

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 48.39 million**

Benchmark: **Overnight SOFR**

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: **1.45%**

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 Cash Yield: **3.64% p.a**

Monthly Valuation Distribution: **-0.93%**

Weighted Average Duration: **2.17 yrs**

RISK METRICS

Sharpe Ratio (3 year period): **0.10**

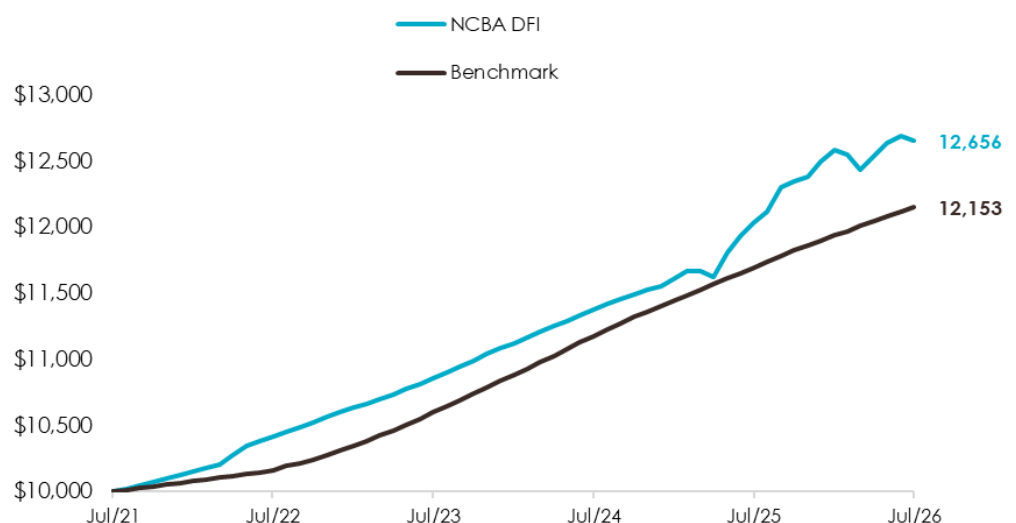
Maximum Drawdown (1 year period): **-1.91%**

Maximum Drawdown (3 year period): **-6.71%**

FUND PERFORMANCE

	1 Month	3 Months	6 Months	1 YR	3YR (annualized)	5YR (annualized)
Fund (Total Return)	(0.23%)	1.23%	1.05%	5.40%	6.44%	3.98%
Benchmark	0.30%	0.90%	1.82%	3.97%	4.94%	4.23%

Cumulative Growth of of USD10,000 assuming reinvestment of interest



PORTFOLIO MANAGER'S COMMENTARY

The Fund recorded a modest negative return in July, underperforming the benchmark as rising global bond yields weighed on the valuation of its Eurobond holdings and global fixed income allocation. The impact of these mark-to-market losses was partially offset by stable income from bank deposits and shorter-duration instruments, which continued to provide liquidity and cushion overall portfolio performance.

Global fixed income markets remained volatile during the month despite softer-than-expected U.S. inflation, as the Federal Reserve maintained its policy rate and investors reassessed the outlook for monetary policy. Rising yields, particularly across the longer end of the U.S. Treasury curve, exerted pressure on global bond prices, while heightened geopolitical and fiscal uncertainty continued to influence investor sentiment.

Looking ahead, the Fund remains focused on preserving portfolio quality through prudent duration management, diversified income sources, and liquidity flexibility. While interest rate uncertainty may continue to drive market volatility in the near term, elevated yields continue to present attractive opportunities to selectively enhance portfolio income over the medium term.

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.

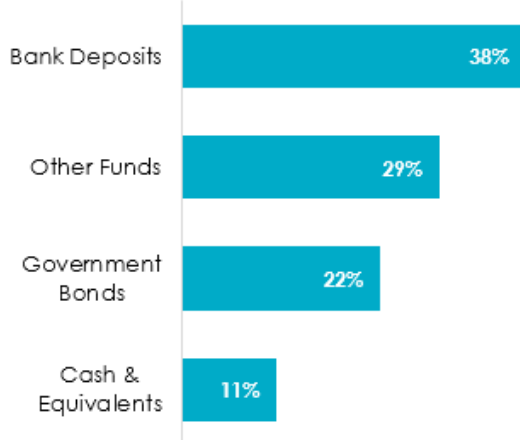
Sharpe Ratio measures the return of an investment per unit of risk. The higher the ratio the higher the risk-adjusted return.

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

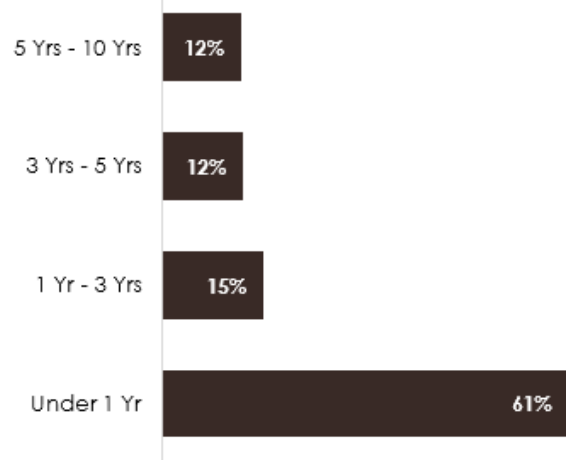
Moderate - Appropriate for investors with medium risk tolerance and a time horizon not longer than 5 years

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

ASSET ALLOCATION



MATURITY PROFILE



HISTORICAL PERFORMANCE

	2023	2024	2025	2026
Jan	0.32%	0.39%	0.51%	0.71%
Feb	0.29%	0.37%	0.42%	(0.26%)
Mar	0.34%	0.38%	0.00%	(0.96%)
Apr	0.34%	0.37%	(0.32%)	0.84%
May	0.36%	0.37%	1.57%	0.78%
Jun	0.36%	0.37%	1.04%	0.42%
Jul	0.38%	0.38%	0.89%	(0.23%)
Aug	0.39%	0.36%	0.66%	
Sep	0.40%	0.31%	1.54%	
Oct	0.45%	0.32%	0.35%	
Nov	0.45%	0.30%	0.25%	
Dec	0.37%	0.27%	0.95%	
Full Year / YTD	4.53%	4.29%	8.13%	1.29%

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U.S. Inflation & Interest Rate Trends

U.S. inflation slowed more than expected in June, easing to an annual rate of 3.5% from 4.2% in May as lower gasoline prices helped cool price growth, with the CPI falling a seasonally adjusted 0.4% for the month. Core CPI, which excludes food and energy, was unchanged on the month at 2.6% year-on-year, also softer than expected and moving closer to the Fed's 2% target.

Despite the cooler inflation print, the Federal Reserve held interest rates steady at 3.50%–3.75% at its July meeting underscoring continued unease among some policymakers over the risk that inflation could reaccelerate, particularly given ongoing uncertainty tied to the US-Iran conflict.

This uncertainty played out across the Treasury curve during the month. Yields in the short end rose modestly, reflects markets pricing in less certainty about near-term cuts while more pronounced repricing happened on the 10yr and 30yr tenors, as investors demanded greater compensation for holding long duration amid persistent policy and fiscal uncertainty.

U.S. Dollar Performance

The U.S. dollar weakened in July, with the U.S. Dollar Index (DXY) declining by 1.3% during the month. The pullback came after the Federal Reserve held rates steady at 3.50%–3.75% at its July meeting, marking the fifth consecutive hold. Markets are now pricing in the possibility of a rate hike rather than a cut, with two 25-basis-point increases anticipated in 2026, first in September and a second hike in December.

On a year-to-date basis, the U.S. Dollar Index has gained 1.6%, underscoring the currency's resilience as investors continue to favor U.S. assets amid persistent global economic and policy uncertainty.

Eurobond Markets

The Kenyan Eurobond market weakened in July as rising global bond yields and heightened investor caution weighed on frontier market debt. Eurobond yields increased across the curve by an average of approximately 40 basis points, with the most pronounced repricing occurring in the medium-term maturities (5–8 years), resulting in lower bond prices.

Despite the sell-off, Kenya's macroeconomic fundamentals remained broadly supportive, underpinned by a stable exchange rate, robust foreign exchange reserves, and improving external balances. However, persistent uncertainty around the global interest rate outlook and investor risk sentiment continues to exert upward pressure on sovereign borrowing costs.

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