CORONATION BOND FUND

Fund Information as at 31 May 2026

CORONATION
TRUST IS EARNED™

WHAT IS THE FUND'S OBJECTIVE?

The fund seeks to maximise returns from a diverse range of primarily South African bonds. It aims to outperform the All Bond Index.

WHAT DOES THE FUND INVEST IN?

The Bond Fund can invest in fixed income instruments, issued by governments, parastatals and private companies, as well as cash. Exposure to foreign assets will typically not exceed 10%. The fund is mandated to make use of derivative instruments for efficient portfolio management purposes.

IMPORTANT PORTFOLIO CHARACTERISTICS AND RISKS

Risk Profile

5/10
Moderate

Maximum growth/ minimum income exposures

Growth Assets: 0%
Income Assets: 100%

The fund is strategically managed to secure an attractive return by investing primarily in a range of government and corporate bonds. It will hold various tactical positions to benefit from the best opportunities as they emerge.

Investments are meticulously researched and subjected to a strict risk management process. Only quality instruments of reputable institutions will be considered. All factors that could affect these investments are carefully monitored, including inflation as well as currency and interest rates.

The risk of losing money over periods of more than a year is low, while it is slightly higher for periods of less than a year. The primary risk exposures are to changes in interest rates and corporate credit events.

HOW LONG SHOULD INVESTORS REMAIN INVESTED?

The recommended term is three to five years.

WHO SHOULD CONSIDER INVESTING IN THE FUND?

Investors who seek the benefits of an actively managed bond fund. The fund is particularly suited to those who require exposure to bonds as part of a diversified portfolio.

WHAT COSTS CAN I EXPECT TO PAY?

An annual fee of 0.75% (excl. VAT) is payable.

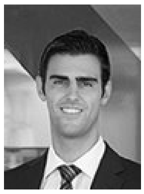
Fund expenses that are incurred in the fund include trading, custody and audit charges. All performance information is disclosed after deducting all fees and other portfolio costs.

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



STEVE JANSON
BBusSc

SEAMUS VASEY
BCom (Hons), MSc

GENERAL FUND INFORMATION

Launch Date	1 August 1997
Fund Class	R
Benchmark	BEASSA ALBI Index
ASISA Fund Category	South African – Interest Bearing – Variable Term
Income Distribution	Semi-annually (March & September)
Investment minimum	R5 000 or R500/m debit order
Bloomberg Code	CORSPBD
ISIN Code	ZAE000019790
JSE Code	CNSB

CORONATION BOND FUND

CORONATION
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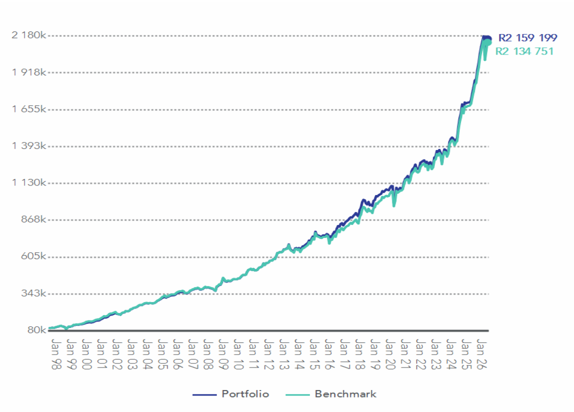
CLASS R as at 31 May 2026

ASISA Fund Category	South African - Interest Bearing - Variable Term
Launch date	01 August 1997
Fund size	R 6.45 billion
NAV	1623.42 cents
Benchmark	BEASSA ALBI Index
Portfolio manager/s	Nishan Maharaj, Seamus Vasey and Steve Janson

	1 Year	3 Year
Total Expense Ratio	0.86%	0.86%
Fund management fee	0.73%	0.73%
Fund expenses	0.01%	0.01%
VAT	0.11%	0.11%
Transaction costs (inc. VAT)	0.00%	0.00%
Total Investment Charge	0.86%	0.86%

PERFORMANCE AND RISK STATISTICS

GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES)

	Fund	Benchmark	Active Return
Since Launch (unannualised)	2059.2%	2034.8%	1.1%
Since Launch (annualised)	11.2%	11.2%	0.0%
Latest 20 years (annualised)	9.4%	9.3%	0.2%
Latest 15 years (annualised)	9.8%	9.7%	0.1%
Latest 10 years (annualised)	10.7%	11.0%	(0.3)%
Latest 5 years (annualised)	12.2%	12.3%	(0.1)%
Latest 3 years (annualised)	19.1%	19.0%	0.2%
Latest 1 year	21.9%	22.4%	(0.5)%
Year to date	2.6%	2.7%	(0.1)%

	Fund
Modified Duration	6.2
Yield (Net of Fees)	8.2%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	7.8%	8.5%
Sharpe Ratio	0.34	0.31
Maximum Gain	28.1%	28.9%
Maximum Drawdown	(19.0)%	(22.3)%
Positive Months	71.4%	71.4%

	Fund	Date Range
Highest annual return	34.9%	Sep 1998 - Aug 1999
Lowest annual return	(7.0%)	Sep 1997 - Aug 1998

PORTFOLIO DETAIL

ASSET ALLOCATION BY INSTRUMENT TYPE

	Domestic Assets	InternationalAssets
Fixed Rate bonds	80.8%	8.9%
Cash and Money Market NCDs	6.2%	(3.6)%
Inflation-Linked bonds	3.2%	0.0%
Floating Rate bonds	0.8%	0.0%
Inflation-Linked bonds	3.6%	0.0%
Total	94.7%	5.3%

ASSET ALLOCATION BY ISSUER TYPE

	% of Fund
Government	78.7%
Banks: Senior Debt	10.2%
Banks: Subordinated debt (>12m)	0.9%
Banks and Insurers: NCDs & Deposits	2.6%
State Owned Enterprises	2.8%
Other Corporates	1.2%
Banks: Subordinated debt (<12m)	0.0%
Other (Currency Futures)	3.6%
Total	**100.0%**

TOP 5 ISSUER EXPOSURE

	% of Fund
Republic Of South Africa	78.6%
Nedbank Ltd	6.0%
Standard Bank Of SA Ltd	5.9%
Firstrand Bank Ltd	3.1%
Investec Limited	1.7%

MATURITY PROFILE DETAIL

Sector	31 May 2026
0 to 3 Months	6.2%
6 to 9 Months	1.1%
9 to 12 Months	0.3%
1 to 3 Years	3.3%
3 to 7 Years	21.4%
7 to 12 Years	33.6%
Over 12 Years	34.1%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Interest	Dividend
31 Mar 2026	01 Apr 2026	62.66	62.66	0.00
30 Sept 2025	01 Oct 2025	65.75	65.75	0.00
31 Mar 2025	01 Apr 2025	66.79	66.79	0.00
30 Sept 2024	01 Oct 2024	66.76	66.76	0.00

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2026	1.89%	1.61%	(6.04)%	2.98%	2.44%								**2.63%**
Fund 2025	0.30%	0.09%	0.07%	0.80%	2.93%	2.36%	2.70%	0.61%	3.39%	2.57%	3.27%	2.53%	**23.77%**
Fund 2024	0.75%	(0.57)%	(2.08)%	1.50%	0.79%	5.44%	4.02%	2.41%	3.86%	(2.20)%	3.03%	(0.41)%	**17.48%**
Fund 2023	3.01%	(0.85)%	1.40%	(1.56)%	(5.27)%	4.95%	2.50%	(0.43)%	(2.59)%	1.64%	5.15%	1.65%	**9.46%**
Fund 2022	0.47%	0.49%	0.39%	(1.69)%	0.93%	(3.26)%	2.78%	0.28%	(2.42)%	0.77%	4.31%	0.58%	**3.46%**

Issue date: 2026/06/08

Please refer to page 4 of the Comprehensive Fact Sheet for important additional infomation, including change in cost disclosures.

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

The first quarter of 2026 was defined by the dramatic escalation of conflict in the Middle East in late February and early March — a geopolitical shock that transformed the investment landscape in a matter of weeks. The conflict triggered the closure of the Strait of Hormuz, the largest supply disruption in the history of the global oil market. Brent crude surged to nearly US$120 per barrel, approaching its 2008 peak, as the shock reverberated across asset classes globally. Stock markets declined, a broad bond sell-off ensued, and central banks moved to delay or reconsider easing paths as the prospect of higher inflation and tighter financial conditions took hold. Entering the second quarter, markets remain hostage to the trajectory of the conflict, with the reopening of the Strait of Hormuz being the single most consequential variable for the global macro outlook.

South African (SA) assets, which had been buoyed by improving domestic sentiment, a strong rand, and contained inflation at the start of the year, bore the brunt of the risk-off rotation. The fallout was widespread. By the end of March, the rand had lost over 6% against the US dollar, ending the quarter around R16.94/US$, while the SA bond market suffered a sharp reversal after its remarkable 2025 rally. The FTSE/JSE All Bond Index returned -3.36% for the quarter (versus 19.2% over the last year), and the 10-year SA government bond (SAGB) yield widened by 112 basis points (bps) to 9.32%, erasing much of the prior year's compression. The long end bore the greatest pain, with bonds of 12 years and above losing 4.09%, while the one- to three-year segment offered modest protection at +0.64%. Inflation-linked bonds (ILBs) also declined, returning -1.13% (versus 13.32% over the last year), though they outperformed nominal bonds on a relative basis as breakeven inflation expectations repriced higher due to the oil shock. Cash returned 1.60% — the only positive-returning domestic fixed income asset class for the quarter.

Significant increases in fuel prices will be the first source of higher inflation, immediately adding 0.5%–1% to headline inflation relative to previous forecasts. However, the longer the oil price stays high (c.US$90–100/barrel), the greater the likelihood of second-round effects on the rest of the inflation basket. The closure of the Strait of Hormuz also affects approximately 35% of the global fertiliser trade, raising the risk of higher agricultural input costs and, by extension, food prices. Incorporating just the first-round effects of the oil price hike into our inflation forecasts sets the inflation average above 4% in 2026, before easing to an average closer to 3.5% in 2027. There is a risk that inflation in 2027 will be 0.2%–0.4% higher if oil takes longer to normalise, causing second-round inflation effects.

The South African Reserve Bank (SARB) has indicated a willingness to look through first-round effects; however, their base forecasts assume a much quicker normalisation in the oil price to lower levels, while their adverse forecasts are closer to our current baseline. In the SARB's worst-case scenarios, they project the repo rate to around 7%–8.25% (25bps to 150bps of rate hikes). Current market expectations are for 75bps of rate hikes (repo rate at 7.5% by end 2026), which would keep the real policy rate at 3%. This pricing seems quite conservative. The long-term impacts of a sustained oil price spike are unambiguously negative for growth. This is a dynamic the SARB is acutely aware of and which, historically, has tempered its willingness to tighten aggressively into supply-side shocks. If the SARB ultimately hikes less than the 75bps the market has priced, this represents an unrecognised tailwind for bond valuations.

The February National Budget presented a credible path for fiscal consolidation as expenditure constraint was maintained without any overtly optimistic revenue expectations. Prudent debt management strategies, including more floating-rate issuance, the introduction of new bonds issued at par, and more flexibility on the maturity profile of issuance, have helped lower borrowing costs. This has allowed a sizeable reduction (R750 million/week) in weekly issuance, which was very well received by markets.

The current inflation spike does not immediately endanger the path to fiscal consolidation, as any increase in expenditure should be offset by increases in revenue. However, two risks bear watching. First, if the spike in the oil price is prolonged beyond three to six months, it could materially dampen the growth outlook, resulting in lower-than-projected tax receipts and a less favourable fiscal outcome. This is precisely the dynamic that derailed consolidation during the 2014–2016 commodity downturn. Government has agreed to provide some offset to higher pump prices by reducing the fuel levy, which should provide consumer relief, with sufficient buffers in the fiscus (contingency reserve and other areas) for it to be funded for approximately three months. Second, if the conflict extends beyond that horizon, government will face a difficult choice between allowing the fuel levy reduction to lapse — adding to consumer inflation at an inopportune time — or finding additional funding sources that could widen the deficit. The issuance reduction that was so encouraging to markets could come under pressure in that scenario. SA's debt load still remains an area of longer-term concern. Until reform results in growth in excess of 2.5% over a sustained period, debt will not consolidate meaningfully, and SA will remain a sub-investment-grade economy.

Bond yields are up c.100bps from the start of the year and c.130bps since the lows reached during the course of 2025. Whereas the pre-conflict levels seemed extended and did not reflect a sufficient margin of safety, current levels are starting to encroach on cheap territory.

The ratio of SA bond yields to cash is now back to its long-term average, which provides approximately 40bps–60bps of breathing room before bond yields start to perform in line with cash. A note of context is warranted here: the 'long-term average' for this ratio spans a period that includes the post-Covid blowout of 2020–2022, when SA bonds were genuinely distressed, and the ratio was at extreme levels. Reverting to an average that incorporates those outliers is meaningfully different to reverting to pre-pandemic norms. Relative to the 2015–2019 average, current levels are modestly cheap. The valuation case is, therefore, best characterised as 'reasonably attractive' given improved fundamentals rather than 'outright cheap' in a historical sense.

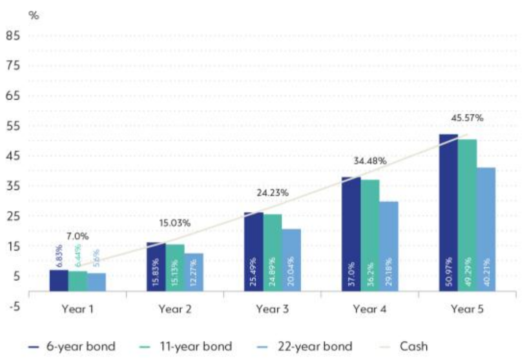
The market is pricing 75bps of rate hikes, but the SARB's historical reluctance to tighten aggressively into supply-side shocks suggests the actual outcome may be more benign. If the SARB delivers only 25bps to 50bps of hikes — or pauses after an initial move — the repricing in bonds would look excessive in hindsight, and current yields would represent a genuine entry point. Conversely, if the oil shock proves persistent and the SARB is forced into the upper end of its adverse scenario (150bps of hikes), the current 40bps–60bps cushion might prove sufficient. The valuation case is therefore conditional on the nature of the shock, not just its initial magnitude.

In addition, the higher yields also provide cushioning for a steeper yield curve (>20-year bonds can steepen by 50bps relative to <10-year bonds) before they start to underperform cash. These levels might not seem as eye-watering as they were in the period during and after Covid; however, given the somewhat improved fundamental outlook (lower inflation, better fiscal positioning), they represent a much better entry point than where we stood at the start of the year.

We resurrect an analysis that we performed quite regularly during Covid, looking at the total return of SAGBs under an adverse scenario (50bps widening in bond yields every year for five years) compared to that of cash. It is clear from the graph (adjacent) that yields still provide the investor with a decent amount of protection as long as one remains in the sub-12-year area of the curve. This part of the curve handsomely outperforms cash and longer-dated bonds over a five-year period, primarily because the curve is quite elevated in that region relative to cash rates and encompasses a decent amount of interest rate normalisation already (75bps of rate hikes). In addition, the graph shows that the assumed 50bps of annual widening implies a cumulative 250bps over five years — yet the first quarter alone has already delivered 100bps to 130bps of widening in a matter of weeks.

SA had run quite ahead of its emerging market peer group, both from a currency and bond perspective, but the recent reprice has seen spreads retreat back to their long-term average, suggesting more appropriate pricing relative to peers. If the Iran shock is repricing all emerging market bond markets simultaneously — and it is — then SA reverting to average spreads versus the JP Morgan Emerging Markets Index simply means SA sold off in line with the pack, not that it is independently attractive on a relative basis. The more meaningful question is whether SA's domestic fundamentals (the fiscal consolidation path, the GNU's policy coherence, SARB credibility) justify it trading tighter than its emerging market peer average on the other side of the shock, as it did in the second half of 2025. If so, the current spread levels imply upside. If the oil shock erodes those domestic advantages — through weaker growth, fiscal slippage, or a forced tightening cycle — then 'average' may be fair, or even generous.

5-YEAR TOTAL RETURN (CASH & BONDS)



Source: Coronation, Bloomberg

In a quarter where global risk appetite deteriorated sharply, the behaviour of SA sovereign credit default swap (CDS) spreads offers a useful signal on how the market is decomposing SA-specific versus global risk. SA 5-year CDS widened meaningfully during March but — critically — by less than several emerging market peers with direct oil import exposure, suggesting the market continues to give SA credit for its improved fiscal trajectory and does not view the oil shock as an idiosyncratic SA event. If the sell-off in SA bonds were being driven by a reassessment of SA's creditworthiness rather than a global risk-off event, we would expect CDS to have moved more aggressively. The fact that they have not reinforces our view that the domestic improvement thesis remains intact, even as the near-term is clouded by the geopolitical backdrop.

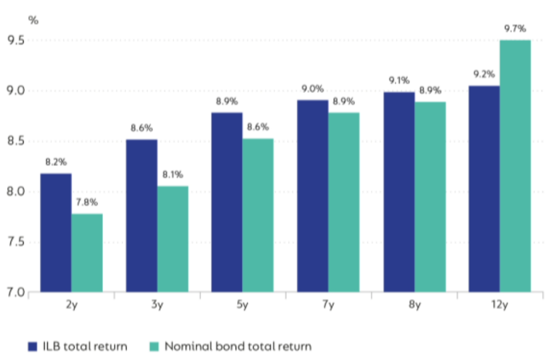
ILBs significantly outperformed nominal bonds over the last quarter, but lag over the longer term. However, ILBs have shown their value in a domestic bond portfolio as the only real protection the portfolio can have during times of extreme risk-off due to their inherent inflation protection and lower beta to nominal bond factors. At current real yields, certain portions of the ILB curves still warrant some attention. ILBs out to the seven-year area are still trading above 4% (a guaranteed return of CPI+4%), with the curve past that area trading pretty flat, with no term premium to compensate for the higher risk taken. An important nuance that bears emphasis: while real yields remain elevated, the oil shock has pushed breakeven inflation expectations materially higher. This means that ILBs are now more expensive in breakeven terms, even as their real yields appear attractive in isolation. An investor buying front-end ILBs at a 4%+ real yield is making two implicit bets: first, that real yields will compress as the SARB's eventual easing cycle plays out; and second, that realised inflation will at least match the now-higher breakeven levels baked into the price.

When examining the total return of ILBs relative to cash assuming ILB yields sell off 25bps per year over the next five years, and inflation averages 3.8%, the 7-year ILB is the most attractive in this scenario, offering both a superior return to that of cash and longer maturity ILBs.

Our current inflation profile has inflation averaging above 4% for most of the next 12 months. Under those assumptions, when you compare the total return of SA ILBs to their equivalent nominal bond, the total return of the sub-seven-year area of the ILB curve remains more attractive than that of the nominal bonds. Given the elevated uncertainty from the geopolitical backdrop, the embedded inflation protection these instruments provide makes them a particularly useful portfolio building block at current levels.

As SA exits a turbulent first quarter, the bond market has shifted from a story of stretched valuations and narrow upside to one of renewed opportunity born out of geopolitical disruption. The complex nature of the situation in the Middle East and the closure of the Strait of Hormuz have repriced risk across the curve, but in doing so have restored a more appropriate margin of safety. Crucially, the domestic reform thesis — fiscal consolidation, contained inflation expectations, and SARB credibility — remains fundamentally intact, even as the near-term inflation impulse from the oil shock clouds the path for monetary policy. In this environment, one should favour the belly of the nominal curve where carry and rolldown are most robust, and maintain selective exposure to front-end ILBs where real yields above 4% offer genuine inflation protection and superior risk-adjusted returns. The trajectory of the conflict will ultimately determine whether this repricing proves a compelling entry point or merely a waystation to further volatility, but the quarter's dislocation has provided an opportunity to increase duration to benchmark levels while maintaining a decent allocation to ILBs within bond portfolios.

TOTAL RETURN: ILB VERSUS NOMINAL BONDS



Source: Coronation, Bloomberg

Portfolio managers
Nishan Maharaj, Steve Janson and Seamus Vasey
As at 31 March 2026

IMPORTANT INFORMATION THAT SHOULD BE CONSIDERED BEFORE INVESTING IN THE CORONATION BOND 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 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. The fund is mandated to invest up to 10% of its portfolio 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 issuer type and top 5 issuer exposures are not reflected on a look-through basis. 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 R 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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