

KZN MANAGED FUND

JANUARY 2021

The KZN Managed Fund is a moderately aggressive fund that aims to achieve above average returns over the longer term.

The fund can invest across all local and foreign asset classes. The fund makes use of a blend of three good quality asset managers who have been given fully discretionary global balanced mandates. These asset managers have the freedom to select the allocation to each of these asset classes and the most attractive securities to invest in within each asset class. A portion of the fund is managed on a strategic asset allocation basis, where the long term allocation between the various asset classes have been set, taking into account the fund's long term aim. Specialist asset managers have been appointed to manage each of the asset classes and have the freedom to select the most attractive securities to invest in within each asset class.

Due to its relatively high allocation to growth assets (such as local and foreign shares and private equity), the fund has a high chance of capital loss in the short term, but is expected to achieve real growth of capital over the long-term. As a result, the fund is best suited to members who have a longer term (5 years or more) investment horizon.

The portfolio complies with the prudential investment guidelines set out in Regulation 28 of the Pensions Funds Act.

MONTHLY COMMENTARY

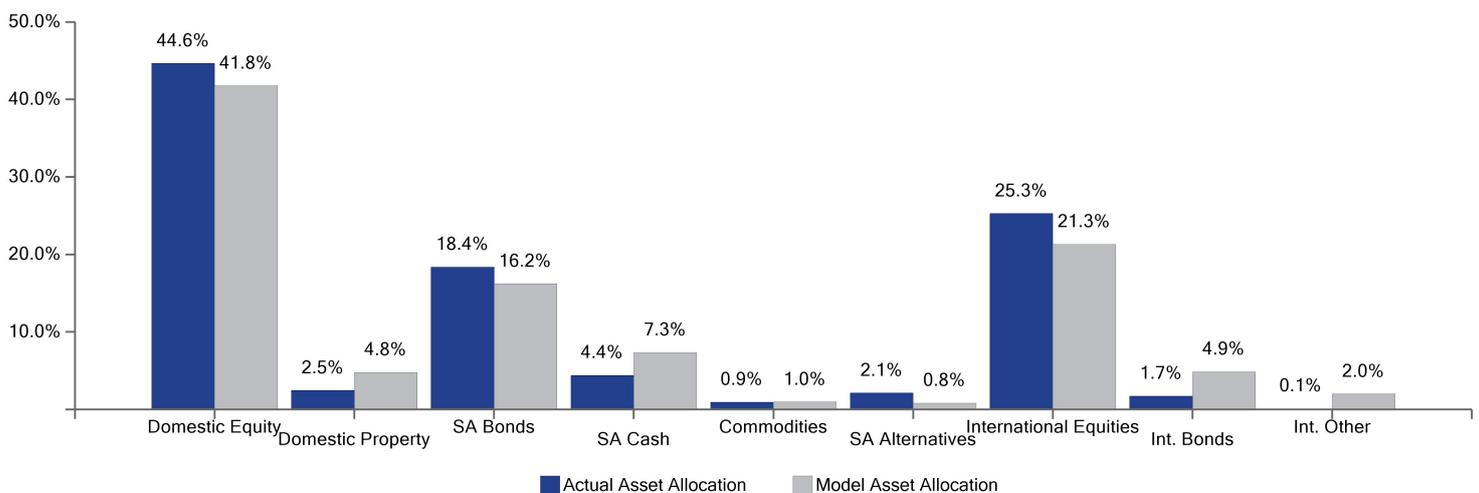
January ended on a high note for South Africans, with the relaxation of lockdown level 3 restrictions and the announcement that we have secured more Covid-19 vaccines from pharmaceutical companies Johnson & Johnson, Pfizer, and the African Vaccine Acquisition Task Team of the African Union. One million vaccine doses arrived in the country from the Serum Institute of India on Monday, 1 February and a further 500 000 doses are expected later this month.

In global trading, the world was gripped with the Robin Hood story of GameStop Corp, where the little guys succeeded in driving stock prices up, leading to hedge funds losing billions. The app that was used to drive the stock-buying frenzy is aptly named Robinhood. While the story has brought smiles to many who want to "stick it to the man", the reality is that GameStop is an outdated business model, specialising in the sales of physical gaming consoles, accessories and games. In an era where games are now bought digitally, the demand for physical games is on the decline, which means that the artificial bubble is likely to burst going forward unless GameStop changes its business model.

Although many have lauded US President Joe Biden's ambitious \$1.9-trillion Covid relief package, ten Republican senators have made it known that they think the plan should be scaled back. The way in which Biden chooses to deal with this suggestion, will be construed as the first nail in his confirmation (or denial) of previous claims to work towards bipartisan decisions.

China, which led the world with the first case of Covid-19, is now leading the way forward with an impressive recovery, reflecting GDP growth of 6.5% in the fourth quarter of 2020. However, the International Monetary Fund decreased its 2021 growth forecast from 8.2% to 7.9% on the back of lagging consumption and reduced economic activity. Goldman Sachs also believes Chinese growth will moderate in the coming months with potential downside from a resurgence of outbreaks. So, while good news abounds, there remains a global air of cautionary excitement tempered with the knowledge that things could change at any given moment. The FTSE/JSE SWIX Index gained 5.0%, Industrials were up 8.5% and Financials were down 3.1%. The JSE All Bond Index grew 0.8%, while the rand depreciated by 2.5% relative to the US dollar.

ACTUAL ASSET ALLOCATION



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FUND SUMMARY AS AT 31 JANUARY 2021

STATISTIC	FUND	BENCHMARK
% Positive Months	66.7%	66.7%
% Negative Months	33.3%	33.3%
Worst Month	-11.0%	-10.5%
Best Month	10.4%	9.7%
Average Return	0.6%	0.6%
Median Return	1.1%	0.9%
Maximum Drawdown	-15.1%	-14.8%

PERFORMANCE ANALYSIS TO 31 JANUARY 2021

PERIOD	FUND	BENCHMARK
1 Month	3.4%	3.1%
3 Months	13.8%	13.1%
6 Months	10.0%	9.1%
Year to Date	3.4%	3.1%
1 Year	9.3%	7.6%
3 Years	5.7%	5.2%
5 Years	7.3%	6.6%
Since Inception	10.2%	9.6%

Inception Date: 31 August 2012. Returns prior to inception are backtested.
Returns are net of the TIC.

FEES

	PERCENTAGE
Total Expense Ratio (TER)	0.65% (Sep 2020)
Transaction Costs (TC)	0.15% (Sep 2020)
Total Investment Charge (TIC)	0.80% (Sep 2020)

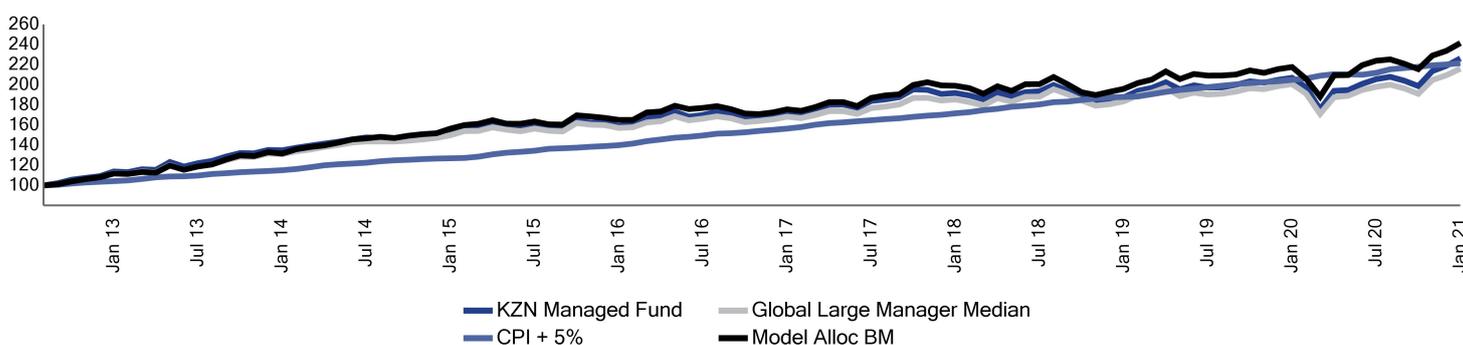
BENCHMARK COMPOSITION

Global Large Manager Median

HISTORICAL PERFORMANCE

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
2016	-2.0%	1.1%	4.2%	1.0%	2.4%	-2.8%	1.0%	2.1%	-1.7%	-2.1%	1.3%	0.5%	4.8%
2017	2.1%	-0.6%	2.0%	2.2%	0.1%	-1.7%	3.8%	0.8%	1.2%	4.1%	-0.3%	-2.1%	12.2%
2018	0.5%	-1.3%	-2.0%	3.6%	-1.9%	2.1%	0.5%	3.2%	-2.7%	-3.2%	-3.0%	1.3%	-3.2%
2019	1.5%	3.4%	1.5%	2.8%	-3.4%	2.0%	-1.1%	0.1%	1.3%	1.8%	-0.7%	1.4%	10.9%
2020	1.0%	-4.6%	-11.0%	10.4%	0.4%	3.2%	2.3%	1.1%	-1.8%	-2.6%	7.5%	2.5%	6.8%
2021	3.4%												3.4%

CUMULATIVE INVESTMENT PERFORMANCE



DISCLAIMER

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CALENDAR YEAR RETURNS

PERFORMANCE	FUND	BENCHMARK
2016	4.8%	3.6%
2017	12.2%	11.3%
2018	-3.2%	-2.0%
2019	10.9%	9.9%
2020	6.8%	5.4%

MANAGER ALLOCATION 31 JANUARY 2021

MANAGER	PERCENTAGE
Coronation - Global Balanced	24.6%
Ninety One Global Balanced Fund	24.6%
Prudential - Global Balanced	24.6%
BlackRock - International Equity	6.1%
Argon SA Equity Fund	4.0%
Mergence Equity (Swix) Fund	2.9%
MAZI Capital SA Equity (Swix) Fund	1.9%
Prudential Core Capped Swix Equity Fund	1.9%
KZN Satrix SWIX Portfolio	1.9%
Coronation - SA Cash	1.8%
Prudential (Int Bond)	1.5%
Coronation Absolute Bond - SA Bonds	1.5%
Old Mutual - SA Private Equity	1.2%
Coronation - SA Bonds	0.7%
Stanlib Bond Fund	0.4%
ATA Fund 3	0.4%