

January 2025

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 7 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:	R3.2 bn
Inception date:	March 2005
Benchmark:	STeFI Composite
Compliance:	Regulation 28 & 30
ASISA Fund Classification:	Similar to Varied Specialist
Valuation Method:	Mark to Market
Floating Rate Asset:	100%
Avg Term to Maturity	2.68 years
Modified Duration:	<0.16 Years
No. of Counterparties:	≥13

Fund Performance

Period (naca)	Fund Return	Benchmark	Active Returns
1 Month	0,77%	0,66%	0,12%
3 Months	2,40%	1,99%	0,42%
1 year	10,42%	8,42%	2,01%
2 years p.a.	10,16%	8,31%	1,85%
3 years p.a.	9,08%	7,35%	1,73%
Volatility (inception)	8,21%	7,04%	1,18%

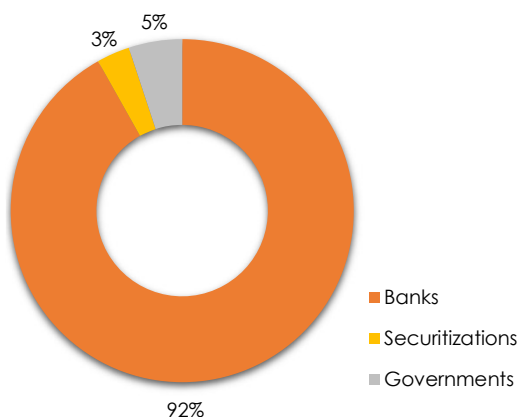
Source: Taquanta Asset Managers (Pty) Ltd

Top 5 Credit Exposures (excluding unit trusts)

Issuer Name	% Exposure
Standard Bank SA	18.47%
Firststrand Bank Limited	17.13%
ABSA Bank	16.96%
Nedbank Limited	12.41%
BNP Paribas	9.26%

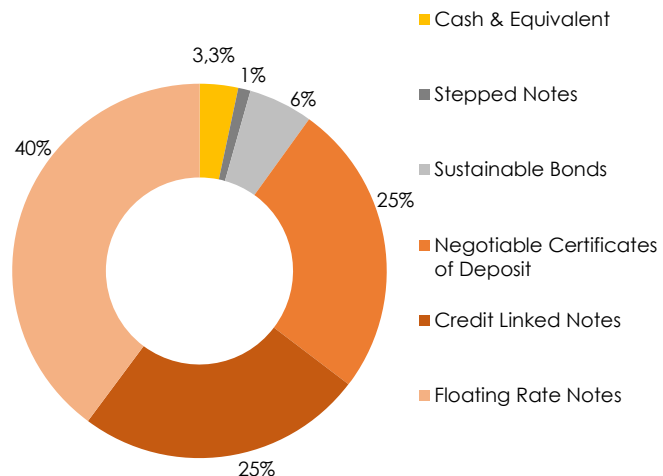
Source: Taquanta Asset Managers (Pty) Ltd

Issuer Type



Source: Taquanta Asset Managers (Pty) Ltd

Instrument Type



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Fund Outlook

In light of the recent rate cuts, we are gradually increasing our allocation to fixed-rate assets while remaining within our predefined duration limits. At the same time, we are optimizing fund yields by leveraging factors such as scale, liquidity, term structure, and credit risk premiums.

Market Commentary

The South Africa Rand experienced a notable decline in the latter half of January, depreciating to 18.67 per dollar from 18.38 early in the month. The weakness in the currency was largely due to domestic economic vulnerability and growing concerns over U.S. trade policies under President Donald Trump. South Africa's political landscape has been particularly turbulent, with investor confidence waning despite the country's relatively high yields compared to its peers.

Uncertainty surrounding the coalition government since the President signed the land expropriation bill without compensation into law has exacerbated market unease. The coalition faced significant strain when the Democratic Alliance raised governance disputes following President Cyril Ramaphosa's signing of a controversial land expropriation bill. This legislation, aimed at facilitating land redistribution, surprised coalition partners and drew criticism for procedural missteps.

Despite these challenges, officials from the South African Reserve Bank (SARB) expressed limited concern over the rand's depreciation. On January 30, SARB reduced its key interest rate by 25 basis points to 7.50%, marking the third consecutive cut. While inflation remains under control, the medium-term economic outlook is clouded by global uncertainties. SARB revised its 2025 inflation forecast slightly downward to 3.9% from 4%, with projections for 2026 and 2027 remaining at 4.6% and 4.5%, respectively. The central bank expects inflation to stay within the lower half of its target range in the near term, despite potential upside risks.

South Africa's economy is expected to recover in the fourth quarter after a slowdown in the previous quarter, primarily due to an unusual drop in agricultural production. Steady growth is anticipated in the coming years, with GDP potentially reaching 2% by 2027. Inflation in December 2024 edged up slightly to 3% from 2.9% in November, remaining below SARB's 4.5% target midpoint. Key drivers of price growth included housing, utilities, food, alcoholic beverages, and miscellaneous goods. Core inflation, excluding volatile items like food and fuel, eased to 3.6%, its lowest level since February 2022.

Globally, U.S. policy developments continue to pose significant risks. President Trump's repeated tariff threats have raised fears of price hikes and a stronger dollar, which could adversely affect African nations with high debt levels. Our view is that Trump policies of mass deportation, tariffs, deregulations and tax cuts could potentially add inflationary pressures and as such increase the risk of prolonged higher interest rates in the US where inflationary pressures have been persistent for some time now. For example, Consumer Price Index (CPI) for December, released on January 15, showed a year-on-year increase to 2.9%, the highest rate since July 2024. Total CPI has risen for three consecutive months, moving further from the Federal Reserve's 2% target. Core CPI, however, eased slightly to 3.2% from 3.3%. Monthly total CPI increased by 0.2%, while core CPI saw a more significant rise of 0.4%.

Sticky inflation together with a still solid labor market led the Federal Reserve to maintain US interest rates in January, signaling caution amid ongoing political and economic uncertainties. We are predicting a challenging road ahead as the Fed balances inflation control with efforts to support economic stability.

Globally, geopolitical tensions, such as the ongoing conflict in Ukraine and disruptions in the Red Sea, continue to impact commodity prices and supply chains, adding to inflationary pressures. Domestically, South Africa's energy crisis, characterized by renewed load-shedding, remains a significant drag on economic growth and investor confidence.

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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 Kretschmar 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