Taquanta

Enhanced Cash Fund

Business Information

Taquanta acquires the entire issued share capital of Ngwedi Investment Managers (NIM) in a transaction that fosters strategic transformation and consolidation in the South African black-owned asset manager universe.

Taquanta and Ngwedi are exceptionally please to announce the planned coming together of two formidable investment teams which will ultimately give rise to an even more transformed, scalable, dynamic, and sustainable business.

Taquanta Investment Holdings has acquired 100% of NIM's issued share capital from Ngwedi Capital Holdings (NCH). Under the terms of the transaction, NIM will be merged into Taquanta Asset Managers (TAM). The highly regarded Ngwedi in investment team of Moneimang Pudumo-Roos (Monei), Raphael Nkomo, Farzana Bayat and Teresa Lu, will, for the time being, continue to manage the affairs of NIM, whole- heartedly supported by Taquanta's various operational divisions. These investment professionals will likewise continue to diligently manage the NIM client assets throughout the merger process.

For Further information please contact Justin Kretzchmar or Monei Pudumo-Roos (Monei) or your respective contact in either business.

Justin Kretzchmar	Monei Pudumo Roos
CEO - Taquanta	**CEO - Ngwedi**

Fund Fact sheet **August 2021**

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 Philosophy and 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.

Outlook

The global inflation trend remains elevated, as emerging markets turned hawkish in August, hiking by 25-100 bps during the month. Brazil's central bank hiked rates by 75bps to 4.25% in June and a further 100bps in August. Russia raised its benchmark policy rate by 50bps in June and a further 100bps in July. The US has kept interest rates unchanged; Fed Chairman Powell warned that responding to temporary price shocks by raising interest rates will do more harm to the labour market and economic recovery. Most major developed markets have maintained weak monetary policy as they believe current levels of inflation are temporary.

On the domestic front, Stats SA has revised SA's GDP base in August higher by about 9.6%, this will create downside risk to GDP estimates. According to Stats SA, results show estimated Nominal GDP to be 11% larger in 2020 compared to previous estimates. This change has created positive developments in certain ratios i.e., budget deficit, gross debt, and current account balance.

South Africa's CPI had a marginal decline in July to 4.6% y/y from June to 4.9% y/y, lower than market consensus of 4.7% y/y. The main drivers of this decline were transport inflation that moved to 8% y/y in July from 12.3% y/y in June. PPI (Producer Price Inflation) was 7.1% y/y in July 2021, from 7.7% y/y in June 2021.

Private sector credit extension (PSCE) had an unexpected increase by 0.61% y/y in July from 0.54% y/y drop in the previous month, missing market consensus which forecasted a contraction of 0.7% y/y. This is the first increase in PSCE since February 2021. Meanwhile, M3 money supply had an accelerated increase in July of 1.93% from a marginal increase in June of 0.12%.

The trade surplus in South Africa shrank to R36.96bn in July compared to a revised amount of R54.5bn in June, this was below market expectations of R45bn. This was the smallest surplus since February 2021 and was driven by exports slipping by 11.2%.

Taquanta Asset Managers (Pty) Ltd
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Physical Address: 7th Floor, Newlands Terraces, Boundary Road, newlands, Cape Town, South Africa, 7700
Contact number: +27 21 681 5100

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Enhanced Cash Fund

Fund Information

Portfolio Manager:
Taquanta Asset Managers (Pty) Ltd

Fund Size:
R3.1 billion

Benchmark:
STeFI Composite

ASISA Fund Classification:
Similar to Varied Specialist

Inception Date:
1 March 2005

Valuation Method:
Mark-to-market

Notice Period:
24 Hours

Risk Profile

Conservative	Moderate	Aggressive
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Fund Fact sheet **August 2021**

Outlook

The amended implied policy path of the SARB's Quarterly Projection Model (QPM) now indicates a repo rate increase of 25 bps in Q4 of 2021 and in each quarter of 2022. While the SARB may withstand negative real short-term interest rates over the near-term, an accommodative encroachment towards positive territory is still essential in mitigating passthrough and improving the outlook for net domestic savings. We believe that the SARB likely to embark on a gradual hiking cycle in the interest of a sustainable economic recovery. The Forward Rate Agreement (FRA) market is of a similar view, pricing in a steadier lift-off of a 25-bps hike only in the first quarter of 2022.

Fund Outlook

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Fund Performance

Returns	Fund Return	Benchmark	Active Return
Month	0.43%	0.32%	0.11%
Quarter	1.38%	0.95%	0.44%
1 Year (naca)	5.25%	3.83%	1.42%
3 Years (naca)	7.25%	5.86%	1.39%
5 years (naca)	7.97%	6.50%	1.48%
Inception (naca)	8.13%	7.05%	1.08%

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Fund Information

Compliance:
Regulation 28 & 30

Instrument Maximum Term:
5 Years

Weighted Term to Final Maturity:
2.5 years

Portfolio Details:
The investment portfolio is a market-linked fund policy (in terms of the Long-Term Insurance Act) issued by the Nedgroup Structured Life Limited

Floating Rate Assets:
100%

Modified Duration:
<0.25 years

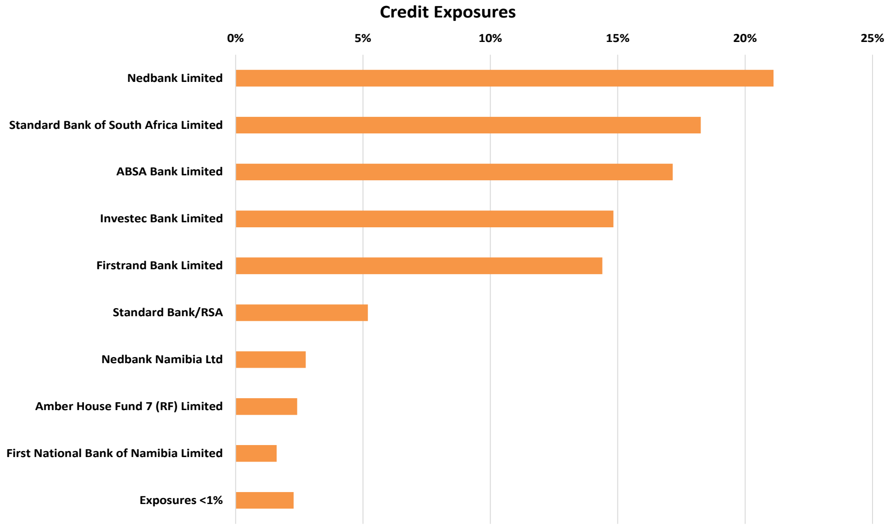
Number of counter parties:
17

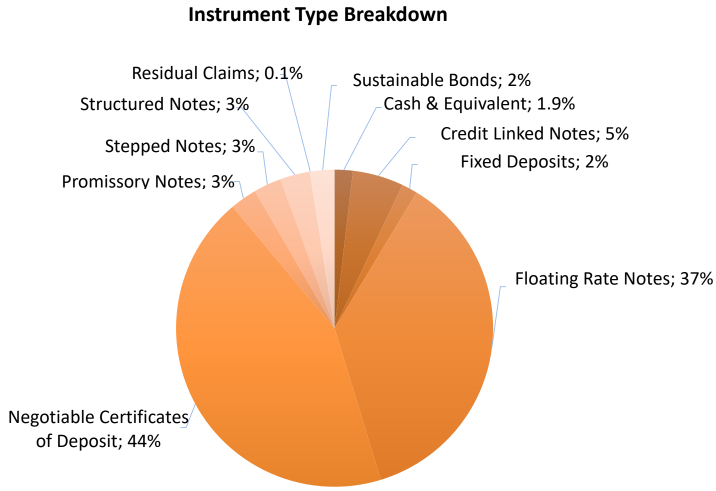
Top 5 Exposures:

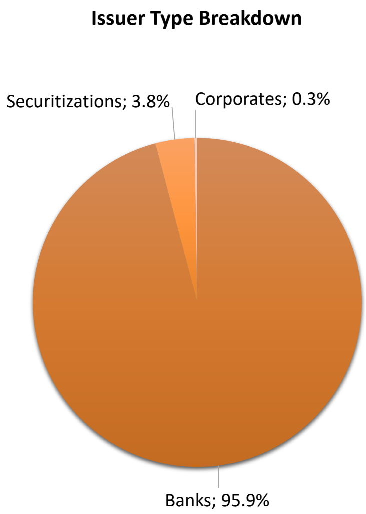
Issuer	Exposure
Nedbank Ltd	21.1%
Standard Bank SA Ltd	18.3%
ABSA Bank Ltd	17.2%
Investec Ltd	14.8%
Firstrand Bank Ltd	14.4%

Fund Fact sheet **August 2021**

Fund Performance







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