

October 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 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: | R2.8 bn |
| Inception date: | March 2005 |
| Benchmark: | STeFl Composite |
| Compliance: | Regulation 28 & 30 |
| ASISA Fund Classification: | Similar to Varied Specialist |
| Valuation Method: | Mark to Market |
| Floating Rate Asset: | 99% |
| Avg Term to Maturity | 2.97 years |
| Modified Duration: | <0.14 Years |
| No. of Counterparties: | ≥13 |

Fund Performance

| Period (naca) | Fund Return | Benchmark | Active Returns |
|------------------------|---------------|-----------|----------------|
| 1 Month | 0,84% | 0,68% | 0,16% |
| 3 Months | 2,60% | 2,07% | 0,53% |
| 1 year | 10,51% | 8,57% | 1,95% |
| 2 years p.a. | 9,96% | 8,06% | 1,90% |
| 3 years p.a. | 8,58% | 6,92% | 1,66% |
| Volatility (inception) | 8,19% | 7,02% | 1,17% |

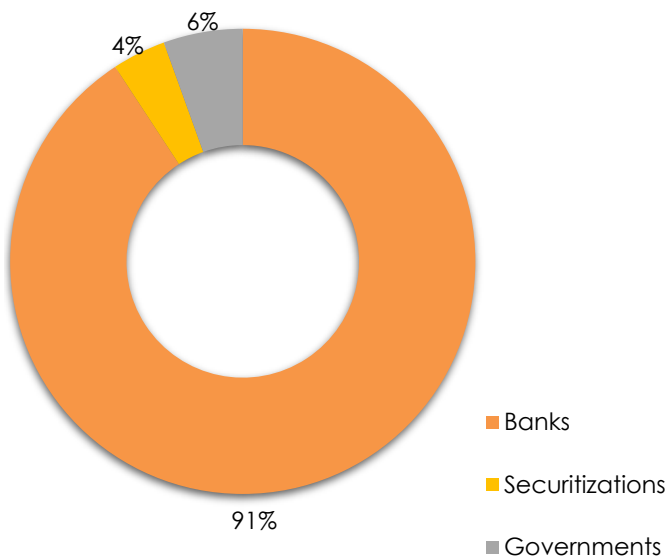
Source: Taquanta Asset Managers (Pty) Ltd

Top 5 Credit Exposures (excluding unit trusts)

| Issuer Name | % Exposure |
|------------------------|---------------|
| Standard Bank | 18,46% |
| Firstrand Bank Limited | 16,38% |
| ABSA Bank Limited | 15,60% |
| Nedbank Limited | 13,22% |
| BNP Paribas | 9,98% |

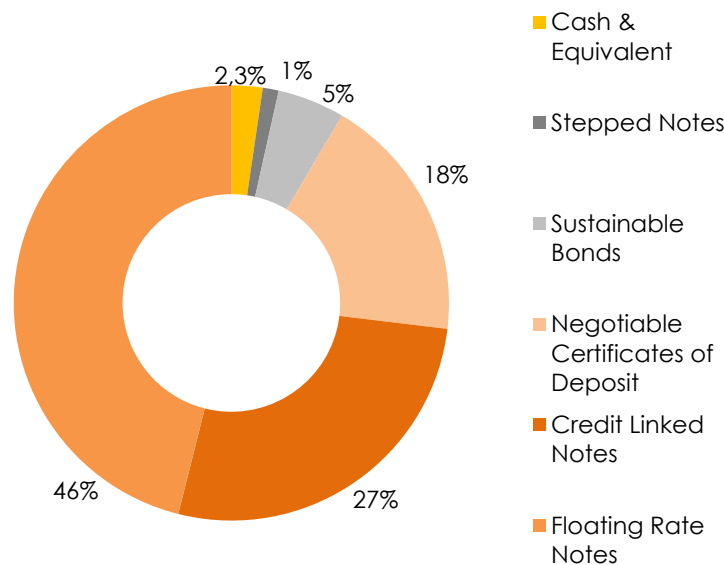
Source: Taquanta Asset Managers (Pty) Ltd

Issuer Type



Source: Taquanta Asset Managers (Pty) Ltd

Instrument Type



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Fund Outlook

In light of ongoing policy rate reductions, we're progressively increasing exposure to fixed-rate investments within set duration limits. We're also seeking ways to enhance fund yields by leveraging advantages such as scale, liquidity, term, and credit risk premiums, while providing issuers with wholesale lending rates.

Market Commentary

On Wednesday the 30th of October, Finance Minister, Enoch Godongwana, tabled the much-anticipated Medium-Term Budget Policy Statement (MTBPS). The MTBPS provided an update on South Africa's fiscal performance and outlined the government's priorities over the next three years. While there were some positive signs such a budget surplus and reduced wage bill, economic growth is still expected to remain broadly subdued over the foreseeable future.

The government has lowered its revenue projections and increased spending estimates compared to February's budget. Tax revenue has fallen short of target due to declines in import duties and fuel levies. Non-interest expenditure is up mainly due to e-toll debt repayments and the additional deployment of marine troops. Debt servicing costs remain high at R388.9 billion, and deficits are only projected to fall in line with global interest rates.

The economy's financial coffers remain highly dependent on macroeconomic stability, structural reforms, infrastructure spending, and improved state capacity. While infrastructure spending could bolster macroeconomic growth, structural reforms are fundamental in enabling the country to reach its desired growth potential. Over the next three years, the budget further aims to gradually reduce the fiscal deficit and stabilize hard currency and offshore debt issuance.

However, risks remain from weak growth, above inflation wage settlements, and beleaguered state-owned enterprises. Furthermore, financial allocations pertaining to the wage bill, social relief grants, and healthcare, also remain politically sensitive and largely uncertain. While hopes for a continuation in reform efforts remain under the Government of National Unity (GNU), we still envisage that the implementation of critical social and economic programs will continue to be an ongoing challenge on the back of benign macroeconomic prospects.

Financial markets were subsequently disappointed by this year's MTBPS. The rand lost ground against the United States dollar, while the yield on the 10-year government bond rose 10 basis points (bps) following the Finance Minister's budget statement. In the SA money market, the 3-month JIBAR rate fell by 0.033 percent to 8.017 percent, while the 12-month JIBAR rate rose by 0.150 percent, to 8.375 percent, versus the previous month.

The Forward Rate Agreement (FRA) market is now pricing in a 60-percent chance of a 50-bps rate reduction at November's Monetary Policy Committee (MPC) meeting, with the probability of additional interest rate cuts gradually rising over the medium term. In the U.S., the consensus' view is for the Fed to cut by 25 bps in November, followed by a similar rate cut in December, as monetary authorities intervene towards a less restrictive interest rate regime.

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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