

OCTOBER 2023

1. FUND PERFORMANCE

AVERAGE	2022	OCTOBER 2023 (ANNUALIZED RETURN)	*PERFORMANCE SINCE INCEPTION (01-NOVEMBER-2017)
Cytonn Money Market Fund	10.6%	14.4%	11.0%
Benchmark (Average 91 day T- Bill + 1.0% point)	9.2%	15.0%	7.9%

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

2. FUND MANAGER'S REPORT AND OUTLOOK

Fund Objective

The Cytonn Money Market Fund is a low-risk fund that seeks to obtain a high level of current income while protecting investor's capital and liquidity.

Portfolio Strategy

The portfolio objective will be to outperform the income yield available on money market call accounts and fixed deposit accounts by investing in interest-bearing securities and other short-term money market instruments. These securities are usually available to wholesale or institutional clients. The Fund will also be managed conservatively with active management of duration, credit and liquidity risks.

Economic Report

According to Kenya National Bureau of Statistics (KNBS) Quarterly Gross Domestic Product Report Q2'2023, the Kenyan economy recorded a 5.4% expansion in Q2'2023, faster than the 5.2% growth recorded in Q2'2022. The growth was mainly supported by a rebound in agriculture, fishing and forestry sector, which grew by 7.7% in Q2'2023 compared to a contraction of 2.4% in Q2'2022. The biggest gainer in terms of sectoral contribution to GDP was the financial and Insurance sector, increasing by 0.7% points to 9.6% in Q2'2023 from 8.9% in Q2'2022, while Manufacturing sector was the biggest loser, declining by 0.3% points to 8.0% in Q2'2023, from 8.3% in Q2'2022. The Financial and Insurance sector recorded the highest growth rate in Q2'2023 growing by 13.5%, albeit slower than the 16.1% growth recorded in Q2'2022. Real Estate was the second largest contributor to GDP at 10.0% in Q2'2023, remaining relatively unchanged from Q2'2022, indicating sustained growth. Notably, the Real Estate sector grew by 5.8% in Q2'2023, 0.8% points higher than the 5.0% recorded in Q2'2022. We expect the economy to grow at slower pace on the back of elevated inflationary pressures as well as the sustained depreciation of the Kenyan Shilling against the dollar which has resulted to a reduced consumer purchasing power.

During the month, yields on the shorter-dated Government papers were on an upward trajectory, with the average yields on the 364-day, 182-day and 91-day papers increasing by 0.6% points, 0.5% points, and 0.5% points to 15.3%, 15.1%, and 15.0%, respectively. Additionally, the Kenyan Shilling depreciated by 1.7% against the US Dollar to close the month at Kshs 150.6, from Kshs 148.1 recorded at the end of September 2023, largely attributable to increased dollar demand from energy and merchandise importers. The October 2023 inflation rate increased marginally to 6.9% from the 6.8% recorded in the month of September 2023, marking the fourth consecutive month that the inflation has remained within the CBK target range of 2.5%-7.5%.

Portfolio Performance

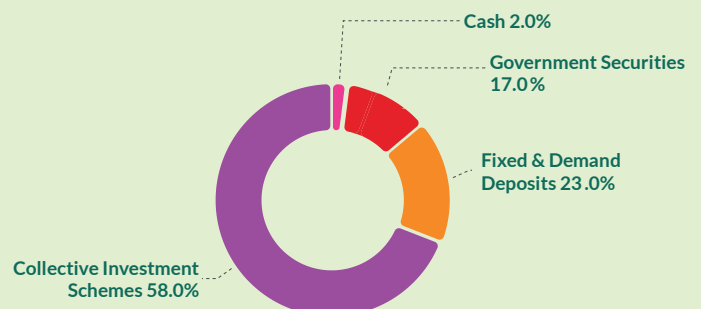
The Cytonn Money Market Fund successfully delivered high returns in October 2023, averaging 14.4% p.a. Going forward, Cytonn Asset Managers Limited (CAML) expects the Cytonn Money Market Fund to deliver returns above its benchmark of 91-day T-Bill+1.0% points leveraging on optimal asset allocation in line with the Fund's Investment Policy Statement.

As at 31st October 2023, cash, bank deposits and government securities constituted 42.1% of the portfolio.

FUND PROFILE

- ◉ Fund Manager: Cytonn Asset Managers Limited
- ◉ Risk Profile: Low
- ◉ Minimum Initial Investment: Kshs. 1,000
- ◉ Minimum Additional Investment: Kshs. 100
- ◉ Annual Management Fee: 1.5%
- ◉ Ledger Fee: Kshs 50
- ◉ Initial Fee: Nil
- ◉ Inception Date: 01 November-2017
- ◉ Trustee: Goal Advisory
- ◉ Custodian: SBM Bank Kenya Ltd
- ◉ Benchmark: Average 91-day T-Bill plus 1.0% points

ACTUAL ASSET ALLOCATION



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