

### Q1'2026 Unit Trust Funds Performance Note

Following the release of the Capital Markets Authority (CMA) Quarterly CIS Report – Q1'2026, we examine the performance of Unit Trust Funds for the period ended 31<sup>st</sup> March 2026. These funds have seen consistent growth in total Assets Under Management (AUM) and are one of the preferred investment choices in Kenya. Additionally, we will delve into the performance of Money Market Funds, which are a sub-set of Unit Trust Funds.

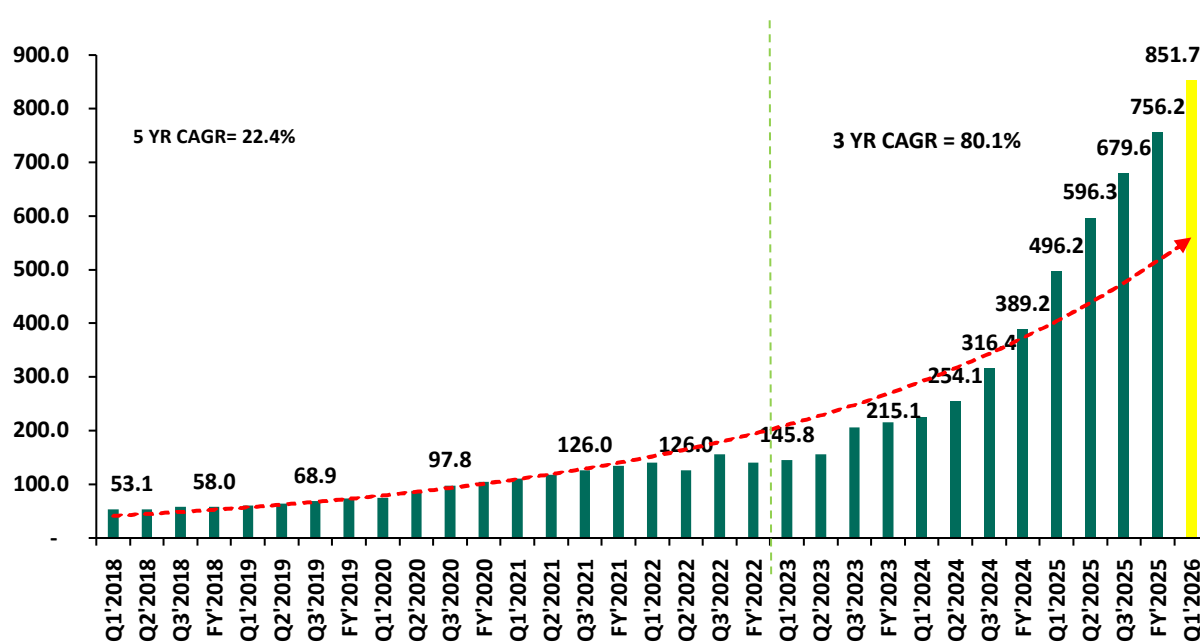
In our previous note on Unit Trust Funds, we looked at the [FY'2025 Unit Trust Funds Performance](#) by Fund Managers, where we highlighted that their AUM stood at Kshs 756.2 bn, a 11.3% growth from Kshs 679.6 bn recorded in Q3'2025. In this note, we focus on the Q1'2026 performance of Unit Trust Funds where we shall analyze the following:

- i. Performance of the Unit Trust Funds Industry,
- ii. Performance of Money Market Funds,
- iii. Comparing Unit Trust Funds AUM Growth with other Markets, and,
- iv. Recommendations.

#### **Section I: Performance of the Unit Trust Funds Industry**

As per the Capital Markets Authority (CMA) [Quarterly Collective Investment Schemes \(CIS\) Report](#)- Q1' 2026, the industry's overall Assets under Management (AUM) grew by 12.6 % on a quarter-on-quarter basis to Kshs 851.7 bn at the end of Q1'2026, from Kshs 756.2 bn recorded in Q4'2025. On a y/y basis, the total AUM increased by 71.6%, from Kshs 496.2 bn as at the end of Q1'2025. Key to note, Assets under Management of the Unit Trust Funds have registered an upward trajectory over the last eight years, growing at a 5-year CAGR of 22.4% to Kshs 145.8 bn in Q1'2023, from Kshs 53.1 bn recorded in Q1'2018, and accelerated further at a 3-year CAGR of 80.1% to Kshs 851.7 bn as of Q1'2026 highlighting the rapid expansion and increasing attractiveness of the unit trust funds in Kenya. The chart below shows the growth in Unit Trust Funds' AUM over the last 8 years:

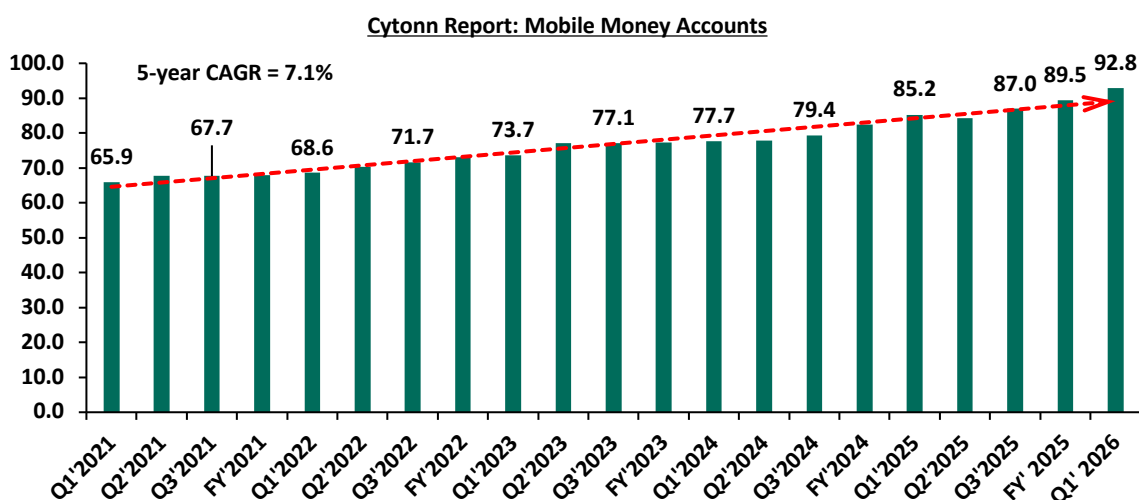
**Cytonn Report : Assets Under Management (Kshs bns)**



Source: Capital Markets Authority

The growth can be largely attributed to:

- **Popularity of special funds:** The growing popularity of special funds has been a key driver in the expansion of unit trusts, as investors increasingly seek specialized investment solutions tailored to specific sectors, themes, and risk profiles, leading to higher participation and sustained growth in the unit trust industry.
- **Low Investments minimums:** Most Unit Trust Funds Collective Investment Schemes (CIS) in the market have relatively low initial investment requirements, typically ranging from Kshs 100.0 to Kshs 10,000.0. This has promoted financial inclusion by enabling small-scale investors to access professionally managed investment opportunities,
- **Diversified product offering:** Unit Trust Funds are also advantageous in terms of providing investors with access to a wider range of investment securities through the pooling of funds. This allows for portfolio diversification that might not be achievable individually, helping investors mitigate the risks associated with market volatility in some asset classes,
- **Competitive returns:** The positive performance and competitive returns of unit trust funds have been key in attracting investors. As these funds consistently outperform certain traditional investment options, they draw more investors seeking to generate wealth over the long term,
- **Increased product awareness:** Investor education efforts, primarily led by the Capital Markets Authority (CMA) and fund managers, have focused on raising awareness about the various products offered by trust funds. This has resulted in a deeper understanding of investment options among the public, boosting their confidence and leading to increased participation. Consequently, the number of investors in collective investment schemes has surged significantly, recording a 45.0% growth to 3.6 million by March 2026, from 2.5 million in March 2025, according to the Capital Markets Authority (CMA) [Quarterly Collective Investment Schemes \(CIS\) Report-Q1'2026](#),
- **Regulatory Changes:** We have had several regulatory changes that have spurred growth in the industry, such as allowing for Special Collective Investments Schemes and expanding eligibility for trustees to include non-bank trustees.
- **Efficiency and High Liquidity:** Investments in UTFs are managed as portfolios with various assets, and fund managers maintain a cash buffer. Unit trusts are highly liquid, making it easy to buy and sell units without being dependent on market demand and supply at the time of investment or exit, and,
- **Adoption of Fintech:** Digitization and automation within the industry have enhanced ease in cash accessibility, enabling investors to immediately access their investments via mobile payment platforms. According to the [Central Bank of Kenya](#), more individuals are transacting through mobile money services as evidenced by the sustained growth in the total number of registered mobile money accounts. In April 2026, registered mobile money accounts recorded a 9.0% y/y increase to 92.8 mn accounts, from 85.2 mn accounts registered in a similar period in 2025. Notably, the total number of registered mobile money accounts also grew at a 5-year CAGR of 7.1% to 92.8 mn at the end of April 2026, from 65.9 mn recorded at the end of April 2021. The upward trajectory is attributable to Fintech incorporation which has increased the efficiency of processing both payments and investments for fund managers. As a result, Collective Investment Schemes have become more accessible to retail investors.



Source: Central Bank of Kenya (CBK), Q1'2026 data as of April 2026

### Spread of Investments:

Cytonn Report: Investment Allocation in Different Funds					
Fund	Q4'2025 (Kshs bn)	Q1'2026 (Kshs bn)	q/q Growth (Q4'2025 & Q1'2026)	Q4'2025 Investment Share	Q1'2026 Investment Share
Money Market	423.7	442.2	4.4%	56.0%	51.9%
Special Funds	162.4	203.6	25.3%	21.5%	23.9%
Fixed Income	164.4	199.0	21.0%	21.7%	23.4%
Equity Fund	3.5	4.8	34.3%	0.5%	0.6%
Balanced Fund	2.2	2.2	0.7%	0.3%	0.3%
<b>Total</b>	<b>756.2</b>	<b>851.7</b>	<b>12.6%</b>	<b>100.0%</b>	<b>100.0%</b>

Key take-outs from the table above include:

- Money Market Funds:** MMFs remained with the largest investment allocation, coming in at 51.9% in Q1'2026, a deterioration from 56.0% recorded in Q4'2025. However, the amounts invested in MMFs as of 31<sup>st</sup> March 2026 recorded a 4.4% increase to Kshs 442.2 bn, from Kshs 423.7 bn recorded at the end of Q4'2025. Notably, on a y/y basis the allocation in MMFs has declined by 12.5% points from 64.4% allocation recorded in Q1'2025 mainly attributable to the diversification of funds into other investment categories, including special funds. Moreover, the top three schemes which include, Sanlam Unit Trust Scheme, Standard Investment Trust Fund and CIC Unit Trust Scheme registered AUM above the 100.0 bn mark. This has led them to have a cumulative market share of 49.0% of the total market AUM. The high percentage of 51.9% in Q1'2026 is an indication of MMFs preference by the majority of investors due to their ease of investing and high liquidity, coupled with high returns during the period,
- Special Funds** recorded a 25.3% q/q growth to Kshs 203.6 bn in Q1'2026, up from Kshs 162.4 bn in Q4'2025, showing consistent growth after a 17.9% growth in Q4'2025 from Q3'2025. Notably, the allocation increased by 2.4% points to 23.9%, from the 21.5% recorded the previous quarter. This is mainly attributable to rising investor preference for specialized and flexible investment solutions.

- **Fixed Income Funds** recorded a 21.0% q/q growth to Kshs 199.0 bn in Q1'2026, up from 164.4 bn in Q4'2025. Similarly, the allocation increased by 1.7% points to 23.4%, from the 21.7% recorded the previous quarter. This is mainly attributable to currency appreciation and improved liquidity positions over the period, and,
- **Equity Funds** remained unchanged in their investment allocation, at 0.3% at the end of Q1'2026, similar to Q4'2025. However, equity funds recorded a 0.7% growth in AUM to remain relatively unchanged at 2.2 bn in Q1'2026, from Q4'2025. The increase in equity funds' portfolio holdings is largely attributable to increased market activity, with the NSE 20 registering a 9.3% q/q gain in Q1'2026 following increase in capital gains by major listed companies in the Nairobi Securities Exchange such as Stanbic, Diamond Trust Bank, and BAT, as well as an improved business environment as evidenced by Purchasing Manager's Index (PMI) registering an average of 51.2, falling above the expansionary zone in Q1'2026, which was 0.2 points increase from an average of 51.0 in Q4'2025.

Notably, the overall UTFs portfolio remained predominantly invested in government securities, accounting for the largest share at 44.0% by the end of Q1'2026. Similarly, this represents 1.2% points increase from the 42.8% allocation in Q4'2025, with the total value increasing by 15.8% to Kshs 374.6 bn in Q1'2026 from Kshs 323.6 billion in Q4'2025. This was followed by Fixed deposits at 23.5% allocation, 4.7% points decrease from 28.2% allocation in Q4'2025 due to the lower deposit rates provided by banking institutions during the period, following a maintenance in Central Bank Rate (CBR). The table below represents asset allocations in different asset classes comparing Q1'2025, Q4'2025 and Q1'2026 in the UTF industry.

Cyttonn Report: Distribution of Unit Trust Funds Investments in terms of Asset Classes (Kshs bn)						
Fund	Q1'2025	Q1'2025 (%)	Q4'2025	Q4'2025 (%)	Q1'2026	Q1'2026 (%)
Government Securities	229.7	46.3%	323.6	42.8%	374.6	44.0%
Fixed Deposits	146.3	29.5%	213.1	28.2%	200.2	23.5%
Cash and demand deposits	72.2	14.6%	88.5	11.7%	120.2	14.1%
Unlisted Securities	13.7	2.8%	26.9	3.6%	74.6	8.8%
Listed Securities	7.2	1.4%	10.7	1.4%	59.2	7.0%
Offshore Listed Investments	19.3	3.9%	43.3	5.7%	16.6	1.9%
Other Collective Investments schemes	2.3	0.5%	7.4	1.0%	3.4	0.4%
Alternative Investments	4.3	0.9%	6.9	0.9%	2.9	0.3%
Offshore Unlisted Investments	1.3	0.3%	35.8	4.7%	-	-
Immovable Property	-	-	-	-	-	-
<b>Total</b>	<b>496.2</b>	<b>100.0%</b>	<b>756.2</b>	<b>100.0%</b>	<b>851.7</b>	<b>100.0%</b>

According to the Capital Markets Authority, as of the end of Q1'2026, there were 62 approved Collective Investment Schemes (CISs) in Kenya, up from 59 recorded at the end of Q4'2025. Out of the 62 schemes, 43 of them (equivalent to 69.4%) were active while 19 (30.6%) were inactive. The table below outlines the performance of the Collective Investment Schemes comparing Q4'2025 and Q1'2026:

Cyttonn Report: Assets Under Management (AUM) for the Approved Collective Investment Schemes						
No.	Collective Investment Schemes	Q4'2025 AUM (Kshs mns)	Q4'2025 Market Share	Q1'2026 AUM (Kshs mns)	Q1'2026 Market Share	AUM Growth Q4'2025 – Q1'2026
1	Sanlam Investments	144.3	19.1%	161.0	18.9%	11.6%
2	Mansa X Special fund	125.3	16.6%	153.2	18.0%	22.2%
3	CIC Asset Managers	102.0	13.5%	103.2	12.1%	1.1%
4	BRITAM	53.1	7.0%	61.9	7.3%	16.5%

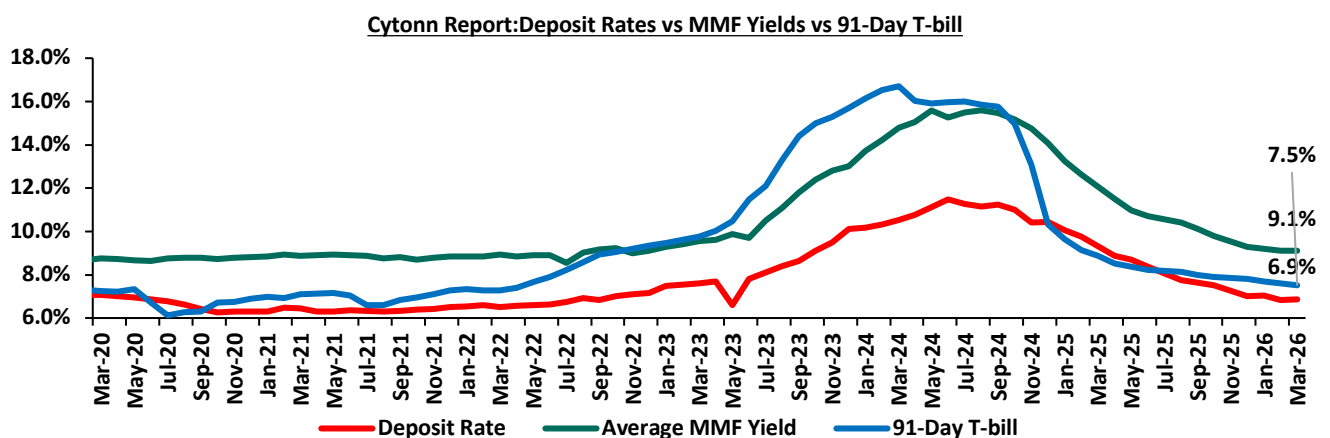
5	NCBA Unit Trust Scheme	52.4	6.9%	54.3	6.4%	3.7%
6	Old Mutual	30.6	4.0%	34.9	4.1%	14.2%
7	ABSA Unit Trust Scheme	29.1	3.8%	29.4	3.5%	1.2%
8	Jubilee Unit Trust Scheme	21.7	2.9%	26.9	3.2%	23.8%
9	Co-op Trust Investment Services Limited	24.3	3.2%	25.6	3.0%	5.4%
10	ICEA Lion	22.9	3.0%	23.2	2.7%	1.3%
11	KCB Asset Managers	18.9	2.5%	22.0	2.6%	16.6%
12	Etica Capital Limited	17.6	2.3%	20.6	2.4%	16.9%
13	Ziidi Money Market Fund	15.4	2.0%	18.2	2.1%	18.6%
14	Madison Asset Managers	15.9	2.1%	17.8	2.1%	11.6%
15	Faida Unit trust Scheme	9.2	1.2%	15.8	1.8%	71.0%
16	Nabo Capital (Centum)	12.0	1.6%	13.7	1.6%	14.0%
17	Avocarp unit trust	7.9	1.1%	11.0	1.3%	38.7%
18	Dry Associates	8.1	1.1%	8.4	1.0%	3.5%
19	Stanbic unit trust	5.3	0.7%	5.9	0.7%	10.6%
20	CPF Unit Trust Scheme	3.4	0.4%	5.7	0.7%	68.6%
21	Lofty- Corban Unit trust	4.7	0.6%	5.2	0.6%	11.0%
22	Zimele Asset Managers	4.3	0.6%	5.0	0.6%	14.5%
23	GenAfrica Unit Trust Scheme	4.9	0.7%	4.9	0.6%	(0.1%)
24	Kuza Asset Managers	3.7	0.5%	4.3	0.5%	15.0%
25	Mayfair Asset Managers	3.7	0.5%	3.9	0.5%	3.0%
26	Apollo Asset Managers	4.1	0.5%	3.6	0.4%	(12.2%)
27	Cytonn Asset Managers	2.8	0.4%	3.0	0.4%	9.0%
28	Mali Money Market Fund	2.3	0.3%	2.2	0.3%	(2.5%)
29	Enwealth Capital Unit Trust Scheme	1.7	0.2%	2.0	0.2%	14.4%
30	African Alliance Kenya	1.7	0.2%	1.6	0.2%	(5.7%)
31	Gulfcap Unit Trust Funds	0.9	0.1%	1.4	0.2%	63.2%
32	Orient Collective Investment Scheme	0.6	0.1%	0.6	0.1%	(7.3%)
33	Genghis Unit Trust Fund	0.6	0.1%	0.6	0.1%	(6.4%)
34	Faulu Unit trust	0.3	0.0%	0.3	0.0%	(1.8%)
35	Taifa Unit Trust	0.3	0.0%	0.3	0.0%	1.2%
36	VCG Offshore Opportunities Special Fund	-	-	0.1	0.0%	-
37	Ziidi Shariah Money Market Fund	-	-	0.1	0.0%	-
38	Equity Investment Bank	0.1	0.0%	0.1	0.0%	(4.4%)
39	Kibaba Unit Trusts Funds	-	-	0.0	0.0%	-
40	MyXeno Unit Trust SHEME	0.0	0.0%	0.0	0.0%	(9.0%)
41	Amana Capital	0.0	0.0%	0.0	0.0%	(27.2%)
42	Wanafunzi Investments	0.0	0.0%	0.0	0.0%	2.3%
43	Jaza Unit Trust Scheme	0.0	0.0%	0.0	0.0%	39.8%
44	Dyer and Blair Unit Trust Scheme	-	-	-	-	-
45	Standard Investments Bank	-	-	-	-	-
46	Masaru Unit Trust Fund	-	-	-	-	-
47	Adam Unit Trust Fund	-	-	-	-	-
48	First Ethical Opportunity Fund	-	-	-	-	-
49	Amaka Unit Trust Scheme	-	-	-	-	-
	<b>Total</b>	<b>756.2</b>	<b>100.0%</b>	<b>851.7</b>	<b>100.0%</b>	<b>12.6%</b>

Key take-outs from the above table include:

- **Assets Under Management:** Sanlam Unit Trust Scheme remained the largest overall Unit Trust Fund, accounting for 18.9% of the total market share. Similarly, the AUM recorded a 11.6% growth to Kshs 161.0 bn in Q1'2026, higher than the AUM of Kshs 144.3 bn in Q4'2025,
- **Growth:** In terms of AUM growth, Faida Unit Trust Scheme recorded the highest growth of 71.0% with its AUM increasing to Kshs 15.8 bn, from Kshs 9.2 bn in Q4'2025. On the other hand, Amana Capital recorded the largest decline with its AUM declining by 27.2% to Kshs 21.3 mn in Q1'2026, from Kshs 29.2 mn in Q4'2025,
- **Market Share:** Sanlam Unit Trust Scheme remained the largest overall Unit Trust Fund, for the fourth consecutive time in Q1'2026. Market share is an indication of increasing competition as new collective schemes enter the market,
- **6 UTFs remained inactive as at the end of Q1'2026:** First Ethical Opportunities Fund, Adam Unit Trust Fund, Masaru Unit Trust Fund, Dyer and Blair Unit Trust Scheme, Diaspora Unit Trust and Amaka Unit Trust remained inactive as at the end of Q1'2026.

## Section II: Performance of Money Market Funds

Money Market Funds (MMFs) in Kenya have been growing popularity in Kenya, mainly because they provide higher returns than bank deposits while also offering a high degree of security and liquidity. According to the Central Bank of Kenya data, the weighted [average deposit rate](#) in March 2026 decreased to 6.9% from 7.0% recorded in December 2025, lower than the March 2026 average yields of 91-day T-bill of 7.5% and lower than the March 2026 Money Market Fund average yield of at 9.1%. The graph below shows the performance of the Money Market Fund to other short-term financial instruments:



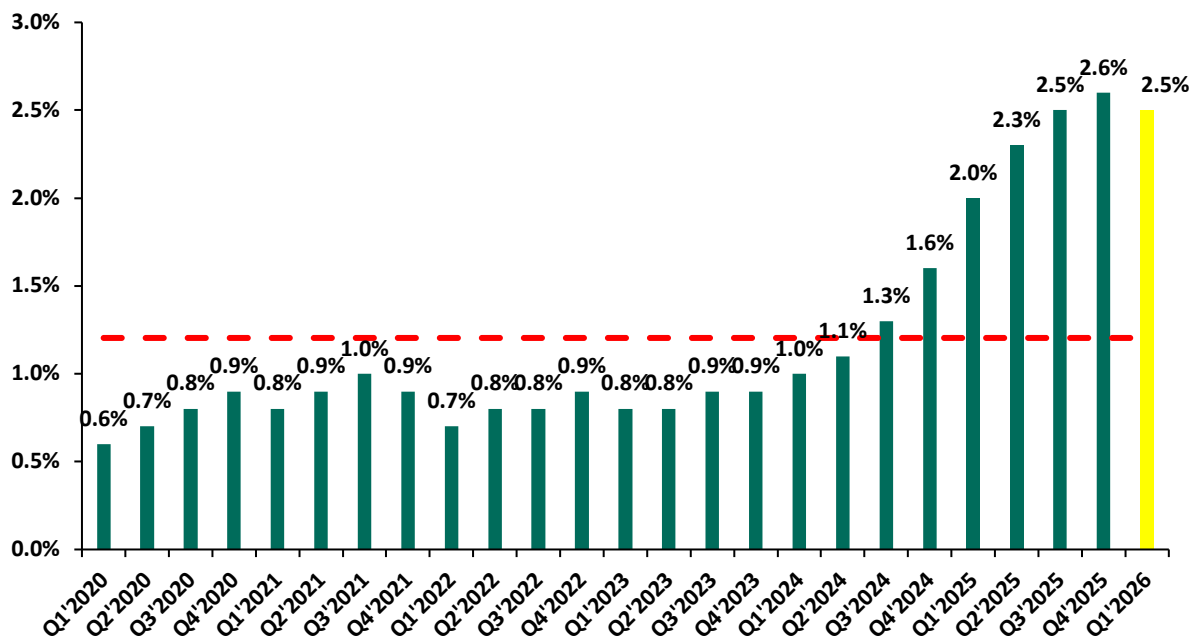
Source: Central Bank of Kenya, Cytonn Research

According to capital markets [Collective Investments Schemes \(CIS\) Regulations 2023](#), MMFs should be invested in short-term, liquid, interest-bearing securities with a maximum weighted tenor to maturity of 18 months or less. These securities include treasury bills, call deposits, commercial papers, and fixed deposits in commercial banks and deposit-taking institutions, as specified by the Central Bank of Kenya (CBK). Consequently, MMFs are ideal for investors seeking a low-risk investment that ensures capital preservation and liquidity while offering competitive returns. They also serve as a safe haven for investors transitioning from high-risk portfolios to more stable, low-risk options, particularly during periods of market uncertainty.

Money Market Funds in Kenya accounted for Kshs 442.2 bn which makes up 51.9% of all the funds under management by Collective Investment Schemes for Q1'2026. This is 4.4% higher than the Kshs 423.7 bn recorded at the end of Q4'2025.

Money Market funds as an asset class are still below the potential, with Kenya’s MMF assets to GDP coming in at 2.5% as of Q1’2026, which is below the global average MMF assets to GDP ratio of [10.5%](#) as of [Q1’2026](#). More needs to be done to increase the ratio, especially at a time when the government is trying to increase savings to GDP ratio. Notably, the 2.5% Money market AUM to GDP in Kenya represents a marginal 0.1% points decrease from the 2.6% figure recorded in Q4’2025. The Money markets remain highly competitive compared to other traditional investment options despite the falling yields. The chart below shows the performance of the Money Market Funds AUM to GDP in the last five years.

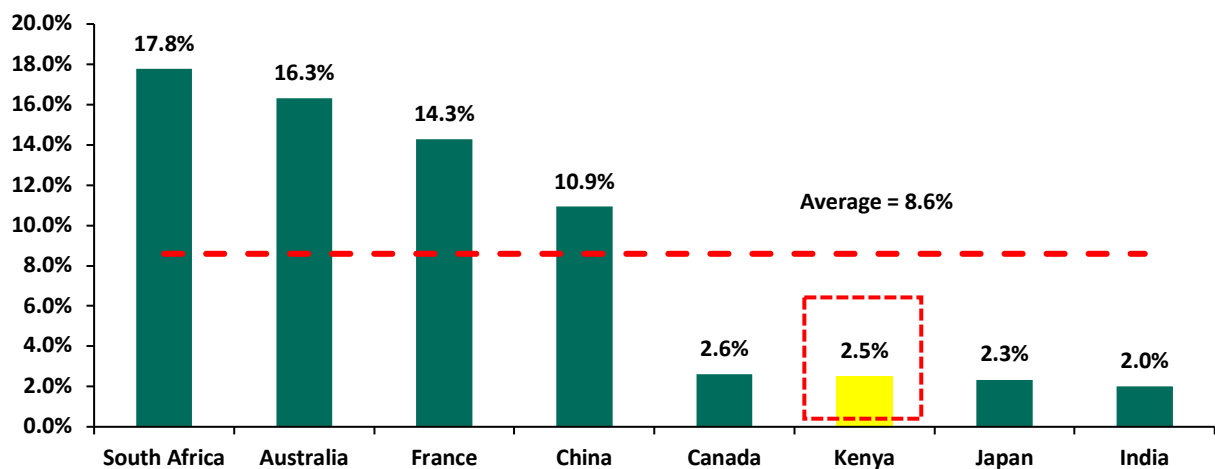
**Cytonn Report: MMF AUM to GDP**



Source: CMA, Central Bank of Kenya

The chart below shows the performance of the Money Market Funds AUM to GDP comparing Kenya to other economies as at Q1’2026:

**Cytonn Report: MMF AUM to GDP**



Source: World Bank, CMA, EFAMA

### Top Five Money Market Funds by Yields

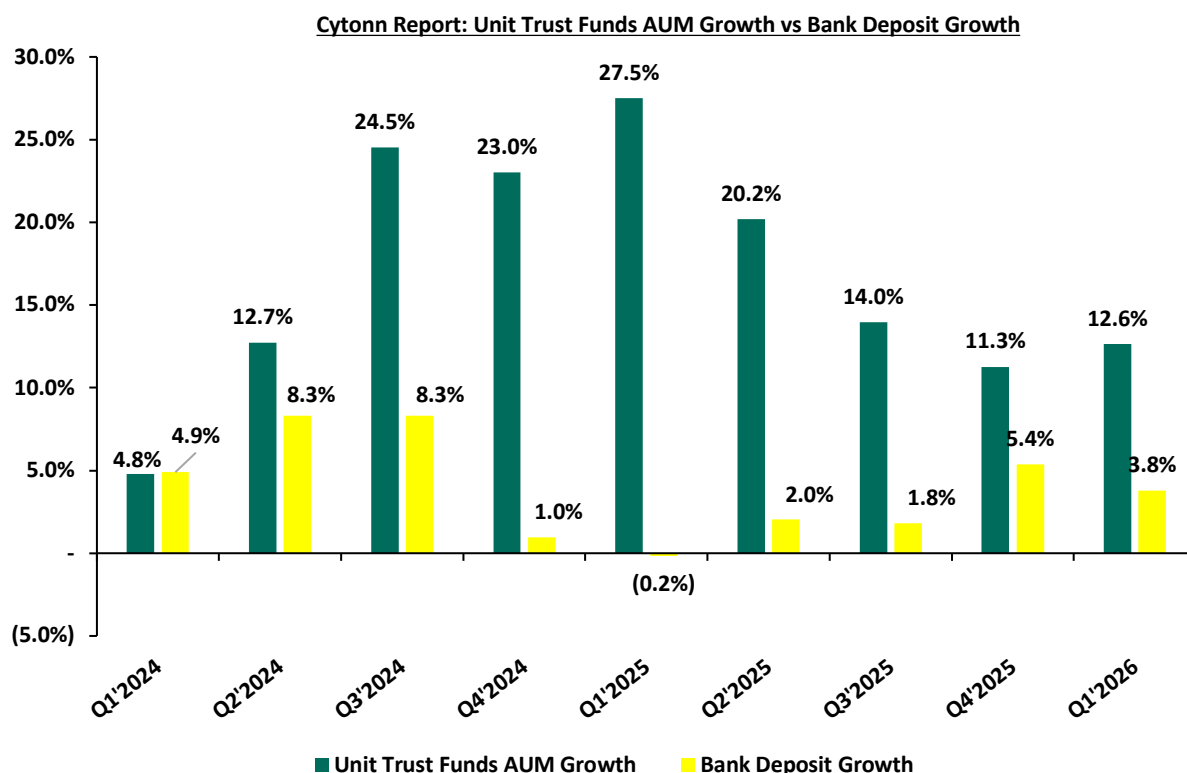
During the period under review, Cytonn Money Market Fund maintained a strong performance, ranking second among Money Market Funds with an average effective annual yield of 11.5%, outperforming the industry Q1'2026 average of 9.2%;

Cytonn Report: Top 5 Money Market Fund Yield in Q1'2026		
Rank	Money Market Fund	Effective Annual Rate (Average Q1'2026)
1	Nabo Africa Money Market Fund	12.2%
2	Cytonn Money Market Fund	11.5%
3	Arvocap Money Market Fund	11.2%
4	Gulfcap Money Market Fund	11.0%
5	Enwealth Money Market Fund	10.9%
<b>Average of Top 5 Money Market Funds</b>		<b>11.4%</b>
<b>Industry average</b>		<b>9.2%</b>

Source: Cytonn Research, Daily Nation

### Section III: Comparison between Unit Trust Funds AUM Growth and Other Markets

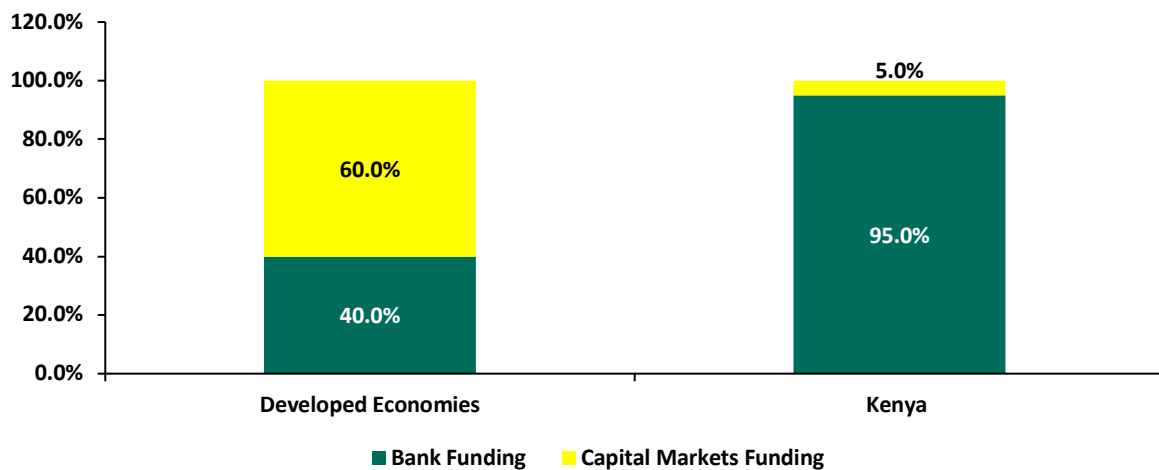
Unit Trust Funds' assets recorded a q/q growth of 12.6% in Q1'2026. On the other hand, banks' [deposits](#) recorded a growth of 3.8% in Q1'2026 to Kshs 6.5 tn from the Kshs 6.3 tn recorded in Q4'2025, translating to 1.6% points decline from the 3.6% points increase recorded in Q4'2025. For the Unit Trust Funds, the q/q growth of 12.6% was an increase of 1.3% points, from the 11.3% growth recorded in Q4'2025. The chart below highlights the quarter-on-quarter AUM growths for Unit Trust Funds AUM vs Listed banks' deposits growth since 2024:



Source: CBK Credit Surveys, CIS Report

We note that there was an 12.6% q/q increase in UTF AUM which can be attributed to the overall growth reported by existing CIS funds as well as additional funds registered by existing umbrella schemes and commenced reporting in 2025. The increase can also be attributed to intensified marketing efforts by the fund managers. The increase was achieved despite relatively lower returns in the collective investment schemes, especially the MMFs. As at March 2026, Money Market Funds offered an average return of 9.2% for Q1'2026, lower than the 9.6% average recorded in Q4'2025, while bank deposits offered an [average](#) of 6.9%, lower than the 7.3% average recorded in Q4'2025. We therefore anticipate an expansion in business funding coming from capital markets from the current 5.0%, in the short-term to medium term due to Kenya's economic growth and improved investor confidence and awareness. World Bank statistics reveal that in efficient economies, only 40.0% of business financing comes from banks, while a significant 60.0% is sourced from Capital markets. However, in Kenya, the scenario is quite different. The World Bank points out that Kenyan businesses depend on banks for a whopping 95.0% of their funding, with only 5.0% being raised from the capital markets.

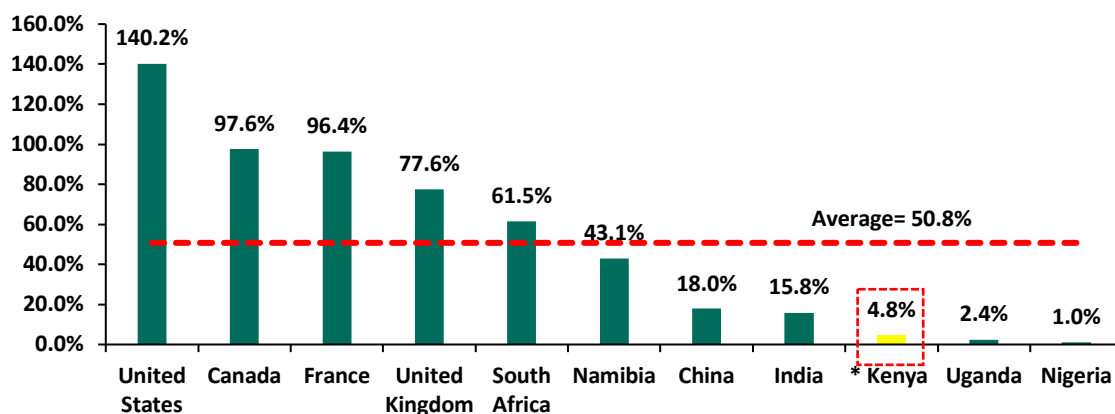
**Cytonn Report: Bank and Capital Markets Funding in Kenya vs Developed Economies**



Source: World Bank

Notably, Kenya's Mutual Funds/UTFs to GDP ratio at the end of Q1'2026 came in at 4.8%, significantly lower compared to an average of 50.8% amongst [select global markets](#) an indication of a need to continue enhancing our capital markets. Additionally, Sub-Saharan African countries such as South Africa and Namibia have higher mutual funds to GDP ratios coming in at 61.5% and 43.1%, respectively as of the [latest](#) data, compared to Kenya. The chart below shows select countries' mutual funds as a percentage of GDP as at December 2025:

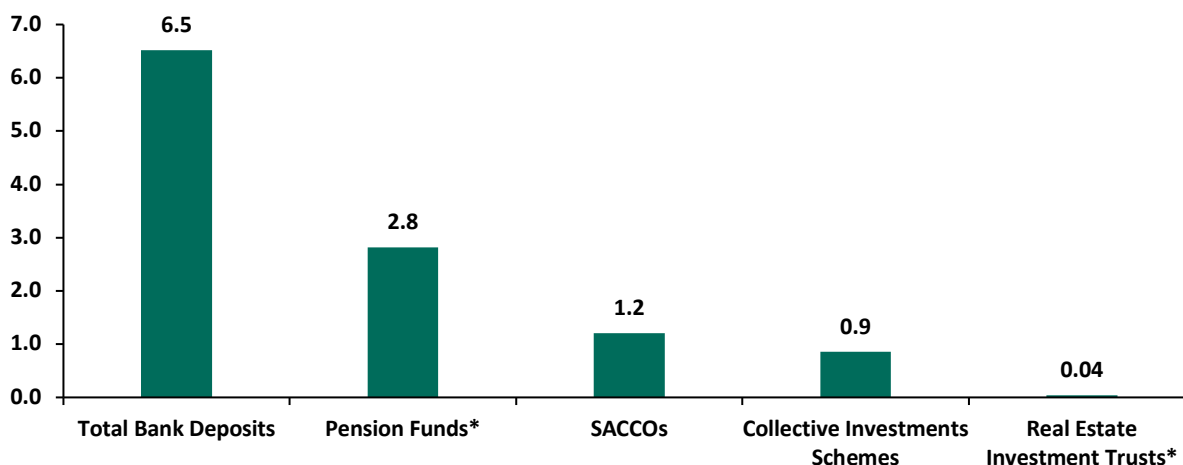
**Cytonn Report: Mutual Funds Assets to GDP**



\*Data as of March 2026  
Source: World Bank Data

In the last five years, the Assets Under Management (AUM) of Unit Trust Funds (UTFs) have shown a remarkable performance, having grown at a 5-year CAGR of 50.3% to Kshs 852.7 bn in Q1'2026, from Kshs 111.0 bn in Q1'2021. However, the industry is still dwarfed when compared to other deposit-taking institutions such as bank deposits, with the entire banking sector [deposits](#) coming in at Kshs 6.5 tn as at March 2026 from [Kshs 5.7 tn](#) recorded in March 2025. Similarly, the [pension](#) industry recorded an increase of 24.6%, to 2.8 tn as of December 2025 from Kshs 2.3 tn recorded in December 2024. Below is a graph showing the sizes of different saving channels and capital market products in Kenya;

**Cytonn Report: Total Size as of March 2026 (Kshs tn)**



\*Data as of December 2025

Source: CMA, RBA, CBK, SASRA Reports and REITs Financial Statements

Comparing other Capital Markets products like REITs, Kenya's REIT market faces additional challenges due to its relatively underdeveloped capital markets, especially when compared to countries like South Africa. Currently, there are only two listed REITs in Kenya, which are not actively trading. Most property developers in Kenya continue to rely on traditional funding sources, such as banks, unlike in more developed markets. Kenya's REIT market currently comprises five authorized funds, though their market segments and trading status vary considerably. While the sector has expanded significantly in 2026, most

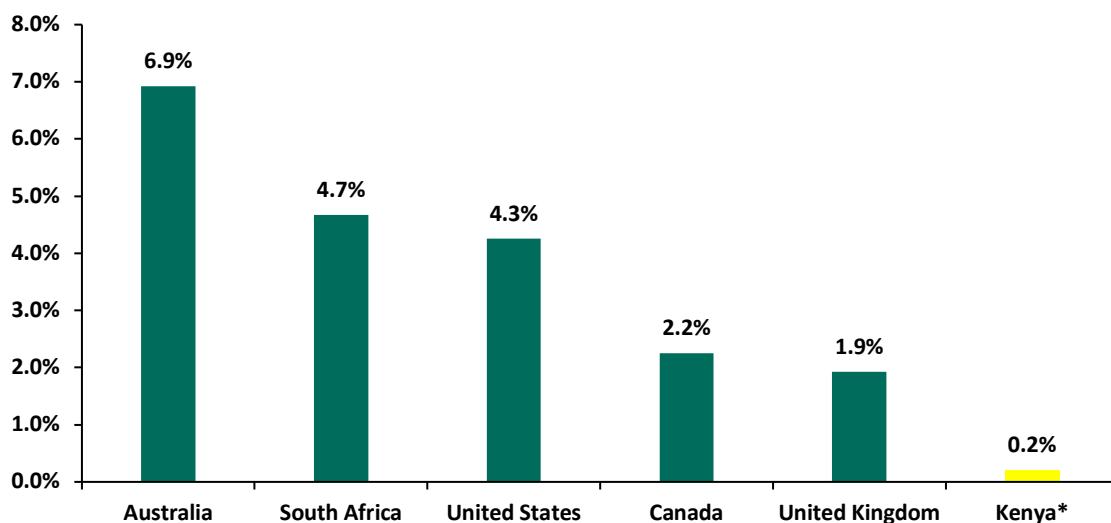
REITs continue to trade outside the NSE's main market segment. Until recently, LAPTrust Imara I-REIT was the sole publicly listed REIT in Kenya, trading on the NSE's restricted market sub-segment since its listing. Notably, Imara was structured without a capital raise, distinguishing it from the traditional REIT model. Following the delisting of ILAM Fahari I-REIT in February 2024, Imara retained its status as the country's only listed REIT for over two years. This changed in March 2026 with the listing of ALP Industrial REIT on the NSE's Main Investment Market Segment, marking a significant milestone as the region's first industrial REIT. In June 2026, the market experienced further expansion with the listing of TRIFIC I-REIT, a green-focused, USD-denominated income REIT that successfully closed an oversubscribed Kshs 5.0 billion offering on June 29, 2026. Three additional authorized REITs, ILAM Fahari I-REIT, Acorn I-REIT, and D-REIT remain unlisted and trade exclusively on the NSE's Unquoted Securities Platform (USP), an over-the-counter market. The table below outlines all REITs authorized by the Capital Markets Authority (CMA) in Kenya:

Cytonn Report: Authorized REITs in Kenya						
#	Issuer	Name	Type of REIT	Listing Date	Market Segment	Status
1	Two Rivers International Finance and Innovation Centre (TRIFIC) Special Economic Zone	TRIFIC I-REIT	I-REIT	June 2026	Main Investment Market Segment of the NSE	Newly Listing
2	Africa Logistics Properties	ALP Industrial REIT	I-REIT	March 2026	Restricted Market Sub-Segment of the Main Investment Market	Restricted
3	ICEA Lion Asset Management (ILAM)	Fahari	I-REIT	July 2024	Unquoted Securities Platform (USP)	Trading
4	Acorn Holdings Limited	Acorn Student Accommodation (ASA) – Acorn ASA	I-REIT	February 2021	Unquoted Securities Platform (USP)	Trading
5	Acorn Holdings Limited	Acorn Student Accommodation (ASA) – Acorn ASA	D-REIT	February 2021	Unquoted Securities Platform (USP)	Trading
6	Local Authorities Pension Trust (LAPTrust)	Imara	I-REIT	March 2023	Restricted Market Sub-Segment of the Main Investment Market	Restricted

Source: Nairobi Securities Exchange, CMA

The listed REITs' capitalization as a percentage of GDP in Kenya stood at 0.2% as of March 2026, compared to 6.9% in Australia and 4.7% in South Africa as of December 2025. This reflects the challenges faced by the Kenya's REIT market, especially when compared to countries like South Africa. Below is a graph showing a comparison of Kenya's REITs to Market Cap Ratio to that of the US, UK, Australia and South Africa as of December 2025:

#### Cytonn Report: REITs Market Capitalization to GDP



*\*Data as of March 2026*

*Source: Online Research, Nairobi Securities Exchange (NSE)*

#### **Section IV: Recommendations and Conclusion**

The Kenyan Collective Investment Schemes (CIS) sector has continued to record strong growth, supported by increasing investor participation, sustained demand for diversified investment products, and the continued approval of new collective investment schemes and sub-funds by the regulator in a bid to deepen Kenya's capital markets. The rising number of investors participating in unit trust funds highlights the growing adoption of collective investment schemes as an alternative investment vehicle to traditional savings products. As the industry continues to evolve, there remains a need to strengthen the regulatory and operational framework to support sustainable growth, enhance product diversification, and improve investor confidence in collective investment schemes. To further accelerate the growth of Unit Trust Funds (UTFs) in Kenya's capital markets, we recommend the following:

- i. **Encourage innovation and diversification of investment products:** While the CIS sector has experienced strong growth, there remains significant room for product diversification beyond traditional investment structures. The regulator should continue encouraging the development of alternative and specialized funds such as infrastructure funds, private credit funds, thematic funds, and sector-focused funds. Expanding the range of investment products would provide investors with greater portfolio diversification opportunities while also supporting capital formation in key sectors of the economy.
- ii. **Allow greater flexibility for sector and thematic funds:** Current CIS regulations emphasize diversification across asset classes, which helps reduce concentration risk but may also limit the development of sector-focused funds. Allowing greater flexibility in the establishment of sector funds, such as financial services, technology, infrastructure, and real estate funds, would enable investors to gain targeted exposure to specific sectors with strong growth potential while also expanding the breadth of investment products in the market.
- iii. **Encourage entry of new market participants to enhance competition:** Despite the growth of the CIS sector, the market remains relatively concentrated among a few large fund managers. Encouraging the entry of additional asset managers, including fintech-driven investment platforms and specialized fund managers, would enhance competition in the sector. Increased competition

would likely lead to improved fund performance, lower costs for investors, and greater innovation in product development.

- iv. **Leverage technology to expand retail participation:** Technology continues to play a key role in expanding access to investment products, particularly among retail investors. Leveraging digital investment platforms, mobile onboarding processes, and fintech partnerships would significantly enhance accessibility to Unit Trust Funds. Integrating investment platforms with mobile money ecosystems would also allow fund managers to reach a wider investor base, particularly younger and first-time investors.
- v. **Track fee pass-through to investors during the transition period:** The proposed shift to AUM-based regulatory fees has now been enacted, with fund managers paying 0.05% of AUM annually, capped at Kshs 15.0mn, up from a flat Kshs 150,000. We recommend the Capital Markets Authority require Total Expense Ratio (TER) disclosure across Unit Trust Funds during the transition period to December 2026, to monitor whether managers are passing on these higher costs proportionately, particularly smaller players most exposed to the Kshs 100,000 fee floor, and to protect returns for the sector's growing CIS investor base.
- vi. **Strengthen liquidity management and risk-management frameworks:** As the CIS sector continues to grow rapidly, strengthening liquidity management frameworks will be critical in safeguarding investor confidence. Regulators should encourage fund managers to implement robust liquidity management practices, including stress testing and redemption management mechanisms, to ensure funds remain resilient during periods of market volatility or large redemption pressures.
- vii. **Enhance investor education and financial literacy:** Despite the rapid growth in the CIS industry, a large portion of the population remains unfamiliar with collective investment schemes and their benefits. Expanding investor education initiatives through collaboration between regulators, fund managers, and capital market stakeholders would improve financial literacy and encourage greater participation in unit trust funds. This would support the development of a stronger investment culture and enhance long-term domestic savings.

As Kenya's financial sector continues to evolve, Unit Trust Funds are playing an increasingly important role in mobilizing domestic savings and providing accessible investment opportunities to a broad range of investors. The continued growth in investor participation, coupled with the introduction of new investment products and regulatory developments within the CIS sector, highlights the expanding role of collective investment schemes in Kenya's capital markets. As such, policymakers should focus on fostering innovation, enhancing product diversification, leveraging technology to expand investor access, and ensuring that regulatory reforms support rather than constrain industry growth. Doing so will be key in strengthening the Unit Trust Funds sector, deepening Kenya's capital markets, and attracting a wider pool of both local and international investors.

**Disclaimer:** *The views expressed in this publication are those of the writers where particulars are not warranted. This publication is meant for general information only and is not a warranty, representation, advice or solicitation of any nature. Readers are advised in all circumstances to seek the advice of a registered investment advisor.*