

KZN MONEY MARKET FUND

SEPTEMBER 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 S&P 500 closed at record highs after the first cut in the current cycle by the Federal Reserve. The Fed cut interest rates by 0.5% and updated its economic projections to reflect increased confidence for lower inflation while raising risks around the labour market. Despite the cooling labour market, the consumer sector appears robust. Household wealth has significantly increased due to rising values in housing and financial markets, and household balance sheets are in good shape, having undergone a prolonged period of deleveraging.

China's central bank unveiled a huge stimulus package to boost the economy, sending commodities and emerging market stocks higher. This is positive but is unlikely to sufficiently improve domestic consumer confidence. China faces a significant deflationary spiral, with the core issue not being that the Chinese government has excessive debt - this can be financed domestically - but that the ageing population and property market crunch have diminished consumer confidence and spending. The government needs to step in with supportive fiscal spend, i.e. take on more debt.

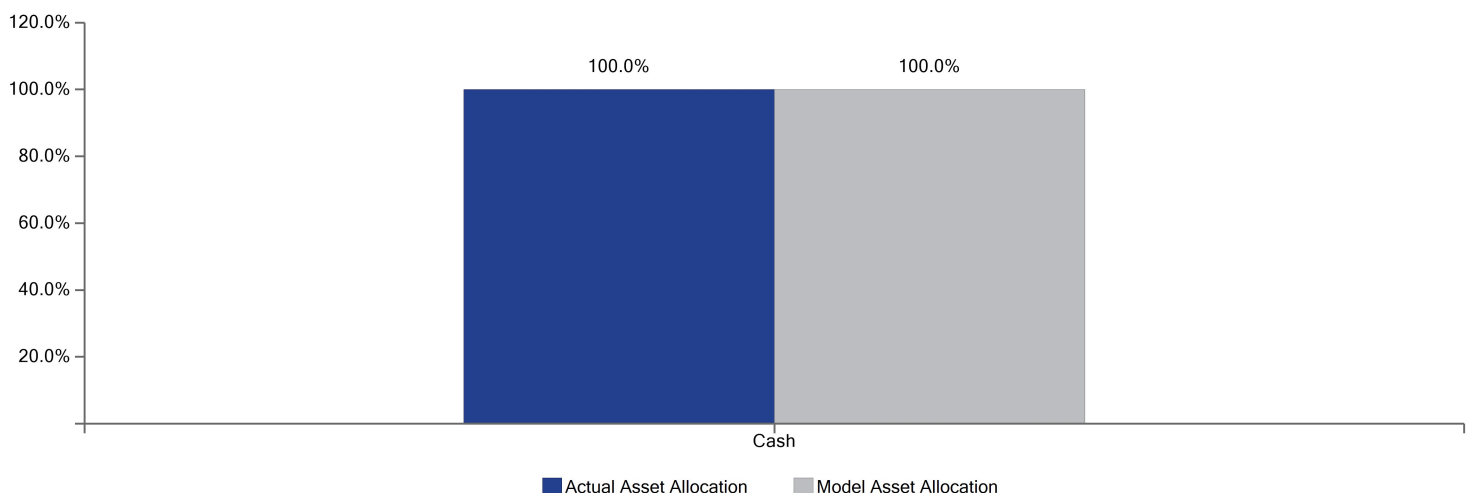
South African assets and the rand rallied on the back of the Fed cuts, which weakened the dollar and lowered global interest rates, and on Chinese stimulus, which drove up commodity prices and resources. The South African Reserve Bank cut interest rates by 0.25%.

The S&P Global flash PMIs show that the contraction in manufacturing activity in developed markets has accelerated, while services PMIs continue to expand in most regions. We remain overweight US, where the consumer accounts for 69% of GDP. The US is a consumption-based economy and is often seen as the global consumer of last resort; while headwinds are rising, the US consumer remains robust. Eurasia and emerging markets (EMs) are largely production-based economies enmeshed in the global manufacturing supply chain. As the world is currently in a manufacturing recession, the producing economies led by China's slowdown are struggling. Thus, while commodity prices, EMs and Eurasia may rally in the short term on the back of rate cuts and Chinese stimulus, longer-term commodity prices will continue to struggle and EMs and Eurasia will continue to underperform.

As always, risks remain. Global shipping costs remain high and geopolitical risks remain elevated, with Israel escalating its campaign against the Iran-backed Hezbollah militant group through a massive bombardment of Lebanon, killing more than 500 people.

The FTSE/JSE Capped SWIX Index rose by 4.0%, Industrials and Financials were up 5.4% and 2.5%. The JSE All Bond Index increased 3.9%, while the Rand strengthened 2.9% against the Dollar.

ACTUAL ASSET ALLOCATION



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KZN

MUNICIPAL PENSION FUND

FUND SUMMARY AS AT 30 SEPTEMBER 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 SEPTEMBER 2024

PERIOD	FUND	BENCHMARK
1 Month	0.8%	0.7%
3 Months	2.5%	2.1%
6 Months	5.0%	4.2%
Year to Date	7.5%	6.3%
1 Year	10.2%	8.5%
3 Years	7.9%	6.8%
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)

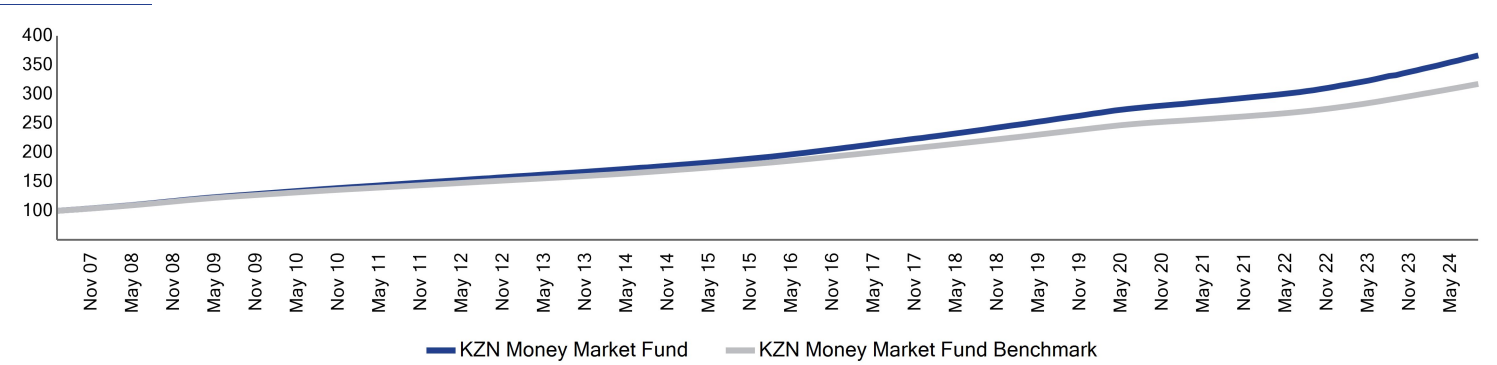
BENCHMARK COMPOSITION

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%				7.5%

CUMULATIVE INVESTMENT PERFORMANCE



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