KZN MONEY MARKET FUND

MARCH 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.

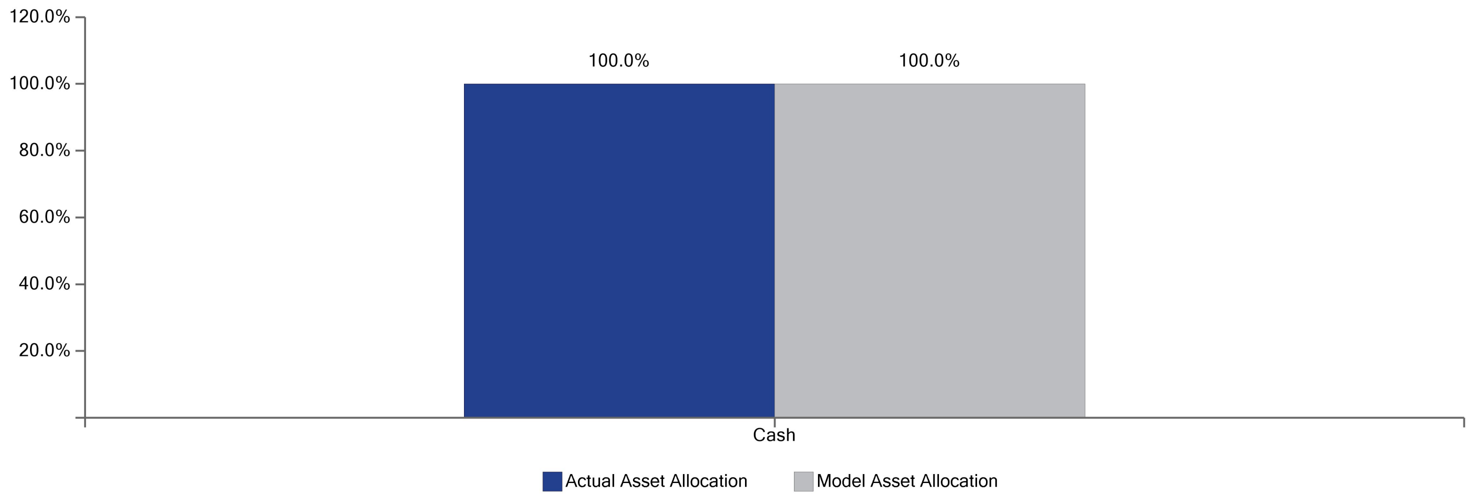
MONTHLY COMMENTARY

March got off to a difficult start as a higher-than-expected US Core Personal Consumption Expenditures Index added fuel to the Fed's hawkish fire, sending markets lower. Back-to-back failures of two US regional banks saw US two-year Treasury yields incur their steepest drop since the early 1980s, from above 5% to below 4%, causing the dollar to plummet. Only days later, a Swiss government-engineered takeover of Credit Suisse averted an immediate crisis among systemically important financial institutions (SIFIs), but market sentiment soured on the potential ongoing risks such institutions pose to the global economy. To this end, Credit Suisse in the EU and the SVB Financial Group in the US can be compared to other isolated pockets of tension over the last six months, including the failure of cryptocurrency exchange FTX.com and the UK's Liability Driven Investment (LDI) pension fund turmoil. These are all symptoms of massive Covid-induced monetary stimulus, and we have no doubt that more pockets of fragility exist. However, we do not believe that any such pockets of fragility will lead to another financial crisis, particularly as central banks have learned many lessons from the Global Financial Crisis (GFC) of 2008.

The GFC saw dollar strength and non-US equity fall relative to the S&P 500. Then, the dollar weakened after the Fed stepped in twice, and EMs outperformed the S&P 500 as rest-of-world growth was better insulated from the GFC. As a base case, if we skip the banking contagion this time round and the Fed still slows rate hikes because of the banking risk, dollar depreciation is likely and rest-of-world equities should outperform those of the US. This narrative is easily strengthened in light of China's reopening (still under way) and Europe's resilience to date in the face of their energy crisis. We are not out of the woods yet, but the "Fed put" is back. To provide financial stability, central bankers have decided to use interest rates to fight inflation and quantitative easing. A combination of higher inflation, higher rates and higher volatility is matching our forecasts and will lead to a weaker dollar, which is good for the rest of the world's liquidity, cost of capital and, hence, growth. However, a recession later in the year is still on the cards for the US.

The FTSE/JSE CAPPED SWIX Index dropped by 1.9%, Industrials were down 0.7% and Financials decreased by 5.8%. The JSE All Bond Index climbed by 1.3%, while the rand appreciated by 3.3% relative to the US dollar.

ACTUAL ASSET ALLOCATION



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KZN MUNICIPAL PENSION FUND

FUND SUMMARY AS AT 31 MARCH 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 31 MARCH 2023

PERIOD	FUND	BENCHMARK
1 Month	0.7%	0.6%
3 Months	2.0%	1.7%
6 Months	4.0%	3.3%
Year to Date	2.0%	1.7%
1 Year	7.0%	5.9%
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

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 31 MARCH 2023

MANAGER	PERCENTAGE
Coronation - SA Cash	99.9%
Cash	0.1%

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%	0.7%										2.0%

CUMULATIVE INVESTMENT PERFORMANCE