# Taquanta High Yield Fund
## Factsheet

**June 2026**

## Fund Objective

The objective of the High Yield Credit fund is to generate returns in excess of a typical income fund. This fund is best suited for investors looking for enhanced income returns with very low liquidity requirements.

## Investment Strategy

Employs a conservative approach to enhance yields through extracting the liquidity risk premium in longer dated and less liquid debt instruments, as well as an increased exposure to credit assets. Our fundamental credit review process is robust, combining qualitative and quantitative analysis, overlaid with institutional memory to question convention, operating within a strong risk and compliance framework. Our portfolio construction process builds a well-diversified fund targeting up to 30+ counterparties to further diversify risks.

## Fund Details

| | |
|---|---|
| **Risk Profile:** | Low / **Mid** / High |
| **Portfolio Manager:** | Taquanta Asset Managers |
| **Currency:** | ZAR |
| **Fund Size:** | R413,5 m |
| **Inception date:** | August 2015 |
| **Target Return:** | STeFI Composite (Cash) +4% |
| **Minimum Rating:** | BB- (at time of purchase) |
| **Max offshore exposure:** | 40% (Hedged) |
| **Lock in Period:** | 5 years |
| **Maturity Limit:** | 7 years |
| **Modified Duration:** | <0.25 Years |
| **No. of Counterparties:** | >30 |

## Fund Performance

| Period (naca) | Fund Return | Fund Target | CPI +5% |
|---|---|---|---|
| 1 month | **0,8%** | 0,9% | 1,1% |
| 3 months | **2,4%** | 2,7% | 3,6% |
| 6 months | **5,2%** | 5,5% | 5,7% |
| 1 year | **11,0%** | 11,3% | 9,5% |
| 2 years p.a. | **10,1%** | 11,8% | 8,7% |
| 3 years p.a. | **10,5%** | 12,2% | 9,2% |
| 5 years p.a. | **10,5%** | 11,1% | 10,1% |
| 3yr volatility | **1,1%** | 0,2% | 1,2% |

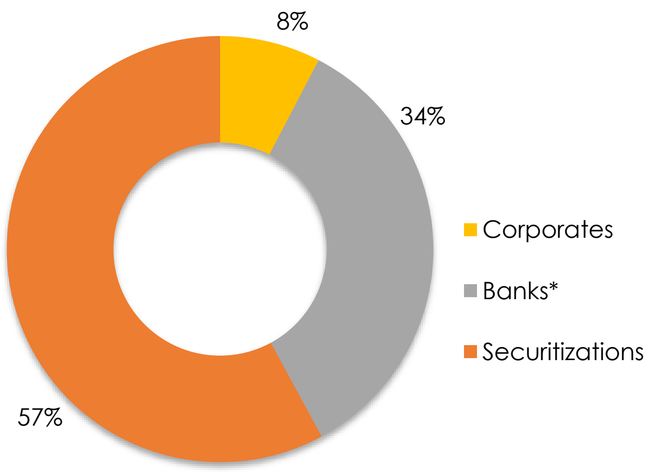
Source: Taquanta Asset Managers

## Top 5 Credit Exposures (excluding unit trust exposure)

| Issuer Name | % Exposure |
|---|---|
| The Republic of South Africa | **36%** |
| Standard Bank of South Africa | **17%** |
| Nedbank Limited | **8%** |
| Obaro Agrifin SPV (RF) | **5%** |
| Obaro SPV (RF) | **5%** |

Source: Taquanta Asset Managers

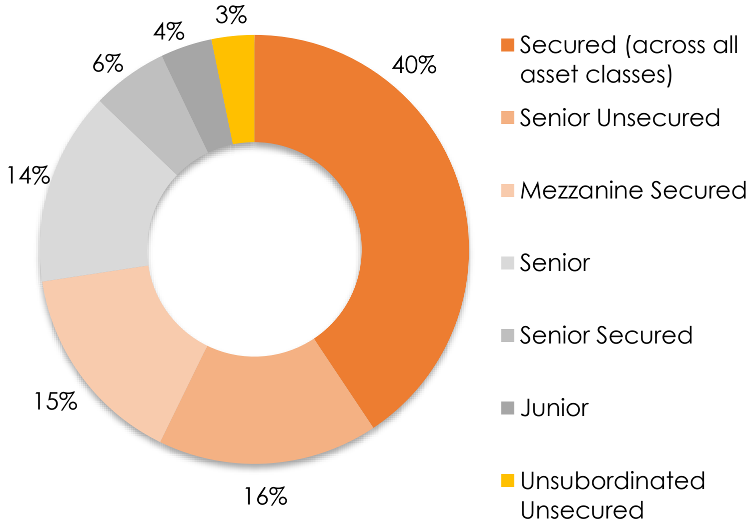
## Issuer Type




*Includes 34% in Credit-linked Notes, which are bank issued notes referencing other entities.

Source: Taquanta Asset Managers

## Capital Ranking

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## Fund Outlook

The second quarter has seen continued compression in credit spreads, supported by strong investor demand and favourable market liquidity conditions. The fund's diversified investment approach across listed, unlisted and structured credit continues to provide access to attractive risk-adjusted opportunities, although primary market spreads are expected to remain under pressure as demand for quality credit continues to exceed available supply. In this environment, characterised by strong auction participation, elevated issuance activity and ongoing spread tightening across financial credit, we remain focused on maintaining pricing discipline and selectively allocating capital to opportunities offering appropriate compensation for risk. The fund continues to maintain a low-duration bias, supported by a balanced maturity profile and strong liquidity positioning.

## Market Commentary

Global energy markets reversed sharply in June, with crude oil prices falling back to levels last seen before tensions in Iran intensified. The decline was supported by improving prospects for regional stability after the United States and Iran signed a Memorandum of Understanding on 17 June, creating a framework for talks on Iran's nuclear programme and wider security concerns. Follow-up diplomatic discussions in Switzerland, along with a partial easing of US sanctions on Iranian oil exports, strengthened expectations of higher global supply and reduced fears of disruption to shipping through the Strait of Hormuz.

Despite softer terms of trade, driven by weaker prices for key export commodities such as gold, this shift supported a stronger rand. The currency gained about 1% in June, rising from R17.19/USD at the height of the conflict to R16.39/USD at month-end. The rand was aided by easing inflation expectations, renewed demand for emerging market assets, and broad US dollar weakness as expectations of further US rate hikes diminished.

Ahead of the ceasefire and wider market pullback at the start of the second half of the year, South Africa's annual headline inflation rate rose to 4.5% in May, the highest reading since July 2024, though still below the 4.7% forecast. The increase was mainly driven by higher transport costs, reflecting the earlier spike in oil prices, as well as higher housing and utility charges following Eskom tariff adjustments. Additional pressure came from insurance, financial services, and hospitality, while food inflation continued to ease. Core inflation edged up to 3.8%, indicating that underlying price pressures remain contained, mainly driven by muted labour force participation.

In the US, annual consumer inflation rose to 4.2% in May 2026 from 3.8% in April, reaching its highest level since April 2023 and marking a third straight monthly increase. The uptick was largely driven by higher energy prices following disruptions to global oil markets linked to the conflict involving Iran. Gasoline prices increased by more than 40% year-on-year, while fuel oil prices climbed by nearly 59%, adding to transport and production costs. The data reinforced the Federal Reserve's cautious policy stance, with markets still expecting interest rates to remain elevated at current levels, despite some supporting effects being offset by weaker non-farm payrolls data.

## Disclosures: FAIS

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Accordingly, Taquanta is authorised to provide advisory and/or render discretionary intermediary services relating to the following financial products:

| | Taquanta | | | |
|---|---|---|---|---|
| **Category Description** | **Cat I Advice** | **Cat I Intermediary** | **Cat II discretionary Intermediary** | **Cat IIA Hedge Fund FSP** |
| **Long-Term Insurance subcategory B1** | | | | |
| **Long-term insurance subcategory B2** | | | | |
| **Long-term Insurance subcategory B2-A** | | | | |
| **Long-term Insurance subcategory B1-A** | | | | |
| **Long-Term Insurance subcategory C** | X | X | X | |
| **Retail Pension Benefits** | | | | |
| **Pension Funds Benefits** | | | | |
| **Shares** | X | X | X | |
| **Money market instruments** | X | X | X | |
| **Debentures and securitised debt** | X | X | X | |
| **Warrants, certificates and other instruments** | X | X | X | |
| **Bonds** | X | X | X | |
| **Derivative instruments** | X | X | X | |
| **Participatory interests in CIS's** | X | X | X | |
| **Participatory interest in a Hedge Fund** | | | X | X |
| **Long-term Deposits** | X | X | X | |
| **Short-term Deposits** | X | X | X | |
| **Structured Deposits** | | | X | X |
| **Securities and instruments** | | | | |
| **General Category IIA experience** | | | | X |

There are certain risks associated with investments in financial products, including market, credit & currency risks. Past performance is not necessarily an indication of future performance. All returns are rand returns, unless otherwise stated.

Information disclosed to the FSP's will be treated as confidential unless written consent is obtained to disclose such information, or the disclosure of such information is required under a particular law

The appointed Compliance Officer is Mr Nick Howse and his contact details are as follows: Phone: (021) 681 5000 or |(021) 671 8162 |e-mail: nickh@taquanta.com

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