

**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.

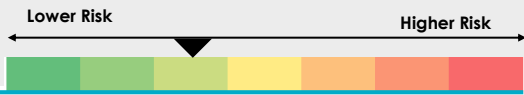
The fund invests in a diversified pool of interest income-earning securities and money market instruments such as bank deposits, Eurobonds, mutual funds and fixed income securities.

### 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.

### RISK RATING: Moderately Conservative



### FUND INFORMATION

Inception Date: **October 2018**  
 Base Currency: **USD**  
 Fund Size: **USD 51.35 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: **1.48%**

### DEALING INFORMATION

Minimum Investment: **USD 1,000**  
 Minimum Top-Up: **USD 100**  
 Interest Distribution Frequency: **Daily**  
 Pricing: **Daily Net Asset Value (NAV)**

### PORTFOLIO CHARACTERISTICS

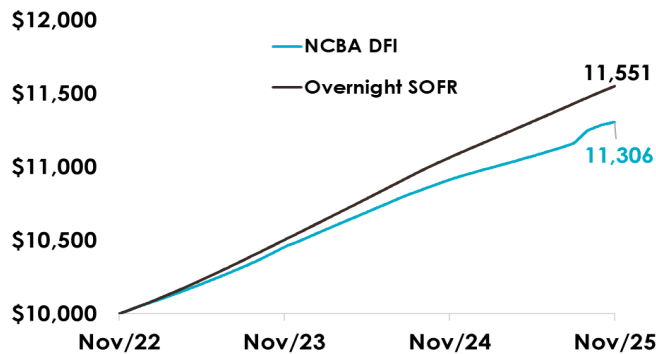
Average Daily Yield: **3.71%**  
 Monthly Valuation Distribution: **-0.12%**  
 Sharpe Ratio (3 year period): **-0.59**  
 Maximum Drawdown (1 year period): **-7.68%**  
 Maximum Drawdown (3 year period): **-14.27%**

### FUND PERFORMANCE

	1 Month	3 Months	6 Months	1YR	2YR	3YR
<b>Fund</b>	0.18%	1.30%	2.11%	3.60%	8.16%	13.06%
<b>SOFR</b>	0.33%	1.04%	2.15%	4.40%	9.98%	15.51%

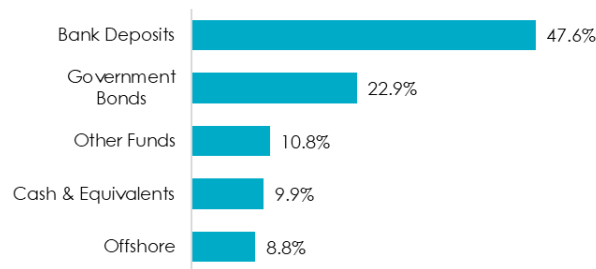
*The fund's return was affected by a 0.12% valuation loss following changes in the market value of the underlying securities, which reduced the value of investment units.*

### Cumulative Growth of US \$10,000



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

### ASSET ALLOCATION



### PORTFOLIO MANAGER'S COMMENTARY

The fund continued to diversify its holdings in November to strengthen returns and cushion against valuation pressure from its Eurobond exposure, where yields rose across the curve amid ongoing fiscal strain and delayed consensus between the World Bank and IMF on programme support.

Even so, our allocations to offshore fixed-income instruments and structured solutions provided meaningful stability, supporting performance relative to the benchmark. With the Fed expected to deliver a rate cut in December, and deposit rates likely to adjust lower thereafter, we are actively locking in attractive offshore yields to bolster income and further support bond valuations.

**David Kiruri**

**Portfolio Manager**

### 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)

### Disclaimer

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### U.S. Inflation & Macroeconomic Trends

The longest U.S. government shutdown, stretching 43 days, ended mid-month, but uncertainty lingered. With key economic reports delayed, markets were left navigating an ambiguous data environment, complicating assessments of growth momentum and monetary policy direction.

Labour market indicators offered a mixed signal: unemployment edged up to 4.4% in September and continuing jobless claims hit a three-year high, yet non-farm payrolls surprised to the upside. Adding to the puzzle, the Conference Board's November consumer confidence reading came in unexpectedly weak, challenging the narrative of resilient U.S. growth supported by solid private-sector demand.

Beyond the data blackout, emerging risks remain. Tariff pass-through effects on U.S. consumers and the inflationary implications of Trump's proposed affordability measures, which include cash-based subsidies, introduce additional uncertainty for price stability in the near to medium term.

### U.S. Interest Rates

While markets spent most of November navigating a data blackout from the prolonged government shutdown, and weighing Powell's cautious tone after the October FOMC, sentiment shifted decisively by month-end toward expectations of a Fed rate cut on December 10. We anticipate a 25bps cut at that meeting, bringing the Fed funds rate to 3.50%-3.75%, followed by two further cuts in 2026.

This December meeting will be closely watched, not only for the policy move but also for updated near- and long-term rate projections. Political risk also looms large, with FOMC dynamics expected to become increasingly politicized as Trump prepares to name the next Fed Chair before year-end.

### U.S. Dollar Performance

The dollar index ended November slightly lower at 99.46, down 0.35% from October's close. The greenback logged five straight sessions of declines in the final week, reflecting growing confidence in a December Fed rate cut. With liquidity thinning into year-end, U.S. jobs data softening, and Treasury yields easing from recent highs, the near-term bias remains tilted toward dollar weakness. Firming risk appetite across equities and EM assets, alongside steadier data out of the Eurozone and UK has further reduced relative demand for the dollar.

### Eurobond Market

Eurobond yields edged higher across most tenors in November, except the 2027 issue, which dipped marginally by 3.5bps. The upward pressure came as markets digested news that the World Bank had attached fresh conditions focused on narrowing Kenya's fiscal deficit before releasing a frozen Sh97bn budget-support facility. These requirements raise the prospect of additional tax measures and austerity steps, which remain under negotiation.

At the same time, IMF discussions around a potential new programme highlighted disagreements over whether recent securitizations count as public debt, as well as concerns around the shilling's unusually static performance over the past year despite broader global currency moves.

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