CORONATION STRATEGIC INCOME FUND

Fund Information as at 31 January 2026

CORONATION
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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 0.45%.

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

Fund Launch Date	2 July 2001
Fund Class	P (previously class B4)
Class Launch Date	1 October 2012
Benchmark	110% of STeFI 3-month index
ASISA Fund Category	South African – Multi-asset – Income
Income Distribution	Quarterly (March, June, September, December)
Bloomberg Code	CORSTB4
ISIN Code	ZAE000170403
JSE Code	CSIB4

CORONATION STRATEGIC INCOME FUND

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CLASS P as at 31 January 2026

ASISA Fund Category	South African - Multi Asset - Income
Launch date	01 October 2012
Fund size	R40.96 billion
NAV	1644.31 cents
Benchmark	110% of the STeFI 3-month Index
Portfolio manager/s	Nishan Maharaj and Mauro Longano

	1 Year	3 Year *
Total Expense Ratio	0.52%	0.52%
Fund management fee	0.45%	0.45%
Fund expenses	0.01%	0.01%
VAT	0.07%	0.07%
Transaction costs (inc. VAT)	0.00%	0.00%
Total Investment Charge	0.53%	0.53%

PERFORMANCE AND RISK STATISTICS

PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES)

	Fund	Benchmark	Active Return
Since Launch (unannualised)	922.5%	572.8%	52.0%
Since Launch (annualised)	9.9%	8.1%	1.9%
Latest 20 years (annualised)	9.0%	7.5%	1.5%
Latest 15 years (annualised)	8.9%	6.8%	2.1%
Latest 10 years (annualised)	8.7%	7.1%	1.6%
Latest 5 years (annualised)	9.3%	7.0%	2.3%
Latest 3 years (annualised)	11.0%	8.6%	2.5%
Latest 1 year	11.9%	7.9%	3.9%
Year to date	0.8%	0.6%	0.2%
Yield (Net of Fees)	7.2%		

RISK STATISTICS

Current		Fund
Weighted average time to maturity (credit)		3.4 years
Modified Duration		1.8 years
Modified Duration (ex Inflation Linked Bonds)		1.3 years
Since Inception	**Fund**	**Benchmark**
Annualised Deviation	2.6%	0.7%
Sharpe Ratio	0.86	
Maximum Gain	60.8%	
Maximum Drawdown	(4.2)%	
Positive Months	92.2%	
	Fund	**Date Range**
Highest annual return	18.7%	Nov 2002 - Oct 2003
Lowest annual return	2.5%	Apr 2019 - Mar 2020

CREDIT RATINGS

	% of Fund
AAA+ to A-	73.6%
BBB+ to B-	2.2%
CCC+ to C-	0.0%
CLNs	12.9%
No Rating	11.4%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31 Dec 2025	02 Jan 2026	29.71	0.09	29.62
30 Sep 2025	01 Oct 2025	29.33	0.12	29.21
30 Jun 2025	01 Jul 2025	31.37	0.23	31.14
31 Mar 2025	01 Apr 2025	30.00	0.00	30.00

PORTFOLIO DETAIL

ASSET ALLOCATION BY INSTRUMENT TYPE

	Domestic Assets	International Assets
Cash and Money Market NCDs	21.6%	0.1%
Fixed Rate bonds	27.8%	4.7%
Floating Rate bonds	12.3%	0.0%
Inflation-Linked bonds	15.7%	0.3%
Credit Linked Notes (CLNs)	6.5%	6.4%
Listed Property	3.0%	0.2%
Preference shares	0.1%	0.0%
Other (Currency Futures)	1.5%	0.0%
Total	**88.5%**	**11.7%**
Net offshore exposure after currency hedge		**6.7%**

ASSET ALLOCATION BY ISSUER TYPE

	% of Fund
Banks and Insurers: NCDs & Deposits	21.6%
Government	32.8%
Banks: Senior Debt	28.2%
Other Corporates	4.5%
Banks: Subordinated debt (>12m)	4.2%
State Owned Enterprises	1.4%
REITs: Equity and Debt	3.1%
Banks: Subordinated debt (<12m)	0.1%
Insurers	0.7%
Coronation Global Bond Fund	1.1%
Coronation Global Strategic Income	0.7%
Currency Futures	1.6%
Total	**100.0%**

TOP 5 CREDIT EXPOSURE

	% of Fund
Republic Of South Africa	44.4%
Standard Bank Of Sa	22.3%
Nedbank Ltd	9.9%
Firstrand Bank Ltd	8.9%
Absa Bank Ltd	7.1%

TOP 5 REFERENCE ENTITY EXPOSURE

	% of Fund
Republic of South Africa	8.9%
MTN	1.3%
Itraxx Main	0.9%
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 2026	0.8%												**0.8%**
Fund 2025	0.5%	0.7%	0.7%	1.4%	0.9%	1.0%	1.1%	0.8%	1.0%	1.2%	1.1%	0.8%	**11.6%**
Fund 2024	1.0%	0.3%	0.3%	0.6%	1.0%	1.8%	1.5%	1.2%	1.4%	0.2%	1.1%	0.7%	**11.6%**
Fund 2023	1.6%	0.1%	0.7%	0.4%	(1.1)%	2.1%	1.6%	0.9%	(0.3)%	0.8%	2.1%	1.4%	**10.9%**
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%	**5.3%**

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

Issue date: 2026/02/09

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

Performance and fund positioning

The Fund returned 0.78% in January, bringing its 12-month total return to 11.88%, which is ahead of cash (7.19%) and its benchmark (7.94%) 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.

Local bonds started the year with a good run in January. The FTSE/JSE All Bond Index (ALBI) was up 1.95% for the month, supported mostly by the long end of the curve (12+ years), which delivered the best return of 2.85%. The belly of the curve (7-12 years) closed 1.76% higher over January, while medium-term bonds (3-7 years) gained 1.00% and short-term bonds (1-3 years) returned 0.74% for the same period. Cash returns came in at 0.56%, while inflation-linked bonds (ILBs) were up 1.33% for the month.

January was a bit of a mixed bag, with inflation readings steady and early 2025 GDP growth readings showing a resilient global economy, despite lingering tariff uncertainty.

The Federal Reserve Board (the Fed) left the Federal Funds target rate range unchanged at 3.50%-3.75% at the January Federal Open Market Committee meeting. The Fed noted that the US economy had been growing at a solid pace, but the labour market has become more vulnerable, despite unemployment remaining low relative to history. Inflation risks were still assessed to the upside, and the target of 2% is only expected to be reached in 2028. The main risks to inflation centre mostly on the impact of tariffs on goods. Price pressures will be monitored to assess whether they are transitory or not before any further easing is implemented.

US headline inflation remained unchanged at 2.7% year on year (y/y) in December, while core inflation also remained unchanged at 2.6% y/y. The main drivers of inflation were increases in housing, food, and energy costs. Price increases were also observed in recreation, airline fares, medical care, and apparel, which were partly offset by declines in the used cars and trucks and communication categories. For the full 2025 calendar year, headline inflation averaged at 2.7% versus 2.9% in 2024.

China's economy grew by 1.2% q/q in Q4-25, from 1.1% q/q in Q3-25. For the full calendar year, growth came in at 5.0%. slightly down from 5.2% in 2024. From the expenditure side, growth was supported by strong net exports, while consumer spending was soft and fixed asset investment remained weak amidst the ongoing sluggish property sector malaise. From the production side, industrial output boosted growth, while retail sales were muted.

China's headline inflation was 0.8% y/y in December from 0.7% y/y in November, while core inflation remained unchanged at 1.2% y/y. For the 2025 calendar year, headline inflation was flat at 0.0% versus 0.2% in 2024. Prices rose in the apparel, healthcare, and food categories, fully offset by lower transport costs. Unfortunately, producer price deflation persists – down 1.9% y/y in December from 2.2% y/y in November.

The rand ended the month at R16.14/US$1, better than its close in the previous month but in line with its Emerging Market (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.

The South African Reserve Bank (SARB) left the repo unchanged at 6.75% at the January Monetary Policy Committee meeting. The Governor emphasised that monetary policy remains committed to delivering the new 3% inflation target. This requires a moderately restrictive policy stance, given sticky pricing in some inflation components and expectations which are still above target. The outlook for the domestic economy remains incrementally positive, led by household spending and a recovery in capital investment. Nonetheless, there are some lingering concerns about inflation, notably food (meat) prices and persistent electricity tariff uncertainty.

South African (SA) headline inflation slightly increased to 3.6% y/y in December from 3.5% in November, while core inflation increased to 3.3% y/y from 3.2% y/y. For the 2025 calendar year, inflation averaged at 3.2% from 4.4% in 2024. The December rise was due to higher fuel prices and base effects, inducing a rise in housing costs. Food inflation remained muted, with the steep rise in meat prices offset by low grain and cereal prices, and a fall in fruit and vegetables. Elsewhere, there were price moderations in the apparel, health, and recreation categories.

At the end of November, shorter-dated fixed-rate negotiable certificates of deposit (NCDs) traded at 7.11% (three-year) and 7.48% (five-year), slightly higher than at the end of the previous month. Our inflation expectations suggest that the current pricing of these instruments remains attractive given their lower modified duration and, hence, high breakeven relative to cash. In addition, NCDs offer the added benefit of being liquid, thereby 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.

Notwithstanding the SARB's commitment to keep inflation anchored at the ratified target of 3%, external developments, particularly in EM currencies, have benefited the rand/dollar cross, and lower oil prices have further helped keeping SA inflation in check. Our forecasts currently have inflation averaging closer to 3% if the rand strength is sustained and oil prices remain contained (recent developments in South America might further help to moderate long-term oil expectations). This could provide further room for the SARB to ease interest rates faster and further (c. 50bps) than our current expectation of a 6.25% repo rate by year-end. To a large extent, this appears to be priced into bond and interest markets; however, shorter-dated ILBs still have real yields in excess of where the real policy rate could settle by year-end. If inflation does average 3% this year, there should be no reason why the SARB should not revert to a neutral real policy rate of 2.5%, which still leaves room for three-to seven-year ILBs to compress from the current levels in excess of 4%. Assuming ILB yields compress 1%, inflation prints at 3% over the next year, and nominal bonds compress by 1% (although in a scenario where the repo settles at 5.75% versus our current expectations of 6.25%, the move would not be so large), the total return of ILBs should outstrip that of nominal bonds. Thus, the superior value proposition in ILBs lies in front-end exposure out to seven years.

The bond market reflects a transition from recovery-driven returns to a more mature phase of the cycle, where valuation discipline and curve selection will be paramount. While the global backdrop of easing inflation and policy normalisation remains broadly supportive, much of the easy compression in local yields has already occurred. This leaves a limited margin for error should growth or reform momentum disappoint. In this environment, successful bond investing will require measured decisiveness—favouring carry and rolldown in the belly of the curve, selective exposure to real yields at the front end, and a disciplined approach to risk premia. SA bonds continue to offer value relative to cash and global peers, but future returns are likely to be earned through careful positioning rather than broad-based yield compression.

The local listed property sector was up 1.08% over the month, bringing its 12-month return to 36.08%. The cost savings due to the implementation of solar and increased payout ratios helped bolster the sector's performance. Despite dividend yields being quite low (7%-8%), the improved dividend growth puts the total return prospects well above bonds, which could support the sector. Valuations remain quite tight, and the risks posed from a slower economic recovery could erode optimism in the sector's prospects. 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 whose valuations are correctly aligned with 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 about the risks posed by dislocations between stretched valuations and the local economy's underlying fundamentals. However, we believe the Fund's current positioning accurately reflects the appropriate level of caution, while its yield of 7.76% (gross of fees) remains attractive relative 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 31 January 2026

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 P NAV prices with income distributions reinvested. Class A NAV prices were used for the period prior to the launch of Class P. 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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