

KZN MONEY MARKET FUND

FEBRUARY 2024

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

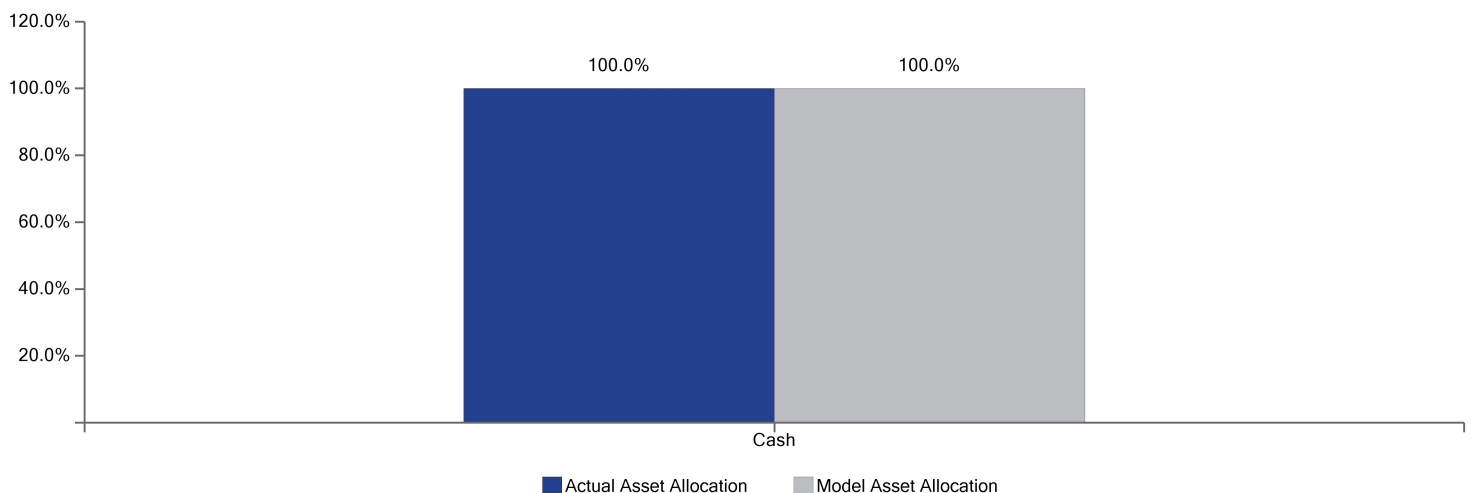
The MSCI World Index hit a new high in February. The developed economies are officially in a bull market, which has worked well for the fund's positioning. The bull market was driven by the US, which reached new all-time highs. Meanwhile, more than three decades after its previous high, the Japanese Nikkei 225 Index finally breached its 1989 high, and Europe's STOXX 50 Index is matching its 1999 high. What has driven markets to these new highs? Global economic barometers remain distorted by the Covid era, with the global manufacturing purchasing managers' index (PMI) only in January scaling the wall of worry (back) to the non-recessionary 50 level after 16 months of contraction. The PMI indicates that activity has stabilised. The improvement was driven by the US' economic growth recovery in 2023 as the rest of the world slowed. US gross domestic product (GDP) expanded by 3.3% in Q4 2023, the eurozone economy stagnated, and both Japan and the UK slipped into a recession in H2 2023. The Chinese economy continues to face low consumer confidence due to its struggling property market. However, GDP is backward-looking and markets are driven by changes in expectation, as best illustrated by the Citigroup Economic Surprise Indices. Consistent upside surprises in the US in 2023 are clear, driving world trade and growth. The eurozone and Japan have only recently shown green shoots, while China continues to flirt around the neutral level.

Our strategic views remain unchanged. The cyclical trend in equities is up over the next six months and the Fed pivot rally is not over. Odds of a severe US recession in 2024 remain low, but economic acceleration is also unlikely. China continues to export disinflation, shelter inflation is likely to fall in the US and oil prices are likely to remain contained, with non-OPEC supply increasing more than expected to outpace oil-demand growth. The Fed has room to cut rates.

On the flip side, the odds of inflation being significantly higher than expected and delaying rate cuts are greater than before but are unlikely to derail the picture unless a geopolitical event increases inflation through higher energy or transport costs. Geopolitical risks remain high, with the Russia/Ukraine war nearing its third year and tensions in the Red Sea remaining elevated. Sweden's newly approved NATO membership may exacerbate tensions.

The FTSE/JSE CAPPED SWIX Index decreased by 2.3%, Industrials were down by 0.6% and Financials fell by 0.8%. The JSE All Bond Index dropped by 0.6%, while the rand depreciated by 3.1% relative to the US dollar.

ACTUAL ASSET ALLOCATION



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KZN

MUNICIPAL PENSION FUND

FUND SUMMARY AS AT 29 FEBRUARY 2024

STATISTIC	FUND	BENCHMARK
% Positive Months	100.0%	100.0%
% Negative Months	0.0%	0.0%
Worst Month	0.3%	0.3%
Best Month	0.9%	0.7%
Average Return	0.6%	0.5%
Median Return	0.6%	0.5%
Maximum Drawdown	0.0%	0.0%

PERFORMANCE ANALYSIS TO 29 FEBRUARY 2024

PERIOD	FUND	BENCHMARK
1 Month	0.8%	0.7%
3 Months	2.4%	2.1%
6 Months	4.6%	4.2%
Year to Date	1.6%	1.4%
1 Year	9.3%	8.3%
3 Years	6.9%	5.9%
5 Years	6.9%	6.0%
Since Inception	7.7%	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)	0.19% (Dec 2023)
Transaction Costs (TC)	0.00% (Dec 2023)
Total Investment Charge (TIC)	0.19% (Dec 2023)

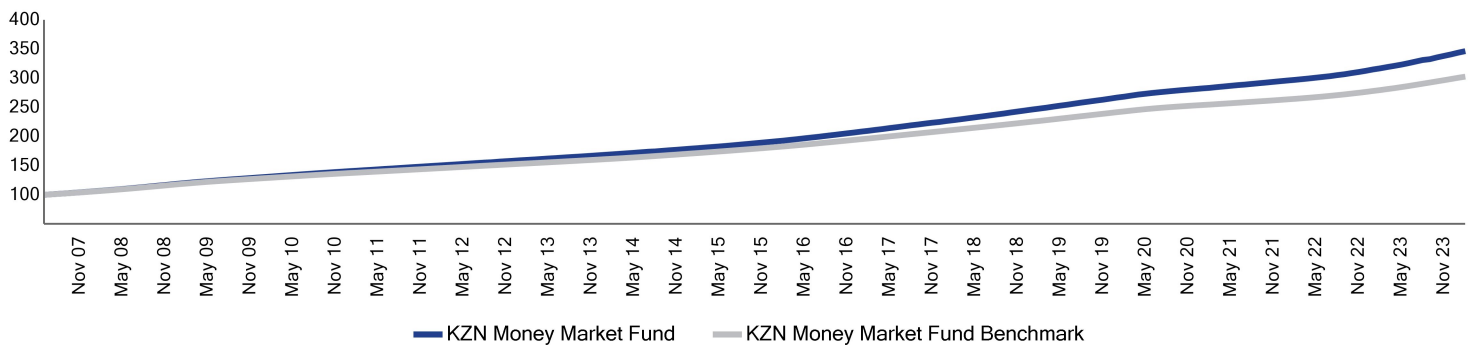
BENCHMARK COMPOSITION

KZN Money Market Fund Benchmark

HISTORICAL PERFORMANCE

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
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%	0.4%	0.4%	4.8%
2022	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.6%	0.5%	0.6%	0.6%	0.7%	6.0%
2023	0.7%	0.6%	0.7%	0.6%	0.7%	0.8%	0.8%	0.8%	0.4%	0.9%	0.8%	0.8%	9.0%
2024	0.9%	0.8%											1.6%

CUMULATIVE INVESTMENT PERFORMANCE



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CALENDAR YEAR RETURNS

PERFORMANCE	FUND	BENCHMARK
2019	8.3%	7.3%
2020	6.2%	5.4%
2021	4.8%	3.8%
2022	6.0%	5.2%
2023	9.0%	8.0%

MANAGER ALLOCATION 29 FEBRUARY 2024

MANAGER	PERCENTAGE
Coronation - SA Cash	50.0%
Taquanta Core Cash - KZN Municipal Pension Fund	49.9%
Cash	0.1%