

KZN MONEY MARKET FUND

OCTOBER 2021

The KZN Money Market Fund is a low risk fund that aims to achieve above average money market returns that perform in line with or slightly better than inflation over time.

The fund invests only in money market instruments and cash. Specialist asset managers are appointed to select the best money market instruments to investment in and the fund maintains a high degree of liquidity and capital preservation.

The fund has little or no chance of capital loss and is not expected to achieve any significant real growth of capital over the long-term. As a result, the fund is best suited to members who have a very short term (1 year or less) investment horizon. This fund is not appropriate for long term investing.

The portfolio complies with the prudential investment guidelines set out in Regulation 28 of the Pensions Funds Act.

MONTHLY COMMENTARY

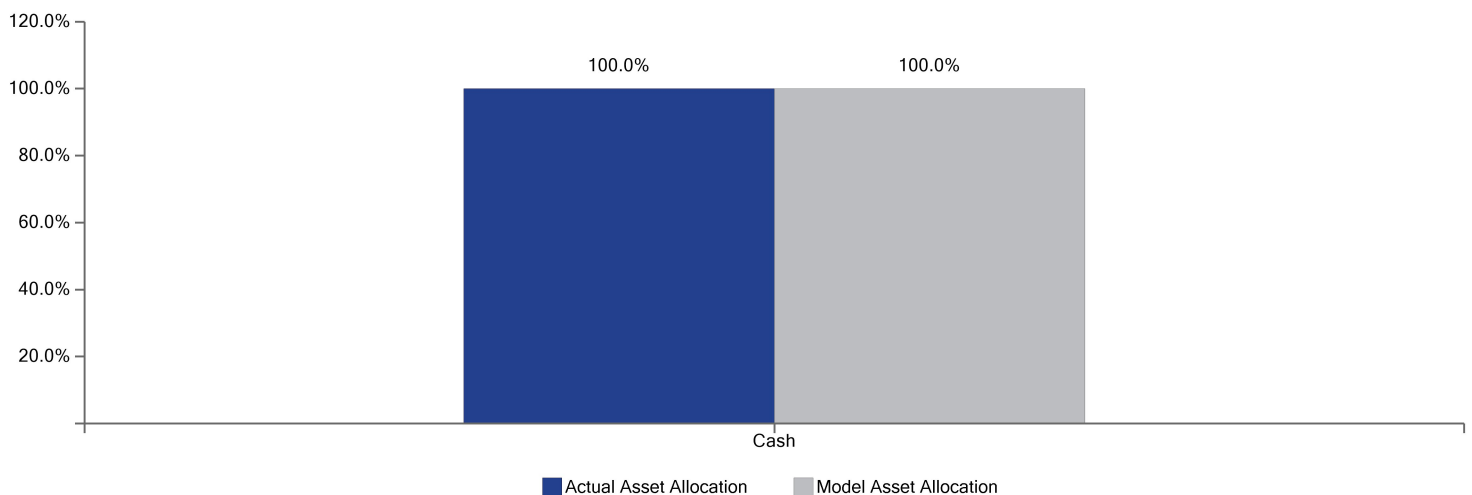
The International Monetary Fund (IMF) has cut its global growth forecasts and raised inflation forecasts. Supply-chain disruptions and rapidly rising energy costs are providing upside risks to inflation and downside risks to growth. US 5-year inflation break-evens are now at their highest in 20 years at 2.9% - in line with what the Fed is now calling "transitory for longer" inflation. However, peak inflation is behind, even though it may take a while to subside. Goods inflation will ease in 2022 and energy price pressures will abate. Most importantly, tapering will start this year, but interest rates hikes won't be rushed as the Fed remains calm.

China's economy expanded 4.9% in the third quarter, down from 7.9% in the previous quarter, as the property slump and energy crisis impacted demand. Chinese new home prices fell on a month-on-month basis in September for the first time since April 2015. Households in China are highly exposed to property values, with housing representing more than 50% of their total asset values. While we don't expect a hard landing in China, it will be a soft recovery. Electricity consumption is at peak levels at a time when it has reduced coal production and banned Australian coal imports.

The peak prices in coal and natural gas prices could reflect the future for oil demand. However, the most likely outcome of the current energy crisis is increased production at higher energy prices. This will have the effect of stabilising the global economy and energy infrastructure but is also likely to temporarily slow down the energy transition. While the current energy price surge is painful for many, the effective tax on the overall economy remains manageable, particularly as central banks are likely to look through energy price spikes. Inflation remains key to the global outlook.

South Africa dropped down to 84th place out of 190 countries, in the World Bank's Ease of Doing Business index. This is mostly driven by Eskom's load shedding and Transnet's transport delays. The end of the month saw a low voter turnout with only 48% of the electorate estimated to have voted compared with a 57% turnout in 2016. The FTSE/JSE SWIX Index climbed 2.8%, Industrials were up 6.8% and Financials fell 3.8%. The JSE All Bond Index decreased 0.5%, while the rand depreciated by 1.0% relative to the US dollar.

ACTUAL ASSET ALLOCATION



FRONT OFFICE CONTACT DETAILS

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FUND SUMMARY AS AT 31 OCTOBER 2021

STATISTIC	FUND	BENCHMARK
% Positive Months	100.0%	100.0%
% Negative Months	0.0%	0.0%
Worst Month	0.3%	0.3%
Best Month	0.8%	0.6%
Average Return	0.6%	0.5%
Median Return	0.7%	0.6%
Maximum Drawdown	0.0%	0.0%

PERFORMANCE ANALYSIS TO 31 OCTOBER 2021

PERIOD	FUND	BENCHMARK
1 Month	0.4%	0.3%
3 Months	1.2%	0.9%
6 Months	2.4%	1.9%
Year to Date	3.9%	3.1%
1 Year	4.7%	3.7%
3 Years	6.6%	5.6%
5 Years	7.5%	6.4%
Since Inception	7.8%	6.9%

Inception Date: 01 July 2007. Returns prior to inception are backtested.
Returns are net of the TIC.

FEES

	PERCENTAGE
Total Expense Ratio (TER)	0.18% (Jun 2021)
Transaction Costs (TC)	0.00% (Jun 2021)
Total Investment Charge (TIC)	0.18% (Jun 2021)

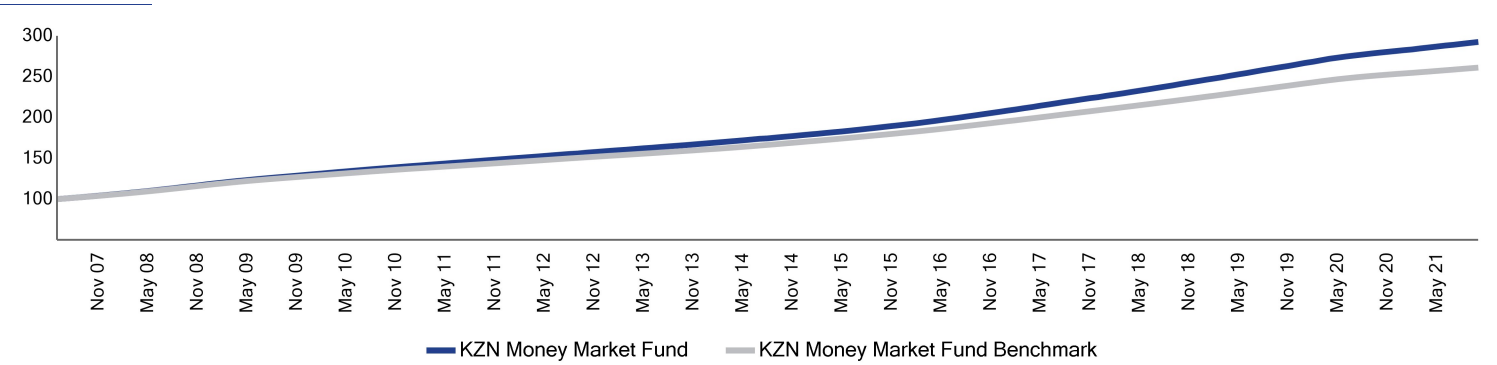
BENCHMARK COMPOSITION

KZN Money Market Fund Benchmark

HISTORICAL PERFORMANCE

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
2016	0.6%	0.6%	0.7%	0.7%	0.7%	0.7%	0.7%	0.8%	0.7%	0.7%	0.7%	0.7%	8.5%
2017	0.8%	0.7%	0.8%	0.7%	0.8%	0.7%	0.7%	0.8%	0.6%	0.7%	0.7%	0.5%	8.7%
2018	0.8%	0.6%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.8%	0.7%	0.7%	8.7%
2019	0.7%	0.6%	0.6%	0.7%	0.7%	0.6%	0.7%	0.7%	0.6%	0.7%	0.6%	0.7%	8.3%
2020	0.7%	0.6%	0.7%	0.7%	0.5%	0.5%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	6.2%
2021	0.4%	0.3%	0.5%	0.4%	0.4%	0.4%	0.3%	0.4%	0.4%	0.4%			3.9%

CUMULATIVE INVESTMENT PERFORMANCE



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CALENDAR YEAR RETURNS

PERFORMANCE	FUND	BENCHMARK
2016	8.5%	7.4%
2017	8.7%	7.5%
2018	8.7%	7.3%
2019	8.3%	7.3%
2020	6.2%	5.4%

MANAGER ALLOCATION 31 OCTOBER 2021

MANAGER	PERCENTAGE
Coronation - SA Cash	100.0%