

FEBRUARY 2021

1. FUND PERFORMANCE

AVERAGE	2020	FEBRUARY 2021 (ANNUALIZED RETURN)	*PERFORMANCE SINCE INCEPTION (07-OCTOBER-2019)
Cytonn High Yield Fund (CHYF)	13.6%	13.5%	13.4%
Benchmark (Average 182 day T- Bill + 5.0% points)	12.5%	12.7%	12.5%

*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 deposit.

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), the Kenyan economy recorded a 1.1% contraction in Q3'2020 down from a growth of 5.8% recorded in a similar period in 2019. This was the second consecutive contraction, after the 5.7% recorded in Q2'2020, pointing to an economic recession. The overall performance was cushioned by growths in Agriculture, Forestry and Fishing activities which grew by 6.3%; Financial and insurance activities, 5.3%; Construction, 16.2%; Real Estate Activities, 5.3% and Mining and Quarrying activities, 18.2%. Accommodation & tourism and the Education sectors were the hardest hit, declining by 57.9% and 41.9% respectively. During the month, the yields on the government securities in the secondary market remained relatively stable, which saw the FTSE NSE Kenya Government Bond Index decline marginally by 0.4%, taking the YTD performance to a 0.4% decline. Yields on shorter dated papers were on the rise with the 91-day, 182-day and 364-day papers gaining by 3.4 bps, 14.4 bps and 39.1 bps to 6.9%, 7.7% and 9.0%, respectively. During the month, the Kenya Shilling appreciated marginally by 0.3% against the US Dollar to close the month at Kshs 109.8, from Kshs 110.1 recorded at the end of January 2021, mostly attributable to the decreased dollar demand from general importers due to the two-week long Lunar holiday in the Asian markets who are among the key trading partners.

Going forward, Cytonn Asset Managers Limited (CAML) expects the Cytonn High Yield Fund (CHYF) to continue to deliver above-average returns leveraging on optimal asset allocation in line with the Fund's Investment Policy Statement.

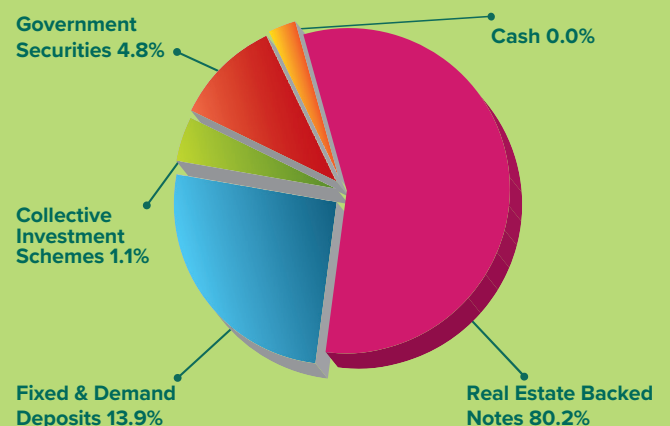
Portfolio Performance

The Cytonn High Yield Fund successfully delivered above-market returns in February, averaging 13.5% against the benchmark return of 12.7% p.a.

FUND PROFILE

- ◉ **Fund Manager:** Cytonn Asset Managers Limited
- ◉ **Risk Profile:** This is a medium to high risk investment fund
- ◉ **Minimum Initial Investment:** Kshs. 1,000,000
- ◉ **Minimum Additional Investment:** Kshs. 10,000
- ◉ **Annual Management Fee:** 2.0%
- ◉ **Initial Fee:** Nil
- ◉ **Trustee:** Goal Advisory
- ◉ **Custodian:** SBM Bank Kenya
- ◉ **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.