

Taquanta Enhanced Income Fund

Factsheet



June 2025

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

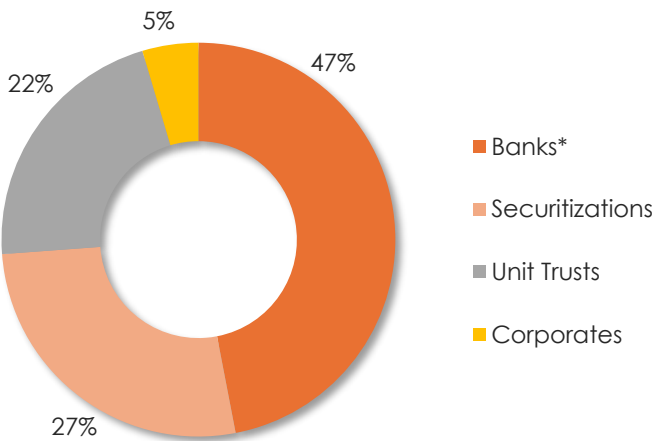
Employs a conservative approach to enhance yields through extracting the liquidity risk premium in longer dated and less liquid debt instruments, as well as a marginal increased exposure to credit assets. Our fundamental credit review process is robust, combining qualitative and quantitative analysis, 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%	0.4%
3 months	2.6%	2.4%	1.6%
6 months	5.2%	4.8%	3.7%
1 year	9.8%	10.1%	5.8%
2 years p.a.	10.1%	10.3%	7.0%
3 years p.a.	10.2%	9.8%	7.8%
5 years p.a.	9.5%	8.3%	8.2%
3yr volatility	0.6%	0.3%	1.4%

Source: Taquanta Asset Managers

Issuer Type



*Includes 30% in Credit-linked Notes, which are bank issued notes referencing other entities.

Source: Taquanta Asset Managers (Pty) Ltd

Fund Details

Risk Profile:



Portfolio Manager:

Taquanta Asset Managers

Currency:

ZAR

Fund Size:

R9.0 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

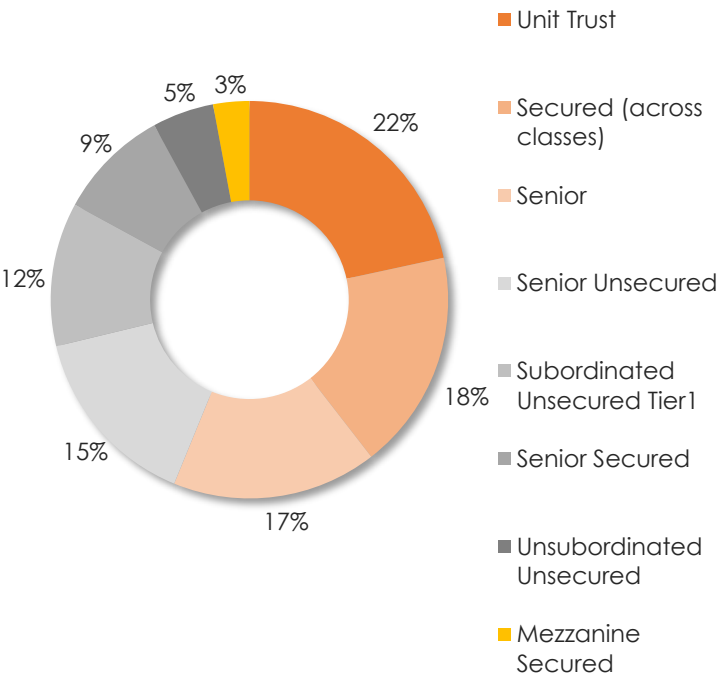
Top 5 Credit Exposures

Issuer Name	% Exposure
The Republic of South Africa	33%
Standard Bank SA Ltd	15%
Nedbank Ltd	9%
ABSA Bank Ltd	6%
Firststrand Bank Ltd	5%

Source: Taquanta Asset Managers

excluding unit trust exposure

Capital Ranking



June 2025

Fund Outlook

The fund continues to maintain a low duration strategy, with a moderate approach to both maturity and liquidity positioning. Given the current environment, the fund is well placed to access opportunities across public, private, and structured credit segments as demand pressure from investors keeps issue spreads at the lower end of guidance. The combination of compressed credit spreads and heightened local and global macroeconomic uncertainty necessitates a prudent stance on credit and liquidity risk.

Market Commentary

South Africa remains susceptible to external shocks stemming from global trade tensions and geopolitical conflicts, given its limited capacity to cushion against such disruptions. According to the South African Reserve Bank (SARB), escalating geopolitical instability and heightened global policy uncertainty continue to pose significant risks to the country's financial sector.

Despite this challenging backdrop, the South African Rand showed resilience. On June 30, 2025, the USD/ZAR exchange rate closed at 17.7874. Over the past month, the rand has appreciated by 1% and gained 2.4% year-on-year against the USD. The SARB's biannual Financial Stability Review, released on June 19, emphasized the risks posed by global uncertainties. Nevertheless, Governor Lesetja Kganyago affirmed that South Africa's financial system has thus far demonstrated considerable resilience in navigating global shocks.

Headline inflation remained anchored at 2.8% year-on-year in May, unchanged from April and marking the lowest level in five years. Price increases in food and non-alcoholic beverages, housing and utilities, and clothing and footwear were offset by softer inflation in categories such as alcohol and tobacco, accommodation, and personal care. Core inflation held steady at 3.0%.

Governor Kganyago reiterated the case for lowering the country's inflation target, arguing that the current 3–6% range weakens the rand and enables persistently high prices. The SARB continues to advocate for anchoring inflation expectations around a revised midpoint of 3%, a move currently under policy review.

In the United States, inflation pressures showed a mild uptick. The Personal Consumption Expenditures (PCE) index indicated a 2.3% annual rise in May, up from 2.2% in April. Core PCE inflation, excluding food and energy, rose by 2.7%, compared to 2.6% the previous month. While U.S. inflation edged higher, the broader impact of recently imposed tariffs by the Trump administration has yet to materialize fully in consumer prices. However, Fed Chair Powell warned that inflation could intensify in the months ahead as import costs begin filtering through to retail prices. Notably, U.S. consumer spending contracted by 0.1% in May—the first decline since January—while personal income also fell, reflecting a cautious shift in household behaviour.

On the corporate front, Moody's has placed Transnet's credit ratings under review for a possible downgrade, pending government action. The South African government is in the process of allocating additional guarantees to support the state-owned freight and logistics entity. The Minister of Transport, in agreement with the Minister of Finance, has approved a R51 billion guarantee facility to cover Transnet's debt redemptions and capital expenditure requirements over the next five years.

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

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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