INCOME FUND FACT SHEET

UGX

Date: July 2026

FUND NAME CORNERSTONE SHILLING INCOME FUND	**FUND TRUSTEE & CUSTODIAN** KCB Bank Uganda	**INCEPTION DATE** 24TH 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 Cornerstone Income Fund aims to deliver a balanced combination of steady current income and long-term capital appreciation by investing in a carefully diversified portfolio of fixed income instruments. To achieve this objective, the fund strategically allocates capital across a range of high quality, assets including treasury bills, government bonds, fixed deposits, call account deposits, corporate bonds, commercial paper, structured interest-bearing approved securities, and cash equivalents. This diversified approach is designed to optimize yield while managing risk, providing investors with a reliable income stream alongside potential growth over time.

Investment Suitability:

The Fund is suitable for investors seeking exposure to a diversified portfolio of fixed-income instruments, balancing steady current income with long-term capital appreciation.

Investment Risk Profile:

The fund has a low to medium sized investment risk profile.

KEY FACTS

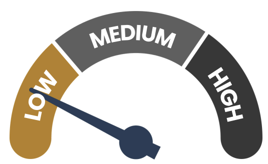
Minimum Investment

100,000 UGX

Benchmark

91-day T-Bill + 1%

Risk Profile



Fund Size
(As at 31st July 2026)

UGX 241.36 bn

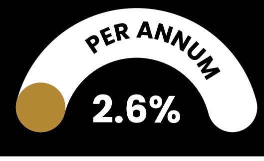
Average Effective Annual Yield (As at July 2026)

15.27%

Recommended Investment Term

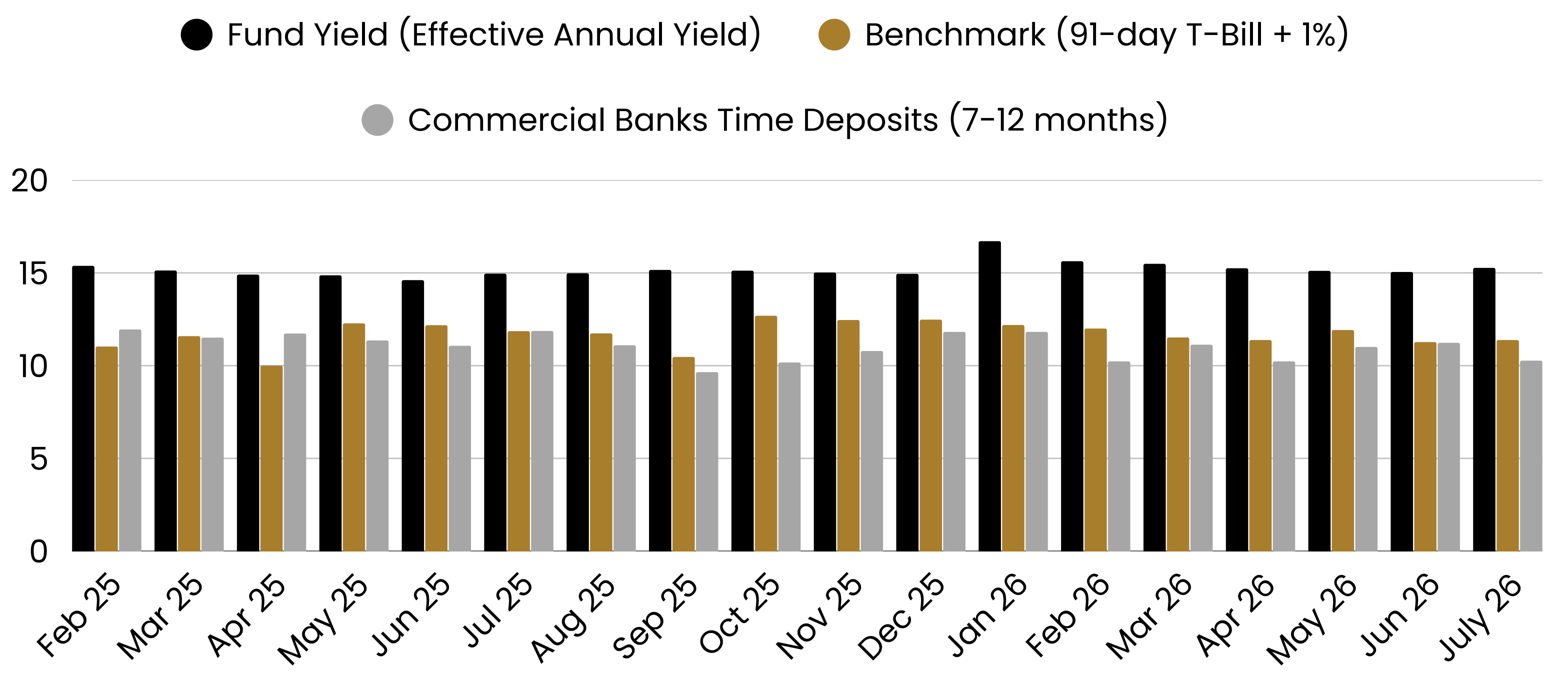
1 YEAR

Total Expense Ratio (TER)

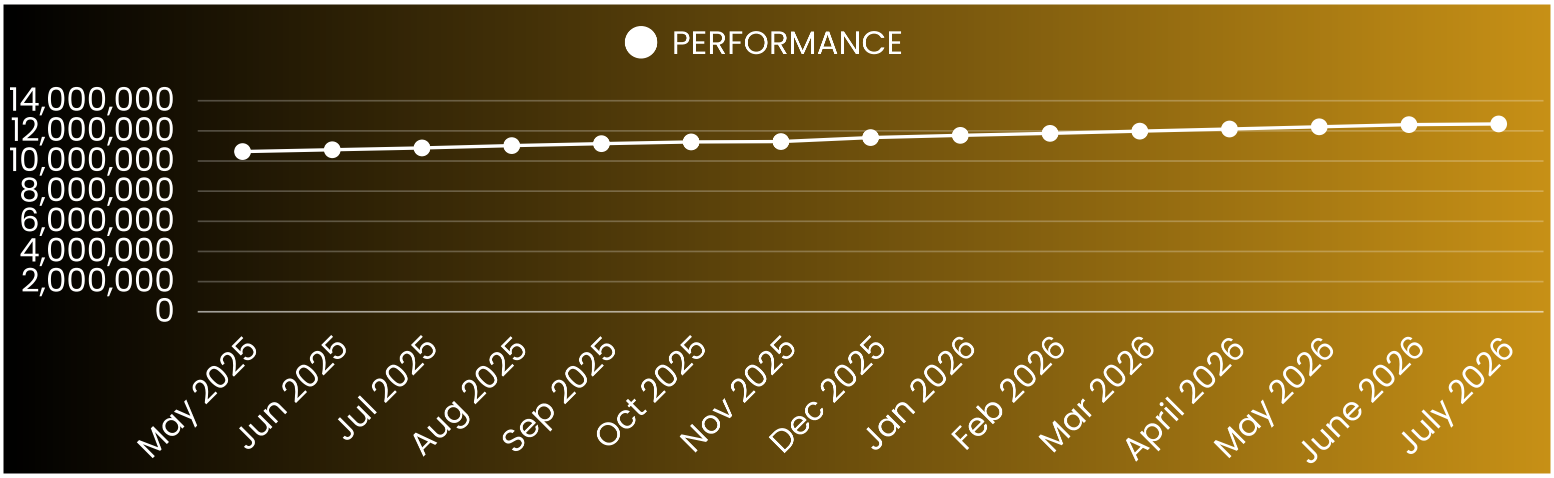


FUND PERFORMANCE

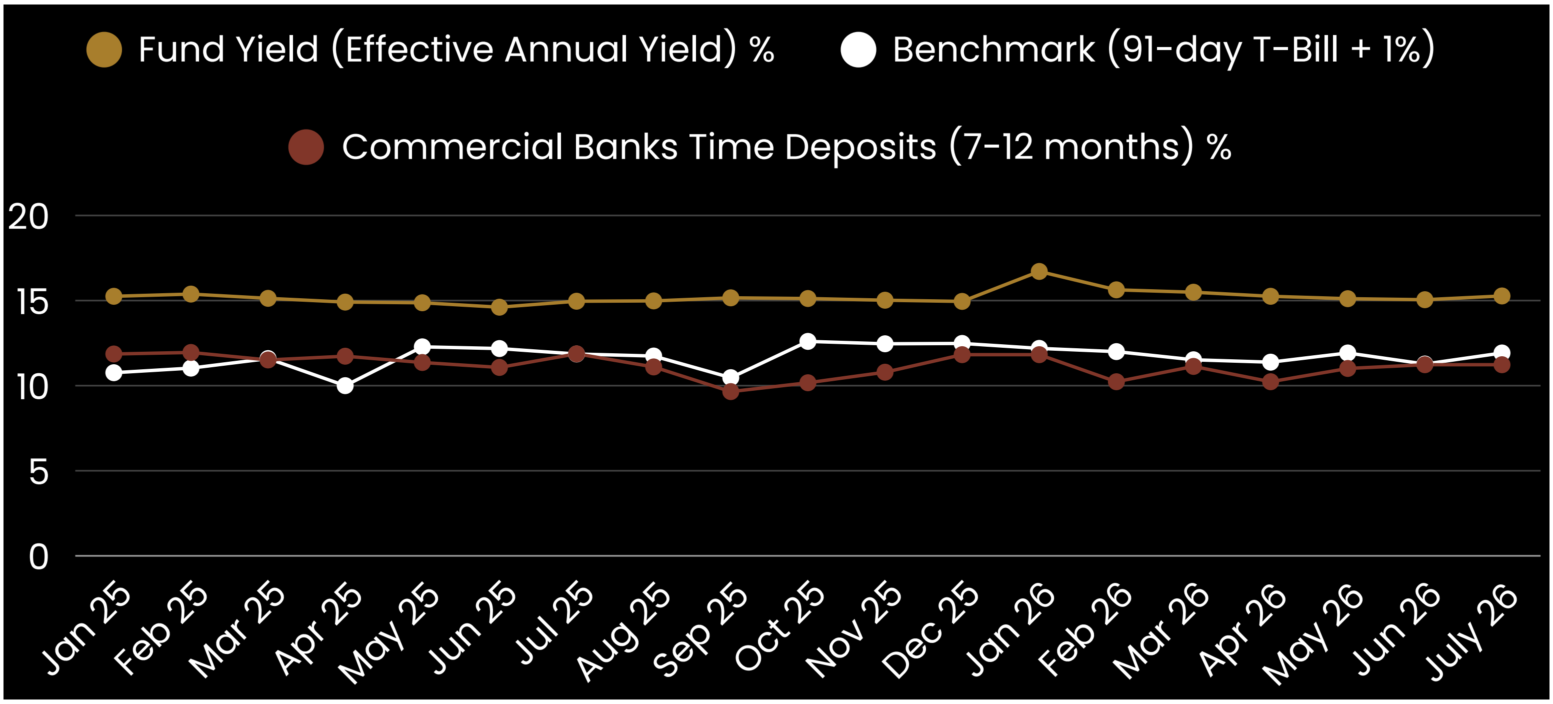
Month	Fund Yield (Effective Annual Yield) %	Benchmark (91-day T-Bill + 1%)	Commercial Banks Time Deposits (7-12 months) %
July 2025	14.96	11.86	11.87
August 2025	14.98	11.74	11.10
September 2025	15.16	10.47	9.65
October 2025	15.12	12.69	10.17
November 2025	15.02	12.46	10.79
December 2025	14.95	12.48	11.82
January 2026	16.71	12.19	11.82
February 2026	15.63	12.00	10.23
March 2026	15.49	11.52	11.13
April 2026	15.25	11.38	10.23
May 2026	15.11	11.92	11.01
June 2026	15.05	11.27	11.23
July 2026	15.27	11.38	10.72



VALUE OF 10 MILLION UGX SINCE INCEPTION



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	16.71%	12.69%	11.95%
Lowest Annual Return	13.86%	10.00%	9.65%

Macroeconomic Environment

Uganda entered FY2026/27 with economic activity remaining resilient, supported by broad-based performance in agriculture, industry and services and continued investment in the oil sector. The expansionary UGX 84.3 trillion budget is intended to accelerate industrialisation, oil production and wider monetisation of the economy, but its sizeable domestic financing requirement remains an important consideration for fixed-income markets. The timing and scale of supplementary expenditure will therefore be key indicators of fiscal discipline and the likely trajectory of government-security yields.

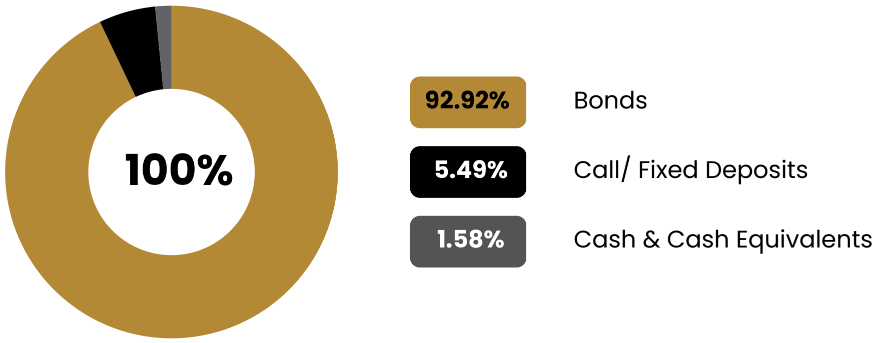
While the growth outlook remains constructive, the balance of risks shifted moderately during July as higher energy and utility costs raised headline inflation and fiscal financing needs remained elevated. Progress toward external and oil-linked financing could ease pressure on the domestic market, although any additional borrowing would likely keep investors attentive to auction supply and yield movements.

Monetary Policy

Monetary conditions remained steady during July, with the Central Bank Rate at 9.75% following the May 2026 policy decision. The stance remained consistent with the Bank of Uganda's objective of keeping medium-term core inflation close to 5%, while the higher 11% cash reserve requirement continued to support tighter banking-system liquidity. With headline inflation rising but core inflation unchanged at 3.4%, policy remained appropriately cautious ahead of the next scheduled Monetary Policy Committee review.

Portfolio Allocation (31/07/2026)

Instrument	Percentage (%)
Bonds	92.92%
Call/ Fixed Deposits	5.49%
Cash & Cash Equivalents	1.58%
Total	**100%**



Interest Rates and Government Securities Market

Government securities remained well supported in July, with active demand across medium- and longdated bonds in the secondary market. Reported secondary-market yields on longer maturities generally remained in the mid-teens, preserving attractive real returns despite the rise in headline inflation. The factsheet's 91-day Treasury-bill benchmark plus 1% remained at 11.92%, while commercial-bank time deposits were 11.23%.

The Fund's effective annual yield increased to 15.27% in July from 15.05% in June. This represented outperformance of 3.35 percentage points over the benchmark and 4.04 percentage points over commercial-bank time deposits. The portfolio's weighted average maturity of 15.32 years and high allocation to bonds positioned it to capture the prevailing term premium, while modest exposure to deposits and cash supported liquidity. Overall, the fixed-income market continued to offer favourable nominal and real yields, although the outlook remained sensitive to government borrowing requirements, inflation developments and liquidity conditions.

Inflation and Price Stability

Annual headline inflation rose to 4.0% in July 2026 from 3.7% in June, while core inflation held at 3.4%. The increase was driven mainly by Energy, Fuel and Utilities inflation, which accelerated to 14.9% from 11.9%, and by food-crop inflation, which increased to 1.6% from zero. Petrol and diesel prices remained major contributors, alongside higher water and electricity charges. Despite the acceleration, headline and core inflation remained below the Bank of Uganda's 5% medium-term target.

The July reading points to continued pass-through from energy costs, although stable core inflation suggests that underlying price pressures remained contained. Upside risks include persistent global oil-price volatility, exchange-rate pass-through and fiscal-related liquidity, while favourable food supply and easing external commodity prices could provide some offset. Positive real interest rates therefore continued to support the relative appeal of shilling-denominated fixed-income assets.

Exchange Rate Developments

The Uganda shilling traded with greater two-way movement in July after the strong appreciation recorded in June. Export receipts, remittances and oil-sector foreign direct investment remained supportive, while corporate dollar demand and tighter global financial conditions provided offsetting pressure. The currency nevertheless remained within the relatively stable range seen during 2026, helping to limit broader inflation pass-through.

In the near term, the shilling is expected to remain supported by coffee export earnings, remittance inflows and continued oil-related investment. However, elevated US interest rates, global risk aversion and stronger import demand could periodically create depreciation pressure.

On The Fiscal Side

The fiscal outlook remained a central market theme at the start of FY2026/27. Planned domestic borrowing and the possibility of supplementary spending may sustain primary-market supply, while efforts to secure external concessional financing could reduce pressure on local yields. For investors, the key issue is whether budget execution remains aligned with the announced financing framework before oil revenues begin to materially strengthen public finances.

Outlook

Uganda's near-term macroeconomic outlook remains broadly favourable, underpinned by resilient growth and inflation that is still below the medium-term target. Nevertheless, July's higher headline inflation reinforces the need to monitor energy prices, food-crop costs and second-round effects on services and other goods.

For the shilling and domestic rates, the main supports remain export earnings, remittances, oil-sector investment and positive real yields. Risks arise from global financial tightening, a stronger US dollar and any renewed increase in domestic financing needs.

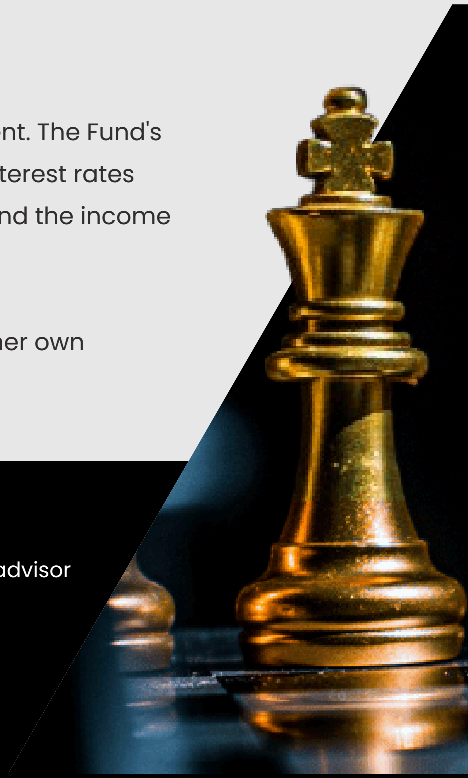
Within fixed income, the Fund remains positioned to benefit from elevated bond yields and a substantial spread over short-term benchmarks. The July effective annual yield of 15.27%, together with a 92.92% bond allocation, supports income generation, while the 5.49% allocation to deposits and 1.58% in cash and cash equivalents provide liquidity for portfolio management.

Overall, July 2026 was characterised by resilient economic conditions, firmer headline inflation and sustained demand for government securities. The Fund delivered a 15.27% effective annual yield, outperforming both its benchmark and comparable time-deposit rates, while maintaining a portfolio structure focused on long-term income generation and prudent liquidity management.

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.



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