

AUGUST 2024

1. FUND PERFORMANCE

AVERAGE	2023	AUGUST 2024	PERFORMANCE SINCE INCEPTION (01-AUGUST -2019)	
			*Cumulative	**Annualized
Cytonn Balanced Fund	(4.4%)	(18.5%)	9.3%	2.3%
Benchmark (50.0% NSE 20, 50.0% 91-day T-bill)	(1.9%)	(0.5%0)	54.6%	7.5%

*Aggregate percentage amount that your investment would have gained since the fund started (01-August-2019)

**Percentage you can expect to earn with the fund during one year of investment on the basis of the so far realized monthly returns

2. FUND MANAGER'S REPORT AND OUTLOOK

Fund Objective

The Cytonn Balanced Fund is a medium-risk fund that seeks to achieve a reasonable level of current income and offer investors long-term capital growth.

Portfolio Strategy

The fund seeks to outperform the weighted returns from both fixed income instruments and the Equities listed in the Nairobi Securities Exchange. This is achieved by both optimizing asset allocation and security selection. The fund will therefore be invested in a diversified set of securities ranging from equities, fixed income, and collective investments schemes among others.

Portfolio Performance

The Cytonn Balanced Fund lost by 18.5% in August 2024. The performance was supported by gains recorded in the fixed income docket.

Economic report and outlook

According to Kenya National Bureau of Statistics (KNBS) Q1'2024 Quarterly Gross Domestic Product Report, the Kenyan economy recorded a 5.0% expansion in Q1'2024, slower than the 5.5% growth recorded in Q1'2023. The main contributor to Kenyan GDP remains to be the Agriculture, Fishing and Forestry sector which grew by 6.1% in Q1'2024, more similar to a vibrant growth of 6.4% recorded in Q1'2023, owing to the favorable weather conditions, that supported crop and livestock production. All sectors in Q1'2024, except Mining and Quarrying, recorded positive growths, with varying magnitudes across activities. Most sectors recorded declining growth rates compared to Q1'2023 with Accommodation and Food Services, Mining & Quarrying and Construction Sectors recording the highest growth rate declines of 19.1%, 3.8%, and 2.9% points, respectively. The biggest gainer in terms of sectoral contribution to GDP was the Accommodation and Food Services sector, increasing by 0.3% points to 1.5% in Q1'2024 from 1.2% in Q1'2023, while the Manufacturing sector was the biggest loser, declining by 0.3% points to 7.8% in Q1'2024, from 8.1% in Q1'2023. Real Estate was the second largest contributor to GDP at 10.2% in Q1'2024, up from 10.1% recorded in Q1'2023, indicating sustained growth. The Accommodation and Food Services sector recorded the highest growth rate in Q1'2024 growing by 28.0%, slower than the 47.1% growth recorded in Q1'2023. In our view, the economy's growth is largely pegged on how quickly inflationary pressures in the country stabilizes, and the sustainability of the strengthening of the Kenyan Shilling. We expect the reduced fuel prices to continue reducing production costs, leading to lower food prices in the country. However, growth is likely to be weighed down by increased taxation by the government thereby decreasing the purchasing power of consumers.

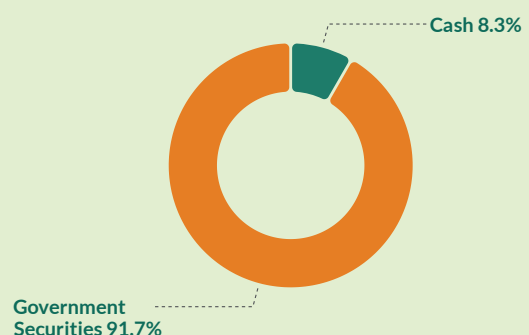
During the month, yields on the shorter-dated Government papers recorded mixed performance, with the 182-day and 91-day papers yields decreasing by 8.1 bps and 14.4 bps to 16.7% and 15.9% respectively from 16.8%, and 16.0% recorded the previous month, while the 365-day paper yield increased marginally by 2.7 bps to remain relatively unchanged at 16.9% recorded in July. Additionally, the Kenyan Shilling gained by 0.6% against the US Dollar to close the month at Kshs 129.2, from Kshs 129.9 recorded at the end of July 2024.

The August 2024 inflation rate increased marginally by 0.1% points to 4.4%, from the 4.3% recorded in July 2024. Notably, inflation has remained within the CBK target range of 2.5%-7.5% for the past fourteen months.

FUND PROFILE

- ◉ **Fund Manager:** Cytonn Asset Managers Limited
- ◉ **Risk Profile:** Medium
- ◉ **Minimum Initial Investment:** Kshs. 1,000
- ◉ **Minimum Additional Investment:** Kshs. 100
- ◉ **Annual Management Fee:** 2.5%
- ◉ **Initial Fee:** Nil
- ◉ **Trustee:** Goal Advisory
- ◉ **Custodian:** State Bank of Mauritius (SBM) Kenya Ltd
- ◉ **Benchmark:** 50.0% NSE 20, 50.0% 91-day T-Bill

FUND ALLOCATION



Disclaimer: Past performance is not a guarantee of future performance and the value of the fund may fluctuate from time to time.