

# ICEA LION Bond Fund



*We're Better Together*

# What Is A Bond Fund?

A Bond Fund, also referred to as a Fixed Income Fund, is a type of a Unit Trust. A Unit Trust is a type of investment where people with common savings and investment goals join a collective investment scheme that is managed by a professional investment/fund manager. The key advantage of this arrangement is that all investors, big or small benefit from the economies of scale the pooled funds provide. In Kenya, Unit Trusts are regulated by the Capital Markets Authority (CMA).

A Bond Fund is a medium-high risk investment that comprises a diversified portfolio of treasury and corporate bonds as well as other fixed deposits. This mix is designed to minimize the impact of any potential losses from only investing in bonds in the event of unfavourable market conditions. The Bond Fund is suitable for you as a saver or investor if you are seeking to invest for a 2-3-year short to medium term period. That said, as with any Unit Trust, you can access your funds at any time. However, because the performance of a Bond Fund as a medium-high risk investment is subject to market performance, there are no guarantees on returns due to the fact that the fund value varies day to day. An investor may therefore reap great rewards or suffer loss depending on when one withdraws funds.

## So What Are The Benefits Of Our ICEA LION Bond Fund?

### Affordability

At ICEA LION, you can set up your Bond Fund for as little as Kes 500 and top up with whatever amount you wish to save or invest at any time. There is a no minimum top up nor do we charge withdrawal fees. The interest or yield on your account is accrued on daily account balance. You can set this up at your convenience by visiting our DigiTrust Page that allows you to plan for, set up, deposit and withdraw your funds at the click of a button.





## Ease of Access to Funds

Also known as Liquidity, Unit Trust Funds offer you the opportunity to access your funds easily. There are no fixed periods per se so you can access your money whenever you need it in part or as a whole, with no penalties. At ICEA LION, for amounts less than Kes 10,000 via mobile money, you can access your funds under 24 hours, whilst those above Kes 10,000 can be sent to your bank account within 3 working days.

## Save For Multiple Goals Using One Platform

You can save for your different goals using one platform via our DigiTrust portal and track all your progress under one dashboard.

## Transparency & Governance

Unit Trusts are created by what is called a deed, which constitutes a contractual agreement that governs the relationship between you, the investor, the investment/fund manager, the trustees and Capital Markets Authority, who supervise and ensure the integrity of the investment plan for Unit Trusts. As a result, the investors rights are protected.

## Economies of Scale

The fact that your investment is pooled with others, gives you access to investments that would otherwise be unaffordable or inaccessible to you as an individual investor.

## Professional Investment Management

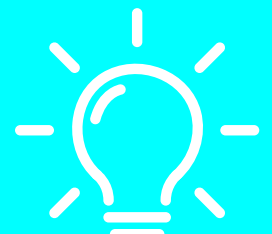
Your funds are managed by a team of qualified and experienced professionals who advise and guide you throughout your investment journey based on your goals, risk profile and your current financial position.

## Diversification of Investments

Unit Trusts take advantage of the pooled funds to give individual investors access to a variety of investment instruments. The economies of scale offer the opportunity for investment in diverse portfolios which you would otherwise not be able to enjoy as an individual. Further, the diversified range of assets reduces the risk you would face if you directly invested in only one asset class.



**Bond Fund's risk levels are medium to high: This is because the interest to be earned is subject to market forces, so there are no guarantees on return due to the fact that the fund value varies day to day, based on market performance.**



# What Other Types Of Unit Trusts Are Available At ICEA LION?

In Kenya, there are four main types of Unit Trust Funds which we all offer at ICEA LION: Money Market Fund, Equity Fund, Growth Fund also known as Balanced Fund and the Bond Fund also referred to as Fixed Income Fund.

## What Can You Tell Me About ICEA LION Unit Trust Funds & Their Risk Levels?

How you select a Unit Trust Fund is dependent on your individual saving and investment objectives as well as your risk appetite. To help you understand Unit Trust Funds, here's a brief breakdown of the four Unit Trust Funds we have at ICEA LION with their corresponding risk levels.

### Equity Fund

This fund invests mainly in listed companies on the Nairobi Securities Exchange (NSE). The Equity Fund is suitable for savers and investors seeking long-term capital growth.

**Risk Level - Medium to High:** This is because the interest to be earned is subject to market forces, so there are no guarantees on return due to the fact that the fund value varies day to day, based on market performance. An investor may therefore reap great rewards or suffer loss depending on when one withdraws their funds.

### Growth (Balanced) Fund

This fund invests mainly in listed companies on the Nairobi Securities Exchange (NSE) as well as investment instruments that allow you to gain interest on your investment such as in fixed deposits and bonds. The Growth / Balanced Fund is suitable for savers and investors seeking a balanced portfolio between liquidity (the ability to access your funds easily) and growing your capital.

**Risk Level - Medium:** This is a less risky fund than the Equity and Bond Fund because your capital is invested in both secure and interest earning investments that vary subject to market forces. As such, with this fund, the probability of loss of your capital is reduced.

### Money Market Fund

This fund invests mainly in interest bearing assets like fixed deposits and short-term bonds. The Money Market Fund is suitable for savers and investors seeking liquidity (the ability to access your funds easily), monthly income in the form of interest added onto your capital as well as preservation of your capital.

**Risk Level - Low:** This is a less risky fund than the Equity and Bond Fund because your capital is invested in both secure and interest earning investments that vary subject to market forces. As such, with this fund, the probability of loss of your capital is reduced.

### Bond Fund

This fund invests mainly in a diversified portfolio of treasury and corporate bonds. The Bond Fund is suitable for savers and investors seeking to put their money in a diversified portfolio of bonds that offer regular or periodical income.

**Risk Level - Medium to High:** This is because the interest to be earned is subject to market forces, so there are no guarantees on return due to the fact that the fund value varies day to day, based on market performance. An investor may therefore reap great rewards or suffer loss depending on when one withdraws their cash.



# What Else Do I Need To Know About the ICEA LION Bond Fund?

## Management Fee

It is important to note that a management fee is applied to your account balance daily (0.0055% per day or equivalent to 2% per annum). This is due to the fact that the interest rate changes daily based on market performance and because you have the liberty to withdraw your funds at any time. This way, you are not charged an annual amount, rather we apply a charge day on day based on what amount is in your fund that day.

## Sound Governance Framework

The governance framework incorporated in the ICEA LION Bond Fund ensures the protection of unit holders' interests. The Capital Markets Authority (CMA) regulates Unit Trust Funds, under the CMA Collective Investment Schemes Regulations 2001. The fund is created by a trust deed, which constitutes a contractual relationship, governing the relationship between the trustee, fund manager and unit holder.

The fund has a trustee, KCB, whose main role is to exercise care and diligence in accordance with the trust deed and act in the best interest of unit holders. The custodian, Standard Chartered, ensures safekeeping of all assets of the fund. The auditor, Deloitte, is responsible for the auditing the fund's financial statements in order to independently verify and ascertain their accuracy.

**At ICEA LION, our mission is to protect and create your wealth. Should you have any inquiries about our ICEA LION Bond Fund or would like to set it up, you can call us on **+254 719 071 999** or email us at **[unit-trusts@icealion.com](mailto:unit-trusts@icealion.com)**.**



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