

1. FUND PERFORMANCE

AVERAGE	2019	MARCH 2020 (ANNUALIZED RETURN)	*PERFORMANCE SINCE INCEPTION (07-OCTOBER-2019)
Cytonn High Yield Fund (CHYF)	12.8%	13.9%	13.0%
Benchmark (182 day T-Bill + 5.0% points)	12.7%	13.1%	12.9%

*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 investments. 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

Economic growth remains subdued due to the ongoing COVID-19 pandemic, which has disrupted various sectors. The Central Bank revised the growth projection downward to 3.4% from 5.2% previously. There has been pressure on interest rates with the yield curve shifting upwards from the December levels, this is despite a downward revision of the Central Bank Rate to 7.25% from 8.25% by the Monetary Policy Committee to cushion the economy. On the short end of the yield curve, the Central Bank of Kenya has managed to maintain the yields relatively stable with the 91 day T-Bill remaining unchanged in March at 7.3%. Inflation has remained within the Central Bank's target of between 2.5% and 7.5%, with the March inflation coming in at 6.1% driven by increases in food prices. We expect inflation to remain stable despite supply side disruption due to COVID as low demand for commodities compensates for the cost-push inflation, coupled with the low oil prices in the international markets. We have seen a lot of pressure on the currency due to the demand for the dollar as a safe haven but we do not foresee further declines as the Central Bank remains active in the market to cushion the shilling.

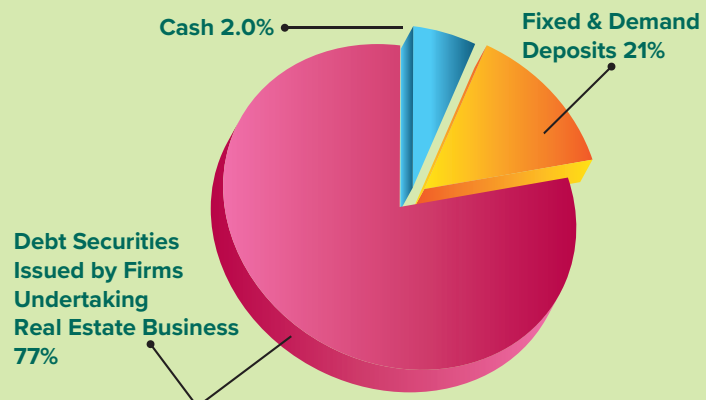
Portfolio Performance

The Cytonn High Yield Fund successfully delivered above-market returns in February, 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. 1,000,000
- ◉ **Minimum Additional Investment:** Kshs. 10,000
- ◉ **Annual Management Fee:** 2.0%
- ◉ **Initial Fee:** Nil
- ◉ **Inception Date:** 7th October-2019
- ◉ **Trustee:** NatBank Trustee and Investment Services Ltd
- ◉ **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.