

KZN MONEY MARKET FUND

APRIL 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

Stocks sold off in April on escalating Middle East tensions and hotter than expected US inflation. Despite officials in the US and Europe pushing to avoid a tit-for-tat between Israel and Iran, that is exactly what happened, but early signs are that the symbolic nature of the action could open the door to de-escalation - at least in the short term. However, an escalation could disrupt global oil flows and lead to oil shortages.

Very strong US non-farm payroll numbers, a hotter than expected core consumer price index and strong retail sales show the US economy and consumer remain resilient. The markets have priced in only two rate cuts in the US this year, and Fed Chair Jerome Powell signalled that policymakers will wait longer than previously anticipated to cut interest rates. If price pressures persist, he said, the Fed can keep rates steady for "as long as needed". The dollar strengthened, bonds weakened and US inflation breakeven curves have adjusted dramatically over the last six months. However, forward-looking indicators suggest inflation will continue to fall, just slower than expected.

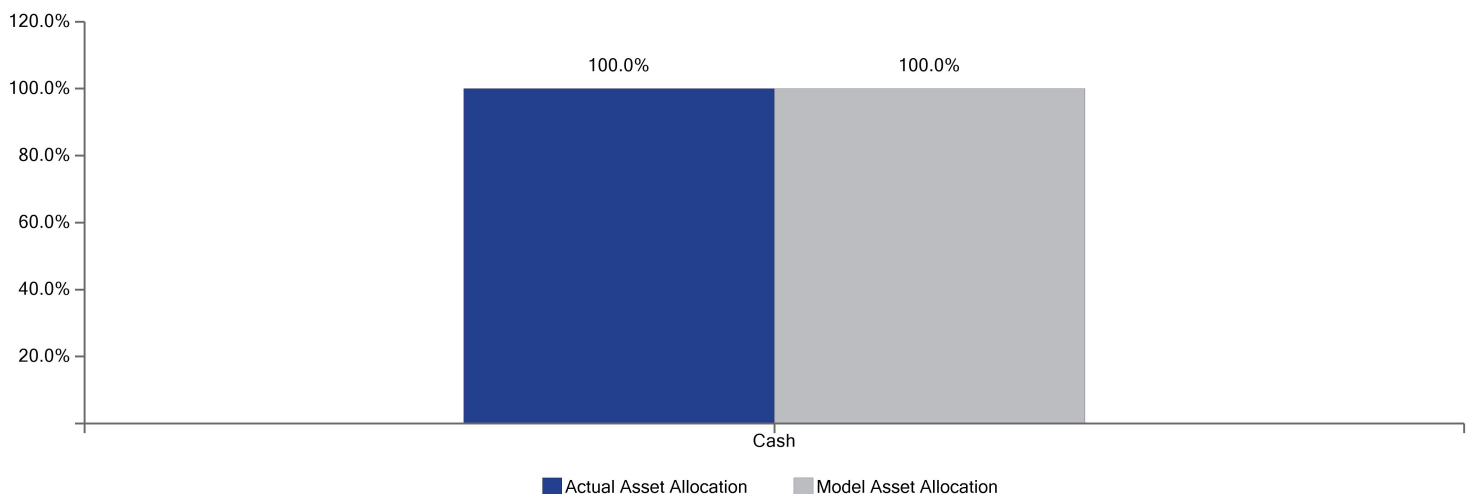
A global manufacturing recovery with such high interest rates is unusual but is supported by four factors: i) continued US consumer resilience; ii) piecemeal Chinese stimulus, with particular focus on manufacturing; iii) supply chain onshoring and friendshoring, which has led to a surge in capital investment in manufacturing as facilities are duplicated around the world; and iv) Covid normalisation as people start spending on goods again.

This synchronised manufacturing recovery is evident across Europe, Japan and emerging markets and has driven up commodity prices: copper is at its highest value since June 2022, zinc is at its highest level in a year and gold recently reached a new high.

A global manufacturing recovery is usually bearish for the dollar, as rest-of-world growth is more sensitive to global trade. However, the US dollar is unlikely to weaken while the Fed lags other central banks in easing policy. Higher-for-longer US interest rates and rising geopolitical risks are likely to keep the dollar and US economy relatively strong for longer. We thus remain focused on the US despite both the green shoots in the rest of the world and the commodities recovery.

The FTSE/JSE CAPPED SWIX Index increased by 2.9%, Industrials and Financials were up 1.4% and 2.7%. The JSE All Bond Index rose 1.4%, while the rand appreciated by 0.5% relative to the US dollar.

ACTUAL ASSET ALLOCATION



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FUND SUMMARY AS AT 30 APRIL 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 30 APRIL 2024

PERIOD	FUND	BENCHMARK
1 Month	0.9%	0.7%
3 Months	2.4%	2.0%
6 Months	4.9%	4.2%
Year to Date	3.3%	2.8%
1 Year	9.6%	8.5%
3 Years	7.2%	6.2%
5 Years	7.0%	6.0%
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)	0.19% (Dec 2023)
Transaction Costs (TC)	0.00% (Dec 2023)
Total Investment Charge (TIC)	0.19% (Dec 2023)

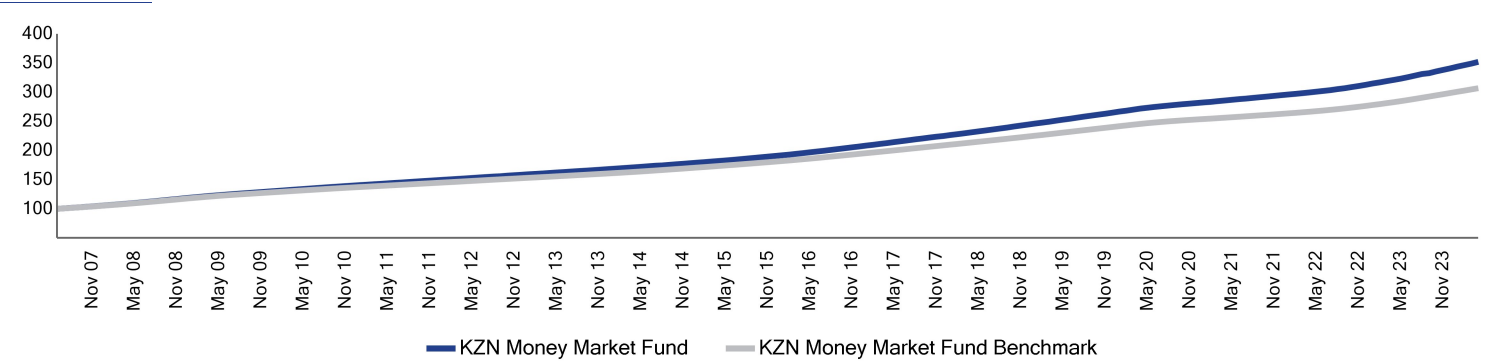
BENCHMARK COMPOSITION

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%	0.8%	0.9%									3.3%

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 30 APRIL 2024

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