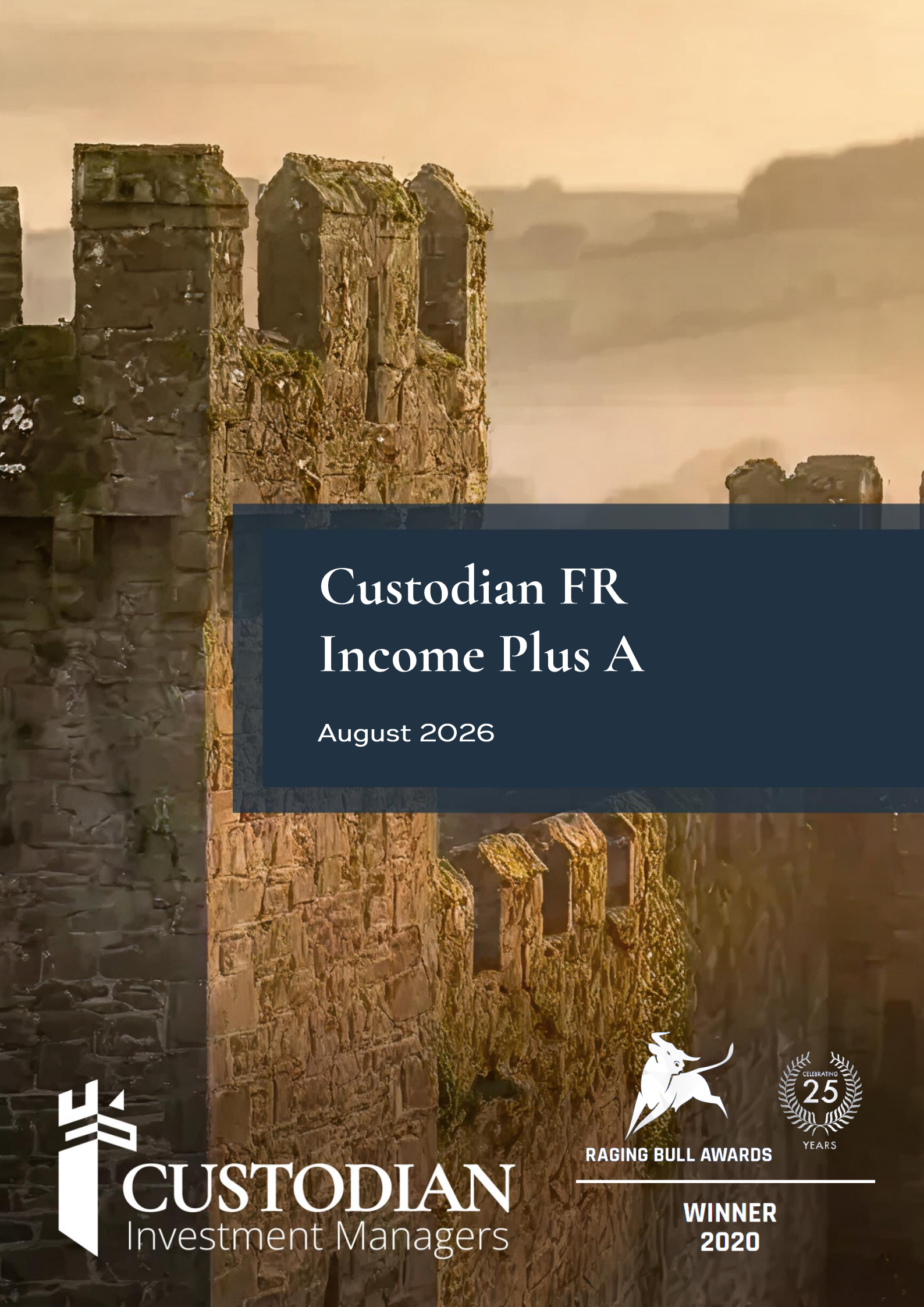

Custodian FR Income Plus A

August 2026

CUSTODIAN
Investment Managers

RAGING BULL AWARDS

CELEBRATING 25 YEARS

WINNER
2020

Market Review – August 2026

Resources Roar Back

August was a strong month for the JSE, driven almost entirely by a spectacular recovery in Resources. The Resources 10 Index surged 26.4%, as gold, platinum and energy prices all rallied sharply on the back of a weakening US dollar, renewed demand for scarce physical assets and an escalation in the Middle East Conflict. This propelled the FTSE/JSE All Share Index to a 4.6% gain for the month, its best single-month performance in 2026. The rand strengthened approximately 2.6% against the dollar.

The resource surge masked a more mixed picture elsewhere on the JSE. The Financial 15 declined -1.4% and the Industrials 25 fell -5.8%. SA Listed Property dropped -3.8%, reversing July's strength as higher rates reasserted themselves as a headwind for yield-sensitive assets. The All Bond Index edged out a modest 0.7% gain for the month, though remains pressured in the context of rising global yields. All eyes now turn to the SARB's September MPC meeting, where the domestic inflation and global interest rate decisions will play a key part in the SARBs outlook.

Global Roundup

The dominant story in global markets during August was not equities but bonds. US national debt surpassed $40 trillion, and with the government still running a budget deficit of around 6% of GDP, bond investors took notice. Yields on 30-year US Treasuries rose to their highest level since 2007, while Japanese 10-year yields reached 3% for the first time in three decades. Long-term borrowing costs also climbed across Europe toward their 2008 highs. The common thread is sticky inflation and persistent government spending, with AI-related capital expenditure adding yet more bond supply as large technology companies are expected to issue some $250 billion of long-dated debt this year to fund the AI build-out.

At the Jackson Hole symposium, Fed Chair Kevin Warsh struck a hawkish tone, reiterating that inflation remains the primary concern despite US payrolls unexpectedly contracting in July. An uptick in missile strikes and drone bombings targeting oil infrastructure in the Gulf added further upward pressure on energy prices through the month, keeping fuel and transport costs elevated and complicating the inflation picture.

Treasury Secretary Scott Bessent attempted to pull yields lower by stepping up purchases of long-dated bonds, but the effect was short-lived. The more lasting consequence was a broad weakening of the US dollar, which breathed new life into the debasement trade, sending gold and platinum up by double digits and driving the strong commodity and emerging market performance for the month.

Equity markets absorbed all of this remarkably well, with the MSCI ACWI gaining 2.7% in USD for the month. In the US, the Nasdaq 100 recovered 4.2% as technology found its footing again and the S&P 500 rose 2.7%. European markets were also broadly positive, with Germany's DAX adding 3.4% and the Euro Stoxx 50 gaining 2.0%. Japan's Nikkei added 2.8% in USD terms, while emerging markets gained 3.4%. At the sector level led with 7.4% followed closely by Technology that returned 6.4%. On the opposite side, Utilities fell -4.8% and Industrials declined -2.6% as higher yields weighed on more interest rate-sensitive parts of the market.

SA (ZAR)	1 Month	1 Year	2026
SA Equity	4.65%	18.42%	2.76%
SA Bonds	0.69%	16.55%	3.52%
SA Property	-3.81%	18.54%	2.94%
SA Cash	0.58%	6.99%	4.54%
Equity (USD)	**1 Month**	**1 Year**	**2026**
MSCI World	2.60%	20.83%	13.40%
MSCI EM	3.40%	39.66%	24.35%
S&P 500	2.72%	20.38%	13.14%
Nasdaq 100	4.24%	26.61%	17.14%
FTSE 100	0.97%	22.03%	12.64%
Nikkei 225	2.79%	45.16%	30.46%
China	-0.34%	-6.11%	-7.64%
Hong Kong	-0.41%	13.47%	9.35%
South Africa	7.37%	29.90%	5.55%
Other (USD)	**1 Month**	**1 Year**	**2026**
Global Bonds	0.45%	0.60%	-0.30%
Global Property	-2.19%	4.25%	5.07%
Currency (ZAR)	**1 Month**	**1 Year**	**2026**
vs USD @16.13	2.60%	9.69%	2.72%
vs EUR @18.74	1.63%	10.53%	3.86%
vs GBP @21.87	1.84%	9.30%	1.91%

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Fund Commentary

The Custodian FR Income Plus Fund offers investors a steady income stream with minimal risk exposure. Over the past five years, the fund has experienced only one instance of negative returns over a three-month period. This is exactly what the typical investor is looking for: a reliable source of income that beats fixed deposits at a bank plus quick access to your money.

The Fund is one of the best performing funds in its sector. Not only is the 5-Year performance in the top quartile of the ASISA South African MA Income Sector, the fund also consistently outperforms its benchmark and peer group over all the shorter periods.

We strategically manage the fund's volatility to be around a quarter of the All-Bond Index's volatility. This approach makes the fund an ideal reserve for income or liquidity needs. Moreover, roughly 90% of the fund's holdings are currently backed by the RSA Government, state-owned enterprises (SOEs), and major banks, with more than 99% of the fund's current assets invested in highly liquid assets, enhancing stability and accessibility.

Notably, the fund achieves strong performance while mitigating risk, as illustrated in the Risk/Return plot on the following page. Custodian Investment Managers takes pride in its risk-conscious approach to performance, prioritizing the protection and growth of investors' assets.

Additional Details

Inception Date	Dec 2011
Fund Size	R2 355m
TER	1.25%
Gross Income Yield	8.95%
Modified Duration	1.56 years

Asset Allocation

Income Assets	76.68%
Property	0.00%
Preference Shares	0.00%
Cash / Money Market	23.32%

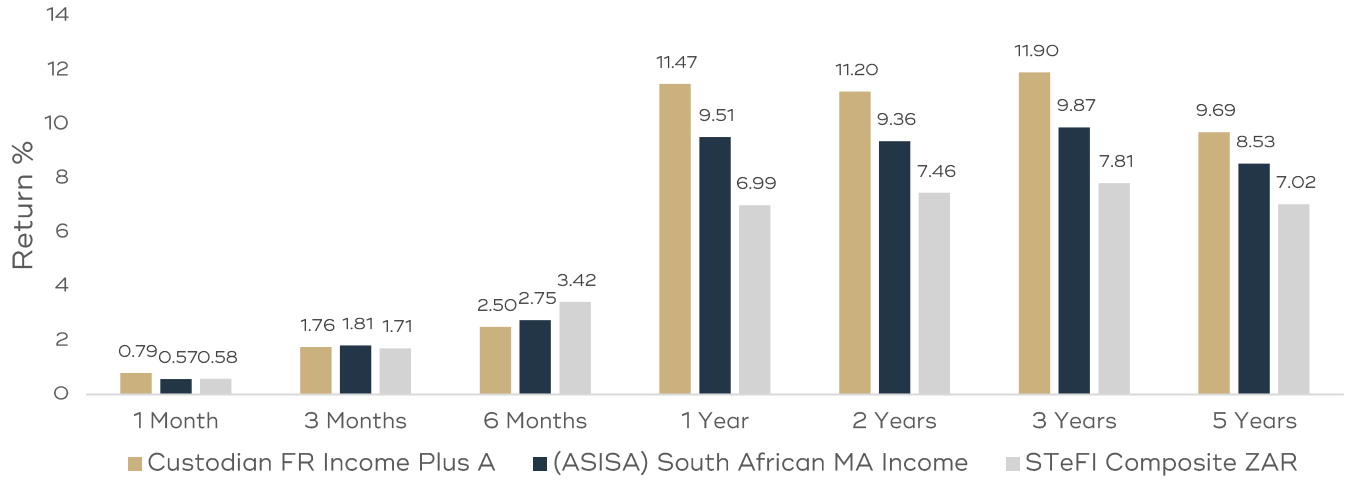
Income Assets Breakdown

Floating Rate	38.98%
Fixed Interest	18.05%
Inflation Linked	0.00%
NCD	5.74%
Preference Shares	0.00%
Property	0.00%
Cash/ Money Market/ UTs	37.23%

Performance

Data as at 31 August 2026
Source: Morningstar

Performance as at 31 August 2026



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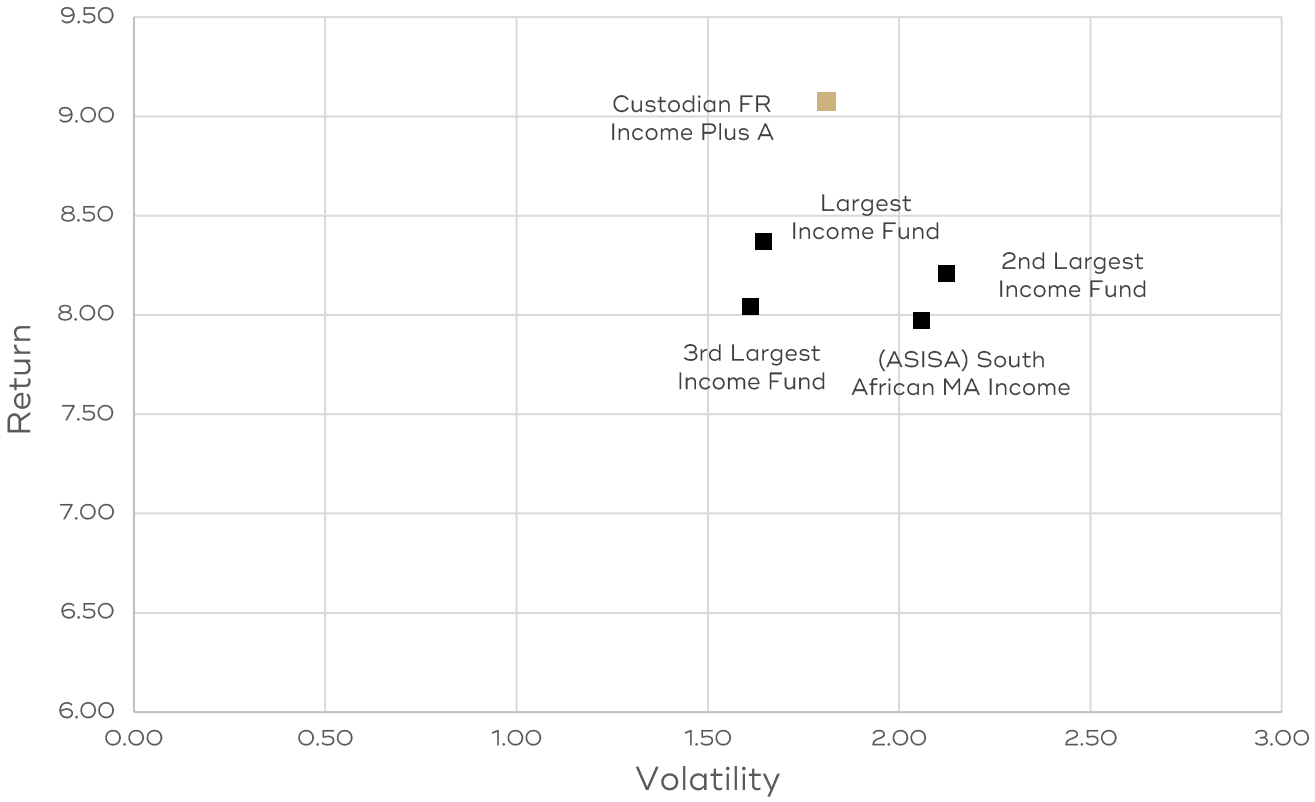
RISK/RETURN PLOT

Our team provides a blend of managers that focus on high yield plus consistency, and this has been delivering excellent performance for our investors. Consistency is what elevates this performance as shown in the low volatility of the fund displayed in the Risk/Return Plot below.

Data period: 31 Dec 2015 – 31 Aug 2026
Source: Morningstar



31 Dec 2015 – 31 Aug 2026	Annualized Return	Volatility	Sharpe	Positive Months
Custodian FR Income Plus A	9.07	1.81	1.70	118/128 (92%)
Largest Income Fund	8.37	1.64	1.44	122/128 (95%)
2nd Largest Income Fund	8.21	2.12	1.04	118/128 (92%)
3rd Largest Income Fund	8.04	1.61	1.27	118/128 (92%)

Source: Morningstar. Period: 31/12/2015 – 31/08/2026. Income funds from the ASISA SA MA Income sector.

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WHY THE CUSTODIAN FR INCOME PLUS FUND

The problem with "traditional" fixed income funds is that they do not have asset class diversification, and the benefit that diversification offers. A combination of fixed income assets in a Multi Asset Income fund can generate attractive real returns with lower volatility. Investing in the CUSTODIAN FR INCOME PLUS unit trust you also get the benefit of three investment specialists with complementing styles, growing and protecting your wealth.

WHO SHOULD INVEST

The fund targets investors seeking to maximise income over the short to medium term. These include investors making use of retirement products such as retirement annuities, preservation funds and living annuities, i.e. investors who require an immediate income from their invested capital.

This fund is ideally suited for investors looking for a cost-efficient investment, offering strong stable income with quick and easy access to your money.

WHAT DOES THE FUND OFFER?

Return that outperforms inflation and the STeFI index. The Custodian FR Income Plus fund has achieved this with returns in excess of STeFI + 2% and CPI + 2% over the past three years.

High liquidity. Our three managers have collective assets under management of more than R20bn, which means we participate in quality issuances and can handle liquidity.

Stability of return. The Custodian FR Income Plus fund has delivered positive returns almost every month over the past 8 years. The fund has lower volatility than the 20 largest funds in the sector, while maintaining a 0.30 correlation with the All Bond index.

THE EXPERTS MANAGING YOUR MONEY

We combine the following factors in a holistic approach:

Flexible

We adapt to market conditions using duration management, preference shares, property and offshore credit. **Custodian Investment Managers** is responsible for the investment strategy of the Fund, managing the duration and liquidity of the fund and ensures that the fund remains compliant with the mandate.

Duration & Selection

When it comes to bond selection and duration management, **Philip Bradford of PortfolioMetrix** and his team are very highly regarded and we are privileged to have this high caliber team involved in the Custodian FR Income Plus Fund as co-managers.

Credit

We use notes with linked yields higher than comparable RSA yields to generate consistent strong returns. **Paul Crawford of Fairtree** uses sophisticated techniques to source quality high-yielding bonds and notes and to manage the credit risk.

Quality

We place a high value on the quality of the assets in the portfolio. Over 65% of our bond issuer exposure is to the large South African banks. Our managers source top quality high-yielding local-and offshore bonds, pref shares and property.

WHY INVEST

- Enhanced yield
- Liquidity - quick and easy access to your money
- Benefit from the combined skills of the manager team in terms of strategy and instrument selection
- Cost saving (only a single fee for 3 asset managers managing your money)
- A tailor-made solution for a risk averse or income seeking investor
- Broad flexibility of the investment mandate

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