NCBA Dollar Fixed Income Fund

September 2025 Fact Sheet

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 51.00 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: **3.95%**

Valuation Distribution: **5.58%**

Sharpe Ratio (3 year period): **-1.02**

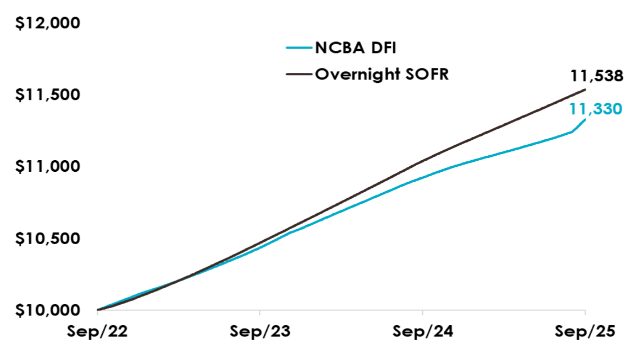
Maximum Drawdown (1 year period): **-7.68%**

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

Fund Performance

	1 Month	3 Months	6 Months	1YR	2YR	3YR
Fund	0.78%	1.33%	2.07%	3.71%	8.57%	13.30%
SOFR	0.35%	1.10%	2.19%	4.51%	10.21%	15.38%

Cumulative Growth of US $10,000



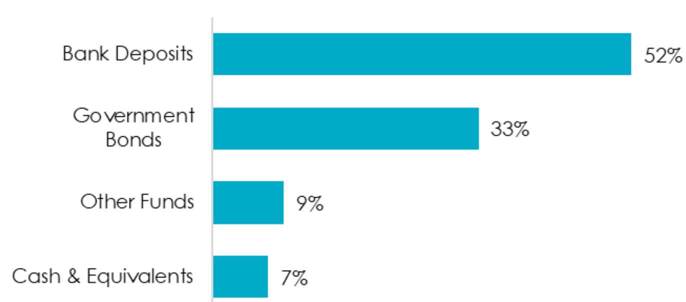
The chart illustrates a hypothetical investment of USD10,000, assuming reinvestment of interest.

Risk Rating: Moderately Conservative**

Lower Risk **Higher Risk**

***** - 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 5years)*

U.S. Inflation & Macroeconomic Trends

Second quarter U.S. GDP came in strongly at 3.8%, with the economy seemingly showing signs of cooling growth into the end of the year. This is pegged on tariffs and their inflationary impact, as well as political divisions. The U.S. government shut down towards the close of September, stemming from a deadlock in the Senate related to healthcare spending on President Trump's Big Beautiful Act. While this situation relays concerns around layoffs and delays in economic data, markets seem relatively unphased to date as these are seen as short term.

U.S. consumer confidence fell sharply in September on concerns over the inflation outlook and a strained job market. Data released during the month indicated that consumer prices rose at an annual rate of 2.9% in August. Over the month of August, the consumer price index (CPI) posted a seasonally adjusted 0.4% increase, up 0.2% from July, and the highest reading since January.

Core inflation (excluding food and energy) came in at 0.3% for the month, putting the annual figure at 3.1%. These came in as forecast, contrasting the higher than expected CPI print. Fed officials have been closely tracking the inflation data for indications of tariff pass-throughs. Although these have been notable, inflation figures have been relatively contained, with producer prices actually declining 0.1% in August.

U.S. Interest Rates

U.S. rate cuts resumed in September, as weaker employment data paved the way for a 25bps cut. We expect the FOMC to continue to place greater emphasis on their employment side of the dual mandate as a growth supporter, following through with a further 25bps rate cut at each of the remaining two meetings.

U.S. Benchmark Bonds Performance

U.S. treasury yields were on a steady decline across the curve month-on-month. U.S. long-term (10-year) yields are expected to remain range-bound into the close of the year, kept elevated by the fiscal backdrop and Fed governance. The combined impact of 75bps in rate cuts is projected to be completely offset by a similar sized upside impact of the deteriorating fiscal environment on 10-year yields. The additional 50bps rate cuts anticipated in the remaining Fed policy meetings are expected to primarily impact the short-end of the curve.

U.S. Dollar Performance

Over the month of September, the dollar index remained largely unchanged at 97.8 levels. Relative to the Euro, and evidenced by the EUR/USD pair, the dollar weakened 0.41%, settling at 1.1734 at the close of the month.

As U.S. Fed rates come lower, the narrowing growth and rate differential between the U.S. and the rest of the world supports the view of a weaker dollar in the medium-term. Additionally, the Trump administration appears comfortable with a weaker currency to support its domestic manufacturing agenda. Based off these expectations, the euro will remain supported relative to the dollar, alongside potential upside surprises in economic performance.

Eurobond Market

Kenyan Eurobond yields extended their decline in September, following the clean bill of health issued on the sovereign by S&P in August. Across the curve, yields dipped by an average 0.53%. Yields closed the month at: Kenya 27 - 5.62% (Aug - 6.14%), Kenya 28 - 6.00% (Aug - 6.69%), Kenya 31 - 8.13% (Aug - 8.46%), Kenya 32 - 8.06% (Aug - 8.50%), Kenya 34 - 8.29% (Aug - 8.98%), Kenya 36 - 9.11% (Aug - 9.65%), Kenya 48 - 9.24% (Aug - 9.74%).

As projected from the lifting of Kenya's sovereign ceiling on global borrowings, the government returned to external markets to refinance the 2028 maturity, tapping markets while still high from the lower risk sentiment.

The issue was 4 times oversubscribed, garnering upwards of $7b, from which the government accepted just $1.5b. This was split evenly across a 7-year and 12-year issue, maturing in 2033 and 2038 respectively. The newly issued Eurobonds amortize equally over three installments in October 2031, 2032 and 2033 for the 7-year paper, and October 2036, 2037 and 2038 for the 12-year paper. Cost wise, the issues (7.875% coupon - 2033 and 8.80% coupon - 2038) came in slightly pricier than the underlying refinanced paper (7.25% coupon - 2028). Notably, this was significantly cheaper than the 9.50% coupon attached to the March 2025 Eurobond.

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