

## NOVEMBER 2023

### 1. FUND PERFORMANCE

AVERAGE	2022	NOVEMBER 2023	PERFORMANCE SINCE INCEPTION (01-AUGUST-2019)	
			*Cumulative	**Annualized
Cytonn Equity Fund	(8.1%)	(7.3%)	(15.2%)	(4.1%)
Benchmark (NSE 20)	(11.9%)	2.3%	(42.9%)	(13.3%)

\*Aggregate percent amount that your investment would have gained since the fund started (1-Aug-2019)

\*\*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 Equity Fund is a moderate to high-risk fund that seeks to generate long-term capital growth and endeavors to maximize the total return to investors over the long term by investing in both listed and unlisted equity securities.

#### Portfolio Strategy

The Fund seeks to invest in companies with low valuation and growth potential while providing sufficient stability by investing in relatively mature companies. The key is to deliver a high total return from both capital appreciation and attractive dividend yields. The Fund seeks to outperform the benchmark, NSE 20, by maintaining a carefully selected and diversified portfolio.

#### Portfolio Performance

Cytonn Equity Fund declined by 7.3% in the month of November 2023. The performance of the fund was driven by losses recorded by portfolio stocks such as KCB and Safaricom having declined by 50.5% and 41.6% respectively on a YTD basis. The losses were however mitigated by gains recorded in the fixed income docket.

#### Economic report and outlook

According to the 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 the 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. In contrast, the Manufacturing sector was the biggest loser, declining by 0.3% points to 8.0% in Q2'2023, from 8.3% in Q2'2023. 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 a 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 in reduced consumer purchasing power.

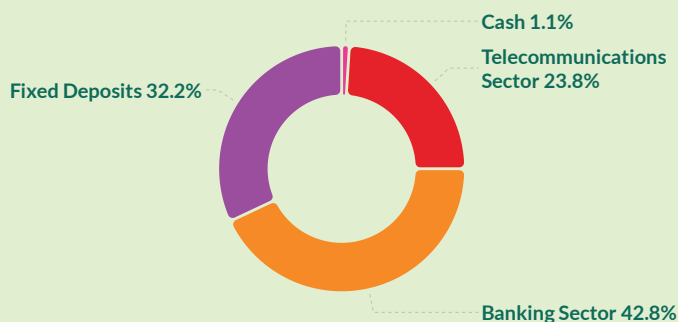
During the month, yields on the shorter-dated Government papers were on an upward trajectory, with the average yields on the 364-day, 182-day, and 91-day papers increasing by 28.8 bps, 36.8 bps, and 36.4 bps to 15.6%, 15.4%, and 15.4%, respectively. Additionally, the Kenyan Shilling depreciated by 1.7% against the US Dollar to close the month at Kshs 153.2, from Kshs 150.6 recorded at the end of October 2023, largely attributable to increased dollar demand from energy and merchandise importers. The November 2023 inflation rate decreased marginally to 6.8% from the 6.9% recorded in the month of October 2023, marking the fifth consecutive month that the inflation has remained within the CBK target range of 2.5%-7.5%.

During the month of November 2023, the equities market was on an upward trajectory, with NASI gaining the most by 3.8%, while NSE 20, NSE 25, and NSE 10 gained by 2.4%, 0.4%, and 0.2% respectively. The equities market performance was driven by gains recorded by large-cap stocks such as Bamburi, Safaricom, and KCB of 53.1%, 12.9%, and 7.7% respectively. The gains were, however, weighed down by losses recorded by large-cap stocks such as EABL, Stanbic, and Absa of 10.7%, 5.8%, and 3.9% respectively. The market closed the month trading at a price-to-earnings ratio (P/E) of 5.0x, 58.5% below the historical average of 12.2x, and a dividend yield of 9.4%, 5.0% points above the historical average of 4.4%.

#### FUND PROFILE

- ◊ **Fund Manager:** Cytonn Asset Managers Limited
- ◊ **Risk Profile:** Moderate to High
- ◊ **Minimum Initial Investment:** Kshs. 1,000
- ◊ **Minimum Additional Investment:** Kshs. 100
- ◊ **Annual Management Fee:** 2.5%
- ◊ **Initial Fee:** Nil
- ◊ **Inception Date:** 01-August-2019
- ◊ **Trustee:** Goal Advisory
- ◊ **Custodian:** State Bank of Mauritius (SBM) Kenya Ltd
- ◊ **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.