

Cytonn High Yield Fund (CHYF) October 2022 Fact Sheet

Average	2021	October 2022 (Annualized Return)	*Performance since Inception (07-October-2019)
Cytonn High Yield Fund (CHYF)	14.4%	13.9%	13.8%
Benchmark (182 day T- Bill + 5.0% points)	12.6%	14.7%	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*

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 5.2% growth in Q2'2022, lower than the 11.0% growth recorded in Q2'2021, pointing towards slower economic growth. The biggest gainer in terms of sectoral contribution to GDP was the Financial and Insurance sector, increasing by 0.5% points to 8.8% from 8.3% in Q2'2021, while Agriculture and Forestry was the biggest loser, declining by 1.5% points to 19.4% in Q2'2022, from 20.9% in Q2'2021. Mining and Quarrying sector recorded the highest growth rate in Q2'2022 growing by 22.6% compared to the 10.9% growth recorded in Q2'2021. The Real Estate sector recorded a growth of 5.5% in Q2'2022, 1.9% points lower than the 7.4% growth recorded in Q2'2021. The decline in performance was mainly attributed to increased cost of construction materials hindering optimum investments, coupled with the looming uncertainties revolving around the August 2022 general election.

During the month, yields on the shorter dated Government papers recorded mixed performance, with the average yields on the 91-day and 182-day papers increasing by 0.2% points and 0.1% points to 9.1% and 9.7% respectively, while yields on the 364-day paper remained relatively unchanged at 9.9%. Additionally, the Kenyan Shilling depreciated by 0.5% against the US Dollar to close the month at Kshs 121.3, from Kshs 120.7 recorded at the end of September 2022, mostly attributable to increased dollar demand from energy and merchandise importers.

September 2022 inflation rate came in at 9.2%, up from 8.5% in August 2022. The inflation rate remains 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 13.9% p.a. beating the inflation rate of 9.2% in the month of September 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**

