KZN MANAGED FUND

JANUARY 2024

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

The fund can invest across all local and foreign asset classes. The fund makes use of a blend of three good quality asset managers who have been given fully discretionary global balanced mandates. These asset managers have the freedom to select the allocation to each of theseasset classes and the most attractive securities to invest in within each asset class. A portion of the fund is managed on a strategic asset allocation basis, where the long term allocation between the various asset classes have been set, taking into account the fund's long term aim. Specialist asset managers have been appointed to manage each of the asset classes and have the freedom to select 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

Geopolitical tensions in the Middle East have risen sharply after the US and UK launched airstrikes on Houthi targets in Yemen to stop it attacking ships in the Red Sea. This has triggered the biggest diversion of international trade in decades, rerouting ships away from the Suez Canal to take much longer and more expensive routes around southern Africa. Global supply chains have been disrupted and freight costs have surged. The probability of escalation in the Middle East has risen but is still not our base case. Impacts are limited for now, but maintaining this status is dependent on the timing of the reopening of the Suez Canal. Increasing geopolitical tensions in Russia/Ukraine have prompted NATO's allies to launch a series of military exercises called Steadfast Defender from February to May this year. It will be the largest such operation since the Cold War, with participation from 90 000 troops from all 31 allied countries and Sweden.

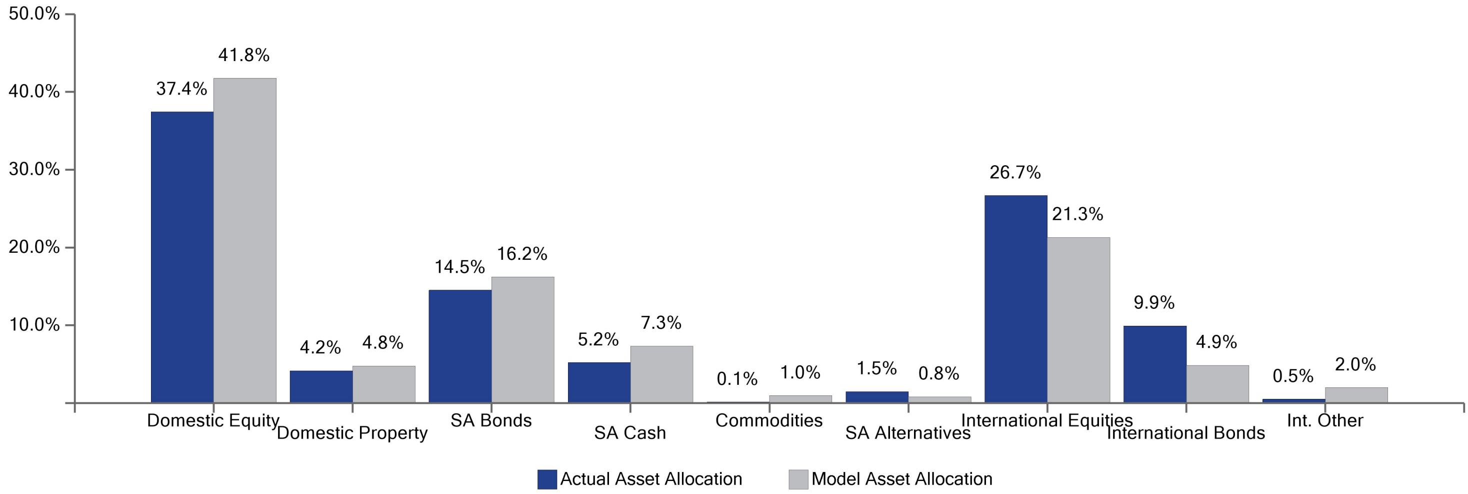
In South Africa, inflation fell to 5.1%, below expectations, and the February budget could see an increase to the wage bill, which would be negative - but we expect no major surprises. More significant is the election risk, tentatively scheduled for 22 or 29 May.

Chinese data continue to send deflationary signals. Although Q4 GDP came in at 5.2%, above the official target, it was below the expectation of 5.3%. The GDP deflator declined 1.5% year-on-year as China continues to export deflation. The property market is still deteriorating, with the contraction in new home prices and residential property sales deepening. China has announced a cut in the reserve rate requirement by 0.5%, which will provide 1 trillion yuan in liquidity. This cut is far above the 0.25% cuts seen throughout 2023 and signals a strong intention to support markets.

Economies (and labour demand) are likely to accelerate in developed economies over the next few months thanks to easier financial conditions, a pick-up in housing and a stabilisation in global manufacturing, but the unemployment rate should be monitored for signs of a recession in early 2025. Our base case is still no recession; as Covid effects move out, the economy will recover as rates are cut. We remain overweight US equities despite their valuation premium.

The FTSE/JSE CAPPED SWIX Index decreased by 2.8%, Industrials were down by 1.3% and Financials fell by 2.9%. The JSE All Bond Index improved by 0.7%, while the rand depreciated by 1.7% relative to the US dollar.

ACTUAL ASSET ALLOCATION



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KZN MUNICIPAL PENSION FUND

FUND SUMMARY AS AT 31 JANUARY 2024

STATISTIC	FUND	BENCHMARK
% Positive Months	61.7%	66.7%
% Negative Months	38.3%	33.3%
Worst Month	-11.0%	-10.5%
Best Month	10.4%	9.7%
Average Return	0.9%	0.9%
Median Return	1.1%	1.0%
Maximum Drawdown	-15.1%	-14.8%

PERFORMANCE ANALYSIS TO 31 JANUARY 2024

PERIOD	FUND	BENCHMARK
1 Month	-0.3%	0.1%
3 Months	9.1%	9.7%
6 Months	2.3%	4.1%
Year to Date	-0.3%	0.1%
1 Year	5.3%	7.0%
3 Years	10.8%	10.8%
5 Years	10.4%	10.1%
Since Inception	10.4%	10.0%

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

FEES

	PERCENTAGE
Total Expense Ratio (TER)	0.63% (Sep 2023)
Transaction Costs (TC)	0.12% (Sep 2023)
Total Investment Charge (TIC)	0.75% (Sep 2023)

CALENDAR YEAR RETURNS

PERFORMANCE	FUND	BENCHMARK
2022	2.0%	1.7%
2023	12.3%	13.1%

MANAGER ALLOCATION 31 JANUARY 2024

MANAGER	PERCENTAGE
M&G - Global	16.9%
Ninety One Global Balanced Fund	15.3%
Coronation - Global Balanced	15.3%
BlackRock	11.6%
Argon SA Equity Fund	5.5%
Mianzo Capped Swix Active Equity Fund	4.3%
MAZI Capital SA Equity (Swix) Fund	4.3%
KZN Satrix SWIX Portfolio	3.3%
Vunani	3.0%
Lima Mbeu Equity Portfolio	2.3%
Mergence Equity (Swix) Fund	2.1%
Coronation Absolute Bond - SA Bonds	1.8%
Garrington Capital (Coral Cove)	1.3%
Coronation - SA Cash	1.3%
Taquanta Core Cash - KZN Municipal Pension Fund	1.3%
Avior Trading Account	1.3%
Stanlib	1.7%
MSM Property Fund (Pty) LTD	1.1%
P1 Finance PLC (listed bond)	1.1%
AFI Private Markets Fund	0.7%
SPDR S&P Kensho New Economies Composite ETF	0.6%
Prescient Clean energy & Infrastructure Debt I	0.5%
SMMI Positive Return Fund Three B11	0.5%
Old Mutual - SA Private Equity	0.4%
ATA Fund 3	0.4%
Vuna	0.4%
Prescient Clean energy & Infrastructure Debt II	0.2%
UMTHOMBO Private Markets Fund	0.2%
KZN APEX	0.4%
P1 Finance PLC (3 year listed bond)	0.3%
Ascension Private Equity Fund I	0.2%
Mahlako Energy Fund I Partnership	0.2%
Infra Impact Mid-Market Infrastructure Fund 1	0.1%

BENCHMARK COMPOSITION

The fund benchmark is a composite benchmark consisting of: 95% Global Large Manager Watch Median, 1.4% Capped SWIX, 1.6% ALBI, 2% SAPY

HISTORICAL PERFORMANCE

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
2023	6.3%	-0.4%	-1.6%	2.1%	-0.9%	2.1%	1.6%	-0.7%	-3.1%	-2.5%	7.4%	1.9%	12.3%
2024	-0.3%												-0.3%

CUMULATIVE INVESTMENT PERFORMANCE