

KZN AGGRESSIVE FUND

NOVEMBER 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

Markets reacted predictably to the recent "red sweep" in the US elections, with US equities, the dollar and bond yields experiencing significant gains. In contrast, non-US equity markets and currencies faced fresh challenges. The possibility of Donald Trump implementing corporate tax cuts and deregulation in his second term as US president is particularly advantageous for US equities. Deregulation is expected to stimulate entrepreneurship, increase labour productivity and lower inflation, while tax reductions could enhance corporate earnings and growth prospects. Conversely, Trump's proposed tariffs could adversely affect global markets, stunting growth.

The global economic outlook is intricately tied to Trump's impending foreign policy decisions, particularly regarding ongoing conflicts in Ukraine and Israel and trade relations with China. The ramifications of his policies are expected to be significant, especially given the historical context of the 2018-2019 trade war.

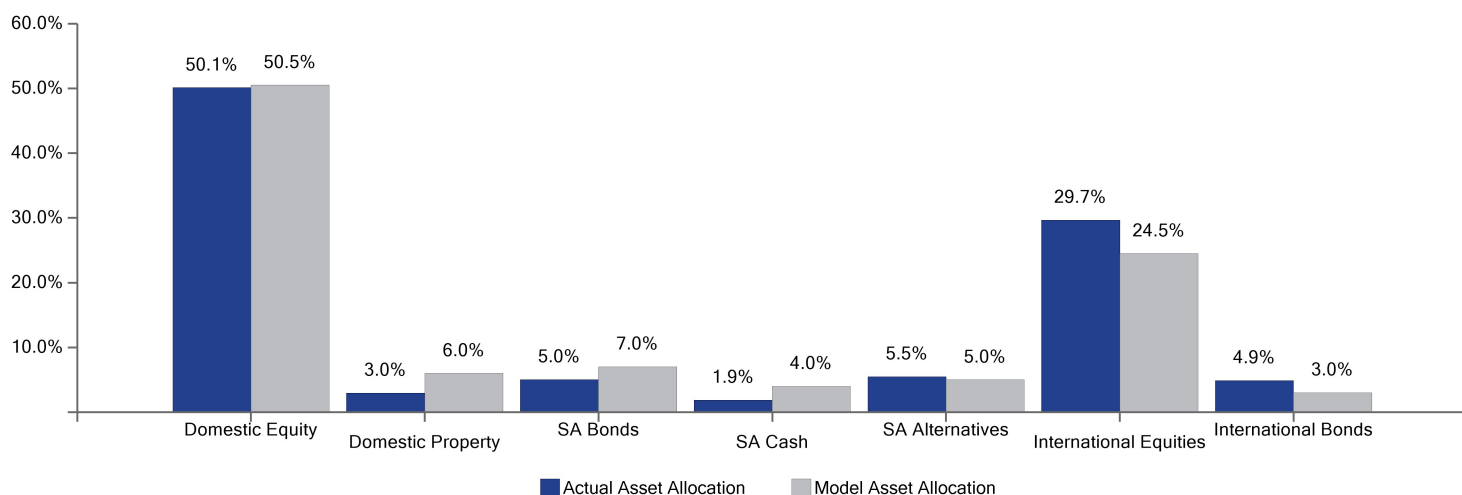
Our base case scenario is a prolonged period of higher growth and inflation, primarily driven by the US economy, where easing financial conditions, a robust labour market and strong wealth gains have allowed household balance sheets to remain strong and have supported consumer spending. European growth is expected to be dented by weaker sentiment. While the Fed and Bank of England are likely to limit rates easing, the European Central Bank and Sweden's Riksbank are likely to lower rates to below 2% in response to a shift to demand-side weakness.

In South Africa, improvements in investor confidence are anticipated due to the end of load shedding and potential reforms under the government of national unity (GNU). A favourable sentiment boost may also arise from the positive review of sovereign credit ratings by S&P Global Ratings. SA's core inflation came in on target at 3.9%, down from the previous month, allowing the South African Reserve Bank to cut rates by a further 25 bps.

Risks remain, however. Strong growth could lead to persistent US inflation, prompting aggressive Fed actions that could trigger a recession by 2026. Escalating trade wars could prompt significant retaliatory tariffs, diminishing investor confidence and causing a recession in 2025. A geopolitical event could cause a recession - Vladimir Putin has signed a decree allowing Russia to launch nuclear weapons, and the International Criminal Court has issued an arrest warrant for Prime Minister Benjamin Netanyahu for crimes against humanity and war crimes.

The FTSE/JSE Capped SWIX Index dropped 0.9%, Industrials were flat and Financials were up 0.3%. The JSE All Bond Index rose 3.1%, while the Rand weakened 2.2% against the Dollar.

ACTUAL ASSET ALLOCATION



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KZN

MUNICIPAL PENSION FUND

FUND SUMMARY AS AT 30 NOVEMBER 2024

STATISTIC	FUND	BENCHMARK
% Positive Months	66.7%	68.3%
% Negative Months	33.3%	31.7%
Worst Month	-10.3%	-11.9%
Best Month	9.7%	11.4%
Average Return	1.0%	1.0%
Median Return	1.2%	1.4%
Maximum Drawdown	-15.5%	-17.8%

PERFORMANCE ANALYSIS TO 30 NOVEMBER 2024

PERIOD	FUND	BENCHMARK
1 Month	1.0%	1.9%
3 Months	3.2%	3.3%
6 Months	9.4%	10.2%
Year to Date	14.8%	15.4%
1 Year	17.3%	18.2%
3 Years	10.3%	11.2%
5 Years	11.6%	11.8%
Since Inception	10.9%	11.2%

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

FEES

	PERCENTAGE
Total Expense Ratio (TER)	0.50% (Sep 2024)
Transaction Costs (TC)	0.07% (Sep 2024)
Total Investment Charge (TIC)	0.58% (Sep 2024)

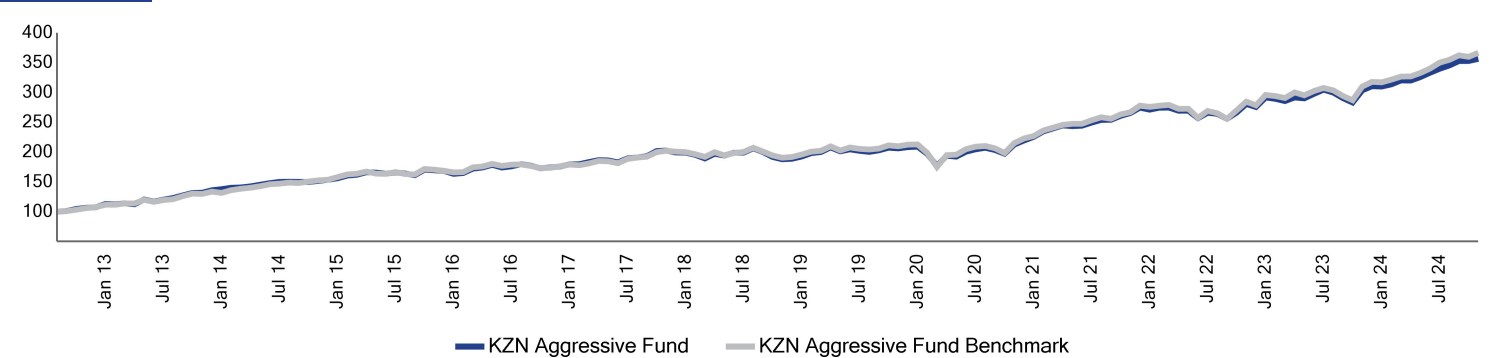
BENCHMARK COMPOSITION

The fund benchmark is a composite benchmark consisting of: 42% Capped SWIX, 5% ALBI, 3% SAPY, 7% STeFI, 30% MSCI All Country World Index, 5% Barclays Global Agg Bond Index, 8% Private Market Composite

HISTORICAL PERFORMANCE

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
2019	2.0%	3.0%	0.9%	3.9%	-3.2%	1.6%	-1.2%	-0.9%	1.3%	2.1%	-0.5%	1.0%	10.3%
2020	0.4%	-5.8%	-10.3%	9.7%	-0.8%	4.3%	2.0%	1.2%	-1.8%	-3.1%	7.8%	3.2%	5.3%
2021	2.8%	4.1%	2.1%	2.1%	-0.5%	0.3%	2.1%	1.8%	0.0%	2.6%	1.8%	3.4%	25.1%
2022	-1.2%	1.2%	0.1%	-1.9%	0.0%	-4.7%	3.5%	-0.7%	-3.2%	4.1%	5.4%	-1.8%	0.4%
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%	-0.1%	1.8%	2.2%	2.0%	1.6%	2.2%	0.0%	1.0%		14.8%

CUMULATIVE INVESTMENT PERFORMANCE



DISCLAIMER

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CALENDAR YEAR RETURNS

PERFORMANCE	FUND	BENCHMARK
2019	10.3%	10.8%
2020	5.3%	4.9%
2021	25.1%	24.7%
2022	0.4%	0.2%
2023	12.6%	14.1%

TOP 10 MANAGER ALLOCATION 30 NOVEMBER 2024

MANAGER	PERCENTAGE
iShares Developed World Index Fund	21.3%
KZN Satrix SmartCore Portfolio	11.1%
Argon SA Equity Fund	10.6%
Mianzo Capped Swix Active Equity Fund	7.8%
MAZI Capital SA Equity (Swix) Fund	6.6%
Old Mutual - SA Hedge Fund of Funds	5.5%
Lima Mbeu Equity Portfolio	4.3%
iShares Emerging Markets Index Fund	3.0%
Vunani	2.5%
Coronation Absolute Bond - SA Bonds	1.5%
Other	25.8%