

## SEPTEMBER 2020

### 1. FUND PERFORMANCE

AVERAGE	2019	SEPTEMBER 2020 (ANNUALIZED RETURN)	*PERFORMANCE SINCE INCEPTION (07-OCTOBER-2019)
Cytonn High Yield Fund (CHYF)	12.8%	12.7%	13.4%
Benchmark (Average 182 day T- Bill + 5.0% points)	12.7%	11.7%	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 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 economy recorded subdued growth of 4.9% in Q1'2020, lower than 5.5% in Q1'2019 a 2-year low, mainly supported by the Agricultural sector which recorded a slightly faster growth of 4.9%, compared to 4.7% seen in Q1'2019, coupled with slower growth in other sectors attributable to effects emanating from the COVID-19 pandemic. During the month, there was a marginal downward readjustment on the yield curve, which saw the FTSE NSE Kenya Government Bond Index gain marginally by 0.04%, taking the YTD performance to a 1.4% gain. The downward readjustment is mainly attributable to increased demand, due to the bias by banks towards government securities as opposed to lending due to increased credit risk. Inflation has remained within the Central Bank's target of between 2.5% and 7.5%, with the September y/y inflation coming in at 4.2%, a decline from 4.4% in August, driven by a 0.1% decline in the Housing Water, Electricity, Gas and other fuels' index coupled with a 0.01% decline in the Transport index. During the month, the Kenyan shilling has depreciated against the US dollar, losing by 0.2%, to close the month at Kshs 108.4 from Kshs 108.2 in August, mainly attributable to increased end-month importer dollar demand amidst lackluster dollar inflows.

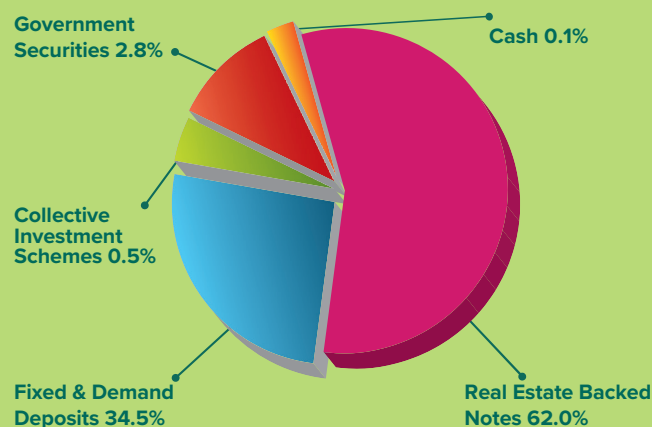
#### Portfolio Performance

The Cytonn High Yield Fund successfully delivered above-market returns in September, averaging 12.7% against the benchmark return of 11.7% 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:** 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.