

FEBRUARY 2024

1. FUND PERFORMANCE

AVERAGE	2023	FEBRUARY 2024 (ANNUALIZED RETURN)	*PERFORMANCE SINCE INCEPTION (07-OCTOBER-2019)
Cytonn High Yield Fund (CHYF)	14.5%	19.1%	14.2%
Benchmark (182 day T- Bill + 5.0% points)	17.5%	21.6%	14.3%

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

2. FUND MANAGER'S 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 Q3'2023 GDP the Kenyan economy recorded a 5.9% expansion in Q3'2023, faster than the 4.3% growth recorded in Q3'2022. The performance in Q3'2023 was mainly driven by the 6.7% growth in the Agriculture, Fishing, and Forestry sector, compared to the 1.3% contraction recorded in Q3'2022, owing to the favorable weather conditions, which led to more agricultural output as evidenced by the 28.0% increase in tea output coupled with the 84.3% growth in fruit exports in the quarter under review. All sectors in Q3'2023 recorded positive growths, with varying magnitudes across activities. Most sectors recorded improved growth compared to Q3'2022 with Accommodation and Food Services, Agriculture, Forestry and Fishing, and Mining and Quarrying Sectors recording the highest growth improvements of 9.1% points, 8.0% points, and 5.6% points, respectively. The biggest gainer in terms of sectoral contribution to GDP was the Financial and Insurance sector, increasing by 0.8% points to 9.9% in Q3'2023 from 9.1% in Q3'2022, while the Transport and Storage sector was the biggest loser, declining by 0.3% points to 10.1% in Q3'2023, from 10.4% in Q3'2022.

During the month, yields on the shorter-dated Government papers were on an upward trajectory, with the 364-day, 182-day, and 91-day papers yields increasing by 48.7 bps, 46.3 bps, and 36.3 bps to 16.8%, 16.6%, and 16.5% respectively from 16.4%, 16.2%, and 16.1% recorded the previous month. Additionally, the Kenyan Shilling appreciated by 10.7% against the US Dollar to close the month at Kshs 143.6, from Kshs 160.8 recorded at the end of January 2024, largely attributable to increased supply of the dollar in the market.

The February 2024 inflation rate eased by 0.6% points to 6.3%, from the 6.9% recorded in January 2024, marking the eighth consecutive month that the inflation has remained within the CBK target range of 2.5%-7.5%.

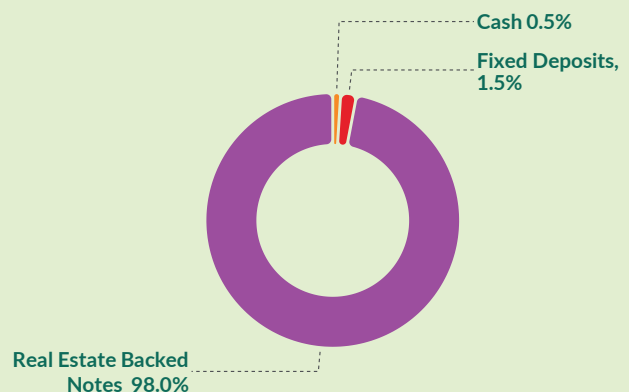
Portfolio Performance

The Cytonn High Yield Fund delivered an average return of 19.1% p.a. beating the inflation rate of 6.3% in the month of February 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 Ltd
- ◉ **Benchmark:** Average 182-day T-Bill + 5.0% points

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.