Merchant West SCI Money Market Fund

Quarterly Report
Quarter ending 30 June 2026

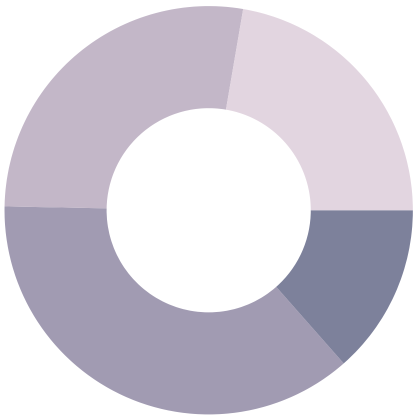
FUND DETAILS

Benchmark	ASISA Category	Portfolio Manager	Suitable Investor
STeFI Call Rate	SA Interest Bearing Money Market	Ian Anderson	The Merchant West SCI Money Market Fund is suitable for investors seeking a short-term investment that offers a higher income than the average earned on a bank deposit, and require monthly income distributions. Investors have a conservative, risk-averse profile and require capital preservation with immediate liquidity. Investors should be prepared to invest for a period of one year.

Issuant Exposure

Issuant Exposure	%
RSA Govt Treasury Bills	49.4
Standard Bank	31.1
Nedbank	12.9
ABSA	6.6

Asset Allocation: Portfolio Date: 30/06/2026



	%
0 - 1 Month	13.5
2 - 3 Month	36.8
4 - 6 Month	27.4
7 - 12 Month	22.3

Performance

Performance	Fund %	Benchmark %
3 months	1.6	1.6
1 year	7.1	6.9
3 years	7.9	7.6
5 years	7.0	6.6
10 years	7.0	6.3
Since Inception (October 2010)	6.6	6.0

Annualised after one year

Highest and Lowest Annual Returns

Highest and Lowest Annual Returns	%
Highest annual return	8.6
Lowest annual return	4.1

By calendar year

PERFORMANCE REVIEW

The Merchant West SCI Money Market Fund returned 1.6% for the quarter, on par with its benchmark, the Short-Term Fixed Interest (STeFI) Daily Call Rate, which also returned 1.6%. The Fund's total return for the last year, net of fees, was 7.1% versus the STeFI call rate return of 6.9%.

MARKET REVIEW

The inflationary consequences of the first quarter's oil shock arrived on schedule. US CPI accelerated to 4.2% year-on-year in May, its highest level in several years, although core CPI at 2.9% suggested that second-round effects remained contained for now. The Federal Reserve held the federal funds target range unchanged at 3.50–3.75% at both its April and June meetings. The June meeting was the first chaired by Kevin Warsh, who succeeded Jerome Powell in May, and marked a distinct shift in tone: the Committee voted unanimously to hold, released a dramatically shortened statement that dispensed with forward guidance and removed the prior easing bias, and declared simply that it "will deliver price stability". The accompanying projections showed the median expectation for the federal funds rate at the end of 2026 rising to 3.8% from 3.4% in March, with nine of eighteen participants projecting at least one hike this year. Markets moved to price a possible hike as early as October.

The SARB raised the repo rate by 25 basis points to 7.00% at its May meeting, its first hike since May 2023, on a four-to-two vote. The decision was explicitly pre-emptive: April CPI had jumped to 4.0% from 3.1% as fuel prices rose 11.4% in a single month, one of the largest increases in fuel inflation on record, while services inflation accelerated to 4.6%. The SARB raised its 2026 inflation forecast to an average of 4.4% (from 3.7% in March), with inflation only returning to the 3% target in 2028, and its Quarterly Projection Model indicated one hike this quarter before rates ease back towards neutral as inflation falls later in the forecast period. Governor Kganyago stressed that with the world possibly at the start of a second inflation surge this decade, central banks must protect their credibility and prevent higher inflation from becoming entrenched.

The quarter's most important development, however, came in mid-June, when the United States and Iran signed an interim peace agreement providing for a 60-day truce, the reopening of the Strait of Hormuz and immediate sanctions relief. Brent crude, which had traded above US$100 per barrel through May, fell below US$80 for the first time since March and ended the quarter around US$72, materially improving the inflation outlook for the second half of the year.

FUND POSITIONING

The May rate hike has lifted money market yields, and the Fund is well positioned to capture the higher reinvestment rates now on offer at the front end of the curve. The Fund remains very well positioned to outperform risk assets in the event of a global growth slowdown. We continue to emphasise liquidity and credit quality as a core part of the Merchant West Investments fixed income philosophy.

Ian Anderson
Portfolio Manager