

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

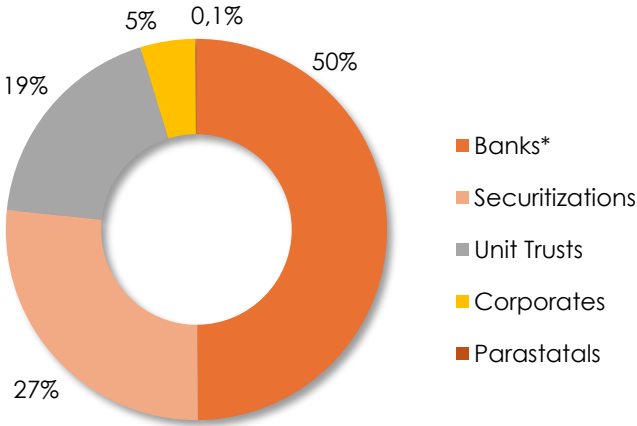
Employs a conservative approach to enhance yields through extracting the liquidity risk premium in longer dated and less liquid debt instruments, as well as a marginal increased exposure to credit assets. Our fundamental credit review process is robust, combining qualitative and quantitative analysis, 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% |
|----------------|-------------|-------------|---------|
| 1 month | 0,8% | 0,8% | 1,1% |
| 3 months | 2,5% | 2,3% | 2,1% |
| 6 months | 5,1% | 4,8% | 4,5% |
| 1 year | 10,2% | 9,9% | 6,5% |
| 2 years p.a. | 10,0% | 10,2% | 7,1% |
| 3 years p.a. | 10,3% | 9,9% | 7,3% |
| 5 years p.a. | 9,5% | 8,4% | 8,1% |
| 3yr volatility | 0,6% | 0,2% | 1,1% |

Source: Taquant Asset Managers

Issuer Type



*Includes 32% in Credit-linked Notes, which are bank issued notes referencing other entities.

Source: Taquant Asset Managers (Pty) Ltd

Fund Details

Risk Profile:



Portfolio Manager:

Taquanta Asset Managers

Currency:

ZAR

Fund Size:

R8.9 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:

>30

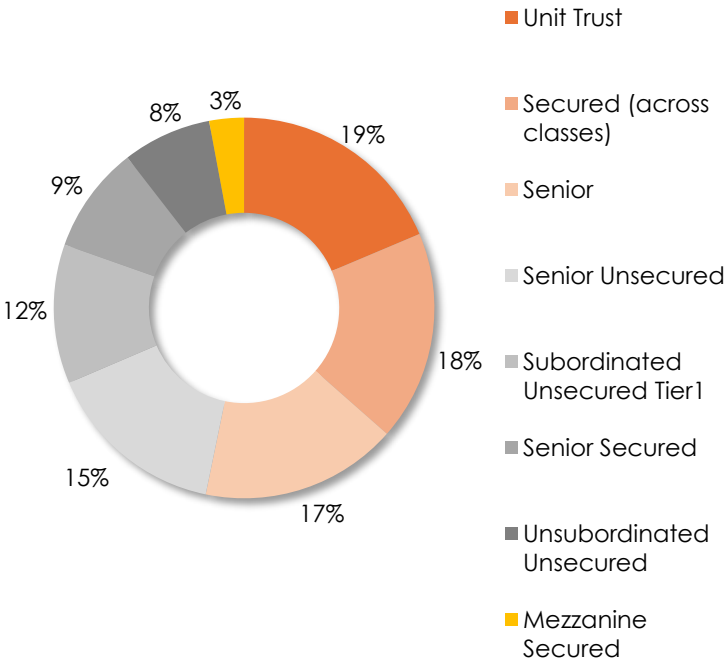
Top 5 Credit Exposures

| Issuer Name | % Exposure |
|-------------------------------|------------|
| The Republic of South Africa | 34% |
| Standard Bank of South Africa | 14% |
| Nedbank Limited | 9% |
| ABSA Bank Limited | 8% |
| Nutun (Pty) Ltd | 6% |

Source: Taquant Asset Managers

excluding unit trust exposure

Capital Ranking



Fund Outlook

The fund continues to maintain a low duration strategy, supported by a measured approach to maturity and liquidity positioning. With primary market activity having gained momentum and net issuance being positive year to date, the fund is well placed to access opportunities across public auctions, private placements, and structured debt. While the increase in supply is encouraging, strong investor demand continues to drive spreads toward the lower end of guidance. This environment of compressed pricing and macroeconomic uncertainty reinforces the importance of maintaining discipline in credit selection and liquidity risk management.

Market Commentary

In the second quarter of 2025, South Africa's economy showed signs of resilience despite a challenging global backdrop. Mining output climbed by 3.9%, supported by gains in platinum group metals, gold, coal, nickel, and diamonds. Manufacturing followed suit, expanding by 1.5%, with momentum driven by the automotive, petroleum, chemicals, rubber, and plastics sectors. Retail trade also edged higher, up 0.9%, although performance in food and beverages, along with general dealers, lagged behind. Inflation, however, began to creep higher. By July, consumer prices had risen to 3.5% year-on-year — the highest level in ten months — with food costs, especially beef, contributing significantly. Producer inflation echoed this trend, moving up to 1.5%, largely driven by food-related categories. In the U.S., July inflation came in slightly below expectations, with headline CPI rising 0.2% month-on-month and 2.7% year-on-year. Core CPI increased 0.3% for the month and 3.1% annually, its fastest pace since February, reinforcing expectations of further Fed policy adjustments.

Business sentiment told a more complicated story. The S&P Global PMI for August managed to hold at 50.1, marking the fourth consecutive month above the neutral threshold. For the first time since May, output increased, cost pressures eased thanks in part to a stronger rand, and supply chains saw some relief. Yet, beneath the surface, risks remained acute. Export orders fell sharply under the weight of the newly imposed 30% U.S. tariffs on South African goods, highlighting the country's vulnerability to external shocks. Business confidence slipped further in the third quarter, dropping to 39 points, well below its long-term average of 42. The automotive sector, in particular, felt the brunt of tariff-related disruptions, compounding concerns already heightened by global uncertainty.

The rand traded in muted fashion through late August, its movements constrained as investors awaited critical U.S. data releases. On the policy front, monetary and fiscal authorities remained in sharp focus. The South African Reserve Bank, working alongside the Treasury, was close to finalizing technical discussions on a potential revision of the inflation target. Currently set at 3–6%, a move toward a lower and narrower band was under consideration, aimed at reinforcing policy credibility and anchoring inflation expectations more firmly. On the fiscal side, earlier proposals to raise the VAT rate had been rolled back in April, leaving the tax at 15%. While this reversal was designed to shield households from additional pressure, it carried important budgetary implications, leaving fiscal stability as a key theme for the months ahead.

Disclosures: FAIS

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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 |

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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.

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