

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 33.09 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 (calculated as a % of fund value)

Initial & Redemption Fee: **0%**
 YTD Total Expense Ratio: **2.72%**

DEALING INFORMATION

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

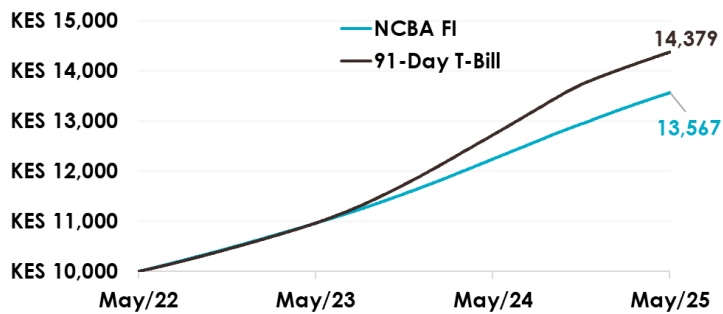
PORTFOLIO CHARACTERISTICS

Average Daily Yield: **8.53%**
 Sharpe Ratio (3 year period): **-1.70**
 Maximum Drawdown (1 year period): **-4.85%**
 Maximum Drawdown (3 year period): **-10.11%**

Fund Performance

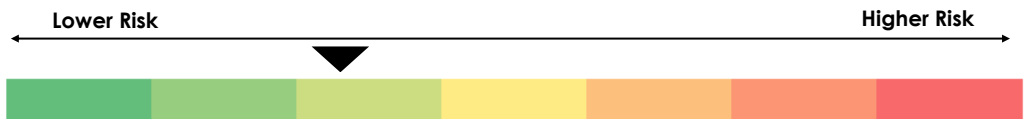
	1 Month	3 Months	6 Months	1YR	2YR	3YR
Fund	0.73%	2.26%	4.80%	10.80%	23.76%	35.67%
91-day T-bill	0.71%	2.19%	4.66%	12.98%	31.15%	43.79%

Cumulative Growth of KES 10,000



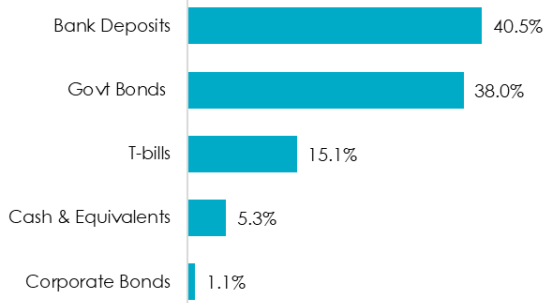
The chart illustrates a hypothetical investment of KES 10,000, assuming reinvestment of interest.

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.

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 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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