

KZN MONEY MARKET FUND

FEBRUARY 2023

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.

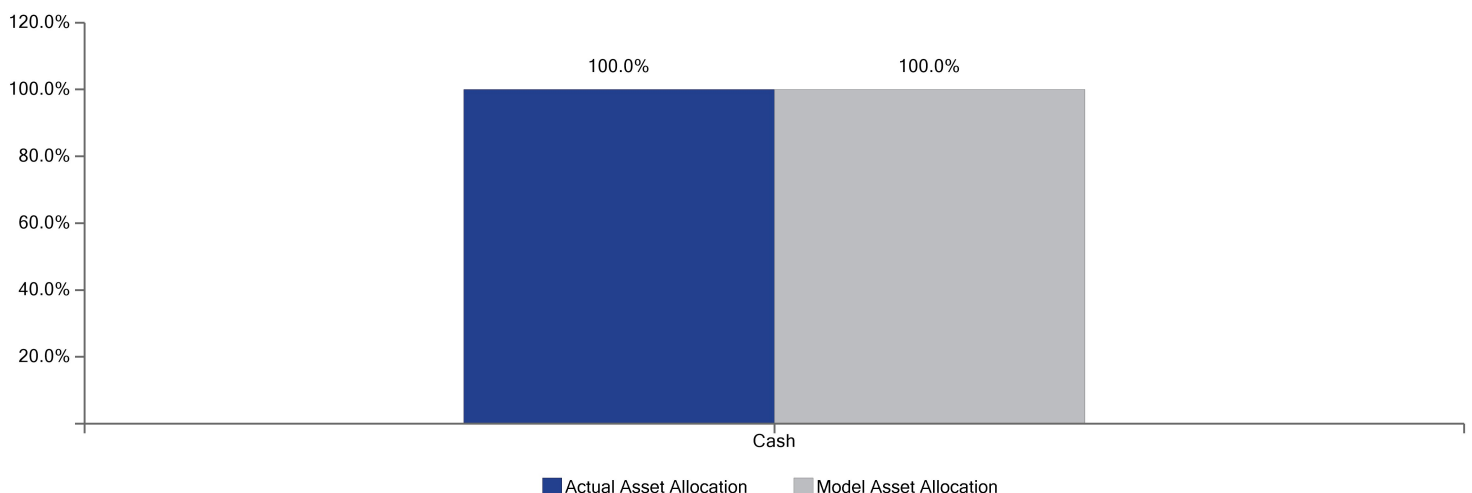
MONTHLY COMMENTARY

After January's euphoric performance, markets in February digested the moves and contemplated the array of risks faced by the global economy despite more stable demand. Through February, we continued to monitor three key global macro risks: the prospect of US inflation staying higher for longer, forcing the US Federal Reserve (Fed) to push the economy into a deep recession; the expanding impact of the Russia/Ukraine war on global markets via energy costs; and the lapse of judgement that sparked a geopolitical incident between China and the US. February brought no significant news on any of these risks, however: US inflation was only a little higher than expected, Russian forces made incremental progress in their assault on the Ukrainian city of Bakhmut and nothing emerged from the US and China's balloon races. In fact, most of the news in February was local, with the State of the Nation Address, Budget and grey listing updates reflecting in the rand's significant weakening over the month.

Looking forward, the February Market Purchasing Manager Index (PMI) surveys further evidenced a sustained rebalancing of the global economy as services continued to rebound and manufacturing remained in contraction. Barring any surprises from geopolitics, the main risk to the global economy is from central banks (mostly the Fed) pushing the world into recession with overaggressive monetary policy. This will generally only happen against the backdrop of a strong economy (underpinned by strong corporate earnings) or if inflation expectations become unanchored and start to rise. Current forecasts suggest the contrary: a weak US economy with weak earnings and stable inflation expectations. We therefore expect to see moderated policy conviction in the nearer term at least, which will only change if a combination of strong economic data and a reacceleration of inflation reignites the Fed's rate-hike resolve. While a US recession is likely, we still only see its emergence as probable in Q4 2023 or early in 2024. US resilience will probably lead to near-term strength in the dollar, supported by trends in two-year interest rate differentials. Longer term, the dollar remains expensive on a purchasing power parity basis and should depreciate. We have put additional protection measures in place in expectation of heightened volatility into the second quarter.

The FTSE/JSE CAPPED SWIX Index dropped by 2.3%, Industrials were up 1.7% and Financials increased by 2.5%. The JSE All Bond Index fell by 0.9%, while the rand depreciated by 5.3% relative to the US dollar.

ACTUAL ASSET ALLOCATION



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FUND SUMMARY AS AT 28 FEBRUARY 2023

STATISTIC	FUND	BENCHMARK
% Positive Months	100.0%	100.0%
% Negative Months	0.0%	0.0%
Worst Month	0.3%	0.3%
Best Month	0.8%	0.6%
Average Return	0.5%	0.5%
Median Return	0.6%	0.5%
Maximum Drawdown	0.0%	0.0%

PERFORMANCE ANALYSIS TO 28 FEBRUARY 2023

PERIOD	FUND	BENCHMARK
1 Month	0.6%	0.5%
3 Months	2.0%	1.7%
6 Months	3.8%	3.2%
Year to Date	1.3%	1.1%
1 Year	6.6%	5.7%
3 Years	5.7%	4.8%
5 Years	6.8%	5.8%
Since Inception	7.6%	6.8%

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

FEES

	PERCENTAGE
Total Expense Ratio (TER)	0.16% (Dec 2022)
Transaction Costs (TC)	0.00% (Dec 2022)
Total Investment Charge (TIC)	0.16% (Dec 2022)

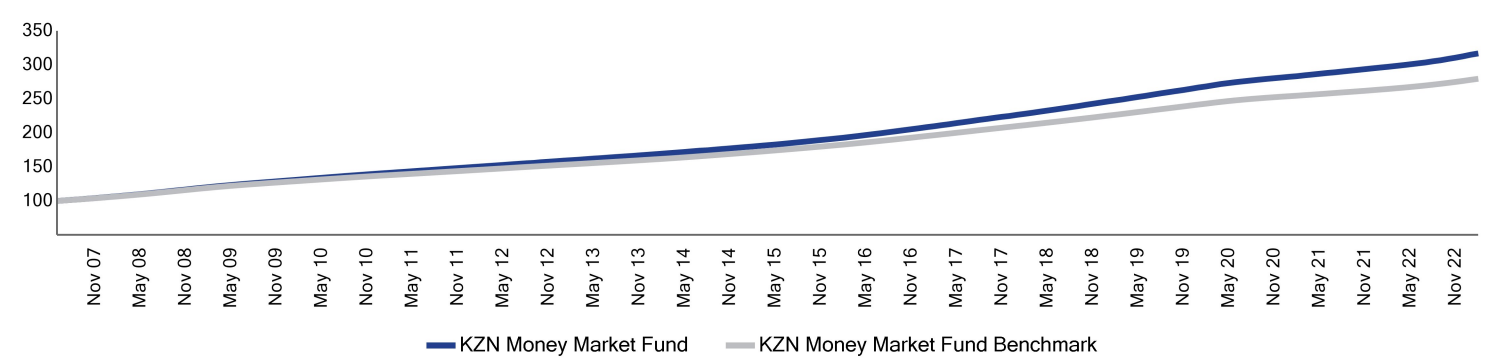
BENCHMARK COMPOSITION

KZN Money Market Fund Benchmark

HISTORICAL PERFORMANCE

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
2018	0.8%	0.6%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.8%	0.7%	0.7%	8.7%
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%											1.3%

CUMULATIVE INVESTMENT PERFORMANCE



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CALENDAR YEAR RETURNS

PERFORMANCE	FUND	BENCHMARK
2018	8.7%	7.3%
2019	8.3%	7.3%
2020	6.2%	5.4%
2021	4.8%	3.8%
2022	6.0%	5.2%

MANAGER ALLOCATION 28 FEBRUARY 2023

MANAGER	PERCENTAGE
Coronation - SA Cash	99.9%
Cash	0.1%