

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 46.43 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: **2.86%**

Sharpe Ratio (3 year period): **-0.59**

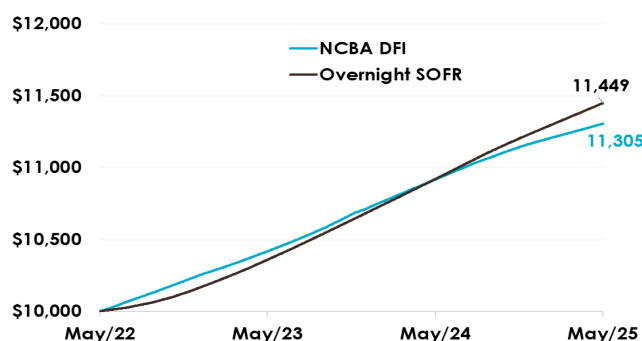
Maximum Drawdown (1 year period): **-7.23%**

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

Fund Performance

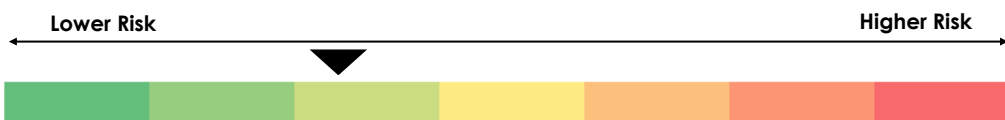
	1 Month	3 Months	6 Months	1YR	2YR	3YR
Fund	0.24%	0.72%	1.46%	3.55%	8.52%	13.05%
SOFR	0.37%	1.10%	2.20%	4.84%	10.53%	14.49%

Cumulative Growth of US \$10,000



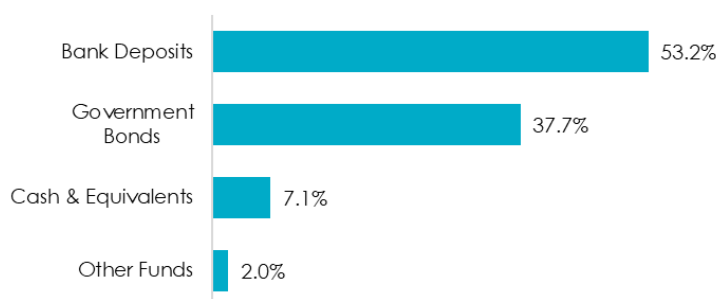
The chart illustrates a hypothetical investment of USD10,000, assuming reinvestment of interest.

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.

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 0.2% in April, reversing a 0.1% decline in March, and bringing annual inflation to 2.3%. Energy prices increased 0.7% over the month, while food prices fell 0.1%. Core CPI (excluding food and energy) rose 0.2% in April and 2.8% year-over-year.

Although GDP is expected to rebound from Q1's weak numbers, a rise in continuing jobless claims and expectations of future price pressures continue to cloud the outlook.

Tariffs remained the key macro theme in May, despite a relatively calmer market environment. After the May 12th U.S.-China talks, the U.S. agreed to reduce tariff rates from 145% to 30%, with China lowering its rate from 125% to 10%, both for a 90-day period. Meanwhile, with the EU, the tariff pause was extended to July 9th to allow further negotiations. The U.S. Court of International Trade blocked some tariffs, but the Trump administration signaled intent to appeal and explore alternative implementation options.

U.S. Interest Rates

The Federal Reserve met on May 7th 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.

U.S. Benchmark Bonds Performance

On May 16th, Moody's downgraded the U.S. credit rating from Aaa to Aa1, aligning with earlier moves by S&P and Fitch. While markets had an initial knee-jerk reaction, the downgrade reinforced long-standing concerns over unsustainable fiscal deficits — projected to reach 118% of GDP by 2035.

Unlike in previous downgrades, markets have begun to take these risks more seriously. President Donald Trump's renewed push for tariffs and a tax bill that cuts revenue without offsetting spending reductions has fueled bond market volatility and raised questions about the U.S.'s safe-haven status.

In May, yields on 10-, 20-, and 30-year Treasuries surged, as investors either sold off long-term debt or demanded higher returns to compensate for the perceived rise in risk when lending to the U.S. government.

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. Yields were at: KE2027 - 6.91% (April - 7.38%), KE2028 - 8.55% (April - 9.80%), KE2031 - 9.79% (April - 10.66%), KE2032 - 9.73% (April - 10.67%), KE2034 - 9.82% (April - 10.56%), KE2036 - 10.87% (April - 11.41%) and KE2048 - 10.73% (April - 11.13%).

The decline was underpinned by greater visibility around external financing flows — notably a disbursement from the UAE private facility, which includes a standby buffer for this fiscal year — alongside support from the AfDB and a scaled-down World Bank disbursement.

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