

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 24.55 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

Initial & Redemption Fee: **0%**

YTD Total Expense Ratio: **2.88%**

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: **10.03%**

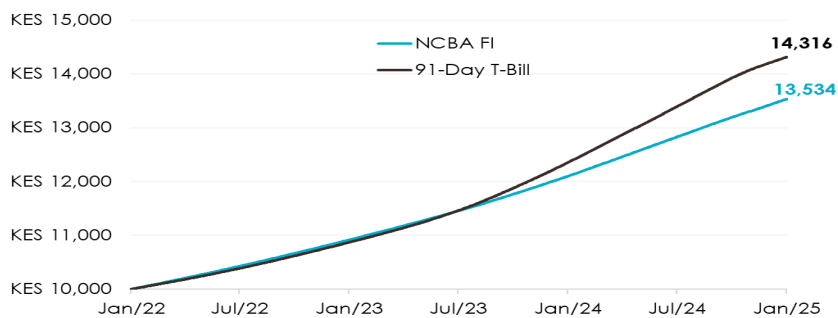
Sharpe Ratio (3 year period): **-1.52**

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

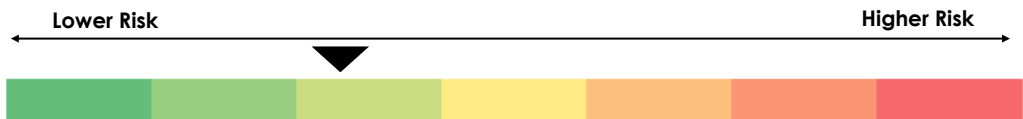
Maximum Drawdown (3 year period): **-10.11%**

Fund Performance

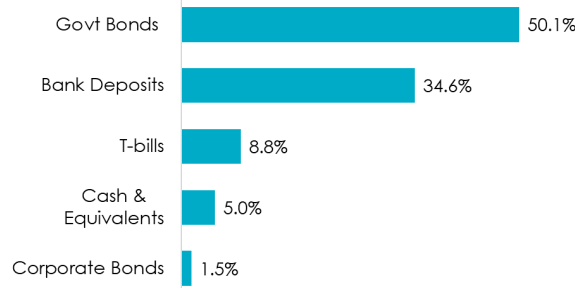
	MTD	QTD	YTD	1YR	2YR	3YR
Fund	0.86%	0.86%	0.86%	11.85%	23.96%	35.34%
91-day T-bill	0.82%	0.82%	0.82%	15.89%	31.69%	43.16%

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. It indicates the worst historical loss an investment has experienced over a specified period.

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 edged up to 3.3% in January from 3.0% in December, translating to a monthly inflation rate of 0.7%. This was primarily driven by a 1.6% rise in the Food and Non-Alcoholic Beverages index. Despite an increase in diesel and petrol prices, the Transport index declined by 0.4% while the Housing, Water, Electricity and Other Fuels index saw minimal changes. Following the recent shift in core inflation reporting from the CBK to KNBS — January being the first month under this new framework — core inflation was reported at 2.0%, down from 2.2% in December 2024.

Short Term Interest Rates — Treasury Bills

The 91-day, 182-day, and 364-day T-bill rates declined from averages of 10.32%, 10.39% and 11.83% in December, to 9.63%, 10.03% and 11.33% in January respectively. While the 91-day and 364-day yields eased gradually, the 182-day paper saw a slight mid-month uptick before resuming its downward trend. The bid-to-cover ratio — an indicator of the government's willingness to reject expensive bids — stood at 1.17 for the 91-day and 1.22 for the 364-day, while the 182-day remained at 1.00, signalling limited pricing flexibility.

With a slightly lower redemption profile than the previous month, the net borrowing position remained relatively stable, contributing to the slower decline in yields. Additionally, the reopening of February infrastructure bonds diverted investor funds, further slowing yield adjustments. Looking ahead, expectations of CBK frontloading borrowing from both domestic and foreign investors suggest that yields will likely remain rangebound in the near term.

Yield Curve Movements

On average, the yield curve shifted 21 bps lower month-on-month, with the most significant decline observed between the 4- and 6-year tenors. This aligns with medium-term debt management plans, which anticipate a shift in the financing mix from the current 54% domestic and 46% foreign, to 72% domestic and 28% external, signalling increased reliance on local borrowing to bridge budget deficits.

The MPC is set to meet on February 5th, against a backdrop of sluggish private sector credit growth, banks' reluctance to lower lending rates, and resurging inflationary pressures.

Currency Market

In January, the Kenyan Shilling appreciated against the USD and Pound, while depreciating against the Euro by 0.05%, 0.95% and 0.15% respectively to close the month at USD/KES 129.23, GBP/KES 160.72 and EUR/USD 134.49. The Kenya Shilling appreciated against the Tanzanian shilling and Ugandan shilling by 4.33% and 0.38% to close the month at KES/TSHS 19.81 and KES/UGX 28.52.

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