Taquanta Enhanced Cash Fund
Factsheet

July 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:	R3.0 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	2.75 years
Modified Duration:	<0.15 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	**9,5%**	8,0%	1,4%
2 years p.a.	**9,8%**	8,3%	1,4%
3 years p.a.	**9,3%**	7,9%	1,4%
5 years p.a.	**7,7%**	6,3%	1,2%
Volatility (inception)	**0,3%**	0,2%	0,0%

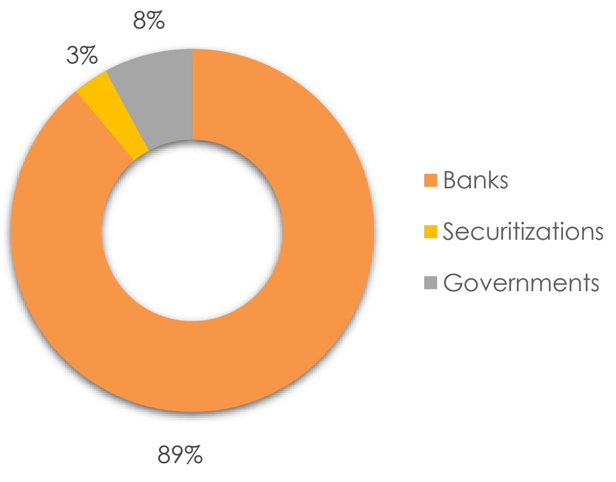
Source: Taquanta Asset Managers (Pty) Ltd

Top 5 Credit Exposures (excluding unit trusts)

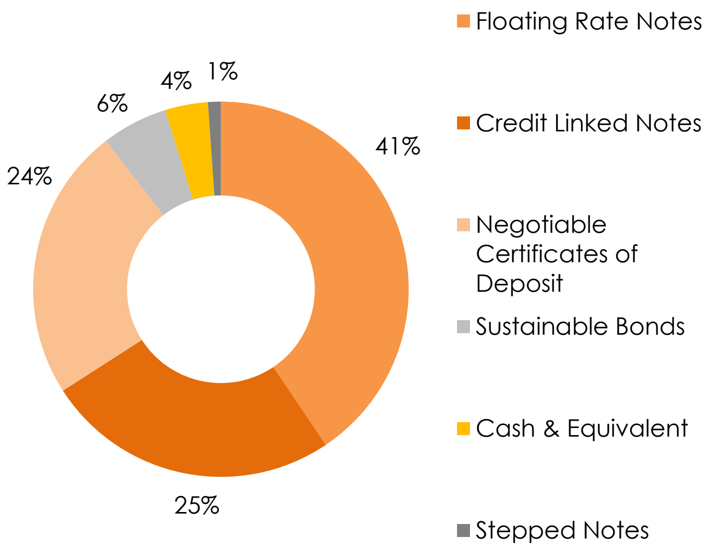
Issuer Name	% Exposure
Standard Bank/RSA	**18,3%**
ABSA Bank Limited	**18,0%**
Firstrand Bank Limited	**13,9%**
Nedbank Limited	**11,9%**
BNP Paribas	**9,4%**

Source: Taquanta Asset Managers (Pty) Ltd

Issuer Type



Instrument Type



Source: Taquanta Asset Managers (Pty) Ltd

Fund Outlook

Amid rising global uncertainty and ongoing monetary policy adjustments, our fixed income strategy remains disciplined and forward-looking. This is underpinned by robust credit evaluation frameworks and a proactive liquidity posture, enabling us to navigate both idiosyncratic and systemic risks. Additionally, we are leveraging our scale and deep market access to exploit inefficiencies across the yield curve and credit spectrum. Our focus remains on optimizing risk-adjusted returns, preserving capital, and maintaining portfolio resilience amid shifting macroeconomic dynamics. We continue to monitor inflation and interest rate developments—both domestically and abroad—to ensure alignment with our investment objectives and risk parameters.

Market Commentary

The South African rand ended July broadly unchanged, trading at 17.9825 against the U.S. dollar—its weakest level in over a month—as markets awaited the South African Reserve Bank's (SARB) policy decision. However, the currency came under sustained pressure in the final week of the month, briefly breaching the 18.00/USD level for the first time since June 20th. This volatility was largely driven by investor anxiety surrounding the August 1st deadline for new U.S. import tariffs and ongoing trade negotiations between South Africa and the United States.

In a widely anticipated move, the SARB cut its benchmark interest rate by 25 basis points to 7.00% on July 31st, marking the lowest policy rate since November 2022. The Monetary Policy Committee cited persistent global uncertainty and downside risks to domestic growth as key considerations. The rate cut was seen as a pre-emptive step to support an economy already grappling with weak consumer demand, soft business confidence, and mounting external pressures—including the potential imposition of U.S. tariffs on South African exports. Policymakers noted that while global trade tensions remain unresolved, monetary flexibility is essential to safeguard macroeconomic stability.

A parallel development in inflation policy added a layer of complexity to the central bank's messaging. While headline inflation remained well contained to 3.0% in June from 2.8% in May—the SARB reiterated its long-term preference for a lower inflation target, a position echoed by Governor Lesetja Kganyago. The finance minister responded by stating that while progress is being made toward adjusting the target, such a shift should be approached cautiously and with a broad consensus. Market participants interpreted these comments as a positive signal for inflation discipline, contributing to a rally in government bonds and a moderation in long-end yields.

The June inflation data showed modest upward pressure in several key categories. Price growth was driven by food and non-alcoholic beverages, alcohol and tobacco, healthcare, information and communication, and services such as accommodation and personal care. In contrast, inflation in housing, furnishings, and transport remained subdued. On a month-to-month basis, CPI rose 0.3%, slightly up from 0.2% in May. Core inflation eased marginally to 2.9%, its lowest reading since April 2021—suggesting underlying inflation remains well anchored, though external risks could quickly alter this trajectory.

International Developments

In the U.S., the Federal Reserve held its policy rate steady at 4.25%–4.50% for a fifth consecutive meeting. The decision revealed internal divisions, with two Trump-appointed governors dissenting in favor of a rate cut. The Fed noted that while inflation remains above target, labor market conditions are healthy, and economic activity is expanding at a moderate pace. The latest U.S. core CPI reading showed an annual increase of 2.9% in June, up slightly from 2.8% in May and just below consensus expectations. Notable upward contributions included shelter, healthcare, motor vehicle insurance, and household operations.

Bilateral tensions between South Africa and the U.S. escalated further after the U.S. House Foreign Affairs Committee advanced the "U.S.–South Africa Bilateral Relations Review Act"—a bill seeking to re-evaluate diplomatic and economic ties with South Africa. The legislation cites South Africa's engagement with Russia and China, and its alleged support for Hamas, as grounds for potential sanctions against government officials. Although the bill still requires full congressional approval, its advancement highlights growing strain between Washington and Pretoria. Adding to the uncertainty, President Trump announced he may not attend the G20 summit in South Africa in November, citing dissatisfaction with the country's foreign policy stance.

Domestic Policy and Fiscal Updates

To stabilize key state-owned entities, the South African government approved R94.8 billion in guarantees for Transnet SOC Ltd. Of this, R48.6 billion will be used to cover debt redemptions over a five-year horizon, while R46.2 billion is earmarked to cushion the entity from potential credit rating downgrades. The move underscores the government's continued fiscal burden in propping up critical infrastructure operators, even as budget constraints tighten.

Meanwhile, the African Development Bank revised South Africa's 2025 GDP growth forecast downward to just 0.8%—a sharp cut from the previous 1.6% projection. The downgrade reflects the compounding effects of sluggish reform implementation, high unemployment, and vulnerability to external shocks, particularly those emanating from U.S. trade policy shifts. The report emphasized that without meaningful structural reforms, especially in logistics, energy, and regulatory efficiency, the economy is likely to remain trapped in a low-growth cycle.

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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

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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

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