

AUGUST 2023

1. FUND PERFORMANCE

| AVERAGE | 2022 | AUGUST 2023 (ANNUALIZED RETURN) | *PERFORMANCE SINCE INCEPTION (07-OCTOBER-2019) |
|---|-------|---------------------------------|--|
| Cytonn High Yield Fund (CHYF) | 13.9% | 13.6% | 13.8% |
| Benchmark (182 day T- Bill + 5.0% points) | 14.0% | 18.2% | 13.5% |

*Historical Percentage you can expect to earn with the fund during one year of investment on basis of the so far realized monthly returns

2. FUND MANAGER'S REPORT AND OUTLOOK

Fund Objective

The Cytonn High Yield Fund is a specialized Collective Investment Scheme with exposure skewed towards investment in real estate assets. The Fund aims at capital preservation while earning high returns and maintaining sufficient liquidity. The Fund aims to achieve above average returns that not only beat inflation but are also better than the yields offered by both government securities and fixed deposits.

Portfolio Strategy

The fund will largely be invested in fixed income and real estate related securities. Being a specialized Fund, the Fund can invest up to 80.0% in Real Estate funds, but to ensure sufficient diversification, no single investment should be more than 25.0% of the portfolio unless in special cases.

Economic report and outlook

According to Kenya National Bureau of Statistics (KNBS) Quarterly Gross Domestic Product Report Q1'2023, the Kenyan economy recorded a 5.3% expansion in Q1'2023, although slower than the 6.2% growth recorded in Q1'2022. The growth was mainly supported by a rebound in agricultural activities, which grew by 5.8% in Q1'2023 compared to a contraction of 1.7% in Q1'2022. The biggest gainer in terms of sectoral contribution to GDP was the financial and Insurance sector, increasing by 1.9% points to 8.8% in Q1' 2023 from 6.8% in Q1'2022, while Agriculture and Forestry was the biggest loser, declining by 4.9% points to 18.5% in Q1'2023, from 23.4% in Q1'2022. The accommodation and Food Services sector recorded the highest growth rate in Q1'2023 growing by 21.5%, albeit slower than the 40.1% growth recorded in Q1'2022. Real Estate was the second largest contributor to GDP at 10.0% in Q1'2023, 1.5% points increase from 8.5% in Q1'2022, indicating sustained growth. The Real Estate sector grew by 5.2% in Q1'2023, albeit 0.8% points lower than the 6.0% recorded in Q1'2022. The decline in Real Estate performance was mainly attributed to the increased cost of construction materials arising from increased inflationary pressures and prevailing local currency depreciation, which 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, 182-day and 91-day papers increasing by 1.1% points, 1.0% points, and 1.1% points to 13.6%, 13.2%, and 13.3%, respectively. Additionally, the Kenyan Shilling depreciated by 2.2% against the US Dollar to close the month at Kshs 145.4, from Kshs 142.3 recorded at the end of July 2023, largely attributable to increased dollar demand from energy and merchandise importers. The July 2023 inflation rate eased to 7.3%, from the 7.9% inflation rate recorded in the month of June 2023, marking the first time in 14 months that the inflation has fallen within the CBK target range of 2.5%-7.5%.

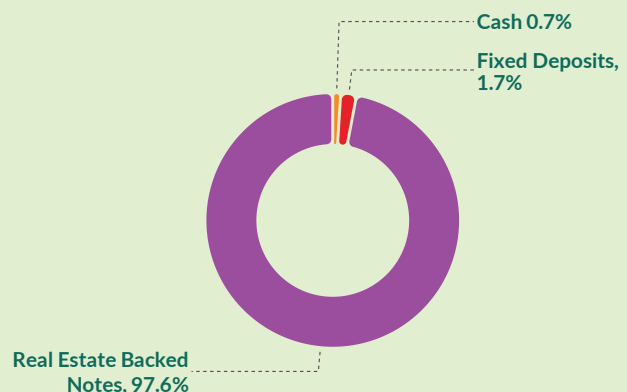
Portfolio Performance

The Cytonn High Yield Fund delivered an average return of 13.6% p.a. beating the inflation rate of 7.3% in the month of July to deliver positive real returns.

FUND PROFILE

- ◉ **Fund Manager:** Cytonn Asset Managers Limited
- ◉ **Risk Profile:** This is a medium to high risk investment fund
- ◉ **Minimum Initial Investment:** Kshs. 100,000
- ◉ **Minimum Additional Investment:** Kshs. 10,000
- ◉ **Annual Management Fee:** 2.0%
- ◉ **Initial Fee:** Nil
- ◉ **Trustee:** Goal Advisory
- ◉ **Custodian:** SBM Bank Kenya Ltd
- ◉ **Benchmark:** Average 182-day T-Bill + 5.0% points

ACTUAL ASSET ALLOCATION



Disclaimer: Past performance is not a guarantee of future performance and the value of the fund will fluctuate from time to time.