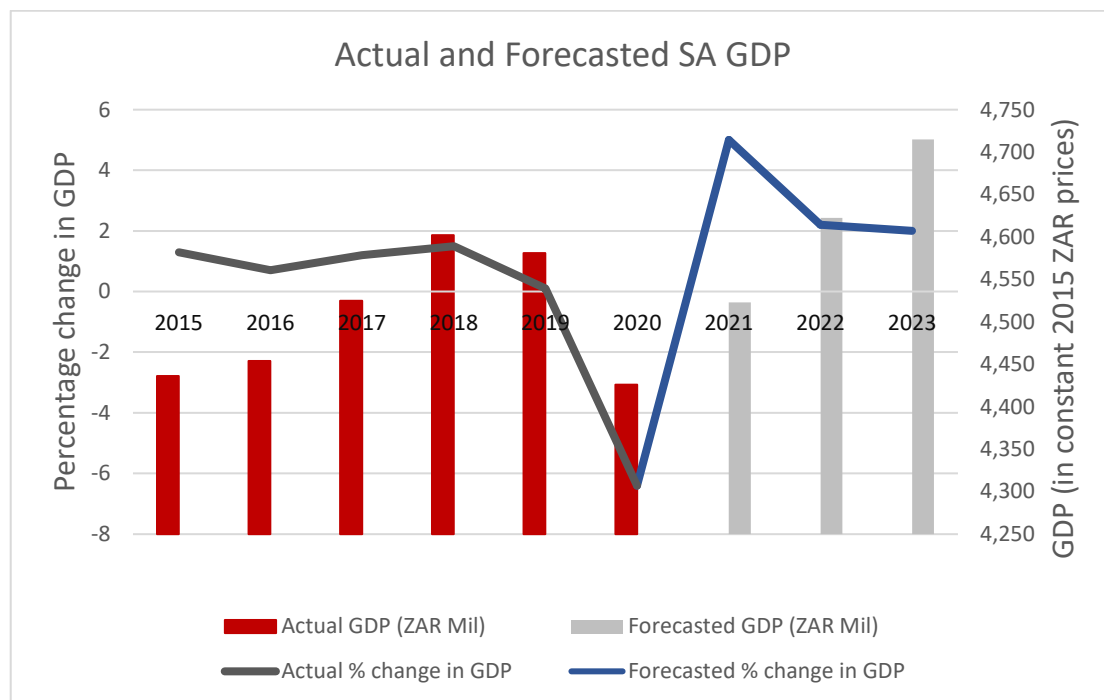


The South African Economic Landscape

The outlook for the South African economy continues to improve throughout 2021, however, structural issues that hamper long-term growth prospects remain. South African GDP forecasts have been revised upwards, with Bloomberg consensus estimating the South African economy to grow by 5% in 2021, coming off a contraction of 6.4% in 2020. Medium-term prospects are slightly more constrained, however, with growth expected to slow to 2.2% and 2.0% in 2022 and 2023, respectively.



Source: Bloomberg, Cadiz

Improved South African GDP forecasts are mainly driven by a synchronized global recovery, combined with elevated commodity prices. According to the World Bank's Global Economic Prospects report, "The world economy is experiencing an exceptionally strong, but highly uneven recovery. Global growth is set to reach 5.6 percent in 2021—its strongest post-recession pace in 80 years—in part underpinned by steady, but highly-unequal vaccine access."

CADIZ MONEY MARKET FUND – The number one ranked South African money market fund over 1, 2, 3, 5, 7 and 10 years with an annualised yield of 7.43% from inception.

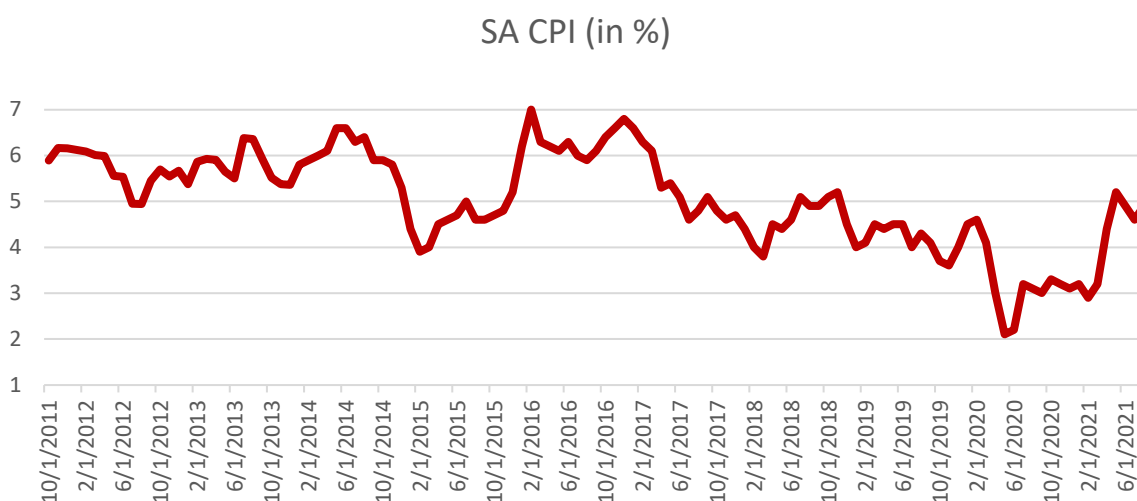
Source: Morningstar | Performance reported for A Class net of fees in ZAR as at 30/09/2021 (ASISA) South African IB Money Market, Inception: 01/03/2006 | Annualised return is the weighted average compound growth rate over the period measured | Benchmark: STEFI Composite ZAR, Category Rank is against the (ASISA) South African IB Money Market Category | Highest Annual Return 12.27%; Lowest Annual Return 5.58%.

Elevated commodity prices have resulted in trade balance surpluses which have been beneficial to the South African fiscus. South Africa's July trade surplus was recorded at 5.7% of GDP. The surplus is driven by a strong rally in commodity prices, rather than a volume increase in net exports. South African mining companies have benefited from the surge in commodity prices resulting in large profits and increased tax receipts to the benefit of the South African fiscus.

Adding to South Africa's improved financial position was the revision in the method of estimating GDP. In August, StatsSA published a revised method of estimating GDP, which indicated that the South African economy was 11% larger in 2020 than previously estimated. The revised GDP figure lowers 2020/21 gross debt-to-GDP from 80.3% to 71.1% and further lowers the 2021/22 estimates from 81.9% to 73.5%. Even though the revised debt-to-GDP figures indicate a healthier economy than previously anticipated, the trend still indicates rising government debt rather than its stabilisation.

Even though the economic data point to an improvement in the South African investment outlook, one must remain cognisant of where we have come from. Prior to the start of the COVID-19 pandemic, the South African economy faced several structural issues that hampered economic growth and most of these issues remain unresolved. Electricity constraints, struggling State Owned Enterprises, rising public debt and high levels of unemployment have hindered economic growth and have the potential to do so in the future. Furthermore, several event risks linger over the country's outlook. COVID-19 lockdowns, credit downgrades, civil unrest and political uncertainty may have adverse shocks to a very fragile economy.

South African inflation is on the rise, but remains within the SARB's target band and is expected to remain so over the medium-term. Since the start of the pandemic, inflation has risen from a low of 2.1% in April 2020 to a high of 5.2% in May 2021. Inflation has slowed and was recorded at 4.9% as of August. The SARB expects inflation to remain within its target band of between 3% and 6%, and forecasts inflation for 2021, 2022 and 2023 at 4.5%, 4.2% and 4.5%, respectively.



Source: Bloomberg, Cadiz

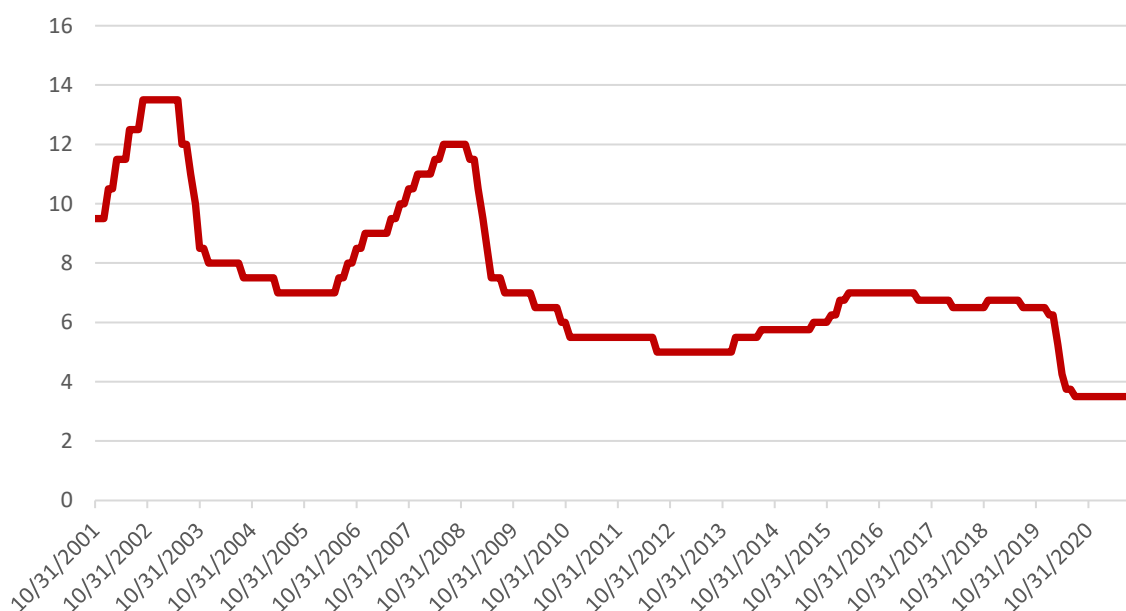
CADIZ MONEY MARKET FUND – The number one ranked South African money market fund over 1, 2, 3, 5, 7 and 10 years with an annualised yield of 7.43% from inception.

Source: Morningstar | Performance reported for A Class net of fees in ZAR as at 31/07/2021 (ASISA) South African IB Money Market, Inception: 01/03/2006 | Annualised return is the weighted average compound growth rate over the period measured | Benchmark: STEFI Composite ZAR, Category Rank is against the (ASISA) South African IB Money Market Category | Highest Annual Return 12.27%; Lowest Annual Return 5.58%.

Even though, inflation is expected to remain within the SARB's band, there is risk of higher inflation. According to the SARB, "Global producer price and food price inflation have surprised to the upside in recent months and could do so again." The recent uptick in the price of oil may also place upward pressures on global inflation, whereas the persistent risk of increased electricity and administered prices (those determined or influenced by the government or government agencies) may affect our domestic inflationary outlook.

The repo rate is currently at 20-year lows, and it is expected that the SARB will gradually hike rates over the near-term. On the back of inflation estimates staying within the SARB's target band, the Monetary Policy Committee have been able to keep the repo rate at historical lows of 3.5% throughout 2021, which has been supportive of the South African economic recovery. This is in stark contrast to several emerging market peers that have been forced to raise rates in response to rising inflation, even though the COVID-19 pandemic rages on.

Repo Rate (in %)



Source: Bloomberg, Cadiz

The SARB Quarterly Projection Model indicates an increase of 25 basis points in the fourth quarter of 2021 and further increases in each quarter throughout 2022 and 2023. However, COVID-19 lockdowns, weaker demand and the recent civil unrest in July have hampered the South African recovery path, which may place rates on hold until the new year.

At Cadiz we still see opportunity within the South African fixed income space, but we remain cautious in the current South African economic landscape. We have taken the decision to position our fixed income assets with a more tempered view.

CADIZ MONEY MARKET FUND – The number one ranked South African money market fund over 1, 2, 3, 5, 7 and 10 years with an annualised yield of 7.43% from inception.

Source: Morningstar | Performance reported for A Class net of fees in ZAR as at 30/09/2021 (ASISA) South African IB Money Market, Inception: 01/03/2006 | Annualised return is the weighted average compound growth rate over the period measured | Benchmark: STEFI Composite ZAR, Category Rank is against the (ASISA) South African IB Money Market Category | Highest Annual Return 12.27%; Lowest Annual Return 5.58%.

Physical Address: Alphen Estate, Alphen Drive, Constantia 7848, Cape Town / www.cadiz.co.za

This document is confidential and issued for the information of the addressee and clients of Cadiz only. It is subject to copyright and may not be reproduced in whole or in part without the written permission of Cadiz. The information, opinions and recommendations contained herein are and must be construed solely as statements of opinion and not statements of fact. No warranty, expressed or implied, as to the accuracy, timeliness, completeness, merchantability or fitness for any particular purpose of any such recommendation or information is given or made by Cadiz in any form or manner whatsoever. Each recommendation or opinion must be weighed solely as one factor in any investment or other decision made by or on behalf of any user of the information contained herein and such user must accordingly make its own study and evaluation of each strategy/security that it may consider purchasing, holding or selling and should appoint its own investment or financial or other advisers to assist the user in reaching any decision. Cadiz will accept no responsibility of whatsoever nature in respect of the use of any statement, opinion, recommendation or information contained in this document.

This document is for information only and do not constitute advice or a solicitation for funds. Investors should note that the value of an investment is dependent on numerous factors including, but not limited to, share price fluctuations, interest and exchange rates and other economic factors. Performance is further affected by uncertainties such as changes in government policy, taxation and other legal or regulatory developments. Past performance provides no guarantee of future performance.

Cadiz Funds (Pty) Ltd (Reg. No. 2013/118580/07) is an authorized financial services provider (FSP 45442)

Boutique Collective Investments (RF) (Pty) Ltd ("BCI") is a registered Manager of the Boutique Collective Investments Scheme, approved in terms of the Collective Investments Schemes Control Act, No 45 of 2002 and is a full member of the Association for Savings and Investment SA.

Collective Investment Schemes in securities are generally medium to long term investments. The value of participatory interests may go up or down and past performance is not necessarily an indication of future performance. The Manager does not guarantee the capital or the return of a portfolio. Collective Investments are traded at ruling prices and can engage in borrowing and scrip lending. A schedule of fees, charges and maximum commissions is available on request. BCI reserves the right to close the portfolio to new investors and reopen certain portfolios from time to time in order to manage them more efficiently. Additional information, including application forms, annual or quarterly reports can be obtained from BCI, free of charge.

Performance figures quoted for the portfolio is from Morningstar, as at the date of this document for a lump sum investment, using NAV-NAV with income reinvested and do not take any upfront manager's charge into account. Income distributions are declared on the ex-dividend date. Actual investment performance will differ based on the initial fees charge applicable, the actual investment date, the date of reinvestment and dividend withholding tax.

A money market portfolio is not the same as a bank deposit account. The price is targeted at a constant value. The total return to the investor is made up of interest received and any gain or loss made on any particular instrument. In most cases the return will merely have the effect of increasing or decreasing the daily yield, but that in the case of abnormal losses it can have the effect of reducing the capital value of the portfolio. Excessive withdrawals from the portfolio may place the portfolio under liquidity pressures and 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.

Actual annual figures are available to the investor on request.

Investments in foreign securities may include additional risks such as potential constraints on liquidity and repatriation of funds, macroeconomic risk, political risk, foreign exchange risk, tax risk, settlement risk as well as potential limitations on the availability of market information.

Boutique Collective Investments (RF) Pty Ltd retains full legal responsibility for the third party named portfolio.

Although reasonable steps have been taken to ensure the validity and accuracy of the information in this document, BCI does not accept any responsibility for any claim, damages, loss or expense, however it arises, out of or in connection with the information in this document, whether by a client, investor or intermediary. This document should not be seen as an offer to purchase any specific product and is not to be construed as advice or guidance in any form whatsoever. Investors are encouraged to obtain independent professional investment and taxation advice before investing with or in any of BCI/the Manager's products.

CADIZ MONEY MARKET FUND – The number one ranked South African money market fund over 1, 2, 3, 5, 7 and 10 years with an annualised yield of 7.43% from inception.

Source: Morningstar | Performance reported for A Class net of fees in ZAR as at 30/09/2021 (ASISA) South African IB Money Market, Inception: 01/03/2006 | Annualised return is the weighted average compound growth rate over the period measured | Benchmark: STEFI Composite ZAR, Category Rank is against the (ASISA) South African IB Money Market Category | Highest Annual Return 12.27%; Lowest Annual Return 5.58%.