

**MAY 2022**

## 1. FUND PERFORMANCE

AVERAGE	2021	MAY 2022	PERFORMANCE SINCE INCEPTION (01-AUGUST -2019)	
			*Cumulative	**Annualized
Cytonn Balanced Fund	4.1%	(0.7%)	5.8%	2.1%
Benchmark (50.0% NSE 20, 50.0% 91-day T-bill)	3.5%	(3.0%)	(7.0%)	(3.56%)

\*Aggregate percent 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 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

According to Kenya National Bureau of Statistics (KNBS) Quarterly Gross Domestic Product Report, the Kenyan economy recorded a 7.5% growth in FY'2021, up from the 0.3% contraction recorded in FY'2020, pointing towards continued economic recovery. The biggest gainers in terms of sectoral contribution to GDP were Transport and Education, increasing to 11.4% and 4.3%, from 10.7% and 3.9% in FY'2020, respectively. Agriculture, which remained the largest contributor to GDP at 22.6%, recorded a decline of 0.2% in FY'2021 compared to a 4.2% growth in FY'2020 attributable to the erratic and poorly distributed long rains, as well as insufficient short rains that led to reduced production. The Real Estate sector recorded a growth of 6.7% in FY'2021 compared to a 4.1% growth in FY'2020. The performance is attributable to the increased development activities because of a general improvement in Real Estate transactions and an improved business environment. On the other hand, the financial and insurance sector grew by 12.5% compared to 5.9% in FY'2020.

During the month, there was an upward readjustment on the yield curve, though FTSE NSE Kenya Government Bond Index remained relatively unchanged at 94.79, taking the YTD performance to a 1.3% decline. Yields on the shorter dated papers were on an upward trajectory, with yields on the 91-day, 182-day and 364-day papers increasing by 0.3% points, 0.6% points and 0.2% points to 7.7%, 8.9% and 9.9% respectively. During the month, the Kenya Shilling depreciated by 0.8% against the US Dollar to close the month at Kshs 116.7, from Kshs 115.8 recorded at the end of April 2022, mostly attributable to increased dollar demand from energy and merchandise importers.

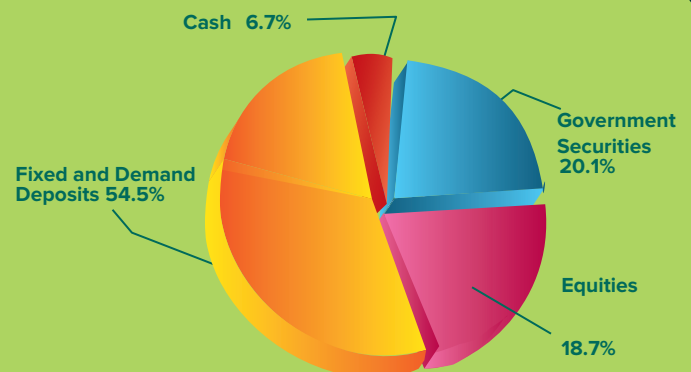
May 2022 inflation rate came in at 7.1%, up from 6.5% in April 2022. The inflation rate is still within the government target range of 2.5%-7.5%, but has been increasing worryingly in the last four months mainly due to increasing food and fuel prices.

During the month of May, the equities market was on a downward trajectory, with NASI, NSE 20 and NSE 25 declining by 14.3%, 6.6% and 9.7%, respectively. The equities market performance was driven by losses recorded by large cap stocks such as Safaricom, Bamburi and Co-operative Bank of 22.8%, 12.3% and 11.0%, respectively. The losses were however mitigated by gains recorded by stocks such as ABSA and KCB Group of 2.7% and 1.7%, respectively. The market is currently trading at a price to earnings ratio (P/E) of 7.1x, 44.9% below the historical average of 12.8x, and a dividend yield of 6.3%, 2.3% points above the historical average of 4.0%.

### FUND PROFILE

- ◉ **Fund Manager:** Cytonn Asset Managers Limited
- ◉ **Risk Profile:** Medium
- ◉ **Minimum Initial Investment:** Kshs. 1,000
- ◉ **Minimum Additional Investment:** Kshs. 1,000
- ◉ **Annual Management Fee:** 2.5%
- ◉ **Initial Fee:** Nil
- ◉ **Trustee:** Goal Advisory
- ◉ **Custodian:** KCB Bank
- ◉ **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.