



# INCOME FUND FACT SHEET

Date: October 2025

<b>FUND NAME</b> CORNERSTONE SHILLING INCOME FUND	<b>FUND TRUSTEE &amp; CUSTODIAN</b> KCB Bank Uganda	<b>INCEPTION DATE</b> 24 <sup>TH</sup> DECEMBER 2024
<b>FUND MANAGER</b> CORNERSTONE ASSET MANAGERS LTD	<b>AUDITOR</b> BDO East Africa	<b>CURRENCY</b> UGX
<b>REGULATORY AUTHORITY</b> Capital Markets Authority (CMA), Uganda	<b>PORTFOLIO MANAGER</b> Simon Kusiima Mwebaze, CFA	<b>MANAGEMENT FEE</b> 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.

## Target Investors:

Investors who seek to invest in a portfolio offering exposure to a diversified portfolio of fixed income instruments.

## 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 31<sup>st</sup> October 2025)

**UGX 73.11 bn**

Average Effective Annual  
Yield (As at October 2025)

**15.12%**

Recommended Investment  
Term

**1 YEAR**

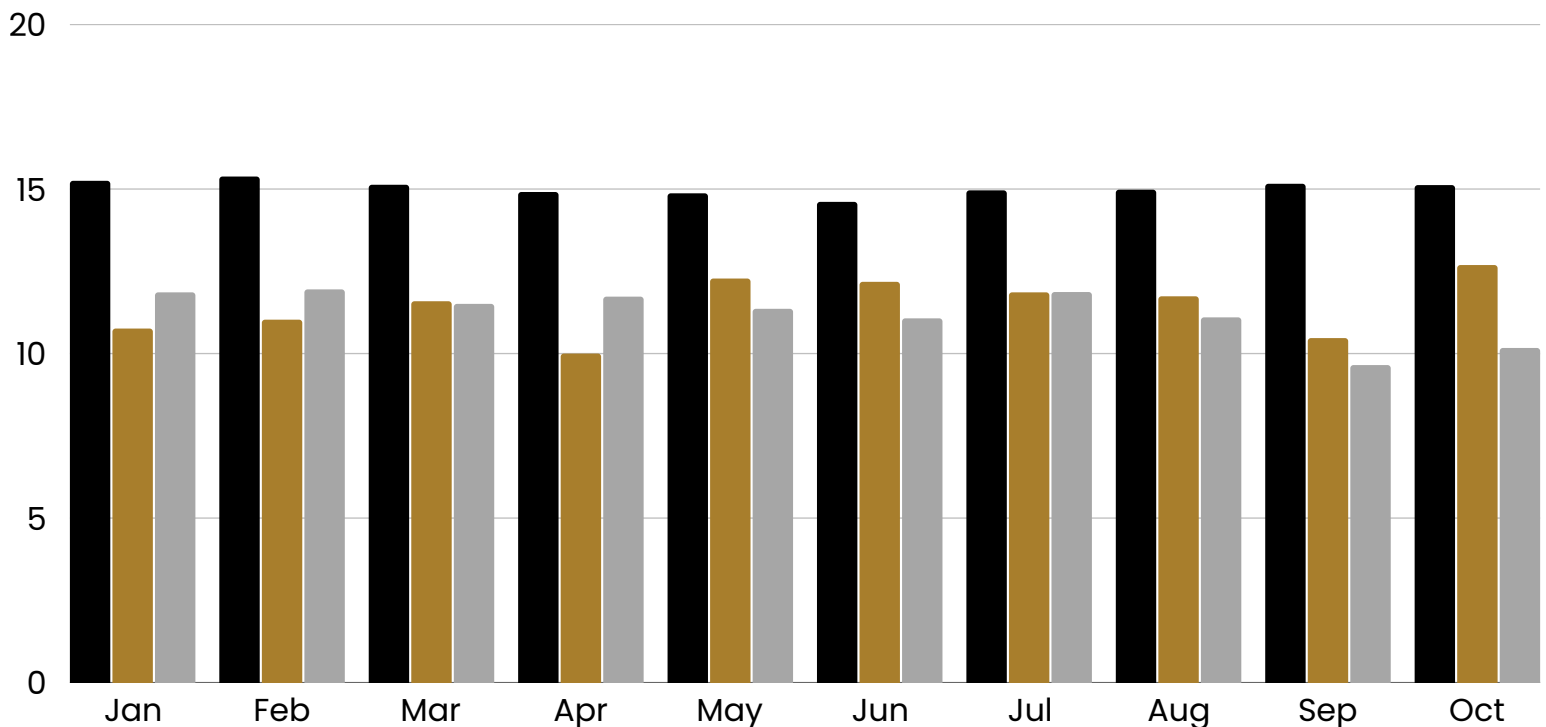
Total Expense Ratio (TER)

**PER ANNUM**  
**2.6%**

# 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
August	14.98	11.74	11.10
September	15.16	10.47	9.65
October	15.12	12.69	10.17

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



## Portfolio Manager's Commentary (October 2025)

This commentary delivers a focused overview of Uganda's key macroeconomic data in October 2025 and its implications for investors monitoring the economic landscape.

### Macroeconomic Environment

Uganda's economy demonstrated strong resilience in FY 2024/25, achieving real GDP growth of 6.3%, up from 6.1% in FY 2023/24, according to the Bank of Uganda and Uganda Bureau of Statistics. Looking ahead, the Ministry of Finance projects GDP growth for FY 2025/26 at 7.0%, while the Bank of Uganda offers a slightly more conservative forecast range of 6.0% to 6.5%.

This expected growth is supported by the imminent start of commercial oil production, rising foreign direct investment in the extractive sector, and ongoing government initiatives in commercial agriculture and infrastructure.

These are aligned with Uganda's National Development Plan IV and Vision 2040, which emphasize inclusive growth, industrialization, and the objective of reaching upper-middle-income status by 2040 with a GDP target nearing USD 500 billion.

### Inflation and Price Stability

Headline inflation rose moderately to 4.2% year-on-year in October 2025, from 4.0% in September. The increase was mainly driven by elevated prices in food crops, which surged to approximately 7.4% due to supply constraints of staples such as matooke, tomatoes, onions, and fresh vegetables. Core inflation, excluding volatile food and energy items, remained steady at 4.0%, reflecting subdued price pressures in non-food goods including cooking oil and services.

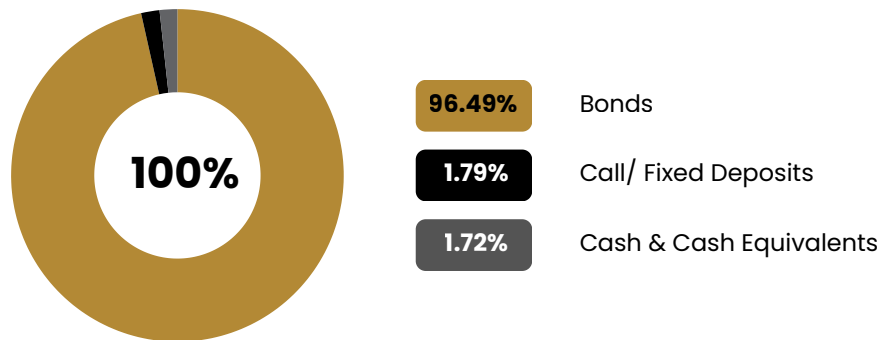
Overall, inflation remains within the Bank of Uganda's 5% medium-term target range ( $\pm 2$  percentage points), allowing for a measured monetary policy that balances growth support with price stability.

### Outlook

The Bank of Uganda is expected to maintain a cautious but accommodative monetary policy through the final quarter of 2025, keeping the Central Bank Rate steady at 9.75% to anchor inflation expectations amid ongoing global economic uncertainties. Headline inflation is projected to average 4.5% to 5.0% in FY 2025/26, converging toward the 5% inflation target. The foreign exchange market is likely to remain stable, though fiscal pressures related to the January 2026 elections may push long-term yields higher. In this environment, the fund's investment strategy emphasizes high-quality fixed-income instruments to optimize yields while preserving capital, with close attention to managing duration and credit spread risks during this transitional macroeconomic period.

## Portfolio Allocation (31/10/2025)

Instrument	Percentage (%)
Bonds	96.49%
Call/ Fixed Deposits	1.79%
Cash & Cash Equivalents	1.72%
<b>Total</b>	<b>100%</b>



### Interest Rates and Treasury Market

The treasury market in October 2025 featured two key auctions with robust investor interest. The auction on October 1 reopened 2-, 5-, and 15-year bonds offering yields of approximately 15.75%, 16.20%, and 17.65%, respectively, raising significant amounts at these levels amid strong demand. Later, on October 29, three bond maturities reopened—3-year, 10-year, and 20-year—with cut-off yields at 16.00%, 17.15%, and 17.95%, respectively.

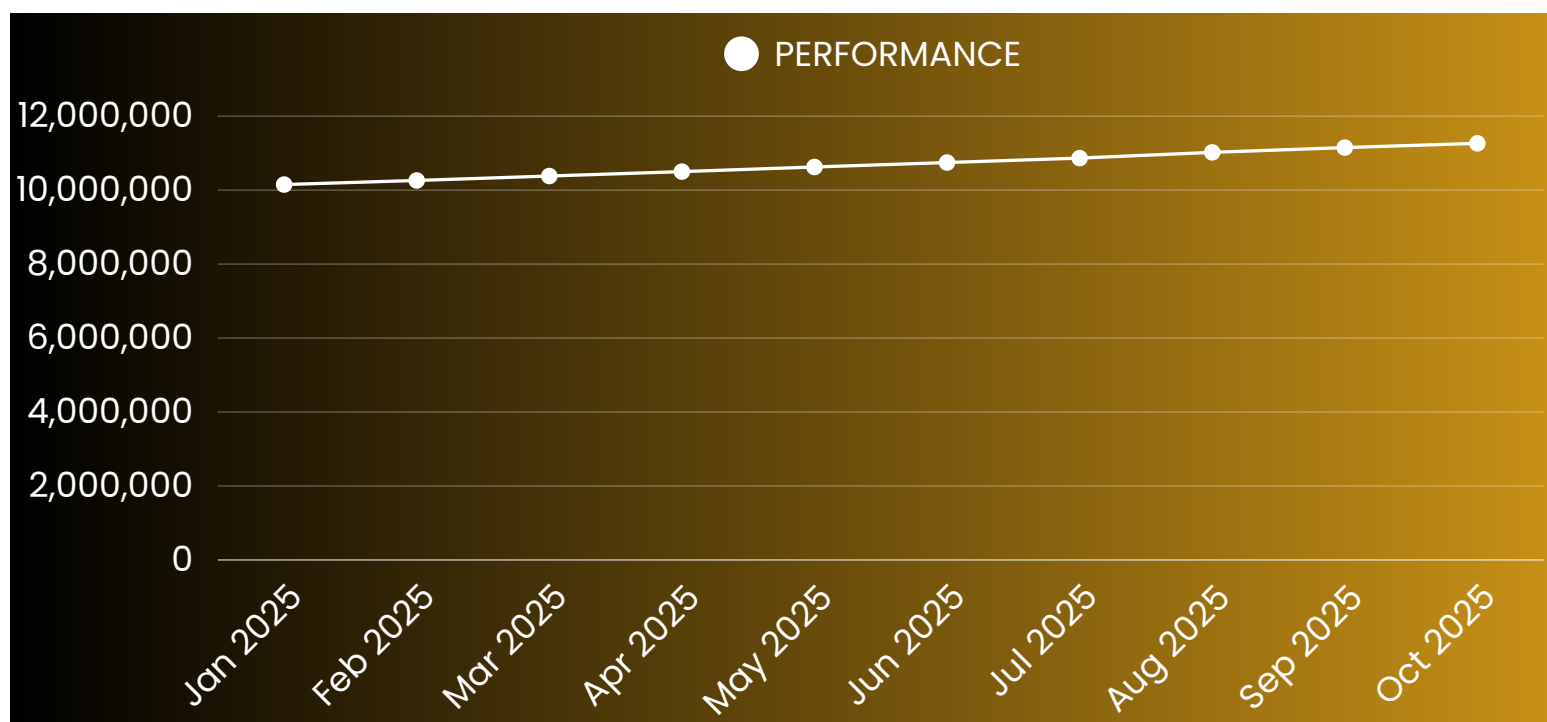
Total bids exceeded issuance amounts in both auctions, reflecting high investor appetite despite upward pressure on yields. The short-term Treasury bills auction mid-October also showed strong demand with yields ranging from about 11.5% on the 91-day paper to nearly 15% on the 364-day bills. These results underscore a cautious market adjusting for increased fiscal borrowing ahead of the January 2026 elections. The yield curve exhibits moderate increases, especially at longer maturities, indicating prudent portfolio management should focus on duration and credit risk.

### Exchange Rate Movements

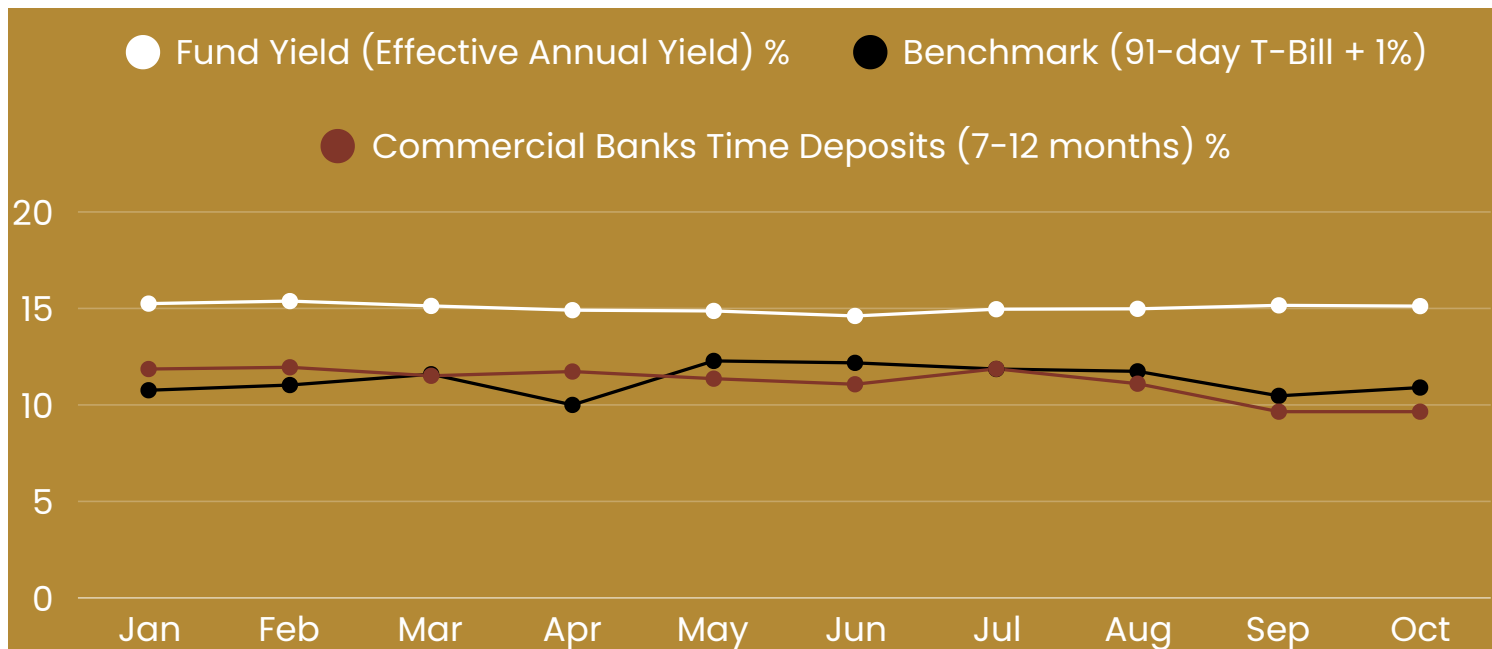
The Ugandan shilling appreciated by about 1.2% in October 2025, closing near UGX 3,470 per USD — its strongest position since mid-2024. This was supported by robust foreign exchange inflows from portfolio investments, remittances, NGO funding, and increased gold export revenues, which partly offset weaker coffee export receipts due to seasonal factors and global price volatility. While the shilling remains broadly stable, a gradual depreciation of 2-3% is anticipated in early 2026, driven by elevated import demand, seasonal trade deficits, and heightened fiscal spending related to the elections.

## 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
Sunday, August 31, 2025	11,021,870
Tuesday, September 30, 2025	11,151,225
Friday, October 31, 2025	11,265,798



# 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%	9.65%

## 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](http://www.cornerstone.co.ug).

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