

1. FUND PERFORMANCE

AVERAGE	2021	MARCH 2022 (ANNUALIZED RETURN)	*PERFORMANCE SINCE INCEPTION (07-OCTOBER-2019)
Cytonn High Yield Fund (CHYF)	14.4%	13.9%	13.8%
Benchmark (Average 182 day T- Bill + 5.0% points)	12.6%	13.1%	12.6%

*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 9.9% growth in Q3'2021, up from the 2.1% contraction recorded in a similar period in 2020, pointing towards continued economic recovery. Consequently, the average GDP growth rate for the 3 quarters in 2021 is a growth of 6.9%, an increase from the 0.8% contraction recorded during similar periods of review in 2020. The biggest gainers in terms of sectoral contribution to GDP were Education and Taxes on Products, increasing by 1.8% points each to 5.5% and 9.7%, from 3.6% and 7.9% in Q3' 2020, respectively. Agriculture was the biggest loser, declining by 1.3% points to 20.5% in Q3'2021, from 21.8% in Q3'2020, following the erratic weather conditions during the period. The Education sector recorded the highest growth rate in Q3'2021 growing by 64.7% compared to the 17.4% contraction recorded in Q3'2020. The performance is mainly attributable to the re-opening of schools following closure for the most of 2020 due to the pandemic.

During the month, there was an upward readjustment on the yield curve, which saw the FTSE NSE Kenya Government Bond Index lose by 1.6%, taking the YTD performance to a 1.1% decline. Yields on the shorter dated papers remained largely unchanged, at 9.7%, 8.1% and 7.3% for the 364-day, 182-day and 91-day papers, respectively, as was recorded the previous month. During the month, the Kenya Shilling depreciated by 1.0% against the US Dollar to close the month at Kshs 115.0, from Kshs 113.8 recorded at the end of February 2022, mostly attributable to increased dollar demand from energy and merchandise importers.

Portfolio Performance

The Cytonn High Yield Fund successfully delivered above-market returns in March 2022, averaging 13.9% against the benchmark return of 13.1% 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. 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

