

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.

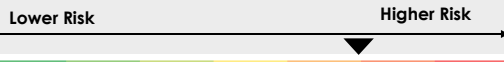
The fund, classified as a medium-high risk investment, allocates at least 60% of the market value of its assets under management to locally listed equities, equities listed in other regulated exchanges, or unlisted equities at all times. Any funds not invested in equities shall only be invested in cash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



FUND INFORMATION

Inception Date: **September 2006**

Base Currency: **KES**

Fund Size: **KES 614.93 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 Bank Kenya Limited**

FEES (calculated as a % of fund value)

Initial & Redemption Fee: **0%**

YTD Total Expense Ratio: **4.03%**

DEALING INFORMATION

Minimum Investment: **KES 1,000**

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

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

PORTFOLIO CHARACTERISTICS

Sharpe Ratio (3 year period): **0.03**

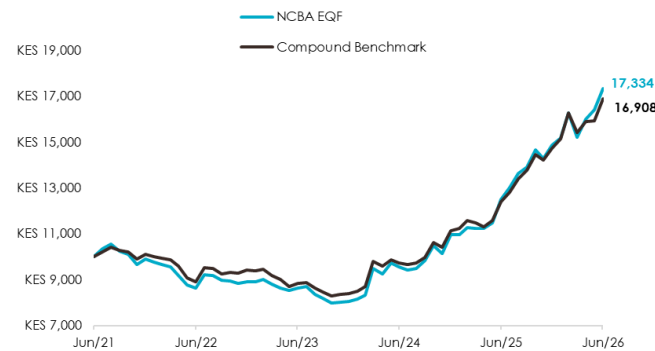
Maximum Drawdown (1 year period): **-6.78%**

Maximum Drawdown (3 year period): **-10.62%**

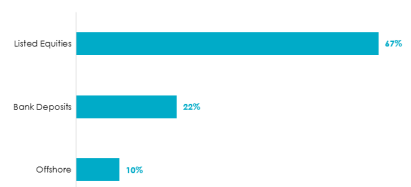
FUND PERFORMANCE

	1 Month	3 Months	6 Months	1YR	3YR (annualized)	5YR (annualized)
Fund	5.69%	14.15%	16.95%	36.02%	26.33%	15.35%
Benchmark	6.12%	9.53%	14.78%	36.39%	30.32%	13.82%

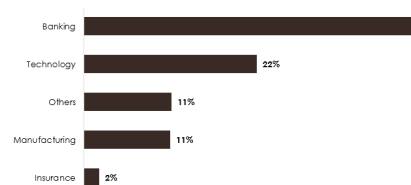
Growth of KES 10,000 assuming reinvestment of interest



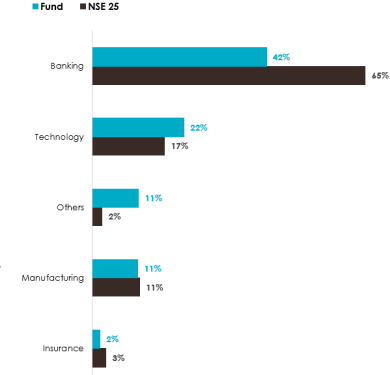
NCBA EQF Asset Allocation



NCBA EQF Equity Holdings By Sector



Sector Exposure Comparison Between the NCBA EQF and NSE 25



PORTFOLIO MANAGER'S COMMENTARY

The Fund delivered a strong return though performance trailed the benchmark, as investor sentiment shifted primarily driven by easing geopolitical tensions. Local equities delivered broad-based strength led by the banking sector. Trading activity remained primarily supported by domestic investors, while foreign investors continued 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 provided diversification and outperformed in line with the sharp recovery seen in 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

Disclaimer

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NCBA Investment Bank is licensed as a Fund Manager by the Capital Markets Authority.

Inflation

Annual headline inflation declined to 6.4% in June from 6.7% in May, while monthly, the consumer price index rose by 0.2%. General prices increased much slower in June relative to May following a tamer rise in food prices, while energy and transport costs escalated marginally. Food inflation rose by 8.6% annually and 0.3% month-on-month while transport inflation expectedly rose by 16.5% and 0.3% on an annual and monthly basis, respectively. Core inflation fell marginally to 3.1% from 3.2% recorded in the previous month, a countermovement to the sharp increase in the previous month rather than a change in underlying price pressures.

Following the cooling of geopolitical tensions related to the Middle East war and the re-opening of the Strait of Hormuz easing supply chain constraints,, inflationary expectations have come down, we expect la lower inflation path in the near term.

Interest Rates

The Monetary Policy Committee (MPC) maintained the Central Bank Rate (CBR) at 8.75% during its June meeting, extending the pause in the monetary easing cycle as policymakers continued assessing the evolving global and domestic macroeconomic environment.

Despite the unchanged policy stance, yields continued to rise across the government securities curve, reflecting cautious investor sentiment and expectations that interest rates are likely to remain elevated in the near term.

At the short end, Treasury bill yields increased across all three tenors, with the 91-day, 182-day and 364-day papers rising by 44, 59 and 37 basis points to 8.83%, 8.84% and 8.99%, respectively. Activity in the Treasury bill market in June reflected uneven investor participation, with demand fluctuating significantly across auction dates and tenors. Overall subscription averaged ~265%, highlighting investor preference for shorter-duration instruments.

The yield curve also experienced a broad-based repricing. The most pronounced increases were recorded at the long end of the curve, where yields on the 10- to 29-year tenors increased by between 13 and 109 basis points as investors demanded greater compensation for holding longer-dated government securities. Government's reopened Treasury bond auctions and subsequent tap sales attracted healthy investor participation, particularly in the longer-dated tenors, demonstrating continued demand for duration at more attractive yield levels.

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

Currency

The Kenyan Shilling (KES) remained broadly stable in June, continuing to demonstrate resilience despite fluctuations in global currency markets. The Shilling appreciated marginally by 0.1% against the US Dollar during the month and on a year-to-date basis, the USD/KES pair remains largely flat reinforcing a broader theme of exchange rate stability. The U.S. Dollar Index (DXY) gained 2.2% during the month, supported by the Federal Reserve's cautious approach to monetary policy.

The Shilling weakened against the Euro, depreciating by 0.3% and 0.1% against the British Pound in June following relative strength in European currencies as energy price concerns moderated and investor positioning normalized.

Foreign exchange reserves rose to USD 14.05 billion (6 months of import cover) up from 13.21 billion in May. Reserve adequacy remains within comfortable levels, continuing to provide the CBK with sufficient capacity to manage short-term volatility and anchor market expectations.

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