Taquanta Enhanced Cash Fund
Factsheet

May 2025

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: [✓ Low] Mid High

Portfolio Manager:	Taquanta Asset Managers
Currency:	ZAR
Fund Size:	R2.9 bn
Inception date:	March 2005
Benchmark:	STeFI Composite
Compliance:	Regulation 28 & 30
ASISA Fund Classification:	Similar to Varied Specialist
Valuation Method:	Mark to Market
Floating Rate Asset:	95%
Avg Term to Maturity	2.63 years
Modified Duration:	<0.17 Years
No. of Counterparties:	≥13

Fund Performance

Period (naca)	Fund Return	Benchmark	Active Returns
1 Month	**0,7%**	0,6%	0,1%
3 Months	**2,3%**	1,9%	0,4%
1 year	**10,1%**	8,1%	1,8%
2 years p.a.	**10,2%**	8,3%	1,8%
3 years p.a.	**9,5%**	7,7%	1,7%
5 years p.a.	**7,8%**	6,3%	1,5%
Volatility (inception)	**0,4%**	0,3%	0,4%

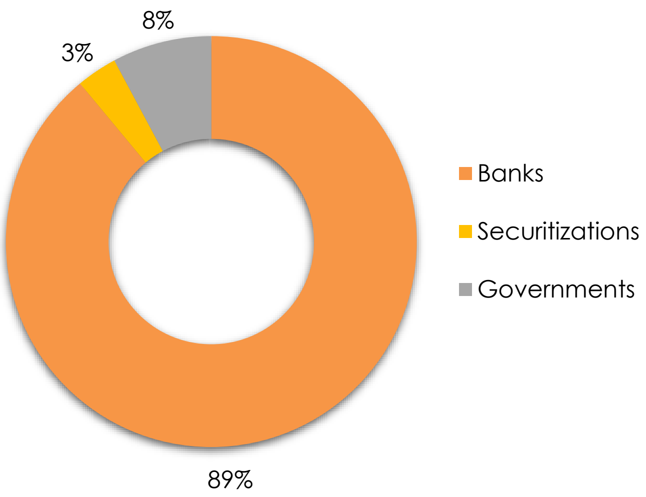
Source: Taquanta Asset Managers (Pty) Ltd

Top 5 Credit Exposures (excluding unit trusts)

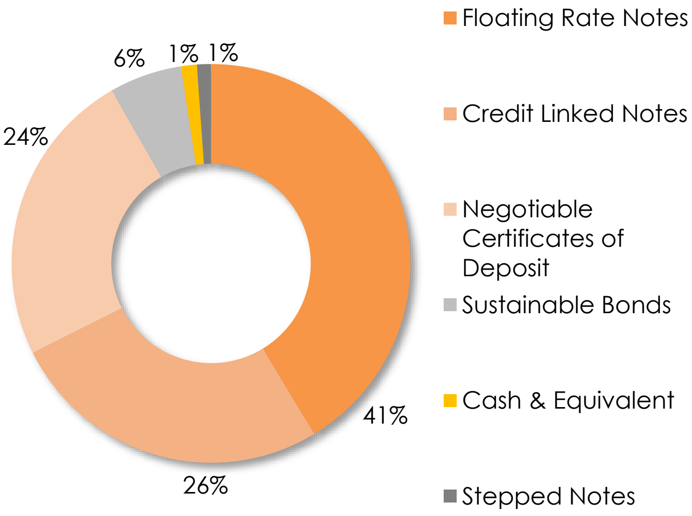
Issuer Name	% Exposure
Standard Bank /RSA	**19,1%**
ABSA Bank Limited	**16,9%**
Firstrand Bank Limited	**13,5%**
Nedbank Limited	**13,2%**
BNP Paribas	**9,6%**

Source: Taquanta Asset Managers (Pty) Ltd

Issuer Type



Instrument Type



Fund Outlook

In today's evolving fixed income environment, our approach remains both cautious and opportunistic. Amid shifting macroeconomic conditions, we continue to identify selective yield-enhancing opportunities through disciplined credit selection, active liquidity management, and strategic yield curve positioning. By leveraging scale and targeting favorable risk premiums, our strategy is designed to enhance portfolio resilience and deliver stable, long-term returns, even against the backdrop of monetary policy shifts and economic uncertainty.

Market Commentary

During the month of May 2025 South Africa continued to face a challenging economic landscape with slower growth, fiscal tightening, some inflationary pressures driven by food costs, and a modest monetary easing cycle.

Recent developments in South Africa's economic outlook and geopolitical environment reflect a combination of domestic policy adjustments and global economic uncertainties. Moody's Ratings recently downgraded South Africa's real GDP growth forecast for 2025 to 1.5%, a downward revision of 0.2 percentage points from their February estimate, citing subdued domestic activity and external shocks (Moody's, 2025). This aligns with a broader global slowdown, as Moody's projections for worldwide economic growth have been cut to 1.9% in 2025 and 2.3% in 2026, from previous forecasts of 2.5%, mainly due to geopolitical tensions, rising trade barriers, and declining investor confidence.

On the diplomatic front, tensions between the United States and South Africa have escalated amid controversial remarks by former U.S. President Donald Trump, who accused South Africa of targeting White Afrikaners and launched a refugee resettlement initiative resulting in dozens of White Afrikaners relocating to the U.S. South African President Cyril Ramaphosa responded by engaging at the White House to mitigate perceptions of ethnic targeting and genocide, leading to some progress in restoring diplomatic ties and trade negotiations, according to South Africa's finance minister.

Domestically, South Africa's fiscal policy has seen notable adjustments. Finance Minister Enoch Godongwana introduced a revised national budget, dubbed "Budget 3.0," which projects lower revenue and includes modest expenditure cuts to maintain fiscal stability amid rising public debt, forecasted to reach 77.4% of GDP in 2025/26. The budget also marks the first increase in fuel levies in three years, with petrol and diesel levies raised by 16 and 15 cents per litre respectively, effective June 4.

Inflation dynamics remain modest but are showing signs of upward pressure. In April, South Africa's CPI increased marginally to 2.8% from 2.7% in March, with food and non-alcoholic beverages inflation reaching 4.0%, driven mainly by a 2.3% month-on-month rise in meat prices, especially beef cuts such as stewing beef, mince, and steak – a trend that could persist given ongoing supply chain issues. The household expenditure share for meat accounts for 5.1%, underscoring its influence on overall inflation.

The South African Reserve Bank (SARB) responded to these conditions by lowering the repo rate by 25 basis points to 7.25%, marking a shift away from its previously hawkish stance supported by five out of six MPC members. This rate cut aligns with the government's retreat from prior VAT increase proposals and reflects cautious easing to support economic growth. The rand experienced moderate volatility, with the USD/ZAR exchange rate fluctuating around 17.79 to 18.05 during late May, with a 0.4% peak change on May 30 (Exchange Rate Data, 2025).

Meanwhile, in the United States, inflation remains subdued. The U.S. Bureau of Labor Statistics reported a 0.2% increase in the CPI for April, bringing the annual rate to 2.3%, the lowest since February 2021, while core inflation held steady at 2.8%. These figures suggest a moderate inflation environment that could influence future monetary policy decisions.

In summary, South Africa faces a complex mix of internal fiscal adjustments, modest inflationary pressures, and external geopolitical tensions, all within the context of subdued global economic growth. While policy measures aim to stabilize and stimulate the economy, ongoing challenges such as rising public debt and inflationary trends will require continued vigilance. The evolving international environment, including U.S.-South Africa relations and global economic forecasts, will play a significant role in shaping South Africa's economic trajectory over the coming months.

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:

	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

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

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