

KZN DEFENSIVE FUND

JUNE 2021

The KZN Defensive Fund is a low risk fund that aims to balance the needs of members that are approaching retirement; to preserve their capital, to maintain exposure to growth assets and maintain the level of income that can be secured at retirement.

The fund is well diversified between asset classes, both locally and internationally, but is managed within conservative parameters. The fund's asset allocation is fixed and the fund makes use of specialist asset managers to select the most attractive securities to invest in within each asset class.

Due to its relatively low allocation to growth assets, the fund has a low chance of capital loss in the short term and is expected to achieve moderate real growth of capital over the long-term. The fund is best suited to members who have a short to medium term (1-3 years) investment horizon.

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

MONTHLY COMMENTARY

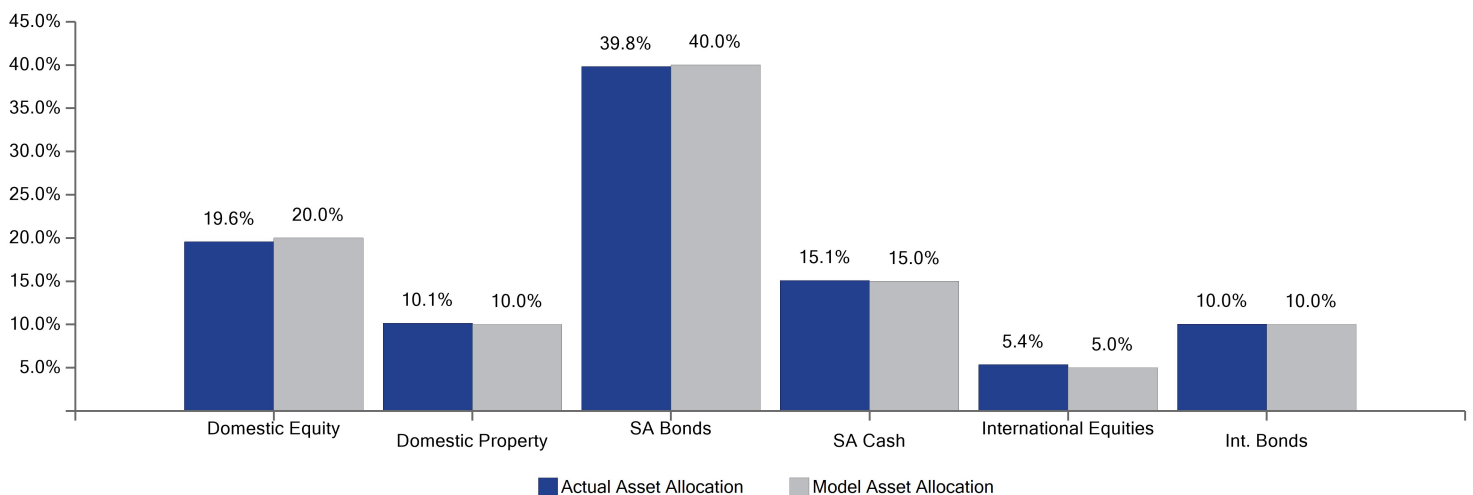
Globally, the Covid-19 pandemic continues to hold countries hostage, with the emergence of the Delta strain. Pharmaceutical companies are facing incessant pressure in terms of mass production. Dr Anthony Fauci, President Joe Biden's chief medical adviser, says the Delta variant accounted for more than 20% of new infections in the US and threatens the nation's efforts to eradicate Covid-19. While the FDA (Federal Drug Administration) and CDC (Centre for Disease Control) do not currently recommend a booster shot after receiving a vaccine, some virologists in the US have taken the Pfizer shot after already receiving the Johnson & Johnson (J&J) vaccine, claiming there are "too many unknowns and we can't wait for recommendations."

Locally, just over 3 million vaccines had been administered as of 01 July 2021. Both the Pfizer and the J&J vaccines are being rolled out. The Astra Zeneca vaccine has also been registered in South Africa. Government is currently reviewing the efficacy of the Sinovac, Sinopharm and Sputnik vaccines as well. The healthcare industry braces itself amidst increasing infection rates, largely attributed to the Delta variant.

Economies are recovering, although a recovery to pre-2019 levels may take some years, particularly in terms of debt repayments. Deputy Governor of the South African Reserve Bank, Koen Naidoo, says the current lockdown restrictions are "merely a speed bump" and unlikely to derail the country's economic recovery. SA recorded a massive trade surplus of R54.6 billion for May 2021, marking the third consecutive month where the surplus has been above R50 billion.

The Constitutional Court ruling sentencing Former President Jacob Zuma to 15 months jail time for contempt of court has sent a very loud signal that no South African is above the law. This is sure to have several high-ranking ANC members fearing a little. It looks like the South African rollercoaster economy is set for another downhill turn, but we should see an improvement towards the third quarter as the national vaccine rollout gathers momentum. The FTSE/JSE SWIX Index fell 2.8%, Industrials were up 0.6% and Financials decreased by 2.6%. The JSE All Bond Index increased 1.1%, while the rand depreciated by 4.1% 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

KZN

MUNICIPAL PENSION FUND

FUND SUMMARY AS AT 30 JUNE 2021

STATISTIC	FUND	BENCHMARK
% Positive Months	68.3%	65.0%
% Negative Months	31.7%	35.0%
Worst Month	-7.3%	-11.3%
Best Month	5.3%	9.4%
Average Return	0.6%	0.4%
Median Return	0.8%	0.5%
Maximum Drawdown	-9.7%	-13.7%

PERFORMANCE ANALYSIS TO 30 JUNE 2021

PERIOD	FUND	BENCHMARK
1 Month	0.9%	0.3%
3 Months	3.7%	2.9%
6 Months	7.0%	7.0%
Year to Date	7.0%	7.0%
1 Year	14.4%	12.3%
3 Years	7.6%	5.8%
5 Years	7.0%	5.0%
Since Inception	7.3%	5.8%

Inception Date: 29 May 2015. Returns prior to inception are backtested.
Returns are net of the TIC.

FEES

	PERCENTAGE
Total Expense Ratio (TER)	0.41% (Mar 2021)
Transaction Costs (TC)	0.06% (Mar 2021)
Total Investment Charge (TIC)	0.47% (Mar 2021)

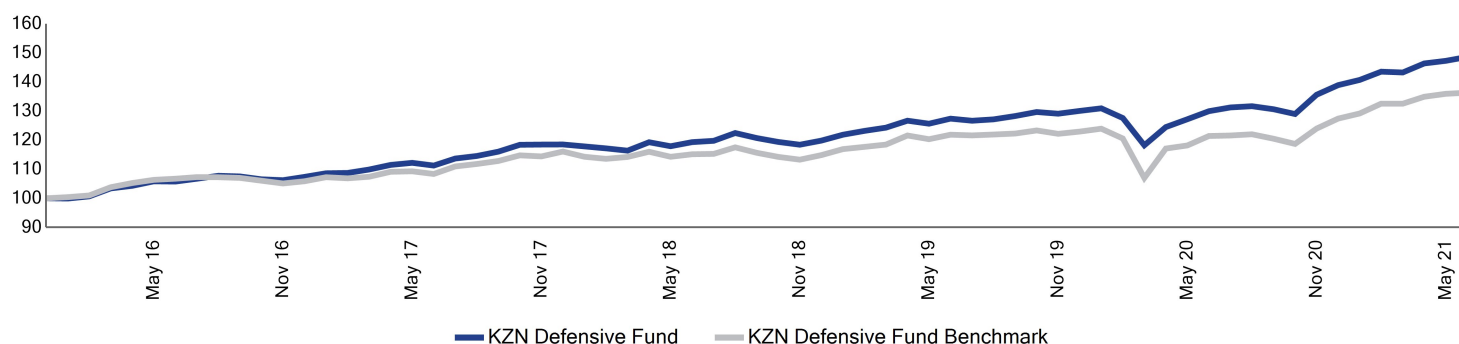
BENCHMARK COMPOSITION

The fund benchmark is a composite benchmark consisting of: 20% SWIX, 15% ALBI, 10% SAPY, 15% STeFI, 5% MSCI World Index, 10% Barclays Global Bond Index, 25% Barclays BEASSA Index

HISTORICAL PERFORMANCE

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
2016	-0.1%	0.7%	2.7%	0.9%	1.5%	-0.1%	0.9%	1.0%	-0.2%	-0.9%	-0.3%	1.1%	7.4%
2017	1.2%	0.1%	1.1%	1.4%	0.6%	-0.8%	2.2%	0.8%	1.3%	2.0%	0.1%	0.0%	10.4%
2018	-0.6%	-0.6%	-0.7%	2.5%	-1.1%	1.2%	0.4%	2.2%	-1.4%	-1.1%	-0.8%	1.2%	1.1%
2019	1.7%	1.1%	0.9%	1.9%	-0.8%	1.4%	-0.6%	0.4%	0.9%	1.1%	-0.4%	0.7%	8.5%
2020	0.7%	-2.6%	-7.3%	5.3%	2.2%	2.2%	1.0%	0.3%	-0.8%	-1.3%	5.1%	2.4%	6.8%
2021	1.3%	2.0%	-0.2%	2.2%	0.6%	0.9%							7.0%

CUMULATIVE INVESTMENT PERFORMANCE



DISCLAIMER

The information and commentary contained in this document is of a general nature and is not intended to address the circumstances of a particular individual or entity. It does not in any way constitute a solicitation, recommendation, guidance or proposal, nor does it constitute financial, investment, tax, legal or other advice. Whilst reasonable care was taken in ensuring that the information is accurate, Sygnia Asset Management does not warrant its accuracy, correctness or completeness and accepts no liability in respect of any damages and/or loss suffered as a result of reliance on the information in this document. No one should act upon the information contained in this document without having obtained appropriate and professional financial, investment, legal, tax and such other relevant advice as may be required in each instance. Sygnia Asset Management is a licensed financial services provider (FSP 873): 7th Floor, the Foundry, Cardiff Street, Green Point, 8001 Tel: (021) 446 4940/Fax: (021) 446 4950

CALENDAR YEAR RETURNS

PERFORMANCE	FUND	BENCHMARK
2016	7.4%	5.9%
2017	10.4%	9.6%
2018	1.1%	-1.1%
2019	8.5%	7.0%
2020	6.8%	3.6%

MANAGER ALLOCATION 30 JUNE 2021

MANAGER	PERCENTAGE
Coronation Absolute Bond - SA Bonds	22.3%
Coronation - SA Cash	15.1%
Coronation - SA Bonds	10.7%
Prudential (Int Bond)	10.0%
Stanlib Bond Fund	6.8%
Argon SA Equity Fund	6.1%
STANLIB Property Income Fund Class B3	5.2%
SMMI Positive Return Fund Three B11	4.9%
BlackRock - International Equity	4.6%
Mergence Equity (Swix) Fund	4.5%
KZN Satrix SWIX Portfolio	3.1%
Prudential Core Capped Swix Equity Fund	3.0%
MAZI Capital SA Equity (Swix) Fund	2.9%
BlackRock MSCI Emerging Market Equity	0.8%