

***Please note that the commentary is for the retail class of the Fund.***

## Performance

The Fund generated a return (net of management fees) of 1.80% for the fourth quarter of 2025 (Q4-25) and 7.82% over a rolling 12-month period. This return is ahead of the three-month Short-Term Fixed Interest (SteFI) benchmark return of 7.28% over the one year.

## Positioning and outlook

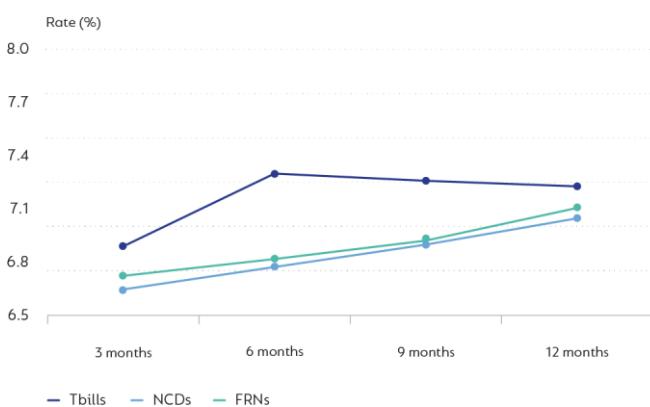
The South African Reserve Bank (SARB) cut the repo rate by 25 basis points (bps) during Q4, moving the rate to 6.75%. The cut was a response to an improved inflation outlook, with the latest data points printing below the SARB's forecasts. The SARB marginally revised 2025 growth to 1.3% (from 1.2%), citing resilient household spending and the expectation of an improvement in capital expenditure from a weak base. Incoming data remains paramount, and there is a clear sensitivity to exogenous risks that could disrupt the forecast trajectory or negatively impact expectations.

For the duration of Q4-25, the 3-month Johannesburg Interbank Average Rate (Jibar) declined by 25bps, decreasing from 7.00% to 6.75%. The decrease was on the back of the implemented November repo rate cut. The forward rate agreement curve is pricing in a cut at the January 2026 meeting with 40% probability on the back of moderating inflation expectations and easing global monetary policy settings. Internally, we have also penned down a 25bps rate cut in the first quarter of 2026.

During Q4-25, the Fund increased its exposure to a two-year money market floating rate note and one-year Treasury Bill as valuation was attractive relative to other asset classes. The Fund's yield will reduce in the coming months as benchmark rates decline due to expected additional rate cuts and compressing NCD offer yields. NCDs typically reduce offer yields by the magnitude of the implemented rate cut.

**Figure 1**

### T-BILLS VS FIXED RATE NCDs VS FRNs



Source: Bloomberg

The search for yield pickup in the primary credit auctions continues as evidenced by the strong demand the auctions garner. In our view, new issues remain expensive, and the Fund has focused on buying selected credit opportunities in the secondary market instead. While we have found a few attractive options, overall credit exposure is expected to decrease gradually from here.

We remain cautious by investing only in instruments that are attractively priced relative to their underlying risk profiles. Capital preservation and liquidity remain a key focus for this Fund.

## Portfolio managers

**Nishan Maharaj, Mauro Longano and Sinovuyo Ndaleni**  
as at 31 December 2025