

June 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: | R3.1 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 | 2.5 |
| Modified Duration: | <0.25 Years |
| No. of Counterparties: | ≥15 |

Fund Performance

| Period (naca) | Fund Return | Benchmark | Active Returns |
|------------------------|--------------|-----------|----------------|
| Month | 0.8% | 0.7% | 0.1% |
| Quarter | 2.5% | 2.1% | 0.4% |
| 1 year | 10.4% | 8.5% | 1.9% |
| 3 years p.a. | 8.1% | 6.5% | 1.6% |
| 5 years p.a. | 7.5% | 6.1% | 1.4% |
| Volatility (inception) | 0.6% | 0.5% | 0.1% |

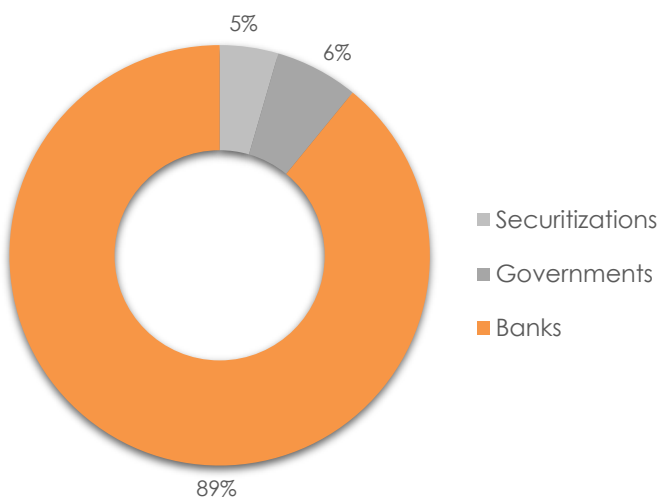
Source: Taquanta Asset Managers (Pty) Ltd

Top 5 Credit Exposures (excluding unit trusts)

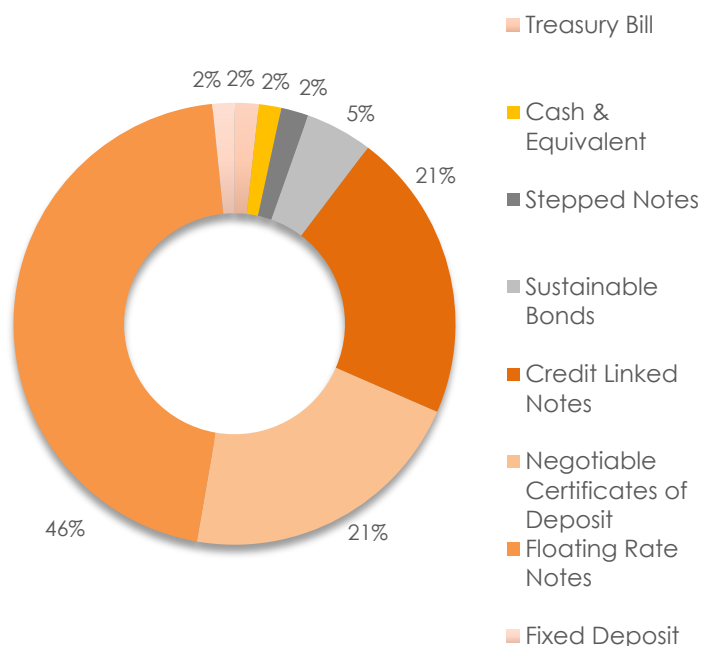
| Issuer Name | % Exposure |
|----------------------|--------------|
| ABSA Bank Ltd | 16.8% |
| Standard Bank/ RSA | 16.7% |
| Nedbank Ltd | 15.4% |
| Firststrand Bank Ltd | 13.5% |
| BNP Paribas | 9.5% |

Source: Taquanta Asset Managers (Pty) Ltd

Issuer Type



Instrument Type



Source: Taquanta Asset Managers (Pty) Ltd

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Fund Outlook

Our cash funds maintain a bias towards floating rate instruments, thereby immunising our portfolios against interest rate fluctuations. This strategy helps us sustain a steady level of outperformance relative to benchmarks across different evaluation periods.

Given the expected cycle of interest rate cuts, we are slowly increasing our holdings in fixed-rate investments, ensuring we stay within the acceptable duration limits. Additionally, we are seeking opportunities to enhance our clients' fund yields by taking advantage of our size, liquidity, term, or credit risk premiums, while also providing funding to issuers at wholesale lending rates.

Market Commentary

The harmonised index of consumer prices in the eurozone rose by 2.5 percent year-on-year in June, a slight decline from the 2.6 percent year-on-year recorded in the previous month. Excluding food and energy, core inflation eased from 2.9 percent year-on-year in May to 2.8 percent year-on-year in June, in line with market expectations. Market participants are also forecasting additional policy adjustments by the European Central Bank (ECB), following the 25-basis points rate cut announced on the 6th of June. The ECB has now joined three other central banks overseeing the 10 most heavily traded currencies in reducing their policy rates since the start of the year.

The strength of US consumers, which has been reliant on the boost in savings from the pandemic era, seems to be coming to an end. Following the steady rise in the official unemployment rate, the total number of Americans collecting unemployment benefits rose for the 8th straight week, to 1.84 million as of the 15th of June 2024. This is the highest level in more than two years. Similarly, the US economic surprise index has also registered its most negative reading in 24 months, with policy expectations currently indicating possible rate cuts from as early as September 2024.

According to Statistics South Africa, total employment decreased by 67 000 quarter-on-quarter, from 10 731 000 in December 2023 to 10 664 000 in March 2024. This was mainly owed to layoffs across the trade, community services, business services, and the mining sector. Similarly, gross earnings paid to employees fell by R35.1 b from R993 b in December 2023 to R957.9 b in March 2024. With nearly half of the working population unemployed, and the average household debt-to-income ratio north of 70 percent, policymakers remain poised to reduce real rates that have been on an upward trajectory since the peak of inflation back in July 2022.

In the SA money market, forward rates have since readjusted lower, pricing in the probability of 3 rate cuts over the next 12 months. In June 2024, the 3-month JIBAR rate was unchanged while the 12-month JIBAR rate fell by 27.5 bps to 8.917 compared to the previous month. JIBAR rates remain broadly elevated, implying that money market funds are likely to generate a nominal return of between 9 percent and 10 percent over the next 12 months with a 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