

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.

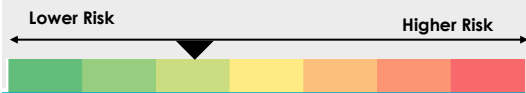
The fund invests in a diversified pool of interest income-earning securities and money market instruments such as bank deposits, Eurobonds, mutual funds and fixed income securities.

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 47.29 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: **1.76%**

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: **3.83%**

Monthly Valuation Distribution: **0.43%**

Sharpe Ratio (3 year period): **0.20**

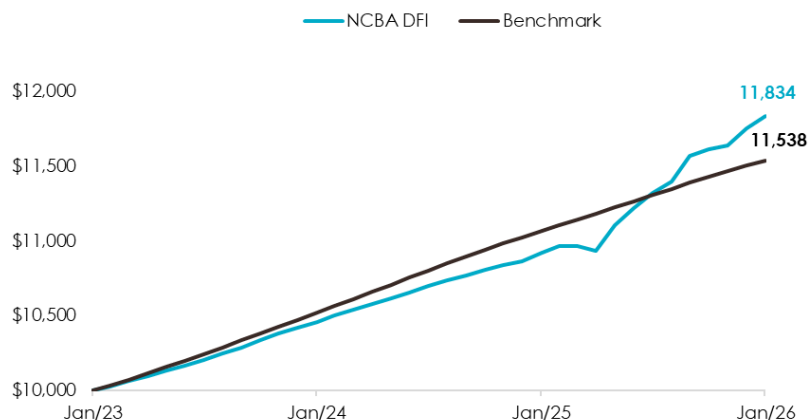
Maximum Drawdown (1 year period): **(6.71%)**

Maximum Drawdown (3 year period): **(11.62%)**

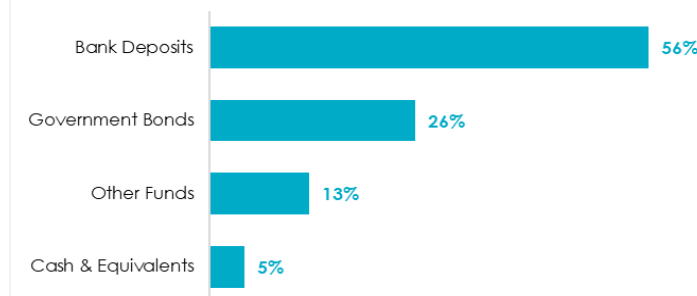
FUND PERFORMANCE

	1 Month	3 Months	6 Months	1YR	2YR	3YR
Fund	0.71%	1.92%	4.54%	8.35%	13.12%	18.34%
SOFR	0.321	0.96%	2.06%	4.27%	9.66%	15.38%

Investment of USD10,000, assuming reinvestment of interest



NCBA Dollar Fixed Income Fund Asset Allocation



PORTFOLIO MANAGER'S COMMENTARY

The fund delivered a strong performance in January supported by valuation gains from our Euro-bond exposures as yields declined with ongoing liability-management efforts and stable external liquidity flows.

Our allocations to offshore fixed-income instruments and structured solutions provided meaningful stability, supporting performance relative to the benchmark.

The fund continues to diversify its holdings to strengthen returns. With the US dollar interest rates trending lower, deposit rates are likely to adjust lower, therefore, we are actively locking in attractive offshore yields to bolster income and further support bond valuations.

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)

Disclaimer

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U.S. Inflation & Macroeconomic Trends

U.S. inflation trends continued to show signs of moderation with the December headline Consumer Price Index rising approximately 2.7% year-over-year, unchanged from the 2.7% seen in November but still consistent with a decelerating inflation backdrop. Core inflation remained subdued at 2.6% year-over-year underscoring easing price pressures.

Despite tariff pass-through and other cost pressures, inflationary dynamics have stayed relatively contained relative to prior peaks, supporting a monetary easing backdrop.

U.S. Interest Rates

After three consecutive rate cuts in late 2025, the Federal Reserve paused in January 2026, holding the federal funds target range at 3.50%–3.75%. While the move was in line with expectations, policymakers struck a cautious tone, signalling limited scope for further easing amid lingering inflation risks and a resilient labour market.

U.S. Treasury yields continued to reflect the interplay between interest-rate expectations and elevated term premiums. The benchmark 10-year Treasury yield hovered around 4.2%, modestly lower on cooler inflation but still well above pre-cut levels, while the 2-year yield remained anchored near 3.50% as markets priced future cuts.

Comparatively, yields in the U.S. remain higher than in Europe, UK, and Japan, anchored by fiscal policy concerns, offering a better risk-reward profile.

U.S. Dollar Performance

The U.S. dollar remained under pressure in January with the Dollar Index (DXY) declining 2.22% over the month, as markets responded to geopolitical and policy expectations and softer near-term rate expectations.

Easing front-end Treasury yields and improving global risk sentiment reduced the dollar's yield advantage, supporting flows into equities. While short-term rebounds have emerged around policy repricing, the broader trend still reflects dollar weakness.

Eurobond Market

Kenya's Eurobond yields declined modestly, reflecting improved investor sentiment and improved liquidity flows. The downward move was supported by ongoing liability-management efforts and stable external liquidity, providing incremental relief for borrowing costs.

Looking ahead, yields remain sensitive to risk sentiment and U.S. rate expectations, while the improved credit rating should further anchor investor confidence in the external debt market.

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