

NCBA Fixed Income Fund is a KES-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, treasury bills and bonds, commercial papers and corporate bonds.

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: **September 2006**

Base Currency: **KES**

Fund Size: **KES 40.35 billion**

Benchmark: **Average 91-day T-bill**

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: **3.02%**

DEALING INFORMATION

Minimum Investment: **KES 1,000**

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

Interest Distribution Frequency: **Daily**

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

PORTFOLIO CHARACTERISTICS

Average Daily Yield: **7.25%**

Monthly Valuation Distribution: **0.11%**

Sharpe Ratio (3 year period): **(0.26)**

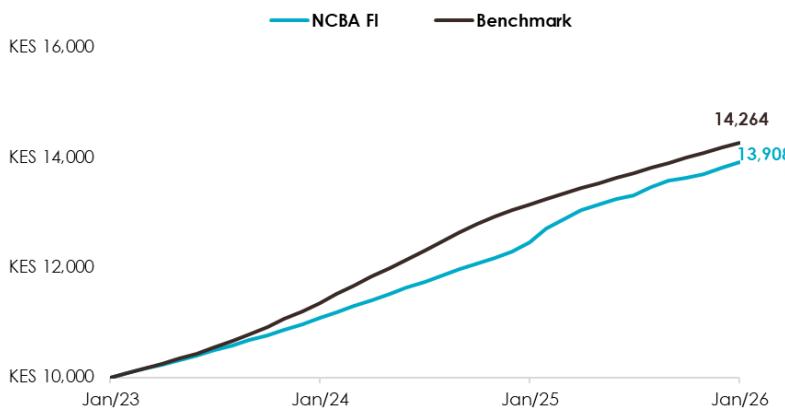
Maximum Drawdown (1 year period): **(0.60%)**

Maximum Drawdown (3 year period): **(5.68%)**

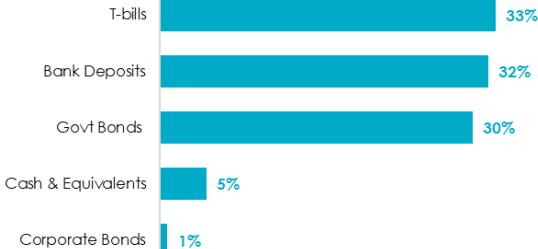
FUND PERFORMANCE

	1 Month	3 Months	6 Months	1YR	2YR	3YR
Fund (Total Return)	0.76%	2.08%	4.48%	11.66%	25.55%	39.08%
91-day T-bill	0.64%	1.95%	4.00%	8.52%	25.63%	42.64%

Investment of KES 10,000, assuming reinvestment of interest



NCBA Fixed Income Fund Asset Allocation



PORTFOLIO MANAGER'S COMMENTARY

The fund delivered an impressive performance in January, delivering positive returns boosted by valuation gains as lower yields improved on the value of existing government bonds.

We are proactively tightening duration, reducing exposure to long-term bonds that have come under pressure as GoK continues to front-load issuance at the long end and investor demand concentrates there. Our shift toward shorter-dated securities is deliberate, aimed at protecting the portfolio from further rate volatility.

With CBK's rate-management stance, we anticipate improved valuation stability and a more supportive environment for fixed-income performance.

Joseph K. Thiga

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)

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Inflation

Annual headline inflation eased marginally to 4.40% in January from 4.49% in December 2025, while the Consumer Price Index (CPI) increased by 0.64% on a month-on-month basis. Core inflation continued its steady decline, falling to 2.0%, while non-core rose to 11.2% driven by seasonal price gains in December. Food and non-alcoholic beverages recorded mixed price movements, registering a year-on-year increase of 7.3% while transport inflation increased by 4.8% year-on-year, largely reflecting slightly higher fares driven by a 3.6% and 2.3% increase in petrol and diesel prices.

Interest Rates

Treasury bill rates edged lower, with the 91-day paper down 5 bps to 7.72%, while the 182-day and 364-day tenors remained largely unchanged amid lower investor demand. The 364-day paper remained particularly attractive, anchored by its premium over the 91-day, and CBK interventions including targeted bond auctions and partial buybacks, helped manage elevated maturities and stabilize the curve.

To anchor rates, CBK reopened two long-dated papers, the 13-year and 22-year bonds, attracting strong demand and highlighting sustained investor appetite for long-dated instruments amid favourable liquidity and yields. Yield curve shifts were uneven, with mid-tenor bonds (7–10yr and 13–18yr) softening while short- and ultra-long tenors (3–6yr and 20–21yr) ticked higher, reflecting issuance patterns and market liquidity.

Looking ahead, limited bond maturities through March and investor receptivity to "fair" long-dated yields provide CBK with a clear runway to maintain downward pressure on rates while continuing proactive liability management.

Currency

The shilling remained largely unchanged against the U.S. dollar as improved global risk appetite and the accommodative U.S. monetary policy supported the shilling. In contrast, it depreciated by 1.9% against the euro and 2.3% against the pound sterling.

Continued supportive global liquidity, stable domestic inflation, and resilient external reserves are expected to anchor the shilling, although periodic volatility may arise from external shocks and shifts in investor risk appetite.

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