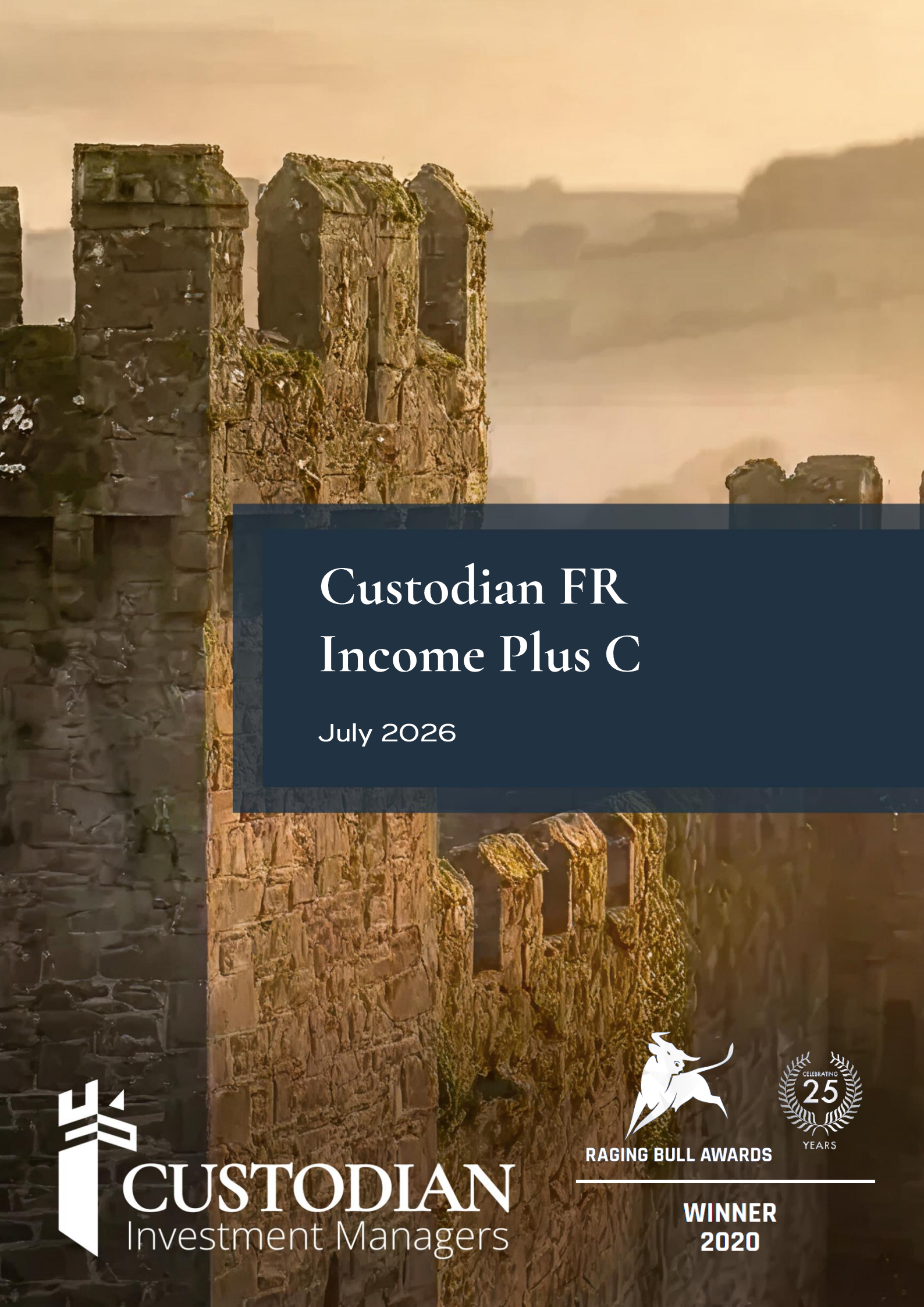

Custodian FR Income Plus C

July 2026

CUSTODIAN
Investment Managers

RAGING BULL AWARDS

CELEBRATING 25 YEARS

WINNER
2020

Market Review – July 2026

A Mixed Bag on the JSE

July delivered a modestly positive month for South African equities, although performance beneath the headline index was more varied. Resources led the JSE with a 2.2% gain as commodity prices stabilised and partially recovered from June's rout, providing the main driver of the FTSE/JSE All Share Index's 1.2% return. SA Listed Property also performed strongly, gaining 2.3% as investors globally rotated towards yield-generating assets. Financials added 1.2%, while Industrials edged 0.5% higher.

Fixed income, however, came under pressure. The All-Bond Index declined -1.4%, giving back some of its recent gains as higher global bond yields weighed on local markets. The SARB's MPC left the repo rate unchanged at 7.00% on 23 July, although Governor Kganyago highlighted upside risks to inflation expectations and noted that fuel price volatility, particularly amid the renewed Middle East conflict, remained a key risk to the outlook. The rand weakened approximately -1.0% against the US dollar during the month but remains broadly flat year to date. Meanwhile, the IMF marginally raised its 2026 South African GDP forecast to 1.1%, although the World Bank remains more cautious at 1.0%, reflecting persistent headwinds from weak industrial output and constrained household spending.

Global Roundup

July's global market story unfolded in a clear sequence. Mid-month, the fragile Middle East ceasefire broke down as fighting resumed, driving oil prices sharply higher and reigniting inflation concerns that markets had largely begun to dismiss. Investors quickly reassessed interest rate expectations, with long-duration and momentum-driven assets bearing the brunt of the sell-off. The iShares Semiconductor ETF fell -21.3% as investors unwound crowded AI and semiconductor positions, while the Vanguard US Momentum Factor ETF declined -10.4%, marking its weakest monthly performance in years. The Nasdaq 100 fell -6.6%, while the S&P 500 finished the month broadly flat.

European markets proved far more resilient. The UK's FTSE 100 gained 5.1%, Germany's DAX rose 3.2%, France's CAC 40 advanced 2.0%, and the Euro Stoxx 50 added 1.2%, all in USD terms.

In contrast, Japan's Nikkei 225 declined -6.2% in USD and emerging markets fell -3.1%. China stood out as a notable exception, with the MSCI China gaining 9.0% as offshore-listed technology and consumer stocks rallied on optimism around further stimulus. Global listed real estate was also among the strongest performers, with the S&P Real Estate Select Sector gaining 2.3% in USD, a trend mirrored by South African listed property.

Against this backdrop, the Federal Reserve left rates unchanged at 3.50%–3.75% following its 28–29 July meeting. However, Chair Kevin Warsh reinforced the market's hawkish expectations by signalling that further policy tightening remains firmly on the table. CME FedWatch data now imply a 67% probability of a September rate hike. Quality, Value and Dividend Appreciation strategies held up considerably better than Growth and Momentum throughout the volatility, reflecting the type of market rotation typically associated with the later stages of the economic cycle.

SA (ZAR)	1 Month	1 Year	2026
SA Equity	1.18%	17.16%	-1.81%
SA Bonds	-1.38%	16.62%	2.81%
SA Property	2.30%	26.68%	7.01%
SA Cash	0.57%	7.02%	3.94%
Equity (USD)	**1 Month**	**1 Year**	**2026**
MSCI World	0.53%	20.88%	10.52%
MSCI EM	-3.03%	37.06%	20.27%
S&P 500	-0.06%	19.56%	10.14%
Nasdaq 100	-6.59%	22.58%	12.38%
FTSE 100	5.07%	24.90%	11.56%
Nikkei 225	-5.42%	50.66%	26.93%
China	9.00%	-1.14%	-7.32%
Hong Kong	10.87%	16.85%	9.80%
South Africa	0.20%	28.00%	-1.69%
Other (USD)	**1 Month**	**1 Year**	**2026**
Global Bonds	-0.53%	1.60%	-0.75%
Global Property	2.97%	10.04%	7.42%
Currency (ZAR)	**1 Month**	**1 Year**	**2026**
vs USD @16.55	-0.97%	9.25%	0.11%
vs EUR @19.04	-1.60%	8.68%	2.19%
vs GBP @22.27	-2.34%	7.43%	0.06%

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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 324m
TER	0.96%
Gross Income Yield	8.99%
Modified Duration	1.58 years

Asset Allocation

Income Assets	77.25%
Property	0.00%
Preference Shares	0.00%
Cash / Money Market	22.75%

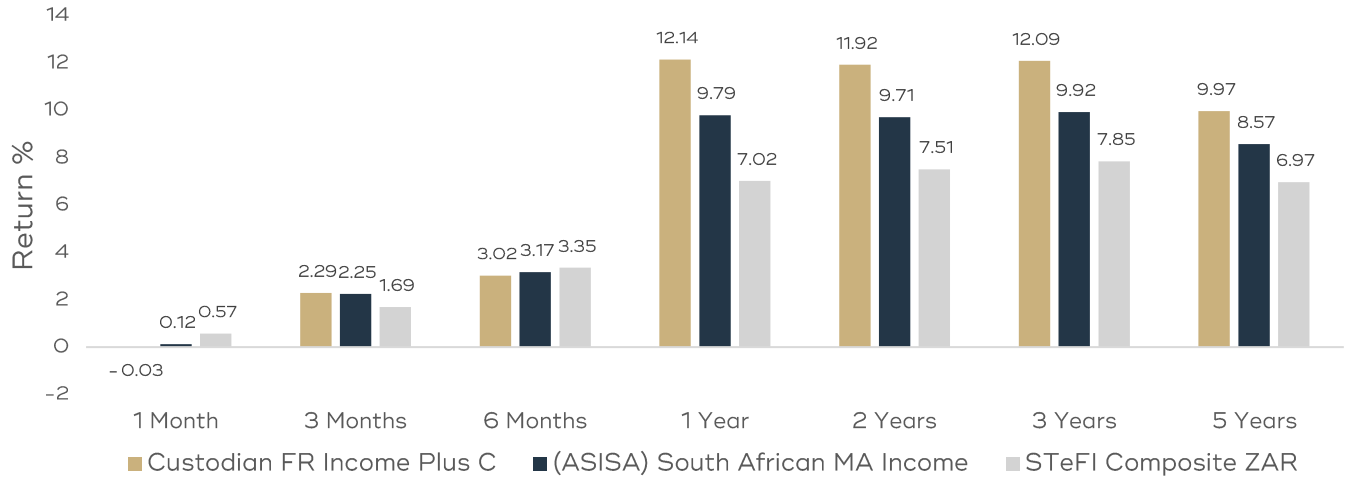
Income Assets Breakdown

Floating Rate	38.71%
Fixed Interest	18.21%
Inflation Linked	0.00%
NCD	5.82%
Preference Shares	0.00%
Property	0.00%
Cash/ Money Market/ UTs	37.26%

Performance

Data as at 31 July 2026
Source: Morningstar

Performance as at 31 July 2026



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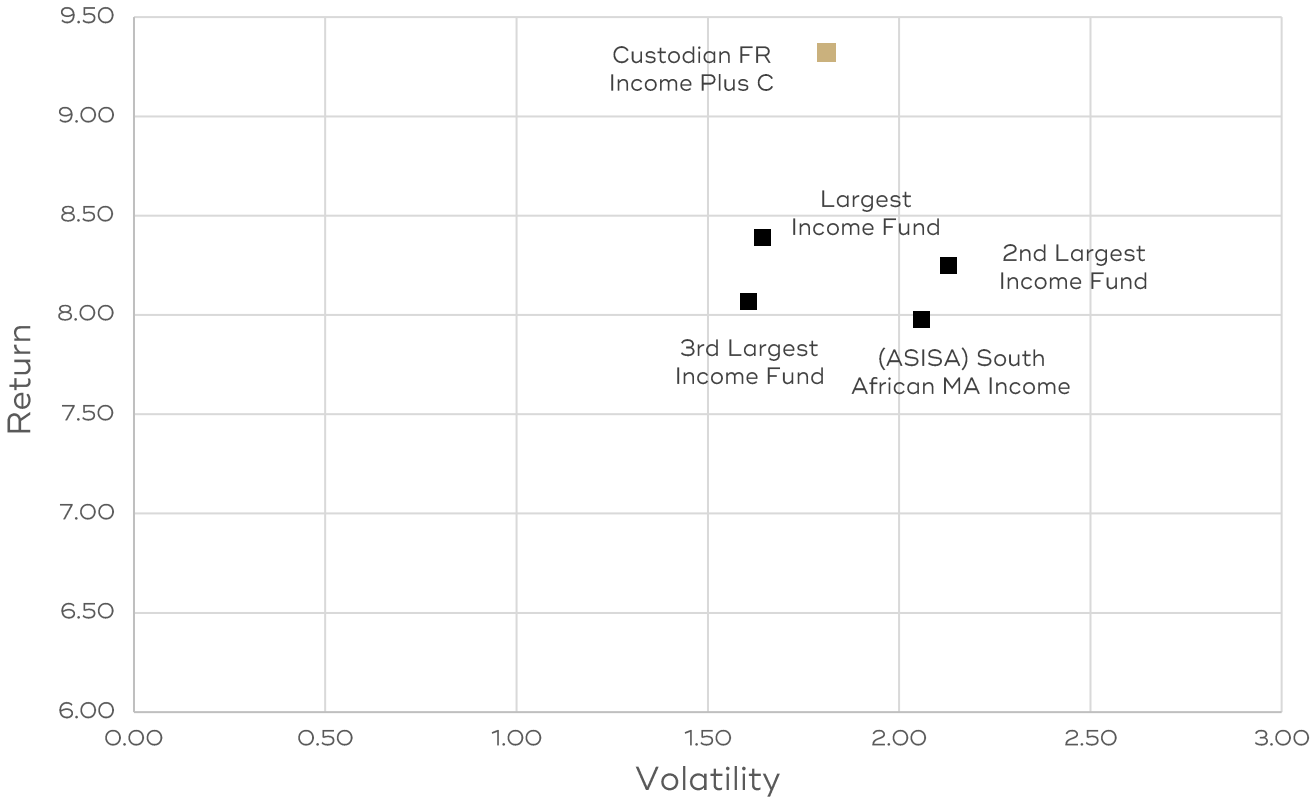
RISK/RETURN PLOT

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 Jul 2026
Source: Morningstar



31 Dec 2015 – 31 Jul 2026	Annualized Return	Volatility	Sharpe	Positive Months
Custodian FR Income Plus C	9.32	1.81	1.83	117/127 (92%)
Largest Income Fund	8.39	1.64	1.45	121/127 (95%)
2nd Largest Income Fund	8.25	2.13	1.06	117/127 (92%)
3rd Largest Income Fund	8.07	1.61	1.29	117/127 (92%)

Source: Morningstar. Period: 31/12/2015 – 31/07/2026. 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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