

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.

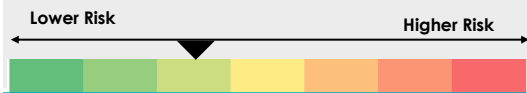
The fund invests in a diversified pool of interest income-earning securities and money market instruments such as bank deposits, Eurobonds, mutual funds and fixed income securities.

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 49.03 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: **1.36%**

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 Daily Yield: **3.73%**

Monthly Valuation Distribution: **0.25%**

Sharpe Ratio (3 year period): **0.13**

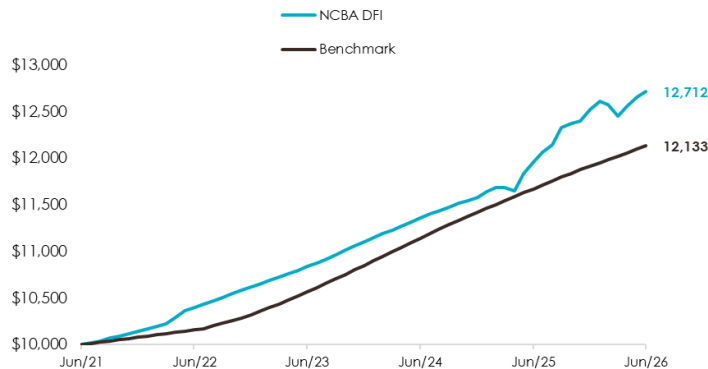
Maximum Drawdown (1 year period): **-6.71%**

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

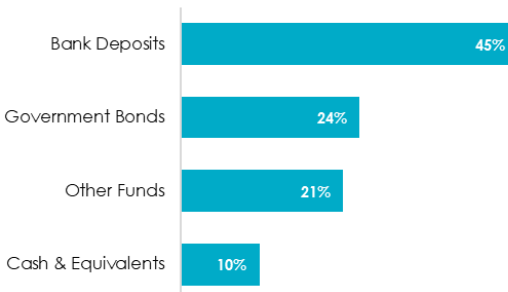
FUND PERFORMANCE

	1 Month	3 Months	6 Months	1 YR	3YR (annualized)	5YR (annualized)
Fund (Total Return)	0.60%	2.29%	1.70%	6.49%	6.74%	4.11%
Benchmark	0.30%	0.90%	1.82%	3.97%	4.94%	4.23%

Cumulative Growth of of USD10,000 assuming reinvestment of interest



ASSET ALLOCATION



PORTFOLIO MANAGER'S COMMENTARY

The Fund delivered a modest return, outperforming the benchmark as gains from its Eurobond allocation more than offset the impact of elevated global fixed income volatility during the month. The Fund's allocation to bank deposits and shorter-duration instruments continued to provide portfolio stability and liquidity, helping cushion against broader market volatility.

Global fixed income markets remained volatile during the month as yields moved higher, particularly across the short- and medium-term segments of the curve, following persistent inflation concerns, and the central banks' cautious "wait-and-see" stance.

Looking ahead, the Fund remains positioned with a focus on high-quality income generation, prudent duration management, and liquidity flexibility as markets continue to navigate evolving inflation expectations, global monetary policy uncertainty, and shifting investor risk sentiment.

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.

Disclaimer

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U.S. Inflation & Interest Rate Trends

U.S. inflation remained elevated in June, with headline inflation accelerating to 4.2% in May largely driven by higher energy prices, while core inflation remained above the Federal Reserve's 2% target, highlighting persistent underlying price pressures.

At its June meeting, the Federal Reserve held interest rates steady at 3.50%–3.75%, adopting a cautious “wait-and-see” stance amid elevated inflation and heightened uncertainty surrounding the economic outlook. The Committee reiterated its commitment to restoring price stability, while signaling that future policy decisions will remain driven by incoming economic data.

Consequently, market expectations have shifted towards a prolonged period of restrictive monetary policy, with investors pricing in a higher-for-longer interest rate environment. While expectations for near-term rate cuts have continued to diminish, the timing of any future policy easing will depend on clearer evidence that inflation is moving sustainably back towards the Federal Reserve's target.

U.S. Dollar Performance

The U.S. dollar strengthened in June, with the U.S. Dollar Index (DXY) rising 2.2% during the month as resilient U.S. economic data and expectations of a prolonged higher-for-longer interest rate environment supported demand. Although easing geopolitical tensions improved global risk sentiment towards month-end, the dollar continued to benefit from relatively higher U.S. interest rates and the economy's resilience.

The Federal Reserve's decision to maintain a cautious, data-dependent policy stance reinforced expectations that monetary easing will likely be gradual, providing continued support for the dollar. On a year-to-date basis, the U.S. Dollar Index has gained 2.8%, 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 extended its positive performance in June as improving global risk sentiment and continued investor demand supported bond prices. Yields declined across the curve by 14 to 52 basis points, with the largest compression recorded at the short end, while longer-dated maturities also posted steady gains.

The continued rally reflects improving confidence in Kenya's macroeconomic fundamentals and external position, supported by stronger foreign exchange reserves and a stable exchange rate. While the sustained decline in yields points to a continued normalization in sovereign risk premia, investors remain selective as global interest rates are expected to stay elevated for longer.

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