

# KZN MANAGED FUND

NOVEMBER 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 these asset 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

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.

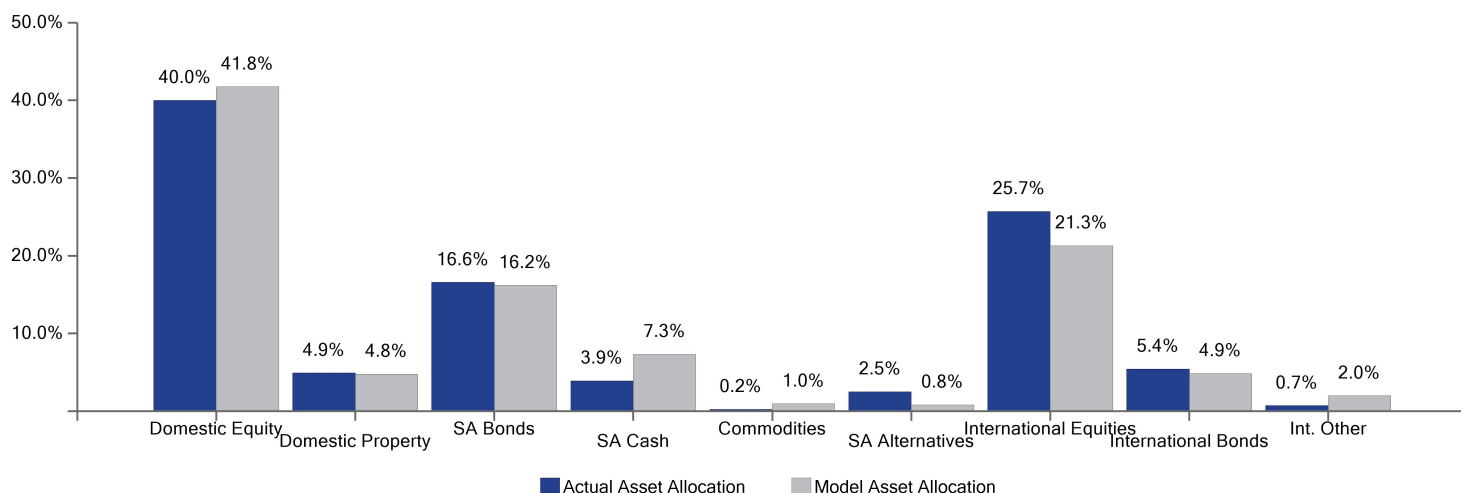
Our base case scenario is a prolonged period of higher growth and inflation, primarily driven by the US economy, where easing financial conditions, a robust labour market and strong wealth gains have allowed household balance sheets to remain strong and have supported consumer spending. European growth 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



### FRONT OFFICE CONTACT DETAILS

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**KZN**

MUNICIPAL PENSION FUND

FUND SUMMARY AS AT 30 NOVEMBER 2024

STATISTIC	FUND	BENCHMARK
% Positive Months	65.0%	68.3%
% Negative Months	35.0%	31.7%
Worst Month	-11.0%	-10.5%
Best Month	10.4%	9.7%
Average Return	1.0%	1.0%
Median Return	1.2%	1.0%
Maximum Drawdown	-15.1%	-14.8%

PERFORMANCE ANALYSIS TO 30 NOVEMBER 2024

PERIOD	FUND	BENCHMARK
1 Month	1.3%	2.0%
3 Months	3.6%	3.8%
6 Months	9.3%	10.5%
Year to Date	14.0%	14.6%
1 Year	16.1%	17.2%
3 Years	10.6%	11.0%
5 Years	11.8%	11.5%
Since Inception	10.8%	10.5%

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 2024)
Transaction Costs (TC)	0.12% (Sep 2024)
Total Investment Charge (TIC)	0.75% (Sep 2024)

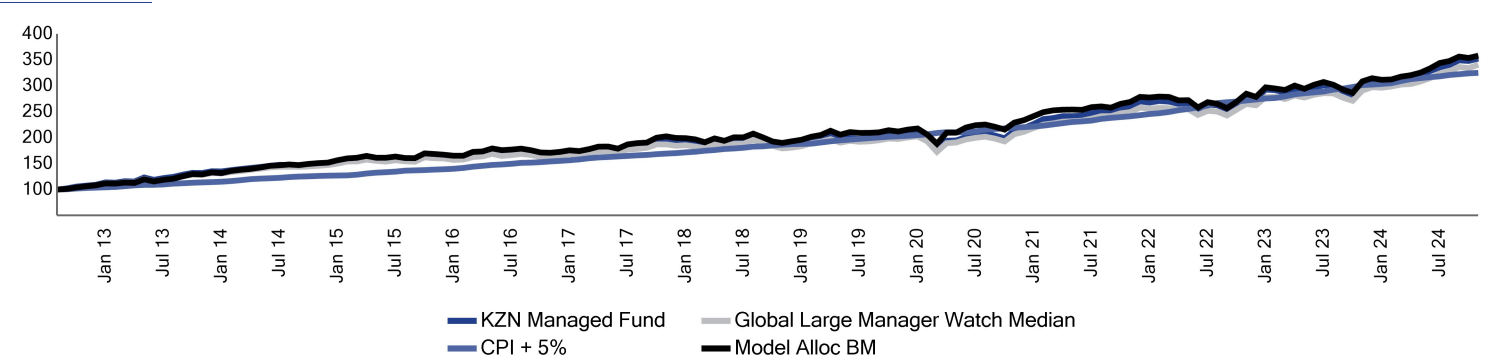
BENCHMARK COMPOSITION

The fund benchmark is a composite benchmark consisting of: 92% Global Large Manager Watch Median, 8% Private Market Composite

HISTORICAL PERFORMANCE

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
2019	1.5%	3.4%	1.5%	2.8%	-3.4%	2.0%	-1.1%	0.1%	1.3%	1.8%	-0.7%	1.4%	10.9%
2020	1.0%	-4.6%	-11.0%	10.4%	0.4%	3.2%	2.3%	1.1%	-1.8%	-2.6%	7.5%	2.5%	6.8%
2021	3.4%	4.2%	0.8%	1.6%	0.0%	0.4%	2.0%	1.6%	-0.3%	2.8%	1.2%	3.6%	23.3%
2022	-0.8%	1.1%	-0.4%	-1.6%	0.6%	-4.5%	3.5%	-0.3%	-2.9%	4.1%	4.9%	-1.2%	2.0%
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%	0.8%	1.5%	0.7%	1.6%	1.8%	2.2%	1.4%	2.6%	-0.3%	1.3%		14.0%

CUMULATIVE INVESTMENT PERFORMANCE



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CALENDAR YEAR RETURNS

PERFORMANCE	FUND	BENCHMARK
2019	10.9%	10.9%
2020	6.8%	5.4%
2021	23.3%	22.0%
2022	2.0%	1.7%
2023	12.3%	13.4%

TOP 10 MANAGER ALLOCATION 30 NOVEMBER 2024

MANAGER	PERCENTAGE
iShares Developed World Index Fund	11.1%
Coronation - Global Balanced	11.1%
M&G - Global Balanced	11.0%
Ninety One Global Balanced Fund	11.0%
KZN Satrx SmartCore Portfolio	7.2%
Argon SA Equity Fund	7.0%
Mianzo Capped Swix Active Equity Fund	5.1%
MAZI Capital SA Equity (Swix) Fund	4.3%
Vunani	3.8%
Lima Mbeu Equity Portfolio	2.8%
Other	25.5%