# Transforming Wealth Management:

## Why Liquidity Protection Should Be a Corporate Priority

Liquidity is the lifeblood of a business. Salaries, supplier payments and operational commitments all rely on reserves being available at the right time. For corporates in South Africa, this is where the pressure point lies: most of those reserves are sitting in a concentrated local credit pool. When conditions tighten, the risks in that pool become more obvious.

### The gap between local and global credit

South Africa's high quality credit market is limited. With only a few large banks and a thin layer of corporate issuers, investors face a small number of choices. That makes it difficult to spread risk. It's a bit like parking hundreds of cars in a tiny lot: one accident quickly creates gridlock for everyone.

Global markets tell a very different story. Investors can access thousands of short-duration credit instruments - from US Treasuries, considered the safest credit in the world, to large European banks like HSBC and BNP Paribas. These markets are deeper, broader and designed to absorb shocks because there are simply more credible issuers. When one name stumbles, there are plenty of others to take its place.

### The illusion of diversification in local funds

Many South African corporates rely on local money market funds to manage liquidity. On paper, these funds look diversified. In practice, they often recycle deposits into the same five banks. The names may differ slightly across portfolios, but the underlying exposures overlap again and again.

For a corporate treasurer managing hundreds of millions, this creates hidden concentration. It feels like diversification but offers little real protection. If the local system comes under stress, all those supposedly different holdings may be affected in the same way.

### What real short-duration credit looks like

Outside South Africa, short-duration credit has become the backbone of liquidity management. Global treasurers buy instruments that roll over frequently, often in very short tranches.
The spreads above base rates are narrow, but the quality is high - and that is the point. True short-duration credit provides daily access to funds while protecting capital with stronger credit ratings.

South African investors deserve the same access. Yet without global channels, the options remain constrained and the risk of concentration persists.

### Bridging global access into local portfolios

TBI's focus is on practical solutions that bring offshore quality home. By creating rand-denominated access to global short-duration credit, investors gain the scale and safety of international markets without the burden of exchange controls or complex administration.

This is not about chasing yield for its own sake. It is about protecting the reserves that businesses rely on, ensuring they are liquid, simple to access and positioned to withstand shocks.

> *As TBI Portfolio Manager, Ockert Goosen explains: "Our priority is giving investors a stronger foundation for the income they depend on. Better structuring makes global quality available locally, in a way that makes sense."*

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**Why corporates should pay attention**

For corporates, the stakes are high. Cash reserves are not idle; they are working capital. If those reserves are tied up in a narrow pool of exposures, the risks extend beyond balance sheets. A disruption can affect payroll, supplier contracts and the ability to fund new opportunities.

In a global environment where shocks appear without warning, this concentration is not a theoretical problem. It is a business-critical risk. That is why treasurers need solutions that balance day-to-day liquidity with genuine credit diversification.

**What this means for advisers**

For financial advisers, the challenge is twofold. First, to help clients recognise that local diversification is often an illusion. Second, to point them towards solutions that truly broaden the pool.

This is not about abandoning local credit altogether, but about strengthening it with global building blocks. By accessing hundreds of high-quality issuers abroad through rand-based solutions, advisers can give clients the protection they expect without adding unnecessary complexity.

The question is no longer whether corporates need this. The question is how quickly they can put structures in place that align their liquidity with global best practice.

For corporates and advisers, the lesson is clear: liquidity protection requires access to truly diversified credit. That's why TBI has developed the Global Targeted Yield Fund, giving investors rand-based entry into global issuers as part of a stronger liquidity framework.