

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



Maximum growth/ minimum income exposures



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

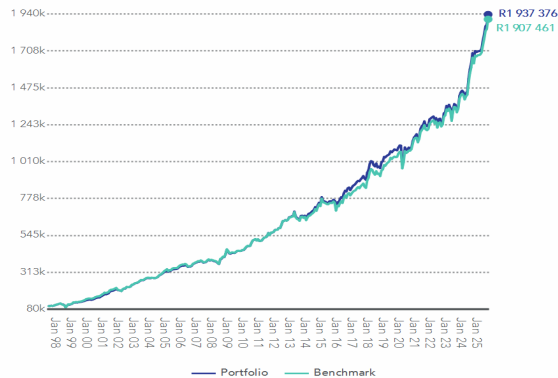
CLASS R as at 30 September 2025

ASISA Fund Category	South African - Interest Bearing - Variable Term
Launch date	01 August 1997
Fund size	R 5.46 billion
NAV	1580.92 cents
Benchmark	BEASSA ALBI Index
Portfolio manager/s	Nishan Maharaj, Seamus Vasey & Steve Janson

Total Expense Ratio	1 Year	3 Year
Fund management fee	0.86%	0.85%
Fund expenses	0.73%	0.73%
VAT	0.01%	0.01%
Transaction costs (inc. VAT)	0.11%	0.11%
Total Investment Charge	0.00%	0.00%
	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)	1837.4%	1807.5%	1.6%
Since Launch (annualised)	11.1%	11.0%	0.1%
Latest 20 years (annualised)	9.2%	9.0%	0.2%
Latest 15 years (annualised)	9.2%	9.1%	0.1%
Latest 10 years (annualised)	9.8%	9.8%	0.0%
Latest 5 years (annualised)	12.1%	12.1%	0.1%
Latest 3 years (annualised)	15.7%	15.7%	0.0%
Latest 1 year	14.4%	14.5%	(0.1)%
Year to date	14.0%	14.0%	0.0%

	Fund
Modified Duration	6.0
Yield (Net of Fees)	8.8%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	7.8%	8.4%
Sharpe Ratio	0.32	0.29
Maximum Gain	26.3%	26.4%
Maximum Drawdown	(19.0)%	(22.3)%
Positive Months	71.0%	71.0%

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

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2025	0.30%	0.09%	0.07%	0.80%	2.93%	2.36%	2.70%	0.61%	3.39%				13.97%
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%
Fund 2021	0.83%	1.00%	(3.20)%	1.83%	4.20%	1.48%	0.68%	1.83%	(2.29)%	(0.20)%	0.54%	3.04%	9.95%

PORTFOLIO DETAIL

ASSET ALLOCATION BY INSTRUMENT TYPE

	Domestic Assets	International Assets
Fixed Rate bonds	78.0%	7.5%
Cash and Money Market NCDs	9.8%	(1.5)%
Inflation-Linked bonds	5.4%	0.0%
Floating Rate bonds	0.9%	0.0%
Total	94.0%	6.0%

ASSET ALLOCATION BY ISSUER TYPE

	% of Fund
Government	77.4%
Banks: Senior Debt	7.7%
Banks: Subordinated debt (>12m)	1.1%
Banks and Insurers: NCDs & Deposits	8.3%
State Owned Enterprises	3.2%
Other Corporates	2.0%
Banks: Subordinated debt (<12m)	0.3%
REITs	0.0%
Total	100.0%

TOP 5 ISSUER EXPOSURE

	% of Fund
Republic Of South Africa	77.4%
Nedbank Ltd	6.9%
Standard Bank Of SA Ltd	6.9%
Firststrand Bank Ltd	2.1%
Transnet Soc Ltd	1.8%

MATURITY PROFILE DETAIL

Sector	30 Sep 2025
0 to 3 Months	8.3%
6 to 9 Months	1.0%
9 to 12 Months	0.4%
1 to 3 Years	3.1%
3 to 7 Years	22.2%
7 to 12 Years	29.4%
Over 12 Years	35.5%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Interest	Dividend
30 Sep 2025	01 Oct 2025	65.75	65.75	0.00
31 Mar 2025	01 Apr 2025	66.79	66.79	0.00
30 Sep 2024	01 Oct 2024	66.76	66.76	0.00
28 Mar 2024	02 Apr 2024	61.27	61.27	0.00

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

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 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 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, South African (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 10bps to 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 fixed income assets, which has helped local bonds outperform developed market bonds (the MSCI World Government Bond Index returned -2.32% qtd and 1.52% over 12 months in rands).

In addition to external factors, local bond performance was helped by the South African Reserve Bank (SARB) Monetary Policy Committee's July announcement that it was now targeting inflation closer to the lower end of the target band – i.e., inflation at 3%. This was made without the endorsement of National Treasury but was still well within the constraints of its mandate. We were hoping for a joint announcement, but the SARB seemed to believe that the time to act was now, given that inflation was closer to its preference, and it softened the blow with a further 25bps easing, bringing the repo rate to 7%. Since then, inflation has stayed close to the 3% level, surprising again to the downside in August, mainly due to weak demand-side pressure and softer food and rental inflation. This has caused much excitement in cash markets, which initially moved towards discounting a full 100bps of further cuts, before settling at a more gradual 50bps over the next year. Our own forecasts for inflation have moderated. We expect the peak in inflation at 4% (4.5% previously) in the first quarter of 2026, which we believe will give the SARB room to ease a further 50bps over the next year (in line with the market). We still expect inflation to average 4% over the next two years; however, even at 6.5%, the real repo still remains quite restrictive at 2.5%, which should assist the SARB in meeting its 3% inflation objective.

The longer term (> 3 years) outlook for government finances remains unchanged. Over the next year or two, we might have better fiscal outcomes as the GNU acts to reduce slippage by clamping down on governance; higher tax revenue, due to better SARS collections; and increased mining revenue, due to high metals prices. National Treasury has also started to embrace new funding strategies that include more floating rate note funding and introducing new bonds along the curve to reduce the funding discount. This is an improvement on the previously inefficient funding loop of tapping bonds trading at a discount, which generated less cash than the face value of the nominal bond issued, resulting in the need for increased bond issuance. More can still be done in order to encourage the recent curve flattening by reducing fixed rate issuance in lieu of more floating rate issuance, which might help lower the cost of funding. This will be especially beneficial if the SARB continues to ease the repo rate as it moves closer to anchoring inflation at 3%. In addition, National Treasury has built significant cash balances by overissuing in the current fiscal year, which could provide even more room for an outright reduction in issuance, further motivating lower long-term funding rates. Unfortunately, these measures are just a fiscal stopgap and simply buy time in the interim to stave off our day of reckoning. Higher real economic growth above 3% is what is really needed to arrest debt accumulation and right the ship. This requires structural reform and quick implementation thereof.

SA bond yields already had an impressive rally as at the end of the second quarter of this year, given all the uncertainty permeating global markets at the time. However, since then, the rally has gathered steam, with the SA 10-year government bond now sitting close to 9%. Part of this has been a result of local concerns around politics and policy, which have subsided but not disappeared. However, in large part, the last rally was primarily due to external factors. Around the beginning of September, J.P. Morgan cut the weight of the largest bond issuers in the J.P. Morgan EMBI Global Diversified Index – its flagship emerging market index – capping issuers at 9%. SA bonds were a major beneficiary as the reweighting saw c. R50 billion worth of passive flow into SA government bonds (SAGBs). This came at an opportune time, as flows into emerging-market dedicated funds from global capital allocators saw the most significant increase since Covid. SA's benefit was twofold, as foreign holdings of SA bonds soared over the last few months, and, although foreign holdings as a percentage of outstanding SA nominal debt remain lower than its peak (26.8% versus 49%), cumulatively these flows are at their highest levels since the Covid outbreak.

These indiscriminate flows into emerging market debt and other spread products¹ has resulted in a significant tightening in spreads. The BB Index is now at its tightest/lowest spread in 10 years, dragging SA's sovereign spread down with it. SA has also continued to outperform its emerging market and Bloomberg (BB) peer group. The spread between SA and the Bloomberg Global Aggregate Bond Index (BB Index) is almost as tight as it was when SA was an investment-grade (IG) country (SA is now rated sub-IG). SA's local bond yields, which, although still high from an absolute perspective, have seen outsized compression relative to its peers, and the spread is now as tight as it was pre-Covid.

When market exuberance is as high as it is, it is worth taking a step back to help provide a sober perspective on the current yields on offer. In support of lower bond yields are:

- 1) A conducive global environment in which central banks, including the Fed, are moving towards a more accommodative monetary policy.
- 2) Uncertain US policy direction and poor fiscal backdrop that is supporting a weaker dollar and, hence, increasing the attractiveness of emerging market local currency debt.
- 3) A change in local inflation targeting that would support a lower repo rate over time.
- 4) High metal prices, which could support higher revenue and a better fiscal deficit over the next one to two years.

¹Spread products: fixed income securities that trade at a yield spread over sovereign bonds, e.g. emerging market debt and corporate bonds

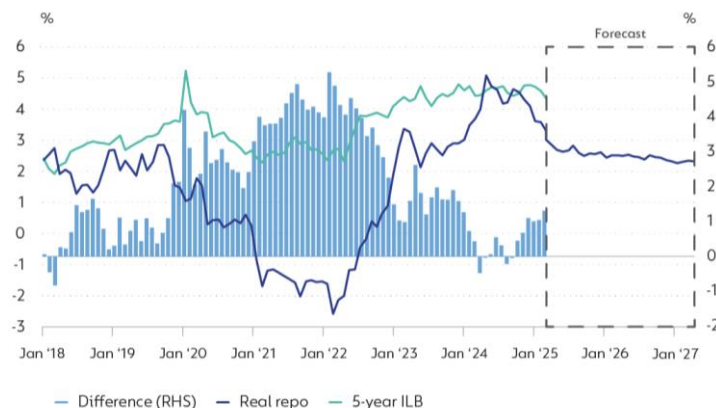
However, on the negative side are the following:

- 1) Global spread products, including emerging market spreads, are at historically tight levels.
- 2) SA inflation will average closer to 4% than the targeted 3% over the next two years, making a sustained move to a lower 3% target difficult to achieve, hence keeping the repo rate above the new lower neutral.
- 3) SA growth will struggle to breach 2% over the next three years and remain well short of the 3% required to stabilise debt and create employment.
- 4) The GNU will face a major test going into the local government elections in 2026 and could destabilise if the ANC loses further ground.
- 5) There is still significant uncertainty around a possible successor to Cyril Ramaphosa in 2027, with all current candidates embroiled in some corruption scandal or another.
- 6) The valuations of SAGBs are not cheap, and they are trading through their long-term fair value, having already significantly outperformed peers.

The momentum behind the current flows into emerging markets and SA is quite strong, and it is almost impossible to consider what would reverse it. This suggests that the current momentum could sustain for a bit longer. However, although shorter-term indicators suggest more room for a rally, the longer-term fundamentals that drive structural shifts in bond markets remain unsupportive.

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 5-year ILB is very sensitive to the real policy rate. Over the last few years, as the SARB has maintained the real policy quite high to force inflation lower. This has acted as a floor for how low 5-year ILB yields can go. Our expectation is for the real policy rate to move lower from here over the next year as the SARB reduces the repo rate and inflation heads slightly higher, and 5-year ILBs (or shorter) could likely track lower as well (see graph below).

REAL REPO RATE VS 5-YEAR ILB INDEX



Sources: Coronation, Bloomberg

The current 5-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 5-year ILB (or shorter) to track lower by at least 50bps. This will put the total return at 9%, even if inflation averages 3% over the period (9.5% if inflation averages 3.5% over the period), which will mean the 5-year nominal bond will have to rally by more than 50bps in order to keep up. This is unlikely given that we only expect the repo rate to move lower by another 50bps over the next year. Therefore, 5-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 found space as local anxiety has eased and expectations for a lower inflation target has bolstered prospects for a lower repo rate. They are now trading slightly below fair value. Global bond flows have turned more supportive of emerging markets, given their relatively cleaner balance sheets, and could support further compression in bond yields if that trend sustains its momentum. The stack up of risks suggests some caution is warranted in allocating more capital to SAGBs at current yields; however, shorter maturity ILBs offer an attractive allocation alternative, 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.

Portfolio managers
Nishan Maharaj, Steve Janson and Seamus Vasey
30 September 2025

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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