KZN MONEY MARKET FUND

NOVEMBER 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

Markets bounced strongly in November, with the Nasdaq up more than 10% , fuelled by signs of easing inflation and a potentially softening US labour market. Markets are finally seeing the end of the Federal Reserve's aggressive monetary tightening after it had raised rates by a cumulative 5.25 percentage points since March 2022, pushing mortgage rates to their highest level in two decades. Similarly, global growth was expected to slow to 2.1% in 2023, its lowest level since the 2008-09 financial crisis, but the most anticipated US recession of all time did not arrive, and 2023 growth is expected to be 2.9%. The markets are experiencing a Goldilocks period of slowing (but non-recessionary) growth and falling inflation. However, the risk of a global recession in 2024 has increased, as central banks around the world have raised interest rates to combat inflation.

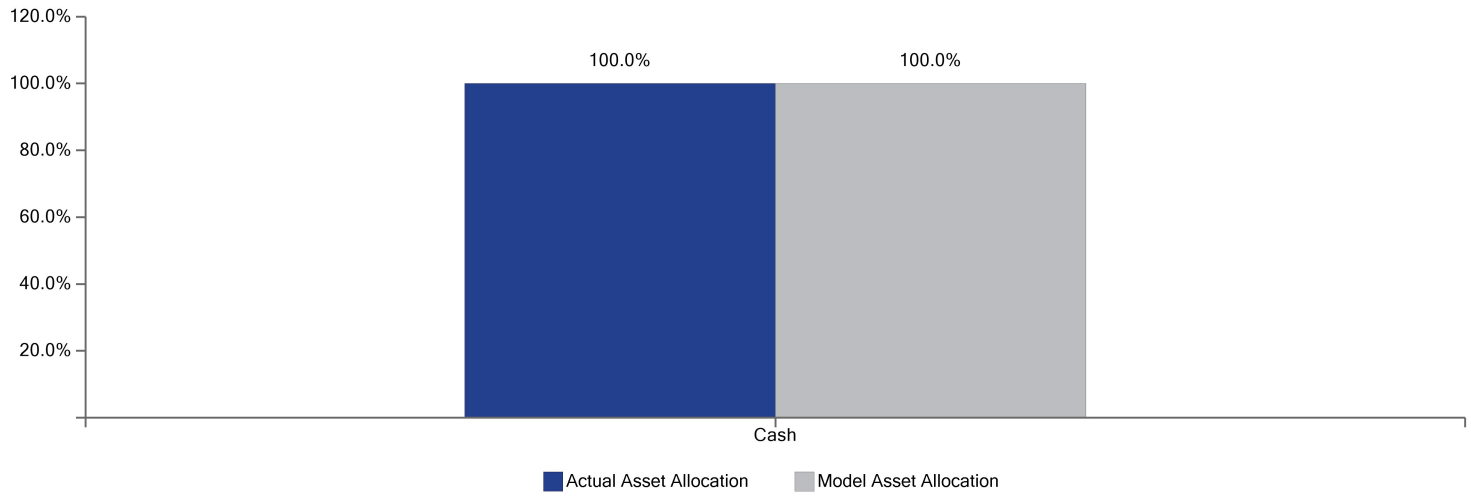
We expect the high-interest rate Table Mountain scenario to continue until the second half of 2024, tempered by slower growth and falling inflation. Inflation will fall on the back of reduced supply-bottlenecks, China's export of deflation, and strong, improved labour productivity. Growth will be supported by a robust consumer and a continuation of manufacturing green shoots

The US will thus avoid a recession. Global growth is predicted to reach 3.2% in 2024, but challenges like China's property slump and high rates keep our focus on developed markets. Key risks for 2024 include:

Risk of recession: High debt and rising interest rates could spark a recession, impacting stock markets and corporate earnings.
Geopolitical tensions: Escalating conflicts among major nations could lead to trade wars or military disputes, affecting the global economy and increasing inflation.
Political changes: The 2024 elections, particularly in the US and South Africa and Taiwan's 13 January election, may bring significant market impacts as a result of shifts in political dynamics.
Extreme weather threats: Climate change is leading to severe weather events, with significant disruptions to global supply chains possible.
Technological risks: Advancements in large language models offer benefits but also pose risks, especially in spreading misinformation.

The FTSE/JSE CAPPED SWIX Index increased by 8.3%, Industrials were up by 10.5% and Financials jumped by 8.7%. The JSE All Bond Index improved by 4.7%, while the rand depreciated by 1.1% relative to the US dollar.

ACTUAL ASSET ALLOCATION



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KZN MUNICIPAL PENSION FUND

FUND SUMMARY AS AT 30 NOVEMBER 2023

STATISTIC	FUND	BENCHMARK
% Positive Months	100.0%	100.0%
% Negative Months	0.0%	0.0%
Worst Month	0.3%	0.3%
Best Month	0.9%	0.7%
Average Return	0.6%	0.5%
Median Return	0.6%	0.5%
Maximum Drawdown	0.0%	0.0%

PERFORMANCE ANALYSIS TO 30 NOVEMBER 2023

PERIOD	FUND	BENCHMARK
1 Month	0.8%	0.7%
3 Months	2.1%	2.1%
6 Months	4.6%	4.1%
Year to Date	8.2%	7.3%
1 Year	8.9%	7.8%
3 Years	6.4%	5.5%
5 Years	6.9%	5.9%
Since Inception	7.7%	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)	0.18% (Sep 2023)
Transaction Costs (TC)	0.00% (Sep 2023)
Total Investment Charge (TIC)	0.18% (Sep 2023)

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%

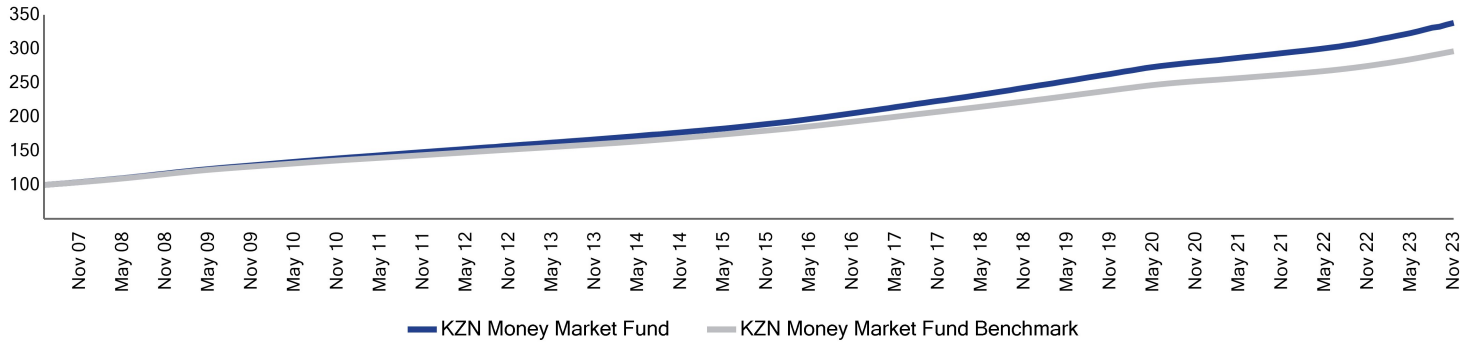
MANAGER ALLOCATION 30 NOVEMBER 2023

MANAGER	PERCENTAGE
Coronation - SA Cash	50.0%
Taquanta Core Cash - KZN Municipal Pension Fund	49.9%
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%	0.6%	0.7%	0.8%	0.8%	0.8%	0.4%	0.9%	0.8%		8.2%

CUMULATIVE INVESTMENT PERFORMANCE



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