

**NCBA Fixed Income Fund** is a KES-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, treasury bills and bonds, commercial papers and corporate bonds.

### 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: **September 2006**

Base Currency: **KES**

Fund Size: **KES 30.95 billion**

Benchmark: **Average 91-day T-bill**

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: **2.73%**

### DEALING INFORMATION

Minimum Investment: **KES 1,000**

Minimum Top-Up: **KES 1,000**

Interest Distribution Frequency: **Daily**

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

### PORTFOLIO CHARACTERISTICS

Average Daily Yield: **8.83%**

Valuation Distribution: **3.21%**

Total Return: **12.04%**

Sharpe Ratio (3 year period): **-1.68**

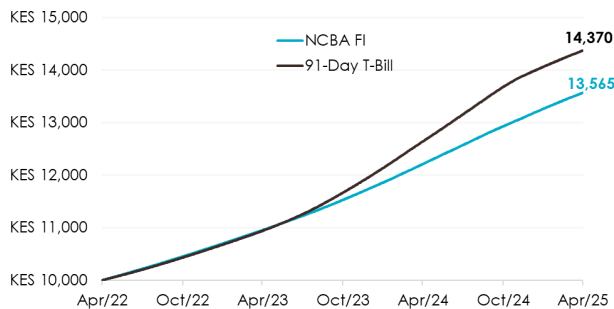
Maximum Drawdown (1 year period): **-4.85%**

Maximum Drawdown (3 year period): **-10.11%**

### Fund Performance

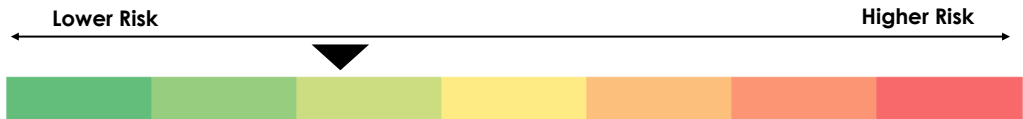
	MTD	QTD	YTD	1YR	2YR	3YR
<b>Fund</b>	0.73%	0.73%	3.14%	11.11%	23.87%	35.65%
<b>91-day T-bill</b>	0.70%	0.70%	3.01%	13.71%	31.38%	43.70%

### Cumulative Growth of KES 10,000



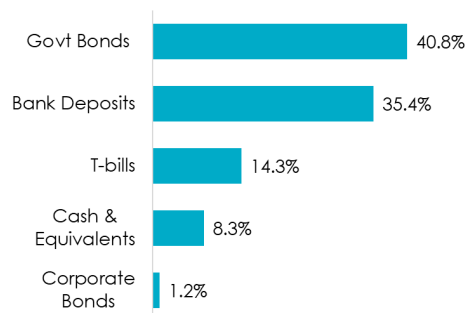
The chart illustrates a hypothetical investment of KES 10,000, assuming reinvestment of interest.

### 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.

### Inflation

Year-on-year inflation rose to 4.1% in April, up from 3.6% in March, with month-on-month inflation eased to 0.3%. A 0.3% increase in the transport index offset a similar 0.3% decline in food prices. The Housing, Water, Electricity and Other Fuels as well as the Alcoholic Beverages categories recorded marginal monthly changes of  $\pm 0.1\%$ . Core inflation rose to 2.5%, from 2.2% in March, remaining the primary driver (2.6%) of overall inflation. Non-core inflation stood at 8.4%, contributing 1.5%, largely due to a 2.1% increase in food prices.

### Short Term Interest Rates — Treasury Bills

Treasury bill rates extended their downward trend in April, with the 91-day, 182-day, and 364-day papers declining from an average of 8.88%, 9.13% and 10.47% in March to 8.51%, 8.83% and 10.18%, respectively. The 182-day paper posted the sharpest drop of 44 basis points. Following April's MPC rate cut, investor aggression shifted to the 91-day paper. CBK maintained their stance to reject expensive bids, which saw the bid-to-cover ratio on the 91-day rising to 2.35, and a monthly average of 1.34.

Overall, CBK recorded a net positive borrowing position, primarily due to strong demand for the 364-day paper, allowing space for a measured drop in rates. The impact of the 75bps CBR cut is yet to fully filter through the market and rates, signalling expectations of further rate declines.

### Yield Curve Movements

The yield curve shifted downward by an average of 7bps in April, with the short end seeing the most pronounced declines, supported by ample market liquidity and CBK's rate management. This reinforces expectations for continued softening in yields, particularly on short-term government securities.

In contrast, yields on long-dated papers have ticked upwards recently, steepening the curve. This is likely driven by the government's repeated reopening of long-dated bonds and investor positioning amid concerns over delays in external funding - notably the smaller-than-expected World Bank DPO and uncertainty around IMF disbursements.

To bridge funding gaps, the government tapped \$500M from the UAE private debt facility, priced at 8.25% and maturing in 2032, with scope for an additional \$500M this fiscal year. Kenya is also pursuing a new \$400M IMF program, with the potential to build up on the amount as they make repayments between 2025 and 2027.

### Currency Market

The Kenyan Shilling marginally depreciated against the U.S. Dollar by 0.02%, while significantly weakening against the Euro and Pound by 5.49% and 3.50% to close the month at USD/KES 129.34, EUR/KES 147.16 and GBP/KES 173.21, respectively. Regionally, the Shilling appreciated by 0.35% against the Tanzanian Shilling, closing at KES/TZS 20.72, and depreciated 0.02% against the Ugandan Shilling, closing at KES/UGX 28.34.

### Contact Us

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#### Client Services Team

NCBA Investment Bank - Wealth Management

NCBA Annex, Hospital road – Upper Hill,

P.O. Box: **44599 – 00100 Nairobi, Kenya**

Tel: **+254 020 2884444**

Email: [unitrustsfunds@ncbagroup.com](mailto:unitrustsfunds@ncbagroup.com)



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