

CIC MONEY MARKET FUND

Fact Sheet

March 2022



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 expanded by 7.5% in 2021 buoyed largely by rebounds in most economic activities from the contractions in 2020. Major growth drivers included services (65.1%), education (21.4%), financial & insurance (12.5%) and manufacturing (6.9%). Kenya's economy has shown considerable resilience to the enormous shocks of the pandemic and we expect a further positive GDP (>5%) print in 2022 owing to broad based sector growth. External economic conditions pose a risk to our outlook; specifically the Russia-Ukraine war has dampened global trade and flow of resources, resulting in higher input and output costs. Locally, we expect the agriculture sector to be slightly affected negatively by uneven rainfall patterns.

Exchange rates: The Kes has steadily depreciated by 1.24% in Q1'22 with the dollar closing at 114.31. This is largely attributable to the rising costs of imports owing to global tensions and servicing of external debt obligations. Forex reserves resultantly declined quarter on quarter to USD 7.8Bn (equivalent to approx. 4.66 months of import cover). We expect the shilling to continue depreciating due to higher costs of imports and lower dollar inflows. The prolonged geopolitical tensions in Europe will lead to a further rise in costs of inputs and disrupt the ease of global trade pressuring the shilling further.

Inflation: Inflation averaged 5.34% in Q1'22 compared to 6% in Q4'21. The conflict in eastern Europe has led to higher commodity prices which pose an upside risk. On the supply side, high prices of select imports e.g. steel and wheat, high energy and transport costs are slowing production. Meanwhile on the demand side, the rising commodity prices has resulted to a slow-down in household demand. Moreover, the buffers and coping mechanisms of household, firms and the public finances have been depleted. Given the weak fiscal position, any additional subsidies may be off the table for now. However, we believe that the central bank will deploy other measures to keep inflation expectations well anchored within their target range of 2.5% to 7.5%.

Interest rates: The CBK retained its benchmark rate at 7% in Q1'22. The stance was maintained despite rising inflation, with the authorities noting that it was still range bound and that it was necessary to continue providing an environment necessary to spur economic resilience. Short-term rates inched up in Q1 with the 91,182 and 364-day papers closing at 7.28%, 8.13 and 9.76% respectively. The yield curve steepened in Q1 with rates rising across all tenors. Having frontloaded much of the local borrowing in the first half of the fiscal year, we expect borrowing pressures in Q2 to be muted. Along with treasury's impetus to lengthen the debt maturity profile, yields may not increase significantly in the coming quarter. Inflationary pressures however

poses a risk to our outlook of stabilizing yields.

Outlook: Rates have been rising slowly in 2022, and we similarly expect the money market rate to register a slight uptick in Q2 2022 albeit still at single digit.

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

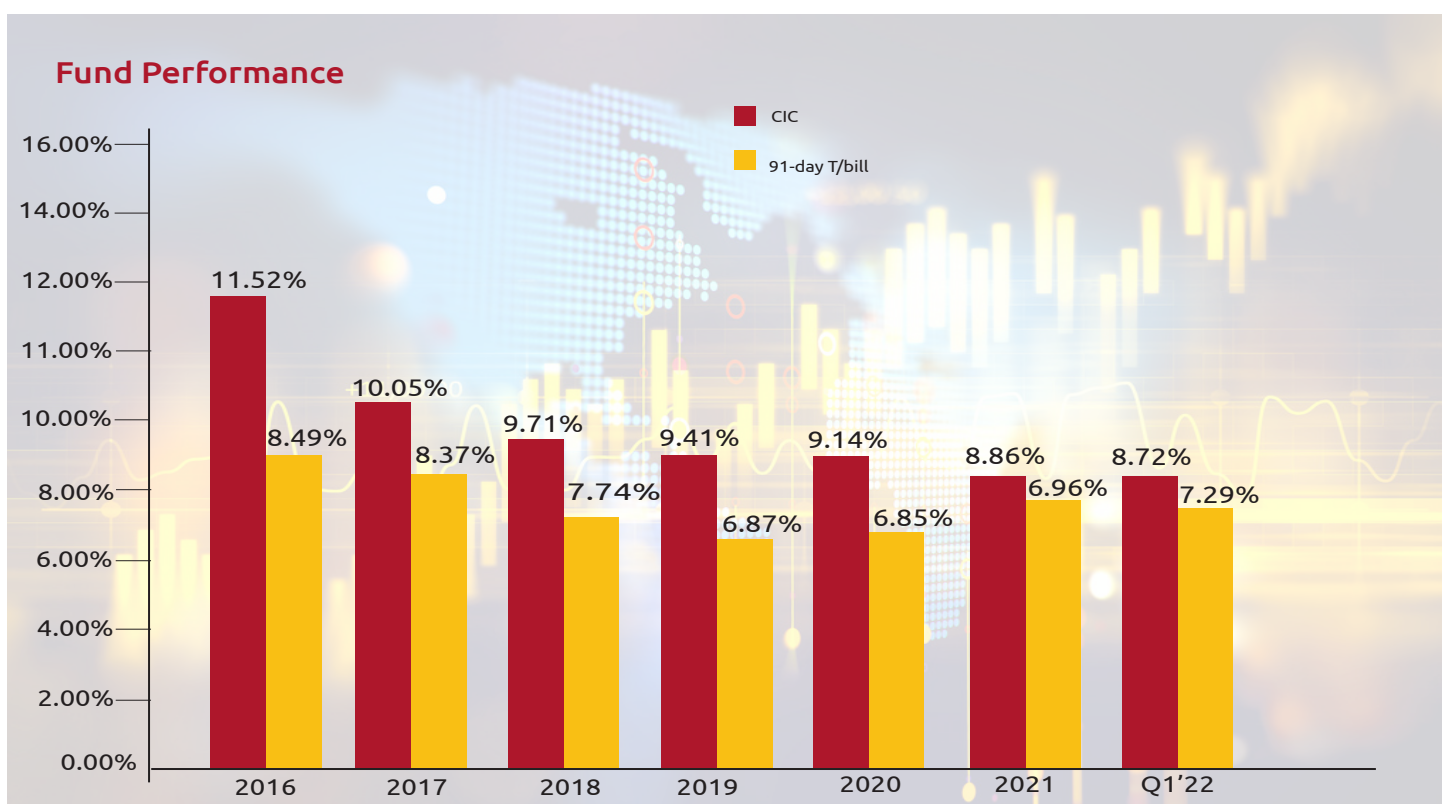
Liquidity: The client is able to withdraw their funds at short notice with no penalty fees.

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

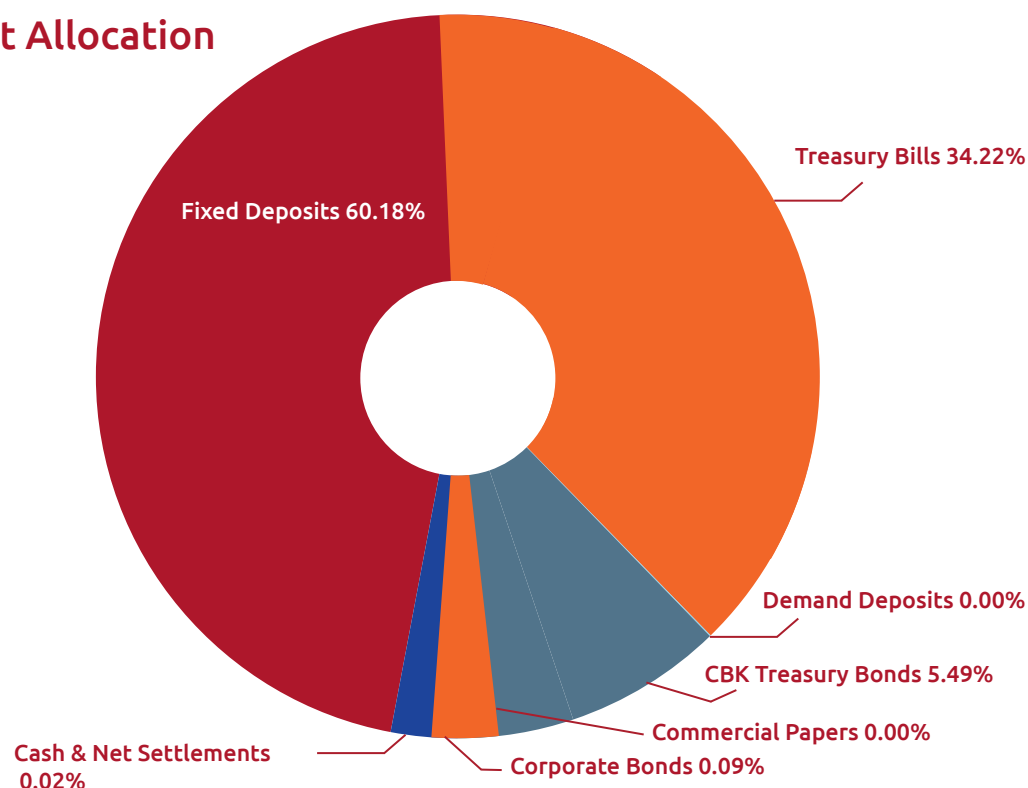
Security: The fund invests in government paper and liquid instruments.

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.



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.