DFI

NCBA Dollar Fixed Income Fund

August 2025 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.

KEY FACTS

Inception Date: **October 2018**

Base Currency: **USD**

Fund Size: **USD 50.32 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: **3.43%**

Sharpe Ratio (3 year period): **-0.96**

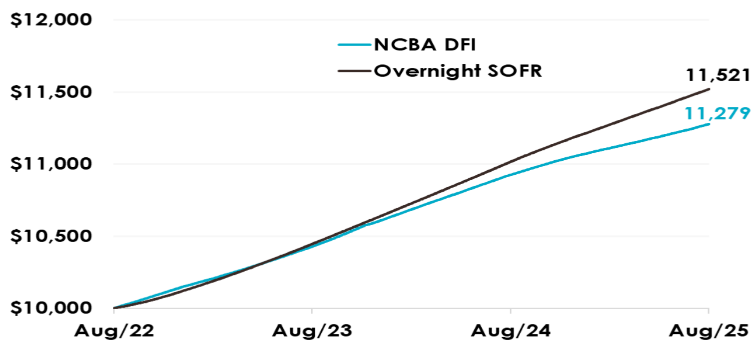
Maximum Drawdown (1 year period): **-7.68%**

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

Fund Performance

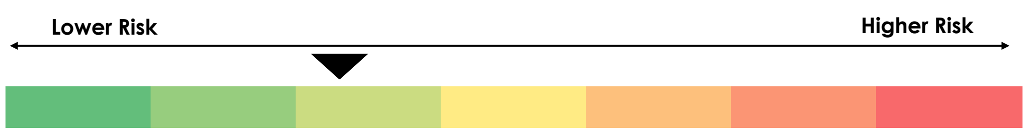
	1 Month	3 Months	6 Months	1YR	2YR	3YR
Fund	0.29%	0.80%	1.52%	3.23%	8.16%	12.79%
SOFR	0.37%	1.10%	2.21%	4.58%	10.30%	15.21%

Cumulative Growth of US $10,000



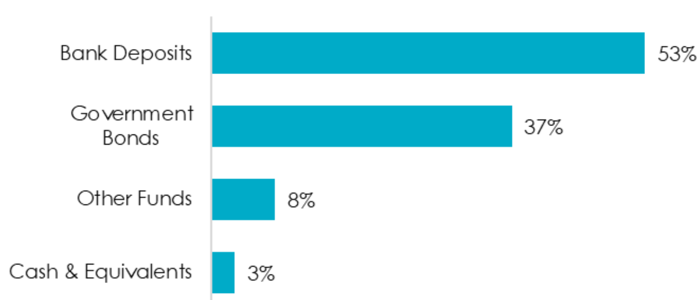
The chart illustrates a hypothetical investment of USD10,000, assuming reinvestment of interest.

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 5years)*

U.S. Inflation & Macroeconomic Trends

U.S. inflation remained unchanged at 2.7% in July. This stability has been perceived as a positive sign, though increasing costs are partly linked to tariffs, whose full impact is yet to be seen with new rates implemented in early August. Meanwhile, core inflation, which excludes food and energy rose to 3.1%, compared to 2.9% in June, and above expectations of 3%. Monthly core CPI marginally rose to 0.3%, in line with expectations, after printing 0.2% in June.

The U.S. economy grew faster than initially reported, with second quarter GDP revised 0.3% higher to 3.3%. Investor sentiment in the economy is back; spurred by easing monetary policy expectations alongside new tech spending expected to correct the trend in U.S. growth. Additionally, S&P and Fitch affirmed U.S. 'AA+' credit rating with a stable outlook, noting that revenue to be unlocked from tariffs is expected to offset the fiscal impact of the "One Big Beautiful Bill Act".

We however expect a slowdown in the remainder of the second half, limiting growth expectations to around 1.5% for the full year. This is largely pegged on the lagged tariff effects on imports into Q3, as well as the lapse of the U.S.-China deadline.

U.S. Interest Rates

Following Fed Chair Powell's speech at Jackson Hole, where he hinted at a rate cut as soon as the September meeting, markets readjusted their bets, pricing in a 92% chance of a 25bps cut. We expect an additional 25bps cut in the December meeting. In his remarks, he acknowledged that while inflation was still above target, the weakening labor market conditions were supportive of monetary easing.

As investors price in concerns around political pressure on the Fed, we remain on the lookout for a Presidential nominee for Powell's successor before the end of this year.

U.S. Benchmark Bonds Performance

In August, interest rates were mixed; shorter-dated yields declined while longer-dated yields posted a modest increase, leading to a steeper yield curve as the U.S. dollar weakened against most major currencies. The two-year Treasury yields bottomed out at 3.60% levels on possibilities of erosion of Fed independence and the composition shifting in favor of Trump's rate cut agenda. The 30-year touched 4.8% levels before closing closer to 5%.

Going into September, we expect further weakness in the 2-year yields as they closely track the lower Fed rate.

U.S. Dollar Performance

The U.S. dollar weakened in August, reversing its July gains. The dollar index fell 2.2% over the month, extending its year to date decline to almost 10%. The performance was driven by rising expectations of a September Fed rate cut, and further significant easing into 2026. Investor sentiment towards the dollar was further dented by growing concerns around political interference on the Fed amid questions over its independence.

The EUR/USD pair gained 2.37%, settling at 1.17 levels by close of the month. This was supported by a combination of Fed rate expectations, a cautious ECB stance, and improving eurozone fundamentals.

Eurobond Market

Kenyan Eurobond yields dropped by an average 48 basis points on the back of S&P's credit rating upgrade on easing external liquidity risks. During the month, the rating agency revised the country's rating from 'B-' to 'B', maintaining a stable outlook. This was backed by robust export earnings, resilient diaspora remittances, and monetary policy easing, expected to support private sector growth and support the Shilling's stability.

The rating action also expressed confidence in the country's ability to meet its Eurobond debt obligations through 2027. Additionally, they raised Kenya's sovereign ceiling on global borrowings from B to B+. This single action has lifted the country's prospects of tapping external markets for financing.

Yields closed the month at: Kenya 27 - 6.14% (July - 6.49%), Kenya 28 - 6.69% (July - 7.62%), Kenya 31 - 8.46% (July - 8.98%), Kenya 32 - 8.50% (July - 8.91%), Kenya 34 - 8.98% (July - 9.32%), Kenya 36 - 9.65% (July - 10.09%), Kenya 48 - 9.74% (July - 10.12%).

Contact Us

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