

KZN AGGRESSIVE FUND

SEPTEMBER 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

The S&P 500 closed at record highs after the first cut in the current cycle by the Federal Reserve. The Fed cut interest rates by 0.5% and updated its economic projections to reflect increased confidence for lower inflation while raising risks around the labour market. Despite the cooling labour market, the consumer sector appears robust. Household wealth has significantly increased due to rising values in housing and financial markets, and household balance sheets are in good shape, having undergone a prolonged period of deleveraging.

China's central bank unveiled a huge stimulus package to boost the economy, sending commodities and emerging market stocks higher. This is positive but is unlikely to sufficiently improve domestic consumer confidence. China faces a significant deflationary spiral, with the core issue not being that the Chinese government has excessive debt - this can be financed domestically - but that the ageing population and property market crunch have diminished consumer confidence and spending. The government needs to step in with supportive fiscal spend, i.e. take on more debt.

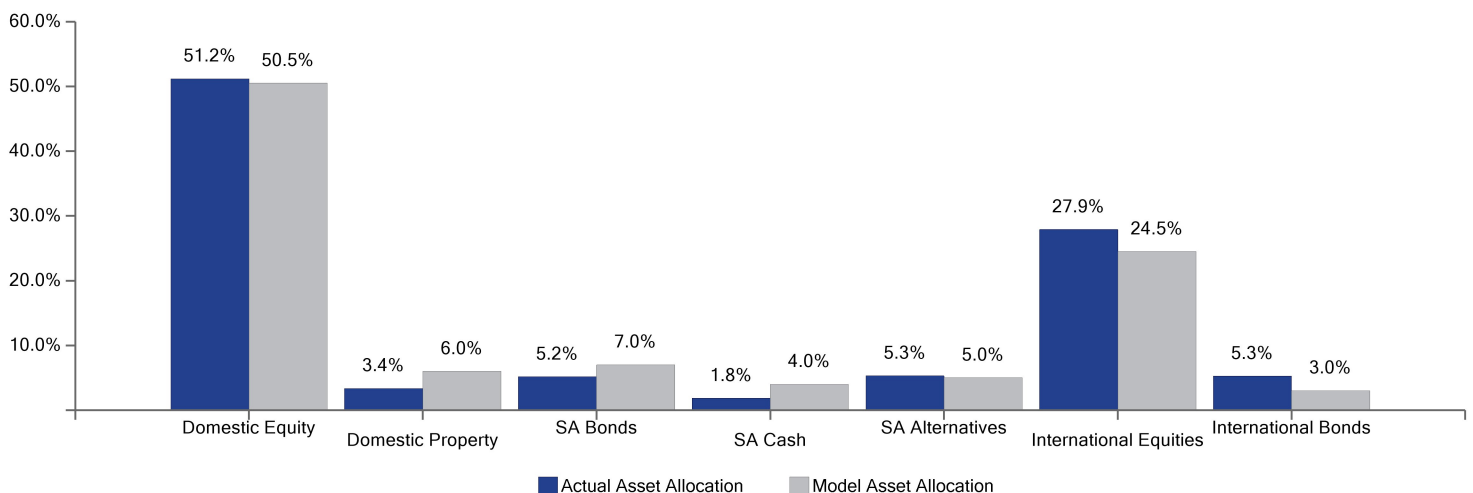
South African assets and the rand rallied on the back of the Fed cuts, which weakened the dollar and lowered global interest rates, and on Chinese stimulus, which drove up commodity prices and resources. The South African Reserve Bank cut interest rates by 0.25%.

The S&P Global flash PMIs show that the contraction in manufacturing activity in developed markets has accelerated, while services PMIs continue to expand in most regions. We remain overweight US, where the consumer accounts for 69% of GDP. The US is a consumption-based economy and is often seen as the global consumer of last resort; while headwinds are rising, the US consumer remains robust. Eurasia and emerging markets (EMs) are largely production-based economies enmeshed in the global manufacturing supply chain. As the world is currently in a manufacturing recession, the producing economies led by China's slowdown are struggling. Thus, while commodity prices, EMs and Eurasia may rally in the short term on the back of rate cuts and Chinese stimulus, longer-term commodity prices will continue to struggle and EMs and Eurasia will continue to underperform.

As always, risks remain. Global shipping costs remain high and geopolitical risks remain elevated, with Israel escalating its campaign against the Iran-backed Hezbollah militant group through a massive bombardment of Lebanon, killing more than 500 people.

The FTSE/JSE Capped SWIX Index rose by 4.0%, Industrials and Financials were up 5.4% and 2.5%. The JSE All Bond Index increased 3.9%, while the Rand strengthened 2.9% against the Dollar.

ACTUAL ASSET ALLOCATION



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KZN

MUNICIPAL PENSION FUND

FUND SUMMARY AS AT 30 SEPTEMBER 2024

STATISTIC	FUND	BENCHMARK
% Positive Months	65.0%	68.3%
% Negative Months	35.0%	31.7%
Worst Month	-10.3%	-11.9%
Best Month	9.7%	11.4%
Average Return	1.0%	1.0%
Median Return	1.4%	1.4%
Maximum Drawdown	-15.5%	-17.8%

PERFORMANCE ANALYSIS TO 30 SEPTEMBER 2024

PERIOD	FUND	BENCHMARK
1 Month	2.2%	2.1%
3 Months	5.9%	6.5%
6 Months	10.2%	10.9%
Year to Date	13.6%	14.0%
1 Year	21.4%	23.2%
3 Years	11.6%	12.3%
5 Years	11.7%	12.0%
Since Inception	11.0%	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)	0.47% (Jun 2024)
Transaction Costs (TC)	0.07% (Jun 2024)
Total Investment Charge (TIC)	0.54% (Jun 2024)

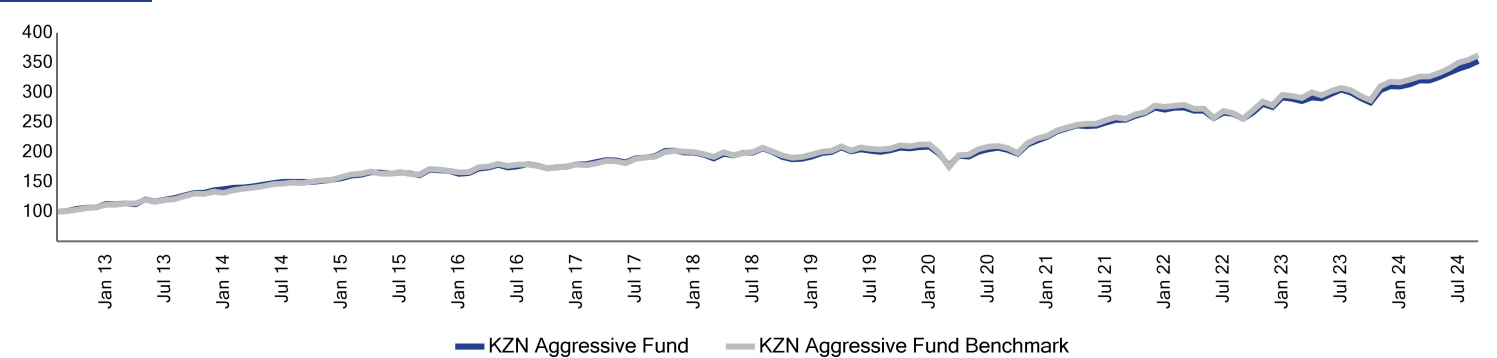
BENCHMARK COMPOSITION

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%				13.6%

CUMULATIVE INVESTMENT PERFORMANCE



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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 SEPTEMBER 2024

MANAGER	PERCENTAGE
BlackRock - International Equity	21.8%
KZN Satrix SmartCore Portfolio	11.7%
Argon SA Equity Fund	11.2%
Mianzo Capped Swix Active Equity Fund	8.2%
MAZI Capital SA Equity (Swix) Fund	7.0%
Old Mutual - SA Hedge Fund of Funds	5.3%
Lima Mbeu Equity Portfolio	4.5%
BlackRock MSCI Emerging Market Equity	3.3%
Vunani	2.6%
All Weather BCI Property Fund C	1.7%
Other	22.8%