

# KZN GLOBAL BALANCED PORTFOLIO

MARCH 2024

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

The fund makes use of a blend of three good quality asset managers who are mandated to invest across all local and foreign asset classes, via fully discretionary global balanced mandates. 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.

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

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.

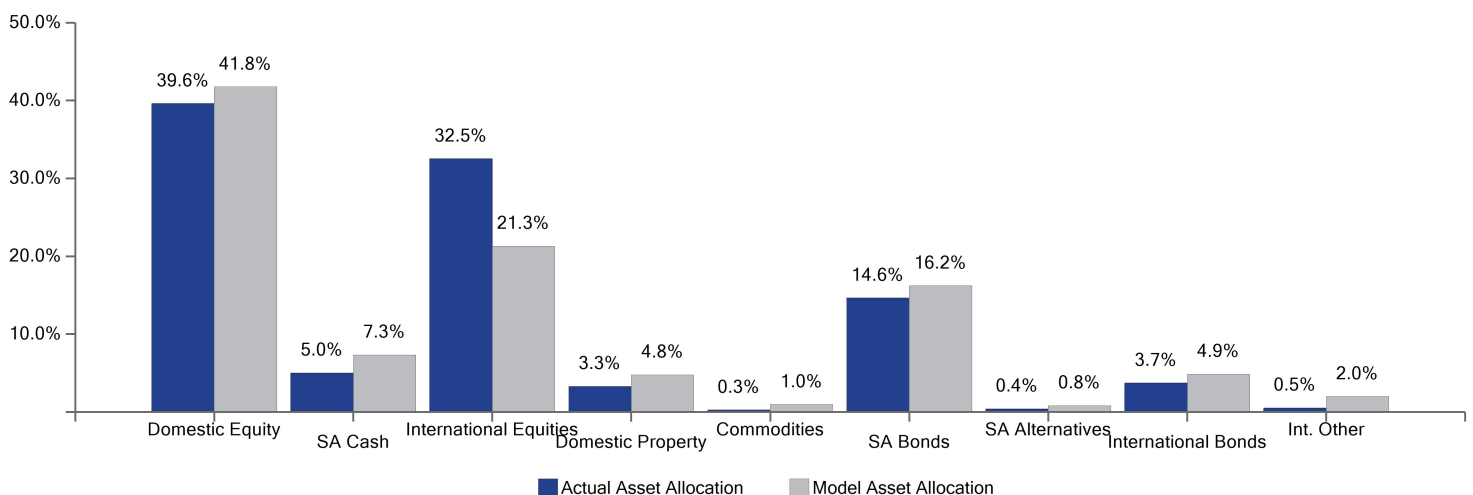
The Bank of Japan ended eight years of negative policy rates with its first hike in 17 years. The central bank set a new policy rate range of between 0% and 0.1%, shifting from -0.1% short-term interest. Despite Chinese stagnation, manufacturing green shoots are evident in the rest of the world. Taiwan's 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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**KZN**

MUNICIPAL PENSION FUND

## FUND SUMMARY AS AT 31 MARCH 2024

STATISTIC	FUND	BENCHMARK
% Positive Months	63.3%	65.0%
% Negative Months	36.7%	35.0%
Worst Month	-12.1%	-10.5%
Best Month	11.1%	9.7%
Average Return	0.9%	0.8%
Median Return	1.0%	0.9%
Maximum Drawdown	-16.3%	-14.8%

## PERFORMANCE ANALYSIS TO 31 MARCH 2024

PERIOD	FUND	BENCHMARK
1 Month	1.3%	1.2%
3 Months	1.7%	1.7%
6 Months	8.9%	8.7%
Year to Date	1.7%	1.7%
1 Year	9.3%	9.9%
3 Years	10.1%	9.9%
5 Years	10.3%	9.4%
Since Inception	8.6%	8.3%

Inception Date: 01 February 2019. Returns prior to inception are backtested. Returns are net of the TIC.

## FEES

	PERCENTAGE
Total Expense Ratio (TER)	0.73% (Dec 2023)
Transaction Costs (TC)	0.15% (Dec 2023)
Total Investment Charge (TIC)	0.88% (Dec 2023)

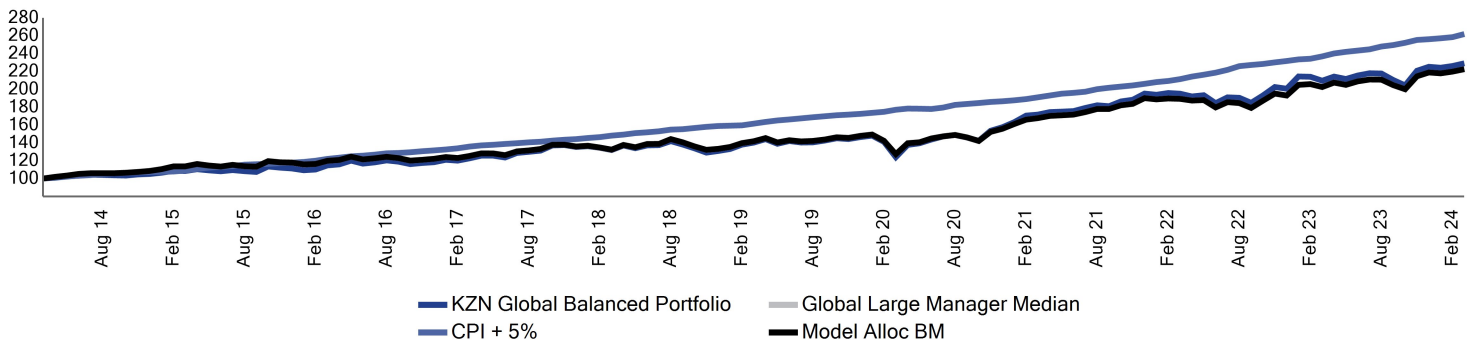
## BENCHMARK COMPOSITION

Global Large Manager Median

## HISTORICAL PERFORMANCE

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
2019	1.7%	3.7%	1.7%	2.8%	-3.6%	2.2%	-1.2%	0.2%	1.4%	1.8%	-0.6%	1.5%	11.9%
2020	1.1%	-4.7%	-12.1%	11.1%	1.3%	3.0%	2.5%	1.1%	-1.9%	-2.5%	7.9%	2.6%	7.5%
2021	3.6%	4.5%	0.7%	1.6%	0.3%	0.4%	2.0%	1.7%	-0.6%	2.9%	1.0%	3.7%	23.9%
2022	-0.7%	1.0%	-0.4%	-1.6%	0.7%	-4.6%	3.5%	-0.2%	-3.0%	4.5%	4.9%	-0.9%	2.8%
2023	6.8%	-0.2%	-2.1%	2.2%	-1.2%	1.8%	1.2%	-0.1%	-3.4%	-2.9%	8.0%	2.0%	12.2%
2024	-0.5%	0.9%	1.3%										1.7%

## CUMULATIVE INVESTMENT PERFORMANCE



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## CALENDAR YEAR RETURNS

PERFORMANCE	FUND	BENCHMARK
2020	7.5%	5.4%
2021	23.9%	22.0%
2022	2.8%	1.5%
2023	12.2%	13.4%

## MANAGER ALLOCATION 31 MARCH 2024

MANAGER	PERCENTAGE
Coronation Managed Portfolio	33.4%
Ninety One Global Balanced Fund	33.3%
M&G Global Balanced Fund	33.3%