



12th October 2021

Dear Esteemed Client,

The first **coupon payment** for the 18-Year Infrastructure bond - **IFB1/2021/18** - will be paid out to the bondholders today.

For clients who purchased the bond, we provide you with investment options to consider below:

**1. Buy the same bond in the secondary market**

The consideration that would be paid in the secondary market as at 12/10/2021 using KES 100,000 is as shown below.

PRICING FOR THE IFB1/2021/18	
<b>Issue No</b>	<b>IFB1/2021/18</b>
<b>Coupon Rate</b>	<b>12.667%</b>
ISIN Code	KE7000003546
Issue Date	12-Apr-21
Maturity Date	21-Mar-39
Last Payment Date	11-Oct-21
<b>Next Payment Date</b>	<b>11-Apr-22</b>
<b>Value Date</b>	<b>12-Oct-21</b>
Period to Final Redemption	<b>17.5 yrs</b>
<b>Face Value</b>	<b>100,000.00</b>
<b>Yield to Maturity</b>	<b>11.6000%</b>
Days Accrued Interest	1.00
Interest Accrued	34.80

<b>Interest - 6Mo</b>		6,333.50
Interest to Accrue to Maturity		164,636.20
<b>*Dirty Price</b>		<b>106.8284</b>
Accrued Interest		0.0348
<b>*Clean Price</b>		<b>106.7936</b>
<b>Consideration (KES)</b>		<b>106,828.40</b>
<b>Transaction Charges</b>		
Brokerage Commission	0.0240%	500.00
CMA, NSE, CDSC Levies	0.0110%	11.75
VAT (16%)	0.0038%	80.00
<b>Total Charges</b>		<b>591.75</b>
<b>Net Amount Payable</b>		<b>107,420.15</b>

Source: Faida Investment Bank Analysis

**\*Clean price** – is the quoted price not including interest accrued between coupon payments

**\*Dirty price** – includes accrued interests between coupon payments

The minimum top-up investment amount is KES 100,000. Topping up will increase the coupon/interest revenue received. An investor can therefore top-up to reinvest the coupon received.

## 2. Purchase fundamentally strong stocks/shares

The current market presents a buying opportunity for companies with strong fundamentals. Our **Buy** recommendations are as shown below. You can read on these recommendations in detail by clicking **here**:

Counter	Recommendation	52-Week High	52-Week Low	Price as at 8/10/2021	P/E (x)	Dividend yield
KCB	Long-term Buy	KES 49.90	KES 35.40	KES 46.10	6.76	2.2%
Safaricom	Long-term Buy	KES 44.95	KES 30.05	KES 41.65	24.36	3.3%
Centum	Long-term Buy	KES 18.70	KES 14.50	KES 17.40	2.50	1.9%
Absa	Long-term Buy	KES 11.00	KES 8.62	KES 10.25	9.99	0.0%

Source: NSE and Faida Investment Bank Analysis

### 3. Invest in a Money Market Fund

Faida has partnered with Sanlam to offer you an opportunity to invest in the Money Market Fund. This investment option is best suited for investors who consider themselves as low risk (risk averse) and for whom capital preservation is key. It is also suited to investors who would like to park their money and accumulate it for a project or other investment further down the line. The Money Market Fund offers an opportunity to make a return while having your capital preserved. The effective annual rate for the fund as at 12/10/2021 is 9.43%. This is higher than the 91-day T-Bill rate of 6.935% (as at 8/10/2021).

To take up any of these investment options, or to make any clarifications, call us on **020 7606026-47** or email us at **fixedincome@fib.co.ke**.

#### **Recommendation Guide:**

**LONG-TERM BUY:** The company has strong fundamentals (strong financial performance, clear/reasonable strategy, competent management team etc.). However, there are certain investments or strategies that would require an investor to have a long-term view of the company to allow for capital appreciation. Also, the company may be facing headwinds which we view as short term.

**BUY:** Strong fundamentals. Minimal risks to the catalysts/growth drivers

**NEUTRAL:** This is where the positives and negatives in a company almost balance out. You can accumulate for the long term.

**SELL:** Deteriorating fundamentals. Risks outweigh the catalyst/growth drivers.

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