DFI NCBA Dollar Fixed Income Fund

March 2026 Fact Sheet

NCBA

NCBA Dollar Fixed Income Fund is a USD-denominated collective investment scheme that invests in a diversified portfolio of interest income earning assets, while ensuring low risk on the principal investment and access to funds on demand.

The fund invests in a diversified pool of interest income-earning securities and money market instruments such as bank deposits, Eurobonds, mutual funds and fixed income securities.

FUND PHILOSOPHY

1. Investment Focus: The fund focuses on generating stable interest income with minimal credit risk over capital gains.

2. Subscriptions and redemptions: The fund offers daily subscriptions and top-ups, while maintaining high liquidity to ensure investors can redeem their units on a T+1 day basis.

RISK RATING: Moderately Conservative

FUND INFORMATION

Inception Date: **October 2018**

Base Currency: **USD**

Fund Size: **USD 50.27 million**

Benchmark: **Secured Overnight Financing Rate**

Fund Manager: **NCBA Investment Bank**

Custodian: **ABSA Bank Kenya Limited**

Trustees: **KCB Bank Kenya Limited**

Auditor: **Deloitte**

FEES (calculated as a % of fund value)

Initial & Redemption Fee: **0%**

YTD Total Expense Ratio: **1.37%**

DEALING INFORMATION

Minimum Investment: **USD 100**

Minimum Top-Up: **USD 100**

Interest Distribution Frequency: **Daily**

Pricing: **Daily Net Asset Value (NAV)**

PORTFOLIO CHARACTERISTICS

Average Daily Yield: **3.86%**

Monthly Valuation Distribution: **-1.29%**

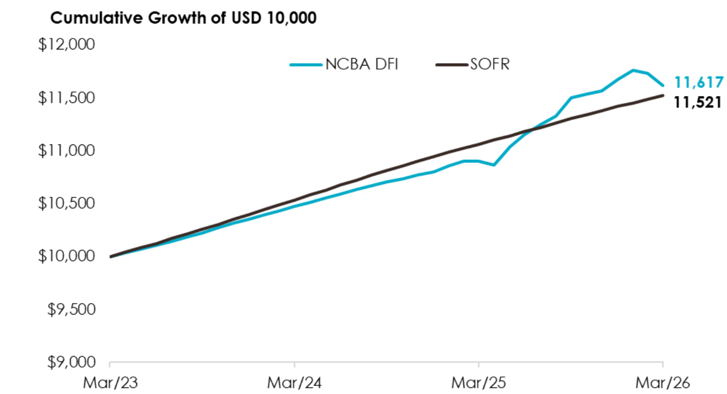
Sharpe Ratio (3 year period): **0.05**

Maximum Drawdown (1 year period): **-6.71%**

Maximum Drawdown (3 year period): **-11.62%**

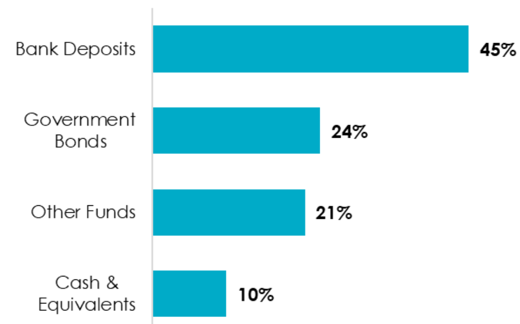
FUND PERFORMANCE

	1 Month	3 Months	6 Months	1YR	2YR (annualized)	3YR (annualized)
Fund	-0.96%	-0.52%	1.03%	6.58%	5.31%	5.12%
SOFR	0.31%	0.90%	1.92%	4.15%	4.57%	4.83%



The chart illustrates a hypothetical investment of USD10,000, assuming reinvestment of interest.

ASSET ALLOCATION



PORTFOLIO MANAGER'S COMMENTARY

The Dollar Fixed Income Fund returned -0.96% in March, underperforming its benchmark return of 0.31%, primarily reflecting the impact of a sharp rise in U.S. yields during the month. The sell-off in global bond markets, driven by rising inflation expectations and geopolitical tensions, weighed on the Fund's duration exposure, with mark-to-market losses in government bonds offsetting income generated across the portfolio.

While the Fund's significant allocation to bank deposits provided stability and helped cushion downside relative to longer-duration strategies, it did not fully offset broader market pressures, particularly in a risk-off environment.

Looking ahead, the Fund is being positioned more defensively, with a focus on shorter-duration instruments, high-quality income, and liquidity, allowing flexibility to navigate continued volatility while capturing opportunities as yields stabilize at more attractive levels.

David Kiruri

Portfolio Manager

Glossary of Terms

Maximum Drawdown *measures the largest percentage decline in value that an investment experiences from its highest point to its lowest point.*
Sharpe Ratio *measures the return of an investment per unit of risk. The higher the ratio the higher the risk-adjusted return.*
Conservative - *Appropriate for investors with a low-risk tolerance and a time horizon less than or equal to 3 years*
Moderate - *Appropriate for investors with medium risk tolerance and a time horizon not longer than 5 years*
Aggressive - *Appropriate for investors with a high-risk tolerance and a longer time horizon (at least 5years)*

U.S. Inflation & Interest Rate Trends

Investors are slashing bets that the Federal Reserve will cut interest rates this year, as the closure of the Strait of Hormuz, a critical channel for global oil flows, drove crude prices sharply higher, reintroducing inflation risk at a time when markets had been positioned for policy easing.

Inflation expectations in the U.S. have been repriced upwards to 3.2% for 2026. The surge in energy prices, compounded by the potential 15% global tariff, has created some strain for consumer prices. Investors moved to price out rate cuts from the Federal Reserve, reversing prior easing assumptions. This pivot underscores the re-emergence of policy trade-offs between inflation control and growth support.

Predictions of continued instability through mid-May and into late June emerged following Trump's comments on April 1. A blockade of the Strait of Hormuz lasting over three months could trigger recessionary effects. As the May U.S. Memorial Day holiday approaches, with its customary surge in travel, markets are anticipating increased consumer demands on policymakers to address rising energy costs.

U.S. Dollar Performance

The U.S. dollar reaffirmed its status as a safe-haven asset, as investors exhibited a marked preference for USD cash, with the dollar index appreciating by over 2% during the month amid global uncertainty and tightening financial conditions. The greenback registered broad-based gains against most currency pairs, largely driven by a "higher-for-longer" policy rate outlook and the United States' relative energy independence.

Before the onset of the conflict, investors had begun allocating assets away from the U.S. toward other markets, exerting downward pressure on the dollar. This trend may re-emerge once the conflict concludes.

Eurobond Markets

The Kenyan Eurobond market experienced significant downward pressure in March, with prices across the entire curve retreating as global investors moved into defensive, "de-risking" positions. Yields rose by an average of 15–33 basis points weekly throughout March, reflecting a shift in investor appetite for frontier market issues. This trend largely follows the script seen in the broader selloff in global government bonds, driven by sticky U.S. inflation data and heightened geopolitical tensions in the Middle East.

Investors opted for the "safety" of USD cash and short-dated D.M. (Developed Market) treasuries, leading to the liquidation of positions in higher-yielding Emerging Market assets.

Until global inflation cooling is confirmed and Middle East tensions de-escalate, Kenyan sovereign debt will likely continue to trade with a "war premium," keeping prices suppressed in the near term.

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