JALTECH
Fund Management

Jaltech Income Opportunities Fund

2026

Introduction

Fundraise Closing Date: 31 July 2026

The Jaltech Income Opportunities Fund ("Jaltech IOF") provides investors with access to the South African private debt market - an asset class traditionally reserved for large financial institutions.

Jaltech IOF targets attractive returns of approximately 12% to 14% per year (post-tax & net of fees) over the term of the investment.

These returns are earned from interest income generated on debt facilities provided to established South African companies, with investors also participating in additional upside from growth in the portfolio's value.

Investment Highlights

- Preference dividend yield of **8% p.a.** (pre-tax & net of fees)
- Target annual return of between **12% and 14% p.a.** (post-tax & net of fees)
- Additional **upside exposure** in the growth of the fund
- First loss **protection**
- **5-year** investment term
- **Minimum** investment of R1 000 000*
- **Diversified** risk and exposure

Investment Mandate

Jaltech IOF's mandate is to finance a diversified portfolio of growing South African businesses which meet the following requirements:

- **South African** companies
- Transaction value: **R20 million to R80 million**
- Financing term: **3 to 5 years**
- Companies with:
  - a historic **track record**
  - **revenue** of more than **R50 million**
  - an **EBITDA** of **over R5 million**
  - an **experienced** management team
  - adequate **security**

*Once Jaltech IOF's Prospectus has been lodged with CIPC, the minimum investment will reduce to R250 000.

Short-Term Market Opportunity

Jaltech IOF will have the option to selectively acquire best-in-class, high-yielding investments from Jaltech's existing Section 12J portfolio. This portfolio consists of 5 investments valued at over R145 million and has achieved an average annual rate of return of over 18% over the past eight years.

If successfully concluded, this unique opportunity would provide Jaltech IOF with immediate exposure to a known and seasoned portfolio of income-generating assets and position it to deliver attractive yields.

Long-Term Market Opportunity

The South African market exhibits a significant funding gap for businesses seeking debt facilities in the range of R20 million to R80 million. These funding requirements are typically too small to attract meaningful focus from major banks and institutional lenders, yet too large for traditional SME funding solutions.

As a result, many otherwise high-quality businesses remain underserved and face limited access to appropriately structured debt capital. Jaltech IOF is designed to address this gap by providing tailored private debt solutions to businesses operating within this segment of the market.

Investment Enhancements

1) Preference Shares

Investors will participate in the investment through preference shares, which give them priority in receiving returns. The preference shares will target a return to investors of 8% p.a. (pre-tax & net of fees).

2) First Loss Protection

Investors will benefit from an additional layer of protection through a capital contribution by the ordinary shareholders of 40% of the initial R100 million raised.

This contribution will act as a first-loss buffer, meaning that any portfolio losses of up to 40% will first be absorbed by the ordinary shareholders before impacting investor capital.

As additional capital is raised beyond the targeted R100 million, the level of first-loss protection will reduce as the increased capital results in greater diversification for investors.

3) Lump Sum Payment

In addition to the annual dividend payments, investors will be entitled to a lump sum payment equivalent to 30% of any growth in the portfolio's net asset value. This payment will become due upon disposal of the underlying portfolio.

4) Gearing

Jaltech IOF will aim to enhance investor returns through the disciplined and measured introduction of debt. Initially, Jaltech IOF will target a conservative debt-to-equity ratio.

Over time, and subject to market conditions and portfolio performance, Jaltech may increase gearing where underlying cash flows and yields can sustainably support additional leverage, with the objective of enhancing investor returns.

5) Early Exit & Liquidity

Jaltech IOF is structured as a 5-year investment. Investors requiring liquidity prior to maturity may submit an exit request, subject to 6 months' written notice and the following conditions:

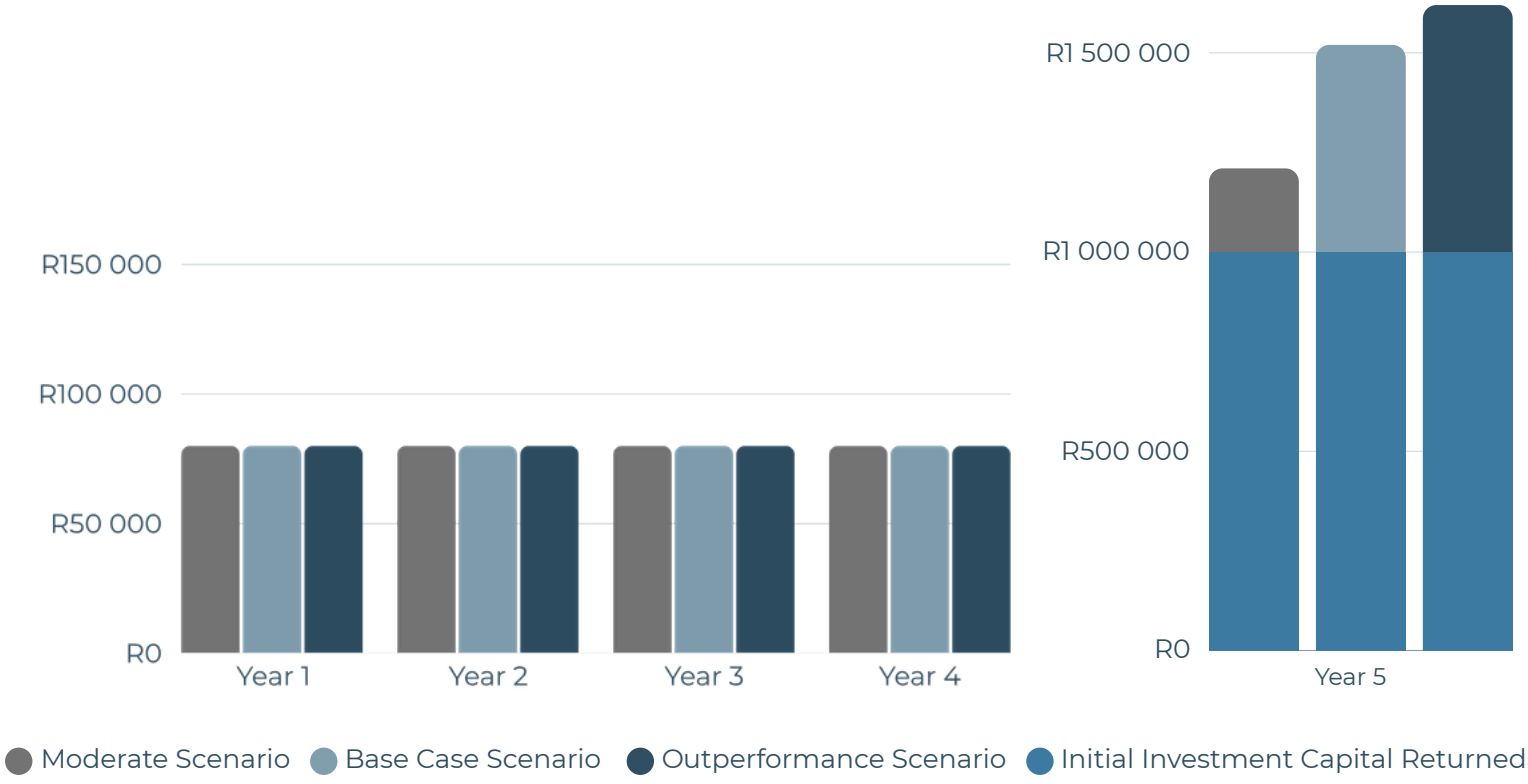
- Exit and repurchase is subject to approval by the Jaltech IOF board;
- Investors exiting early will forgo the lump sum payment payable at year five; and
- Exit requests will be processed on a first-come, first-served basis.

Investors who exit within three years from the date of investment may also be subject to income tax on all distributions received.

Return Profile & Cashflow Projections

This investment is designed to deliver consistent annual dividend income over a five-year period with the addition of a lump sum payment in year five.

Below are the projected returns (pre-tax & net of fees) on the investment under three scenarios, namely Moderate, Base Case and Outperformance.



Assumptions:

- R1 million investment
- Investor is an individual in the highest tax bracket
- The Prime Rate as of April 2026 remains the same

The **Moderate Scenario** assumes lower levels of capital raised, including lower or delayed capital deployment.

The **Base Case** reflects Jaltech IOF's expected performance based on current assumptions.

The **Outperformance Scenario** assumes higher levels of capital raising, higher deployment and increased interest income.

Investment Forecast Summary:

	Moderate Scenario	Base Case Scenario	Outperformance Scenario
Investment amount	R1 000 000	R1 000 000	R1 000 000
Cumulative dividends (pre-tax & net of fees)	R320 000	R320 000	R320 000
Lump sum payment (pre-tax & net of fees)	**R210 000**	**R520 000**	**R620 000**
Cumulative distributions (pre-tax & net of fees)	R530 000	R840 000	R950 000
Average annual yield (pre-tax & net of fees)	**11%**	**17%**	**19%**
IRR (post-tax & net of fees)	**9%**	**14%**	**15%**

Jaltech IOF vs The Market

A key consideration when comparing Jaltech IOF to alternative income investments is the tax treatment of distributions.

Under Jaltech IOF, distributions are subject to dividend tax of 20%, whereas returns from many alternative income or interest-bearing investments may be taxed as income at rates of up to 45%.

Below is a comparison of Jaltech IOF vs the market after accounting for tax at the highest marginal tax rate.

	Jaltech IOF (Base Case)	Competing Private Debt Funds	Bank Deposit
Average return (post-tax & net of fees)	14%	5.6% - 11.5%	4.2%
Lump sum premium (pre-tax & net of fees)	R520 000	Zero	Zero

Key Risks & Mitigating Factors

As with all investments, there are risks associated with this opportunity. Below are the primary risks identified, together with the mitigating factors implemented by Jaltech.

Risk	Description	Mitigation
Deployment Risk	The investment's ability to generate targeted returns is dependent on the timely deployment of capital into income-generating debt facilities. Should there be delays in deploying capital, this may result in a reduction in returns to investors.	Jaltech will initially be looking to acquire its existing Section 12J portfolio valued at over R145 million. In addition, Jaltech has an established pipeline of private debt opportunities exceeding R500 million.
Credit Risk	The investment's returns are dependent on the ability of underlying counterparties to meet their debt obligations. Should one or more counterparties default, returns will be adversely impacted.	Transactions are structured with appropriate security, and the portfolio is diversified across multiple counterparties, sectors, and transaction types to reduce concentration risk. In addition, investors are safeguarded by a layer of first-loss protection through a capital contribution by the ordinary shareholders of 40% of the initial R100 million raised.
Debt Funding Availability	The investment intends to enhance returns through the use of debt. Should debt funding not be secured, returns will be impacted.	Jaltech has engaged with multiple debt providers who have indicated strong interest in participating alongside the investment.
Debt Risk	The use of debt within the investment introduces additional financial risk. In adverse scenarios, where the underlying portfolio's performance is impacted, the Jaltech IOF may be required to: 1. dispose of underlying contracts to service its debt obligations 2. service its debt obligations before distributions can be made to investors. Should either of these scenarios occur, investors' returns will be impacted.	Jaltech IOF will look to enhance investor returns through the disciplined introduction of debt, targeting a conservative debt-to-equity ratio. Over time, and subject to market conditions and portfolio performance, gearing may be increased where underlying cash flows and yields can sustainably support additional leverage.
Liquidity Risk	The investment is structured over a five-year term, and investors may not be able to realise their initial capital prior to the maturity of the investment. This may limit access to capital during the investment period.	The investment's strategy is aligned to support a smooth disposal of its portfolio at maturity.

Fees

Jaltech IOF's fees are structured to align Jaltech with the interests of its investors. This is achieved through appropriate annual management fees and reasonable performance fees.

Management Fee:	2% p.a.
Administration Cost:	0.5% p.a.
Performance Fee:	0%

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