

NOVEMBER 2022

1. FUND PERFORMANCE

AVERAGE	2021	NOVEMBER 2022	PERFORMANCE SINCE INCEPTION (01-AUGUST -2019)	
			*Cumulative	**Annualized
Cytonn Balanced Fund	4.1%	(1.5%)	10.0%	2.8%
Benchmark (50.0% NSE 20, 50.0% 91-day T-bill)	3.5%	(0.9%)	(5.5%)	(2.9%)

*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

The Cytonn Balanced Fund declined by 1.5% in November 2022, delivering below market returns, mainly attributable to the losses recorded by stocks such as Safaricom, Equity Group of 2.6% and 1.7%, respectively, as well losses in the fixed income docket. However, the losses were mitigated by gains recorded by stocks such as Cooperative Bank of Kenya, Diamond Trust Bank Kenya (DTB-K), KCB Group, and I&M Group of 3.0%, 1.0%, 0.8% and 0.3% respectively.

Economic report and outlook

According to Kenya National Bureau of Statistics (KNBS) Quarterly Gross Domestic Product Report, the Kenyan economy recorded a 5.2% growth in Q2'2022, lower than the 11.0% growth recorded in Q2'2021, pointing towards slower economic growth. The biggest gainer in terms of sectoral contribution to GDP was the Financial services and Insurance sector, increasing by 0.5% points to 8.8% from 8.3% in Q2'2021, while Agriculture and Forestry was the biggest loser, declining by 1.5% points to 19.4% in Q2'2022, from 20.9% in Q2'2021. Mining and Quarrying sector recorded the highest growth rate in Q2'2022 growing by 22.6% compared to the 10.9% growth recorded in Q2'2021. The Real Estate sector recorded a growth of 5.5% in Q2'2022, 1.9% points lower than the 7.4% growth recorded in Q2'2021. The decline in performance was mainly attributed to increased cost of construction materials hindering optimum investments, coupled with the looming pre-election uncertainties.

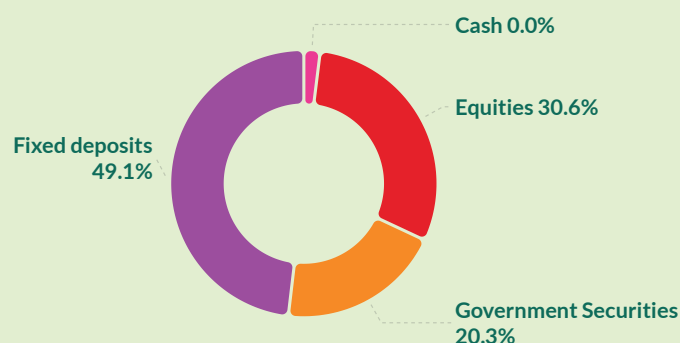
During the month, yields on the shorter dated Government papers recorded mixed performance, with the average yields on the 91-day and 364-day papers increasing by 0.1% points and 0.3% points to 9.2% and 10.2% respectively, while yields on the 182-day paper remained relatively unchanged at 9.7%. Additionally, the Kenyan Shilling depreciated by 0.9% against the US Dollar to close the month at Kshs 122.4, from Kshs 121.3 recorded at the end of October 2022, mostly attributable to increased dollar demand from energy and merchandise importers.

November 2022 inflation rate came in at 9.5%, down from 9.6% in October 2022. The inflation rate remains worryingly above the government target range of 2.5%-7.5%, mainly attributable to increasing food and fuel prices. During the month of November, the equities market was on a downward trajectory, with NASI, NSE 20, and NSE 25 declining by 1.8%, 2.4%, and 1.1%, respectively. The equities market performance was driven by losses recorded by large cap stocks such as Bamburi, Safaricom and Equity Group of 6.0%, 3.0%, and 2.2%, respectively. The losses were however mitigated by gains recorded by banking stocks such as NCBA Group, Standard Chartered Bank of Kenya (SCBK) and ABSA of 5.4%, 4.3%, and 3.6%, respectively. The market is currently trading at a price to earnings ratio (P/E) of 6.6x, 47.4% below the historical average of 12.6x, and a dividend yield of 5.7%, 1.6% points above the historical average of 4.1%.

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:** 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.