

NCBA Equity Fund is a KES-denominated collective investment scheme that aims to generate total returns by investing in a diversified portfolio of equity securities, providing long-term capital growth through dividends and capital gains.

The fund, classified as a medium-high risk investment, allocates at least 60% of the market value of its assets under management to locally listed equities, equities listed in other regulated exchanges, or unlisted equities at all times. Any funds not invested in equities shall only be invested in cash and cash equivalents.

FUND PHILOSOPHY

1. Investment Focus: Pursues capital gains through listed and unlisted equities, diversified locally and offshore within regulatory limits.

2. Subscriptions and redemptions: The fund offers daily subscriptions and top-ups, while maintaining moderate liquidity to ensure investors can redeem their units on a T+1 day basis.

RISK RATING: Moderately Aggressive

Lower Risk Higher Risk

FUND INFORMATION

Inception Date: **September 2006**

Base Currency: **KES**

Fund Size: **KES 766.31 million**

Benchmark: **Weighted 60% of NSE 25 & 40% of Average 91-day T-bill**

Fund Manager: **NCBA Investment Bank**

Custodian: **ABSA Bank Kenya Limited**

Trustees: **KCB Corporate Trustees Limited**

Auditor: **Deloitte**

FEES (calculated as a % of fund value)

Initial & Redemption Fee: **0%**

YTD Total Expense Ratio: **3.65%**

DEALING INFORMATION

Minimum Investment: **KES 1,000**

Minimum Top-Up: **KES 1,000**

Pricing: **Daily Net Asset Value (NAV)**

PORTFOLIO CHARACTERISTICS

NAV per Unit: **KES 288.13**

Portfolio P/E Ratio: **8.0x**

Portfolio Dividend Yield: **6.18%**

RISK METRICS

Sharpe Ratio (3 year period): **0.04**

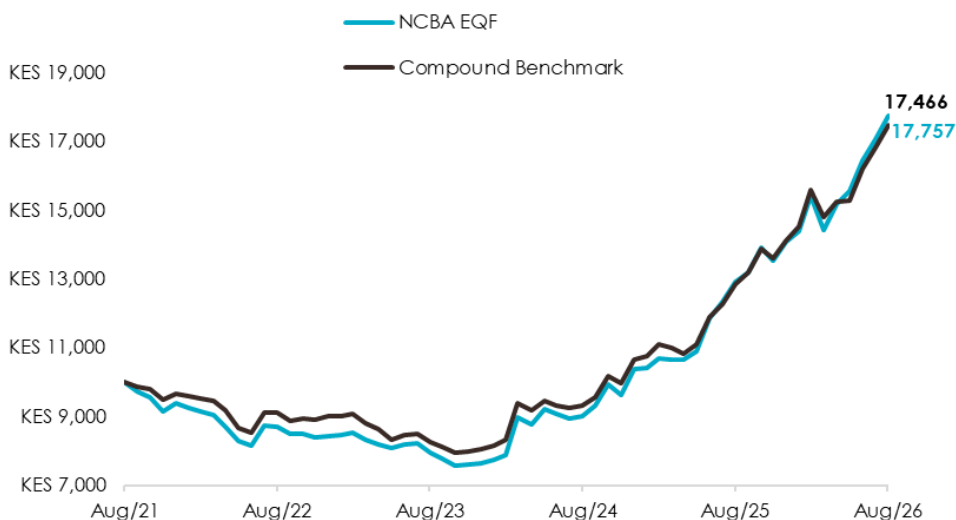
Maximum Drawdown (1 year period): **-6.78%**

Maximum Drawdown (3 year period): **-27.04%**

FUND PERFORMANCE

	1 Month	3 Months	6 Months	1YR	3YR (annualized)	5YR (annualized)
Fund	4.00%	14.20%	15.07%	37.38%	41.16%	15.51%
Benchmark	3.85%	14.38%	12.03%	35.92%	37.01%	14.93%

Growth of KES 10,000 assuming reinvestment of interest



PORTFOLIO MANAGER'S COMMENTARY

The Fund delivered a strong return, outperforming the benchmark, despite a month marked by intermittent bouts of volatility tied to the escalating and de-escalating Iran conflict, which kept global risk sentiment on edge. Local equities extended their broad-based rally, with the banking sector being primary engine of returns.

Locally sentiment was further shaped by half-year earnings releases across the board. Trading activity remained primarily supported by domestic investors, as foreign investors continue to maintain a net selling position amid persistent global risk sensitivity.

From a positioning perspective, the fund benefited from relative outperformance in banking stocks, while its offshore allocation was the sole detractor this month, giving back a modest portion of the diversification gains seen in June as the underperformance in tech stocks weighed on global equities

We remain constructive, focusing on quality, liquidity, and selective growth opportunities as we navigate an environment characterized by evolving global macroeconomic conditions.

Kenneth Mugira
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.

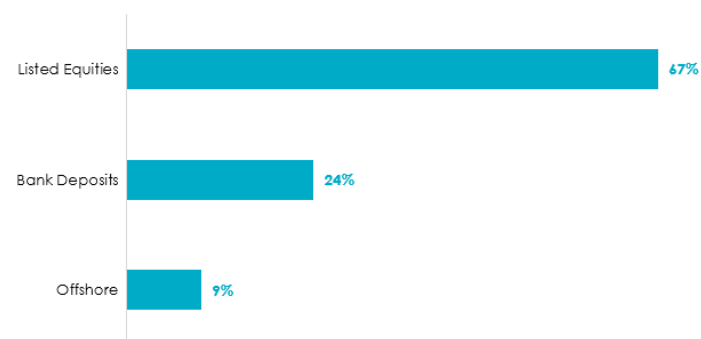
Sharpe Ratio measures the return of an investment per unit of risk. The higher the ratio the higher the risk-adjusted return.

Conservative - Appropriate for investors with a low-risk tolerance and a time horizon less than or equal to 3 years

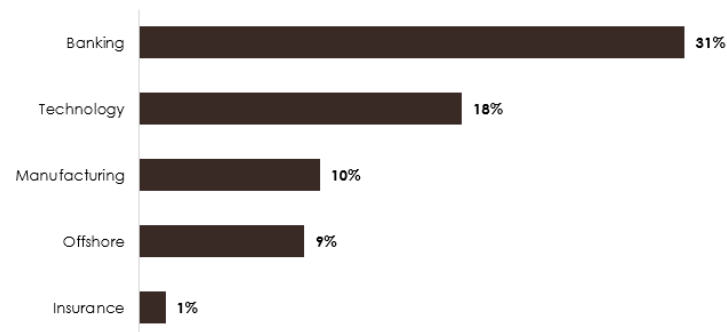
Moderate - Appropriate for investors with medium risk tolerance and a time horizon not longer than 5 years

Aggressive - Appropriate for investors with a high-risk tolerance and a longer time horizon (at least 5 years)

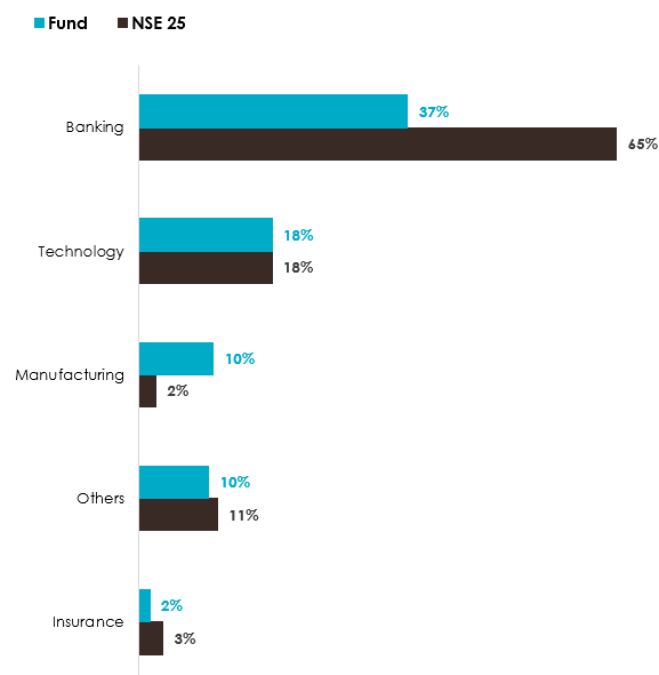
NCBA EQF Asset Allocation



NCBA EQF Equity Holdings By Sector



Sector Exposure Comparison Between the NCBA EQF and NSE 25



HISTORICAL PERFORMANCE

	2023	2024	2025	2026
Jan	0.07%	1.19%	0.17%	2.04%
Feb	0.94%	1.85%	2.87%	7.30%
Mar	(2.24%)	13.97%	(0.53%)	(6.55%)
Apr	(1.73%)	(2.35%)	(0.01%)	5.16%
May	(1.28%)	5.07%	2.27%	2.53%
Jun	1.34%	(1.52%)	9.01%	5.69%
Jul	0.53%	(1.52%)	4.06%	3.90%
Aug	(3.66%)	0.79%	4.63%	4.00%
Sep	(2.09%)	3.35%	2.09%	
Oct	(2.68%)	6.74%	5.40%	
Nov	0.53%	(3.14%)	(2.62%)	
Dec	0.57%	7.84%	4.06%	
Full Year / YTD	(9.52%)	35.74%	35.65%	26.72%

Inflation

Annual headline inflation edged up to 6.6% in August from 6.5% in July, while on a monthly basis, the consumer price index rose by 0.4%. General prices rose faster in August relative to July, largely on the back of a pickup in food prices, alongside continued upward pressure from energy and transport costs. Food inflation rose by 9.0% annually, driven by persistently elevated vegetable prices though this was partly offset by softer prices for maize flour and sugar. Transport inflation rose to 15.7% annually, underpinned by higher diesel and petrol prices. Core inflation ticked up marginally to 3.4% from 3.2% in July, largely a pass-through from food and transport prices rather than a signal of stronger underlying demand.

Going forward, the inflation path remains tied to the on-again, off-again US-Iran conflict where a renewed flare-up could reintroduce supply shocks and price pressure in the near term.

Interest Rates

The Monetary Policy Committee maintained the policy rate at 8.75%, extending the current pause for a third consecutive sitting as policymakers continue to assess the shifting global and domestic macro backdrop.

At the short end, Treasury bill yields remained broadly stable during the month. The 91-day paper eased slightly, closing August at 8.769% from 8.782% at end-July, while the 182-day and 364-day papers declined by around 1 and 4 basis points to 8.940% and 9.032%, respectively. Investor appetite remained strong, particularly at the shorter end, with the papers recording ~170% performance of the amount offered in the month.

On the bond side, three infrastructure bond re-openings attracted strong appetite despite the elevated rate environment. The offer drew combined bids of approximately KES 460 bn against KES 450 bn offered. The 9-, 13- and 16-year papers came in at average accepted yields of 12.20%, 12.69% and 13.05%, respectively, with demand strongest for the shorter of the three maturities as investors remained selective towards longer-duration exposure.

The outlook remains uncertain with investors exercising caution and selective duration exposure, as markets assess the trajectory of monetary policy in an unstable macro environment.

Currency

The Kenyan Shilling (KES) remained broadly stable in August, continuing to demonstrate resilience despite fluctuations in global currency markets. The Shilling depreciated marginally by 0.04% against the US Dollar during the month, though on a year-to-date basis, the USD/KES pair remains up by 0.3% reinforcing a broader theme of exchange rate stability. The U.S. Dollar Index (DXY) declined 0.5% over the month, supported by the Federal Reserve's cautious approach to monetary policy.

The Shilling came under more pressure against the Euro and British Pound, depreciating by 0.97% and 0.80% respectively, reflecting relative strength in European currencies as energy price concerns moderated and investor positioning normalized.

Foreign exchange reserves remained adequate at USD 14.93 bn (6.2 months of import cover) slightly down from the USD 15.40 bn in July. Reserve adequacy remains within comfortable levels, continuing to provide the CBK with sufficient capacity to manage short-term volatility and anchor market expectations.

Disclaimer

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