

December 2023

### Fund Objective

The objective of the Enhanced Income Fund is to generate returns well in excess of a typical core cash fund. This fund is best suited for investors looking for enhanced cash returns with low capital risk and low liquidity requirements.

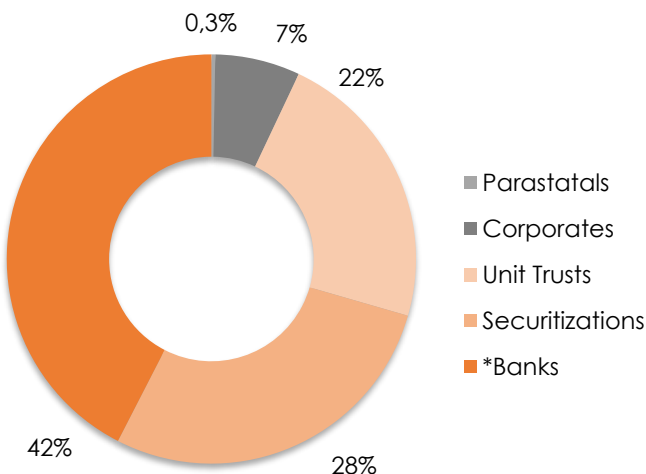
### Investment Strategy

Employs a conservative approach to enhance yields through extracting the liquidity risk premium in longer dated and less liquid debt instruments, as well as a marginal increased exposure to credit assets. 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. Our portfolio construction process builds a well-diversified fund targeting 30+ counterparties to further diversify risks

### Fund Performance

Period (naca)	Fund Return	Fund Target	CPI +3%
3 months	<b>2.7%</b>	2.6%	2.2%
6 months	<b>5.5%</b>	5.2%	4.3%
1 year	<b>11.2%</b>	10.1%	8.5%
2 years p.a.	<b>9.9%</b>	8.6%	9.5%
3 years p.a.	<b>9.3%</b>	7.7%	9.1%
5 years p.a.	<b>9.6%</b>	7.9%	8.0%
3yr volatility	<b>0.5%</b>	0.5%	1.3%

### Issuer Type



\*Includes 9% in Credit-linked Notes, which are bank issued notes referencing other entities.

### Fund Details

#### Risk Profile:

Low **Mid** High

#### Portfolio Manager:

Taquanta Asset Managers

#### Currency:

ZAR

#### Fund Size:

R8.0 bn

#### Inception date:

October 2013

#### Target Return:

STeFI Composite (Cash) +2%

#### Minimum Rating:

BBB- (at time of purchase)

#### Max offshore exposure:

30% (Hedged to Rands)

#### Notice Period:

90 Days

#### Maturity Limit:

7 years

#### Modified Duration:

<0.25 Years

#### No. of Counterparties:

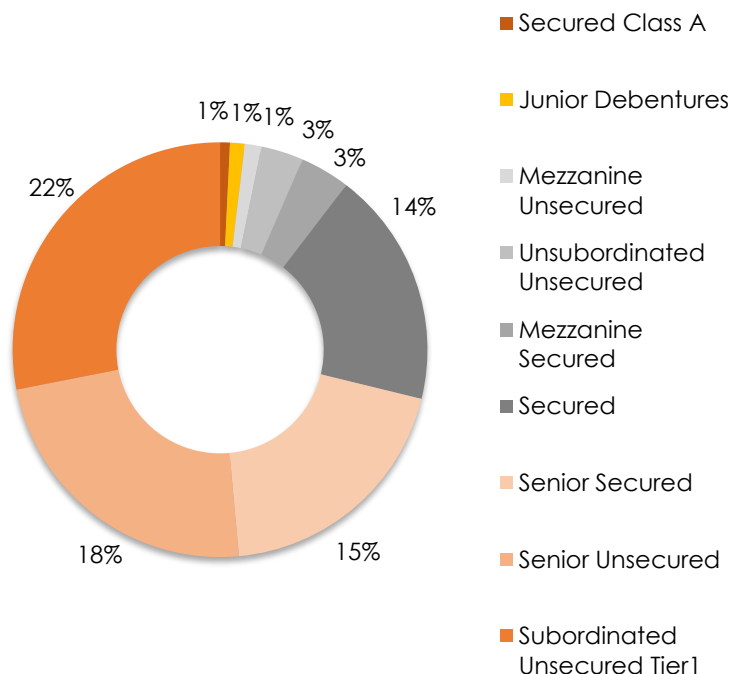
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### Top 5 Credit Exposures

Issuer Name	% Exposure
The Republic of South Africa	7.2%
Standard Bank Group	6.0%
Nedbank Ltd	5.7%
Nedbank Group	5.6%
BNP Paribas	5.3%

excluding unit trust exposure

### Capital Ranking



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### Fund Outlook

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The fund continues to maintain a low duration, and a moderate maturity and liquidity position. Issue spreads in the domestic listed debt capital markets overall are likely to remain contained due to the demand for assets. We continue to look for opportunities in both the public and private debt space. The fund is well positioned for the current economic and interest rate outlook. We remain cautious in these times with regards to credit and liquidity risk.

### Market Commentary

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Major central banks appear to have reached the peak of their upward interest rate adjustments. The anticipation of slower economic growth and a moderation in prices is likely to mitigate the risks associated with further tightening of monetary policies. However, the commencement and pace of monetary easing will probably hinge on how swiftly economic activity and inflation respond to the economic challenges that are faced by most economies globally.

During their recent meeting, the South African Reserve Bank's (SARB) Monetary Policy Committee (MPC) decided to leave the repo rate unchanged at 8.25 percent. The decision to pause was unanimous and in line with surveyed expectations. Policy rates remained flat in the second half of the year, spurring expectations within the interest rate market of an imminent reduction in global policy rates.

The European overnight index swaps (OIS) currently indicate an expected reduction in the policy rate of 150 basis points (bps) over the next 12 months. Conversely, in the United States, the Fed funds futures suggest an anticipated decrease of 100 basis-points in the upcoming calendar year. Similarly, the local forward rate agreement (FRA) market in South Africa estimates interest rate reductions of a comparable magnitude to those projected in the United States.

In December, the 3-month JIBAR rate saw a rise of 0.3 basis points to 8.400, whereas the 12-month JIBAR rate increased by 12.5 basis points to 9.125 versus the previous month. Over the past year, the 3-month, and the 12-month JIBAR rates increased by 114 basis points and 44-basis points, respectively.

These elevated JIBAR rates imply that money market funds are likely to generate a 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](mailto: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](mailto: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](http://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](http://www.faisombud.co.za) | E-mail address: [info@faisombud.co.za](mailto:info@faisombud.co.za)