

KZN ISLAMIC FUND

AUGUST 2023

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, sukuks 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

Markets declined in August before recovering slightly. Tensions heightened after Fitch downgraded the US credit rating, driving US real bond yields to their highest level since 2009. European natural gas prices shot up by nearly 40% due to potential disruptions in the global supply of liquefied natural gas from Australia. Concurrently, oil prices reached a nine-month peak, further intensifying overarching inflation concerns.

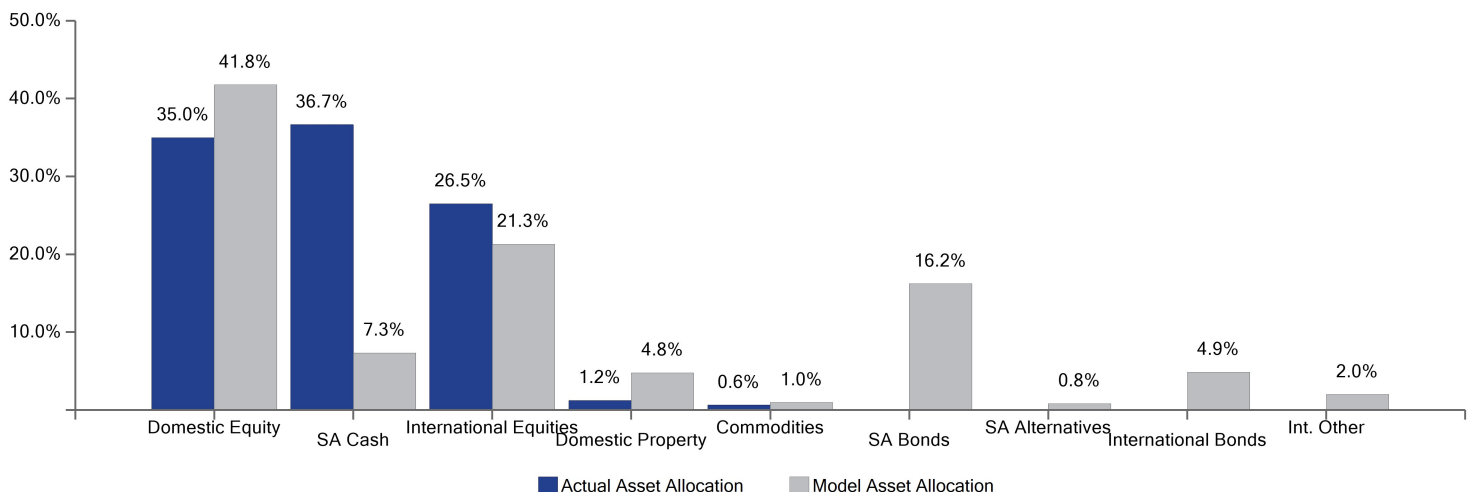
The Chinese economy remains of concern. In response to escalating concerns over deflationary pressures and a sagging property market, Chinese authorities intensified their yuan interventions to prevent swift depreciation, and the People's Bank of China announced cuts to its mortgage rates for the first time since the great financial crisis - but the market believes further stimulus is required. President Xi attended the BRICS summit in Johannesburg, where membership was expanded from five to eleven nations as top oil exporter Saudi Arabia joined the bloc along with Iran, Egypt, Argentina, Ethiopia and the United Arab Emirates in an ambitious push to expand global influence.

In the US, remarkable consumer endurance has maintained inflation above the 2% mark, prompting the US Federal Reserve to again underscore its commitment to curtailing it. Trump was booked on felony charges in Georgia and his mug shot went viral along with his popularity, highlighting the US presidential elections on the horizon.

The US remains resilient, and a cyclical manufacturing turnaround is possible. The tailwinds suggest good news over the coming months, but history suggests that the aggressive monetary tightening of the past year will eventually lead to an economic slowdown. While we expect inflation to remain sticky, it will fall along with growth as excess savings from Covid run out and China continues to export deflation. This is bullish for bonds and the dollar. As the global economy is not out of the woods quite yet, we remain cautiously positioned.

The FTSE/JSE CAPPED SWIX Index decreased by 4.8%, Industrials were down 5.1% and Financials dropped by 1.8%. The JSE All Bond Index declined by 0.2%, while the rand depreciated by 6.5% relative to the US dollar.

ACTUAL ASSET ALLOCATION



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FUND SUMMARY AS AT 31 AUGUST 2023

STATISTIC	FUND	BENCHMARK
% Positive Months	61.7%	60.0%
% Negative Months	38.3%	40.0%
Worst Month	-8.1%	-10.3%
Best Month	7.6%	9.6%
Average Return	0.7%	0.5%
Median Return	0.6%	0.8%
Maximum Drawdown	-13.0%	-14.3%

PERFORMANCE ANALYSIS TO 31 AUGUST 2023

PERIOD	FUND	BENCHMARK
1 Month	-0.6%	-0.3%
3 Months	-0.7%	2.0%
6 Months	2.2%	2.2%
Year to Date	6.3%	8.0%
1 Year	10.2%	10.8%
3 Years	12.4%	8.7%
5 Years	8.3%	5.5%
Since Inception	7.6%	7.3%

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

FEES

	PERCENTAGE
Total Expense Ratio (TER)	1.15% (Jun 2023)
Transaction Costs (TC)	0.12% (Jun 2023)
Total Investment Charge (TIC)	1.27% (Jun 2023)

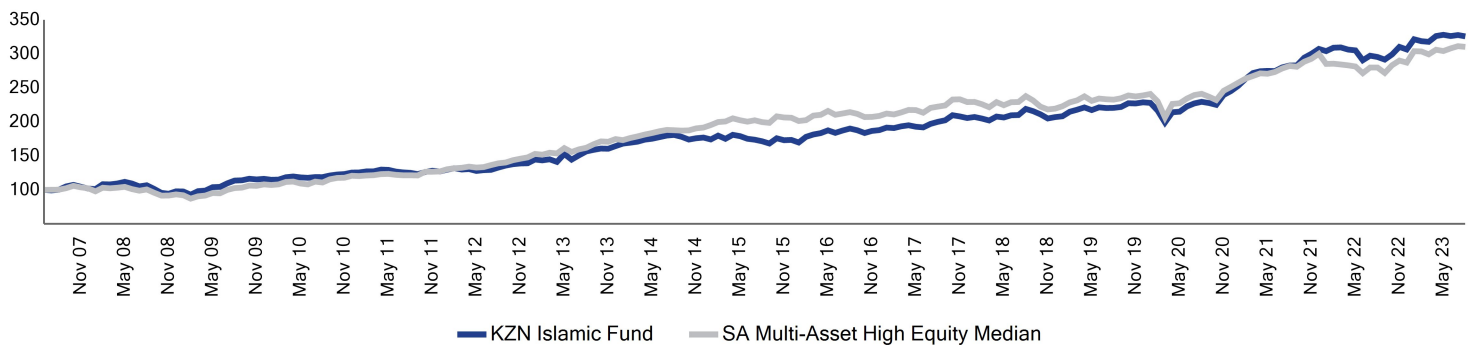
BENCHMARK COMPOSITION

SA Multi-Asset High Equity Median

HISTORICAL PERFORMANCE

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
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%	0.2%	-0.1%	2.0%	1.0%	0.1%	4.0%	2.0%	2.4%	25.3%
2022	-1.1%	1.6%	0.1%	-1.0%	-0.4%	-4.8%	2.3%	-0.6%	-1.3%	2.6%	3.7%	-1.2%	-0.3%
2023	4.9%	-0.9%	-0.3%	2.7%	0.6%	-0.6%	0.5%	-0.6%					6.3%

CUMULATIVE INVESTMENT PERFORMANCE



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CALENDAR YEAR RETURNS

PERFORMANCE	FUND	BENCHMARK
2018	0.7%	-4.2%
2019	10.5%	8.8%
2020	7.2%	5.3%
2021	25.3%	19.3%
2022	-0.3%	-4.3%

MANAGER ALLOCATION 31 AUGUST 2023

MANAGER	PERCENTAGE
Camissa - Islamic Balanced	50.0%
Old Mutual Albaraka Balanced Fund	49.4%
Cash	0.6%