

DECEMBER 2022

1. FUND PERFORMANCE

AVERAGE	2021	DECEMBER 2022 (ANNUALIZED RETURN)	*PERFORMANCE SINCE INCEPTION (07-OCTOBER-2019)
Cytonn High Yield Fund (CHYF)	14.4%	13.9%	13.8%
Benchmark (182 day T- Bill + 5.0% points)	12.6%	14.8%	13.0%

**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, the Kenyan economy recorded a 5.2% growth in Q2'2022, lower than the 11.0% growth recorded in Q2'2021, pointing towards slower economic growth. The biggest gainer in terms of sectoral contribution to GDP was the Financial services and Insurance sector, increasing by 0.5% points to 8.8% from 8.3% in Q2'2021, while Agriculture and Forestry was the biggest loser, declining by 1.5% points to 19.4% in Q2'2022, from 20.9% in Q2'2021. Mining and Quarrying sector recorded the highest growth rate in Q2'2022 growing by 22.6% compared to the 10.9% growth recorded in Q2'2021. The Real Estate sector recorded a growth of 5.5% in Q2'2022, 1.9% points lower than the 7.4% growth recorded in Q2'2021. The decline in performance was mainly attributed to increased cost of construction materials hindering optimum investments, coupled with the pre-August 2022 general election uncertainties.

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 0.1% points each to 10.3%, 9.8% and 9.3% respectively. Additionally, the Kenyan Shilling depreciated by 0.8% against the US Dollar to close the month at Kshs 123.4, from Kshs 122.4 recorded at the end of November 2022, majorly attributable to increased dollar demand from energy and merchandise importers.

December 2022 inflation rate came in at 9.1%, easing from 9.5% in November 2022. The inflation rate remains worryingly above the government target range of 2.5%-7.5%, mainly attributable to the currently high food and fuel prices.

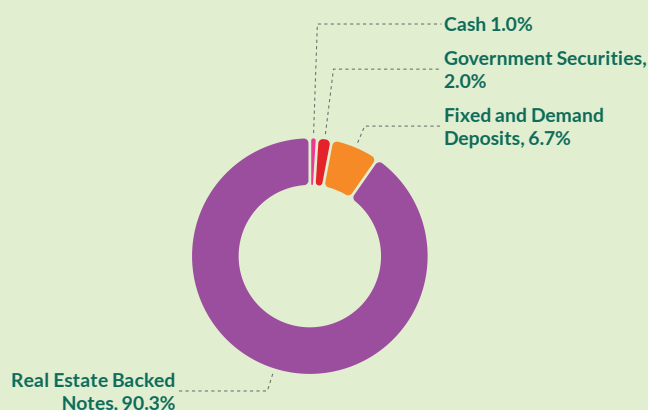
Portfolio Performance

The Cytonn High Yield Fund delivered an average return of 13.9% p.a. beating the inflation rate of 9.5% in the month of November 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.