

February 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

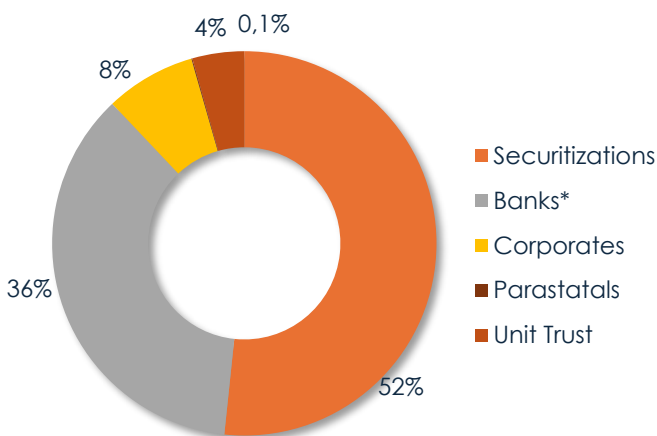
Employs a conservative approach to enhance yields through extracting the liquidity risk premium in longer dated and less liquid debt instruments, as well as an increased exposure to credit assets. Our fundamental credit review process is robust, combining qualitative and quantitative analysis, overlaid 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 Performance

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

Source: Taquanta Asset Managers

### Issuer Type



\*Includes 29% in Credit-linked Notes, which are bank issued notes referencing other entities.

Source: Taquanta Asset Managers

### Fund Details

**Risk Profile:**

Low **Mid** High

**Portfolio Manager:**

Taquanta Asset Managers

**Currency:**

ZAR

**Fund Size:**

R469,6 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:**

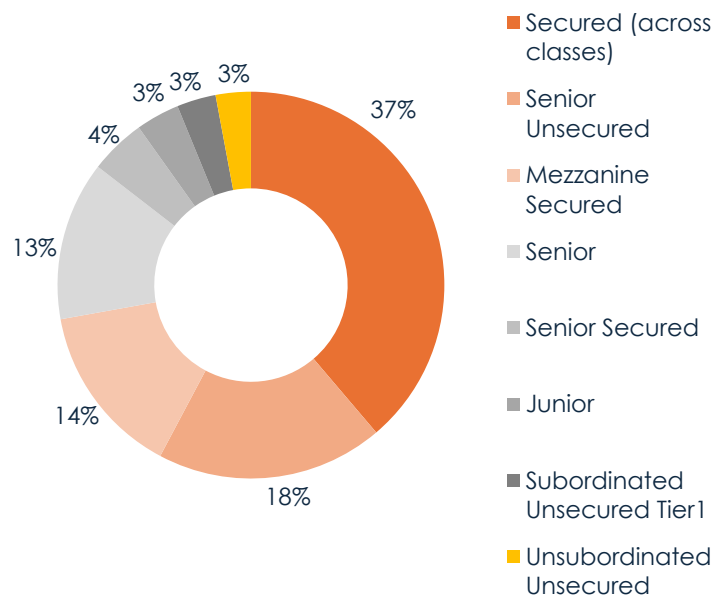
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### Top 5 Credit Exposures (excluding unit trust exposure)

Issuer Name	% Exposure
The Republic of South Africa	35%
Standard Bank of South Africa	15%
Nedbank Limited	11%
Constantia Issuer Trust	5%
Obaro Agrifin SPV	5%

Source: Taquanta Asset Managers

### Capital Ranking



### Fund Outlook

The start of the 2026 year has seen credit spreads continue to compress across the curve, and the fund's diversified approach of investing across listed, unlisted, and structured debt instruments, provides flexibility to source assets at attractive levels. In the near term, primary market issuance spreads are expected to remain suppressed, as demand continues to exceed supply. We remain focused on credit selection and pricing given current macro and geopolitical environment. The fund continues to maintain a low-duration strategy, supported by a balanced maturity profile and liquidity positioning.

### Market Commentary

The South African rand closed February 2026 trading near 15.91 against the US dollar, reflecting a period of relative stability despite an uneven global environment. The currency drew support from improved fiscal credibility following the 2026 National Budget, a more constructive inflation outlook under the South African Reserve Bank's revised 3% target framework, and continued progress in energy-sector reforms that have materially reduced load-shedding risk. Externally, a softer US dollar and resilient commodity prices provided an additional tailwind. Nevertheless, the rand remains sensitive to shifts in global risk appetite, US monetary policy expectations and capital flows into emerging markets. Compared to the volatility of prior years, current levels suggest a more balanced and fundamentally supported currency position.

Domestic inflation data pointed to broadly contained price pressures. Headline CPI eased marginally to 3.5% year-on-year in January 2026, from 3.6% previously, slightly above expectations but still comfortably within the Reserve Bank's target range. Lower transport costs, primarily due to softer fuel prices, helped moderate overall inflation. However, price pressures in key categories such as housing and utilities, as well as food and non-alcoholic beverages, remained firm. Food inflation was supported by higher meat prices amid ongoing supply disruptions linked to foot-and-mouth disease. Core inflation edged up to 3.4% year-on-year, near a one-year high, signalling that underlying pressures remain contained but sticky. Producer price inflation slowed to 2.2%, its lowest level since August, largely reflecting declining fuel costs and suggesting limited pipeline pressures.

On the fiscal front, Finance Minister Enoch Godongwana's 2026 Budget represents a meaningful step toward stabilising public finances. Government debt is expected to peak at 78.9% of GDP this year before gradually declining, while the budget deficit is projected to narrow to 3.1% by 2028/29. Growth is forecast at 1.6% in 2026, rising to 2.0% by 2028, supported by structural reforms and improved energy supply. Stronger-than-expected revenue allowed for the withdrawal of a proposed R20 billion tax increase, alongside inflation-linked tax adjustments and support for small businesses. With R1.07 trillion earmarked for infrastructure and a focus on spending discipline and improved compliance, the Budget aims to balance fiscal consolidation with growth, though faster reform remains essential to reduce unemployment sustainably.

In the United States, inflation continued to moderate. Headline CPI slowed to 2.4% year-on-year in January 2026, its lowest level since May, aided by base effects and easing energy prices. Core inflation also eased to 2.5%, the lowest reading since March 2021, reinforcing expectations that price pressures are gradually normalising. Economic growth, however, decelerated sharply, with Q4 2025 GDP expanding at an annualised 1.4%, down from 4.4% in Q3 and well below forecasts. Consumer spending moderated, exports declined following a prior surge, and government spending contracted.

Adding to global uncertainty, US President Donald Trump announced a new 10% global tariff following a Supreme Court ruling that struck down most of the previous administration's tariff measures. The decision has created renewed trade-policy uncertainty, with potential implications for global supply chains and capital flows.

Geopolitical risks also intensified late in the month following the death of Iran's Supreme Leader, Ayatollah Ali Khamenei, in US-Israeli strikes. The loss of several senior Iranian military and security officials alongside Khamenei marks a significant transition for Iran and introduces heightened uncertainty across the Middle East, with potential ramifications for energy markets and global risk sentiment.

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	Cat I Advice	Cat I Intermediary	Cat II discretionary Intermediary	Cat IIA Hedge Fund FSP
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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

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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](mailto:nickh@taquanta.com)

The appointed Information Officer is Mr Justin Kretzschmar and his contact details are as follows: Phone: (021) 681 5000 | e-mail: [justink@taquanta.com](mailto:justink@taquanta.com)

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