

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 38.91 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: **2.71%**

DEALING INFORMATION

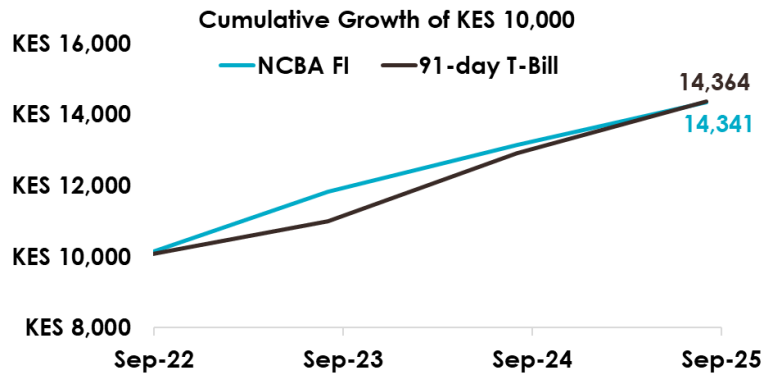
Minimum Investment: **KES 1,000**
 Minimum Top-Up: **KES 1,000**
 Interest Distribution Frequency: **Daily**
 Pricing: **Daily Net Asset Value (NAV)**

PORTFOLIO CHARACTERISTICS

Average Daily Yield: **7.80%**
 Valuation Distribution: **1.97%**
 Sharpe Ratio (3 year period): **-1.31**
 Maximum Drawdown (1 year period): **-5.39%**
 Maximum Drawdown (3 year period): **-10.11%**

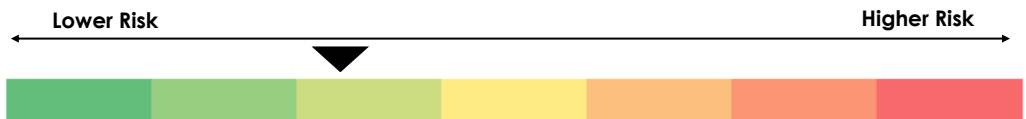
Fund Performance

	1 Month	3 Months	6 Months	1YR	2YR	3YR
Fund	0.78%	2.58%	5.39%	18.30%	31.57%	43.41%
91-day T-bill	0.66%	2.05%	4.20%	10.08%	29.10%	43.64%



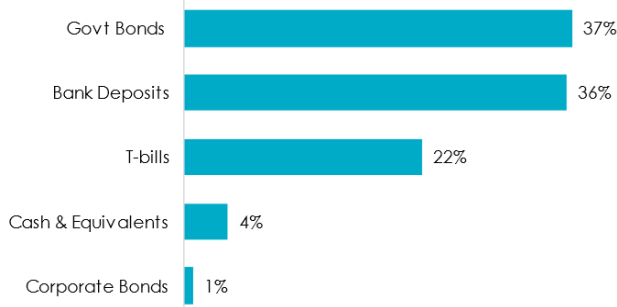
The chart illustrates a hypothetical investment of KES 10,000, assuming reinvestment of interest.

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

Annual inflation made a further steady climb to 4.6% in September, from 4.5% in August and 4.1% in July. Monthly inflation eased to 0.2%, from 0.3% in August. Price reductions in the transport index (-0.8%) mostly offset pressures within the Housing, Water, Electricity, Gas and other Fuels index (+0.7%). Food prices marginally declined month on month. Overall, inflationary pressures resulted from non-core inflation, rather than core inflation, which eased from 3.0% to 2.9% over the month.

Short Term Interest Rates — Treasury Bills

Treasury bill rates dropped an average 7 basis points over the month, with the most significant decline recorded in the 91-day paper (8.57bps). Week on week auctions raised adequate flows to ensure near-term repayment obligations were covered, resulting in a net positive position, compared to August. Comparatively, the redemptions were not as heavy over the month compared to August's T-bill maturity profile.

We expect that rates should remain anchored at current levels, supported by prevalent liquidity conditions and government's intervention.

Yield Curve Movements

The yield curve edged up marginally by 2.9 basis points in September. While long-end yields rose on higher interest rate expectations, this was partially offset by easing along the mid-section. The movement aligned with the month's bond auctions, which continued to favor long-dated papers that are still attracting notable premiums at the primaries.

October issuances have maintained the government's preference for lengthening its maturity profile, with a KES 50 billion target through 7-year and 16-year bonds. By the end of September, the government appeared to be tracking well on its domestic borrowing, having achieved approximately 92% of the prorated annual target.

Following the recent lifting of Kenya's sovereign ceiling on global borrowings, the government tapped external markets to refinance the 2028 maturity — capitalizing on improved investor sentiment. However, this move prompted a steep rise in long-end benchmark yields (notably the 10- and 15-year tenors) as investors priced in tighter external repayment obligations between 2029 and 2038, given the clustered Eurobond maturities.

Looking ahead, we expect CBK's upcoming October monetary policy decision to exert further downward pressure on short-term rates.

Currency Market

In September, the Kenyan Shilling remained unchanged to the Dollar, while weakening 0.615 against the Euro, and strengthening 0.54% against the Pound. It closed the month at USD/KES 129.24, EUR/KES 151.65 and GBP/KES 173.46. Regionally, the Tanzanian and Ugandan Shillings strengthened against their Kenyan counterpart by 2.09% and 1.74% respectively. The currency pairs closed at KES/ TSHS 19.00 and KES/UGX 27.00.

Contact Us

NCBA Investment Bank - Wealth Management

NCBA Annex, Hospital road – Upper Hill,

P.O. Box: **44599 – 00100 Nairobi, Kenya**

Tel: **+254 020 2884444**

Email: uniftrustsfunds@ncbagroup.com



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