

JUNE 2024

1. FUND PERFORMANCE

AVERAGE	2023	JUNE 2024	PERFORMANCE SINCE INCEPTION (01-AUGUST -2019)	
			*Cumulative	**Annualized
Cytonn Balanced Fund	(4.4%)	12.0%	38.1%	8.6%
Benchmark (50.0% NSE 20, 50.0% 91-day T-bill)	(1.9%)	(1.8%)	55.7%	7.5%

*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 investments schemes among others.

Portfolio Performance

The Cytonn Balanced Fund gained by 12.0% in June 2024. The gain was mainly driven by gains recorded in the fixed income docket. The performance was however weighed down by losses by portfolio stocks such as Safaricom of 3.4%.

Economic report and outlook

According to the Kenya National Bureau of Statistics (KNBS) 2024 Economic Survey, the Kenyan economy recorded a 5.6% expansion in FY'2023, faster than the 4.9% growth recorded in FY'2022. The performance in FY'2023 was mainly driven by the 6.5% growth in the Agriculture, Fishing, and Forestry sector, compared to the 1.5% contraction recorded in FY'2022, owing to the favorable weather conditions, that boosted crop and livestock production. Also, Production of key food crops such as maize, beans, and potatoes increased significantly during the year. All sectors in FY'2023 recorded positive growths, with varying magnitudes across activities. Most sectors recorded improved growth compared to FY'2022, with Agriculture, Forestry and Fishing, Accommodation and Food Services, and Real Estate Sectors recording the highest growth improvements of 7.9% points, 6.8% points, and 2.8% points, respectively. The biggest gainer in terms of sectoral contribution to GDP was the Financial and Insurance sector, increasing by 0.4% points to 9.5% in FY'2023 from 9.1% in FY'2022, while the Manufacturing sector was the biggest loser, declining by 0.3% points to 8.2% in FY'2023, from 8.4% in FY'2022. The Accommodation and Food Services sector recorded the highest growth rate in FY'2023 growing by 33.6%, faster than the 26.8% growth recorded in FY'2022.

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 17.4 bps, 15.7 bps, and 4.9 bps to 16.8%, 16.7%, and 16.0% respectively from 16.6%, 16.5%, and 15.9% recorded the previous month. Additionally, the Kenyan Shilling gained by 0.5% against the US Dollar to close the month at Kshs 129.5, from Kshs 130.2 recorded at the end of May 2024.

The June 2024 inflation rate decreased by 0.5% points to 4.6%, from the 5.1% recorded in May 2024. Notably, inflation has remained within the CBK target range of 2.5%-7.5% for the past twelve months.

During the month of June 2024, the equities market was on a downward trajectory, with NSE 10 declining the most by 4.6%, while NSE 20, NSE 25, and NASI declining by 3.8%, 3.4% and 3.1% respectively. The equities market performance was driven by losses recorded by large-cap stocks such as KCB Group, EABL, and Cooperative Bank of 12.1%, 7.1%, and 5.9% respectively. The losses were, however, mitigated by gains recorded by large-cap stocks such as Standard Chartered Group, Stanbic Bank, and ABSA of 4.0%, 3.6%, and 1.8% respectively.

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.