

March 2024

### Fund Objective

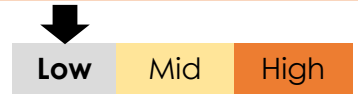
The primary objective of the Taquanta Enhanced Cash Fund is to achieve consistent returns in excess of a generic money market fund with an emphasis on capital preservation and low performance volatility.

### 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:



<b>Portfolio Manager:</b>	Taquanta Asset Managers
<b>Currency:</b>	ZAR
<b>Fund Size:</b>	R2.8 bn
<b>Inception date:</b>	March 2005
<b>Benchmark:</b>	STeFl Composite
<b>Compliance:</b>	Regulation 28 & 30
<b>ASISA Fund Classification:</b>	Similar to Varied Specialist
<b>Valuation Method:</b>	Mark to Market
<b>Floating Rate Asset:</b>	100%
<b>Avg Term to Maturity</b>	2.5
<b>Modified Duration:</b>	<0.25 Years
<b>No. of Counterparties:</b>	≥15

### Fund Performance

Period (naca)	Fund Return	Benchmark	Active Returns
Month	<b>0.8%</b>	0.7%	0.1%
Quarter	<b>2.5%</b>	2.1%	0.4%
1 year	<b>10.2%</b>	8.4%	1.8%
3 years p.a.	<b>7.6%</b>	6.1%	1.5%
5 years p.a.	<b>7.5%</b>	6.0%	1.5%
Volatility (inception)	<b>0.6%</b>	0.5%	0.1%

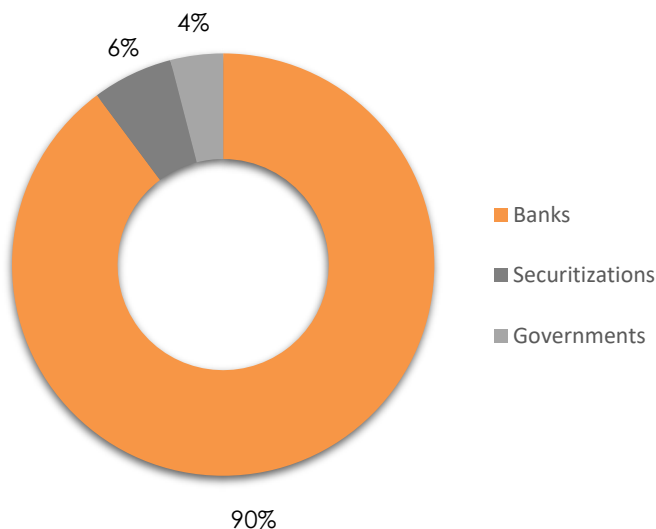
Source: Taquanta Asset Managers (Pty) Ltd

### Top 5 Credit Exposures (excluding unit trusts)

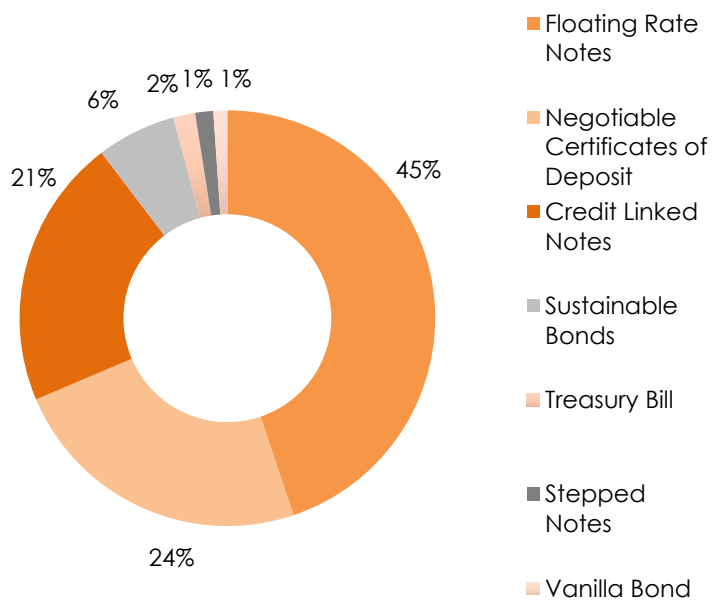
Issuer Name	% Exposure
Standard Bank/ RSA	<b>18.4%</b>
ABSA Bank Ltd	<b>18.2%</b>
Nedbank Ltd	<b>16.0%</b>
Firstrand Bank Ltd	<b>12.0%</b>
BNP Paribas	<b>8.4%</b>

Source: Taquanta Asset Managers (Pty) Ltd

### Issuer Type



### Instrument Type



Source: Taquanta Asset Managers (Pty) Ltd

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## Fund Outlook

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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.

Considering the anticipated cycle of rate reductions, we're gradually expanding our exposure to include some fixed-rated investments, while staying within the acceptable duration limits. In addition, we continue to look for opportunities to boost our client's fund yield by leveraging our size, liquidity, term, or credit risk premiums, while simultaneously funding issuers at wholesale lending rates.

## Market Commentary

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The United States (U.S.) Federal Reserve (Fed) announced at its March meeting that it would maintain the overnight federal funds rate at the current range of 5.25 percent to 5.5 percent. Projections published at the Fed's March 2024 meeting showed that policymakers expect to deliver three (3) rate cuts this year. This remains in line with expectations derived from the futures market. While U.S. inflation may be receding, growth is however resilient, muting the urgency to adjust the policy rate over the near-term.

President of the European Central Bank (ECB), Christine Lagarde, also announced that the three (3) key ECB rates will be left unchanged. However, the ECB President lamented the risks to economic growth being tilted to the downside. Consumer spending is tepid. Employers are posting fewer job vacancies. Fiscal and structural policies are facing geopolitical headwinds. To this end, the latest ECB staff projections indicate downward revisions to inflation, which is expected to fall below target within the next two years.

At their last meeting, the South African Reserve Bank's (SARB) Monetary Policy Committee (MPC) also decided to leave the repo rate unchanged at 8.25 percent. The decision to pause was unanimous and in line with surveyed expectations. The economy of South Africa is unlikely to grow above full employment over the foreseeable future. This is mainly owed to sub-investment ratings, deteriorating infrastructure, and growing levels of political uncertainty. Slowing economic activity has also played a major role in reducing inflation, which continues to remain vulnerable to external shocks and increases in administered prices.

On a conspectus of the above, the Forward Rate Agreement (FRA) market is now pricing in two (2) rate cuts this year. In March 2024, the 3-month JIBAR rate fell by 1.7 basis points to 8.500, while the 12-month JIBAR rate rose by 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 39.2 basis points and 12.5 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

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](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