

NCBA Global Fixed Income Special Fund is a USD-denominated collective investment scheme that invests in global fixed-income exchange-traded funds and mutual funds sourced from global financial markets to generate sustainable medium-term returns.

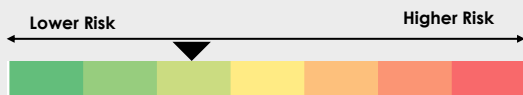
The fund aims to offer investors diversified exposure to fixed-income securities while targeting benchmark-beating performance.

FUND PHILOSOPHY

1. Investment Focus: The fund invests in benchmark-tracking fixed income funds, using strategic allocation and security selection to outperform its benchmark.

2. Subscriptions and redemptions: The fund offers monthly subscriptions based on a NAV determination date, while maintaining c.5% of funds to meet redemption needs.

RISK RATING: Moderately Conservative



FUND INFORMATION

Inception Date: **November 2024**

Base Currency: **USD**

Fund Size: **USD 13.23 million**

Benchmark: **Composite Benchmark**

Fund Manager: **NCBA Investment Bank**

Investment Advisor: **Riscura Solutions Limited**

Custodian: **Mauritius Commercial Bank**

Trustees: **KCB Bank Kenya Limited**

Auditor: **Deloitte**

FEES (calculated as a % of fund value)

Initial & Redemption Fee: **0%**

YTD Total Expense Ratio: **1.59%**

DEALING INFORMATION

Minimum Investment: **USD 1,000**

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

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

PORTFOLIO CHARACTERISTICS

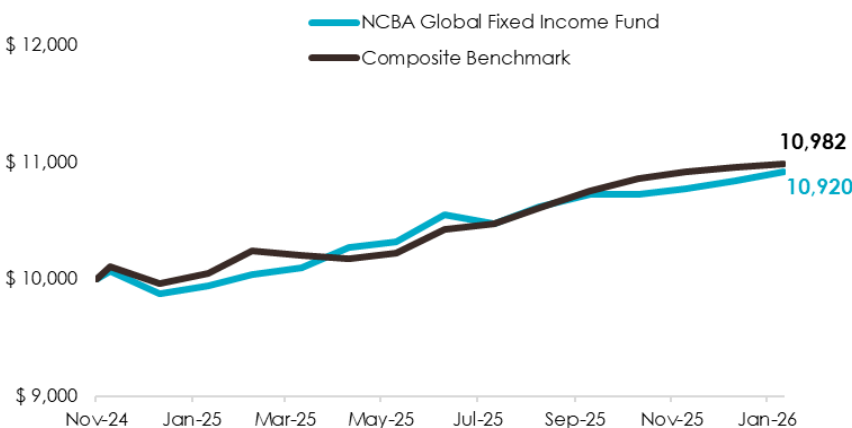
Sharpe Ratio (3 year period): **-0.04**

Maximum Drawdown (3 year period): **-1.98%**

FUND PERFORMANCE

| | 1 Month | 3 Months | 6 Months | 1 Year | Since Inception |
|------------------|---------|----------|----------|--------|-----------------|
| Fund | 0.71% | 1.83% | 4.25% | 9.85% | 9.20% |
| Benchmark | 0.21% | 1.12% | 4.86% | 9.29% | 9.82% |

Cumulative Growth of US \$10,000



The chart illustrates a hypothetical investment of USD 10,000, assuming reinvestment of interest.

PORTFOLIO MANAGER COMMENTARY

The Fund delivered a return of 0.71% in January, outperforming the benchmark's 0.21%, supported by active exposure to higher-yielding credit and selective sovereign allocations.

Strong contributions came from Global High Yield Corporate Issues and Africa Eurobonds, while developed market government bonds also added positively as rates moderated.

Although emerging market bonds detracted on account of volatility in Latin America and fiscal policy concerns in Japan, the overall performance highlights the effectiveness of the Fund's exposure to quality, high grade instruments where spreads remain compensatory.

Daniel C Ndung'u,
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

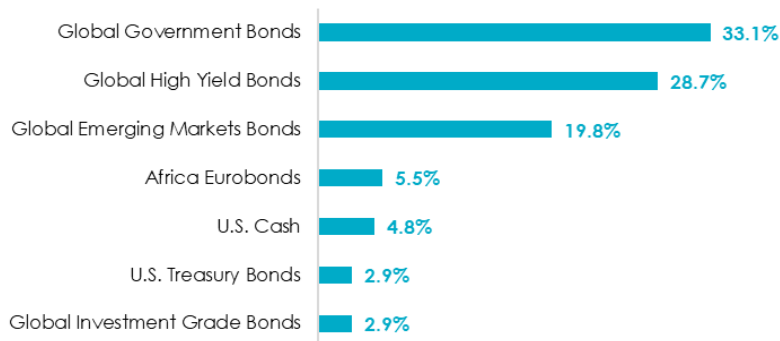
Aggressive - Appropriate for investors with a high-risk tolerance and a longer time horizon (at least 5 years)

Disclaimer

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

NCBA Global Fixed Income Fund Asset Allocation



PERFORMANCE ATTRIBUTION

| Global Fixed Income | Weight | January Performance | Year-to-Date Performance | Weighted Performance January | Weighted Performance Year-to-Date |
|--|--------|---------------------|--------------------------|------------------------------|-----------------------------------|
| Global Government Bonds | 33.93% | 0.83% | 0.83% | 0.28% | 0.28% |
| Global High Yield Corporate Bonds | 29.44% | 1.11% | 1.11% | 0.33% | 0.33% |
| Global Emerging Markets Bonds | 20.25% | (0.58%) | (0.58%) | (0.12%) | (0.12%) |
| Africa Eurobonds | 5.62% | 1.64% | 1.64% | 0.09% | 0.09% |
| U.S. Cash | 4.88% | 0.29% | 0.29% | 0.01% | 0.01% |
| U.S. Treasury Bonds | 2.94% | 0.84% | 0.84% | 0.02% | 0.02% |
| Global Investment Grade Bonds | 2.94% | 0.69% | 0.69% | 0.02% | 0.02% |
| Global Fixed Income benchmarks | | | | | |
| Barclays Global Aggregate Bond Index | 65.00% | 0.11% | 0.11% | 0.07% | 0.07% |
| Bloomberg USD Aggregate Emerging Markets Index | 20.00% | 0.36% | 0.36% | 0.07% | 0.07% |
| Standard Bank ex South Africa Sovereign Bond Index | 15.00% | 0.48% | 0.48% | 0.07% | 0.07% |
| | | | | 0.21% | 0.21% |

Contact Us

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U.S. Inflation Trends

December inflation data released mid month showed contained price pressures, supporting expectations that US interest rates are near their peak. Trade and geopolitical tensions, especially tariffs, caused short-term market volatility, while future AI spending and tariff-related effects may add medium-term inflation pressure.

The core consumer price index rose 0.2% monthly and 2.6% annually, both slightly below forecasts. Headline CPI increased 0.3% for the month, with an annual rate of 2.7%, matching consensus estimates. Softer-than-expected core inflation confirmed the Fed's hold in January and shifted rate cut expectations to June.

Interest Rates & Central Bank Policy

Following three consecutive reductions, the Federal Reserve held the benchmark rate steady, aligning with market consensus. The decision was supported by a 10-2 vote, with two dissenting members advocating for an additional 25-basis-point (bps) cut. As the month concluded, President Trump nominated Kevin Warsh to succeed Jerome Powell as Fed Chair; if confirmed by the Senate, Warsh will take the helm in May. Markets continue to price in two 25bps rate reductions during the second half of 2026.

The European Central Bank (ECB) and the Bank of England (BoE) are scheduled to meet on February 5th. Both are expected to maintain current rates at 2.00% (ECB) and 3.75% (BoE). We anticipate the BoE will implement cuts in April and July, whereas the ECB is likely to remain on hold for the majority of the year.

On January 19th, the People's Bank of China (PBoC) cut rates by 25bps and introduced targeted sector-specific reductions to stimulate economic growth. The PBoC has signaled a commitment to a "moderately loose" monetary policy for 2026, with further cuts to the Reserve Requirement Ratio (RRR) expected to ensure ample market liquidity.

Bank of Japan left rates unchanged in January ahead of next month's election as markets remain volatile over concerns around fiscal policy and inflation.

Yield Curve Movements

U.S. treasury yields mostly rose over the month, influenced by Trump's actions on Venezuela and Greenland, which led to broad selloffs. Markets showed early concern about possible U.S. tariff hikes on European countries, though both the tariff threats and moves regarding Greenland were later withdrawn, causing a brief yield dip. Yields were further affected by news on Trump's proposal to cap credit-card interest rates and his scrutiny of Fed Chair Powell. After the FOMC left rates unchanged on January 28, short-term yields fell, long-term yields briefly increased, and then shifted following Trump's Fed Chair nominee announcement.

Credit Conditions & Spreads

2026 opened with a surge in global bond supply, driven by AI-related capital expenditures. Goldman Sachs issued \$16 billion in investment-grade bonds, contributing to January's \$245 billion borrowing boom. Strong demand is expected as tech firms seek private debt for capex, supported by narrow spreads. While tech companies seem positioned to manage this debt, much of it is secured by GPUs, whose value could drop and spark defaults across sectors if financial conditions worsen.

Additionally, Trump's proposed 10% credit card interest cap, has raised concerns about restricting credit access for subprime borrowers and slowing economic growth.

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