



# Taquanta

## Enhanced Cash Fund

### Fund Information

**Portfolio Manager:**

Taquanta Asset Managers (Pty) Ltd

**Fund Size:**

R5.3 billion

**Benchmark:**

STeFI Composite

**ASISA Fund Classification:**

Similar to Varied Specialist

**Inception Date:**

1 March 2005

**Valuation Method:**

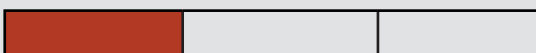
Mark-to-market

**Notice Period:**

24 Hours

### Risk Profile

**Conservative      Moderate      Aggressive**



### 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

Trade tensions remain heightened impacting global market confidence and investment. The US Federal Reserve Bank ended their quantitative tightening cycle 2 months earlier than the market expected and opted to cut their target rate by 25bps. Although the US labour market remains strong, Jerome Powell described the US-China trade war and weak global growth as a threat to a favourable outlook and a rate cut justifiable to maintain the outlook.

The United Kingdom (UK) ushered in a new prime minister, Boris Johnson, following Theresa May's resignation. He is tasked with delivering an orderly Brexit and has made promises to make the UK 'the greatest place on earth' and deliver Brexit by October 2019. This however remains to be seen, it might bring much needed policy certainty but at what price?

Domestically, economic growth continues to remain muted and the Monetary Policy Committee (MPC) of the Reserve Bank unanimously decided to reduce the repurchase rate (repo rate) by 25bps, with the Governor adding that the committee had not discussed a 50bps cut as per market speculation. This suggests the committee might be a bit hawkish in their approach even with downside risks to the growth forecast and continued low business confidence. The SARB's composite leading business cycle indicator is reported as trending lower. Inflation has remained within the SARB's target range of 3% to 6%, with CPI for June increasing at the same rate as May at 4.5% y/y. PPI inflation eased to 5.8% y/y from 6.4% y/y in May marked by a moderation in inflationary pressure within the chemical and plastic products category.

A potential credit downgrade by the end of the year is now more seeming with heightened fiscal policy risks. The market is projecting a further rate cut before year end, in addition to the 25bps given at the July meeting. The fund is well positioned to take advantage of the current uncertain economic climate.



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### Fund Performance

Returns	Fund Return	Benchmark	Active Return
Month	0.73%	0.61%	0.13%
Quarter	2.19%	1.82%	0.38%
1 Year (naca)	8.84%	7.33%	1.51%
3 Years (naca)	8.95%	7.43%	1.53%
5 years (naca)	8.30%	7.11%	1.20%
Inception (naca)	8.39%	7.33%	1.06%

### 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 (interms of the Long-Term Insurance Act) issued by the Nedgroup Structured Life Limited

**Floating Rate Assets:**  
98%

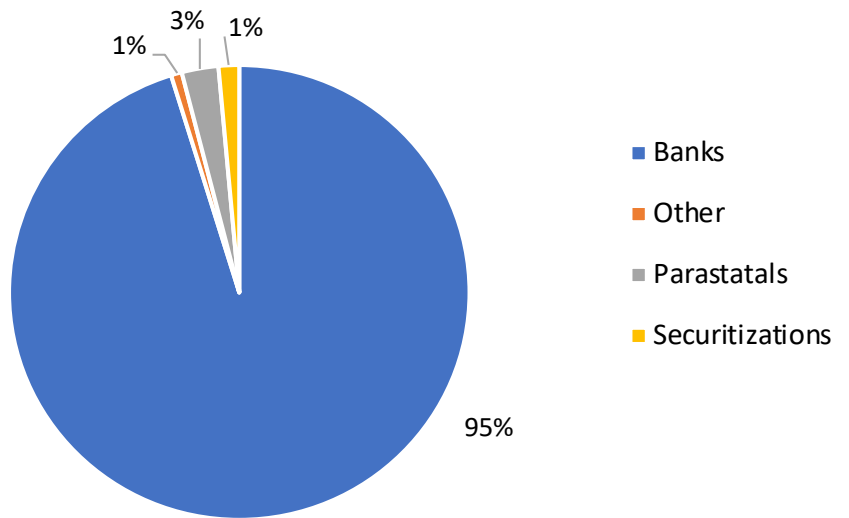
**Modified Duration:**  
<0.25 years

**Number of counterparties:**  
20

**Top 5 Exposures:**

Issuer	Exposure
FirstRand	22.4%
Nedbank	21.3%
ABSA	18.7%
Standard Bank	17.8%
Investec	7.9%

### Issuer Type Breakdown



### Instrument Type Breakdown

