One of the biggest problems in finance and especially risky assets management has tentatively been that of determining the returns of a collection of risky assets. Financial return evaluation of unit trusts is a crucial determinant of fund managers’ ability to add value to the resources under their stewardship. Every investor on the other hand is concerned with the issue of how well various portfolios have performed. After all, the objective of investing is to increase or at least protect financial wealth. In the long run, the fund manager capabilities and skills in value addition to wealth managed must be measured using results as the yardstick for performance. Conceptually, fund managers of unit trusts can invest in real assets or in financial assets. For the fund managers to achieve their investment objectives, selection of the investment is by undertaking fundamental analysis on macro-economic and micro-economic factors. This notwithstanding, serious difficulties and problems arise due to uncertainty in choosing the appropriate investment benchmarks and models. The unit trust industry in Kenya is very young having started with the passage of the Capital Markets Amendment Act (2000), which recognizes specific investment vehicles and microfinance institutions especially unit trusts. Unit trusts pool savings from investors and inject them in a portfolio of assets according to the funds stated objectives. Unit trusts offer the small investor an opportunity to achieve high investment diversification without small manageable sums of money from his savings. Extensive research on unit trust financial performance has been done over the years by comparatively analyzing the unit trusts returns with those of the securities market or selected indices market in the developed countries. The findings confirm the unit trusts returns inability to earn higher returns than the selected market benchmarks. The motivation for the study is the poor performance of unit trusts in Kenya. According to the CMA report (2010), unit trusts returns trail below the profitability of bonds and equities traded in the NSE though the CMA projects that their growth will be higher in future. This poor performance of unit trusts and lack of popularity in Kenya against the presence of increased investments in intellectual assets raises questions on the effect of macroeconomic variables in solving the difficulties facing unit trusts in Kenya. The effect of macroeconomic variables on assets under management tops the list of financial concerns for long term investors. The macroeconomic variables that investors should take a keen interest on include interest rate, inflation, money supply, economic growth and industrial growth indicators and how they impact on risky portfolios. The study will evaluate the effect of selected macroeconomic variables of financial performance of unit trusts listed and licensed in Kenya by the CMA. The study will take a correlation research design approach. The study will use quarterly secondary data from KNBS, CBK and CMA. The period covered by this study will be January 2011 to December 2015. The study will use data analysis software such as Microsoft Excel and SPSS to analyze the data. The multiple linear regression equation and Karl Pearson’s coefficient of correlation will be employed to link the selected macroeconomic variables to financial performance of unit trusts in Kenya. The selected macroeconomic variables consist of interest rate measured by the commercial bank lending rate, Inflation rate measured by the CPI, Money Supply-M3 and Real Gross Domestic Product. The analysis will entail the calculation of the coefficients of the selected macroeconomic variables which will be related to the NAV. The coefficients of macroeconomic variables will be represented by “β” in the multiple regression equation.