KZN MONEY MARKET FUND

MAY 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

Equity bull market continues as central banks begin rate cuts. For the first time in its 128-year history, the Dow Jones Industrial Average rose above 40 000. Copper surged to its highest-ever level, rising above $11 000 a ton. Markets have been supported by rate cuts in select markets, with Swedish Riksbank joining the Swiss National Bank in cutting its policy rate. Many emerging markets have also cut rates in 2024, including Brazil, Colombia, Mexico, Hungary and the Czech Republic. The European Central Bank and Canada are expected to cut in June, with the US only likely in September.

The bull market continues despite cooling US economic growth, even as inflation remains sticky. April's core consumer price index (CPI) fell to 3.6% year on year, in line with expectations. The US economy appears to be slowing, with a number of disappointing economic updates. However, the rise of the internet lifted US labour productivity by about 1%-1.3% per year from the late 1990s to the early 2000s, and AI could do the same in the coming years.

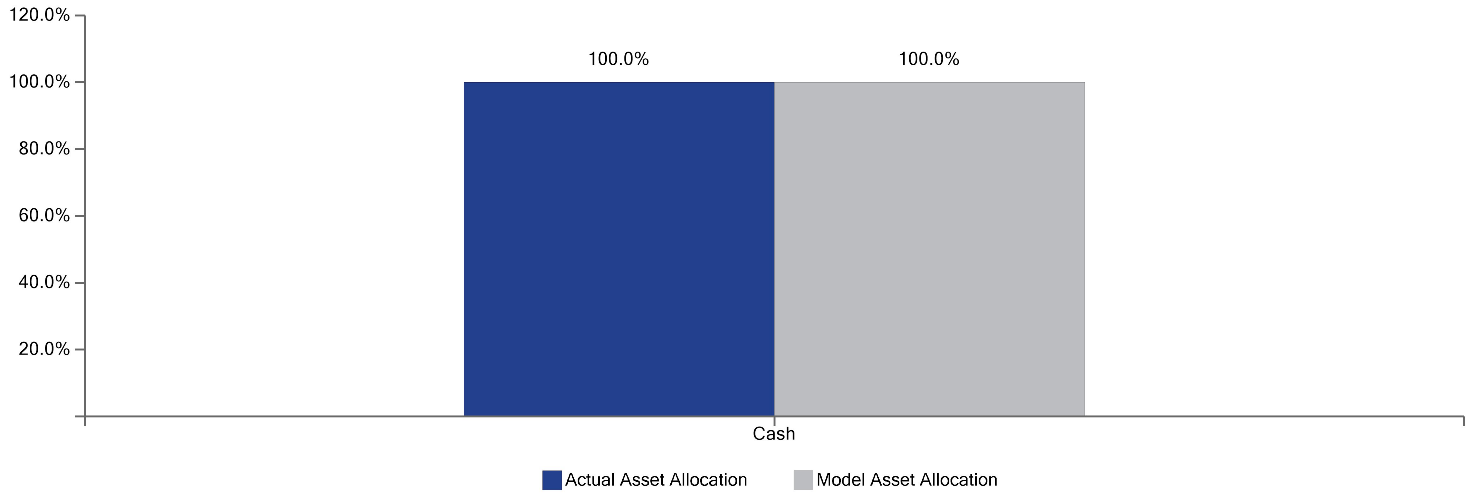
Heightened geopolitical risks have also continued: Suez Canal traffic remains 80% below December's volume, and Israel is expanding its military operations against Hamas in the southern Gaza city of Rafah after 1 million civilians evacuated. The global election calendar continues. South Africa's election results are in: the 58.6% voter turnout marked its lowest level in 30 years. The ANC lost it majority, dropping from 57.5% to 40.2%, with the MKP the standout winner, going from nowhere to 14.6%. We now await the final coalitions.

After April's home prices saw their biggest fall in a decade, Xi Jinping's government announced a multi-pronged approach in its most forceful attempt to rescue the Chinese property market. The plan will help mop up excess unsold homes, give developers revenue and provide affordable housing. At CNY300bn, the numbers are not big enough yet, but it has the potential to become a game changer.

For now, given the strong AI investment in the US and high levels of productivity growth, we maintain our overweight equity and overweight US positioning.

The FTSE/JSE Capped SWIX Index increased by 0.9%, Industrials were up 1.7% and Financials down 0.4%. The JSE All Bond Index rose 0.8%, while the ZAR/USD exchange rate ended the month unchanged.

ACTUAL ASSET ALLOCATION



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KZN MUNICIPAL PENSION FUND

FUND SUMMARY AS AT 31 MAY 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 31 MAY 2024

PERIOD	FUND	BENCHMARK
1 Month	0.8%	0.7%
3 Months	2.5%	2.1%
6 Months	4.9%	4.2%
Year to Date	4.2%	3.5%
1 Year	9.8%	8.5%
3 Years	7.3%	6.3%
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)	0.17% (Mar 2024)
Transaction Costs (TC)	0.00% (Mar 2024)
Total Investment Charge (TIC)	0.17% (Mar 2024)

BENCHMARK COMPOSITION

KZN Money Market Fund Benchmark

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 31 MAY 2024

MANAGER	PERCENTAGE
Coronation - SA Cash	49.9%
Taquanta Core Cash - KZN Municipal Pension Fund	49.9%
Cash	0.2%

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%	0.8%								4.2%

CUMULATIVE INVESTMENT PERFORMANCE