

CIC ASSET MANAGEMENT LTD - CICAM

CIC EQUITY FUND

Fact Sheet

December 2021



Key Features

Fund Manager	CIC Asset Management Ltd
Launch Date	June - 11
Risk Profile	High
Trustee	Kenya Commercial Bank
Custodian	Co-op Custodial Services
Auditors	PWC
Minimum Investment:	Ksh 5,000.00
Minimum Additional Investment	Ksh 1,000.00
Initial Fee	2.50%
Annual Management Fee:	2.00%
Distribution	Semi-annual

Market Commentary

GDP: The economy averaged 6.9% growth by Q3’21 buoyed largely by re-opening of learning institutions (education sector +64.7%), manufacturing (+9.5%) and accommodation and food services (+24.8%) on eased restrictions after the third wave of covid-19. Kenya’s activity indicators point to a more upbeat pace of recovery in 2022 despite overhang risks. The emergence of vicious cycle of new variants has brought renewed fears globally amid politics taking centre stage as we gear up for elections. Given the impressive degree of recovery across sectors and full reopening of the country effective 20th October 2021, we expect economic growth to exceed the 5.3% forecasted by the government for the 2021/22 fiscal year in the budget review outlook paper.

Exchange rates: The Kes depreciated by 2.34% in Q4’21 to the dollar closing at 113.14 largely attributable to servicing of euro bond debt obligations and a marginal rise in our import bill. We expect the shilling to remain pressured on trade imbalance, higher crude oil prices and a strengthening USD in the global markets. The current FX reserves (5.36 months import cover) provide some cushion to CBK in their efforts to tame the depreciation and we believe the coming year will be one of focus in managing the exchange rate.

Inflation: Inflation averaged 6% in Q4’21 compared to 6.67% in Q3’21; largely due to regulatory intervention to tame local pump prices. Soaring global energy prices and a potential trigger of food supply shocks pose an upside risk. However, enduring weak demand from household consumption should strap inflation below CBK’s upper target band of 7.5%. This should lessen the likelihood of CBK raising its base rate, at least for the first half of 2022.

Interest rates: The CBK retained its benchmark rate at 7% in Q4’21, opining that the current accommodative stance is still needed to provide stimulus. Short-term rates inched up in Q4 with the 91,182 and 364-day papers closing at 7.27%, 8.09% and 9.37% respectively. The yield curve steepened in Q4 with rates rising on all tenors. We expect a rise in yields across the curve as the government seeks to plug the budget deficit. High levels of liquidity in the banking sector as well as local institutions guarantees this borrowing appetite will remain funded as we head into 2022.

Equities: : The market registered losses in Q4’21 with the NASI & NSE-20 losing 6.65% and 6.33% respectively. This loss was occasioned by emergence of a new variant that prompted foreign investor capital flight to safer haven assets into other economies they perceive less risky. Local investors continue to cherry pick supply of these and other stocks as optimism around economic recovery picks up.

Who should invest?

- Investors who;
- Typically ready to invest over the medium to long-term.
 - Seeking long-term capital growth at high risk.
 - Seek to benefit from a well-diversified portfolio of market instruments.

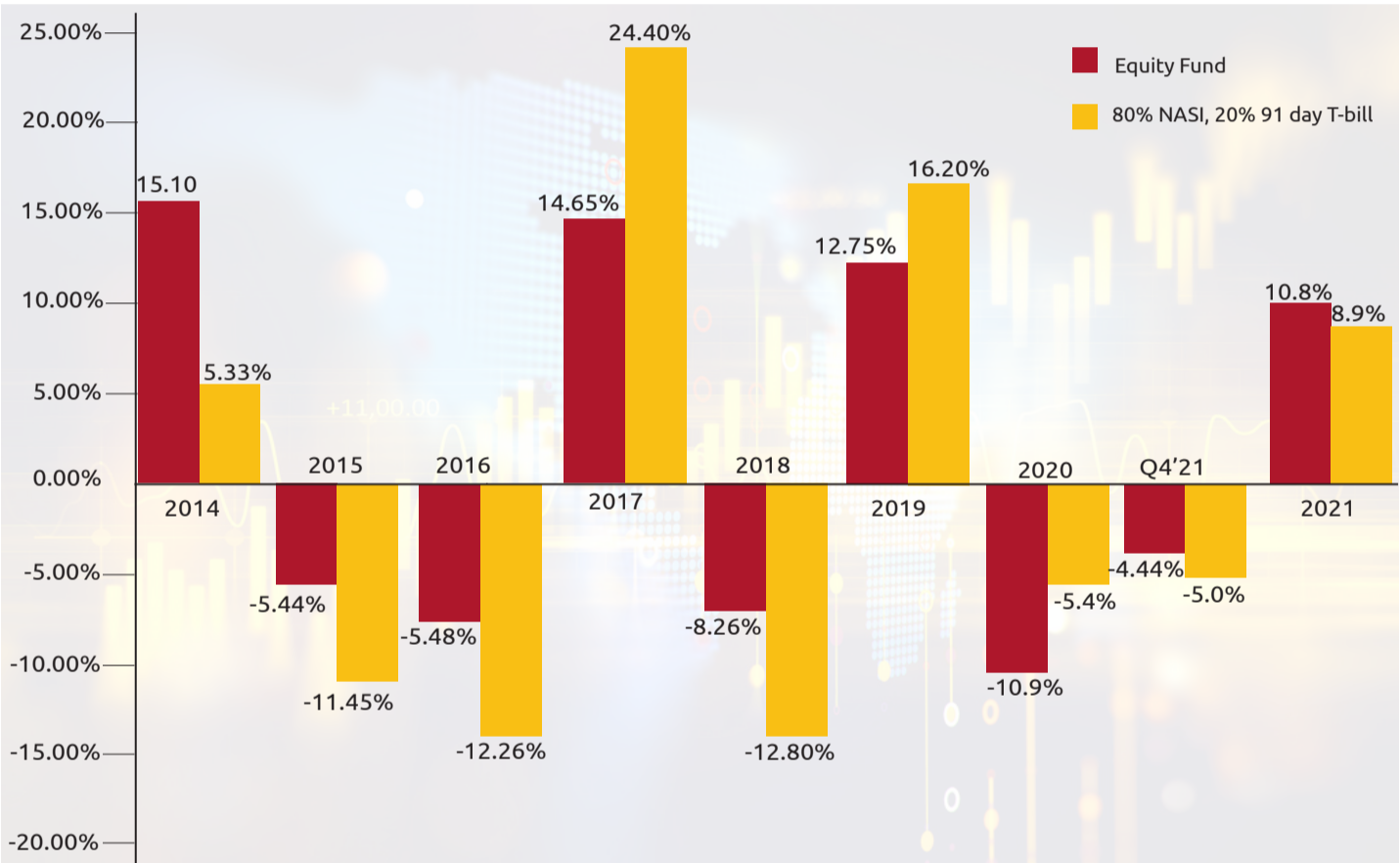
Fund Outlook

Investments in NSE listed stocks provides investors with a diversification option albeit at higher risk. Preference for less riskier assets persisted, but the equity market showed resilient performance as investors centred their activity on select stocks.

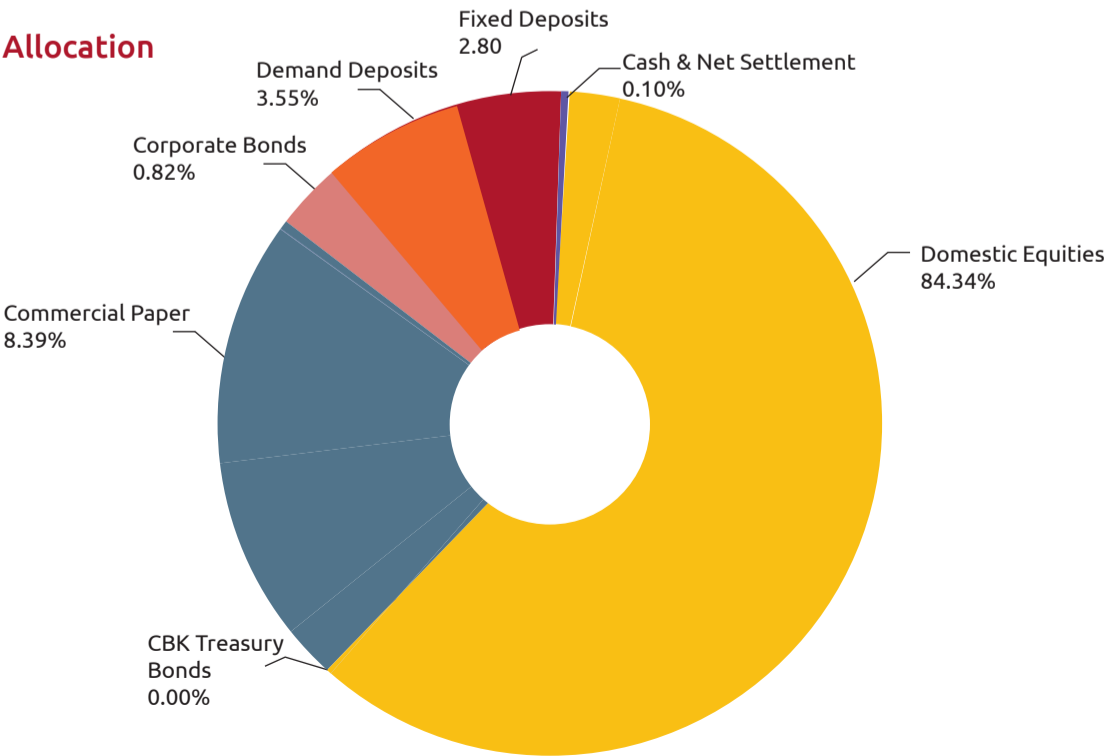
The fund declined in value during the quarter as a foreing sell off in the month of November led to price declines subsequently affecting returns. The market will continue to move in tandem with performance of select blue chip stocks that constitute its largest share.

We expect the market to exhibit weakness in 2022 on concerns around any emergence of new covid variants and political disruption to both public and private investments

Fund Performance



Asset Allocation



Statutory Disclaimer: The value of units may go down as well as up and past performance is not necessarily a guide to the future. There are no guarantees on the client’s capital as the performance of units in the fund is determined by changes in the value of underlying investments hence value of your unit trust investment.