

CYTONN HIGH YIELD FUND (CHYF) PERFORMANCE

Average	2020	November 2021 (Annualized Return)	*Performance since Inception (07- October-2019)
Cytonn High Yield Fund (CHYF)	13.6%	14.0%	13.8%
Benchmark (Average 182 day T- Bill + 5.0% points)	12.5%	12.7%	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*

FUND MANAGERS 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 10.1% growth in Q2'2021, up from the 0.7% growth in Q1'2021 and the 4.7% contraction recorded in Q2'2020, pointing towards an economic rebound. Consequently, the average GDP growth rate for the 2 quarters of 2021 is 5.4%, an increase from the 0.2% decline registered during a similar period of review in 2020. The Education sector recorded the highest growth rate in Q2'2021, growing by 67.6% compared to the 22.4% contraction recorded in Q2'2020. The performance of the Education sector is mainly attributable to the resumption of learning as schools had remained closed in Q2'2020. Agriculture, Forestry and Fishing activities, on the other hand, recorded a decline of 0.9% in Q2'2021, compared to a 4.9% growth in Q2'2020 and a 0.1% contraction in Q1'2021, with the contraction during the quarters being mainly attributable to unfavorable weather conditions witnessed during the period.

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 0.1%, taking the YTD performance to a 1.4% decline. Yields on the shorter dated papers increased, with the 364-day, 182-day and 91-day papers increasing by 59.0 bps, 30.0 bps and 15.0 bps, respectively, to 8.7%, 7.7% and 7.1%, respectively. During the month, the Kenya Shilling depreciated by 1.1% against the US Dollar to close the month at Kshs 112.5, from Kshs 111.2 recorded at the end of October 2021, mostly attributable to increased dollar demand from energy and merchandise importers.

Portfolio Performance

The Cytonn High Yield Fund successfully delivered above-market returns in November 2021, averaging 14.0% 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. 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**

