

**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.

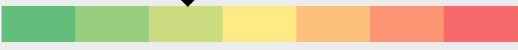
**FUND PHILOSOPHY**

**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.

**RISK RATING: Moderately Conservative**

Lower Risk Higher Risk


**FUND INFORMATION**

Inception Date: **September 2006**

Base Currency: **KES**

Fund Size: **KES 40.14 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: **2.70%**

**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: **7.49%**

Monthly Valuation Distribution: **-0.43%**

Sharpe Ratio (3 year period): **-1.10**

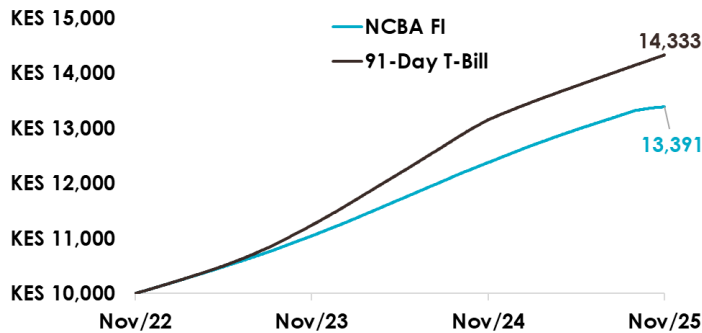
Maximum Drawdown (1 year period): **-5.39%**

Maximum Drawdown (3 year period): **-8.65%**

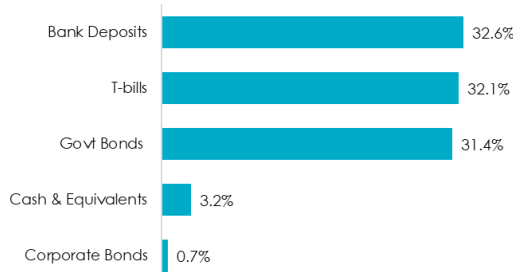
**FUND PERFORMANCE**

	1 Month	3 Months	6 Months	1YR	2YR	3YR
<b>Fund (Total Return)</b>	0.19%	1.16%	3.21%	8.17%	21.23%	33.91%
<b>91-day T-bill</b>	0.64%	1.98%	4.09%	8.94%	27.53%	43.33%

*The fund's return was affected by a 0.43% valuation loss following changes in the market value of the underlying securities, which reduced the value of investment units.*

**Cumulative Growth of KES 10,000**


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

**ASSET ALLOCATION**

**PORTFOLIO MANAGER'S COMMENTARY**

The fund remained resilient in November, even as a rising yield curve and elevated government refinancing needs pushed market rates higher, resulting in a 0.43% valuation loss.

We are proactively tightening duration, reducing exposure to long-term bonds that have come under pressure as GoK continues to front-load issuance at the long end and investor demand concentrates there. Our shift toward shorter-dated securities is deliberate, aimed at protecting the portfolio from further rate volatility.

With CBK's rate-management stance intact, and an imminent CBR cut expected to anchor yields, we anticipate improved valuation stability and a more supportive environment for fixed-income performance.

**Joseph K. Thiga**

**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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### Inflation

Annual inflation eased slightly to 4.5% in November from 4.6% in October. Transport inflation held steady at 0.4% year-on-year, while a pull-back in the Housing, Water, Electricity, Gas & Other Fuels index (from 0.3% to -0.1%) helped offset mild upward pressure in food and beverages (0.2% to 0.3%). Overall monthly inflation was unchanged at 0.2%.

Core inflation continued its four-month decline, falling to 2.3%, while non-core components moved in the opposite direction, sustaining price gains through November. This backdrop presents a compelling case for a further 25bps rate cut by the CBK's Monetary Policy Committee at the December 9th meeting.

### Interest Rates

Treasury bill rates continued to edge lower in November, closing at 7.78%, 7.80% and 9.38% for the 91-, 182- and 364-day papers. Demand remained strong, with investors firmly anchored in the 364-day tenor, where the ~150bps premium over the 91-day continues to keep flows sticky. However, heavy maturities especially on the 364-day left November in a net negative borrowing position. We maintain our view that the 91-day is nearing a floor around 7.70%, even with expectations of a further 25bps CBR cut in December.

The yield curve shifted a marginal 2bps higher, masking contrasting movements across segments: mid-tenor bonds (7–10yr and 13–18yr) saw yields soften, while short- and ultra-long papers (3–6yr and 20–21yr) ticked up. This pattern mirrored November's issuance mix, which included 7, 11, 8.7 and 21.9 year tenors. To manage elevated maturities and anchor rates, CBK opened two rounds of bond auctions targeting a combined KES 80B and conducted a partial KES 30B buyback on the May 2026 maturity, accepting KES 20B at near T-bill levels.

Looking ahead, release of the first Supplementary Budget - likely to show a wider fiscal deficit absent spending austerity measures - underscores government's need for continued proactive rate management and liability smoothing. With investors increasingly receptive to long-dated papers at "fair" yields and with no bond maturities from January through to March, the government has a relatively clear runway to maintain downward pressure on rates in the near term.

### Currency

During the month, the shilling began to more visibly track global dollar movements, with the greenback softening on rising expectations of a December Fed rate cut and improved risk appetite across equities, EM assets and UK markets. Even so, the shilling lost ground against major currencies, easing 0.45% against the USD, 0.56% against the EUR, and 1.01% against the GBP to close at 129.82, 150.47 and 171.83 respectively.

Regional moves were mixed: the shilling edged down 0.35% against the Tanzanian shilling to close at KES/TSHS 18.97, despite the election-related outcome, but gained 3.55% versus the Ugandan shilling to finish at KES/UGX 27.92.

### Contact Us

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