

November 2023

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

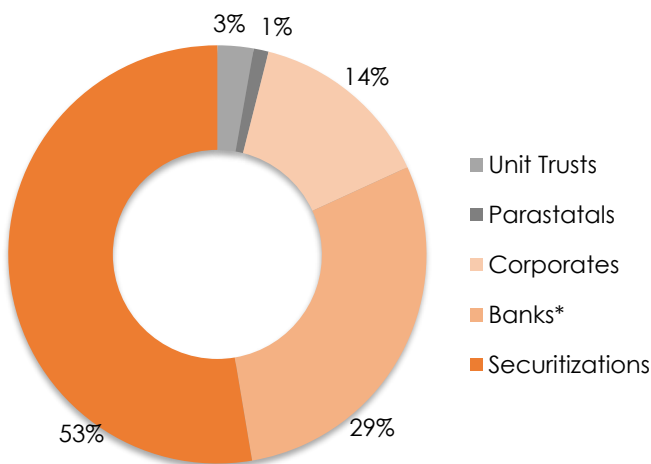
Employs a conservative approach to enhance yields through extracting the liquidity risk premium in longer dated and less liquid debt instruments, as well as an increased exposure to credit assets. Our fundamental credit review process is robust, combining qualitative and quantitative analysis, overlaid 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%
3 months	3.1%	3.1%	3.1%
6 months	6.3%	6.1%	5.6%
1 year	13.1%	11.9%	10.9%
2 years p.a.	11.2%	10.4%	11.7%
3 years p.a.	10.4%	9.5%	11.2%
5 years p.a.	11.0%	9.9%	10.1%
3yr volatility	0.7%	0.5%	1.3%

Source: Taquanta Asset Managers

Issuer Type



*Includes 7% 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:

R219 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:

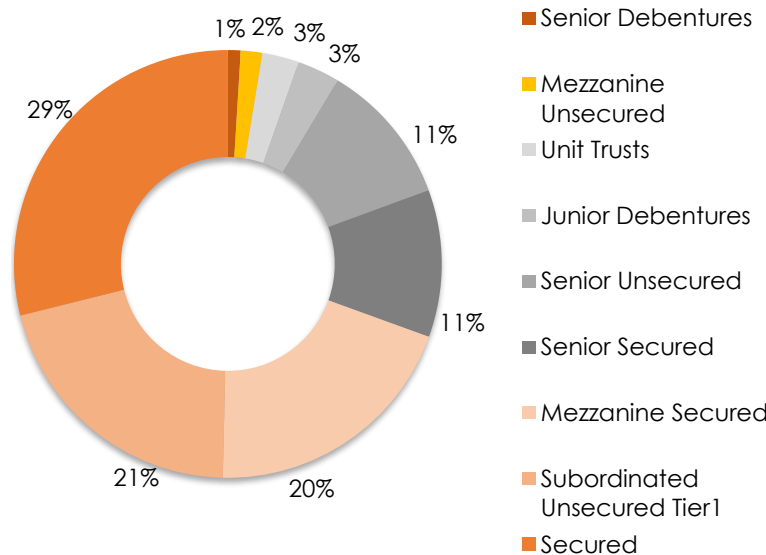
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Top 5 Credit Exposures (excluding unit trust exposure)

Issuer Name	% Exposure
The Republic of South Africa	7.4%
Amber House Fund 7	6.9%
Standard Bank Group	6.2%
Nedbank Group	5.7%
Capital Harvest Finance	5.1%

Source: Taquanta Asset Managers

Capital Ranking



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Fund Outlook

The fund continues to maintain a low duration, and a moderate maturity and liquidity position. Issue spreads in the listed debt capital markets are likely to remain contained due to the continued demand for assets. We continue to look for opportunities in both the public and private debt space. The fund is well positioned for the current economic and interest rate outlook. We remain cautious in these times with regards to credit and liquidity risk.

Market Commentary

On the 23rd of November, the South African Reserve Bank's (SARB) Monetary Policy Committee (MPC) decided to keep the repo rate unchanged at 8.25 percent. The decision to pause was unanimous and in line with the surveyed median. Policy rates remained flat in the second half of the year, notwithstanding the gradual increase in headline inflation.

The annual consumer price inflation (CPI) index rose to 5.9 percent in October 2023 from 5.4 percent the previous month. The main contributors to the 5.9 percent increase were food and non-alcoholic beverages, and the transport inflation index, which were up 8.7 percent and 7.4 percent, respectively versus a year ago.

While headline prices remain vulnerable to external shocks, core CPI which excludes volatile items continues to moderate. In the month of October, the annual core CPI index fell to 4.4 percent from 4.5 percent the previous month. The main takeaway is that weaker core prices indicate a largely constrained consumer with limited prospects of second round effects to the broader CPI outlook.

To this end, the Forward Rate Agreement (FRA) market is now pricing in an increased chance of lower interest rates over the foreseeable future. This domestic outlook remains in line with global expectations amid deteriorating macroeconomic prospects. Forward guidance obtained from global policymakers laments the lagged effects of tighter monetary conditions on near term economic activity.

In the SA money market, the 3-month JIBAR rate rose by 0.9-bps to 8.367, while the 12-month JIBAR rate fell by 22.5-bps to 9.000 versus the previous month. In the last 12 months, the 3-month, and the 12-month JIBAR rates increased by 117-bps and 41-bps, respectively. These elevated JIBAR rates imply that money market funds are likely to generate a return of between 9 percent and 10 percent over the next 12 months with no (or limited) risk of capital loss.

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Disclosures: FAIS

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Category Description	Taquanta			
	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

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

The FSP's have Implemented a Data Privacy Policy in accordance with the Protection of Personal Information Act, 2013. Our Information Access & Privacy Statement and PAIA Manual is available at www.taquanta.co.za

The authorized FSP's have implemented a Conflicts of Interest Management Policy in accordance with the General Code of Conduct issued in terms of the Financial Advisory and Intermediary Services Act 37, 2002. The Policy will be made available on written request to the Compliance Officer.

Complaints should be submitted to the compliance officer. Should your complaint not be resolved satisfactorily, you have the right to submit any complaints to the Ombud for Financial Services Providers who can be contacted at: Physical Address: Central, 125 Dallas Avenue Menlyn, Waterkloof Glen, Pretoria, 0010 | Postal Address: P.O. Box 74571, Lynnwood Ridge, 0040 | Customer Contact Division: Telephone: +27 12 762 5000 | Website: www.faisombud.co.za | E-mail address: info@faisombud.co.za