

DECEMBER 2023

1. FUND PERFORMANCE

AVERAGE	2022	DECEMBER 2023 (ANNUALIZED RETURN)	*PERFORMANCE SINCE INCEPTION (07-OCTOBER-2019)
Cytonn High Yield Fund (CHYF)	13.9%	18.0%	14.0%
Benchmark (182 day T- Bill + 5.0% points)	14.0%	20.0%	14.1%

*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 Q3'2023 GDP the Kenyan economy recorded a 5.9% expansion in Q3'2023, faster than the 4.3% growth recorded in Q3'2022. All sectors in Q3'2023 recorded positive growth, with varying magnitudes across activities. Most sectors recorded improved growth compared to Q3'2022 with Accommodation and Food Services, Agriculture, Forestry and Fishing, and Mining and Quarrying Sectors recording the highest growth improvements of 9.1% points, 8.0% points, and 5.6% points, respectively. The biggest gainer in terms of sectoral contribution to GDP was the financial and Insurance sector, increasing by 0.8% points to 9.9% in Q3'2023 from 9.1% in Q3'2022, while Transport and Storage sector was the biggest loser, declining by 0.3% points to 10.1% in Q3'2023, from 10.4% in Q3'2022. The Accommodation and Food Service sector recorded the highest growth rate in Q3'2023 growing by 26.0%, higher than the 16.9% growth recorded in Q3'2022. Real Estate was the second largest contributor to GDP at 10.5% in Q3'2023, remaining relatively unchanged from Q3'2022, indicating sustained growth.

During the month, yields on the shorter-dated Government papers were on an upward trajectory, with the 364-day, 182-day, and 91-day papers yields increasing by 30.7 bps, 48.2 bps, and 45.6 bps to 15.9%, 15.9%, and 15.8% respectively from 15.6%, 15.4% and 15.4% recorded the previous month. Additionally, the Kenyan Shilling depreciated by 2.2% against the US Dollar to close the month at Kshs 156.5, from Kshs 153.2 recorded at the end of November 2023, largely attributable to increased dollar demand from energy and merchandise importers.

The December 2023 inflation rate eased by 0.2% points to 6.6%, from the 6.8% recorded in November 2023, marking the sixth consecutive month that the inflation has remained within the CBK target range of 2.5%-7.5%.

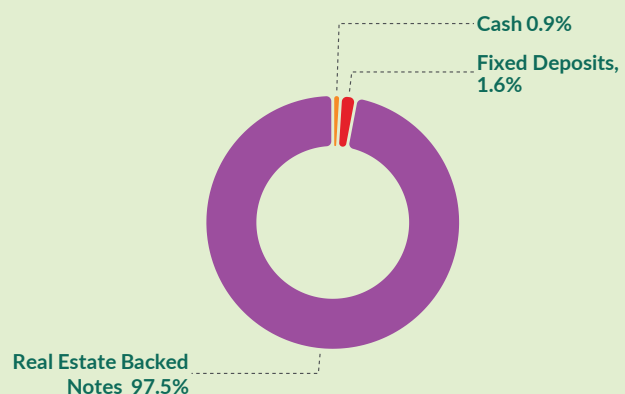
Portfolio Performance

The Cytonn High Yield Fund delivered an average return of 18.0% p.a. beating the inflation rate of 6.6% in the month of December 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.