

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

Maximum growth/
minimum income exposures

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

CLASS P as at 31 May 2026

ASISA Fund Category	South African - Multi Asset - Income
Launch date	01 October 2012
Fund size	R41.03 billion
NAV	1644.26 cents
Benchmark	110% of the STeFI 3-month Index
Portfolio manager/s	Nishan Maharaj and Mauro Longano

Total Expense Ratio	1 Year	3 Year
Fund management fee	0.52%	0.52%
Fund expenses	0.45%	0.44%
VAT	0.01%	0.01%
	0.07%	0.07%
Transaction costs (inc. VAT)	0.00%	0.01%
Total Investment Charge	0.53%	0.53%

PERFORMANCE AND RISK STATISTICS

PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES)

	Fund	Benchmark	Active Return
Since Launch (unannualised)	941.2%	588.6%	51.2%
Since Launch (annualised)	9.9%	8.1%	1.8%
Latest 20 years (annualised)	8.9%	7.5%	1.4%
Latest 15 years (annualised)	8.8%	6.8%	2.0%
Latest 10 years (annualised)	8.5%	7.1%	1.4%
Latest 5 years (annualised)	9.2%	7.3%	1.9%
Latest 3 years (annualised)	11.7%	8.5%	3.2%
Latest 1 year	9.9%	7.6%	2.3%
Year to date	2.6%	3.0%	(0.3)%

Yield (Net of Fees)	7.8%
---------------------	------

RISK STATISTICS

Current	Fund	Benchmark
Weighted average time to maturity (credit)		3.5 years
Modified Duration		1.9 years
Modified Duration (ex Inflation Linked Bonds)		1.5 years
Since Inception	Fund	Benchmark
Annualised Deviation	2.6%	0.7%
Sharpe Ratio	0.84	
Maximum Gain	60.8%	
Maximum Drawdown	(4.2)%	
Positive Months	92.0%	
	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-	77.9%
BBB+ to B-	2.1%
CCC+ to C-	0.0%
F1+	19.9%
No Rating	0.1%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31 Mar 2026	01 Apr 2026	29.72	0.41	29.31
31 Dec 2025	02 Jan 2026	29.71	0.09	29.62
30 Sept 2025	01 Oct 2025	29.33	0.12	29.21
30 Jun 2025	01 Jul 2025	31.37	0.23	31.14

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2026	0.8%	0.9%	(1.1)%	1.1%	0.8%								2.6%
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%

PORTFOLIO DETAIL

ASSET ALLOCATION BY INSTRUMENT TYPE

	Domestic Assets	International Assets
Cash and Money Market NCDs	18.7%	(0.1)%
Fixed Rate bonds	28.8%	5.7%
Floating Rate bonds	13.8%	(2.3)%
Inflation-Linked bonds	16.3%	0.3%
Credit Linked Notes (CLNs)	5.3%	8.3%
Listed Property	4.5%	0.2%
Preference shares	0.1%	0.0%
Other (Currency Futures)	0.4%	0.0%
Total	87.9%	12.1%
Net offshore exposure after currency hedge		4.3%

ASSET ALLOCATION BY ISSUER TYPE

	% of Fund
Banks and Insurers: NCDs & Deposits	18.6%
Government	35.6%
Banks: Senior Debt	26.8%
Other Corporates	5.5%
Banks: Subordinated debt (>12m)	4.4%
State Owned Enterprises	1.4%
REITs: Equity and Debt	4.6%
Banks: Subordinated debt (<12m)	0.1%
Insurers	0.7%
Coronation Global Bond Fund	1.1%
Coronation Global Strategic Income	0.8%
Currency Futures	0.4%
Total	100.0%

TOP 5 CREDIT EXPOSURE

	% of Fund
Republic Of South Africa	45.1%
Standard Bank Of Sa	21.2%
Firstrand Bank Ltd	9.8%
Nedbank Ltd	7.2%
Absa Bank Ltd	7.1%

TOP 5 REFERENCE ENTITY EXPOSURE

	% of Fund
Republic of South Africa	9.0%
Itraxx Main	2.0%
MTN	1.3%
Prosus	0.5%
CDX IG	0.5%

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

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

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

Performance and fund positioning

The Fund returned 0.84% in May, bringing its 12-month total return to 9.86%, which is ahead of cash (12m: 6.90%) and its benchmark (12m: 7.61%) 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 continued to recover in May. The FTSE/JSE All Bond Index (ALBI) was up 2.91%, with the long end (+12 years) delivering the largest positive contribution, up 3.45%. The belly of the curve (7-12 years) closed 3.06% higher, while medium-term bonds (3-7 years) were up 2.22%, and short-term bonds (1-3 years) returned 0.89%. Cash returns came in at 0.55%, and inflation-linked bonds (ILBs) were up 0.65%.

The global macroeconomic context

The global macroeconomic landscape remained mired in uncertainty in May as the Middle East conflict and elevated energy prices continued to dominate the inflation narrative. Data released during the month confirmed that the energy shock was feeding into headline inflation across major economies, while underlying activity remained resilient, but less uniform. The coming months will be critical for assessing whether the energy-driven inflation spike proves transitory or triggers second-round effects that force central banks to tighten monetary policy.

Inflation and growth dynamics by region

US headline inflation jumped to 3.8% year on year (y/y) in April from 3.3% y/y in March, the highest reading since May 2023, while core inflation rose to 2.8% y/y from 2.6% y/y. Energy costs shot up as the oil shock fed through, and housing costs firmed. Food, apparel, airfares, and household furnishings also rose, while used cars, medical care, and health insurance costs declined.

The UK economy grew by 0.6% quarter on quarter (q/q) in the first quarter of 2026, from an upwardly revised growth of 0.2% q/q in the fourth quarter of 2025. On the expenditure side, growth was supported by household and government consumption, and a positive contribution from inventories, while overall fixed investment was soft and net trade remained muted. On the production side, the services sector remained firm, the manufacturing sector recovered, and industrial production lagged. While the growth print points to a firmer start to the year for the UK economy, the outlook remains clouded by elevated inflation, higher energy costs, and the possible lagged impact of restrictive monetary policy on households' real incomes and business investment.

UK headline inflation surprised to the downside, easing to 2.8% y/y in April from 3.3% y/y in March, while core inflation fell to 2.5% y/y from 3.1% y/y. The moderation was driven by a sharp drop in household energy bills following the April reset of the regulator's price cap, which was largely offset by a surge in motor fuel prices. Food inflation eased, while services inflation edged upwards.

Euro area headline inflation accelerated to 3.0% y/y in April from 2.6% y/y in March, while core inflation eased to 2.2% y/y from 2.3% y/y. Energy was again the main driver, while services inflation slowed. Food, alcohol and tobacco, as well as non-energy industrial goods firmed modestly. The composition, again, pointed to an externally driven price shock rather than a broad domestic demand impulse. The level of headline inflation leaves the European Central Bank little room for a dovish narrative in the near term.

China's headline inflation accelerated to 1.2% y/y in April from 1.0% y/y in March, while core inflation increased marginally to 1.2% y/y from 1.1% y/y. Higher energy and transport costs, as well as firmer chip-related prices were the main inflation drivers. Food prices fell on the back of weak pork, vegetable, and fruit prices. The government has maintained price controls on retail fuel prices to help cushion the impact of rising global oil prices on inflation. Producer price inflation also moved up to 2.8% y/y in April from 0.5% y/y in March, suggesting that the external commodity and energy shock is more visible in upstream prices than in broad consumer demand.

The South African Reserve Bank (SARB) raised policy rates by 25 basis points, moving the repo rate to 7.00% from 6.75% at the May Monetary Policy Committee (MPC) meeting. Governor Kganyago noted that hopes for a swift end to the Middle East conflict had faded, with oil fluctuating around US\$100 a barrel, and that the SARB had lifted its 2026 inflation forecast to 4.4% from 3.7% in March and lowered its growth projections. The MPC reiterated its commitment to returning inflation to the 3% target over time. However, it also flagged upside scenarios, which include a prolonged conflict, El Niño, and non-linear pass-through effects as potential catalysts for further tightening.

South African headline inflation jumped to 4.0% y/y in April from 3.1% y/y in March, while core increased to 3.6% y/y from 3.2% y/y. The fuel price surge was the main contributor to the uptick in inflation, while inflation in food and non-alcoholic beverages slowed. Services inflation picked up again, reflecting an acceleration in transport, funeral, insurance, and communications service costs. Core inflation firmed, suggesting that some indirect effects from higher operating and transport costs were starting to emerge.

Fund positioning

The rand ended the month at R16.22/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.

At the end of May, shorter-dated fixed-rate negotiable certificates of deposit (NCDs) traded at 8.03% (three-year) and 8.28% (five-year), lower 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 liquidity, thereby aligning the Fund's liquidity with its investors' needs. The Fund continues to hold decent exposure to these instruments (fewer floating than fixed), but we will remain cautious and selective when increasing exposure.

ILBs significantly outperformed nominal bonds year to date, 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, given their inherent inflation protection and lower beta to nominal bond factors. At current real yields, certain portions of the ILB curve still warrant some attention. ILBs out to the seven-year area are still trading above 4% (a guaranteed return of CPI+4%), while the curve beyond that area is trading pretty flat, with no term premium to compensate for the higher risk taken. An important nuance worth emphasising is 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 (shorter-dated) 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. The total return of ILBs is more attractive relative to cash, even if ILB yields sell off 25 basis points (bps) per year over the next five years, and inflation averages 3.8%. The seven-year ILB is the most attractive in this scenario, offering both a superior return to that of cash and ILBs with a longer maturity profile. Our current inflation profile has inflation averaging above 4% for most of the next 12 months. Under those assumptions, the total return of SA ILBs to their equivalent nominal bond is much better in the sub-seven-year area of the ILB curve. Given the elevated uncertainty stemming from the geopolitical backdrop, the embedded inflation protection of these instruments makes them a particularly useful portfolio building block at current levels.

The bond market story has shifted from one of stretched valuations and narrow upside to renewed opportunity born out of geopolitical disruption. The Middle East conflict 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, namely 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 way station to further volatility. However, the dislocation seen in Q1-26 has provided an opportunity to increase duration to levels in line with that of the benchmark while maintaining a decent allocation to ILBs within bond portfolios.

The local listed property sector was up 0.65% over the month, bringing its 12-month return to 23.7%. The cost savings due to the implementation of solar and increased payout ratios helped bolster the sector's performance. Dividend yields have repriced to fairer levels, and together with the improved dividend growth outlook, the total return prospects are above bonds, which could support the sector. Rate hikes and/or a weaker growth outlook due to the Middle East conflict could erode optimism about the sector's prospects. We believe that one must remain selective and 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 use of CLNs has not expanded the pool of borrowers; rather, it has only concentrated 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 8.34% (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 May 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

This document is for information purposes only and does not constitute or form part of any offer to issue or sell, or any solicitation of any offer to subscribe for or purchase any particular investment. Opinions expressed in this document may be changed without notice at any time after publication. We therefore disclaim any liability for any loss, liability, damage (whether direct or consequential) or expense of any nature whatsoever which may be suffered as a result of or which may be attributable, directly or indirectly, to the use of or reliance upon the information.