

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 48.98 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: **1.51%**

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: **3.04%**

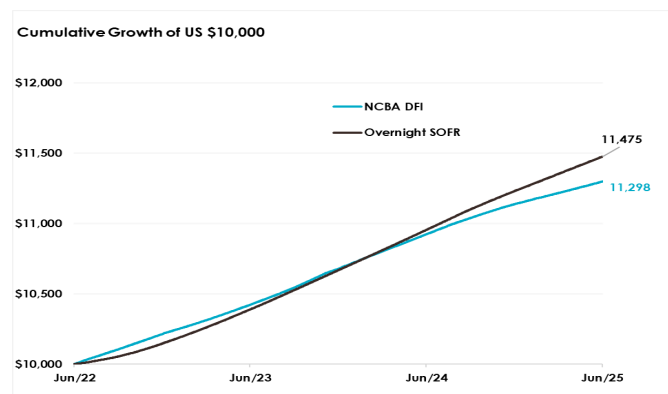
Sharpe Ratio (3 year period): **-0.72**

Maximum Drawdown (1 year period): **-7.23%**

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

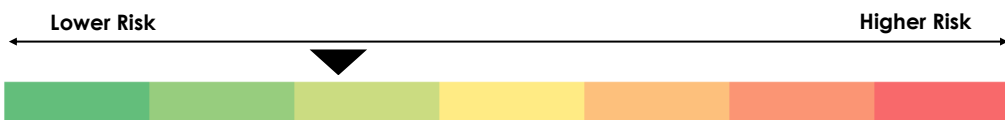
Fund Performance

	1 Month	3 Months	6 Months	1YR	2YR	3YR
Fund	0.25%	0.73%	1.44%	3.43%	8.41%	12.98%
SOFR	0.36%	1.08%	2.17%	4.75%	10.46%	14.75%



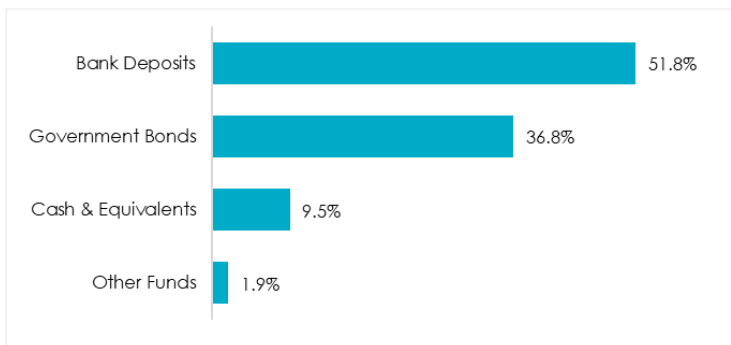
The chart illustrates a hypothetical investment of USD10,000, assuming reinvestment of interest.

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 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.

U.S. Inflation & Macroeconomic Trends

The U.S. Consumer Price Index (CPI) rose 0.1% in May, following a 0.2% gain in April, and bringing annual inflation to 2.4%. Energy prices declined 1.0% over the month, helping to offset a 0.3% rise in food prices. Core CPI (excluding food and energy) rose 0.1% in May and remained unchanged at 2.8% year-over-year.

Tariffs remained the key macro theme as tariff pressures drove the decline in real consumer spending by approximately 0.3%. The Fed, maintaining a cautious stance, warn this could add to inflation and cloud the path to monetary easing.

U.S. Interest Rates

The Federal Reserve met on June 18th and held rates steady at 4.25%-4.50%, in line with broad expectations. Consensus anticipates a continued hold through July, with a possible cut in September. Markets are still pricing in two rate cuts by year-end.

The Fed remains cautious amid ongoing uncertainty around how tariffs may affect inflation and growth, and the implications for future rate decisions. Despite pressure from President Trump to lower rates, the Fed is likely to stay in wait-and-see mode, seeking greater clarity on trade policy developments and the broader economic response.

Yields on long-term U.S. Treasuries remained elevated in June, with the 10-, 20-, and 30-year bonds trading above 4.3%–4.8%. The market priced in a higher risk premium in response to lingering fiscal concerns, inflation uncertainty, and delayed rate cut expectations.

U.S. Dollar Performance

The Dollar Index fell 0.14% in May, closing below the 100 mark at 99.33. The greenback also weakened against the Euro, slipping 0.17% to EUR/USD 1.13. Investors remained underweight on the dollar, driven by reduced demand for U.S. assets and concerns over a rigid fiscal process that locks in persistently high deficits — unsettling markets.

While long-term Treasury yields reflected these fiscal anxieties, the dollar bore the brunt, hitting new lows for the year. Market participants note that even if domestic demand supports Treasuries, reduced foreign appetite will likely keep the dollar subdued.

However, current positioning suggests a possible bottoming out, especially given historical trading patterns against the Euro and Pound. Moreover, years of strong U.S. asset performance mean global portfolios still hold trillions in U.S. equities and Treasuries — a potential anchor for dollar resilience.

Eurobond Market

Eurobond yields closed the month lower across all tenors, reflecting improved investor confidence in Kenya's external financing outlook. The 2028, 2031, 2032, 2034, 2036, and 2048 maturities recorded compressions of between 44 to 71 basis points month-on-month.

The softening in yields reflected sustained investor optimism around Kenya's external financing trajectory, bolstered by confirmation of KSh 97 billion disbursed from the World Bank and KSh 26 billion from the African Development Bank in June. These inflows eased liquidity concerns and supported fiscal coverage, particularly amid Kenya's strategic shift away from IMF financing.

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**



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