KZN MONEY MARKET FUND

NOVEMBER 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

Markets reacted predictably to the recent "red sweep" in the US elections, with US equities, the dollar and bond yields experiencing significant gains. In contrast, non-US equity markets and currencies faced fresh challenges. The possibility of Donald Trump implementing corporate tax cuts and deregulation in his second term as US president is particularly advantageous for US equities. Deregulation is expected to stimulate entrepreneurship, increase labour productivity and lower inflation, while tax reductions could enhance corporate earnings and growth prospects. Conversely, Trump's proposed tariffs could adversely affect global markets, stunting growth.

The global economic outlook is intricately tied to Trump’s impending foreign policy decisions, particularly regarding ongoing conflicts in Ukraine and Israel and trade relations with China. The ramifications of his policies are expected to be significant, especially given the historical context of the 2018-2019 trade war.

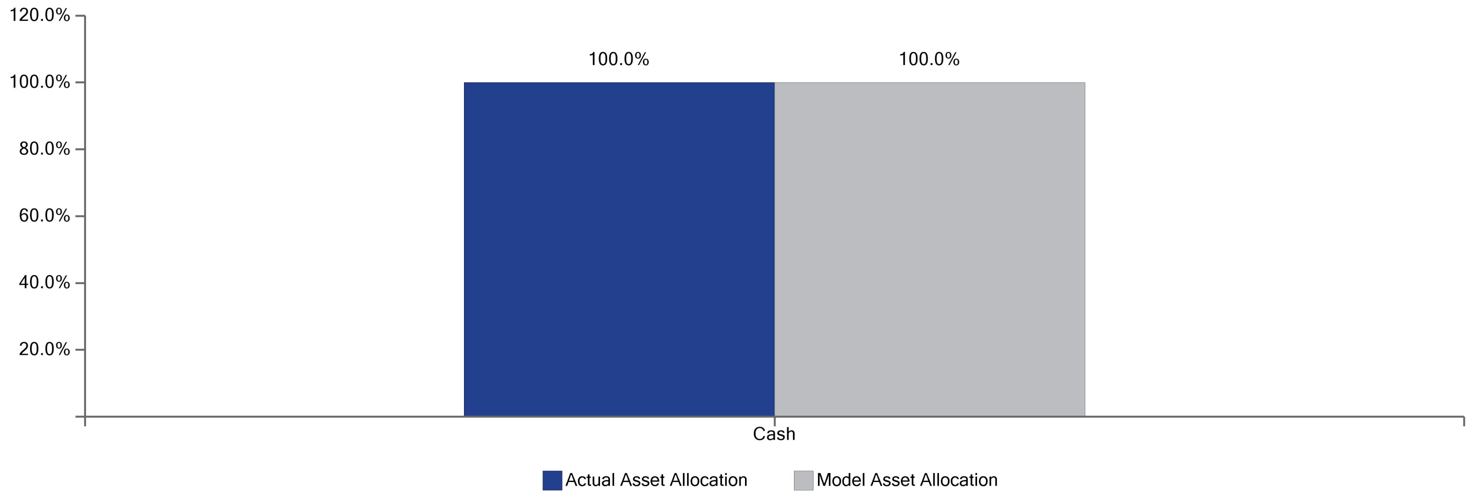
Our base case scenario is a prolonged period of higher growth and inflation, primarily driven by the US economy, where easing financial conditions, a robust labour market and strong wealth gains have allowed household balance sheets to remain strong and have supported consumer spending. European growth is expected to be dented by weaker sentiment. While the Fed and Bank of England are likely to limit rates easing, the European Central Bank and Sweden’s Riksbank are likely to lower rates to below 2% in response to a shift to demand-side weakness.

In South Africa, improvements in investor confidence are anticipated due to the end of load shedding and potential reforms under the government of national unity (GNU). A favourable sentiment boost may also arise from the positive review of sovereign credit ratings by S&P Global Ratings. SA’s core inflation came in on target at 3.9%, down from the previous month, allowing the South African Reserve Bank to cut rates by a further 25 bps.

Risks remain, however. Strong growth could lead to persistent US inflation, prompting aggressive Fed actions that could trigger a recession by 2026. Escalating trade wars could prompt significant retaliatory tariffs, diminishing investor confidence and causing a recession in 2025. A geopolitical event could cause a recession - Vladimir Putin has signed a decree allowing Russia to launch nuclear weapons, and the International Criminal Court has issued an arrest warrant for Prime Minister Benjamin Netanyahu for crimes against humanity and war crimes.

The FTSE/JSE Capped SWIX Index dropped 0.9%, Industrials were flat and Financials were up 0.3%. The JSE All Bond Index rose 3.1%, while the Rand weakened 2.2% against the Dollar.

ACTUAL ASSET ALLOCATION



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KZN MUNICIPAL PENSION FUND

FUND SUMMARY AS AT 30 NOVEMBER 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 NOVEMBER 2024

PERIOD	FUND	BENCHMARK
1 Month	0.7%	0.7%
3 Months	2.3%	2.0%
6 Months	4.8%	4.1%
Year to Date	9.1%	7.7%
1 Year	10.0%	8.5%
3 Years	8.2%	7.1%
5 Years	7.2%	6.1%
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% (Sep 2024)
Transaction Costs (TC)	0.00% (Sep 2024)
Total Investment Charge (TIC)	0.19% (Sep 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 30 NOVEMBER 2024

MANAGER	PERCENTAGE
Taquanta Core Cash - KZN Municipal Pension Fund	49.9%
Coronation - SA Cash	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%	0.7%	0.9%	0.8%	0.8%	0.8%	0.7%		9.1%

CUMULATIVE INVESTMENT PERFORMANCE