



UNIT TRUSTS | INTERNATIONAL | RETIREMENT FUNDS

see money differently

A photograph of an open book with white pages, tied with a white string bookmark. The book is open to a page that is slightly blurred, creating a sense of depth.

NEDGROUP INVESTMENTS MONEY MARKET

Quarter Two, 2022
Taquanta Asset Management



Performance to 30 June 2022	Fund Performance	STeFI Call Deposit
1-year	4.74%	3.76%
3-year	5.59%	4.46%

Source: Taquanata Asset Management, Gross Returns

Market Commentary

The rand remains vulnerable to moderating global trade prospects and a firmer U.S. dollar. To this end, domestic monetary authorities are compelled to stay at pace with global policy trends thus to reduce elevated risks of imported price inflation.

Following the May CPI shock and the Fed's decision to hike its policy rate by 75-bps, the domestic Forward Rate Agreement (FRA) market began pricing in a high likelihood of a 75-bps hike in the repo rate at the next MPC meeting. The implied policy rates have also steadily increased in the last 12-months.

In the SA money market, the 3-m JIBAR rate rose 11.6 bps m/m to end the month at 5.0%, while the 12-m JIBAR rate rose 61.7 bps m/m to 7.4%. In the last 12 months, these rates increased by 132 bps and 265 bps, respectively.

Steep interest rate hikes are well poised to tip the economy into a recession, more so when output remains fundamentally weak. And in the absence of costs associated with trade wars and supply-side rigidities, elevated inflation pressures appear less likely to be maintained by a moderating macroeconomic backdrop.

Against this setting, our views are skewed towards a more gradual hiking cycle in the interest of sustainable economic recovery. Quantitatively, our short-term interest rate expectations remain aligned with those of the implied policy path of the SARB's QPM, and less hawkish versus the FRA market.

Portfolio Positioning

Credit / The Fund's counterparty exposure at month-end is as follows:

Issuer	% Market Value
Nedbank Limited	33.21%
Standard Bank of South Africa Limited	23.64%
ABSA Bank Limited	21.07%
BNP Paribas Issuance B.V.	8.92%
China Construction Bank	3.98%
Investec Bank Limited	3.56%
Southchester (RF) Ltd	3.38%
HSBC Bank Plc - Johannesburg Branch	1.34%
Firststrand Bank Limited	0.90%

The portfolio was well invested across all the major South African banks as well as having international bank exposure and South African government exposure. The fund is within its mandate with investments in high quality issuers, all with an investment grade rating.



The table below represents the issuer credit rating breakdown as at 30 June 2022:

Credit Profile	%
AAA	14%
AA+	24%
AA	62%

Instrument holding / Exposure to various instrument types:

Instrument Type	% of Fund
Cash and Call	5%
Floating Rate Note	23%
Negotiable Certificate of Deposit	40%
Stepped Notes	28%
Structured Deposit	3%
Cash and Call	5%

In line with our long-standing philosophy of immunising our portfolios against interest rate risk by including a high level of floating rate assets, the fund holds a large number of floating rate NCD's issued by banks. The general nature and quality of the assets also provide a high degree of liquidity to the Fund whilst still providing excellent yields.

Maturity Profile and Duration |

The maturity profile (term to final maturity) of the assets in the fund at month-end was as follows:

Band Name	Market Value	Weight
0-30 DAYS	3,750,372,264.19	23%
31-60 DAYS	4,253,522,930.48	26%
61-90 DAYS	2,139,865,961.39	13%
121-150 DAYS	32,305,262.92	0%
181-270 DAYS	3,546,989,977.69	21%
270-365 DAYS	1,852,849,905.44	11%

The fund had a high level of liquidity, a quarter of the fund is invested in assets that will mature in 30 days. The fund has very little interest rate risk in line with our investment philosophy.

Investment Outlook

Our cash and income funds are well positioned for the current hiking cycle, as we largely hold floating rate instruments which will all reset their interest rate coupons to the new higher rate within the next few weeks and months. This will serve as much needed relief to income investors following the deep interest rate cuts sustained at the height of the Covid-19 outbreak.



Responsible Investment

1. Social, Environmental & Ethical Responsibility

Taquanta Asset Managers is committed to integrating consideration of environmental, social and governance issues into its investment decision making process and ownership policies, thereby improving long term returns to beneficiaries. Taquanta Asset Managers' approach in this regard takes into account the UN principles of responsible investment. Taquanta Asset Managers will encourage disclosure on these issues and promote acceptance of the principles whenever possible.

Taquanta Asset Managers is fully committed to employment equity and to facilitating the empowerment of previously disadvantaged persons.

2. Corporate Governance:

Taquanta Asset Managers (Pty) Ltd. Is a wholly owned subsidiary of Taquanta Investment Holdings (Pty) Ltd. Taquanta Asset Managers (Pty) Ltd recognizes its accountability to all shareholders & stakeholders and as such is committed to upholding the highest standards of good corporate citizenship.

Taquanta Asset Managers (Pty) Ltd has taken cognizance of both local and international corporate governance best practice guidelines, including:

- The King Code on Corporate Governance (King III)
- The Companies Act
- Basel Conventions
- The UK Combined Code
- JSE Rules
- IMASA Guidelines
- Local Regulatory Requirements
- The UN Principles for Responsible Investment

Taquanta Asset Managers (Pty) Ltd will endeavour to apply both the letter and the spirit of these guidelines to all aspects of its business operations.



Disclaimer

WHO WE ARE

Nedgroup Collective Investments (RF) Proprietary Limited is an authorised Collective Investment Scheme and the representative of Nedgroup Investments Funds PLC in terms of the Collective Investment Schemes Control Act. It is a member of the Association of Savings & Investment South Africa (ASISA)..

OUR TRUSTEE

The Standard Bank of South Africa Limited is the registered trustee.

Contact details: Standard Bank, Po Box 54, Cape Town 8000,

Trustee-compliance@standardbank.co.za, Tel 021 401 2002.

HOW ARE OUR FUNDS PRICED

Funds are valued daily at 15:00. Instructions must reach us before 14:00 (12:00 for Nedgroup Money Market Fund) to ensure same day value. Prices are published daily on our website and in selected major newspapers.

FEES

A schedule of fees and charges is available on request from Nedgroup Investments. One can also obtain additional information on Nedgroup Investments products on our website.

DISCLAIMER

Unit trusts are generally medium to long-term investments. The value of your investment may go down as well as up. Past performance is not necessarily a guide to future performance. Nedgroup Investments does not guarantee the performance of your investment and even if forecasts about the expected future performance are included you will carry the investment and market risk, which includes the possibility of losing capital. Our funds are traded at ruling prices and can engage in borrowing and scrip lending.

Some funds may hold foreign securities including foreign CIS funds. As a result, the fund may face material risks, which could include foreign exchange risks, market conditions and macro-economic and political conditions.

A fund of funds may only invest in other funds, and a feeder fund may only invest in another single fund, both will have funds that levy their own charges, which could result in a higher fee structure.

The Nedgroup Investments Money Market Fund offering aims to maintain a constant price of 100 cents per unit. A money market fund is not a bank deposit. The total return to the investor is made up of interest received and any gain or loss made on any particular instrument held. In most cases the return will merely have the effect of increasing or decreasing the daily yield, but in an extreme case it can have the effect of a capital loss. Excessive withdrawals from the fund may place the fund under liquidity pressures and that in such circumstances a process of ring-fencing of withdrawal instructions and managed pay-outs over time may be followed. The yield is calculated using an annualised seven day rolling average as at the relevant dates provided for in the fund fact sheet. Nedgroup Investments has the right to close its funds to new investors in order to manage it more efficiently.

NEDGROUP INVESTMENTS CONTACT DETAILS

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For further information on the fund please visit: www.nedgroupinvestments.co.za

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