

DECEMBER 2023

1. FUND PERFORMANCE

AVERAGE	2022	DECEMBER 2023	PERFORMANCE SINCE INCEPTION (01-AUGUST -2019)	
			*Cumulative	**Annualized
Cytonn Balanced Fund	0.5%	3.3%	5.6%	1.4%
Benchmark (50.0% NSE 20, 50.0% 91-day T-bill)	(1.9%)	1.9%	52.8%	6.4%

*Aggregate percentage 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 the 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 investment schemes among others.

Portfolio Performance

The Cytonn Balanced Fund grew by 3.3% in December 2023. The gain was mainly driven by gains recorded by portfolio stocks such as KCB, DTB-K, and I&M Group of 16.2%, 2.0%, and 0.3% respectively. The gain was however weighed down by losses recorded by portfolio stocks such as Safaricom of 1.1%.

Economic report and outlook

According to Kenya National Bureau of Statistics (KNBS) Quarterly Gross Domestic Product Report Q3'2023 GDP the Kenyan economy recorded a 5.9% expansion in Q3'2023, faster than the 4.3% growth recorded in Q3'2022. All sectors in Q3'2023 recorded positive growths, with varying magnitudes across activities. Most sectors recorded improved growth compared to Q3'2022 with Accommodation and Food Services, Agriculture, Forestry and Fishing, and Mining and Quarrying Sectors recording the highest growth improvements of 9.1% points, 8.0% points, and 5.6% points, respectively. The biggest gainer in terms of sectoral contribution to GDP was the financial and Insurance sector, increasing by 0.8% points to 9.9% in Q3'2023 from 9.1% in Q3'2022, while Transport and Storage sector was the biggest loser, declining by 0.3% points to 10.1% in Q3'2023, from 10.4% in Q3'2022. The Accommodation and Food Service sector recorded the highest growth rate in Q3'2023 growing by 26.0%, higher than the 16.9% growth recorded in Q3'2022. Real Estate was the second largest contributor to GDP at 10.5% in Q3'2023, remaining relatively unchanged from Q3'2022, indicating sustained growth.

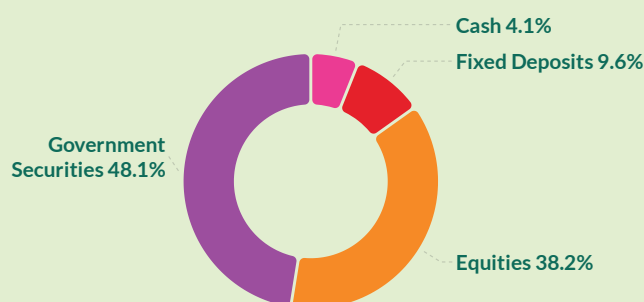
During the month, yields on the shorter-dated Government papers were on an upward trajectory, with the 364-day, 182-day, and 91-day papers yields increasing by 30.7 bps, 48.2 bps, and 45.6 bps to 15.9%, 15.9%, and 15.8% respectively from 15.6%, 15.4% and 15.4% recorded the previous month. Additionally, the Kenyan Shilling depreciated by 2.2% against the US Dollar to close the month at Kshs 156.5, from Kshs 153.2 recorded at the end of November 2023, largely attributable to increased dollar demand from energy and merchandise importers. The December 2023 inflation rate eased by 0.2% points to 6.6%, from the 6.8% recorded in November 2023, marking the sixth consecutive month that the inflation has remained within the CBK target range of 2.5%-7.5%.

During the month of December 2023, the equities market recorded mixed performances, with NSE 20 gaining the most by 0.4%, followed by NASI and NSE 25 which gained by 0.2% and 0.1% respectively, while NSE 10 declined by 0.5%. The equities market performance was driven by gains recorded by large-cap stocks such as KCB Group, Stanbic Bank, ABSA bank, Standard Chartered Bank, Bamburi Cement, and Diamond Trust Bank Kenya of 16.2%, 6.6%, 3.2%, 2.7%, 2.3%, and 2.0% respectively. The gains were, however, weighed down by losses recorded by large-cap stocks such as Equity Bank and Safaricom of 7.8% and 1.1% respectively. The market is currently trading at a price-to-earnings ratio (P/E) of 5.1x, 57.7% below the historical average of 12.1x. The dividend yield stands at 9.4%, 5.0% points above the historical average of 4.4%.

FUND PROFILE

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