

# KZN MONEY MARKET FUND

MAY 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.

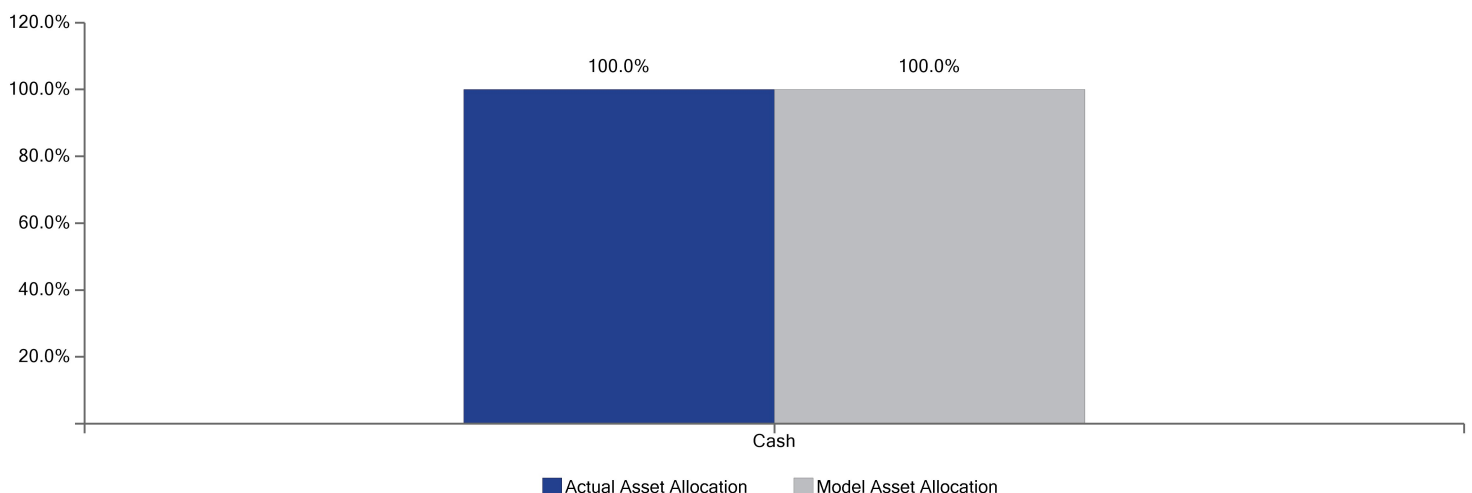
## MONTHLY COMMENTARY

True to form, the market sold in May as seasonal midyear volatility ticked up, with many factors contributing to the weak month. In addition to idiosyncratic geopolitical events, economic data surprises turned negative, US debt ceiling talks seesawed and European inflation expectations surged. It was not all negative, however, and US corporate earnings continued to surprise to the upside. In fact, positive-earnings surprises of this magnitude are unprecedented when entering a recession. Russian crude oil flows to Asia hit a record high even after output cuts were promised, causing oil prices to fall further. Chinese economics showed a strong consumer. In general, a weaker dollar and falling commodity prices have kicked off a broad-based disinflationary process among emerging markets, allowing more monetary stimulus - but not in South Africa. On top of load shedding troubles, South Africa got caught up in a secret arms deal scandal with Russia, jeopardising US trade relations.

Leading economic indicators point to a recession in the US. As the Fed's tightening campaign and US bank failures restrict the flow of bank credit through the economy, demand and demand-driven inflation will subside. Elevated goods inflation will face further tailwinds as sticky supply chain bottlenecks clear out. Lower inflation will make the Fed's job easier once the economy slows and unemployment rises in the second half of the year. The Fed is unlikely to panic and raise rates further (which would force the economy into a deep recession), but inflation is not going away in the short term. We thus remain positioned for a higher-for-longer scenario in terms of inflation and interest rates and, as a necessary by-product, volatility. A prolonged pause is likely to see a downgrade to earnings, but a global recession remains unlikely. The average duration of manufacturing cycles is 18 months, which suggests the US manufacturing downturn is nearing its end. The outlook in the rest of the world continues to improve. We remain bearish on the dollar - not because the US may lose its dominant reserve status, but because the Fed will accept higher US inflation, and recovering European and Chinese economies should lead to stronger rest of world growth.

The FTSE/JSE CAPPED SWIX Index decreased by 5.8%, Industrials were down 3.1% and Financials dropped by 7.9%. The JSE All Bond Index declined by 4.8%, while the rand depreciated by 8.4% relative to the US dollar.

## ACTUAL ASSET ALLOCATION



### FRONT OFFICE CONTACT DETAILS

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FUND SUMMARY AS AT 31 MAY 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 MAY 2023

PERIOD	FUND	BENCHMARK
1 Month	0.7%	0.6%
3 Months	2.0%	1.8%
6 Months	4.1%	3.5%
Year to Date	3.4%	3.0%
1 Year	7.4%	6.4%
3 Years	5.7%	4.9%
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% (Mar 2023)
Transaction Costs (TC)	0.00% (Mar 2023)
Total Investment Charge (TIC)	0.16% (Mar 2023)

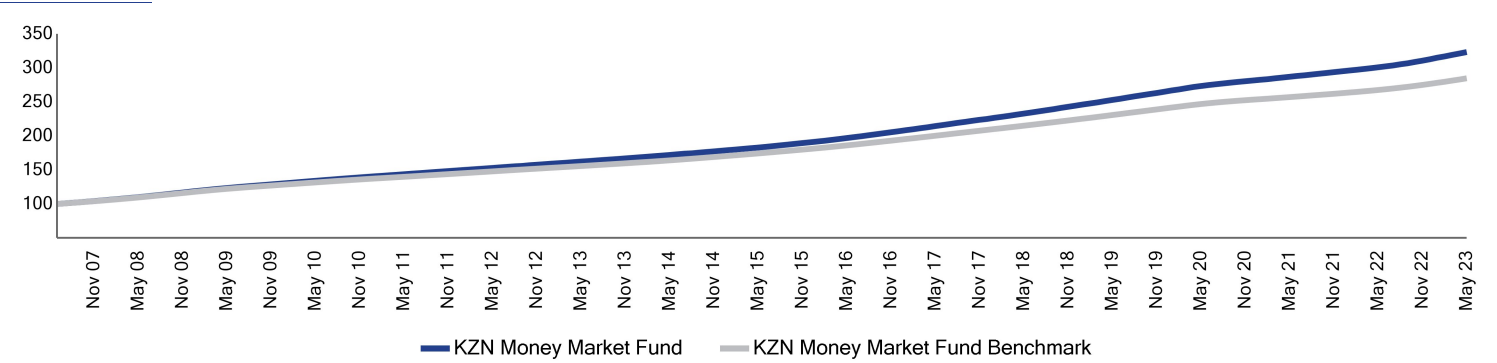
BENCHMARK COMPOSITION

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%	0.7%	0.6%	0.7%								3.4%

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 31 MAY 2023

MANAGER	PERCENTAGE
Coronation - SA Cash	99.9%
Cash	0.1%