



INCOME FUND FACT SHEET

Date: July 2025

FUND NAME CORNERSTONE SHILLING INCOME FUND	FUND TRUSTEE & CUSTODIAN KCB Bank Uganda	INCEPTION DATE 24 TH DECEMBER 2024
FUND MANAGER CORNERSTONE ASSET MANAGERS LTD	AUDITOR BDO East Africa	CURRENCY UGX
REGULATORY AUTHORITY Capital Markets Authority (CMA), Uganda	PORTFOLIO MANAGER Simon Kusiima Mwebaze, CFA	MANAGEMENT FEE 2% per annum

FUND OBJECTIVE:

The investment objective of the Cornerstone Income Fund is to achieve a reasonable level of current income and offer investors long term capital growth by investing in a diversified spread of fixed income securities. To achieve this, the fund will invest in treasury bills, bonds, fixed deposits, call account deposits, corporate bonds, commercial paper, structured interest-bearing approved securities and cash. The Unit Trust Scheme may invest over 35% in Government Securities. This fund will have a focus on fixed income securities. The portfolio may have a maximum of 10% direct and/or indirect exposure to East African investments as a hedge against inflation.

Target Investors:

For investors who value stability and steady performance, the Cornerstone Shilling Income Fund offers a disciplined path to sustainable income and long-term capital security.

Investment Risk Profile:

The fund has a low to medium investment risk profile.

KEY FACTS

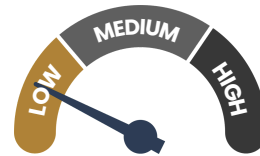
Minimum Investment

100,000 UGX

Benchmark

91-day T-Bill +1%

Risk Profile



Fund Size
(As at 31st July 2025)

UGX 34.25 bn

Average Effective Annual
Yield (As at July 2025)

14.96%



Fund Weighted Average
Maturity

13.1 YRS

Total Expense Ratio (TER)

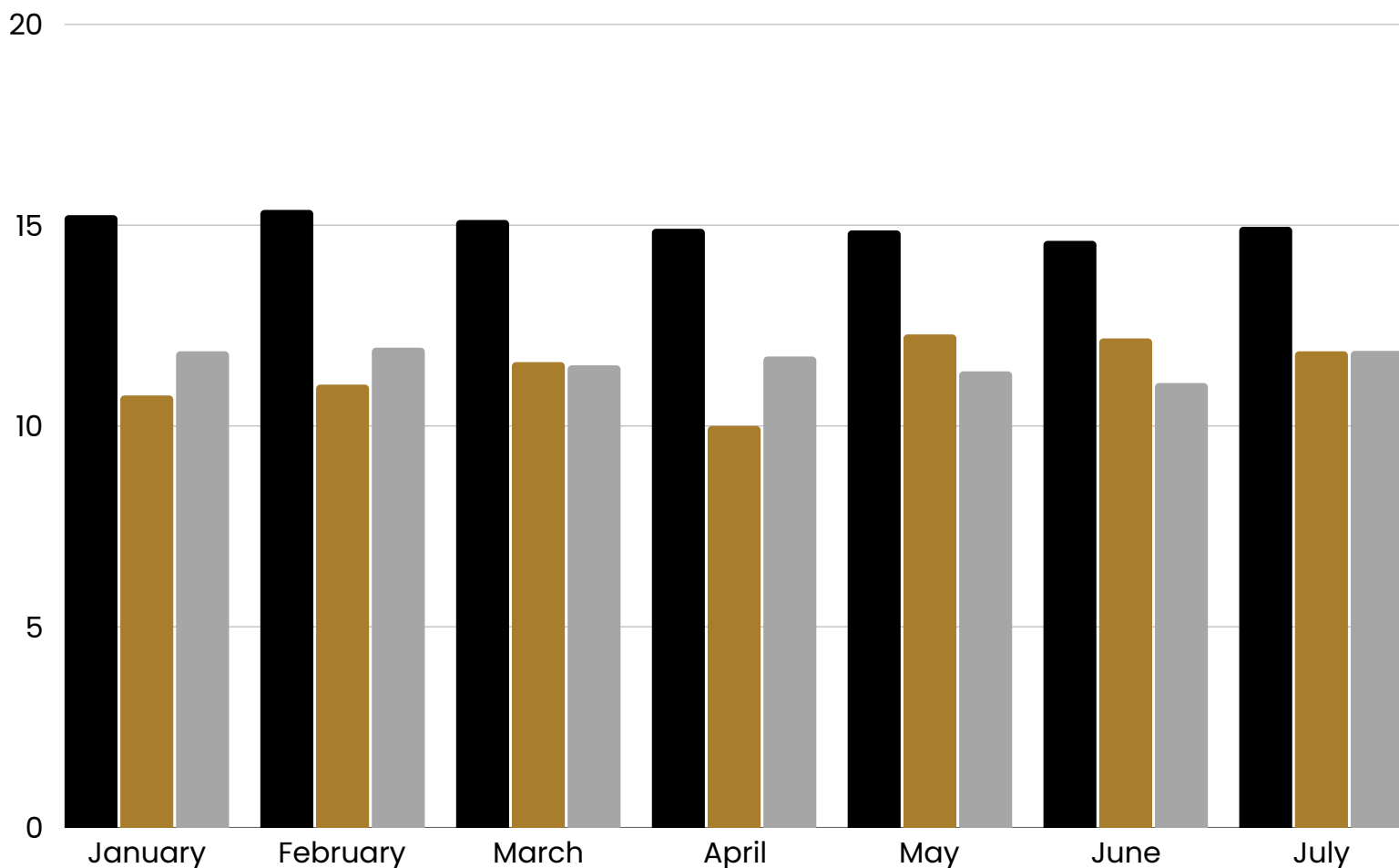


RECOMMENDED INVESTMENT TERM: 1 YEAR.

FUND PERFORMANCE

Month	Fund Yield (Effective Annual Yield) %	Benchmark (91-day T-Bill + 1%)	Commercial Banks Time Deposits (7-12 months) %
January	15.25	10.76	11.86
February	15.38	11.03	11.95
March	15.13	11.59	11.51
April	14.91	10.00	11.73
May	14.87	12.28	11.36
June	14.61	12.18	11.07
July	14.96	11.86	11.87

Fund Yield (Effective Annual Yield)
 Benchmark (91-day T-Bill + 1%)
 Commercial Banks Time Deposits (7-12 months)



Portfolio Manager's Commentary (July 2025)

This commentary provides a focused overview of key macroeconomic indicators for Uganda in July 2025, offering valuable insights for investors assessing the broader economic environment.

Macroeconomic Environment

Uganda's economy sustained robust growth momentum in July 2025, with early indicators reinforcing a forecasted GDP expansion of around 7% for fiscal year 2025/26.

This growth is driven largely by increased government expenditure targeting priority sectors including agriculture (notably in mechanization and value addition), infrastructure projects accelerating transport connectivity, and technology investments promoting digital transformation.

These initiatives remain central to Uganda's Ten-Fold Growth Strategy aimed at achieving middle-income status by 2040, signalling continued policy support for broad-based economic development.

Inflation and Price Stability

Headline inflation marginally eased to 3.8% in July from 3.9% in June, mainly due to a notable slowdown in food inflation supported by favourable weather conditions that improved harvests and market supply. Core inflation, excluding food and energy, also softened to 4.1%, reflecting reduced transport fare increases and stable accommodation costs.

These trends indicate that inflation remains well within the Bank of Uganda's target range of around 5%, reinforcing expectations that the central bank will maintain its current monetary policy stance without immediate tightening.

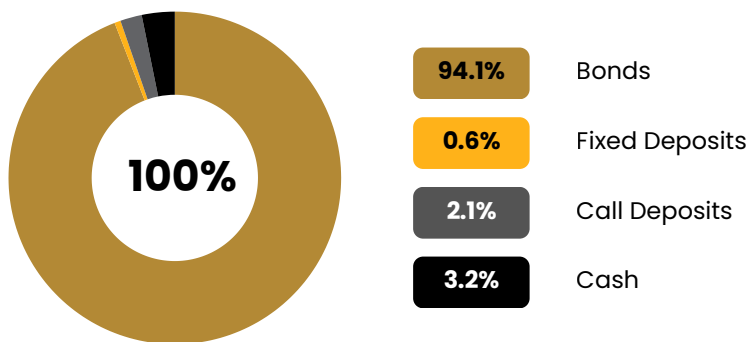
Looking ahead to August, inflation is expected to remain stable or ease slightly, assuming continued favourable supply conditions, although external factors such as global commodity prices and exchange rate fluctuations could influence inflationary pressures.

Outlook

Looking ahead, we anticipate that the Bank of Uganda will maintain a steady monetary policy stance, supported by benign inflation dynamics and a stable exchange rate environment. However, heightened fiscal pressures tied to the upcoming elections could keep longer-term government bond yields elevated, reinforcing the need for prudent duration management. Our portfolio remains focused on high-quality securities that offer attractive income opportunities while preserving liquidity and capital stability. Overall, our strategy aims to optimize returns while carefully managing macroeconomic and fiscal risks within a stable yet evolving economic environment.

Portfolio Allocation (31/07/2025)

Instrument	Percentage (%)
Bonds	94.1%
Fixed Deposits	0.6%
Call Deposits	2.1%
Cash	3.2%
Total	100%



Interest Rates and Monetary Policy

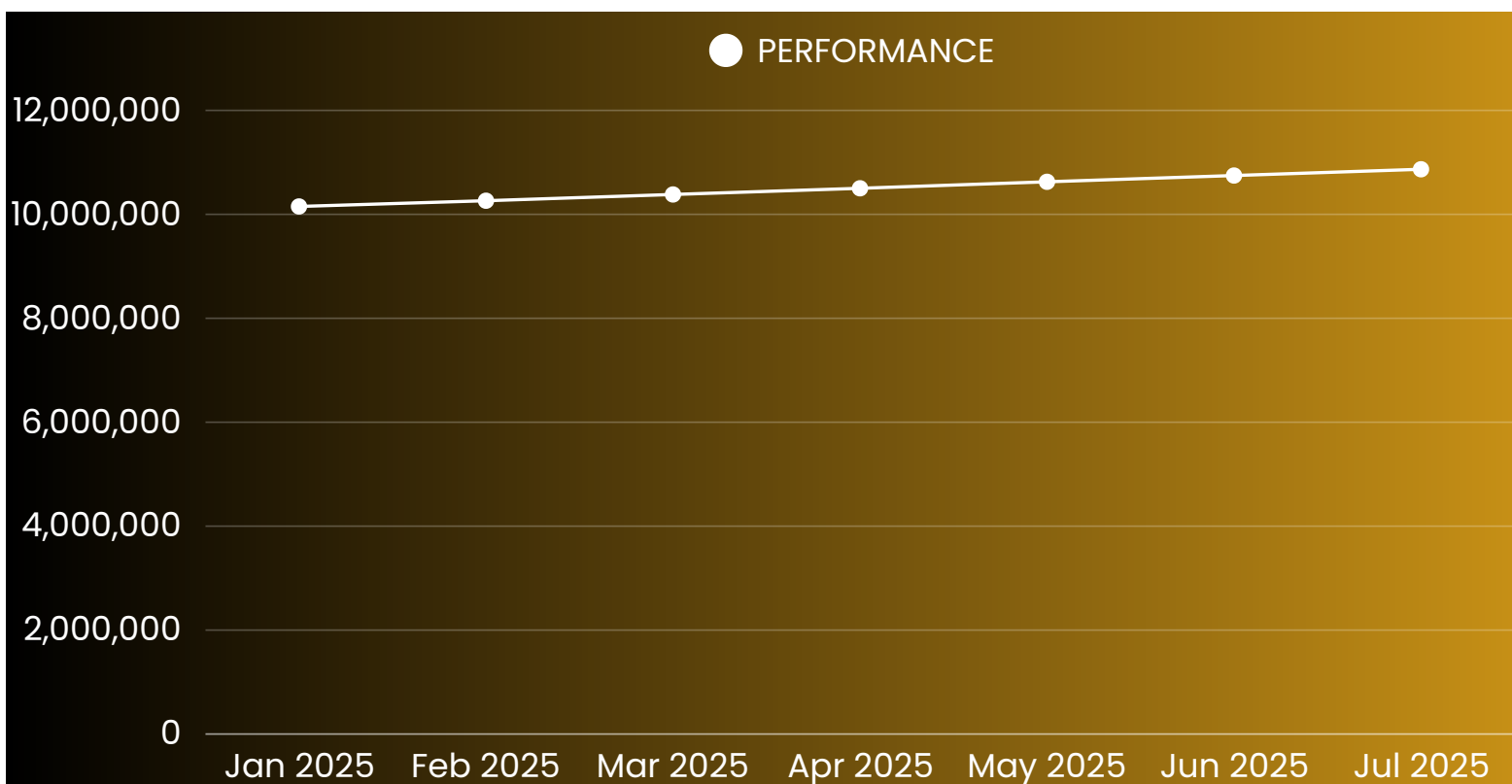
In July, government securities yields presented a mixed but elevated trend, reflecting complex market dynamics amid fiscal concerns related to the upcoming elections. Short-term Treasury bills, such as the 91-day bill, experienced modest yield declines to around 11%, indicating continued investor preference for liquidity and lower-risk instruments. In contrast, yields on longer-term bonds rose slightly, driven by heightened risk premiums associated with anticipated budget deficits and potential government borrowing pressures during the election period. The Bank of Uganda maintained a cautious monetary policy stance by holding policy rates steady, aiming to strike a balance between containing inflation and supporting economic growth, with little sign of near-term rate hikes. Looking ahead to August, yields are likely to remain somewhat elevated and volatile due to ongoing fiscal uncertainties and pre-election spending pressures, though the central bank is expected to maintain policy stability unless inflation or fiscal risks sharply intensify.

Exchange Rate Movements

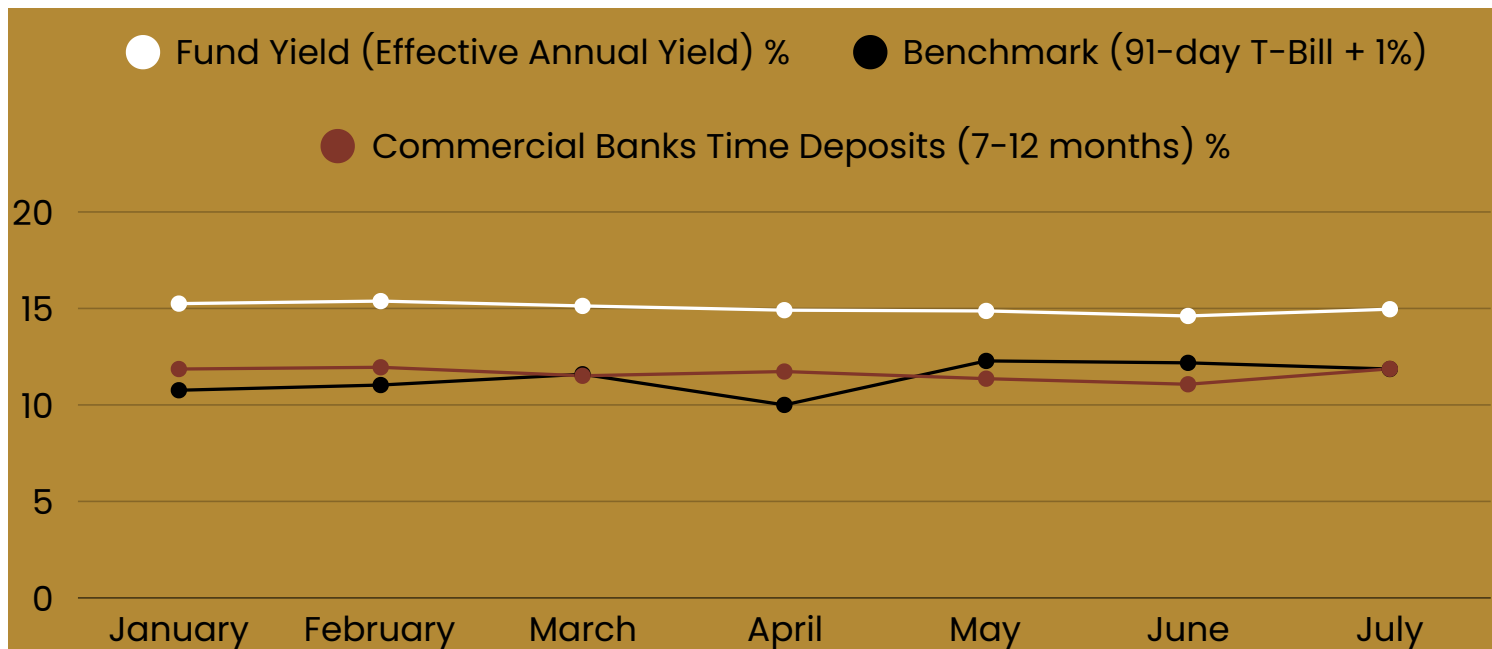
The Ugandan shilling demonstrated relative stability against the U.S. dollar throughout July, trading within a narrow range supported by steady foreign exchange inflows. This stability was driven largely by robust export receipts from coffee, gold, and cocoa—commodities benefiting from firm global prices—alongside consistent diaspora remittances that bolstered foreign currency availability. Contributing factors to the shilling's resilience include strong export performance, higher coffee prices, prudent monetary policy, ongoing FX market reforms, offshore investor interest, and a generally weaker U.S. dollar globally. Together, these elements have reinforced the shilling's role as a reliable hedge against exchange rate volatility. Looking ahead to August, the shilling is expected to remain relatively stable, supported by continued commodity exports and remittance flows, though potential external shocks such as shifts in global dollar strength or geopolitical developments could introduce some volatility.

VALUE OF 10 MILLION UGX SINCE INCEPTION

Date	Value
Friday, January 31, 2025	10,151,477
Friday, February 28, 2025	10,261,869
Monday, March 31, 2025	10,382,238
Wednesday, April 30, 2025	10,501,130
Saturday, May 31, 2025	10,626,171
Monday, June 30, 2025	10,746,641
Wednesday, July 30, 2025	10,867,237



Performance Vs Benchmark



Risk Measures	Fund	Benchmark (91-day T-Bill + 1%)	Commercial Banks Time Deposits (7-12 months)
Percentage Positive Months	100%	100%	100%
Highest Annual Return	15.38%	12.28%	11.95%
Lowest Annual Return	14.61%	10.00%	11.07%

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.

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