

# KZN AGGRESSIVE FUND

MARCH 2024

The KZN Aggressive Fund is an aggressive fund that aims to maximise investment returns over the longer term. The fund maintains a high exposure to growth assets, such as local and foreign equities and gains additional exposure to growth assets via investments in local property and private equity. 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 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 (7 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

Global stock markets recorded their best first-quarter performance in five years, buoyed by hopes of a soft economic landing in the US and enthusiasm about artificial intelligence. This is working perfectly for our funds.

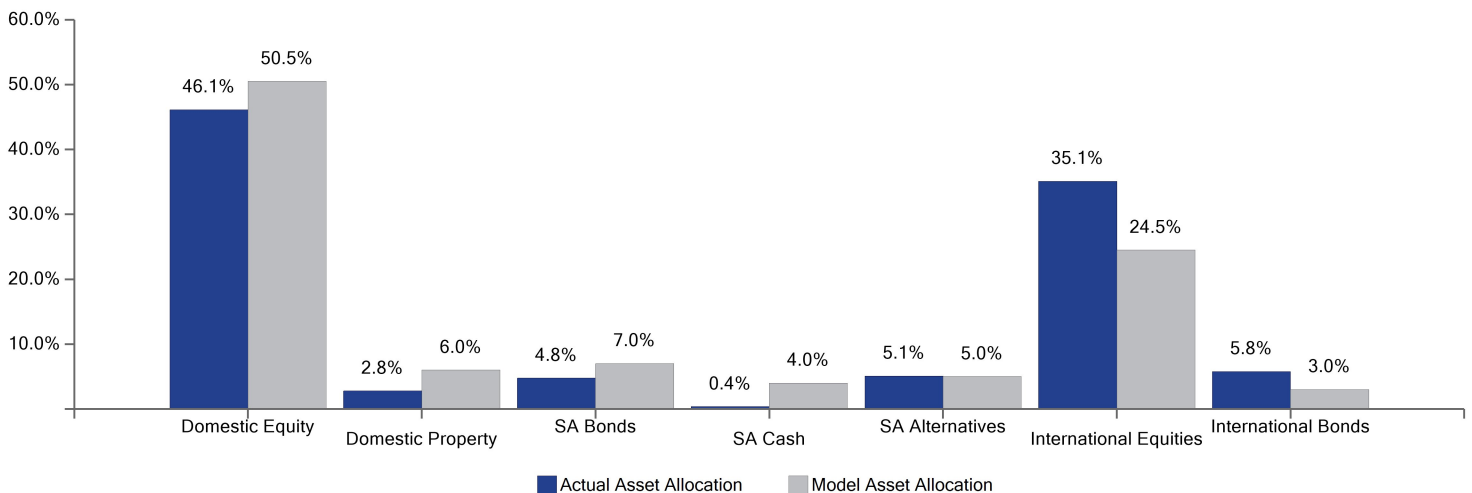
The Bank of Japan ended eight years of negative policy rates with its first hike in 17 years. The central bank set a new policy rate range of between 0% and 0.1%, shifting from -0.1% short-term interest. Despite Chinese stagnation, manufacturing green shoots are evident in the rest of the world. Taiwan's trade figures point to an improvement in global trade, and the Swedish krona's appreciation suggests global growth is improving.

US exceptionalism is supported by its energy independence. According to the US Energy Information Administration, the US produced 28% more oil in 2023 than the world's previous top producer, Russia, and 33% more than Saudi Arabia. US economic resilience will be tested by the lagged effects of monetary tightening, but a recession is unlikely in light of the room for monetary easing, a productivity resurgence and strong household balance sheets. The Fed is likely to cut three times this year.

Inflation expectations could increase in response to stronger economic growth or an oil spike related to geopolitics. Crude oil prices have risen steadily this month as Ukrainian drone attacks on Russian oil facilities are estimated to have shut down 7% of Russia's refining capacity. Vladimir Putin unsurprisingly won Russia's presidential election - the vote, which included the five Ukrainian regions occupied by Russia, was never in doubt after the Kremlin blocked any opposition candidates from running. Climate change also poses a risk to the inflation outlook. Our oceans have experienced record-breaking global sea surface temperatures, fuelling concerns of extreme weather patterns - any major weather event could cause supply chain disruptions and higher inflation. Election risks also loom large, both in South Africa on 29 May and in the US on 5 November. With Biden currently leading by 1% point, the US election will be closely contested.

We maintain an overweight position in US equities for now. The dollar may weaken due to narrower interest rate differentials or a rest of world growth recovery, but US elections and China weakness are likely to keep the dollar strong. The FTSE/JSE CAPPED SWIX Index increased by 2.9%, Industrials were up by 2.9% and Financials fell by 3.5%. The JSE All Bond Index dropped by 1.9%, while the rand appreciated by 1.3% relative to the US dollar.

## ACTUAL ASSET ALLOCATION



### FRONT OFFICE CONTACT DETAILS

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## FUND SUMMARY AS AT 31 MARCH 2024

STATISTIC	FUND	BENCHMARK
% Positive Months	61.7%	63.3%
% Negative Months	38.3%	36.7%
Worst Month	-10.3%	-11.9%
Best Month	9.7%	11.4%
Average Return	0.8%	0.9%
Median Return	1.2%	0.8%
Maximum Drawdown	-15.5%	-17.8%

## PERFORMANCE ANALYSIS TO 31 MARCH 2024

PERIOD	FUND	BENCHMARK
1 Month	2.1%	1.6%
3 Months	3.1%	2.8%
6 Months	10.2%	11.1%
Year to Date	3.1%	2.8%
1 Year	12.1%	12.3%
3 Years	10.1%	10.7%
5 Years	9.9%	10.1%
Since Inception	10.6%	10.8%

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

## FEES

	PERCENTAGE
Total Expense Ratio (TER)	0.44% (Dec 2023)
Transaction Costs (TC)	0.07% (Dec 2023)
Total Investment Charge (TIC)	0.51% (Dec 2023)

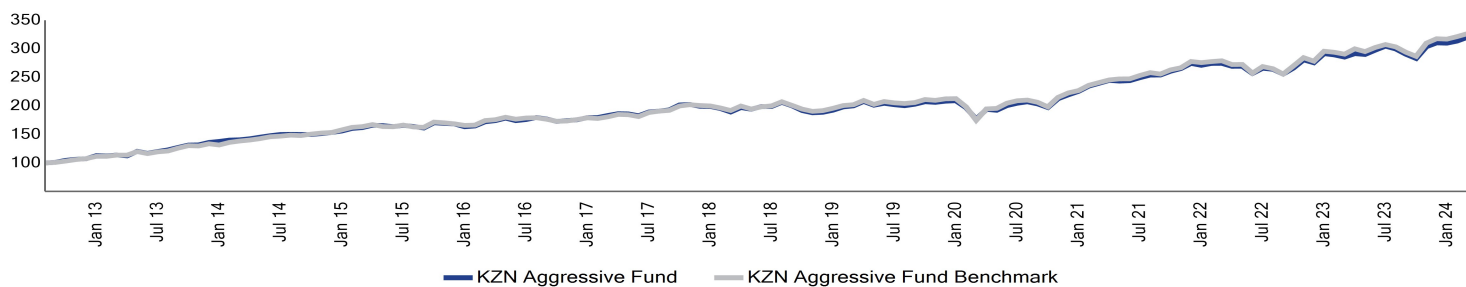
## BENCHMARK COMPOSITION

The fund benchmark is a composite benchmark consisting of: 50.3% Capped SWIX, 7.6% ALBI, 6% SAPY, 8.5% STeFI, 24.5% MSCI All Country World Index, 3% Barclays Global Agg Bond Index

## HISTORICAL PERFORMANCE

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
2023	5.8%	-0.8%	-1.3%	2.1%	-0.5%	2.6%	2.4%	-1.6%	-3.1%	-2.5%	7.3%	2.2%	12.6%
2024	-0.2%	1.2%	2.1%										3.1%

## CUMULATIVE INVESTMENT PERFORMANCE



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## CALENDAR YEAR RETURNS

PERFORMANCE	FUND	BENCHMARK
2022	0.4%	0.2%
2023	12.6%	14.1%

## MANAGER ALLOCATION 31 MARCH 2024

MANAGER	PERCENTAGE
BlackRock	33.3%
Argon SA Equity Fund	9.9%
MAZI Capital SA Equity (Swix) Fund	7.9%
Mianzo Capped Swix Active Equity Fund	7.8%
KZN Satrix SWIX Portfolio	6.1%
Old Mutual - SA Hedge Fund of Funds	5.1%
Lima Mbeu Equity Portfolio	4.2%
Mergence Equity (Swix) Fund	3.9%
Vunani	2.4%
SPDR S&P Kensho New Economies Composite ETF	1.8%
Garrington Capital (Coral Cove)	1.7%
M&G Global Bond Fund	1.7%
MSM Property Fund (Pty) LTD	1.5%
Coronation Absolute Bond - SA Bonds	1.4%
SMMI Positive Return Fund Three B11	1.4%
STANLIB	2.3%
P1 Finance PLC	1.7%
AFI Private Markets Fund	1.0%
Prescient Clean energy & Infrastructure Debt	1.0%
Old Mutual - SA Private Equity	0.6%
ATA Fund 3	0.5%
Vuna	0.5%
UMTHOMBO Private Markets Fund	0.5%
Mahlako Energy Fund I Partnership	0.3%
KZN APEX	0.6%
Ascension Private Equity Fund I	0.2%
Infra Impact Mid-Market Infrastructure Fund 1	0.2%
Coronation - SA Cash	0.2%
Taquanta Core Cash - KZN Municipal Pension Fund	0.2%
Cash	0.1%