

JUNE 2022

1. FUND PERFORMANCE

AVERAGE	2021	JUNE 2022 (ANNUALIZED RETURN)	*PERFORMANCE SINCE INCEPTION (07-OCTOBER-2019)
Cytonn High Yield Fund (CHYF)	14.4%	14.0%	13.8%
Benchmark (Average 182 day T- Bill + 5.0% points)	12.6%	14.1%	12.7%

**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 7.5% growth in FY'2021, up from the 0.3% contraction recorded in FY'2020, pointing towards continued economic recovery. The biggest gainers in terms of sectoral contribution to GDP were Transport and Education, increasing to 11.4% and 4.3%, from 10.7% and 3.9% in FY'2020, respectively. Agriculture, which remained the largest contributor to GDP at 22.6%, recorded a decline of 0.2% in FY'2021 compared to a 4.2% growth in FY'2020 attributable to the erratic and poorly distributed long rains, as well as insufficient short rains that led to reduced production. The Real Estate sector recorded a growth of 6.7% in FY'2021 compared to a 4.1% growth in FY'2020. The performance is attributable to the increased development activities because of a general improvement in Real Estate transactions and an improved business environment. On the other hand, the financial and insurance sector grew by 12.5% compared to 5.9% in FY'2020.

During the month, there was an upward readjustment on the yield curve, which saw the FTSE NSE Kenya Government Bond Index decline by 0.1%, taking the YTD performance to a 1.4% decline. Yields on the shorter dated papers were on an upward trajectory, with yields on the 91-day, 182-day and 364-day papers increasing by 0.2% points, 0.4% points and 0.1% points to 7.9%, 9.1% and 10.0% respectively. During the month, the Kenya Shilling depreciated by 0.9% against the US Dollar to close the month at Kshs 117.8, from Kshs 116.7 recorded at the end of May 2022, mostly attributable to increased dollar demand from energy and merchandise importers.

June 2022 inflation rate came in at 7.9%, up from 7.1% in May 2022. The inflation rate is now worryingly above the government target range of 2.5%-7.5%, mainly attributable to increasing food and fuel prices.

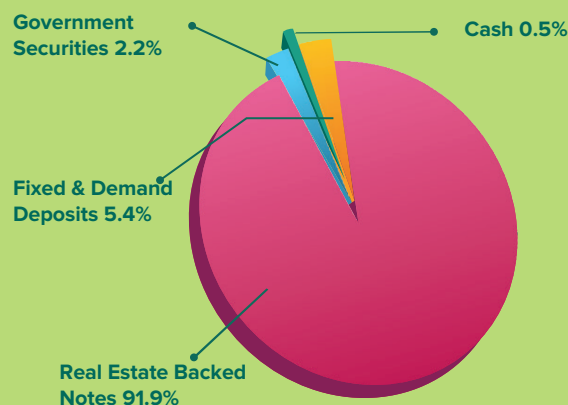
Portfolio Performance

The Cytonn High Yield Fund delivered an average return of 14.0% p.a. beating the inflation rate of 7.9% in the month of June 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
- ◉ **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.

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