

INSIDE THIS ISSUE

PG. 2

Money Market Funds 101: How to Find an Ideal Investment

PG. 3

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PG. 4

Business News Headlines

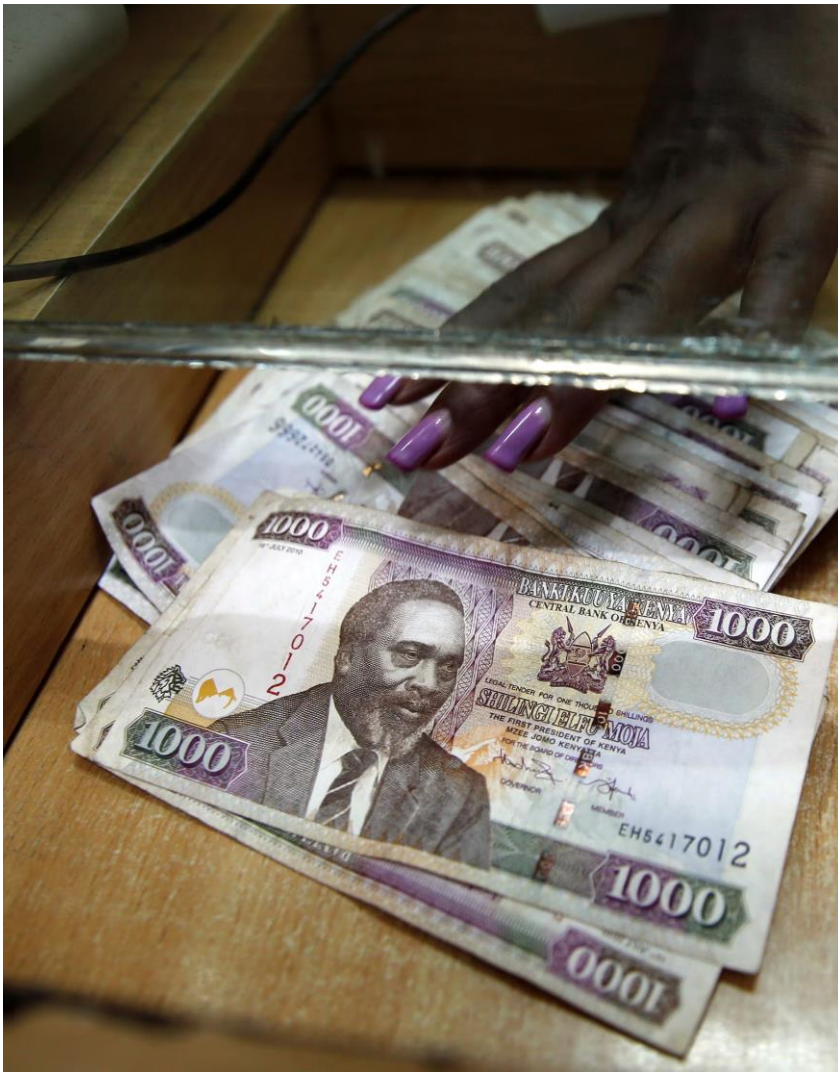


BUSINESS INSIGHTS

BY JANTA

[DEAR JANTA COMMUNITY,](#)

Welcome to the latest edition of Janta Kenya's newsletter, where we delve into the topic of "Maximizing Your Investment: A Comprehensive Guide to Money Market Funds." We are dedicated to providing you with the insights and guidance you need to navigate your financial decisions effectively.



GUIDE TO MONEY MARKET FUNDS

In Kenya's rapidly growing financial sector, investors are constantly seeking safe, effective ways to grow their savings. If you're looking for a low-risk investment option with easy access to your money, **Money Market Funds (MMFs)** might be just what you need. This guide takes you through everything you need to know about MMFs—their structure, benefits, risks, and tips on selecting the right one for your investment goals.

Understanding Money Market Funds

A **Money Market Fund** is a type of mutual fund that pools money from multiple investors to invest in low-risk, short-term debt instruments. These include government securities like Treasury Bills, commercial paper, and fixed deposits. The primary aim of an MMF is to preserve capital while offering slightly higher returns than traditional savings accounts.

Money Market Funds were introduced in the 1970s to provide investors with an alternative to bank savings accounts, which typically offer lower interest rates. Today, they remain one of the most secure and liquid investment vehicles available.

Key Investments in Money Market Funds

Here's a breakdown of the typical asset classes in an MMF:

- **Commercial Paper:** A short-term debt instrument issued by corporations to cover short-term liabilities.
- **Treasury Bills (T-Bills):** Government-issued securities that are highly secure and mature in under a year.
- **Fixed Deposits:** Bank-offered products with higher interest rates than regular accounts but require funds to be locked in for a specific term.

These assets are selected for their stability and liquidity, making them an attractive option for conservative investors. In Kenya, MMFs are regulated by the **Capital Markets Authority (CMA)**, and returns are subject to a **15% withholding tax**.

The Growing Popularity of Money Market Funds in Kenya

MMFs have gained substantial traction in recent years, thanks to their stability and relatively high liquidity. According to the **Capital Markets Authority**, MMFs recorded a **4.06% growth** in assets under management by the end of 2023. The appeal of MMFs stems from their combination of low risk, easy access to funds, and steady returns—making them a popular choice for individuals looking for a safe place to park their money.



Why Newer MMFs Are Outperforming Established Ones

In recent years, newer players in Kenya's MMF market have consistently offered higher returns than their established counterparts. Here's why:

1. **Innovative Investment Approaches:** Newer funds often employ cutting-edge investment strategies and technologies to optimize returns.
2. **Lower Management Fees:** To attract investors, newer funds often charge lower fees, which can significantly enhance net returns.
3. **Better Customer Experience:** Newer MMFs frequently focus on delivering superior digital platforms, regular updates, and enhanced customer support.
4. **Competitive Yields:** New MMFs often offer attractive yields to differentiate themselves, sometimes taking on slightly more risk while staying within regulatory limits.

How to Choose the Right Money Market Fund

With around 25 MMFs available in Kenya, selecting the right one depends on your specific investment needs. Consider these factors:

- **Regulatory Compliance:** Ensure the MMF is registered with the CMA, guaranteeing adherence to legal standards and investor protection.
- **Investment Objectives:** Review the fund's fact sheets to assess its investment strategy, goals, and risk management practices.
- **Quality of Assets:** Ensure the fund primarily invests in high-quality, low-risk assets like Treasury Bills or fixed deposits.
- **Management Fees:** Higher fees can erode your returns over time. Look for funds that offer a reasonable fee structure without compromising on performance.
- **Fund Size and Track Record:** While larger funds may be seen as more stable, don't discount smaller funds if they offer solid returns and good management practices.

Conclusion

Money Market Funds are a sound investment choice for those seeking a low-risk, high-liquidity option. By carefully evaluating factors such as regulatory compliance, fees, risk, and management expertise, you can select the MMF that aligns with your financial goals. Remember, no investment is entirely risk-free, so it's always wise to conduct thorough research and consult financial professionals before making any significant decisions.



BUSINESS NEWS HEADLINES

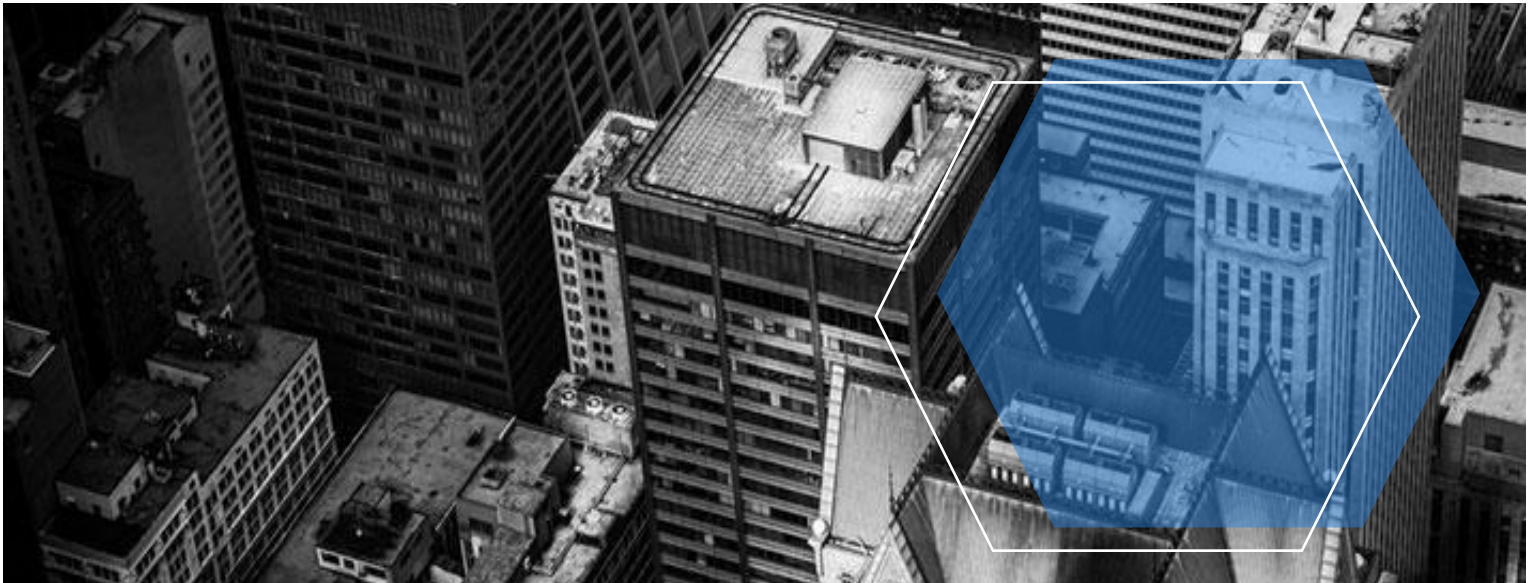
Kenya is urging Germany to increase its financial support for Africa's climate and development goals, according to a statement from President William Ruto's office. During his visit to Germany, President Ruto, who recently signed a labor agreement with Berlin allowing Kenyans to receive two-year residence permits, highlighted the need for greater public financial commitment to meet Africa's climate finance demands. Climate finance expert Julius Mbatia emphasized that Germany, a leading climate advocate, must take a pivotal role in achieving the proposed \$1.3 trillion annual climate finance goal. This appeal precedes the Hamburg Sustainability Conference in October and follows Kenya's call for a significant boost in World Bank contributions to the International Development Association (IDA), where Germany is a major shareholder.

The National Health Insurance Fund (NHIF) will cease to be valid after September 30, 2024, as Kenya transitions to the Social Health Authority (SHA) from October 1. Despite a High Court ruling declaring the Social Health Insurance (SHI) Act 2023 unconstitutional, the SHA will begin offering benefits under the new framework. The SHA is part of Kenya's effort to expand universal health coverage through its Bottom-Up Economic Transformation Agenda (BETA).

The SHI Act mandates mandatory registration and payments from all citizens, a significant shift from NHIF's previous focus. Payments made before October 9 will be credited to NHIF, while those made from November 9 onward will go to SHA. The High Court has suspended key provisions of the new health laws, citing inadequate public consultation.

Kenya has officially joined the Asian Infrastructure Investment Bank (AIIB) as a fully paid member, unlocking access to concessional funding for infrastructure, climate change initiatives, connectivity, regional cooperation, and technology projects. Announced by President William Ruto during his visit to Beijing for the Forum on China-Africa Cooperation Summit (FOCAC), this membership offers Kenya significant financial support and opportunities. In related discussions, China has agreed to facilitate Kenyan agricultural exports and explore regional infrastructure projects, including the expansion of the Standard Gauge Railway (SGR) and the Rironi-Mau Summit-Malaba dual carriageway. The AIIB, founded in 2015 and headquartered in Beijing, has a capital base of \$100 billion and includes 109 member countries.

The Kenyan government is set to revamp its movable property security laws through the introduction of the Movable Property Security Rights (Amendment) Bill, 2024. This legislation aims to update and unify existing regulations, specifically targeting the outdated Hire Purchase Act, which has been criticized for its complexity. The new Bill seeks to simplify the legal framework by redefining hire purchase agreements and granting the Central Bank of Kenya authority to set interest rates, potentially impacting the attractiveness of such deals. It also streamlines the repossession process by removing the requirement for a court order if a significant portion of the purchase price has been paid. Additionally, the Bill clarifies registration requirements for corporate charges, eliminates the need to register book debts, and allows borrowers to request the cancellation of security registration notices when no longer valid. The Bill is currently under review by the parliamentary finance committee and will be debated soon.



KEEPING YOU INFORMED AND CONNECTED TO THE LATEST BUSINESS NEWS

In this edition of Janta Kenya's newsletter, we've explored the dynamic landscape of investments and financial policies affecting Kenya. Our comprehensive guide to Money Market Funds (MMFs) provides valuable insights into these low-risk, highly liquid investment options, detailing their benefits, key asset classes, and how to choose the right fund. As MMFs gain popularity for their stability and accessibility, understanding these factors will help you make informed investment decisions.

We also highlighted significant developments in Kenya's financial and policy sectors, including President William Ruto's push for increased German climate finance support, the transition from NHIF to the Social Health Authority (SHA) despite legal challenges, Kenya's new membership in the Asian Infrastructure Investment Bank (AIIB), and proposed reforms to movable property security laws. These updates reflect Kenya's ongoing efforts to enhance its financial infrastructure, expand international cooperation, and modernize its regulatory frameworks.

Thank you for joining us in this edition. Stay tuned for more updates and expert insights to help you navigate your financial journey and stay informed on key developments shaping Kenya's economic landscape.



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