

WHAT IS THE FUND'S OBJECTIVE?

SA Income Fund aims to achieve a higher return than a traditional money market or ultra-short duration income fund.

WHAT DOES THE FUND INVEST IN?

SA Income can invest in South African bonds, fixed deposits, and other interest-bearing securities which have a fixed maturity date and either have a predetermined cash flow profile or are linked to benchmark yields.

The fund does not invest in any equity securities, real estate securities or cumulative preference shares. The fund will not invest in any assets deemed offshore for SARB reporting purposes.

The fund is mandated to use derivative instruments for efficient portfolio management purposes.

IMPORTANT PORTFOLIO CHARACTERISTICS AND RISKS

Risk Profile



Maximum growth/
minimum income exposures



■ Growth Assets: 0%
■ Income Assets: 100%

SA Income is tactically managed to secure an attractive return, while protecting capital. The fund's weighted average modified duration is limited to a maximum of two.

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 six months and longer. Given its lack of 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 6 to 36 months;
- ▶ seek managed exposure to South African income generating investments;
- ▶ believe in the benefits of active management within the fixed interest universe;
- ▶ do not have appetite for exposure to offshore assets;
- ▶ the fund is particularly suited to those who require exposure to South African interest bearing securities as part of a diversified portfolio.

WHAT COSTS CAN I EXPECT TO PAY?

The annual management fee is 0.65%.

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	29 November 2023
Fund Class	A
Benchmark	Alexander Forbes STeFI Composite Index
ASISA Fund Category	South African – Interest Bearing – Short Term
Regulation 28	Complies
Income Distribution	Quarterly (March, June, September, December)
Investment minimum	R5 000 or R500/m debit order
ISIN Code	ZAE000327565
JSE Code	CSSIA

CLASS A as at 31 July 2025

ASISA Fund Category	South African – Interest Bearing – Short Term
Launch date	29 November 2023
Fund size	R295.77 million
NAV	103.03 cents
Benchmark	AF STeFI Composite Index
Portfolio manager/s	Nishan Maharaj and Mauro Longano

	1 Year	3 Year
Total Expense Ratio	0.80%	0.80%
Fund management fee	0.65%	0.65%
Fund expenses	0.06%	0.06%
VAT	0.10%	0.10%
Transaction costs (inc. VAT)	0.00%	0.00%
Total Investment Charge	0.80%	0.80%

PERFORMANCE AND RISK STATISTICS

PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES)

	Fund	Benchmark	Active Return
Since Launch (unannualised)	16.1%	14.1%	1.8%
Since Launch (annualised)	9.4%	8.2%	1.1%
Latest 1 year	9.2%	8.0%	1.2%
Year to date	5.2%	4.4%	0.8%

Yield (Net of Fees)	7.7%
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RISK STATISTICS

Current	Fund
Weighted average time to maturity (credit)	2.8 years
Modified Duration	1.7 years
Modified Duration (ex Inflation Linked Bonds)	0.9 years
Since Inception	STFIND
Annualised Deviation	0.1%
Sharpe Ratio	(0.86)
Maximum Gain	14.1%
Positive Months	100.0%
	Date Range
Highest annual return	May 2024 - Apr 2025
Lowest annual return	Feb 2024 - Jan 2025

CREDIT RATINGS

	% of Fund
AAA+ to A-	79.6%
BBB+ to B-	0.6%
CCC+ to C-	0.0%
CLNs	4.5%
No Rating	15.3%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30 Jun 2025	01 Jul 2025	1.80	0.00	1.80
31 Mar 2025	01 Apr 2025	1.79	0.00	1.79
31 Dec 2024	02 Jan 2025	1.96	0.00	1.96
30 Sep 2024	01 Oct 2024	2.06	0.00	2.06

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2025	0.6%	0.6%	0.7%	0.8%	0.7%	0.9%	0.9%						5.2%
Fund 2024	0.8%	0.4%	0.3%	0.7%	0.8%	1.2%	1.1%	0.9%	1.1%	0.3%	0.8%	0.6%	9.3%
Fund 2023												1.0%	1.0%

PORTFOLIO DETAIL

ASSET ALLOCATION BY INSTRUMENT TYPE

	% of Fund
Cash and Money Market NCDs	20.4%
Fixed Rate bonds	37.7%
Inflation-Linked bonds	19.8%
Floating Rate bonds	17.6%
Credit Linked Notes (CLNs)	4.5%
Total	100.0%

ASSET ALLOCATION BY ISSUER TYPE

	% of Fund
Banks and Insurers: NCDs & Deposits	20.4%
Government	44.1%
Banks: Senior Debt	18.3%
Other Corporates	8.6%
Banks: Subordinated debt (>12m)	3.0%
Insurers	1.9%
State Owned Enterprises	1.6%
Banks: Subordinated debt (<12m)	2.1%
Total	100.0%

TOP 5 CREDIT EXPOSURE

	% of Fund
Republic Of South Africa	55.9%
Firststrand Bank Ltd	16.0%
Nedbank Ltd	5.6%
Standard Bank Of SA Ltd	8.9%
Absa Bank Ltd	2.7%

TOP 5 REFERENCE ENTITY EXPOSURE

	% of Fund
Republic of South Africa	3.7%
MTN	0.9%

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

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

Performance and fund positioning

The Fund returned 2.37% over the last quarter, which was ahead of the STeFI composite benchmark of 1.86%. Since inception of the Fund, it has returned 9.29% p.a. which is ahead of the benchmark return of 8.24% p.a.

Once again, the quarter under review has been eventful with significant developments from both monetary and fiscal policy perspectives, coupled with the ever-shifting political narrative.

Real GDP showed minimal growth of 0.1% quarter-on-quarter (q/q) in Q1, with annual growth reaching only 0.5%. While the agriculture and services sectors saw growth, mining and manufacturing contracted. The private sector remains cautious with weak investment levels, reflecting slow progress in public reforms. Although lower inflation and interest rates could boost household spending, the combination of bracket creep, stagnant job creation, and weak investment has led us to maintain our 2025 real GDP growth forecast for the year at 0.8%.

May CPI remained unchanged from April at 2.8% year-on-year (y/y) – in line with expectations – as did core inflation at 3.0% y/y. May, being a "low survey" month with limited items included, carried minimal risk of surprises. The data showed rising food prices balanced by declining fuel prices. However, this trend in fuel prices is expected to reverse in July, as higher oil prices could drive retail fuel costs up after their extended decline. While this may lead to an acceleration in headline inflation, core pressures remain subdued. We continue to expect headline CPI to average 3.2% in 2025.

Given the above, the SARB MPC cut the repo rate by 25 basis points (bps) to 7.25% in May with a 5:1 vote. The decision reflected improved inflation dynamics and weaker growth prospects. The SARB lowered both its global and domestic growth forecasts. While its average headline inflation forecast for 2025 decreased to 3.2%, its core inflation forecasts exceed our modelling projections. The SARB also analysed a scenario with a 3.0% inflation target, which suggested a long-term repo rate of 6.0% could be achieved. Given the benign inflation environment, unresponsive domestic demand, and global headwinds, we believe there is room for an additional 25bps cut at the July MPC meeting, which would take the repo rate to 7.0%. The SARB has for some time indicated its preference for a lower inflation target, and we expect there could be some announcement in this regard either at the Medium-Term Budget Policy Statement later in the year or as part of the 2026 Budget speech.

The third 2025 Budget (announced in May) continued the fiscal reset with three primary objectives: infrastructure spending as the fastest-growing item, a rising primary balance over the Medium-Term Expenditure Framework (MTEF), and debt peaking at 77.4% of GDP – slightly higher than previous forecasts. Several positive developments emerged, including commitments to a spending review, the identification of ghost workers, the implementation of Operation Vulindlela, and sustained SARS funding. However, significant concerns persist. Government spending has exceeded earlier projections, fiscal consolidation is back-loaded, and the primary balance must reach unprecedented levels to sustain the projected debt peak. Revenue forecasts were reduced by R61.9bn over the MTEF compared to the March 2025 Budget, partly due to the removal of VAT adjustments and lower nominal GDP forecasts. Additionally, gross expenditure increased by R180bn over the MTEF compared to the 2024 Budget. In our view, the Budget's outer year forecasts appear ambitious and require careful scrutiny.

The political outlook suggests the GNU will continue to hold, with recent interactions between the ANC and DA being more level-headed and the business community emphasising the need for calm. Although the run-up to the Budget vote was marred by pettiness from both sides that ultimately led

to a loss of trust, positive developments have emerged. Formal engagement processes are now in place to address disagreements constructively, with both parties recognising that coalition governance is the only way forward. However, risks remain, and news coverage around the GNU is expected to remain volatile. Anti-GNU factions persist in both parties, and their opposition will likely intensify as we approach the ANC elective conference in 2027.

Moving on to the performance of the Fund, the quarterly returns of nominal bonds were pleasing relative to cash. The FTSE/JSE All Bond Index (ALBI) returned 5.88% for the quarter, with longer-dated bonds being the stronger performers. The ALBI 1-to-3-year and 3-to-7-year maturity buckets returned 2.76% and 5.76% respectively (both ahead of cash at 1.8%), while longer duration bonds (7-12 years) performed significantly better at 6.87%. The Fund's position remains concentrated in the shorter-dated areas of the curve, with holdings focused in the R186 and R2030, both of which outperformed cash. Given the continued attractiveness of government bonds relative to cash over the medium term, we view the sub-10-year portion of the curve as offering the optimal risk/reward opportunity for a cash-cognisant mandate. Consequently, our nominal bond exposure increased marginally over the quarter while duration remained essentially constant.

Inflation-linked bonds (ILBs) again underperformed their nominal counterparts, with the index returning 0.88% – unfortunately below cash returns. Our short-dated ILB holdings, concentrated in the I2029, delivered a better return of 1.55%. While still below cash, this improved performance was driven by the outlook for potentially lower real policy rates. Despite the subdued inflation outlook potentially constraining ILB returns in the medium term, real rates remain compelling, particularly if the SARB adopts a more dovish monetary policy stance or if an external inflation shock occurs (such as the recent oil price volatility from geopolitical events). Combined with our expected inflation profile, we project the I2029 return at approximately 9.2%, which remains attractive relative to cash. Though nominal bonds appear more attractive, ILBs serve as important portfolio diversifiers, especially in volatile environments. The Fund maintains a 19.6% allocation to short-dated ILBs, which increased significantly since Q1.

Money market opportunities were limited, with NCDs contracting further across the curve, reflecting tight credit market conditions and abundant banking system liquidity. Approximately 5% of the Fund's NCD exposure matured during the quarter, which we chose not to replace. Based on our repo rate view, we have found better value in shorter-dated ILBs and government floating rate notes.

Credit market opportunities remain scarce as spreads continue to compress. Despite finding some small opportunities in the secondary market, our overall credit allocation will likely gradually decrease.

Outlook

We continue to maintain a cautious stance for the remainder of the year, given ongoing political volatility and economic uncertainty both locally and globally. While the Fund invests in risk assets that may temporarily underperform cash, we remain focused on valuation and will invest only in instruments offering appropriate risk-adjusted returns. While the direction on monetary policy should remain supportive for the current positioning of the Fund, key risks include the government's commitment to fiscal reform while maintaining growth stimulus.

Given the current Fund yield of 8.62% (gross of fees) and its modest duration positioning, we believe it remains on track to deliver its target of cash +1.5% over the medium term.

Portfolio managers

Nishan Maharaj and Mauro Longano
as at 30 June 2025

IMPORTANT INFORMATION THAT SHOULD BE CONSIDERED BEFORE INVESTING IN THE CORONATION SA 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. 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) (FSP 548) Ltd, 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)?

The TER and Transaction Costs cannot be determined accurately because of the short life span of the Financial Product. Calculations are based on actual data where possible and best estimates where actual data is not available.

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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