

NOVEMBER 2022

1. FUND PERFORMANCE

AVERAGE	2021	NOVEMBER 2022	PERFORMANCE SINCE INCEPTION (JANUARY-2020)	
			*Cumulative	**Annualized
Cytonn Africa Financial Services Fund	18.6%	0.8%	(14.1%)	(5.1%)
Benchmark (NSE 20)	1.6%	(2.4%)	(38.7%)	(15.4%)

*Aggregate percent amount that your investment would have gained since the fund started (16-Jan-2020)

**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

CAFF is a high-risk fund that aims to achieve the highest possible return for the investor through investing in financial services stocks in Sub Saharan Africa. The investment risk is reduced through holding a diversified portfolio of Securities.

Portfolio Strategy

The fund seeks to invest in the financial services sector stocks of Sub Saharan Africa countries that possess a high potential return, in the form of capital appreciation and dividend yield. The fund seeks to outperform the benchmark, NSE 20, by maintaining a diversified portfolio.

Portfolio Performance

The Cytonn Africa Financial Services Fund gained by 0.8% in November 2022, delivering above market returns.

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.

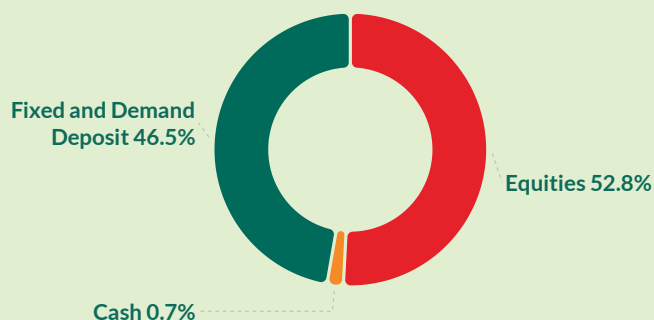
During the month, yields on the shorter dated Government papers recorded mixed performance, with the average yields on the 91-day and 364-day papers increasing by 0.1% points and 0.3% points to 9.2% and 10.2% respectively, while yields on the 182-day paper remained relatively unchanged at 9.7%. Additionally, 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.

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 other large cap stocks such as NCBA, Standard Chartered Bank-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 5.6%, 1.5% points above the historical average of 4.1%.

FUND PROFILE

- ◊ **Fund Manager:** Cytonn Asset Managers Limited
- ◊ **Risk Profile:** High
- ◊ **Minimum Initial Investment:** Kshs. 1,000,000
- ◊ **Minimum Additional Investment:** Kshs. 100,000
- ◊ **Annual Management Fee:** 2.5%
- ◊ **Initial Fee:** Nil
- ◊ **Trustee:** Goal Advisory
- ◊ **Custodian:** State Bank of Mauritius (SBM)
- ◊ **Benchmark:** NSE 20

FUND ALLOCATION



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