

NCBA Equity Fund is a KES-denominated collective investment scheme that aims to generate total returns by investing in a diversified portfolio of equity securities, providing long-term capital growth through dividends and capital gains.

The fund, classified as a medium-high risk investment, allocates at least 60% of the market value of its assets under management to locally listed equities, equities listed in other regulated exchanges, or unlisted equities at all times. Any funds not invested in equities shall only be invested in cash and cash equivalents.

FUND PHILOSOPHY

- Investment Focus:** Pursues capital gains through listed and unlisted equities, diversified locally and offshore within regulatory limits.
- Subscriptions and redemptions:** The fund offers daily subscriptions and top-ups, while maintaining moderate 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 108.93 million**
 Benchmark: **Weighted 60% of NSE 25 & 40% of 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: **3.47%**

DEALING INFORMATION

Minimum Investment: **KES 1,000**
 Minimum Top-Up: **KES 1,000**
 Pricing: **Daily Net Asset Value (NAV)**

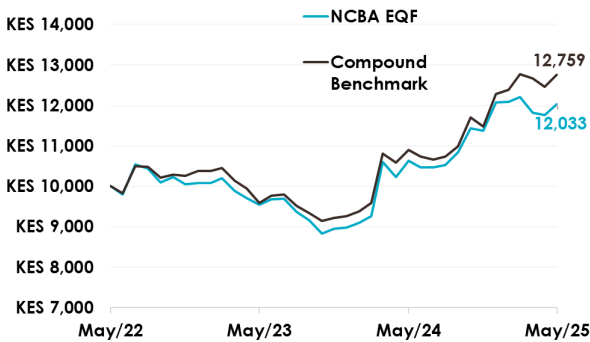
PORTFOLIO CHARACTERISTICS

Sharpe Ratio (3 year period): **-0.04**
 Maximum Drawdown (1 year period): **-3.65%**
 Maximum Drawdown (3 year period): **-16.18%**

Fund Performance

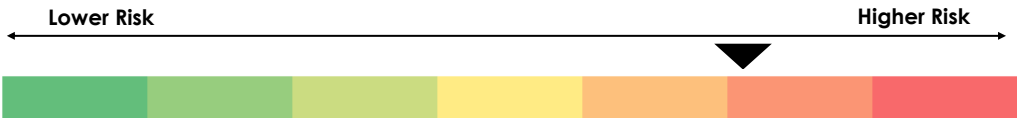
	1 Month	3 Months	6 Months	1YR	2YR	3YR
Fund	2.50%	-1.45%	5.84%	13.22%	26.03%	20.33%
Benchmark	2.44%	-0.11%	11.17%	17.13%	33.09%	27.59%

Cumulative Growth of KES 10,000



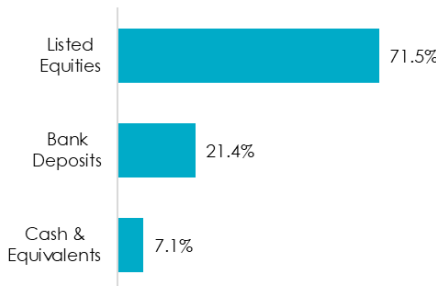
The chart illustrates a hypothetical investment of KES 10,000, assuming reinvestment of interest.

Risk Rating: Moderately Aggressive**



** - 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



Our Top Holdings (% of Fund Value)			
Counter	%	Counter	%
Safaricom	18.8%	BAT	5.1%
Equity Bank	17.1%	ABSA Bank	3.7%
Standard Chartered Bank	7.2%	NCBA Group	3.5%
EABL	7.0%	Jubilee Holdings	2.8%
COOP Bank	6.3%		

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.

Equities Market

In May, markets rebounded from April's slump, with all indices closing in positive territory. The Nairobi All Share Index (NASI), NSE 20, NSE 25 and NSE 10 gained 6.45%, 2.25%, 3.60% and 4.94%, respectively. Top gainers included Kenya Power (+22.12%), Safaricom (+17.38%) and Kenya Re (17.09%), while the top decliners were E.A. Portland Cement (-28.11%), E.A. Cables (-25.87%) and Uchumi (-23.53%).

Foreign investors remained net sellers over the month, amid continued global uncertainty, as structural shifts across the U.S., Europe and China prompted a reassessment of global investment allocations.

Inflation

Year-on-year inflation eased to 3.8% in May, down from 4.1% in April, with month-on-month inflation came in at 0.5%. Food prices saw the sharpest increment among consumer price categories, rising 1.2%, from 0.4% recorded in April. The Housing, Water, Electricity and Other Fuels category was flat month-on-month, while Transport inflation slowed to 0.2%. Core inflation rose for the third straight month, reaching 2.8% from 2.5% in April. Food remained the primary driver of both core and non-core inflation.

Short Term Interest Rates — Treasury Bills

Treasury bill rates dipped by an average of 1.52 basis points in May, with the 91-day showing the most consistent week-on-week declines. Average yields fell from 8.51%, 8.83% and 10.18% in April to 8.37%, 8.59% and 10.01% on the 91-day, 182-day and 364-day tenors, respectively. Investors remained aggressive on the 182- and 364-day papers, pushing the average bid-to-cover ratio up to 1.07.

With a lighter redemption schedule compared to April, CBK maintained a positive net borrowing position, consistently supported by strong flows into the 364-day paper.

Yield Curve Movements

The yield curve shifted up by an average of 1.09 basis points in May, marked by mixed movements across tenors. Yields rose on papers in the 6-7-, 13-15- and 20-22-year segments, while the 2-4-, 9-10- and 17-18-year papers saw declines.

This uneven pattern reflects investor uncertainty around rate direction – driven by looming budget announcements, revenue shortfalls, and rising expenditure pressures that prompted talks of a third supplementary budget revision. Sentiment was further shaped by the government's signal to exclude IMF financing from the FY2025/26 budget and its commitment to meet World Bank conditions on curbing expenditure inefficiencies.

Currency Market

In May, the Kenyan Shilling strengthened by 0.08% against the Dollar and 0.36% against the Euro, but weakened against the Pound, depreciating by 0.54%. It closed the month at USD/KES 129.24, EUR/KES 146.64 and GBP/KES 174.15. Regionally, the Shilling appreciated by 0.17% against the Tanzanian Shilling but depreciated by 0.74% against the Ugandan Shilling, ending the month at KES/TZX 20.76 and KES/UGX 28.13, respectively.

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