

KZN MONEY MARKET FUND

FEBRUARY 2025

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 dominant theme for financial markets in February has shifted from AI and tariffs to the potential US-led Russia-Ukraine ceasefire. America's recent pivot toward Russia is redefining the transatlantic defence alliance. The European Union (EU) is realising it may be on its own. Bloomberg Economics estimates that the cost of supporting Ukraine will push the aggregate EU defence budget toward 3.5% of GDP, nearly double its current level. If financed by debt, this would add an additional \$2.7 trillion to the five largest European NATO members' borrowing needs over the next decade. Some in the EU see this moment as an opportunity for greater independence away from the US, but coalition governments and high debt levels mean increasing defence spend won't be quick or easy. The ceasefire for the euro area has been largely priced in year-to-date, but a lasting ceasefire without the Ukraine's buy-in will be difficult to sustain.

Treasury Secretary Scott Bessent provided insight into Trump's key measure of success when he highlighted the "3-3-3" plan aimed at lowering the US 10-year yield.

These are great objectives, but they present conflicting challenges. Implementing further tax cuts is likely to increase the deficit, while achieving sustained growth may be hindered by factors such as reduced immigration and increased tariffs. Tariffs have grabbed the headlines, but immigrants now comprise nearly one in five US workers - strictly restricting immigration will reduce growth and push up inflation.

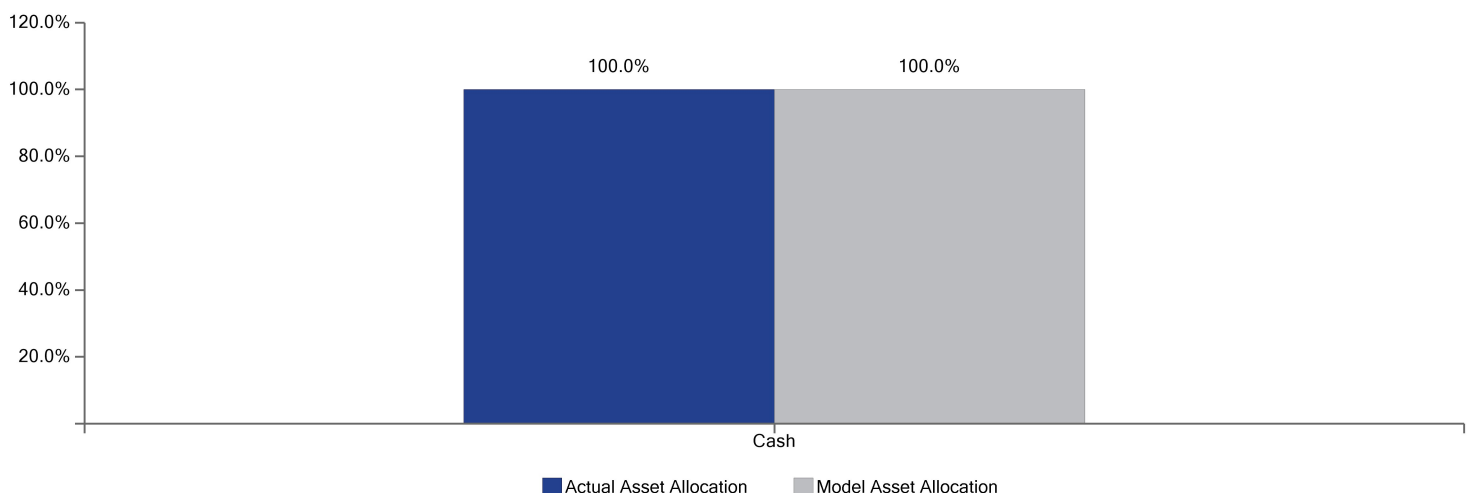
Incoming data remain aligned with our high-for-long interest rate and inflation narrative in which global growth remains resilient, inflation stays sticky and central bank easing remains limited. Upward pressure on interest rates should continue as governments lift fiscal spend for increased defence spending in Europe. Provided Trump does not implement severe tariffs, the choppy risk-on backdrop should persist, with any significant rise in US bond yields resulting in tariff reversals. We remain overweight the US and equities.

European and Chinese markets are bouncing off their lows, but structural headwinds remain, with political uncertainties in Germany and France weighing on confidence and tariff threats remaining to Europe and China - we remain cautious of these bounces.

We remain underweight South African bonds and neutral SA equity given the negative sentiment surrounding the US funding cuts, the resurgence of stage 6 load shedding and the lack of consensus around the Budget. We will review after the updated Budget on 12 March.

The FTSE/JSE Capped SWIX Index lost 0.4%, while Industrials gained 3.4% and Financials rose 0.8%. The JSE All Bond Index increased by 0.1% and the Rand strengthened 0.5% against the Dollar.

ACTUAL ASSET ALLOCATION



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FUND SUMMARY AS AT 28 FEBRUARY 2025

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 28 FEBRUARY 2025

PERIOD	FUND	BENCHMARK
1 Month	0.7%	0.6%
3 Months	2.2%	1.9%
6 Months	4.6%	4.0%
Year to Date	1.4%	1.2%
1 Year	9.8%	8.3%
3 Years	8.6%	7.4%
5 Years	7.2%	6.2%
Since Inception	7.9%	7.0%

Inception Date: 01 July 2007. Returns prior to inception are backtested.
Returns are net of the TIC.

FEES

	PERCENTAGE
Total Expense Ratio (TER)	0.20% (Dec 2024)
Transaction Costs (TC)	0.00% (Dec 2024)
Total Investment Charge (TIC)	0.20% (Dec 2024)

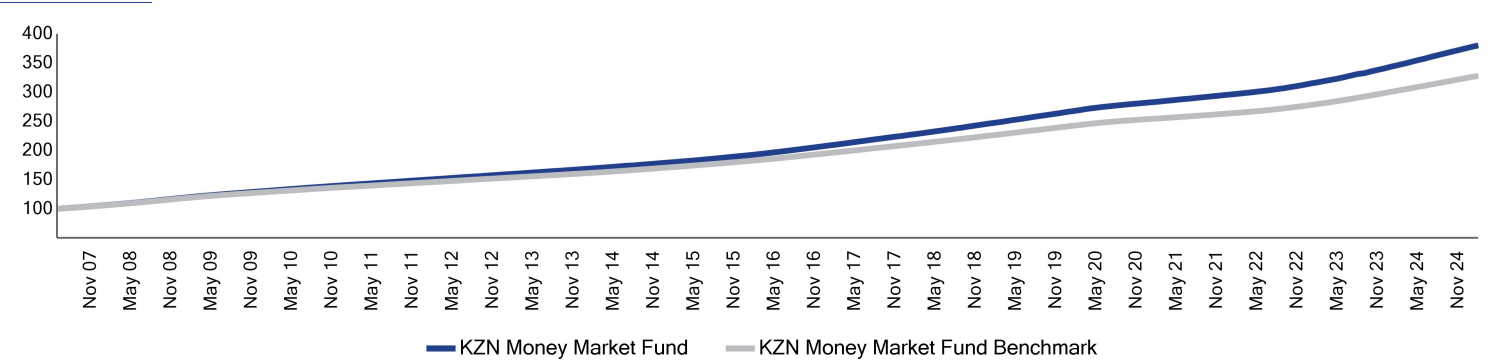
BENCHMARK COMPOSITION

KZN Money Market Fund Benchmark

HISTORICAL PERFORMANCE

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
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%	0.8%	10.0%
2025	0.8%	0.7%											1.4%

CUMULATIVE INVESTMENT PERFORMANCE



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CALENDAR YEAR RETURNS

PERFORMANCE	FUND	BENCHMARK
2020	6.2%	5.4%
2021	4.8%	3.8%
2022	6.0%	5.2%
2023	9.0%	8.0%
2024	10.0%	8.5%

MANAGER ALLOCATION 28 FEBRUARY 2025

MANAGER	PERCENTAGE
Taquantia Core Cash - KZN Municipal Pension Fund	49.8%
Coronation - SA Cash	49.8%
Cash	0.4%