

NOVEMBER 2022

1. FUND PERFORMANCE

AVERAGE	2021	NOVEMBER 2022	PERFORMANCE SINCE INCEPTION (01-AUGUST-2019)	
			*Cumulative	**Annualized
Cytonn Equity Fund	4.0%	2.4%	(14.7%)	(4.7%)
Benchmark (NSE 20)	1.6%	(2.4%)	(37.5%)	(13.1%)

*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 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 successfully delivered above-market returns in November 2022, gaining by 2.4%. The fund outperformed its benchmark NSE-20, which declined by 2.4% during the month.

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 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.

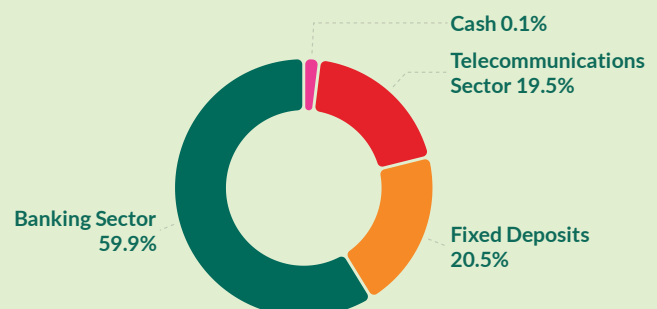
During the month, yields on the shorter dated Government papers recorded mixed performance, with the average yields on the 91-day and 364-day papers increasing by 0.1% points and 0.3% points to 9.2% and 10.2% respectively, while yields on the 182-day paper remained relatively unchanged at 9.7%. Additionally, 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 Group, Standard Chartered Bank of Kenya (SCBK) and ABSA of 5.4%, 4.3% and 3.6%, respectively. As of 2nd December 2022, the market was 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:** Moderate to High
- ◉ **Minimum Initial Investment:** Kshs. 1,000
- ◉ **Minimum Additional Investment:** Kshs. 1,000
- ◉ **Annual Management Fee:** 2.5%
- ◉ **Initial Fee:** Nil
- ◉ **Inception Date:** 01-August-2019
- ◉ **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.