
Fixed Income : Ridding the Yield Curve

- Treasury Bonds
- Asset Security

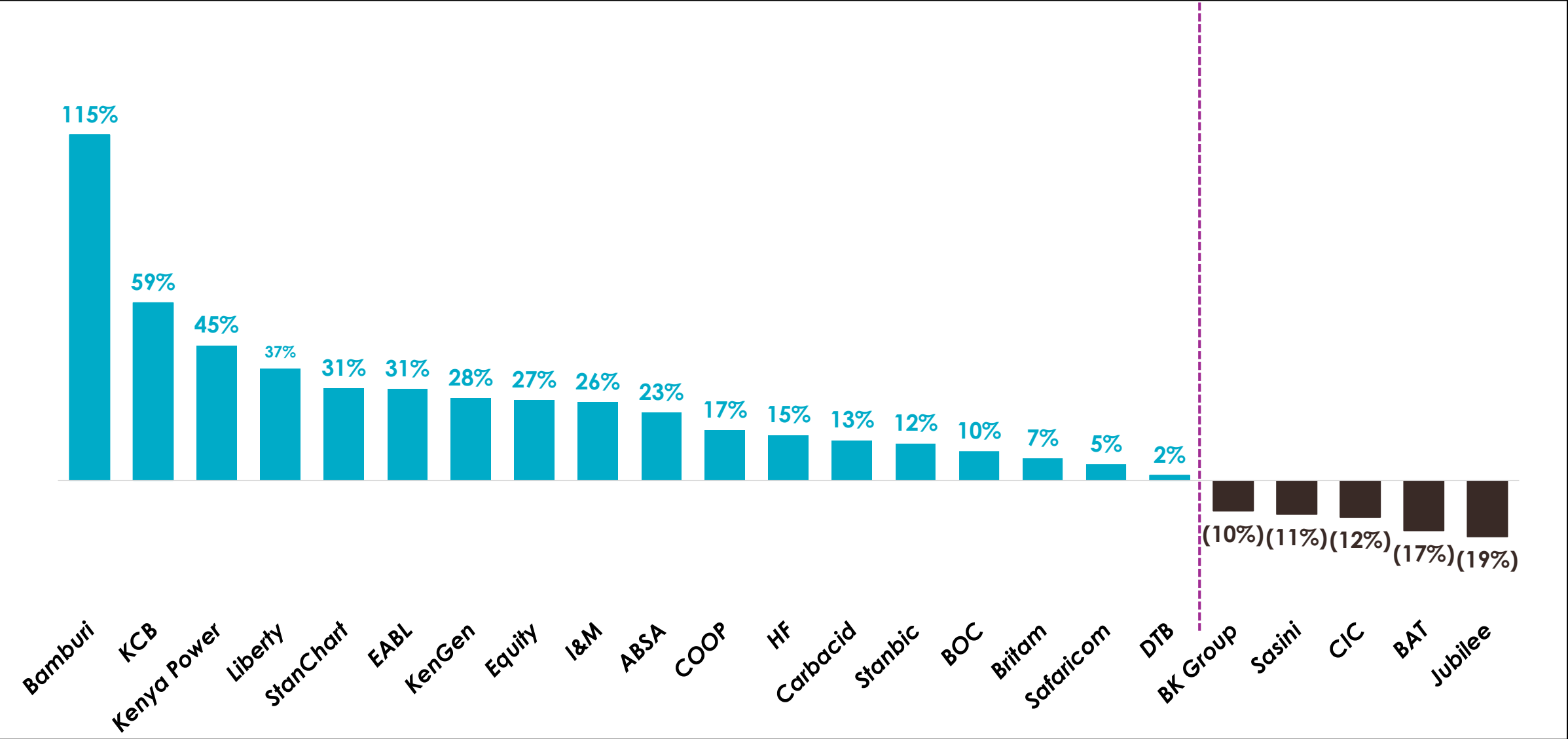
Where can you Invest?



Select Asset Class Returns



Share Performance in 2024



Stock Recommendations



Counter	Current Price *30 th August 2024	Target price	Upside	Trailing Dividend	Trailing Div. Yield	Recommendation
<u>Banking</u>						
ABSA	14.15	15.60	10.25%	1.55	10.95%	ACCUMULATE
BK Group	31.90	46.80	46.71%	3.02	9.47%	BUY
COOP	13.25	14.91	12.53%	1.50	11.32%	ACCUMULATE
DTB	45.50	56.01	23.10%	6.00	13.19%	BUY
Equity	43.35	55.21	27.36%	4.00	9.23%	BUY
HF	3.97	4.90	23.43%	-	-	BUY
I&M	22.00	24.22	10.09%	2.55	11.59%	ACCUMULATE
KCB	34.95	37.50	7.30%	-	-	HOLD
Stanbic	119.00	132.13	11.03%	15.35	12.90%	ACCUMULATE
StanChart	209.50	199.00	(5.01%)	29.00	13.84%	SELL
<u>Telecommunication</u>						
Safaricom	14.50	22.35	54.14%	1.20	8.28%	BUY
<u>Manufacturing & Allied</u>						
BAT Kenya	354.00	493.57	39.43%	50.00	14.12%	BUY
BOC Kenya	90.00	90.06	0.07%	6.05	6.72%	HOLD
Carbacid	17.00	21.24	24.94%	1.70	10.00%	BUY
EABL	151.75	171.90	13.28%	7.00	4.61%	ACCUMULATE
<u>Energy</u>						
KenGen	2.55	4.14	62.35%	0.30	11.76%	BUY
<u>Agricultural</u>						
Sasini	17.75	18.10	1.97%	1.50	8.45%	HOLD

**Harnessing Predictability for
Financial Stability**

Road Map



I

Predictability

II

Instruments

III

Considerations

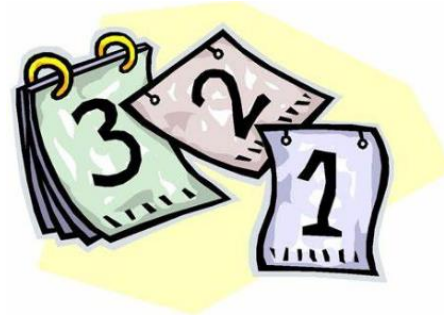
IV

How?

Predictability



Stable Returns



Predefined Term



Capital Preservation



Passive Management



Inflation Protection



Income Stream

Instruments



- ✓ **Government Bonds**
- ✓ **Treasury Bills**
- ✓ **Money Market Funds**
- ✓ **Basket Funds**
- ✓ **Fixed Deposit**
- ✓ **Certificates of Deposit**
- ✓ **Commercial Papers**
- ✓ **Corporate Bonds**

Considerations



Investment Horizon



Diversification



Risk Appetite



Inflation



Cost and Fees



Financial Obligations



Liquidity



How to Invest

- ✓ Treasury Bonds
- ✓ Treasury Bills

Dhow CSD



- ✓ Money Market Funds
- ✓ Basket Notes

Licensed Fund Managers



- ✓ Fixed Deposits
- ✓ Certificates of Deposit

Commercial Banks



- ✓ Corporate Bonds
- ✓ Commercial Papers

Corporations





NCBA

Navigating Uncertainty in Investments

NCBA Investment Bank – Wealth Management





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1. Introduction - NCBA Investment Bank

2. The Core Challenge - Uncertainty

3. Risk Reward Balance

4. Diversification

5. Discretionary Investment Vehicles

6. Question & Answers





NCBA Investment Bank

We manage the second largest Unit Trust Scheme in Kenya



Background

NCBA Investment Bank (NCBA-IB) is a wholly owned subsidiary of the NCBA Group. We are located on the 3rd Floor of NCBA Annex in Upper Hill.

Our Licenses

- ✓ Investment Banking license from the Capital Markets Authority (“CMA”) of Kenya.
- ✓ Fund Manager license from Retirements Benefits Authority of Kenya
- ✓ Collective Investment Schemes license (CIS) from CMA
- ✓ Brokerage license from the NSE

Memberships

- ✓ The Fund Managers Association (“FMA”)
- ✓ Kenya Association of Stockbrokers & Investment Banks (“KASIB”)

NCBA Investment Bank Services

1

Wealth Management

2

Brokerage

3

Advisory Services

➤ The Core Challenge: Investment Uncertainty



Even seasoned investors face uncertainty due to market volatility, geopolitical risks, and macroeconomic factors. Uncertainty is inherent but manageable with the right tools.

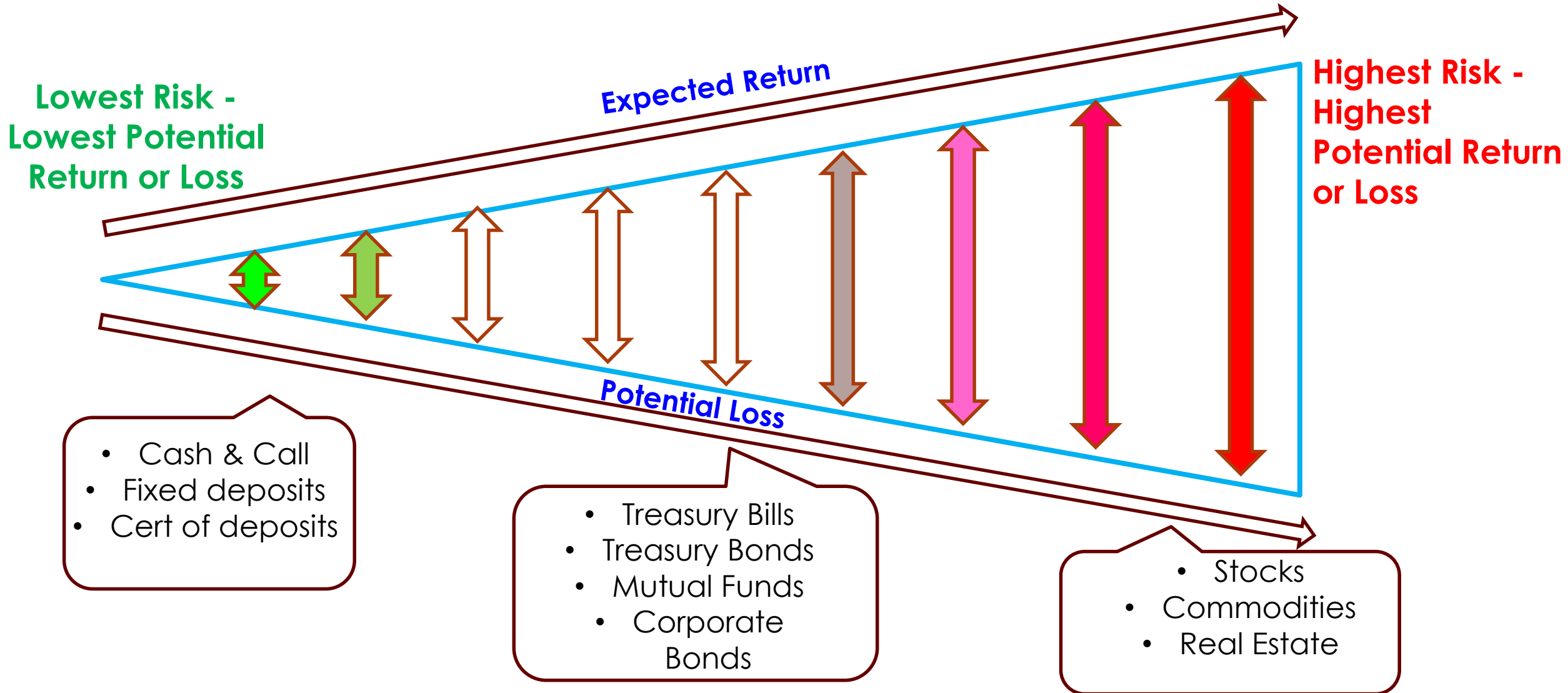
Uncertainty in investments: Possibility that the outcome of an investment might not be as expected.

Risk: When you invest, there's a chance you could lose some or all of your money, or the investment might not grow as much as you hoped. It's the idea that things could go wrong, like the stock market dropping or a company you invested in not doing well.

Uncertainty: This is about not knowing exactly what will happen in the future. For example, you don't know for sure if a company's stock will go up or down, or if a new law will affect your investment.



Risk Reward Balance



Lowest Risk -
Lowest Potential
Return or Loss

Expected Return

Potential Loss

Highest Risk -
Highest
Potential Return
or Loss

- Cash & Call
- Fixed deposits
- Cert of deposits

- Treasury Bills
- Treasury Bonds
- Mutual Funds
- Corporate Bonds

- Stocks
- Commodities
- Real Estate



Risk Profile: Understanding your Risk Tolerance



How much risk you can handle as an investor?

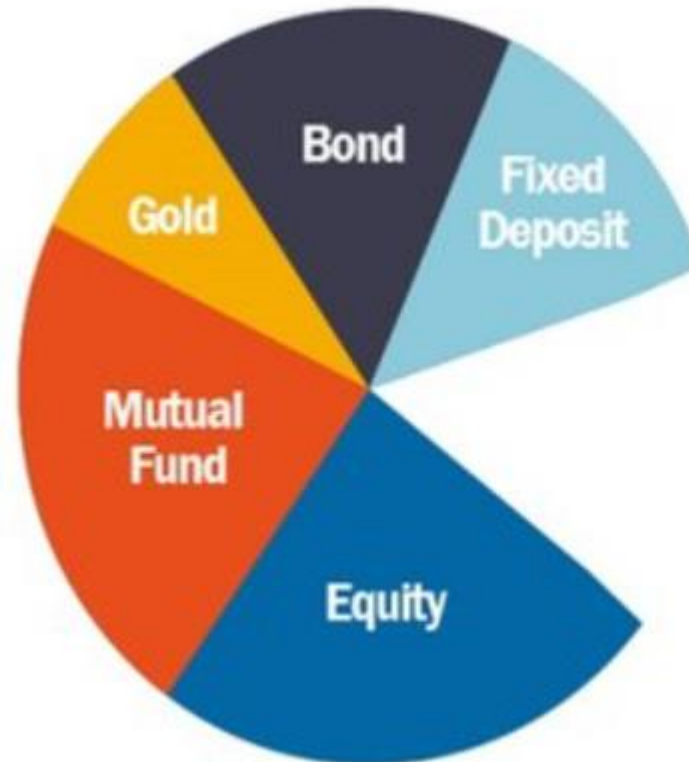
- How much are you investing
- Your investment time frame
- Any Liquidity needs
- Emotional ability to handle risk
- Any investment biases

Diversification

Allocate your capital in a way that minimizes exposure to any one particular asset or risk

Spread your Risk

If you place all of your savings in a single investment instrument, such as a single company's stocks, and that company fails, you could lose everything



Diversification

Find the best MIX that matches your Risk Profile

There is no right or wrong way to invest

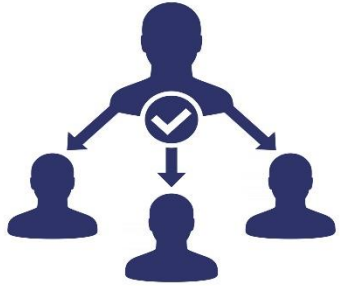
Invest at your comfort level.

Invest according to your age.

Invest in what you know or delegate to an Investment Professional



Discretionary Mandates



The Client delegates the management of his/her investment portfolio to an investment Professional.

The client/investor is freed from the hassles of everyday investment decisions

As the person making decisions with regards to the most appropriate balance of investments in a portfolio, the investment manager has discretion to make changes to the portfolio as and when they deem appropriate.



Discretionary Mandate & Other NCBA Wealth Management Solutions



NCBA Unit Trusts

NCBA currently offers five Unit Trust Funds (UTF's) i.e.

- ✓ NCBA Fixed Income Fund (KES/USD),
- ✓ NCBA Equity Fund (EQF),
- ✓ NCBA Fixed Income Basket Note (KES /USD)

Minimum investment is;

- ✓ KES 1,000 for NCBA FI Fund;
- ✓ KES 1,000 for EQF,
- ✓ USD 100 for the NCBA Dollar FI Fund
- ✓ KES 5Mn for NCBA FI KES Basket note
- ✓ USD 50,000 for NCBA FI USD Basket note

Private/Institutional Wealth Management

Christened "NCBA Wealth" this is a premier solution that offers bespoke and professionally managed portfolios for private and public, on-shore and off-shore investment instruments and unique investment opportunities.

Minimum Investment is USD 500,000 in KES or other major currency equivalent.

Execution Mandate

The service provides access to Treasury Bills, Treasury Bonds, Eurobonds, structured products etc We offer a platform to invest in short term and long-term investments under custody.

This allows you to retain decision making control over the investment and the specific securities in your portfolios while outsourcing the administrative processes to NCBA Investment Bank



NCBA

THANK YOU