

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 45.40 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: **2.84%**

Sharpe Ratio (3 year period): **0.03**

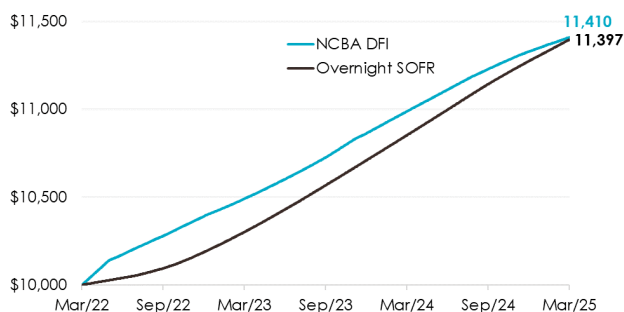
Maximum Drawdown (1 year period): **-7.23%**

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

Fund Performance

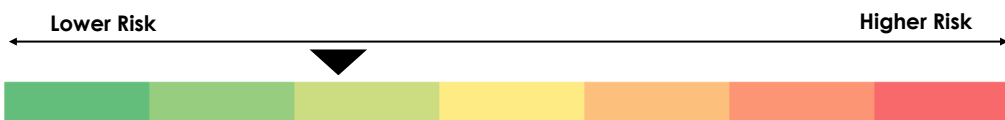
	MTD	QTD	YTD	1YR	2YR	3YR
Fund	0.24%	0.70%	0.70%	3.83%	8.77%	14.10%
SOFR	0.37%	1.07%	1.07%	5.02%	10.64%	13.97%

Cumulative Growth of US \$10,000



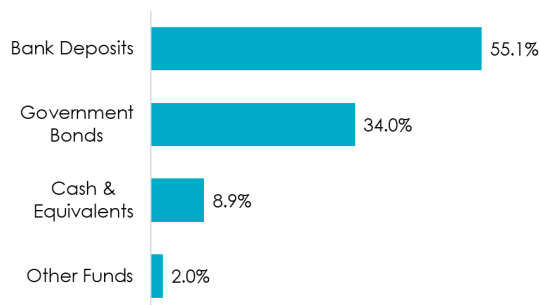
The chart illustrates a hypothetical investment of USD10,000, assuming reinvestment of interest.

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 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.

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U.S. Inflation & Macroeconomic Trends

The U.S. Consumer Price Index for All Urban Consumers (CPI-U) rose 0.2% in February, following a 0.5% increase in January, bringing the annual inflation rate to 2.8%. The energy index edged up 0.2% over the month, while food prices also increased by 0.2%. Core CPI (excluding food and energy) rose 0.2% in February and 3.1% year-over-year.

The Federal Reserve's latest economic projections indicate a downward revision in GDP growth, now expected at 1.7%, from 2.1%. This reflects expectations of moderated economic activity, largely due to the impact of newly implemented U.S. tariffs and retaliatory measures. While consumer spending has shown signs of slowing, the Fed anticipates that tariffs could exert upward pressure on prices, prompting an upward revision in core inflation projections for 2025 from 2.5% to 2.8%.

U.S. Interest Rates

The Fed unanimously voted to hold interest rates steady at 4.25% - 4.50% for a second consecutive meeting. However, the Fed remains cautious, opting to wait for more clarity on the economic impact of the Trump administration's policies. Despite this, it still anticipates a gradual easing of interest rates later in the year, projecting a year-end range of 3.75% - 4.00%, implying a 50bps cut. The timing of this adjustment remains uncertain.

Meanwhile, markets are pricing in a 25bps rate cut in June, followed by two additional, similar-sized cuts in July and October.

U.S. Benchmark Bonds Performance

U.S. treasuries were largely unchanged in March, with yields remaining volatile throughout the month. Short- and medium-term benchmark bonds declined marginally by 5-10bps, while long-dated securities, such as the 30-year Treasury, edged up 10bps. These movements reflected the Fed's decision to hold rates steady during its March meeting. Periodic rallies in Treasuries underscored the impact of uncertainty surrounding tariff policies and fears of a trade war, which drove investors toward the perceived safety of U.S. government debt.

Currency Market

The Dollar Index fell 3.16% in March, closing at 104.21, while the U.S. Dollar weakened against the Euro, depreciating 4.25% to EUR/USD 1.08. The dollar began the month on a nose-dive, sustaining its downward momentum for the first few days, before briefly stabilizing. However, it resumed its downward trajectory thereafter. These movements closely followed policy uncertainty under Trump's administration regarding tariffs, as officials oscillated between announcements, enforcement dates, and retractions. Each shift triggered retaliatory measures from key trade partners, including Canada, with China, Japan and South Korea also signalling potential countermeasures.

Eurobond Market

Kenyan Eurobond yields rose over the month as investor jitters surfaced, particularly following the IMF's visit for what was expected to be the 9th review of the program, initially set to conclude in April 2025. The review and the program's anticipated end were overshadowed by Kenya's failure to meet several structural benchmarks set by the IMF, prompting a request for a new funding program. Consequently, discussions led to the termination of the final review, meaning the ~KES 120 billion tranche was not disbursed. Reports suggest that these funds may be rolled over into a new program - if negotiations prove successful.

Investor concerns were heightened by Kenya's low net external borrowing achievement, which stood at just 34% as of February 2025. However, last month's measures to manage near-term repayment obligations - both domestically (through the Treasury bond buyback program) and externally (via refinancing of the 2027 Eurobond) - suggest that the government may have anticipated such an outcome from the IMF.

Yields closed the month at KE2027 - 7.06% (February - 6.96%), KE2028 - 8.69% (February - 7.91%), KE2031 - 10.21% (February - 9.47%), KE2032 - 10.04% (February - 9.31%), KE2034 - 10.12% (February - 9.46%), KE2036 - 10.86% (February - 9.97%) and KE2048 - 10.73% (February - 10.05%).

Contact Us

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