

KZN MONEY MARKET FUND

OCTOBER 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

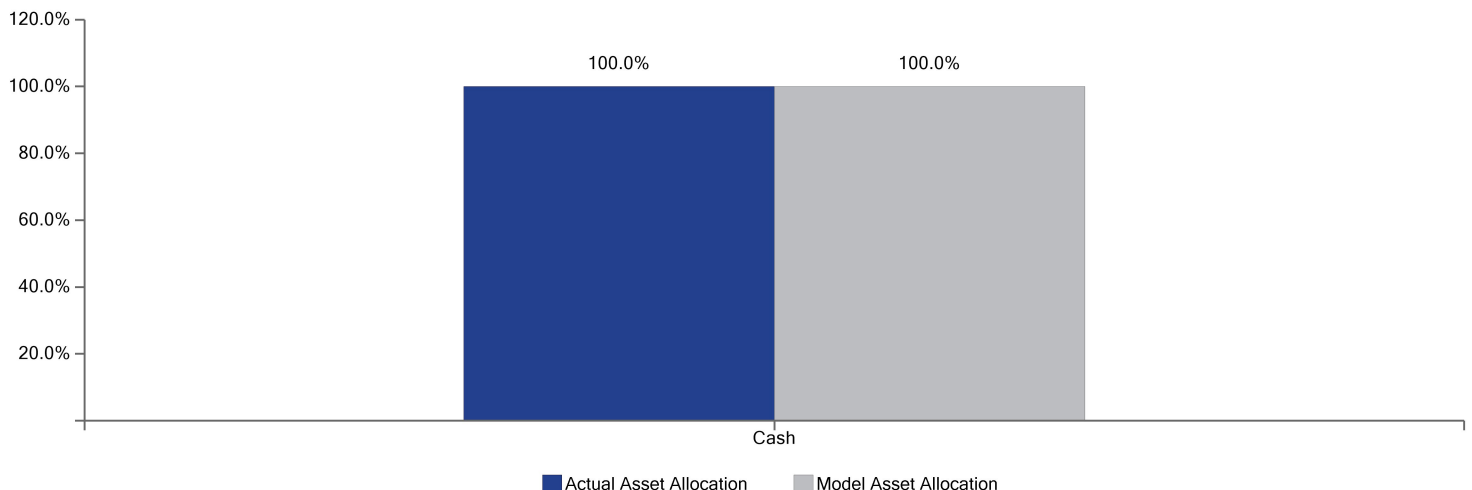
Globally, our investment funds have been overweight the US market, with no allocations to emerging markets (EMs) - over the past year to mid-October, the US market has outperformed EMs by 13%. And despite a strong EM showing in September, the US market recovered to relative highs by mid-October, prompting a strategic adjustment: we reduced US equity holdings to a neutral position and allocated a small portion to EMs. Although still underweight EMs, this positions us to capitalise on an environment that has historically favoured EMs. These positive factors include lower US interest rates, falling EM inflation, recovering EM earnings growth and China's turnaround. Despite China being a long-term structural underweight due to concerns over private sector property rights and its focus on "common prosperity", China is at a turning point. Recent policy-easing measures - including monetary stimulus, property market support and adjustments in capital requirements - will boost growth, but consumer confidence remains a key hurdle. Regardless, a recovery in China's growth will have positive spillover effects on its neighbours and trade partners, benefitting broader emerging markets. However, we remain underweight emerging markets until we have further clarity on two points: the magnitude of new tariffs and their impact on China and global trade in the event of a Trump victory in the US presidential election; and China's growth uncertainty, as we wait to see what additional stimulus measures are introduced by China's cautious and data-dependent authorities.

South Africa's Medium Term Budget Policy Statement was announced on 30 October, with unexpected fiscal slippage reported on both the revenue and expense sides. Debt is now expected to peak at 75.5% of gross domestic product in 2026, compared to the previous forecast of 75.3%.

The upcoming US presidential election is generating significant uncertainty. Under a Trump presidency, the implementation of higher import tariffs could negatively affect global growth, potentially reducing it by 0.7% according to the International Monetary Fund. If Republicans achieve a "red sweep", supportive fiscal policies and tariffs could bolster US growth and strengthen the dollar; however, this might also lead to accelerated inflation and delay Federal Reserve rate cuts. Conversely, a split Congress - regardless of which party holds the presidency - would likely result in legislative gridlock, maintaining the status quo and limiting additional debt accumulation and market impacts.

The FTSE/JSE Capped SWIX Index dropped 0.9%, Industrials and Financials were down 3.0% and 0.7%. The JSE All Bond Index sank 2.2%, while the Rand weakened 2.6% against the Dollar.

ACTUAL ASSET ALLOCATION



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KZN

MUNICIPAL PENSION FUND

FUND SUMMARY AS AT 31 OCTOBER 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 OCTOBER 2024

PERIOD	FUND	BENCHMARK
1 Month	0.8%	0.7%
3 Months	2.4%	2.1%
6 Months	4.9%	4.2%
Year to Date	8.3%	7.0%
1 Year	10.0%	8.5%
3 Years	8.1%	7.0%
5 Years	7.1%	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% (Jun 2024)
Transaction Costs (TC)	0.00% (Jun 2024)
Total Investment Charge (TIC)	0.19% (Jun 2024)

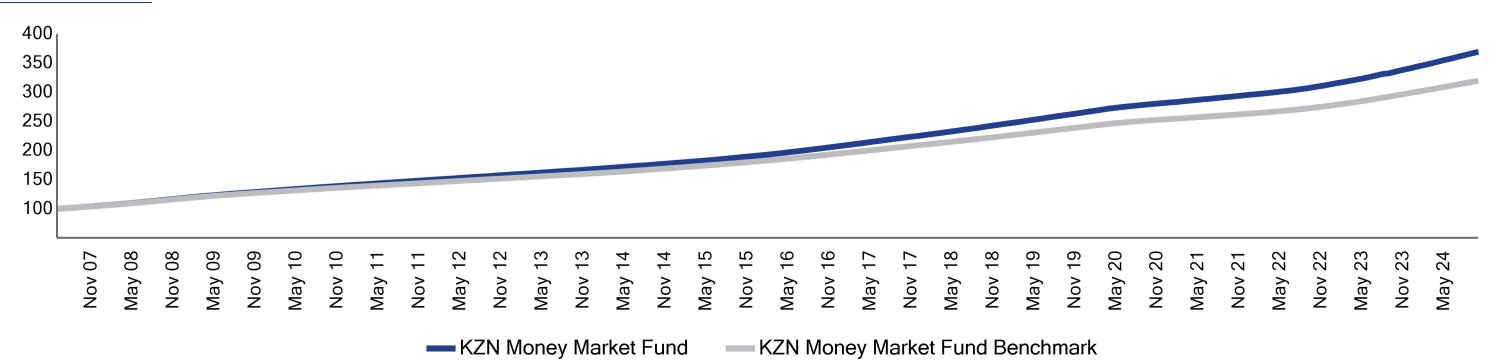
BENCHMARK COMPOSITION

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%	0.8%	0.7%	0.9%	0.8%	0.8%	0.8%			8.3%

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 31 OCTOBER 2024

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