

KZN MONEY MARKET FUND

JANUARY 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

2024 was a pivotal year in global politics, characterised by significant electoral shifts across many nations as voters expressed their desire for alternatives to established political parties and leadership. The Financial Times reported that for the first time in over a century, every developed country's governing party facing elections lost vote share, reflecting widespread dissatisfaction with the status quo. Politicians have increasingly been compelled to respond to populist demands to gain power. As governments become more involved in economic interventions, political volatility is leading to increased economic instability. Trump's strategy of "Making America great again" is heavily dependent on tariffs, and market volatility rose in January 2025 on uncertainties about these. The escalated geopolitical risks were confirmed in the January 2025 International Monetary Fund (IMF) World Economic Outlook update, indicating "Growth on divergent paths amid elevated policy uncertainty".

Our base has become cautious despite anticipation of strong US earnings growth alongside slowly declining inflation. The US economy is expected to see a rise in investment sentiment due to prospects for easing regulatory and tax policies. The primary risk to this outlook has shifted from US recession concerns to the potential for reaccelerating inflation, which could prompt the Fed to implement aggressive rate hikes as a result of inflation risks associated with tariffs.

Global volatility is likely to remain elevated until it becomes clear that Trump's policies will not lead to higher inflation and interest rates. Non-US business sentiment will be constrained by the looming threat of a trade war in the coming months. A downturn in the global economy due to tariffs could negatively impact the US economy.

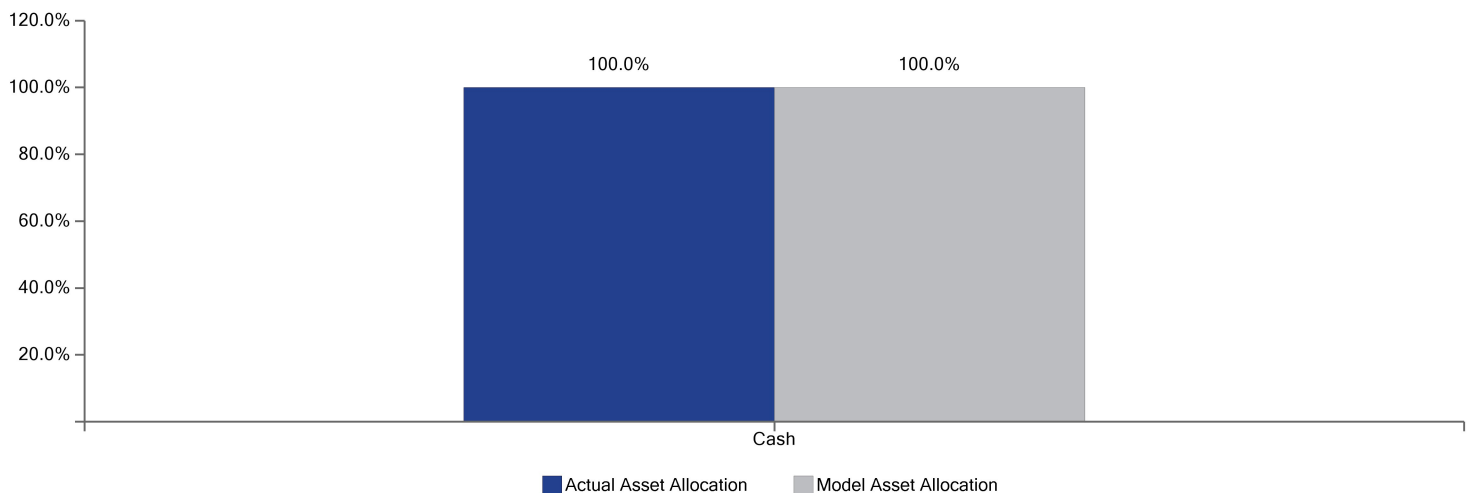
Inflation in South Africa remains muted, and the South African Reserve Bank cut interest rates by another 25 bps. However, the return of load-shedding, Trump's tariffs on emerging markets and now his specific focus on South Africa pose downside risks.

Despite a multi-stage ceasefire deal between Israel and Hamas after 15 months of conflict, escalating geopolitical tensions continue to pose a concern.

Upside growth risk exists from bazooka Chinese or European fiscal stimulus to counter tariffs. Historically, global equities tend to perform well after an initial rate cut by the Fed, especially if the economy avoids recession in the subsequent year.

The FTSE/JSE Capped SWIX Index climbed 2.6%. Industrials gained 1.1%, while Financials fell by 2.7%. The JSE All Bond Index rose 0.4%, and the Rand strengthened 1.1% against the Dollar.

ACTUAL ASSET ALLOCATION



FRONT OFFICE CONTACT DETAILS

031 322 9002
Vusi.Ngcobo@durban.gov.za
SmartXchange Building | 5 Walnut Road | Durban | 4000

FUND SUMMARY AS AT 31 JANUARY 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 31 JANUARY 2025

PERIOD	FUND	BENCHMARK
1 Month	0.8%	0.7%
3 Months	2.3%	2.0%
6 Months	4.7%	4.1%
Year to Date	0.8%	0.7%
1 Year	9.9%	8.4%
3 Years	8.5%	7.3%
5 Years	7.2%	6.2%
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)

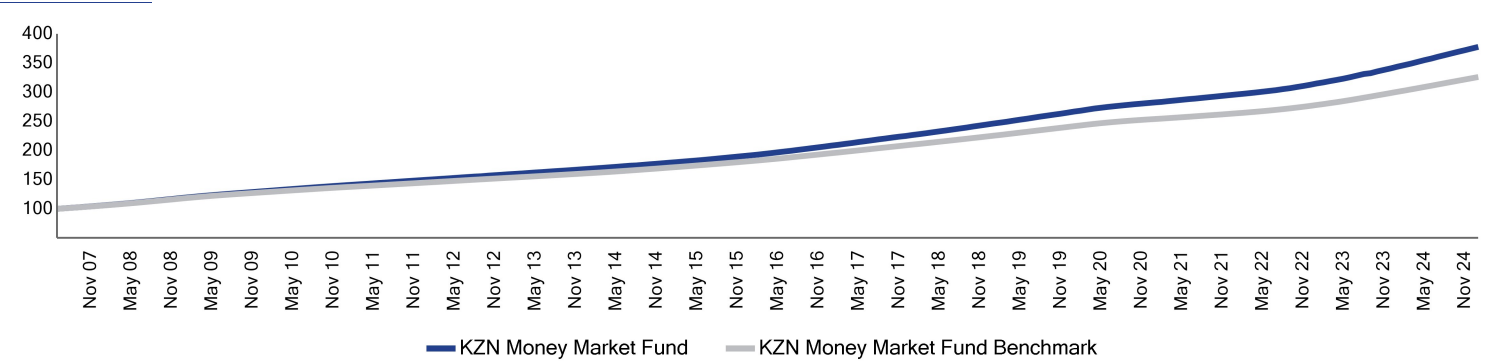
BENCHMARK COMPOSITION

KZN Money Market Fund Benchmark

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%												0.8%

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 31 JANUARY 2025

MANAGER	PERCENTAGE
Coronation - SA Cash	49.8%
Taquanta Core Cash - KZN Municipal Pension Fund	49.7%
Cash	0.5%