

# KZN MONEY MARKET FUND

AUGUST 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

Markets reached new highs in August, bolstered by easing tensions as US President Trump reduced pressure on Russian President Putin. Significant headwinds are approaching the US consumer, however, driven primarily by rising inflation linked to tariffs. US companies have absorbed most of the costs from Trump's tariffs until now, but this burden is increasingly being shifted to consumers, which is expected to push inflation higher. Goldman Sachs forecasts that the Fed's preferred inflation gauge, core personal consumption expenditure (PCE), will rise to 3.2% by December 2025 on tariff-related cost pressures. JP Morgan estimates that core measures of underlying inflation remain elevated at around 3% or higher, and the effective tariff rate is projected to nearly double to 20% by year-end, magnifying the tariff impact on consumers sixfold. This increasing pass-through of costs to consumers suggests inflation may rise beyond current market expectations. The resulting inflationary pressures could unsettle markets in the near term and may dampen consumer spending over the longer term.

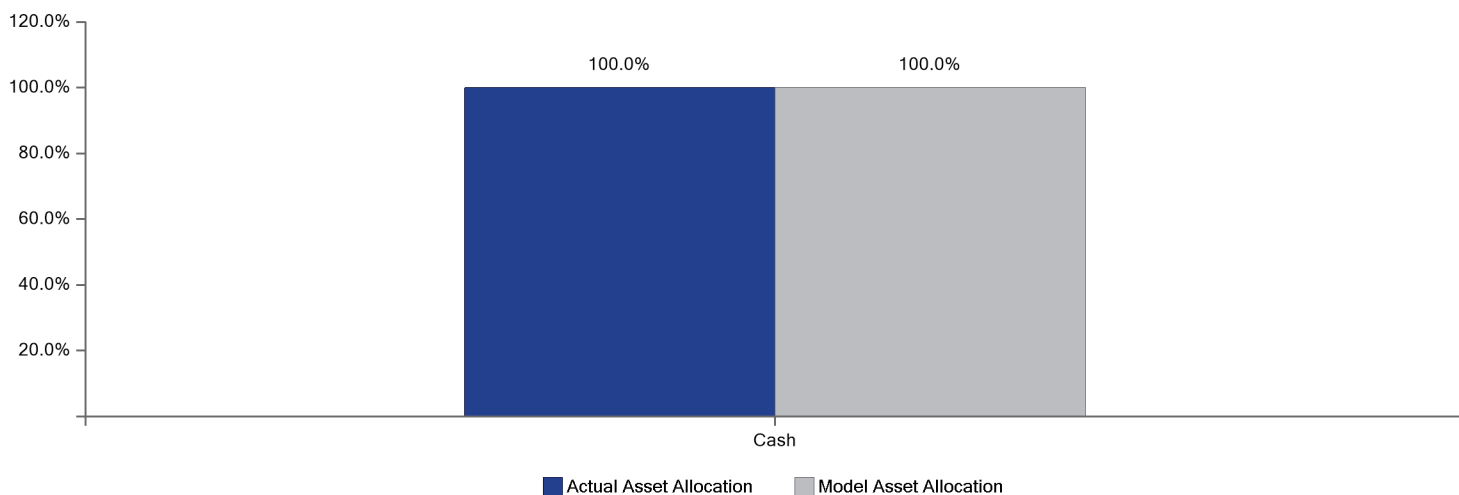
The eurozone economy faces mounting headwinds, including heightened competition from China, falling wages, tightening bank lending standards and political concerns in France. Against this backdrop, the euro may weaken further as additional rate cuts by the European Central Bank loom.

Trade relations between the US and China are showing signs of improvement, and China's stimulus efforts appear to be taking effect. Chinese retail savers are increasingly moving funds out of traditional bank deposits and into the stock market.

The US economy is experiencing a modest cooling of economic activity rather than a looming recession, but inflation remains the primary driver shaping market dynamics in the US. Recent producer price index data suggest that inflation could surprise to the upside, bolstering the US dollar and diminishing the likelihood of rate cuts. This environment poses challenges for equity markets, but - until inflation spikes materially - markets appear to favour a "Goldilocks" scenario, where growth slows sufficiently to moderate inflation without tipping the economy into recession. The Fed is now expected to cut in September, seeing tariff inflation as transitory. We are not fighting the Fed and remain overweight equities and underweight the dollar, but we are monitoring US inflation and central bank policy as key market influencers in the weeks ahead.

The FTSE/JSE Capped SWIX Index improved by 3.5%, while Industrials and Financials rose by 1.2% and 1.1%. The JSE All Bond Index increased by 0.8% and the Rand strengthened 2.1% against the Dollar.

## ACTUAL ASSET ALLOCATION



### FRONT OFFICE CONTACT DETAILS

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**KZN**  
MUNICIPAL PENSION FUND  
Together We Grow Your Wealth

FUND SUMMARY AS AT 31 AUGUST 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	0.7%	0.6%
Maximum Drawdown	0.0%	0.0%

PERFORMANCE ANALYSIS TO 31 AUGUST 2025

PERIOD	FUND	BENCHMARK
1 Month	0.7%	0.6%
3 Months	2.2%	1.8%
6 Months	4.4%	3.7%
Year to Date	5.9%	5.0%
1 Year	9.2%	7.8%
3 Years	9.1%	7.9%
5 Years	7.5%	6.4%
Since Inception	7.9%	7.0%

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

FEES

	PERCENTAGE
Total Expense Ratio (TER)	0.21% (Jun 2025)
Transaction Costs (TC)	0.00% (Jun 2025)
Total Investment Charge (TIC)	0.21% (Jun 2025)

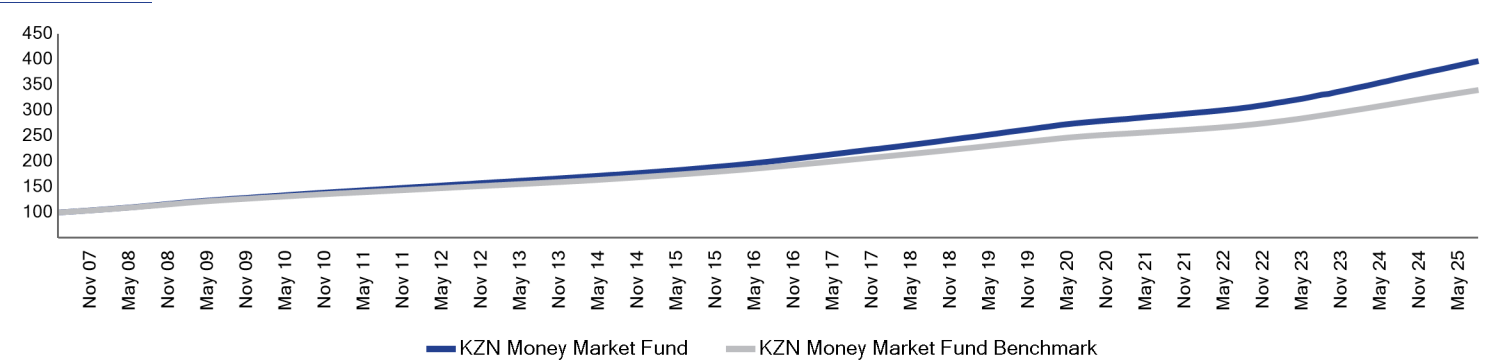
BENCHMARK COMPOSITION

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%	0.7%	0.7%	0.8%	0.7%	0.7%	0.7%	0.7%					5.9%

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 AUGUST 2025

MANAGER	PERCENTAGE
Coronation - SA Cash	49.9%
Taquanta Core Cash - KZN Municipal Pension Fund	49.9%
Cash	0.2%