

Custodian BCI Income Plus C

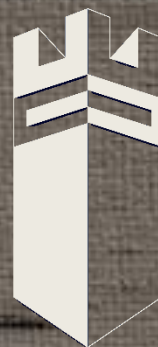
June 2025



RAGING BULL AWARDS



**WINNER
2020**



CUSTODIAN
Investment Managers



Market Review – June 2025

All That Glitters Is Not Gold

South Africa's economy showed tentative signs of improvement in June 2025 amongst high global Platinum and Silver prices. Business activity rose modestly, with the S&P Global South Africa PMI increasing to 50.8 in May, the first expansionary reading since late 2024, driven by stronger new orders and improved supplier performance. Confidence also improved ever so slightly, helped by a more stable Rand and positive sentiment following record highs on the JSE. Inflation remained well-contained at 2.8% in May, below the SARB's midpoint target. This benign inflation environment, coupled with weak growth data, supported recent monetary easing, with the SARB cutting the repo rate to 7.25% during its meeting late in May.

The JSE Resource index was up 4.75%, driven by the Platinum and Silver prices surging to their highest levels in more than 10 years. Platinum prices increased by 27.31% for the month in USD. Gold stocks were worse off with slightly lower gold prices and a strengthening Rand versus the Dollar. Financials returned 0.82% and Industrials returned 2.37% for the month.

Meanwhile, the first-quarter GDP release confirmed disappointing growth of just 0.1%, underscoring the fragile state of the economy. While agriculture contributed positively, mining and manufacturing continued to contract, reflecting persistent structural constraints. The unemployment rate remained elevated at 32.9%, with youth unemployment at a concerning 46.1%, highlighting ongoing challenges in the labour market.

The last week of June saw renewed strife within the GNU. The DA feel that the President unjustly fired one of their deputy ministers. This added some volatility to the Rand and local bonds due to increased uncertainty if the DA will remain in the GNU and what the political environment of the country will look like should they leave the GNU.

Global Roundup

June's narrative began focused on US Tariffs and Interest Rates, but news was then overshadowed by the Israel and Iran war which the US joined by bombing supposed nuclear sites, and while blows were exchanged over 2 weeks the conflict has largely died down.

Trump introduced his "Big Beautiful Bill" in June which is intended to add more money into the US economy, roughly \$3.3trillion, further increasing the US's mounting debt. Trump's tariffs then returned to centrefold as pauses are dated to be ending on the 9th of July. While countries are in various stages of negotiations, there is certainly a push to avoid the reinstitution of April tariffs.

In Europe, inflation continued to moderate, allowing the European Central Bank to proceed with cautious rate cuts. However, growth remained sluggish amid soft industrial production and declining retail sales in key economies such as Germany and France. Emerging markets faced increased volatility with currency pressures mounting in several regions, forcing some central banks to maintain tighter policy stances despite weaker growth.

The S&P 500 and Nasdaq 100 returned 5.09% and 6.34% respectively in June. In Europe the FTSE 100 returned 1.67% in USD, backed by the weaker Dollar. The Nikkei 225 and the MSCI China indexes returned 6.71% and 3.71% in USD respectively to close out our Global Roundup.

SA (ZAR)	1 Month	1 Year	2025
SA Equity	2.35%	25.18%	16.70%
SA Bonds	2.28%	18.36%	6.62%
SA Property	-0.87%	23.95%	5.29%
SA Cash	0.60%	8.07%	3.79%
Equity (USD)	1 Month	1 Year	2025
MSCI World	4.35%	16.76%	9.75%
MSCI EM	6.14%	15.97%	15.57%
S&P 500	5.09%	15.16%	6.20%
Nasdaq 100	6.34%	16.10%	8.35%
FTSE 100	1.67%	20.65%	19.81%
Nikkei 225	6.71%	16.14%	11.61%
China	3.71%	33.78%	17.33%
Hong Kong	5.86%	35.68%	20.90%
South Africa	4.00%	28.62%	23.92%
Other (USD)	1 Month	1 Year	2025
Global Bonds	1.89%	8.91%	7.27%
Global Property	1.75%	14.02%	7.60%
Currency (ZAR)	1 Month	1 Year	2025
vs USD @17.77	1.61%	2.75%	6.18%
vs EUR @20.86	-1.73%	-6.19%	-6.33%
vs GBP @24.35	-0.01%	-5.22%	-2.96%



Fund Commentary

The Custodian BCI Income Plus Fund offers investors a steady income stream with minimal risk exposure. Over the past five years, the fund has experienced only two instances 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, over 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	R1 777m
TER	0.93%
Gross Income Yield	10.00%
Modified Duration	2.04 years

Asset Allocation

Income Assets	80.52%
Property	0.00%
Preference Shares	0.00%
Cash/ Money Market	19.48%

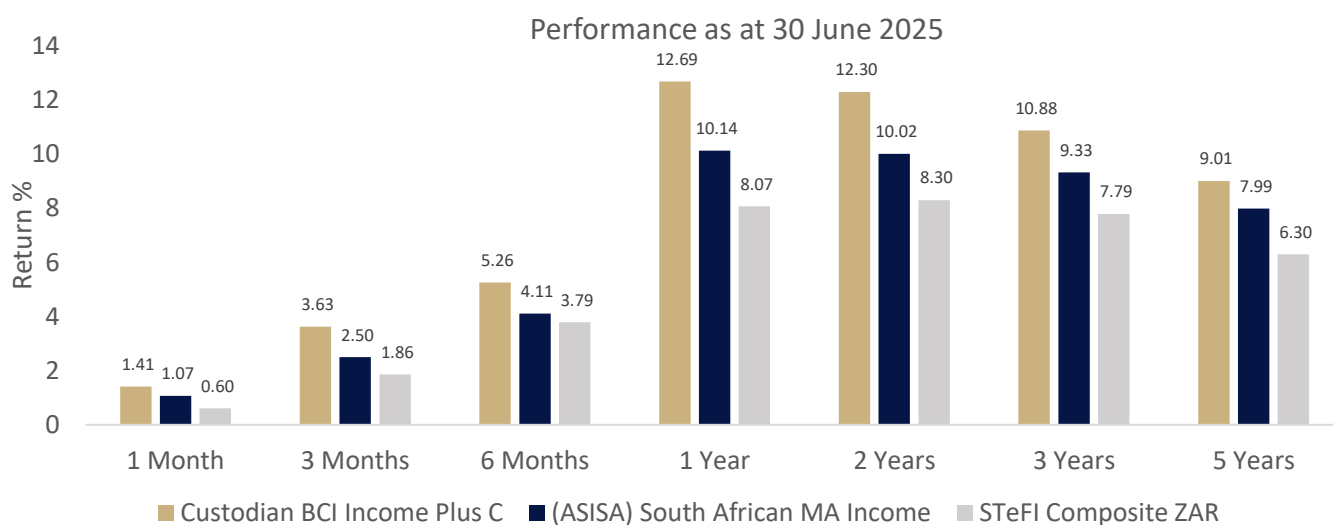
Income Assets Breakdown

Floating Rate	33.44%
Fixed Interest	27.16%
Inflation Linked	0.00%
NCD	7.73%
Preference Shares	0.00%
Property	0.00%
Cash/ Money Market/ UTs	31.67%

Performance

Data as at 30 June 2025

Source: Morningstar



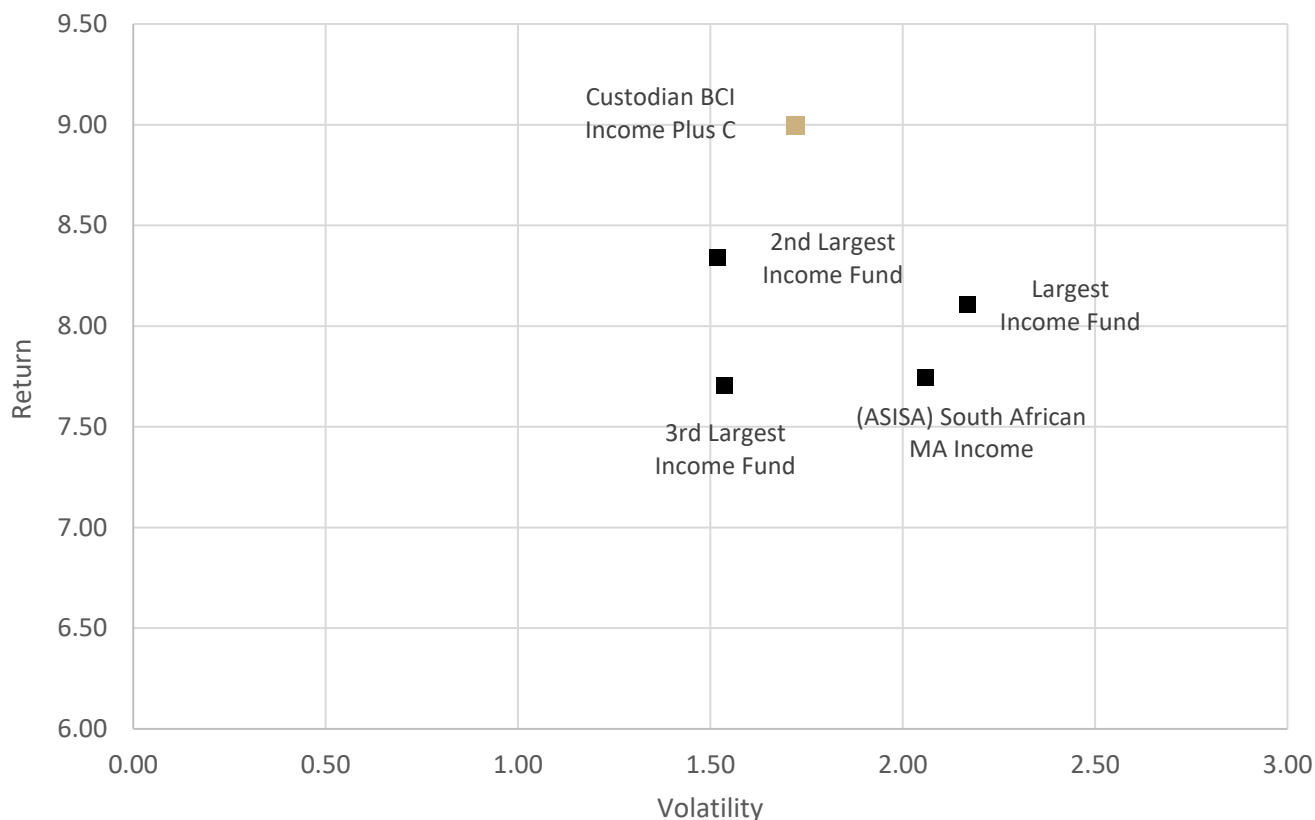


RISK/RETURN PLOT

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 – 30 Jun 2025

Source: Morningstar



31 Dec 2015 – 30 Jun 2025	Annualized Return	Volatility	Sharpe	Positive Months
Custodian BCI Income Plus C	9.00	1.72	1.74	106/114 (93%)
Largest Income Fund	8.11	2.17	0.97	105/114 (92%)
2nd Largest Income Fund	8.34	1.52	1.54	109/114 (96%)
3rd Largest Income Fund	7.70	1.54	1.11	106/114 (93%)

Source: Morningstar. Period: 31/12/2015 – 30/06/2025. Income funds from the ASISA SA MA Income sector.



WHY THE CUSTODIAN BCI 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 BCI 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 BCI 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 are able to handle liquidity.

Stability of return. The Custodian BCI Income Plus fund has delivered positive returns almost every month over the past 4 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 BCI 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 stock 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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