

**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.

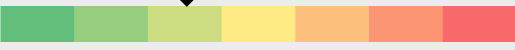
**FUND PHILOSOPHY**

**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.

**RISK RATING: Moderately Conservative**

Lower Risk Higher Risk


**FUND INFORMATION**

Inception Date: **September 2006**

Base Currency: **KES**

Fund Size: **KES 41.71 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: **2.57%**

**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: **6.51%**

Monthly Valuation Distribution: **-0.07%**

Sharpe Ratio (3 year period): **-0.25**

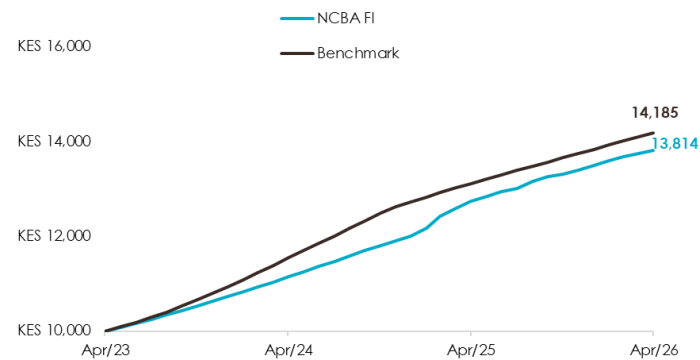
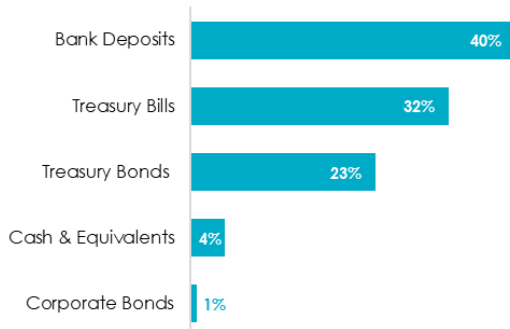
Maximum Drawdown (1 year period): **-0.72%**

Maximum Drawdown (3 year period): **-4.13%**

**FUND PERFORMANCE**

	1 Month	3 Months	6 Months	1YR	2YR (annualized)	3YR (annualized)
<b>Fund (Total Return)</b>	0.48%	1.66%	3.78%	8.40%	13.16%	11.81%
<b>Benchmark</b>	0.63%	1.90%	3.89%	8.17%	11.45%	13.95%

Cumulative Growth of of KES 10,000 assuming reinvestment of interest


**ASSET ALLOCATION**

**PORTFOLIO MANAGER'S COMMENTARY**

The Fund delivered a moderate return though performance trailed the benchmark as the fixed income market adjusted to shifting monetary policy expectations and rising inflation concerns.

Returns were supported by steady income from corporate bonds, treasury bills, and deposits. This was however, partially offset by mark-to-market losses as yields moved higher across the curve.

Looking ahead, we expect yields to maintain an upward bias in the near term as inflation risks persist. The Fund therefore remains focused on preserving high-quality income, maintaining liquidity flexibility, and selectively taking advantage of opportunities arising from ongoing yield curve adjustments.

**Joseph Thiga**  
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)

**Disclaimer**

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

Annual headline inflation rose to 5.6% in April from 4.4% in March, while monthly, the consumer price index increased by 1.4% relative to 0.5% in the prior month. General prices increased rapidly following a more than expected jump in food prices by 8.8% annually and 1.5% month-on-month, eroding any space to partly cushion the anticipated increase in energy and transport costs. Transport expectedly rose by 6.5% and 10.0% on a monthly and annual basis, respectively. Core inflation rose to 2.8%, whereas non-core inflation increased to 13.4% from 10.8% in March.

The Middle East conflict continues raising global inflationary concerns about the oil shock impact on economic growth. Supply chain worries driven by the halt in the Strait of Hormuz could push prices higher in May. Consequently, CBK guidance sees inflation breaching the mid-point of the target range to hit ~6.2% in July on sustained cost pressures from food, fuel, and the global supply constraints.

## Interest Rates

The Monetary Policy Committee (MPC) held the policy rate steady at 8.75% during its April meeting, marking the first pause in the easing cycle since June 2024. The pause comes against a backdrop of heightened global uncertainty, driven by an oil price shock linked to escalating conflict in the Middle East. The decision reflects a shift toward caution following a period of sustained monetary loosening.

While the MPC adopted a cautious pause in its easing cycle, yields moved higher across the curve, driven by renewed inflation concerns, global uncertainty, and uneven investor demand.

In the short end, yields increased significantly, with the 91-day, 182-day, and 364-day, papers rising by 61, 38, and 23 basis points to 8.04%, 8.21%, and 8.51% respectively. Short-term rate expectations adjusted upward, as markets responded to the halt in the easing cycle and emerging inflationary risks. Activity in the Treasury bill market in April reflected uneven investor participation, with demand fluctuating significantly across auction dates and tenors. Overall subscription averaged 84.0%, indicating softer demand relative to prior months.

The medium term recorded the most pronounced upward movements with yields in the 2- to 4-year tenors rising by between 47 and 72 basis points, while the 5- to 10-year segment saw increases of up to 62 basis points. In contrast, the long end of the curve remained relatively stable and the government issued a new 30-year bond FXD1/2026/030 which saw significant demand signaling investor appetite for duration (performance rate of 117.5%) issued at 13.76%.

The outlook remains uncertain with investors exercising caution and selective duration exposure, as markets reassess the trajectory of monetary policy in an unstable macro environment.

## Currency

The Kenyan Shilling (KES) maintained its resilient tone, navigating a modest reversal in global US dollar strength. The U.S. Dollar Index declined by 1.00% in April, unwinding part of March's safe-haven rally as geopolitical tensions eased slightly and risk sentiment improved. The Shilling appreciated 0.57% against the US Dollar during the month, effectively mirroring March's mild depreciation and on a year-to-date basis, the USD/KES pair remains largely flat (+0.14%) reinforcing a broader theme of exchange rate stability.

The Shilling weakened against the Euro, depreciating by 1.48% and 1.62% against the British Pound in April. This partially reverses the gains observed in March and reflects a rebound in European currencies as energy price concerns moderated and investor positioning normalized.

External buffers, while still supportive, showed a slight moderation. Foreign exchange reserves declined to USD 13.23 billion (5.6 months of import cover) down from 6.0 months in March. Despite this dip, reserve adequacy remains within comfortable levels, continuing to provide the CBK with sufficient capacity to manage short-term volatility and anchor market expectations.

## Disclaimer

*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.*