CYTONN EQUITY FUND FACT SHEET

FEBRUARY 2023

1. FUND PERFOMANCE

AVERAGE	2022	FEBRUARY 2023	PERFOMANCE SINCE INCEPTION (01-AUGUST-2019)	
			*Cumulative	**Annualized
Cytonn Equity Fund	(8.1%)	1.8%	(14.3%)	(4.2%)
Benchmark (NSE 20)	(11.9%)	(0.6%)	(37.1%)	(12.1%)

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 successfully delivered above-market returns in February 2023, gaining by 1.8%.

Economic report and outlook
According to Kenya National Bureau of Statistics (KNBS) Quarterly Gross Domestic Product Report Q3'2022, the Kenyan economy recorded a 4.7% growth in Q3'2022, significantly lower than the 9.3% growth recorded in Q3'2021 when most sectors of the economy were recovering from the impacts of COVID-19 pandemic. The biggest gainer in terms of sectoral contribution to GDP was Financial and Insurance sector, increasing by 0.8% points to 8.9% from 8.1% in Q3'2021, while Agriculture and Forestry was the biggest loser, declining by 1.5% points to 14.8% in Q3'2022, from 16.3% in Q3'2021. Accommodation and Food Services sector recorded the highest growth rate in Q3'2022 growing by 22.9% compared to the 127.5% growth recorded in Q3'2021. The Real Estate sector recorded a growth of 5.1% in Q3'2022, 2.0% points lower than the 7.1% growth recorded in Q3'2021. The decline in performance was mainly attributed to increased cost of construction materials on the back of inflationary pressure and prevailing local currency depreciation that hindered optimum investments.

During the month, yields on the shorter dated Government papers were on an upward trajectory with the average yields on the 364-day and 182-day papers increasing by 0.2% points each to 10.6% and 10.1%, respectively, while the yield on the 91-day paper increased by 0.1% points to 9.6% from 9.5% recorded in January 2023. Additionally, the Kenyan Shilling depreciated by 2.0% against the US Dollar to close the month at Kshs 126.9, from Kshs 124.4 recorded at the end of January 2023, majorly attributable to increased dollar demand from energy and merchandise importers.
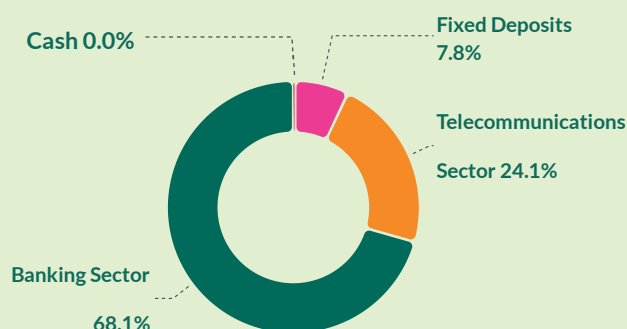
February 2023 inflation rate came in at 9.2%, a slight increase from 9.0% recorded in January 2023. The inflation rate remains worryingly above the government target range of 2.5%-7.5%, mainly attributable to the high food and fuel prices.

During the month of February, the equities market recorded mixed performance, with NASI and NSE 25 gaining by 0.1% and 0.7%, respectively, while NSE 20 declined by 0.6%. The equities market performance was driven by gains recorded by large cap banking stocks such as Standard Chartered Bank of Kenya (SCBK), Equity Group, NCBA Group and Cooperative Bank of Kenya of 4.0%, 3.4%, 2.2% and 1.6% respectively. The gains were however weighed down by losses recorded by large cap stocks such as Bamburi and Stanbic Holdings of 5.2% and 4.5%, respectively. The market is currently trading at a price to earnings ratio (P/E) of 6.7x, 46.6% below the historical average of 12.5x, and a dividend yield of 7.4%, 3.3% 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. 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

Cash 0.0%
Fixed Deposits 7.8%
Telecommunications Sector 24.1%
Banking Sector 68.1%