CORONATION STRATEGIC INCOME FUND

Fund Information as at 30 September 2025

CORONATION

TRUST IS EARNED™

WHAT IS THE FUND'S OBJECTIVE?

Strategic Income aims to achieve a higher return than a traditional money market or pure income fund.

WHAT DOES THE FUND INVEST IN?

Strategic Income can invest in a wide variety of assets, such as cash, government and corporate bonds, inflation-linked bonds and listed property, both in South Africa and internationally, in a manner similar to that usually employed by retirement funds.

As great care is taken to protect the fund against loss, Strategic Income does not invest in ordinary shares and its combined exposure to locally listed property (typically max. 10%), local preference shares (typically max. 10%), local hybrid instruments (typically max. 5%) and international assets (typically max. 10% on an effective exposure basis*) would generally not exceed 25% of the fund.

The fund has a flexible mandate with no prescribed maturity or duration limits for its investments. The fund is mandated to use derivative instruments for efficient portfolio management purposes.

* Prudential (SARB) international exposure is typically limited to a maximum of 15%

IMPORTANT PORTFOLIO CHARACTERISTICS AND RISKS

Risk Profile

2/10
Conservative

Maximum growth/ minimum income exposures

Growth Assets: 10%
Income Assets: 90%

Strategic Income is tactically managed to secure an attractive return, while protecting capital.

Its investments are carefully researched by a large and experienced investment team and subjected to a strict risk management process. The fund is actively positioned to balance long-term strategic positions with shorter-term tactical opportunities to achieve the best possible income.

While the fund is managed in a conservative and defensive manner, there are no guarantees it will always outperform cash over short periods of time. Capital losses are possible, especially in the case of negative credit events affecting underlying holdings.

HOW LONG SHOULD INVESTORS REMAIN INVESTED?

The recommended investment term is 12-months and longer. The fund's exposure to growth assets like listed property and preference shares will cause price fluctuations from day to day, making it unsuitable as an alternative to a money market fund over very short investment horizons (12-months and shorter). Note that the fund is also less likely to outperform money market funds in a rising interest rate environment.

Given its limited exposure to growth assets, the fund is not suited for investment terms of longer than five years.

WHO SHOULD CONSIDER INVESTING IN THE FUND?

Investors who

- are looking for an intelligent alternative to cash or bank deposits over periods from 12 to 36 months;
- seek managed exposure to income generating investments;
- are believers in the benefits of active management within the fixed interest universe.

WHAT COSTS CAN I EXPECT TO PAY?

The annual management fee is 0.75%.

Fund expenses that are incurred in the fund include trading, custody and audit charges. All performance information is disclosed after deducting all fees and other fund costs.

We do not charge fees to access or withdraw from the fund.

More detail is available on www.coronation.com.

WHO ARE THE FUND MANAGERS?

NISHAN MAHARAJ
BSc (Hons), MBA

MAURO LONGANO
BScEng (Hons), CA (SA)

GENERAL FUND INFORMATION

Launch Date	2 July 2001
Fund Class	A
Benchmark	110% of STeFI 3-month index
ASISA Fund Category	South African – Multi-asset – Income
Income Distribution	Quarterly (March, June, September, December)
Investment minimum	R5 000 or R500/m debit order
Bloomberg Code	CORSTIN
ISIN Code	ZAE000031522
JSE Code	CSIF

CORONATION STRATEGIC INCOME FUND

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CLASS A as at 30 September 2025

ASISA Fund Category	South African - Multi Asset - Income
Launch date	02 July 2001
Fund size	R39.55 billion
NAV	1639.60 cents
Benchmark	110% of the STeFI 3-month Index
Portfolio manager/s	Nishan Maharaj and Mauro Longano

	1 Year *	3 Year *
Total Expense Ratio	0.87%	0.87%
Fund management fee	0.74%	0.74%
Fund expenses	0.01%	0.01%
VAT	0.11%	0.11%
Transaction costs (inc. VAT)	0.00%	0.00%
Total Investment Charge	0.87%	0.87%

PERFORMANCE AND RISK STATISTICS

PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES)

	Fund	Benchmark	Active Return
Since Launch (unannualised)	833.0%	556.5%	42.1%
Since Launch (annualised)	9.6%	8.1%	1.6%
Latest 20 years (annualised)	8.7%	7.5%	1.2%
Latest 15 years (annualised)	8.3%	6.7%	1.6%
Latest 10 years (annualised)	8.1%	7.1%	1.0%
Latest 5 years (annualised)	8.7%	6.8%	1.9%
Latest 3 years (annualised)	11.1%	8.5%	2.6%
Latest 1 year	10.1%	8.3%	1.8%
Year to date	7.9%	6.1%	1.9%
Yield (Net of Fees)	7.6%		

RISK STATISTICS

Current		Fund
Weighted average time to maturity (credit)		3.2 years
Modified Duration		1.9 years
Modified Duration (ex Inflation Linked Bonds)		1.4 years
Since Inception	**Fund**	**Benchmark**
Annualised Deviation	2.7%	0.7%
Sharpe Ratio	0.74	
Maximum Gain	60.5%	
Maximum Drawdown	(4.2)%	
Positive Months	91.8%	
	Fund	**Date Range**
Highest annual return	18.7%	Nov 2002 - Oct 2003
Lowest annual return	2.0%	Apr 2019 - Mar 2020

CREDIT RATINGS

	% of Fund
AAA+ to A-	74.6%
BBB+ to B-	3.1%
CCC+ to C-	0.0%
CLNs	13.2%
No Rating	9.1%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30 Sep 2025	01 Oct 2025	27.93	0.11	27.81
30 Jun 2025	01 Jul 2025	30.00	0.22	29.78
31 Mar 2025	01 Apr 2025	28.66	0.00	28.65
31 Dec 2024	02 Jan 2025	32.37	0.10	32.27

PORTFOLIO DETAIL

ASSET ALLOCATION BY INSTRUMENT TYPE

	Domestic Assets	International Assets
Cash and Money Market NCDs	22.3%	0.1%
Fixed Rate bonds	28.6%	5.0%
Floating Rate bonds	13.5%	(0.8%)
Inflation-Linked bonds	15.7%	0.3%
Credit Linked Notes (CLNs)	5.8%	7.4%
Listed Property	3.0%	0.0%
Preference shares	0.2%	0.0%
Other (Currency Futures)	(1.1%)	0.0%
Total	88.0%	12.0%
Net offshore exposure after currency hedge		3.4%

ASSET ALLOCATION BY ISSUER TYPE

	% of Fund
Banks and Insurers: NCDs & Deposits	22.3%
Government	33.5%
Banks: Senior Debt	26.9%
Other Corporates	6.8%
Banks: Subordinated debt (>12m)	4.3%
State Owned Enterprises	1.4%
REITs: Equity and Debt	3.0%
Banks: Subordinated debt (<12m)	0.2%
Insurers	0.7%
Coronation Global Bond Fund	1.2%
Coronation Global Strategic Income	0.8%
Currency Futures	(1.1%)
Total	100.0%

TOP 5 CREDIT EXPOSURE

	% of Fund
Republic Of South Africa	36.2%
Standard Bank Of SA Ltd	21.7%
Nedbank Ltd	10.2%
Absa Bank Ltd	8.2%
Firstrand Bank Ltd	7.9%

TOP 5 REFERENCE ENTITY EXPOSURE

	% of Fund
Republic of South Africa	9.1%
MTN	1.3%
MAS	1.0%
Nepi	0.6%
Prosus	0.5%

100% of CLN exposure is issuer valued with a daily or at worst weekly price frequency

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2025	0.5%	0.6%	0.7%	1.4%	0.9%	0.9%	1.0%	0.7%	0.9%				**7.9%**
Fund 2024	1.0%	0.2%	0.3%	0.5%	0.9%	1.7%	1.4%	1.2%	1.4%	0.2%	1.1%	0.7%	**11.2%**
Fund 2023	1.6%	0.1%	0.7%	0.3%	(1.1)%	2.1%	1.6%	0.9%	(0.3)%	0.7%	2.1%	1.4%	**10.5%**
Fund 2022	0.1%	0.1%	0.2%	0.5%	0.6%	(0.9)%	1.1%	0.6%	(0.7)%	1.2%	1.6%	0.7%	**4.9%**
Fund 2021	0.3%	0.7%	(0.3)%	1.1%	0.7%	0.7%	0.6%	0.8%	(0.2)%	(0.1)%	0.6%	1.4%	**6.7%**

Issue date: 2025/10/13

Please note that the commentary is for the retail class of the Fund.

Performance and fund positioning

The Fund returned 0.94% in September, bringing its 12-month total return to 10.1%, which is ahead of cash (7.56%) and its benchmark (8.34%) over the same period. We believe the Fund's current positioning offers the best probability of achieving its cash +2% objective over the medium to longer term.

The third quarter of 2025 (Q3-25) highlighted the delicate balance between geopolitics and markets. Rising tensions in the Middle East, renewed US trade protectionism, and South Africa's (SA) governance challenges underscored persistent political risks, yet financial markets remained resilient. Global bonds rallied as the Federal Reserve Board (the Fed) cut rates for the first time in this cycle and inflation trended lower. Emerging market bonds continued to benefit from structural resilience and ongoing policy rate cuts, with several central banks extending their easing cycles to support growth. Locally, SA assets displayed resilience despite lingering concerns around fiscal consolidation and the pace of inflation target reforms. This can be attributed to a more stable investor sentiment on the back of improved clarity from the Government of National Unity (GNU), contained inflation data, and increased expectations of further interest rate cuts.

The FTSE/JSE All Bond Index (ALBI) gained further ground in Q3-25, delivering a 6.94% return for the quarter and extending its 12-month performance to 14.51%. The SA 10-year bond yield tightened by a further 50 basis points (bps) during the quarter; however, performance was strongest in the maturities of greater than 12 years as the yield curve flattened (bonds in the 20-30-year area rallied by 10-20bps more than the 10-year bond). Inflation-linked bonds (ILBs) staged a modest recovery, gaining 5.11% over the quarter, bringing their one-year return to 7.66%. This is still well behind nominal bonds but at least ahead of cash (1.76% quarter to date [qtd] and 7.56% over 12 months). The rand remained volatile but continued to strengthen against the US dollar, slightly outperforming its peers over the quarter. Continued US dollar weakness has bolstered returns from Emerging Market (EM) fixed income assets, which have helped local bonds outperform developed market bonds (the FTSE World Government Bond Index returned -2.32% qtd and 1.59% over 12 months in rands).

The rand ended the month at R17.270/US$1, stronger than its close in the previous month but weaker than its EM peer group. Offshore credit assets and certain developed market bonds continue to flag as relatively attractive. The Fund has utilised a significant part of its offshore allowance to invest in these assets. When offshore assets become expensive (or relatively cheap), the Fund may adjust its foreign currency exposure by buying or selling currency futures on the JSE (typically in US dollars, UK pounds, or euros). This helps the Fund fine-tune its exposure to global markets without having to sell its offshore investments.

September was dominated by central bank meetings, with the majority of them maintaining their monetary policy settings. Inflation readings remain sticky, and inflationary pressures continue to be mixed. Nonetheless, forecasting economic performance remains a challenge amidst a highly uncertain global trading environment.

The Fed cut the Federal Funds rate target range by 25bps, moving the range to 4.0%-4.25% at the September Federal Open Market Committee meeting. The Fed noted that economic activity had moderated in the first half of the year and that the labour market dynamics were soft. The unemployment rate had edged up slightly, although it remains low relative to historical levels. The Fed reiterated that it would proceed with caution and future rate decisions will be data dependent.

US headline inflation edged up to 2.9% year on year (y/y) in August from 2.7% y/y in July, while core inflation was unchanged at 3.1% y/y. The main drivers of the uptick were increases in food, energy, and vehicle prices. Shelter, apparel, and services costs remained steady.

The SA economy grew by 0.8% quarter on quarter (q/q) in the second quarter of 2025 (Q2-25), following growth of 0.1% q/q in the first quarter of the year. On the production side, growth was supported by the agricultural sector as well as a rebound in activity from a weak base in the mining, manufacturing, and trade industries. Transport, storage, and communications detracted. On the expenditure side, positive contributions came from household and government spending, which were enough to offset weak gross fixed capital formation and negative net exports. If sustained, the Q2-25 momentum could lift real GDP above 0.8% in 2025, setting a more positive base for 2026. However, critical to this improvement will be a stronger recovery in private capital expenditure, which has picked up but remains fragile.

The SA Reserve Bank (SARB) left the repo rate unchanged at 7% at the September MPC meeting. The MPC noted resilient global growth despite ongoing geopolitical and tariff-related uncertainty. Domestically, the Q2-25 GDP print was a positive surprise, prompting upward revisions to growth forecasts. At the same time, inflation numbers were also revised up from July's very low base to reflect higher food and fuel inflation and higher administrative prices.

SA headline inflation eased to 3.3% y/y in August from 3.5% y/y in July, while core increased to 3.1% y/y from 3.0% y/y. There was a surprise moderation in food prices and a reduction in transport costs, which helped limit headline gains. Services inflation remained steady, while administered prices and utilities costs increased. A combination of base effects and, at the margin, less favourable fuel price dynamics should see CPI tick up to 4% in the coming months, although August's print will help lower the trajectory. The latest inflation numbers create a less challenging trajectory for the MPC to navigate than before. Coupled with very contained core price pressures, supportive currency and oil price dynamics, as well as a moderation in the recent inflation expectations survey, should bolster the case for a rate cut.

At the end of September, shorter-dated fixed-rate negotiable certificates of deposit (NCDs) traded at 7.54% (three-year) and 7.97% (five-year), with both maturities lower compared to the end of the previous month. Our inflation expectations suggest that the current pricing of these instruments remains attractive due to their lower modified duration and, hence, high breakeven relative to cash. In addition, NCDs have the added benefit of being liquid, thus aligning the Fund's liquidity with the needs of its investors. The Fund continues to hold decent exposure to these instruments (fewer floating than fixed), but we will remain cautious and selective when increasing exposure.

Despite the recovery in ILBs over the last quarter, they still remain poor performers relative to cash and bonds over the long term. The general assumption is that the lower inflation target should result in a poor outcome for ILBs. However, it is important to differentiate between the various parts of the ILB curve and their sensitivity to policy rates. The five-year ILB is very sensitive to the real policy rate. Over the last few years, the SARB has maintained the real policy rate quite high to force inflation lower. This has acted as a floor for how low five-year ILB yields can go. Our expectation is for the real policy rate to move lower from here over the next year, towards 2.5%, as the SARB reduces the repo rate and inflation heads slightly higher. Consequently, five-year ILBs (or shorter) could likely track lower as well, from current levels of 4.3%.

The current five-year ILB is at 4.3% versus the coincident real policy rate at 3%. If the real policy rate does decrease to 2.5% as we expect, it makes sense for the five-year ILB (or shorter) to track lower by at least 50bps. This will result in a total return of 9%, even if inflation averages 3% over the period (9.5% if inflation averages 3.5% over the period), meaning the five-year nominal bond will need to rally by more than 50bps to keep pace. This is unlikely given that we only expect the repo rate to move lower by another 50bps over the next year. Therefore, five-year ILBs still make an attractive alternative to allocating to shorter-dated nominal bonds. They also provide portfolios with inherent protection in the event of a risk-off environment, due to their lower correlation to nominal bonds during these periods.

The global landscape remains uncertain; however, emerging markets have continued to outperform developed markets. SAGBs have flourished as local anxiety has eased and expectations for a lower inflation target have bolstered prospects for a lower repo rate. They are now trading slightly below fair value. Global bond flows have turned more supportive of EMs, given their relatively cleaner balance sheets, and could support further compression in bond yields if that trend sustains its momentum. The accumulation of risks suggests that some caution is warranted in allocating more capital to SAGBs at current yields; however, shorter-maturity ILBs offer an attractive alternative allocation, given the possibility of a lower real policy rate. As such, we would advocate for a neutral position in SAGBs, weighted more towards the 10- to 12-year area, with a decent allocation to shorter-dated ILBs in bond portfolios.

The local listed property sector was down 1% over the month, bringing its 12-month return to 11.43%. The durability of the operational performance will remain in the spotlight as an indicator of the pace and depth of the sector's recovery. The current increase in the cost base, due to higher administered prices and second-round effects on deteriorating infrastructure in much of the country, will weigh on the sector's earnings in the coming year. We believe that one must remain cautious given the high levels of uncertainty around the strength and durability of the local recovery.

Local credit spreads are at historically tight levels due to low issuance volumes and a large amount of capital seeking a home with reduced volatility. The use of structured products, such as credit-linked notes (CLNs), has become ubiquitous within the local market. This sector has experienced exponential growth over the last five years, reaching a market size of over R100 billion. However, only a third of this market reprices, creating an inaccurate representation of asset volatility and pricing. CLNs mask the underlying/see-through credit risk as the issuing entity (predominantly local banks) is seen as the primary credit risk.

The increased usage of CLNs has not expanded the pool of borrowers; rather, it has only served to concentrate it. This is due to the ability to limit the volatility of these instruments by not marking them to market based on the underlying asset price movements. The combination of attractive yields and absence of volatility is an opportunity that not many would pass up, unless, of course, transparency of pricing is important to the underlying investor. As a result, there can be significant unseen risks within fixed income funds. Investors need to remain prudently focused on finding assets of which the valuations are correctly aligned to fundamentals and efficient market pricing. Except for a few opportunities, we view the local credit market as unattractive relative to other asset classes.

Outlook

We remain vigilant of the risks from the dislocations between stretched valuations and the local economy's underlying fundamentals. However, we believe that the Fund's current positioning accurately reflects the appropriate level of caution, while its yield of 8.51% (gross of fees) remains attractive in relation to its duration risk. We continue to believe that this yield is an adequate proxy for expected portfolio performance over the next 12 months. As is evident, we remain cautious in our management of the Fund. We continue to invest only in assets and instruments that we believe have the correct risk and term premium to limit investor downside and enhance yield.

Portfolio managers
Nishan Maharaj and Mauro Longano
as at 30 September 2025

IMPORTANT INFORMATION THAT SHOULD BE CONSIDERED BEFORE INVESTING IN THE CORONATION STRATEGIC INCOME FUND

Unit trusts should be considered medium- to long-term investments. The value of units may go down as well as up, and therefore Coronation does not make any guarantees with respect to the protection of capital or returns. Past performance is not necessarily an indication of future performance. The fund is mandated to invest a portion of its portfolio (typically up to a maximum of 10%) into foreign securities and may as a result be exposed to macroeconomic, settlement, political, tax, reporting or illiquidity risk factors that may be different to similar investments in the South African markets. Fluctuations or movements in exchange rates may cause the value of underlying investments to go up or down. The asset allocation by instrument type are reflected on a look-through basis. The asset allocation by issuer type and top issuer exposures are not reflected on a look-through basis. The yield shown is an estimate in part based on market assumptions and forecasts. The yield is calculated by taking the interest and income receivable of all the instruments in the fund divided by the net asset value, expressed as a nominal annual rate. It is provided to give an approximate indication of the achievable yield for an investment made at the reporting date. Actual experience may differ, based on changes in market values, interest rates and changes in costs actually experienced during the investment period. The yield disclosed on the MDD is current and calculated as at the MDD reporting date.

Coronation Management Company (RF) (Pty) Ltd is a Collective Investment Schemes Manager approved by the Financial Sector Conduct Authority in terms of the Collective Investment Schemes Control Act. Portfolio managed by Coronation Asset Management (Pty) Ltd (FSP 548) , an authorised financial services provider. The Management Company reserves the right to close the fund to new investors if we deem it necessary to limit further inflows in order for it to be managed in accordance with its mandate. Unit trusts are allowed to engage in scrip lending and borrowing. Standard Chartered has been appointed as trustees for the fund (www.sc.com/za; 011-2176600). Coronation is a full member of the Association for Savings & Investment SA (ASISA).

HOW ARE UNITS PRICED AND AT WHICH PRICE WILL MY TRANSACTION BE EXECUTED?

Unit trusts are traded at ruling prices set on every trading day. Fund valuations take place at approximately 15h00 each business day, except at month end when the valuation is performed at approximately 17h00 (JSE market close) and forward pricing is used. Instructions must reach the Management Company before 14h00 (12h00 for the Money Market Fund) to ensure same day value. The payment of withdrawals may be delayed in extraordinary circumstances, when the manager with the consent of the fund trustees deem this to be in the interest of all fund investors. These circumstances may include periods when significant underlying markets suspend trading which will prevent accurate valuation of the instruments held in the fund. When the suspension of trading relates to only certain assets held by the fund, these assets may be side-pocketed. This process allows normal liquidity on the assets that can be valued, but will delay liquidity on the affected portion of the fund. If the fund is faced with excessive withdrawals, the affected withdrawals may be ring-fenced, which is the separation and delayed sale of the assets reflecting the interest of the liquidity seeking investors. It ensures that the sale of a large number of units will not force Coronation to sell the underlying investments in a manner that may have a negative impact on remaining investors of the fund.

HOW WAS THE PERFORMANCE INFORMATION INCLUDED IN THIS FACT SHEET CALCULATED?

Performance is calculated by Coronation as at the last day of the month for a lump sum investment using Class A NAV prices with income distributions reinvested. All underlying price and distribution data is sourced from Morningstar. Performance figures are quoted after the deduction of all costs (including manager fees and trading costs) incurred within the fund. Note that individual investor performance may differ as a result of the actual investment date, the date of reinvestment of distributions and dividend withholding tax, where applicable. Annualised performance figures represent the geometric average return earned by the fund over the given time period. Unannualised performance represents the total return earned by the fund over the given time period, expressed as a percentage.

WHAT IS THE TOTAL EXPENSE RATIO (TER) AND TRANSACTION COSTS (TC)?

TER is calculated as a percentage of the average net asset value of the portfolio incurred as charges, levies and fees in the management of the portfolio over the period referenced. The TER charged by any underlying fund held as part of a fund's portfolio is included in the fund expenses portion of the TER, but trading and implementation costs incurred in managing the underlying fund are excluded. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER may not necessarily be an accurate indication of future TER's. The 1 year TER is for the 12 months to end of the previous financial year (updated annually). The 3 year TER is for a rolling 36-month period to the last available quarter end (December, March, June and September).

Transaction costs are a necessary cost in managing a fund and impacts the fund's return. They should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of fund, the investment decisions of the investment manager and the TER.

The Total Investment Charge is the sum of the Total Expense Ratio (TER) and transaction costs.

ADVICE AND PLATFORM COSTS

Coronation does not provide financial advice. If you appoint an adviser, advice fees are contracted directly between you and the adviser. For more information please contact the relevant platform (Linked Investment Service Provider or Life Assurance Provider).

WHERE CAN I FIND ADDITIONAL INFORMATION?

Additional information such as daily fund prices, brochures, application forms and a schedule of fund fees and charges is available on our website, www.coronation.com

IMPORTANT INFORMATION REGARDING TERMS OF USE

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