

KZN ISLAMIC FUND

APRIL 2021

The KZN Islamic Fund is a moderately aggressive fund that aims to provide steady long term returns and capital growth.

The fund is invested in a wide variety of domestic and international asset classes such as equity, sukuk and listed property. The selected 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.

The underlying investments will comply with Sharia requirements as prescribed by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) as well as the prudential investment guidelines set out in Regulation 28 of the Pensions Funds Act.

Due to its relatively high allocation to growth assets, 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.

This fund is suitable for Muslim investors requiring a Sharia-compliant portfolio appropriate for retirement schemes.

MONTHLY COMMENTARY

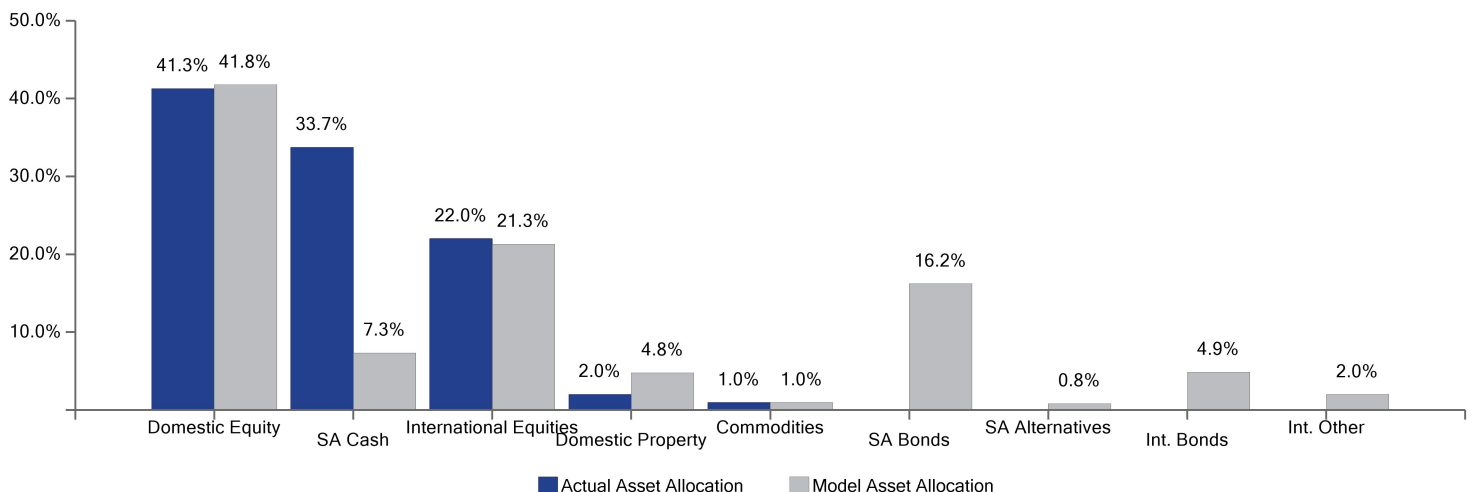
2021 is likely to experience a slowdown mid-year and more volatile next six months before ending on a better footing than 2020. Eyebrows have been raised in the United States over President Joe Biden's proposal to hike the corporate tax rate from 21% to 28%, yet corporate tax has previously been higher, climbing to 52.8% in 1968 and 1969. Joe's first 100 days delivered a record fiscal stimulus, but going forward tax increases will be required to fund the ambitious \$2.25tn infrastructure stimulus. This means US earnings are likely to be lower than expected in 2022. Proposals include almost doubling the capital gains tax rate for wealthy individuals to 39.6% to help pay for the \$1.8tn American Families Plan.

Emerging markets are set up for a comeback, led by China which has had an impressive recovery in recent months. Emerging markets have struggled over the last decade due to a lower allocation to tech, a strong US dollar and lack of domestic reforms. However, we believe this is set to turn around in the medium term.

Investors looking to access the EM market will be pleased to know we are launching the Sygnia Emerging Markets 50 ETF on the 14th of May, hot on the heels of our successfully launched Sygnia Global 1200 ESG ETF. Locally, we anticipate a long wait when it comes to an improvement in the reform agenda to boost growth. Much like the process of removing hookworms, purging the corruption within the government is proving to be a tedious process. ANC secretary general Ace Magashule seems to have no intention to step down and most recently, allegations of corruption have emerged over the Risk Mitigation Independent Power Producer Programme.

A spark of hope lies in the signing into law of the Auditing Profession Amendment Act, which is widely expected to be a critical tool in the fight against state and corporate capture and corruption. On the vaccine front, South Africa has restarted the Johnson & Johnson vaccines rollout and as at 3rd May, 318 670 vaccines had been administered. The FTSE/JSE SWIX Index fell 0.3%, Industrials were down 1.4% and Financials increased 1.7%. The JSE All Bond Index grew 1.9%, while the rand appreciated by 1.8% relative to the US dollar.

ACTUAL ASSET ALLOCATION



FRONT OFFICE CONTACT DETAILS

031 322 9002
Vusi.Ngcobo@durban.gov.za
SmartXchange Building | 5 Walnut Road | Durban | 4000

FUND SUMMARY AS AT 30 APRIL 2021

STATISTIC	FUND	BENCHMARK
% Positive Months	63.3%	65.0%
% Negative Months	36.7%	35.0%
Worst Month	-8.1%	-10.3%
Best Month	7.6%	9.6%
Average Return	0.7%	0.5%
Median Return	0.8%	0.8%
Maximum Drawdown	-13.0%	-14.3%

PERFORMANCE ANALYSIS TO 30 APRIL 2021

PERIOD	FUND	BENCHMARK
1 Month	1.0%	0.9%
3 Months	8.5%	4.8%
6 Months	21.9%	16.3%
Year to Date	11.9%	7.3%
1 Year	28.1%	19.2%
3 Years	9.7%	5.6%
5 Years	8.4%	5.1%
Since Inception	7.6%	7.4%

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

FEES

	PERCENTAGE
Total Expense Ratio (TER)	1.14% (Dec 2020)
Transaction Costs (TC)	0.17% (Dec 2020)
Total Investment Charge (TIC)	1.31% (Dec 2020)

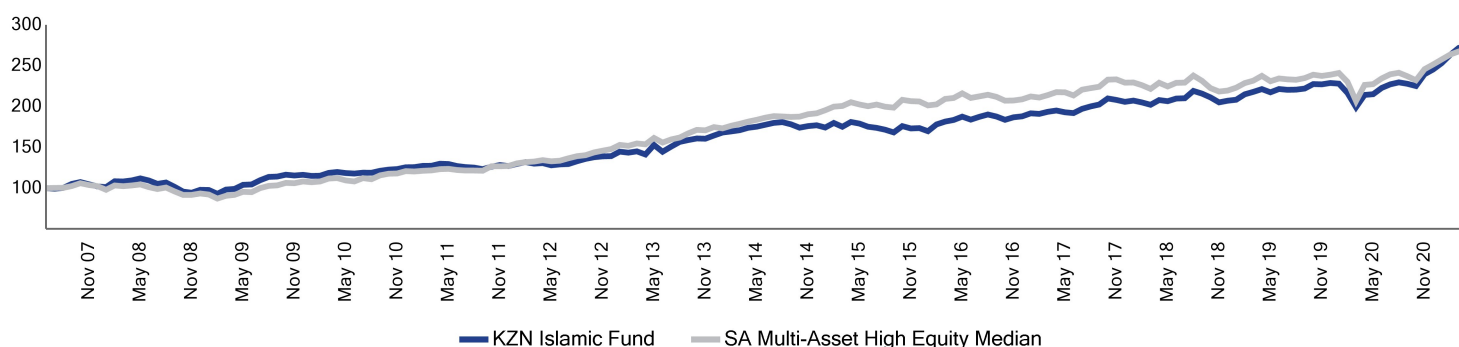
BENCHMARK COMPOSITION

SA Multi-Asset High Equity Median

HISTORICAL PERFORMANCE

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
2016	-2.2%	4.9%	1.9%	1.1%	2.2%	-2.0%	1.9%	1.5%	-1.3%	-2.1%	1.7%	0.6%	8.3%
2017	2.0%	-0.4%	1.3%	0.8%	-1.1%	-0.5%	2.7%	1.5%	1.1%	3.7%	-0.9%	-1.1%	9.4%
2018	0.7%	-1.1%	-1.4%	2.9%	-0.7%	1.6%	0.2%	4.3%	-1.5%	-2.2%	-2.9%	1.0%	0.7%
2019	0.6%	3.2%	1.4%	1.6%	-1.8%	1.8%	-0.4%	0.1%	0.6%	2.5%	-0.1%	0.7%	10.5%
2020	-0.4%	-5.0%	-8.1%	7.6%	0.4%	3.6%	2.0%	1.1%	-0.8%	-1.2%	6.4%	2.4%	7.2%
2021	3.2%	4.1%	3.2%	1.0%									11.9%

CUMULATIVE INVESTMENT PERFORMANCE



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CALENDAR YEAR RETURNS

PERFORMANCE	FUND	BENCHMARK
2016	8.3%	1.3%
2017	9.4%	9.8%
2018	0.7%	-4.2%
2019	10.5%	8.8%
2020	7.2%	5.3%

MANAGER ALLOCATION 30 APRIL 2021

MANAGER	PERCENTAGE
Old Mutual Albaraka Balanced Fund	50.0%
Kagiso - Islamic Balanced	50.0%