CIC Asset Management Ltd - CICAM

CIC MONEY MARKET FUND

Fact Sheet

December 2021

CIC GROUP

Key Features

Fund Manager	CIC Asset Management Ltd
Launch Date	June - 11
Risk Profile	Low
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	Nil
Annual Management Fee:	2.0%
Effective Annual Yield	8.86%
Distribution	Monthly

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.

Outlook: Our expectations of a rise in short term rates to reflect higher inflation expectations will improve the return in the fund.

Who should invest?

Investors who are seeking ;

- Capital preservation whilst not seeking long-term capital growth
- A high degree of capital stability and who are strictly risk averse.
- A short term parking bay for surplus fund particularly in times of market volatility

Key benefits

Liquidity: The client is able to withdraw their funds at short notice with no penalty fees.

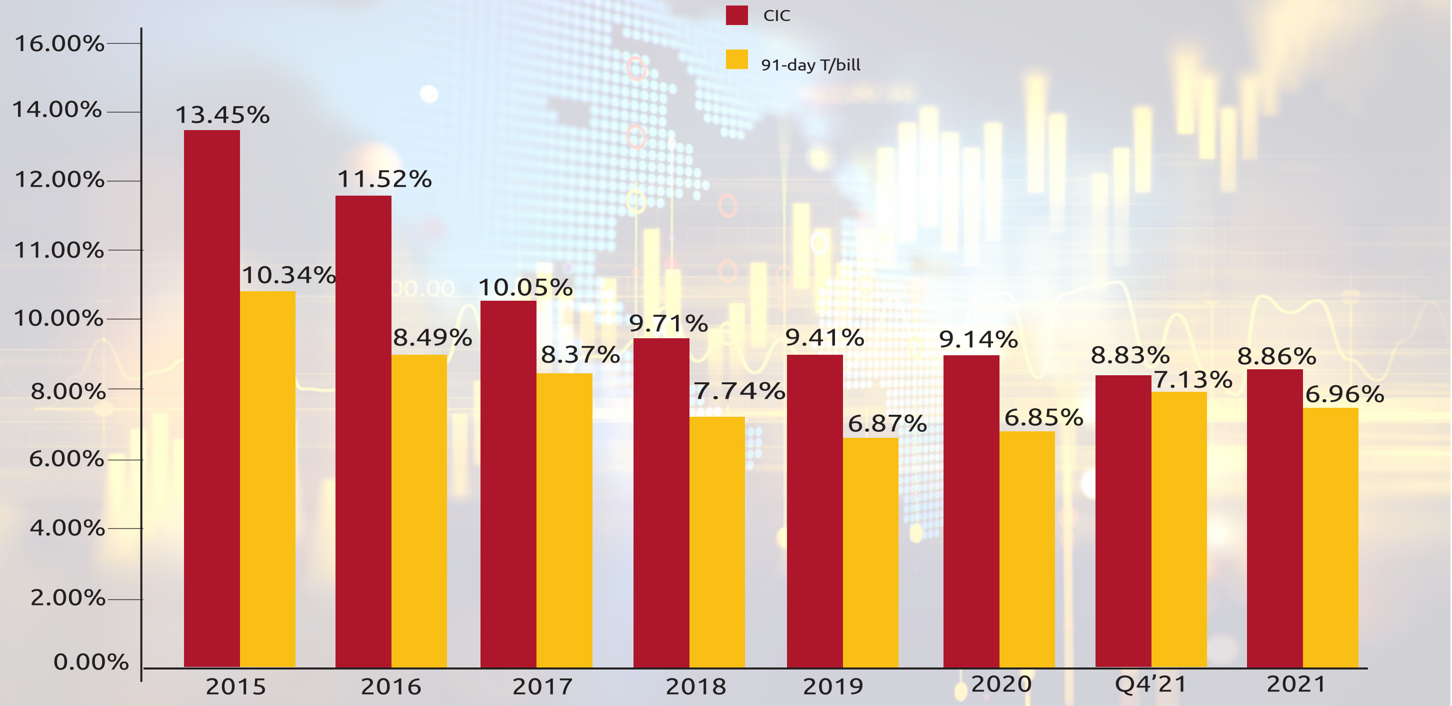
Flexibility: The client is able to switch or transfer funds to another fund that he/she may have with CICAM.

Security: The fund invests in government paper and liquid instruments.

Competitive Returns: Interest is calculated daily and credited at the end of each month. As an institutional client, the fund benefits from placing deposits in large sums and as such is able to negotiate for competitive rates.

Professional fund management: prospective investors benefit from the expertise of our seasoned professionals.

Fund Performance



Asset Allocation