

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.

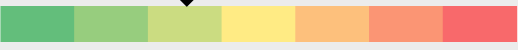
FUND PHILOSOPHY

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 39.93 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: **3.02%**

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: **7.31%**

Monthly Valuation Distribution: **0.30%**

Sharpe Ratio (3 year period): **(0.13)**

Maximum Drawdown (1 year period): **(5.39%)**

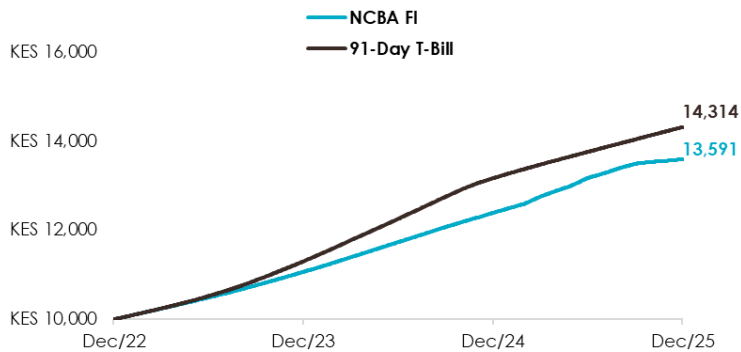
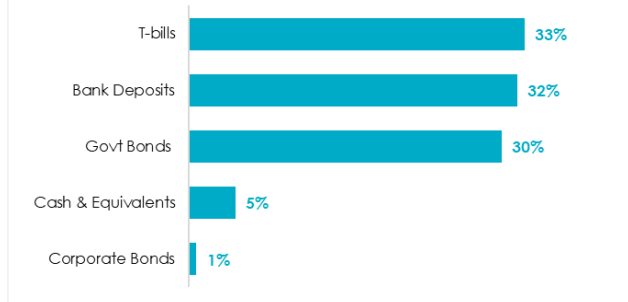
Maximum Drawdown (3 year period): **(8.65%)**

FUND PERFORMANCE

| | 1 Month | 3 Months | 6 Months | 1YR | 2YR | 3YR |
|----------------------------|---------|----------|----------|--------|--------|--------|
| Fund (Total Return) | 1.03% | 1.11% | 4.86% | 12.17% | 23.90% | 34.01% |
| 91-day T-bill | 0.66% | 1.97% | 4.00% | 8.35% | 23.65% | 35.87% |

The fund's return was affected by a 0.30% valuation gain following changes in the market value of the underlying securities, which increased the value of investment units.

Investment of KES 10,000, assuming reinvestment of interest


NCBA Fixed Income Fund Asset Allocation

PORTFOLIO MANAGER'S COMMENTARY

The fund remained resilient in December, delivering positive returns boosted by valuation gains as lower yields improved on the value of existing government bonds.

We are proactively tightening duration, reducing exposure to long-term bonds that have come under pressure as GoK continues to front-load issuance at the long end and investor demand concentrates there. Our shift toward shorter-dated securities is deliberate, aimed at protecting the portfolio from further rate volatility.

With CBK's rate-management stance, we anticipate improved valuation stability and a more supportive environment for fixed-income performance.

Joseph K. 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 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.

Inflation

Annual inflation held steady at 4.5% in December supported by deceleration in Food and non-Alcoholic beverages (7.8 %); Transport (5.2 %), and Housing, Water, Electricity, Gas and other fuels (1.6%) prices over the period. Core inflation continued its steady decline, falling to 2.0%, while non-core rose to 11.2% driven by seasonal price gains in December.

Interest Rates

The Monetary Policy Committee (MPC) lowered the Central Bank Rate by 25 bps to 9.00% in December, citing resilient economic growth, inflation below the midpoint of the target range, and supportive credit conditions. The move aims to stimulate private sector lending and economic activity while maintaining exchange rate stability.

Treasury bill rates edged lower, with the 91-day paper down 5 bps to 7.73%, while the 182-day and 364-day tenors saw mixed movements amid active auctions and investor demand. The 364-day paper remained particularly attractive, anchored by its premium over the 91-day, and CBK interventions including targeted bond auctions and partial buybacks, helped manage elevated maturities and stabilize the curve.

To anchor rates, CBK reopened two long-dated papers, the 15-year and 25-year bonds, attracting strong demand and highlighting sustained investor appetite for long-dated instruments amid favourable liquidity and yields. Yield curve shifts were uneven, with mid-tenor bonds (7–10yr and 13–18yr) softening while short- and ultra-long tenors (3–6yr and 20–21yr) ticked higher, reflecting issuance patterns and market liquidity.

Looking ahead, limited bond maturities through March and investor receptivity to "fair" long-dated yields provide CBK with a clear runway to maintain downward pressure on rates while continuing proactive liability management.

Currency

In December, the shilling strengthened, recouping some of November's modest losses, gaining 0.6% against the U.S. dollar following the Fed's 25 bps rate cut. Improved global risk appetite and the accommodative U.S. monetary policy supported the shilling.

Continued supportive global liquidity, stable domestic inflation, and resilient external reserves are expected to anchor the shilling, although periodic volatility may arise from external shocks and shifts in investor risk appetite.

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.