

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.

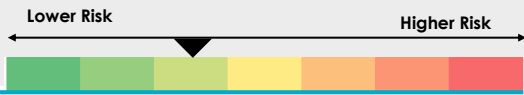
The fund invests in a diversified pool of interest income-earning securities and money market instruments such as bank deposits, Eurobonds, mutual funds and fixed income securities.

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 47.29 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: **1.76%**

DEALING INFORMATION

Minimum Investment: **USD 1,000**
 Minimum Top-Up: **USD 100**
 Interest Distribution Frequency: **Daily**
 Pricing: **Daily Net Asset Value (NAV)**

PORTFOLIO CHARACTERISTICS

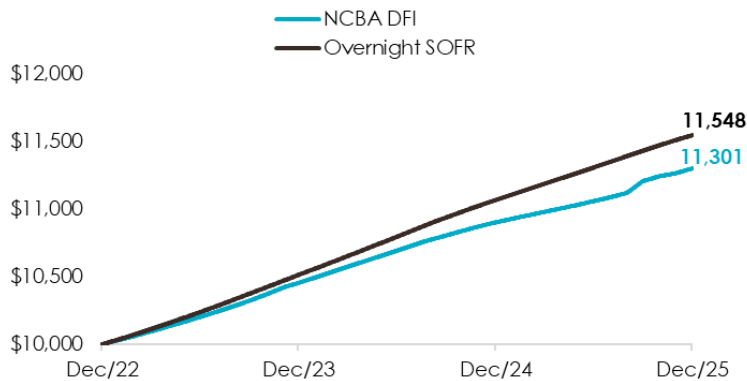
Average Daily Yield: **3.74%**
 Monthly Valuation Distribution: **1.98%**
 Sharpe Ratio (3 year period): **0.10**
 Maximum Drawdown (1 year period): **(7.68%)**
 Maximum Drawdown (3 year period): **(14.27%)**

FUND PERFORMANCE

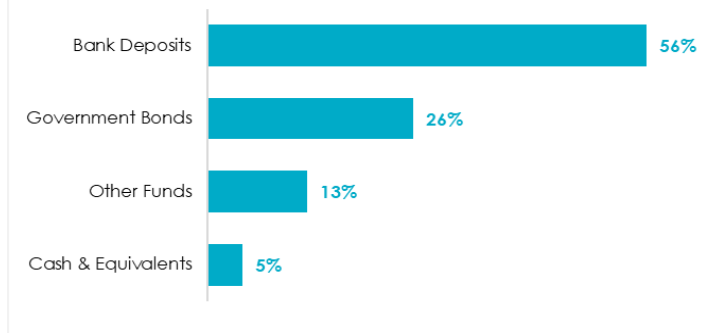
	1 Month	3 Months	6 Months	1YR	2YR	3YR
Fund	2.48%	2.79%	5.62%	7.41%	11.67%	16.11%
SOFR	0.32%	1.01%	2.10%	4.24%	9.38%	14.39%

The fund's return was supported by a 1.98% valuation gain following changes in the market value of the underlying securities, which increased the value of investment units.

Investment of USD10,000, assuming reinvestment of interest



NCBA Dollar Fixed Income Fund Asset Allocation



PORTFOLIO MANAGER'S COMMENTARY

The fund delivered a strong performance in December, supported by valuation gains from our Eurobond exposure as yields declined, supported by ongoing liability-management efforts and stable external liquidity flows.

Our allocations to offshore fixed-income instruments and structured solutions provided meaningful stability, supporting performance relative to the benchmark.

The fund continues to diversify its holdings in December to strengthen returns. With the Fed rate cut in December, deposit rates are likely to adjust lower, therefore, we are actively locking in attractive offshore yields to bolster income and further support bond valuations.

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 5 years)

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.

U.S. Inflation & Macroeconomic Trends

U.S. inflation trends continued to show signs of moderation in December, with the headline Consumer Price Index rising approximately 2.9% year-over-year, a slight uptick from the 2.7% seen in November but still consistent with a decelerating inflation backdrop. Core inflation remained subdued at 2.6% year-over-year underscoring easing price pressures.

Despite tariff pass-through and other cost pressures, inflationary dynamics have stayed relatively contained relative to prior peaks, supporting a monetary easing backdrop.

U.S. Interest Rates

The Fed delivered its third rate cut of the year in December, lowering the federal funds target range by 25 bps to 3.50%–3.75%. While the move was in line with expectations, policymakers struck a cautious tone, signalling limited scope for further easing amid lingering inflation risks and a resilient labour market.

U.S. Treasury yields continued to reflect the interplay between interest-rate expectations and elevated term premiums. The benchmark 10-year Treasury yield hovered around 4.2%, modestly lower on cooler inflation but still well above pre-cut levels, while the 2-year yield remained anchored near 3.50% as markets priced future cuts.

Comparatively, yields in the U.S. remain higher than in Europe, UK, and Japan, anchored by fiscal policy concerns, offering a better risk-reward profile.

U.S. Dollar Performance

The U.S. dollar weakened in December, with the Dollar Index (DXY) declining 1.14% over the month, as markets responded to the Federal Reserve's 25 bps rate cut and softer near-term rate expectations. Easing front-end Treasury yields and improving global risk sentiment reduced the dollar's yield advantage, supporting flows into equities.

While expectations for further near-term easing moderated, softer inflation, and slowing U.S. growth limited a meaningful dollar rebound, leaving the greenback down 9.4% for the year.

Eurobond Market

Kenya's Eurobond yields declined modestly in December, reflecting improved investor sentiment and improved liquidity flows. The downward move was supported by ongoing liability-management efforts and stable external liquidity, providing incremental relief for borrowing costs.

Looking ahead, yields remain sensitive to risk sentiment and U.S. rate expectations, while the IMF visit in early January to discuss a potential new support programme, should further anchor investor confidence in the external debt market.

Contact Us

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



[Join our WhatsApp Channel](#)

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.