



INCOME FUND FACT SHEET

USD

Date: August 2026

FUND NAME

CORNERSTONE SHILLING INCOME FUND

FUND TRUSTEE & CUSTODIAN

KCB Bank Uganda

INCEPTION DATE

10th JANUARY 2024

FUND MANAGER

CORNERSTONE ASSET MANAGERS LTD

AUDITOR

BDO East Africa

CURRENCY

USD

REGULATORY AUTHORITY

Capital Markets Authority (CMA), Uganda

PORTFOLIO MANAGER

Simon Kusiima Mwebaze, CFA

MANAGEMENT FEE

1% per annum

FUND OBJECTIVE:

The Cornerstone Dollar Income Fund Scheme's investment objective is to obtain a high level of current income while preserving investor's capital. The Fund aims to outperform the USD yield available on call and fixed deposits through investing in high quality money markets and fixed income securities with a maturity profile that ensures sufficient liquidity and competitive return.

Investment Suitability:

The Fund is suitable for investors seeking to preserve their capital while maintaining a stable investment with minimal volatility.

Investment Risk Profile:

The fund has a low to medium investment risk profile.

KEY FACTS

Minimum Investment

500 USD

Benchmark

**Secured Overnight
Financing Rate (SOFR)**

Risk Profile



Fund Size
(As at 31st August 2026)

USD 1,332,606

Average Effective Annual
Yield (As at August 2026)

4.67%



Recommended Investment
Term

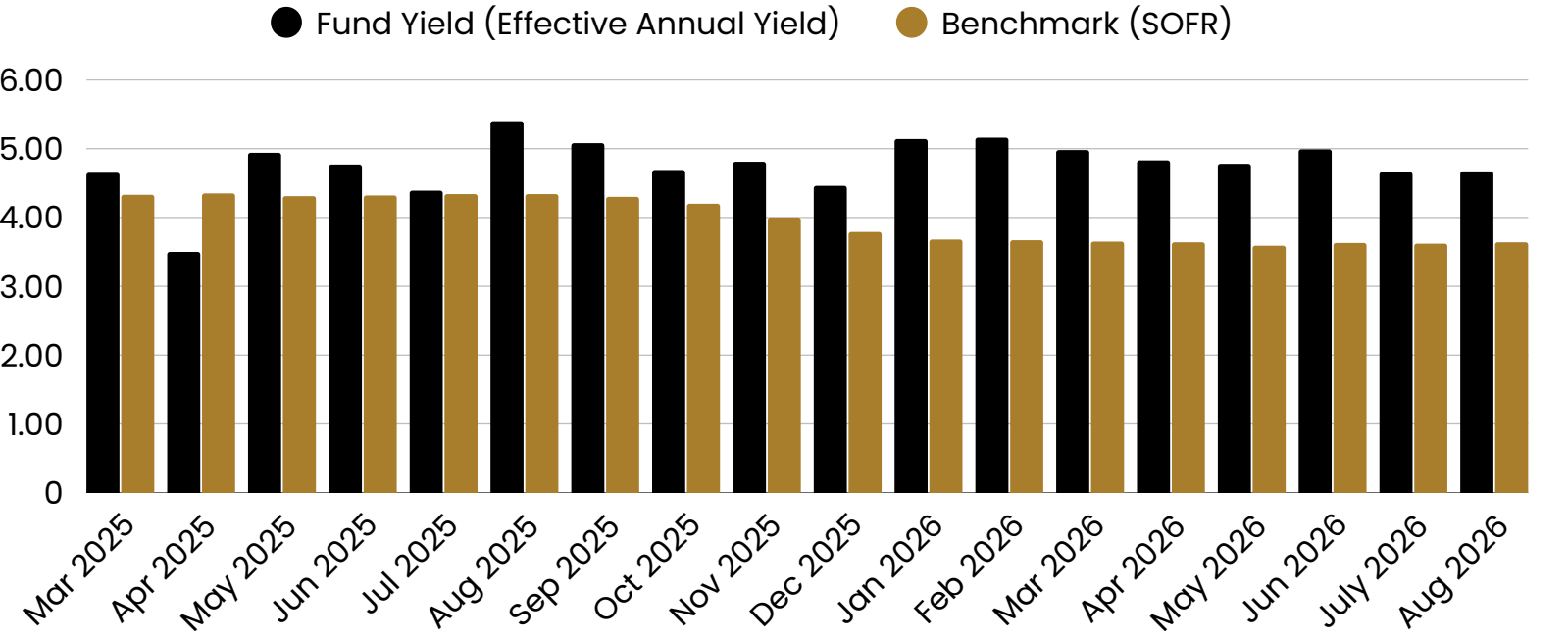
1 YEAR

Total Expense Ratio (TER)

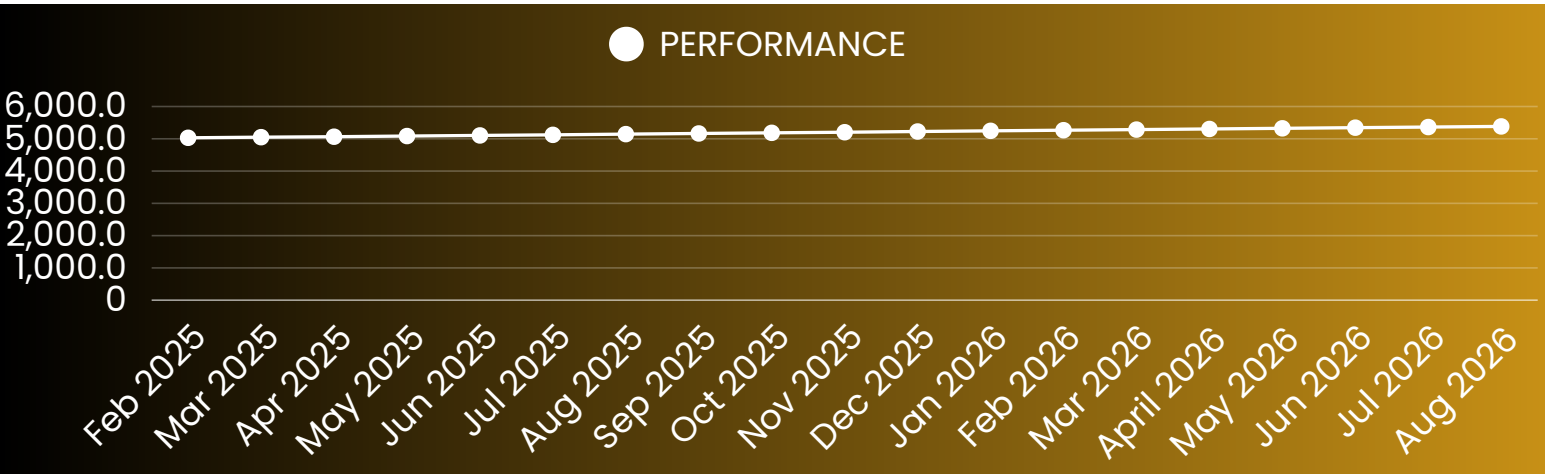


FUND PERFORMANCE

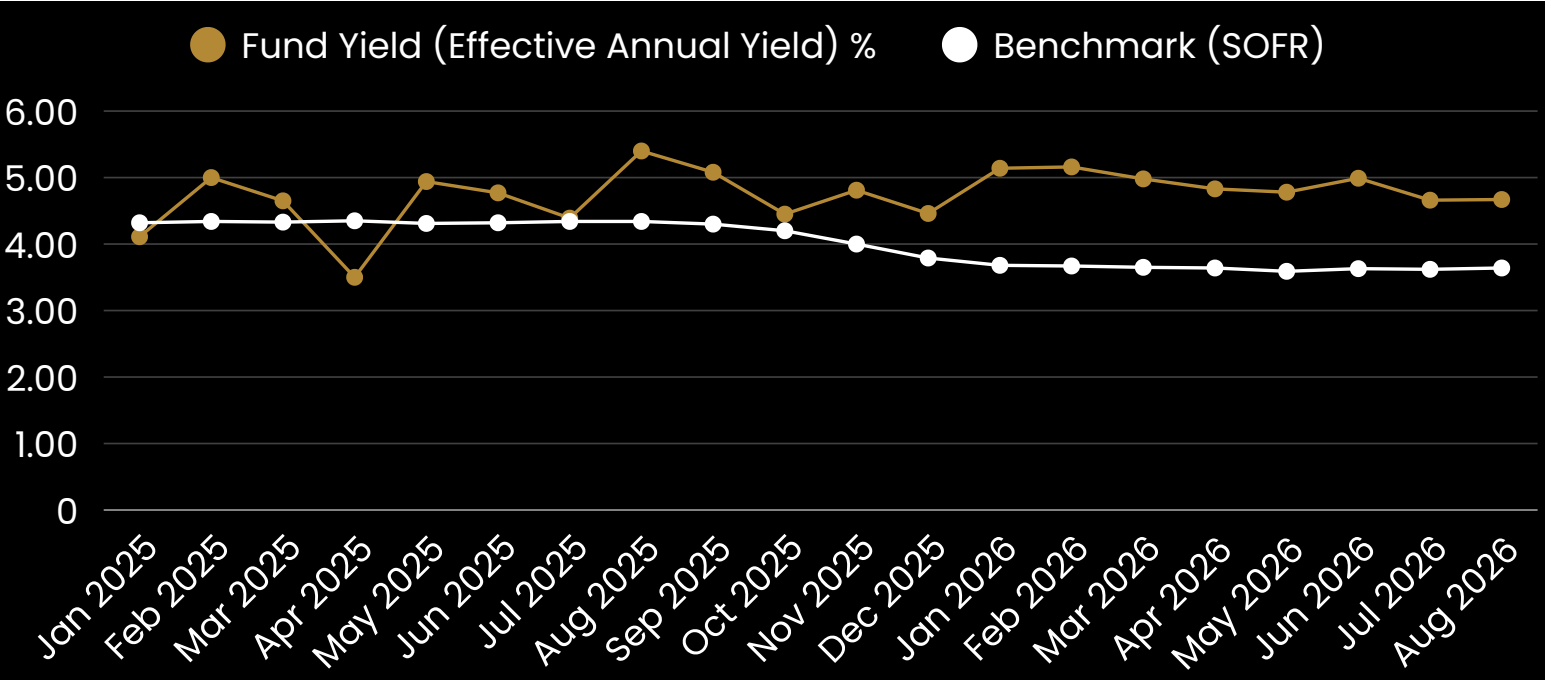
Month	Fund Yield (Effective Annual Yield) %	Benchmark (SOFR)%
August 2025	5.40	4.34
September 2025	5.08	4.30
October 2025	4.45	4.20
November 2025	4.81	4.00
December 2025	4.46	3.79
January 2026	5.14	3.68
February 2026	5.16	3.67
March 2026	4.98	3.65
April 2026	4.83	3.64
May 2026	4.78	3.59
June 2026	4.99	3.63
July 2026	4.66	3.62
Aug 2026	4.67	3.64



VALUE OF USD 5,000 SINCE INCEPTION



Performance Vs Benchmark



Risk Measures

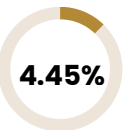
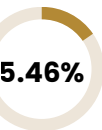
Fund

Benchmark
(SOFR)

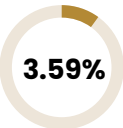
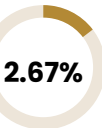
Percentage Positive Months



Highest Annual Return



Lowest Annual Return



Macroeconomic Environment

Uganda’s macroeconomic environment held broadly firm through August, with growth momentum intact but the fiscal and inflation pictures both showing early signs of strain we flagged as a watch item earlier in the year.

FY2025/26 growth came in at an estimated 6.4%, and the Bank of Uganda’s own projections now put FY2026/27 growth at 7.0–7.5% towards 8% over the medium term as oil sector investments ramps up ahead of first production.

The growth story remains credible, however, the question increasingly is what is the cost to sustain it.

Monetary policy

The Central Bank rate was held at 9.75% for the 7th consecutive MPC meeting that happened this August 2026. Bank of Uganda framed the holding as a deliberate signal of policy consistency to investors during the run-up to the first oil.

This follows the decision to raise the Cash Reserve Requirement to 11% earlier in the year, a move aimed at managing system liquidity without resorting to a rate hike.

We read the extended hold as the central bank trying to reaffirm its reliability narrative at a moment when fiscal financing needs are becoming the more pressing risk.

Inflation and Price Stability

Inflation has drifted higher than the very low readings seen earlier in the year. BoU’s latest medium-term guidance projects core inflation (inflation minus rises in food/energy prices) averaging 4.0–4.5% and headline inflation 5.5–6.0% over the coming 12 months. It is still within the set target bands, but a step up from the 3.5% recorded in Q1.

The primary driver is energy prices, fuel and electricity prices have risen sharply this year, compounded by the Middle East conflict effect on global oil prices. The Bank of Uganda continues to flag upside risks from exchange-rate movements feeding into domestic prices and renewed food price pressure if weather conditions turn adverse.

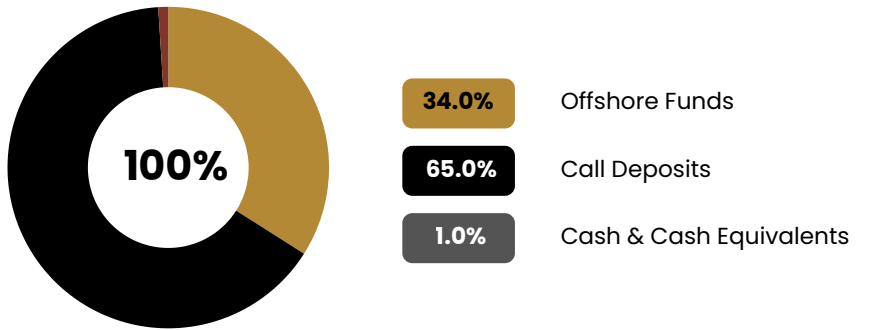
Exchange Rate Developments

The shilling has weakened modestly rather than disorderly through the year trading around UGX 3,750–3,780 to the US dollar through late August, a depreciation of approximately 3.4% year-to-date. The move remains consistent with seasonal import demand, particularly for energy and capital goods tied to oil-sector construction rather than any loss of confidence in the currency.

Export earnings from coffee and gold, together with steady remittance inflows, continue to provide underlying support and have kept volatility contained.

Portfolio Allocation (31/08/2026)

Instrument	Percentage (%)
Offshore Funds	34.0%
Call Deposits	65.0%
Cash & Cash Equivalents	1.0%
Total	100%



Interest Rates and Government Securities Market

The domestic bond market told a constructive story in August considering the fiscal backdrop. At the 13th auction, the 20-year bond cleared at a cut-off yield of 15.65%, a 30bps decline from the prior 15.95%. While the 10 year cleared at 15%, down 45bps from roughly 15.45% in July.

This meaningful compressesion in a short window reflects strong investor appetite for duration. However, this was met by massive rejections by the government which continued to see strong bids across all tenure of securities tendered.

We view this as the central bank successfully asserting its rate view against aggressive bidder demands, rather than a sign of weakening demand: offshore investors continue to hold over 10% of Uganda’s total treasury bond supply, with no evidence of net foreign selling despite the fiscal headlines.

On The Fiscal Side

This is the theme requiring the closest attention. Government's FY2026/27 budget totaled UGX 84.3 trillion, of which debt servicing alone will absorb approximately UGX 33.4 trillion, nearly 40% of total spending, and the single largest budget line item ahead of any service delivery sector. Total public debt stock stood at UGX 130.22 trillion as of January 2026, a 21.2% year-on-year increase.

The Government and IMF sit at opposing positions about the debt picture. The IMF still assesses Uganda at "moderate risk of debt distress" with debt sustainable, but with stress scenarios that show meaningful deterioration under shocks, debt could reach 60% of GDP by 2030/31. The Government's counter-position, the deficit shall narrow to 3.5% of GDP by FY2029/30, this is dependant on revenue mobilization and expenditure discipline at a large scale. Two opposing perspectives that are dependant on the ability of each Ugandan to save and invest.

Outlook

Uganda's near-term picture is one of two speeds. The real economy in terms of growth, domestic bond market demand dynamics and equities continues to perform well and support a constructive near term stance. The fiscal and debt trajectory is counterweight, whereby debt servicing costs are rising faster than the government's own consolidation targets currently account for, and first oil eventually meant to ease that pressure, keeps being pushed later. This tension between those 2 forces is key in shaping Uganda's risk pricing into year-end.

Scrutinizing the financial market further, yields may continue to ease as the BoU manages public debt while addressing the country's infrastructure deficit. This is combined with exchange rates that, even though depreciating, we project to remain relatively stable and sensitive to global external developments. Overall, August 2026 is characterized by resilient growth, even with the diminishing fiscal runway. Growth is strong, but debt remains high.

Risk Notice

Investment in the Cornerstone Income Fund should be regarded as a medium-term investment. The Fund's investments are subject to normal market fluctuations and risks inherent in all investments.

Interest rates may, from time to time, go down as well as up. For this reason, the price of units of any Fund and the income from them can go down as well as up.

Any investor who is in any doubt about the risks of investing in the Fund should consult his or her own Financial Advisor. Past performance is not a reliable indicator of future results.

Disclaimer

Past performance does not guarantee future results. Investments in collective investment schemes are subject to market risks. Please consult an investment advisor before investing. For more information, visit www.cornerstone.co.ug.

Contact Us:

+256 767 936 167
investment@cornerstone.co.ug
Plot 16 A, Ntinda II Road, Naguru, Kampala (U)

