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FUND ROCK

BOUTIQUE COLLECTIVE INVESTMENTS

CUSTODIAN
Investment Managers

NEW ROAD CAPITAL
INVESTMENT MANAGEMENT

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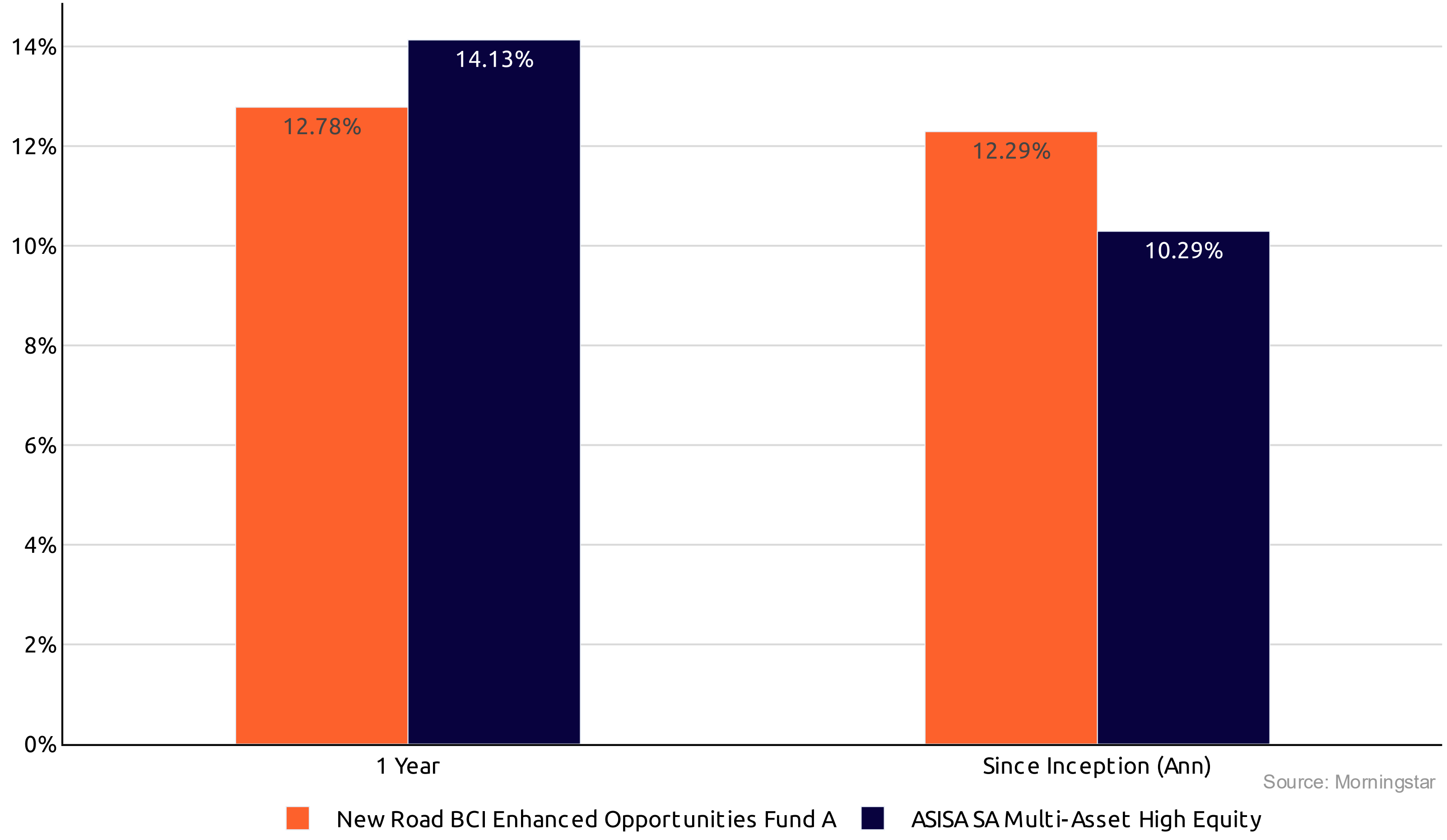
INVESTMENT MANAGEMENT

Cutting Through the Tariffs

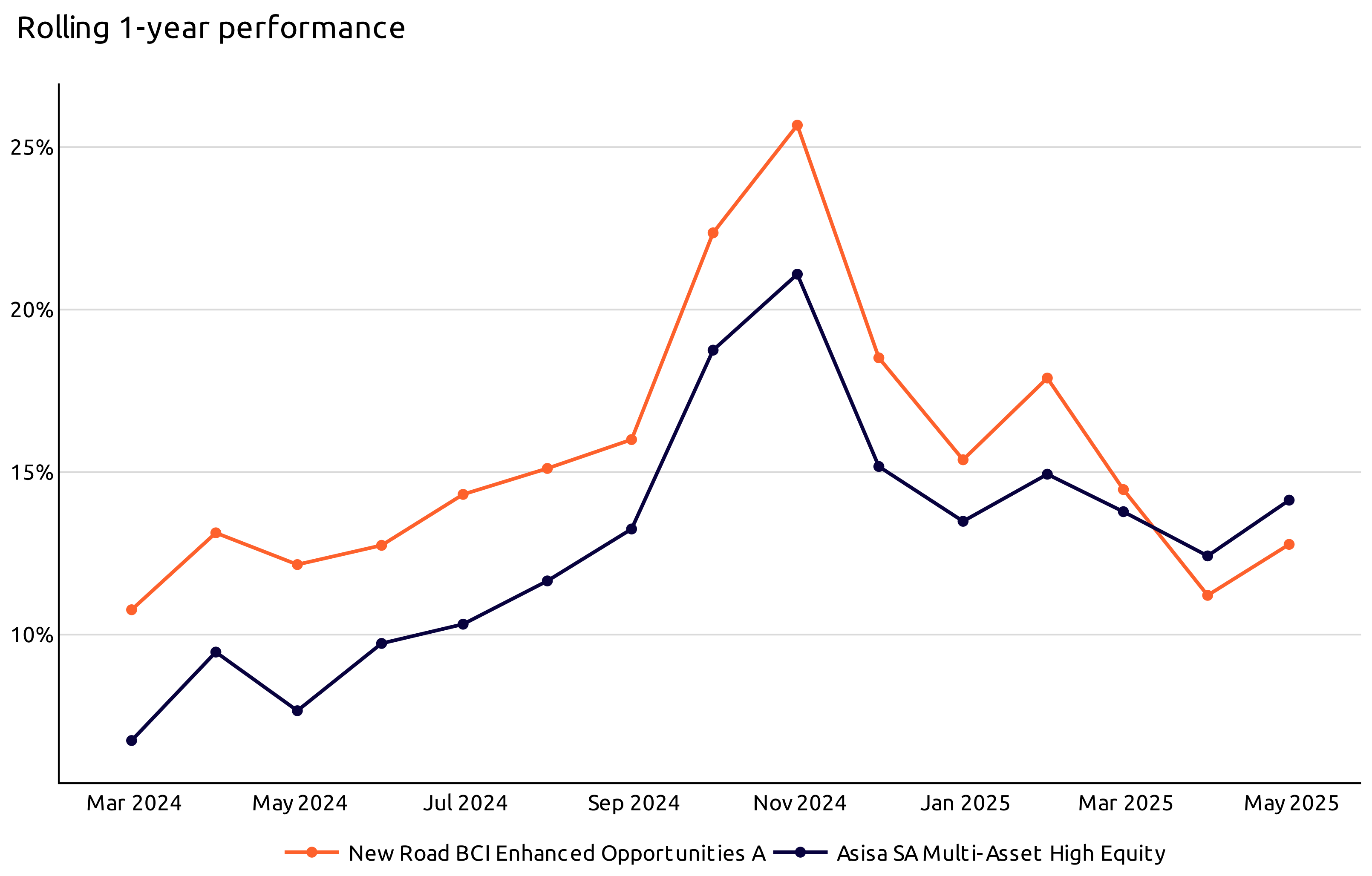
Fund Performance



	Highest Actual Annual Return	Lowest Actual Annual Return
New Road BCI Enhanced Opportunities Fund A	15.33%	15.33%
ASISA SA Multi-Asset High Equity Category	13.46%	13.46%

Disclaimer: Past performance is no guarantee of future performance. Since inception (2023/02/28) and 1-year performance as at 2025/04/30. Investment performance is for illustrative purposes only. Investment performance is calculated by taking the actual initial fees and all ongoing fees into account for the amount shown. Income is reinvested on the reinvestment date. Actual annual figures are available to the investor on request.
Source: Morningstar

Fund Performance



Disclaimer: Past performance is no guarantee of future performance. Rolling 1-year performance since inception (2023/02/28) as at 2025/04/30. Investment performance is for illustrative purposes only. Investment performance is calculated by taking the actual initial fees and all ongoing fees into account for the amount shown. Income is reinvested on the reinvestment date. Actual annual figures are available to the investor on request.
Source: Morningstar

Selloffs are Opportunities

Source: LSEG

Tariffs: Bargaining Chips
The Art of the Deal

The Elements of the Deal:

1. Think big
2. Protect the downside and the upside will take ca
3. Maximise your options
4. Know your market
5. **Use your leverage**
6. Enhance your location
7. Get the word out
8. **Fight back**
9. **Deliver the goods**
10. Contain the costs
11. Have fun

"THE WORST THING YOU CAN POSSIBLY DO IN A DEAL IS SEEM DESPERATE TO MAKE IT."

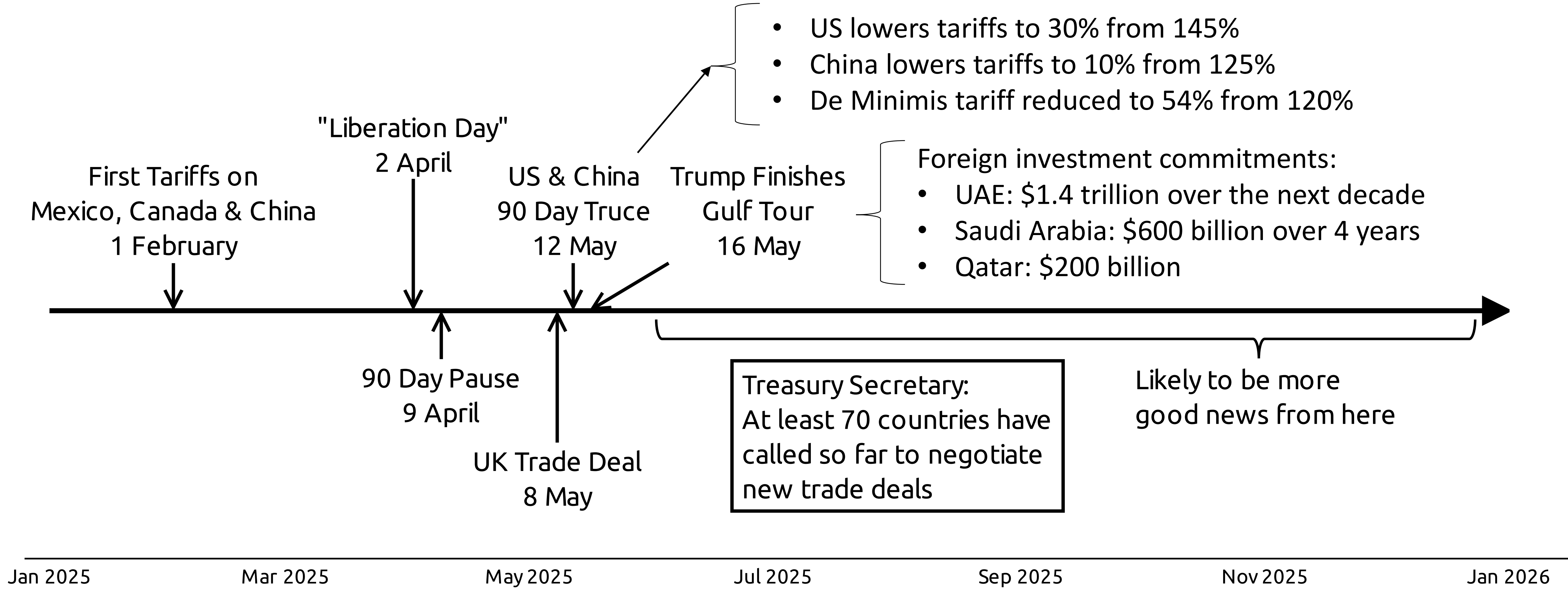
USE YOUR LEVERAGE
"The Art of the Deal", Page 53

Trump Says He's Open to Tariff Cuts If Offer 'Phenomenal'

Trump Open to Tariff Cuts in Return for 'Phenomenal' Offers

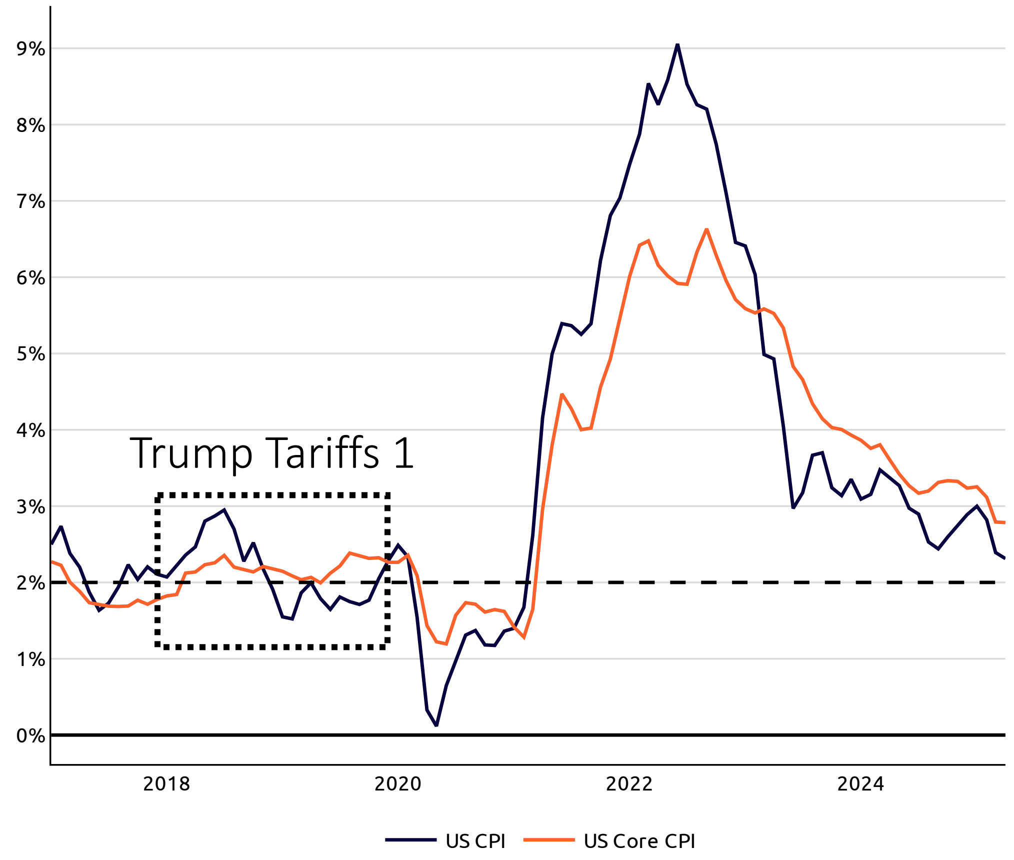
The US President broadly defended his tariff program despite a stock market meltdown.

Trade Deals in Progress



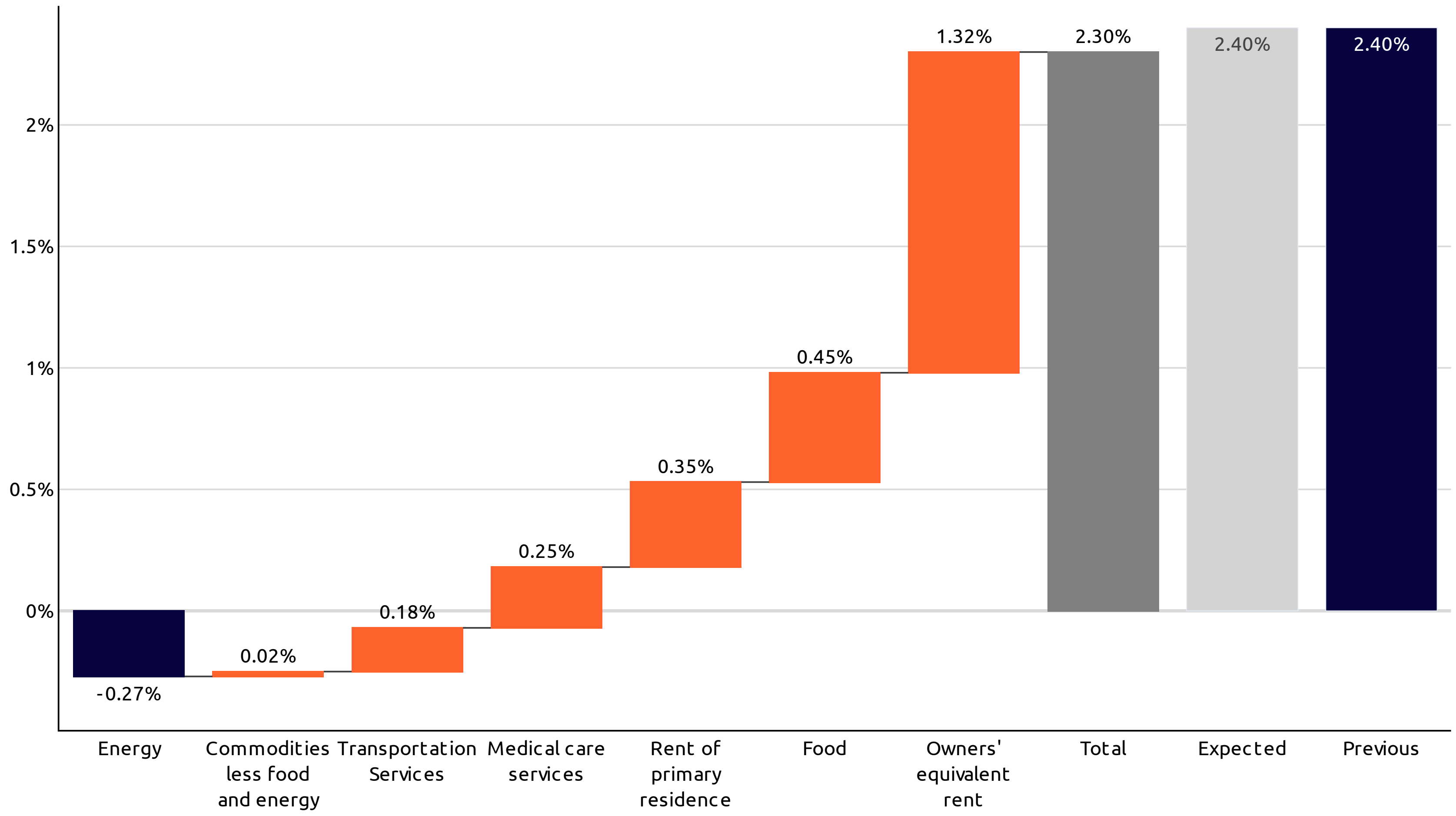
Impact of Tariffs on Inflation

- If permanent, tariffs could be deflationary over the long term
  - Short term shock, long term drain on economic growth
  - Slow economic growth results in low inflation
- If temporary and better trade agreements are made, inflation is likely to drop as imported goods become cheaper
- Uncertainty over tariffs will cause corporates to delay capex
- Additional deflationary pressures such as decreasing energy prices



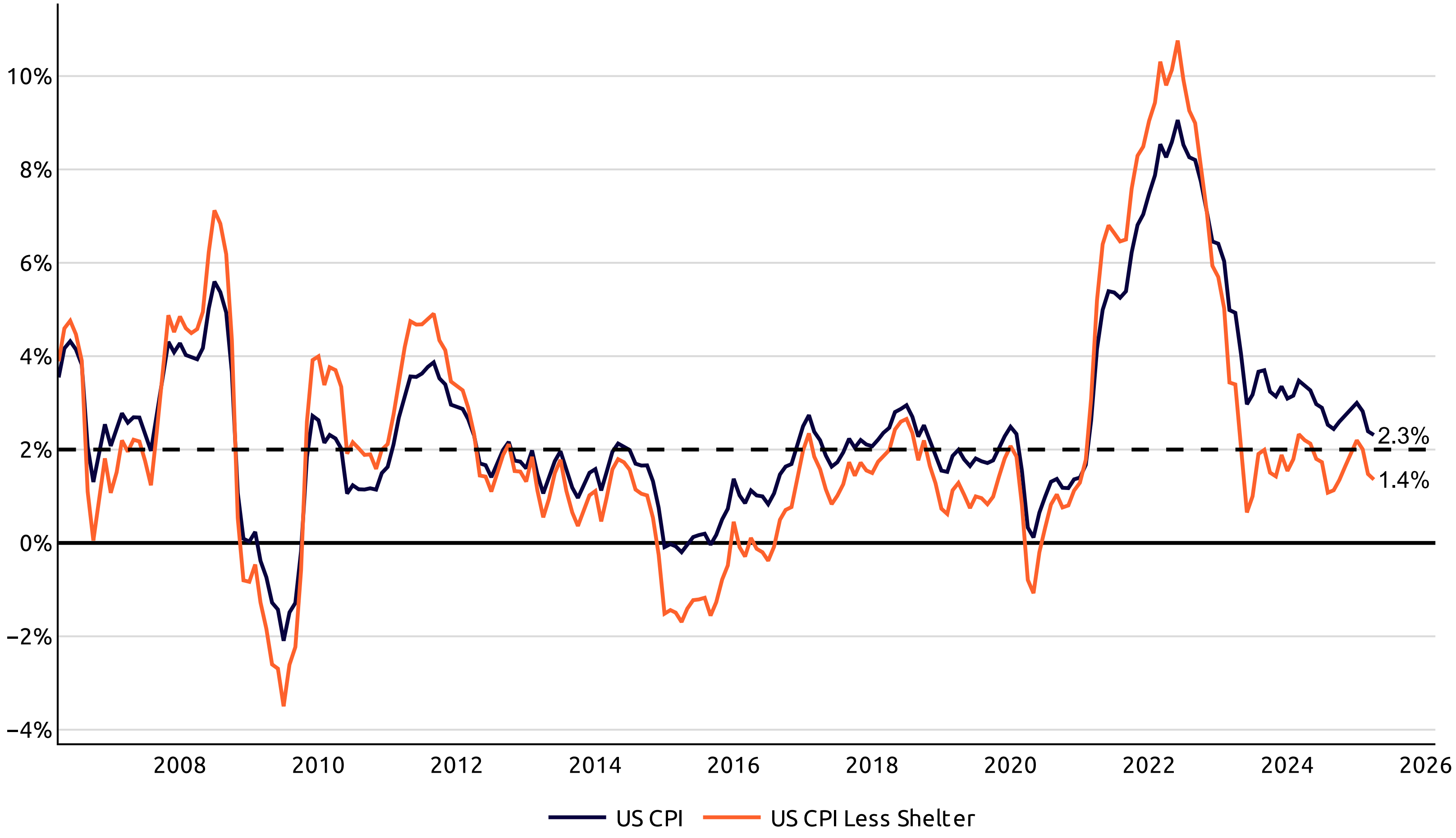
Source: BLS

Inflation Slowing Down



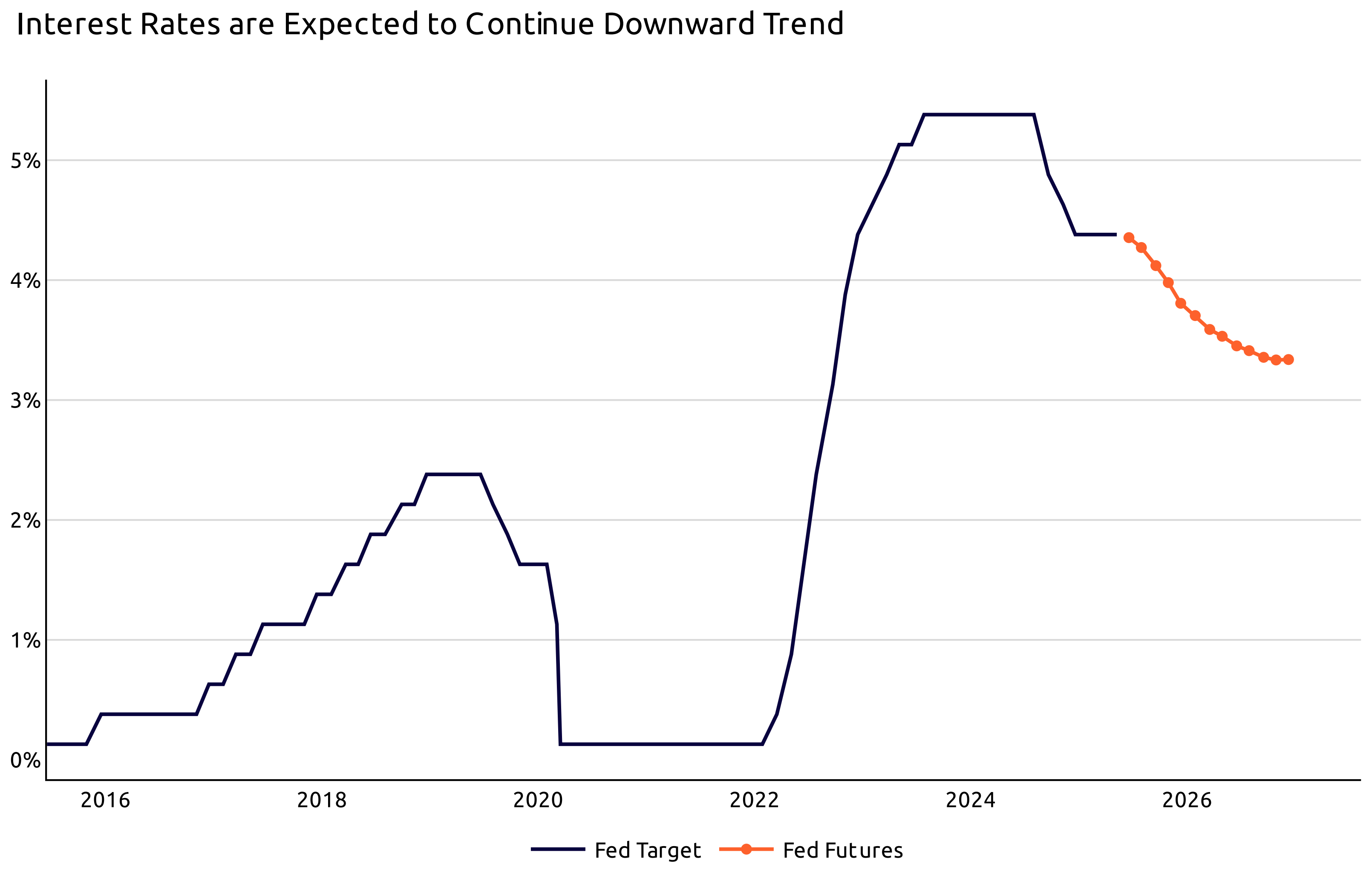
Source: BLS

Inflation Less Shelter



Source: Yardeni

Interest Rates



Source: LSEG, CME Group

Tax Cuts

House GOP “One, Big, Beautiful Bill” of 12 May 2025:

- Extension of the 2017 TCJA
  - Prevents a significant personal tax hike after 2025
  - Locks in existing standard deductions and tax credits, such as the Child Tax Credit
- Provides tax relief on:
  - Tips
  - Overtime pay
  - Car interest payments
  - Social security benefits

Other proposals to be billed

- Lowering corporate income tax from 21% to 20%
  - As low as 15% for US-made products
- Lowering capital gains tax from 20% to 15%, as well as adjusting for inflation

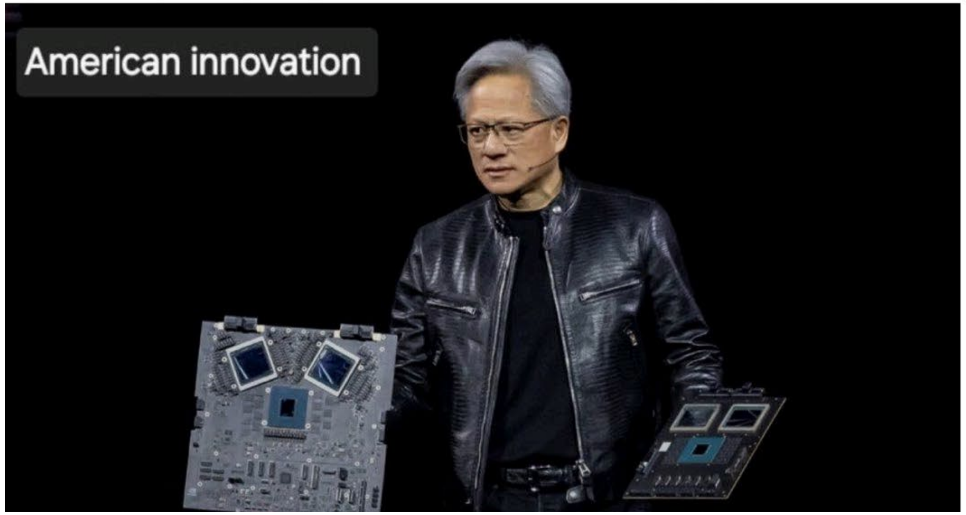
Source: Greer Walker

Valuations

S&P 500 PEG Ratio

Source: Yardeni

US Innovation



America innovates

China replicates

Europe regulates

Thank you!

Disclaimer:

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Custodian BCI Income Plus

Click below to view & subscribe to the monthly manager feedback and SALM Model reports:

- Custodian BCI Income Plus feedback - Click here to Subscribe
- Custodian SALM Model Report - Click here to Subscribe

Charged with the safekeeping of Client Capital

Who we are

We are a Product Focused Team with decades of experience in the industry, who have worked closely with many Advisors and Clients.

We believe in **SIMPLE PRODUCTS**, without all the Jargon...done well.

Our solutions are therefor built for Advisors, designed to reduce expectation mismatches and deliver consistent performance, giving the Advisor confidence in providing a reliable, client-focused outcome.

*LEAVE YOUR **EGO** AT THE DOOR...KEEP THINGS **SIMPLE***

Custodian BCI Income Plus

- ASISA Multi Asset Income
- 13 Years track record
- ~R1.7 Billion of assets and growing
- Specialised Managers in a single fund
- Consistent product built with advisor & client in mind

*We believe in putting clients in the best position possible, without compromise. So we employ the **best Fund Managers** in **Focused Specialities**...Simple*

Our Other Fund:

Custodian also proudly brings you a Reg28 **Balanced Fund**, a low-cost, High-Equity Multi-Asset Fund - built with ETFs and trackers, based on the **SALM**.

RAGING BULL AWARD WINNER

BEST SOUTH AFRICAN MULTI ASSET INCOME FUND ON RISK-ADJUSTED BASIS, FIVE YEARS in 2020

In the year when the world turned upside down, we remained dedicated to risk adjusted returns and it showed

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Specialist Mandates

Fixed vs Floating

Income Fund assets can be broken up into two halves, Fixed and Floating.
Or more notably, assets that benefit from different stages of the interest rate cycle.

Macro and Allocation Oversight – Custodian

Specialist Bond Mandate
Philip Bradford

~R21 Billion across income strategies

Philip is widely regarded as one of the best Fixed Bond managers in the market, focusing on his expertise, allocation and duration management.

Specialist Float Mandate
Louis Antelme / Paul Crawford

~R17.6 Billion across income strategies

Paul's Credit or Floating instruments acumen and excellent management abilities have earned him a reputation as one of the "greats".

Declining interest rates drive up the market price of Fixed Rate Bonds purchased at higher yields, resulting in increased total returns.

Rising yields enhance the returns of the Floating Rate Bonds by increasing interest income.

Custodian BCI Income Plus

The Most Important aspect in *Income Investing*:

Understanding where we are in the interest rate cycle. It helps us make the right choices to allocate capital.

An Income Fund must stay true to its core purpose, ***generate low-risk, reliable income***.

That's why, at Custodian, we **blend Top-Tier Income Managers**, <u>each with a different approach</u>, to match the current phase of the cycle. So...

<u>Where Are We in the Cycle?</u>

Current Environment –
Tariffs, Trade Wars and Political Instability

The recent selloff and the subsequent swift recovery in South African Government Bonds highlights the ongoing opportunity in managing the Duration of the Fund.

Philip Bradford, our Flexible Duration Bond Manager, believes Active Management remains critical during market dislocations and volatility. With long-dated bonds yielding more than 9% above inflation, he sees strong potential to lock in attractive future returns. Although the portfolio is overweight fixed-rate bonds, it is well-positioned to adjust dynamically and use volatility to capture capital gains and strengthen long-term total performance.

In contrast, **Louis Antelme** our Floating Rate Manager says: local credit markets have been relatively quiet, with minimal movement in spreads or issuance. Globally, April saw a temporary spike in spreads, driven by noise like Liberation Day and new tariffs. This short-lived volatility led some South African issuers to delay auctions, so few purchases happened this year.

These dynamics reinforce the fund's tailored construction:
Blending active duration management with stable floating rate exposure to navigate evolving ***risks and opportunities*** *across fixed income markets.*

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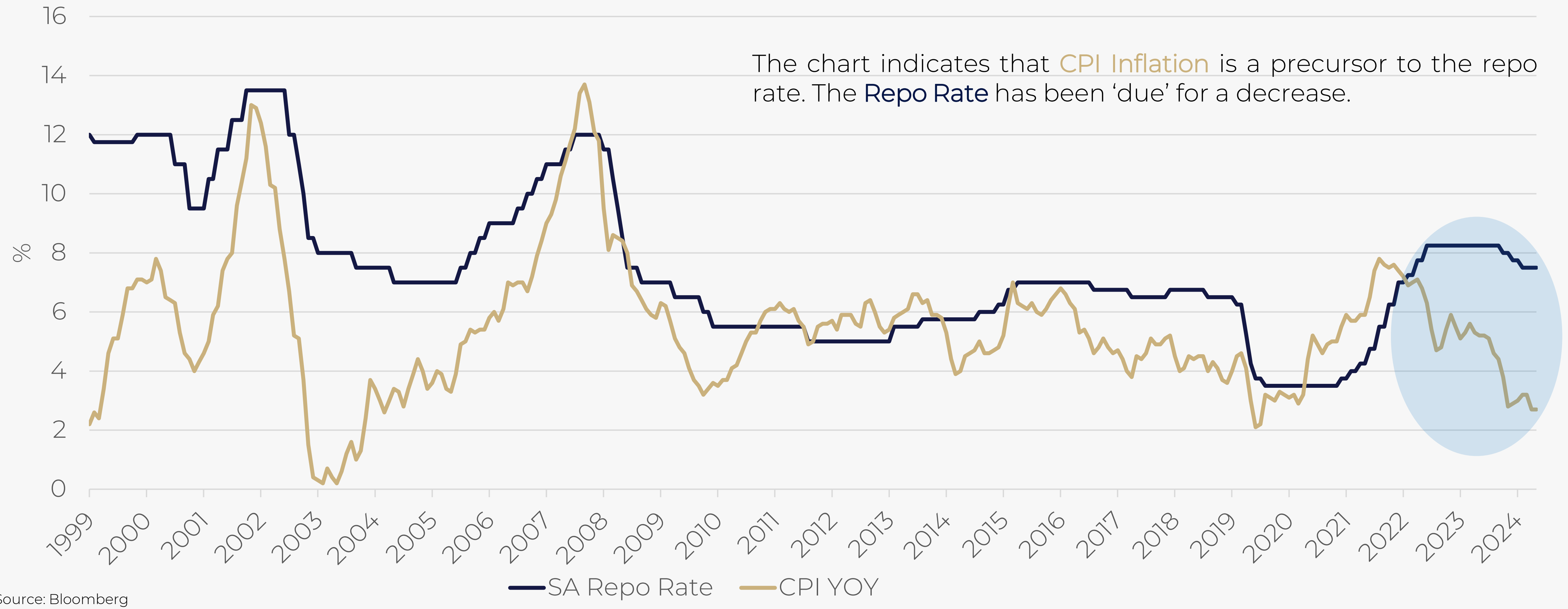
Income Basics: Fixed vs Floating

1) Identify where in the Cycle you find yourself

2) Select specialists to make the most of what the market has to offer



Source: Bloomberg

Risk

“If you can't measure it, you can't manage it.”
Peter Drucker

Risk isn’t just the textbook definition of the “*absolute loss of capital*”. For the Advisor, as an example, it could be the client’s **Income Bucket not lasting as long as planned**.

Make things more Predictable through **CONSISTENCY**

<u>We believe the main Risk Management & Focus should be on:</u>

1. **Counterparty**
   ...the risk of something we own going into distress
2. **Duration**
   ...the risk of interest rate movements causing volatility
3. **Liquidity**
   ...the risk of not being able to sell our holdings when we need to

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Counterparty Risk

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Guaranteed

Government Fixed/Floating bonds

The government is legally bound to repay the bond and interest. For as long as there is a government, this is guaranteed.

Implied Guarantee

SOE Fixed/Floating bonds

While some SOE-issued bonds carry explicit government guarantees, legally obligating the state to repay the debt, others have only an implied guarantee, where there is no legal obligation, but market participants assume the government would intervene to prevent default due to strategic or systemic importance..

Top Quality, No Guarantee

Big 5 bank and other BIG organisations

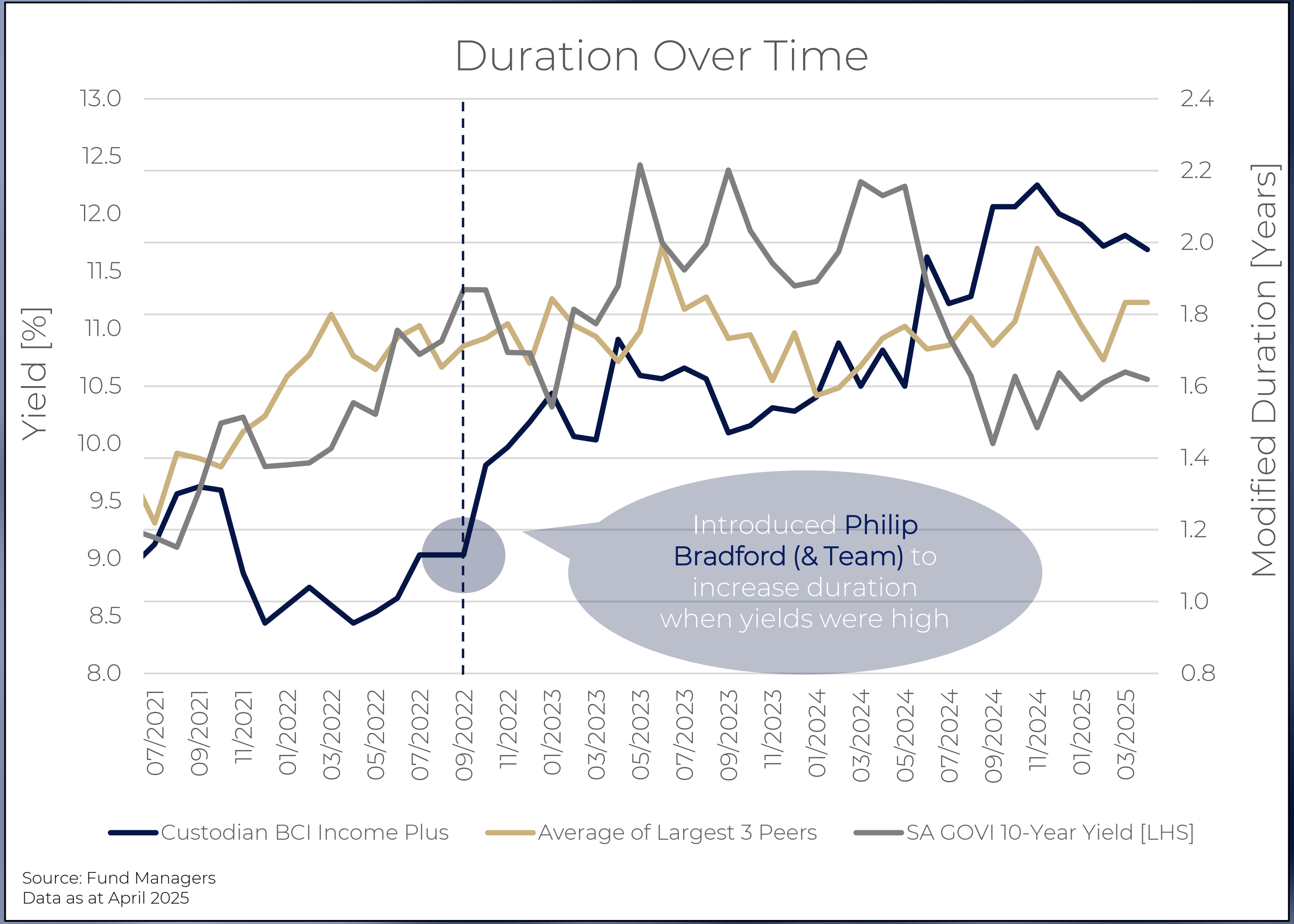
The company issuing the bond promises to repay. For major banks who are very well funded, the risk of default is very low but never zero.

Lesser quality, No Guarantee

Other credit or structured credit instruments

For credit outside of Blue Chip, well-funded companies, the risk of non-payment is higher and as a result need to pay higher interest to attract investments.

Duration Risk



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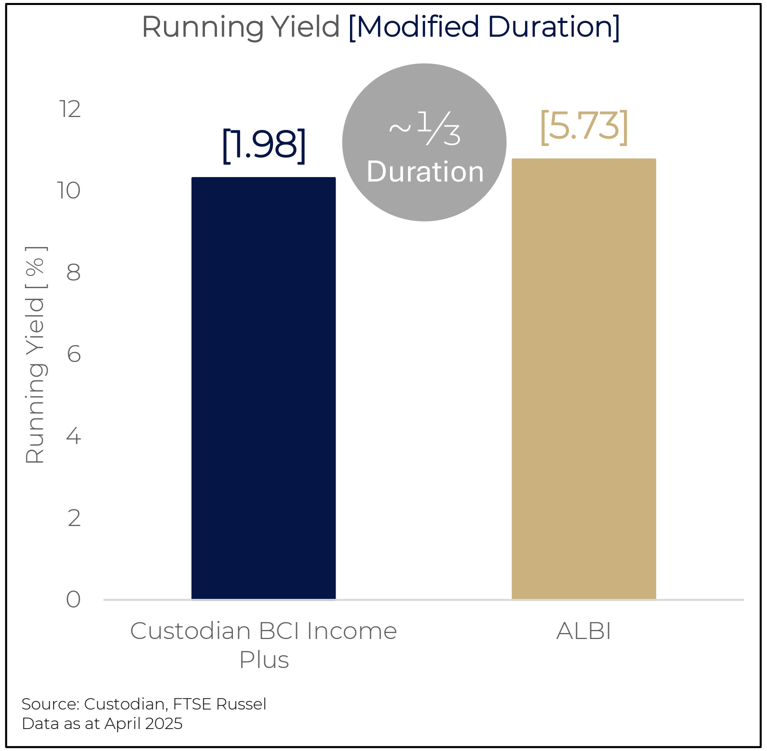
Vs.

JSE All Bond Index



As the graph above shows the fund has an ~10.3% running yield at roughly a third of the duration of the ALBI.

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Liquidity Management

Liquidity is never a problem…until it is.

We believe it’s VITAL that our holdings are priced daily.

Allocation by Instrument	% of AUM	Description
Prime Dealer Call Down Rates	29%	Fixed Rate Gov Bonds
Cash	28%	Bank accounts & Money Market
Price Traded Methodology	20%	Instruments Issued by Large Banks and Other Large Issuers
Issuer Valuated	13%	Structured Products
NCD	9%	Large Banks, “Fixed Deposits”
Official Market Maker	<1%	Eskom Bond
Benchmark Bond	0%	R186 [Gov Bond]
Inflation Linked Methodology	0%	Inflation Linked Bond
Illiquid Methodology	<1%	SOE and Linked to Gov Bond
No Description	<1%	Land Bank
Total	**100%**	

JSE/BESA MTM categories

Data above excludes Unit Trust Holdings and their underlying holdings.

Data as of 30 April 2025

All holdings can be sold at a moments notice…

So…Low Risk Income Fund Category

*Investing in Income Funds is easy, it's just **Buy & Hold**, BUT just remember to check out:*

- Where are we in the **Economic Cycle**?
- What is the **Mix or Allocation** at the moment; and ONGOING
- Do you have **Managers**, PROVEN to be capable of handling the current environment, inside at this moment; and ONGOING?
- **What and Who is INSIDE** the Fund at the moment; and ONGOING
- What is the **Duration** of the "stuff" inside at the moment; and ONGOING
- Is there enough **Liquidity** and "**Tradability**" of the Instruments inside at the moment; and ONGOING

Like the Shampoo bottle…remember to –

"*Wash, Rinse & Repeat*"…**DAILY / Weekly / Monthly / Quarterly**

Consistency

...Turning the average into excellent

Returns Quartile Ranking in the ASISA Multi Asset Income Sector:

Rank	1 Year	2 Years	3 Years	4 Years	5 Years	6 Years	7 Years
Custodian BCI Income Plus	**1st**	**1st**	**1st**	**1st**	**1st**	**1st**	**1st**
Largest Income Fund	1st	1st	1st	2nd	2nd	3rd	3rd
2nd Largest Income Fund	2nd	2nd	1st	1st	2nd	2nd	1st
3rd Largest Income Fund	3rd	4th	4th	4th	4th	4th	3rd

Source: Morningstar. Data as at 30 April 2025. Performance is for the fund C-class

Since Inception	Custodian BCI Income Plus	
Return (Annualised)	8.11%	**1st Quartile**
Standard Deviation (Risk)	1.71	**1st Quartile**
Sharpe Ratio (Risk-adjusted return)*	0.97	**1st Quartile**

**Stefi Composite ZAR Returns used as the Risk-Free Rate. Retail Classes used for the Custodian BCI Income Plus fund as well as sector.*

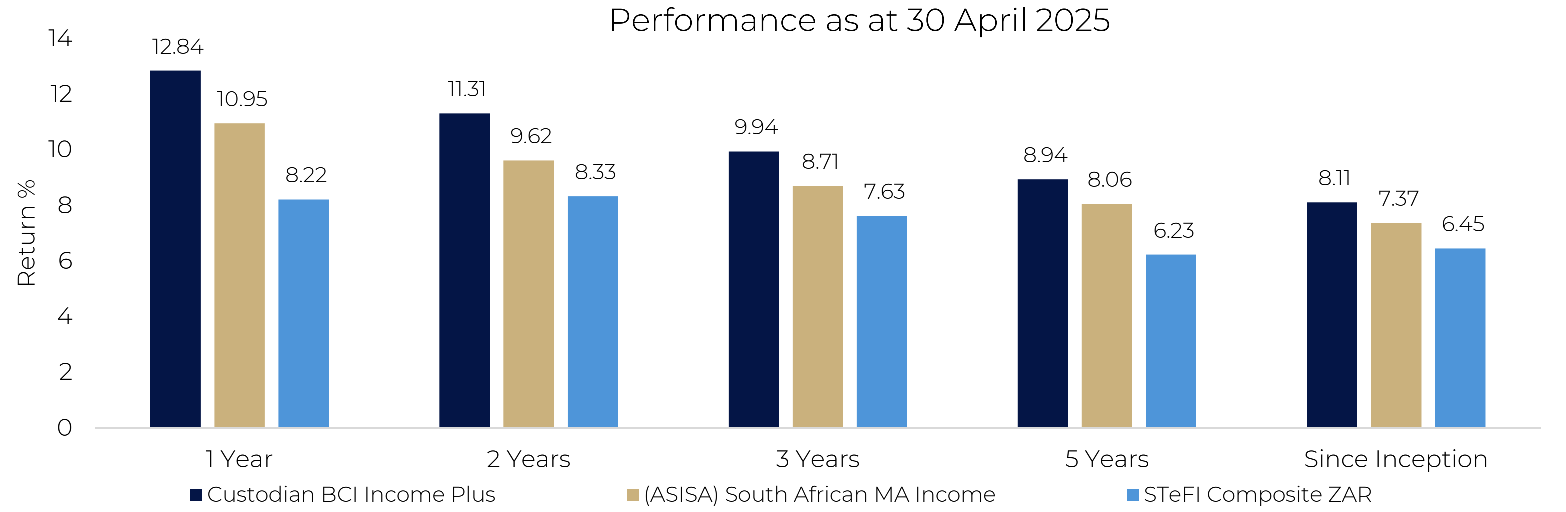
Custodian BCI Income Plus Performance is sourced as in order to illustrate the most used fee class: A-Class Inception: 28 Dec 2011, C-Class Inception 18 Oct 2017

This was done while not overreaching on the risk...

A-class Returns used for periods longer than C-class inception. C-class inception: 18 Oct 2017
Annualised return is weighted average compound growth rate over the period measured.

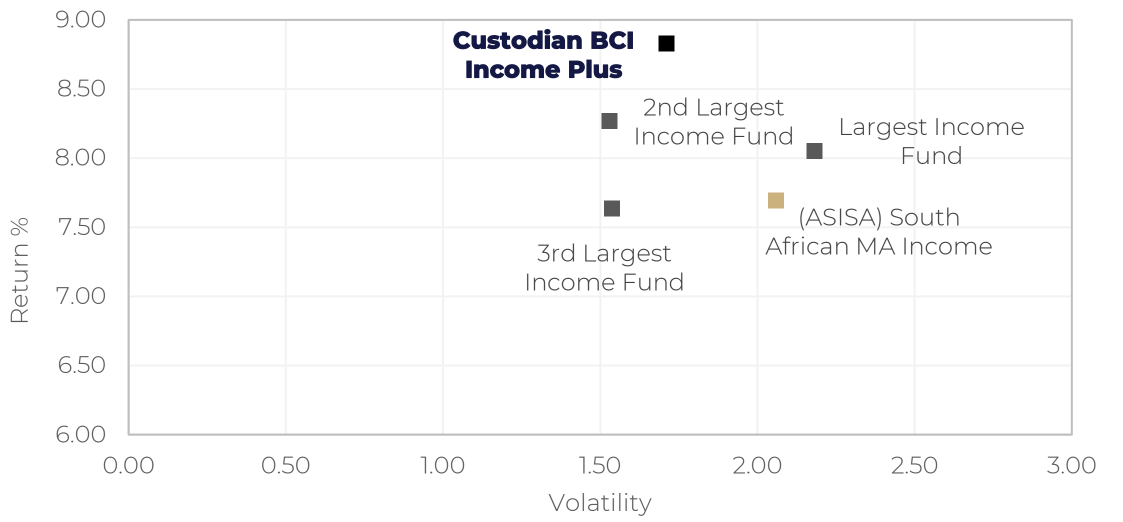
Results

...there will be good years and bad years, but compounding will continue



Source: Morningstar. Periods longer than 1 year are annualised

Custodian BCI Income Plus Performance is sourced as in order to illustrate the most used fee class: A-Class Inception: 28 Dec 2011, C-Class Inception 18 Oct 2017



Source: Morningstar, Annualised Returns

Data period: 01 Jan 2016 – 30 April 2025

Source: Morningstar, as at 30 April 2025

Annualised return is weighted average compound growth rate over the period measured

CONSISTENCY TRANSFORMS *AVERAGE* INTO *EXCELLENT*

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Other Platform Availability

Custodian BCI Income Plus Fund A
- Glacier
- Momentum Wealth
- Old Mutual
- PPS
- Sygnia
- Stanlib

Custodian BCI Income Plus Fund C
- Glacier
- Momentum Wealth
- Allan Gray
- Ninety One
- Sygnia

Custodian BCI Balanced Fund A
- Momentum Wealth
- Glacier
- MMI

Custodian BCI Balanced Fund C
- Momentum Wealth
- Glacier
- Ninety One
- **Soon to be on Allan Gray**

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