

1. FUND PERFORMANCE

AVERAGE	MAY 2020 (ANNUALIZED RETURN)	*PERFORMANCE SINCE INCEPTION (19-FEBRUARY-2020)
Cytonn Money Market Fund (USD)	2.9%	2.9%
Benchmark (LIBOR+ 2% Points)	2.1%	2.4%

*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, 91-day treasury bills 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 returns, averaging 2.9% p.a. The Fund outperformed its benchmark of LIBOR +2% points at 2.1%.

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 2.3% from 5.2% as at the start of the year. There has been pressure on interest rates with the yield curve shifting upwards from the December levels, this is despite a cumulative 1.5% points' downward revision of the Central Bank Rate (CBR) since the beginning of the year to the current rate at 7.0%, to cushion the economy from the negative effects emanating from COVID-19 pandemic. 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 declining marginally to 7.2% from 7.3% recorded in March. Inflation has remained within the Central Bank's target of between 2.5% and 7.5%, with the April inflation coming in at 5.6% driven by increases in food and transport prices. We expect inflation to remain stable despite supply side disruption due to COVID-19 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, with the Kenyan Shilling depreciating by 5.5% on an YTD basis against the dollar, but we do not foresee further declines as the Central Bank remains active in the market to cushion the shilling.

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

FUND PROFILE

- **Fund Manager:** Cytonn Asset Managers Limited
- **Risk Profile:** Low
- **Minimum Initial Investment:** USD. 1,000
- **Minimum Additional Investment:** USD. 10
- **Annual Management Fee:** 2.0%
- **Initial Fee:** Nil
- **Inception Date:** 19-February-2020
- **Trustee:** NatBank Trustee & Investment Services Limited
- **Custodian:** State Bank of Mauritius (SBM)
- **Benchmark:** London Inter Bank Offer Rate (LIBOR) +2% Points

ACTUAL ASSET ALLOCATION

