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KCB Asset Management

Fixed Income Fund- Kenya Shillings

Factsheet March 2026

Fund Features	
Fund Structure	Unit Trust
Inception Date	1st September 2025
Risk Profile	Moderate
Fund Manager	KCB Asset Management Limited
Trustee	Co-operative Bank of Kenya
Custodian	National Bank of Kenya

Investment Terms	
Minimum Investment	Ksh 1,000,000.0
Minimum Additional Investment	Ksh 100,000.0
Initial Fee	Nil
Annual Management Fee:	2.0%
Average Effective Annual Yield – March 2026	11.6%
Distribution	Monthly

Market Commentary:

Exchange rates: The Kenyan shilling depreciated during the month of March 2026 to close at KES 129.93 against the US dollar. The shilling averaged KES 129.43 against the US dollar in March 2026. The mean exchange rate for KES against the US Dollar, Sterling Pound and Euro was 129.43, 172.87 and 149.85 respectively for the month of March 2026.

Remittance inflows to Kenya totaled USD 412.7 million in February 2026 from USD 382.2 million in February 2025, an increase of 8.0%. The 12 months cumulative inflows to February 2026 increased by 1.9% to USD 5,051 million compared to USD 4,956 million in a similar period in 2025. Remittance inflows remain a key source of foreign exchange earnings and continue to support the balance of payments.

The usable foreign exchange reserves remained adequate at USD 14,022 million (6.0 months of import cover) as of March 26. This meets the CBK's statutory requirement to endeavor to maintain at least 4 months of import cover.

Inflation: The year-on-year headline inflation rate in March 2026 increased slightly to 4.4% from 4.3% that was recorded in February 2026, as food and utilities prices increased.

Food inflation increased by 7.7% in March 2026 from 7.30% that was recorded in February 2026. There was increase in the prices of Cabbages (33.8%), Tomatoes (23.2%), Potatoes (Irish) (18.8%), Kale-Sukuma Wiki (17.9%) and Spinach (11.7%). However, there was a decrease in the price of cooking oil (salad) (1.2%) and sugar (1.0%).

Housing, Water, Electricity, Gas and Other Fuels inflation increased to 2.0% in March 2026 from 1.8% that was recorded in February 2026, driven by increase in prices of electricity.

Transport Inflation was recorded at 3.8% in March 2026 compared to 4.0% in February 2026, with prices of diesel decreasing. Core inflation, which excludes highly volatile items, was recorded at 2.1% in March 2026, similar to what was recorded in February 2026, while non-core inflation increased to 10.8% from 10.1%.

Interest rates: The yields on the 91-day, 182-day and 364-day treasury bills averaged 7.53%, 7.83% and 8.44% respectively in March 2026 compared to 7.60%, 7.78% and 9.00% respectively in February 2026. The Nairobi Securities Exchange yield curve shifted upward during the month, with most tenors recording higher yields. The 6–10-year segment led the increase, while the 11–15-year tenor saw a slight decline. Overall, the curve rose by 15 basis points.

The Treasury bill auction of March 26 received bids totaling Kes 10.9 billion against an advertised amount of Kes 24.0 billion, representing a performance of 45.5 percent. Interest rates on the 91-day, 182-day and 364-day Treasury bills declined. During the Treasury bond auction of March 11, the reopened 20-year and 25-year treasury bonds received bids totaling Kes 117.4 billion against an advertised amount of Kes 60.0 billion, representing a performance of 195.7%.

During the Treasury bond switch auction of March 16, the 15-year treasury bond received bids totaling Kes 22.2 billion against an advertised amount of Kes 15.0 billion, representing a performance of 148.1%.

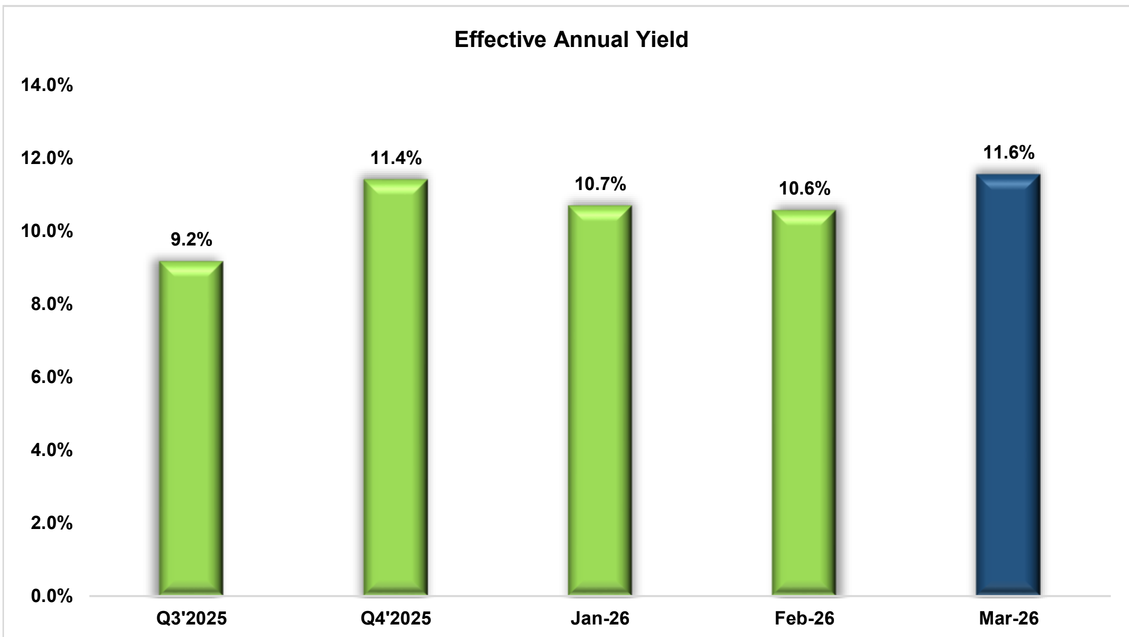
Fund Description:

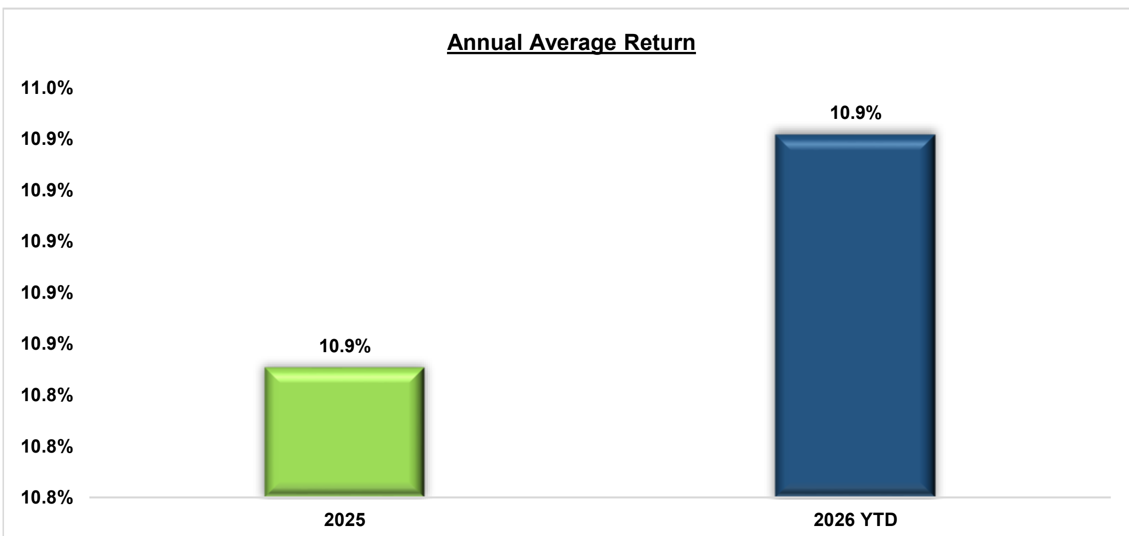
This Fund is a conservative-to-moderate risk fund that aims to deliver a competitive and stable level of income over the medium term while maintaining capital stability. The fund invests primarily in Kenyan government bonds, high-quality corporate bonds, and other fixed-income securities, providing investors with steady returns and controlled risk. It is suitable for investors seeking:

i. Capital stability with higher income potential than a money market fund, achieved through exposure to medium-term Treasury bonds and investment-grade corporate debt.

ii. A medium to long term investment option for surplus funds, especially for investors who can tolerate modest fluctuations in asset values in exchange for improved yield.

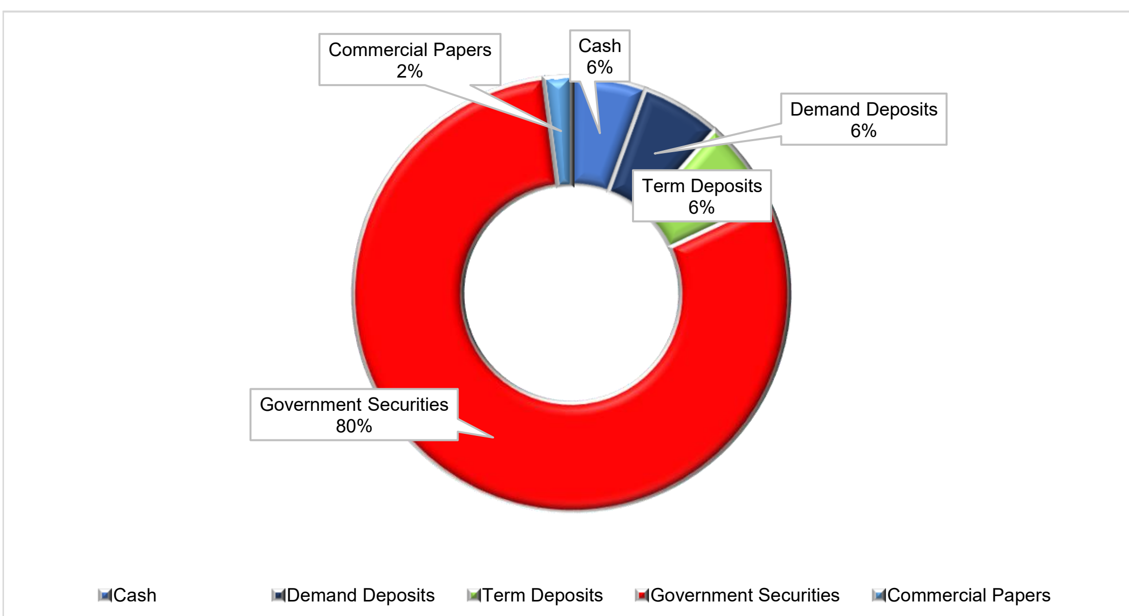
Fund Performance:





**Fund Performance is net of fees charged, gross of applicable tax.*

Asset Allocation:



Statutory Disclaimer: The effective annual yield is net of fees and gross of withholding tax. Past performance is not an indicator of future performance as price of units may rise or fall. In certain specified circumstances the right to redeem units may be suspended. The Capital Markets Authority does not take responsibility for the financial soundness of the scheme, or the correctness of the statements made, or opinions expressed in this regard.