

DECEMBER 2023

1. FUND PERFORMANCE

| AVERAGE | 2022 | DECEMBER 2023 | PERFORMANCE SINCE INCEPTION (01-AUGUST-2019) | |
|--------------------|---------|---------------|--|--------------|
| | | | *Cumulative | **Annualized |
| Cytonn Equity Fund | (8.1%) | 0.3% | 0.9% | 0.2% |
| Benchmark (NSE 20) | (11.9%) | (0.6%) | (42.7%) | (13.2%) |

*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 gained by 0.3% in the month of December 2023. The performance of the fund was driven by gains recorded by portfolio stocks such as KCB Group having gained by 16.2% in the month of December as well as gains in the fixed income docket. The gains were however weighed down by losses recorded by the Safaricom stock 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. 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. Other sectors that recorded expansion in growth rate, from what was recorded in Q3'2022 were Financial and Insurance Services, Information and Communication, and Real Estate sectors, of 5.1%, 2.7%, and 2.2% points respectively.

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.

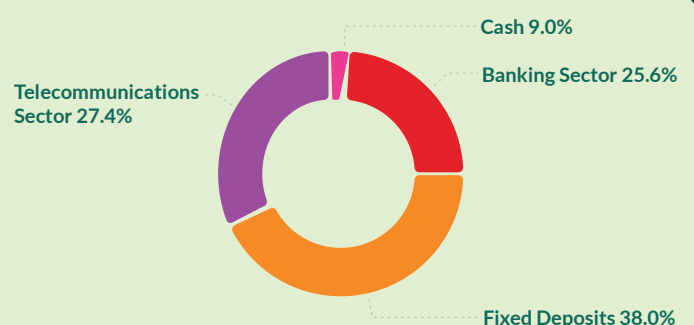
The y/y inflation in December 2023 decreased by 0.2% points to 6.6%, from the 6.8% recorded in November 2023, marking the sixth consecutive month that the inflation has remained within the CBK target range of 2.5%-7.5%.

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:** 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.

Call: +254 (0) 709 101 200 Email: sales@cytonn.com