

## OCTOBER 2020

### 1. FUND PERFORMANCE

AVERAGE	2019	OCTOBER 2020 (ANNUALIZED RETURN)	*PERFORMANCE SINCE INCEPTION (01-NOVEMBER-2017)
Cytonn Money Market Fund (KES)	10.9%	10.6%	11.0%
Benchmark ( Average 91 day T- Bill + 1.0% point)	7.9%	7.5%	8.5%

\* Percentage you can expect to earn with the fund during one year of investment on basis of the so far realized monthly returns since inception.

### 2. FUND MANAGER'S REPORT AND OUTLOOK

#### Fund Objective

The Cytonn Money Market Fund is a low-risk fund that seeks to obtain a high level of current income while protecting investor's capital and liquidity

#### Portfolio Strategy

The portfolio objective will be to outperform the income yield available on money market call accounts and fixed deposit accounts by investing in interest-bearing securities and other short-term money market instruments. These securities are usually available to the wholesale or institutional clients. The Fund will also be managed conservatively with active management of duration, credit and liquidity risks.

#### Portfolio Performance

The Cytonn Money Market Fund successfully delivered above-market returns in October 2020, averaging 10.6% p.a. The Fund outperformed the industry average and its benchmark of 91-day T-Bill+1% points at 7.5%.

#### Economic report and outlook

According to Kenya National Bureau of Statistics (KNBS), the Kenyan economy recorded a 5.7% contraction in Q2'2020 down from a growth of 5.3% recorded in a similar period of review in 2019. This was the first contraction since the Q3'2001 when the country recorded a 2.5% contraction. The overall performance was cushioned by growths in Agriculture, Forestry and Fishing activities which grew by 6.4%; Financial and Insurance activities, 1.7%; Construction, 3.9%; Real Estate Activities, 2.2% and Mining and Quarrying activities, 10.0%. Accommodation & tourism and the Education sectors were the hardest hit, declining by 83.3% and 56.2% respectively. During the month, there was a continued downward readjustment on the yield curve, which saw the FTSE NSE Kenya Government Bond Index gain by 0.5%, taking the YTD performance to a 2.8% 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 October y/y inflation coming in at 4.8% a rise from 4.2% recorded in September, while m/m inflation came in at 0.95%. The rise was driven by a 1.0% rise in the food and non-alcoholic drinks' Index, a 0.9% increase in the housing, water, electricity, gas and other fuels' index and a 0.6% rise in the transport index. During the month, the Kenyan shilling remained under pressure against the US dollar, losing by 0.3%, to close the month at Kshs 108.8 from Kshs 108.5 in September, mainly attributable to increased end-month importer dollar demand amidst lackluster dollar inflows.

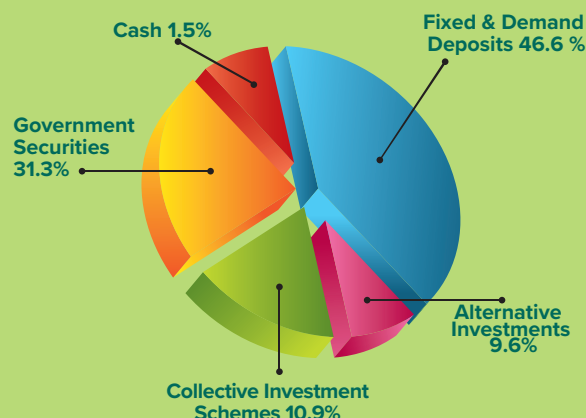
Going forward, Cytonn Asset Managers Limited (CAML) expects the Cytonn Money Market Fund (CMMF) to continue to deliver above-average returns leveraging on optimal asset allocation in line with the Fund's Investment Policy Statement.

As of 30th October 2020, cash, bank deposits and government securities constituted 79.5% of the portfolio

#### FUND PROFILE

- ◉ **Fund Manager:** Cytonn Asset Managers Limited
- ◉ **Risk Profile:** Low
- ◉ **Minimum Initial Investment:** Kshs. 1,000
- ◉ **Minimum Additional Investment:** Kshs. 100
- ◉ **Annual Management Fee:** 1.5%
- ◉ **Initial Fee:** Nil
- ◉ **Trustee:** Co-operative Bank of Kenya Ltd
- ◉ **Custodian:** KCB Bank Kenya Ltd
- ◉ **Benchmark:** Average 91-day T-Bill + 1.0% point

#### 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.