

**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.

**KEY FACTS**

Inception Date: **October 2018**

Base Currency: **USD**

Fund Size: **USD 46.55 million**

Benchmark: **Overnight SOFR**

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: **1.50%**

**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: **2.81%**

Sharpe Ratio (3 year period): **-0.19**

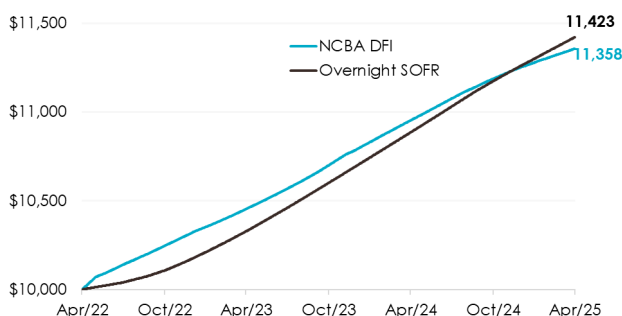
Maximum Drawdown (1 year period): **-7.23%**

Maximum Drawdown (3 year period): **-24.86%**

**Fund Performance**

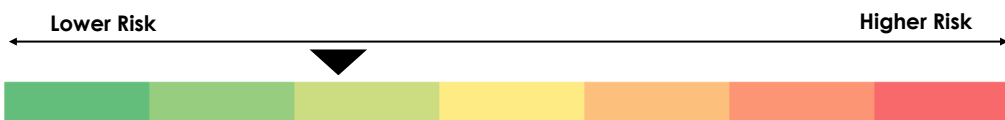
	MTD	QTD	YTD	1YR	2YR	3YR
<b>Fund</b>	0.23%	0.23%	0.94%	3.69%	8.65%	13.58%
<b>SOFR</b>	0.36%	0.36%	1.43%	4.93%	10.60%	14.23%

**Cumulative Growth of US \$10,000**



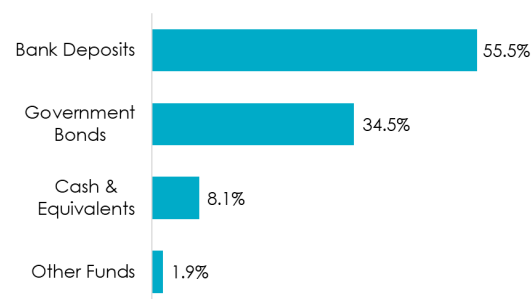
The chart illustrates a hypothetical investment of USD10,000, assuming reinvestment of interest.

**Risk Rating: Moderately Conservative\*\***



\*\* - The risk indicator is based on the volatility of historical performance of the fund over the last five years. The risk category may change over time and returns are not guaranteed. The lowest category, referencing treasury bills, does not equate to a risk-free investment

**Asset Allocation**



**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 5 years)

The content of this document and any other materials is for information purposes only and should not be construed as financial, investment, legal or tax advice.

The returns are not guaranteed, and past performance is not a guarantee of future investment results.

There are risks involved in investing in securities, and in certain circumstances, the right to redeem units may be suspended with possible loss of principal.

The Capital Markets Authority does not take responsibility for the financial soundness of the scheme or for the correctness of any statements made or opinions expressed in this regard.

NCBA Investment Bank is licensed as a Fund Manager by the Capital Markets Authority.

### U.S. Inflation & Macroeconomic Trends

In March 2025, the U.S. Consumer Price Index for All Urban Consumers (CPI-U) decreased by 0.1% on a seasonally adjusted basis, bringing the annual inflation rate down to 2.4% from 2.8% in February. Core CPI, which excludes food and energy, rose 0.4% in March and 2.8% year-over-year, indicating a slight easing from the previous month's 3.1%.

The Federal Reserve's latest economic projections indicate a downward revision in GDP growth for 2025, now expected at 1.7%, down from the previous estimate of 2.1%. This adjustment reflects expectations of moderated economic activity, largely due to the impact of newly implemented U.S. tariffs and retaliatory measures. While consumer spending has shown signs of slowing, the Fed anticipates that tariffs could

### U.S. Interest Rates

The federal funds rate remains unchanged at 4.25%–4.50%. The Fed continues to exercise caution amid ongoing economic uncertainties, particularly those stemming from recent tariff implementations and their potential inflationary effects.

Looking ahead, the Federal Open Market Committee (FOMC) projects two rate cuts totalling 50 basis points by the end of 2025, aiming for a year-end target range of 3.75%–4.00%. However, the timing of these adjustments remains uncertain, contingent upon evolving economic indicators.

### U.S. Benchmark Bonds Performance

In April 2025, U.S. Treasury yields experienced significant volatility, reflecting investor concerns over economic growth and monetary policy.

These fluctuations were influenced by a 0.3% contraction in Q1 GDP, raising recession concerns, and expectations of Federal Reserve rate cuts. Investors also responded to ongoing trade tensions and tariff policies, seeking the safety of long-term government debt.

### U.S. Dollar Performance

In April 2025, the U.S. dollar experienced a significant decline, marking its weakest monthly performance in over two years. The DXY fell more than 1% to its lowest level in three years, reflecting growing concerns over trade tensions and economic uncertainty.

This movement was influenced by escalating trade tensions, particularly between the U.S. and China, and the Trump administration's unpredictable tariff policies, which have undermined investor confidence in the dollar. The dollar's performance in April underscores the impact of policy uncertainty and trade tensions on currency markets, with investors closely monitoring developments for further implications.

### Eurobond Market

In April 2025, Kenyan Eurobond yields experienced upward pressure amid heightened investor concerns following the lapse of the country's \$3.6 Bn IMF program. The ninth and final review, initially scheduled for April, was mutually abandoned due to Kenya's failure to meet several structural benchmarks. This decision left approximately \$800 Mn undisbursed, exacerbating apprehensions about Kenya's fiscal trajectory and external financing capabilities.

The termination of the IMF program added to the delays in disbursements from other external financiers, including the World Bank and the United Arab Emirates, which had pledged \$1.5 Bn in funding.

Elevated yields reflect persistent investor caution amid ongoing fiscal uncertainties. Consequently, the government initiated discussions with the IMF for a new lending arrangement and secured a \$1.2 Bn from the World Bank. A new program would likely improve investor sentiment.

### Contact Us

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