Taquanta Enhanced Income Fund
Factsheet

July 2026

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 Details

Risk Profile:	Low	Mid	High

Portfolio Manager	Taquanta Asset Managers
Currency	ZAR
Fund size	R8.61B
Inception Date	October 2013
Targeted Return	STeFI Composite (Cash) +2%
Minimum Rating	BBB- (at time of purchase)
Maximum Offshore Exposure	30% (Hedged to Rands)
Notice Period	90 Days
Maturity Limit	7 Years
Modified Duration	< 0.25 years
No. of Counterparties	> 30

Fund Performance

Period (naca)	Fund Return	Fund Target	CPI + 3%
1 month	**0.8%**	**0.7%**	**1.0%**
3 months	**2.1%**	**2.2%**	**3.3%**
6 months	**4.2%**	**4.3%**	**5.3%**
1 Year	**9.2%**	**9.0%**	**8.0%**
2 years p.a.	**9.7%**	**9.5%**	**7.0%**
3 years p.a.	**9.8%**	**9.9%**	**7.4%**
5 years p.a.	**9.5%**	**9.0%**	**8.2%**

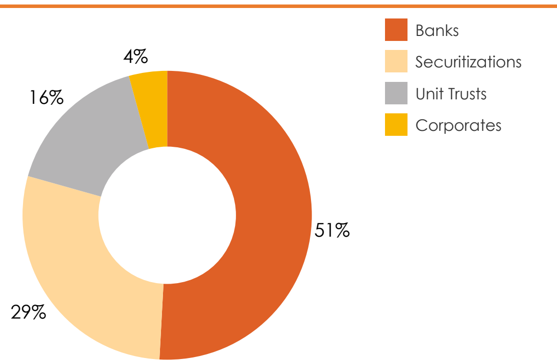
Source: Taquanta Asset Managers

Top 5 Credit Exposures

Issuer Name	% Exposure
The Republic of South Africa	40%
Standard Bank of South Africa Limited	16%
Nedbank Limited	13%
ABSA Bank Limited	8%
BNP Paribas	5%

Source: Taquanta Asset Managers

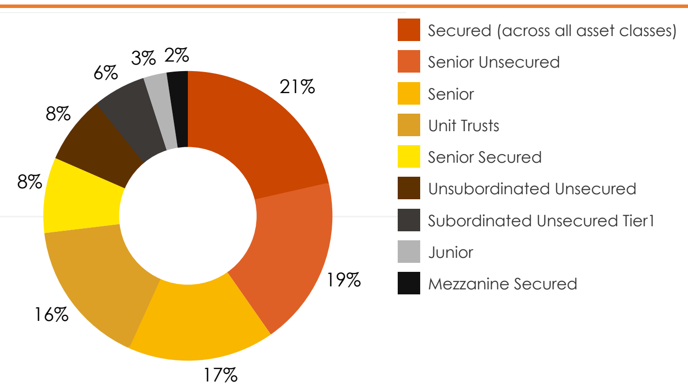
Issuer Type



*Banks include 38% in Credit-linked Notes, which are bank issued notes referencing other entities.

Source: Taquanta Asset Managers

Capital Ranking



Source: Taquanta Asset Managers

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Fund Outlook

The start of the third quarter has been characterised by continued compression in credit spreads, supported by strong investor demand and favourable market liquidity conditions. The fund's diversified investment approach across listed, unlisted and structured credit continues to provide access to attractive risk-adjusted opportunities, although primary market spreads remain under pressure as demand for high-quality credit exceeds available supply. Against a backdrop of strong auction participation, elevated issuance activity and ongoing spread tightening, particularly within the financial sector, we remain focused on maintaining pricing discipline and selectively allocating capital to opportunities that offer appropriate compensation for risk. The fund maintains a low-duration bias, supported by a balanced maturity profile and strong liquidity positioning.

Market Commentary

Geopolitical developments remained a key driver of market sentiment in July. Renewed tensions in the Middle East continued to pose upside risks to oil and fertiliser prices, although signs of progress in negotiations between the United States and Iran helped ease pressure on global energy markets late in the month. Expectations of improved shipping conditions through key trade routes, including the Strait of Hormuz, also contributed to lower oil prices.

Locally, the South African Reserve Bank's July MPC decision to leave the repo rate unchanged at 7.00% was consistent with our expectations, even though it appeared to catch much of the market by surprise. The split vote, with four members favouring a hold and two preferring a 25 basis-point hike, reflected the difficult balance facing the Committee: inflation remains above the preferred 3% target, while growth risks have become more pronounced amid weak domestic demand.

South Africa's inflation backdrop became more challenging in the previous month, with June headline CPI rising to 5.0% year-on-year, from 4.5% in May, marking the highest reading in two years. The increase was driven primarily by transport costs, rather than broad-based demand pressure. Annual transport inflation accelerated to 12.7%, while fuel prices rose 34.3% over the year, reflecting steep increases in diesel and petrol prices. By contrast, food inflation continued to ease, with food and non-alcoholic beverages slowing to 1.6% year-on-year, providing some relief to consumers.

On the other hand, Absa's seasonally adjusted Purchasing Managers' Index declined to 46.8 points in July, from 47.3 in June, marking a second consecutive month of contraction and the weakest reading in seven months. The decline reflected subdued export demand and increased caution among manufacturers in response to rising input costs. Against a backdrop of labour-market strain and fragile domestic activity, raising the policy rate in this environment could have placed further pressure on household consumption, investment spending and business confidence, increasing the risk of an even weaker economic growth outcome.

Financial markets initially reacted negatively to the decision. With many investors having anticipated a rate increase following the stronger-than-expected inflation print, the decision to hold prompted a reassessment of interest rate expectations. The rand weakened briefly to around R16.98 per US dollar, its weakest level in several months, as markets recalibrated South Africa's expected interest rate differential relative to developed markets, particularly the United States. It later recovered toward levels more consistent with fair value.

Globally, the backdrop also supports a measured policy stance. In the United States, inflation showed signs of moderation, with annual CPI declining to 3.5% in June, from 4.2% in May, while core inflation eased to 2.6%. The monthly CPI decline was driven largely by lower energy prices, following reduced geopolitical tensions and a pullback in oil prices. Similarly, US growth softened in the second quarter, with real GDP expanding at an annualised 1.5%, down from 2.1% in the first quarter, reinforcing the need for caution by global central banks.

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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:

	Taquanta			
Category Description	**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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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