

August 2024

Fund Objective

The primary objective of the Taquanta Enhanced Cash Fund is to achieve consistent returns in excess of a generic money market fund with an emphasis on capital preservation and low performance volatility.

Investment Strategy

Employs a conservative approach to enhance yields through extracting the liquidity risk premium primarily in longer-dated bank paper with a maximum maturity up to 5 years. 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. The fund is primarily invested in bank issued instruments that can be liquidated easily

Fund Details

Risk Profile:



Portfolio Manager:	Taquanta Asset Managers
Currency:	ZAR
Fund Size:	R2.9 bn
Inception date:	March 2005
Benchmark:	STeFl Composite
Compliance:	Regulation 28 & 30
ASISA Fund Classification:	Similar to Varied Specialist
Valuation Method:	Mark to Market
Floating Rate Asset:	97%
Avg Term to Maturity	2.5
Modified Duration:	<0.25 Years
No. of Counterparties:	≥15

Fund Performance

Period (naca)	Fund Return	Benchmark	Active Returns
Month	0.9%	0.7%	0.2%
Quarter	2.6%	2.1%	0.5%
1 year	10.5%	8.6%	1.9%
3 years p.a.	8.4%	6.7%	1.6%
5 years p.a.	7.6%	6.1%	1.5%
Volatility (inception)	0.6%	0.5%	0.1%

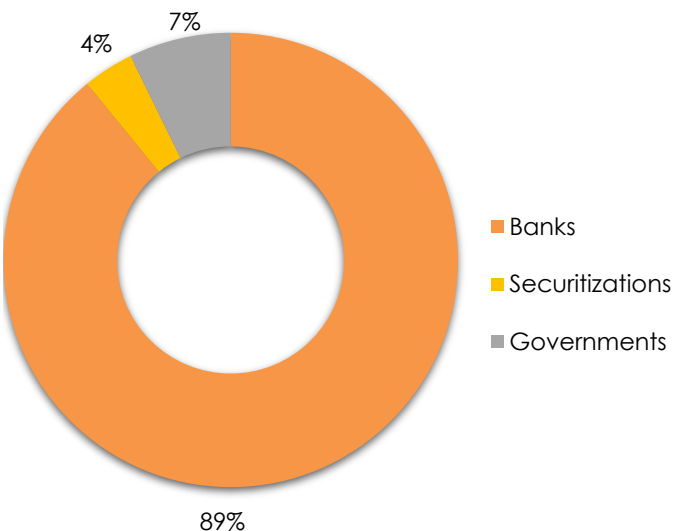
Source: Taquanta Asset Managers (Pty) Ltd

Top 5 Credit Exposures (excluding unit trusts)

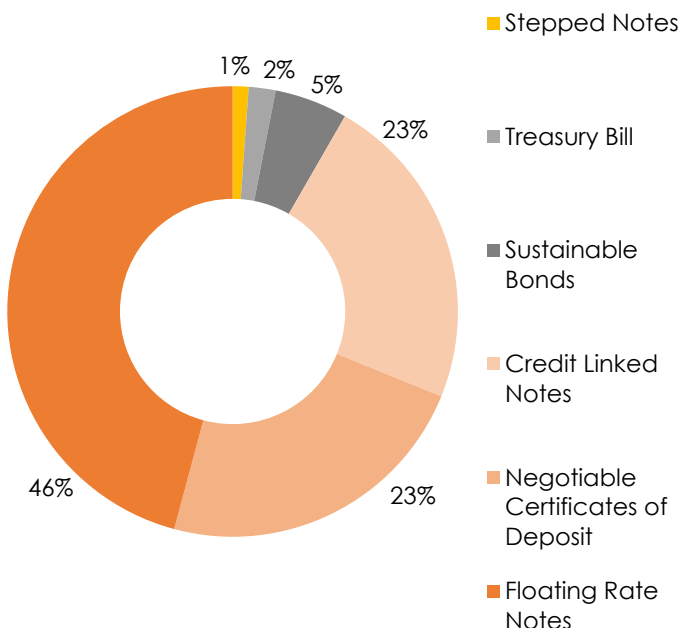
Issuer Name	% Exposure
ABSA Bank	19.0%
Standard Bank/RSA	17.9%
Firststrand Bank Ltd	15.3%
Nedbank Ltd	13.8%
BNP Paribas	9.6%

Source: Taquanta Asset Managers (Pty) Ltd

Issuer Type



Instrument Type



Source: Taquanta Asset Managers (Pty) Ltd

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Fund Outlook

Given the expected cycle of policy rate reductions, we are gradually increasing our exposure to fixed-rate investments while remaining within acceptable duration limits. Additionally, we are actively seeking opportunities to enhance our clients' fund yields by leveraging our scale, liquidity, term, or credit risk premiums, all while providing funding to issuers at wholesale lending rates.

Market Commentary

The South African economy grew by 0.4 percent quarter-on-quarter in the second quarter of 2024, up from a revised 0.0 percent quarter-on-quarter growth rate in the previous quarter. The finance, real estate and business services industries were the largest contributors, adding 0.3 percent to the gross domestic product (GDP). On the other hand, the transport, agriculture and mining sectors recorded second consecutive declines, marred by bouts of strike action, reduced rainfall and muted demand for commodities.

While second quarter GDP figures may have benefitted from no power outages, labour absorptions rates continue to remain subdued. Our assessment of the former is underpinned by the country's sub-investment rating, a volatile currency and falling corporate profitability levels. These factors collectively pose challenges to the future widening of credit spreads, where companies will be forced to either cut capital spending, undergo debt stress or reduce labour force.

According to the quarterly labour force surveys, the official unemployment rate increased by 0.6 percent in the second quarter of 2024 to 33.5 percent. Increasing levels of unemployment continue to curtail demand-pull inflationary pressures. After holding steady for ten consecutive months in the 5 to 6 percent range, annual consumer prices in South Africa slowed to 4.6 percent in July from 5.1 percent in the previous month. The July inflation print is the lowest in three years and reflective of the global disinflationary trend.

Similarly in the U.S., the Federal Reserve Bank's preferred measure of inflation slowed to 2.5 percent in July. Core PCE, which strips out volatile food and energy costs, came in at 2.6 percent, below the median forecast of 2.7 percent. Furthermore, the ISM manufacturing index remained in contraction territory at 47.2 index points, below market expectations of 47.5. These figures succeed the Fed's forward guidance on policy rate reductions, inspired by falling inflation and slowing labour market activity.

On a conspectus of the above, the domestic interest rate market is now pricing in two rate cuts in 2024, with the probability of additional interest rate cuts gradually rising over the medium term. In the month of August, the 3-month and 12-month JIBAR rates fell by 0.05 percent and 0.35 percent, respectively, versus the previous month, to 8.233 percent and 8.325 percent. These elevated JIBAR rates imply that money market funds are likely to generate a return of between 8 percent and 9 percent over the next 12 months with minimal or negligible risk of capital loss.

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Disclosures: FAIS

Taquanta Asset Managers (Pty) Ltd is a licensed Category I, II & IIA Financial Services Provider (FSP No: 618).

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

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