KZN MANAGED FUND

SEPTEMBER 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

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.

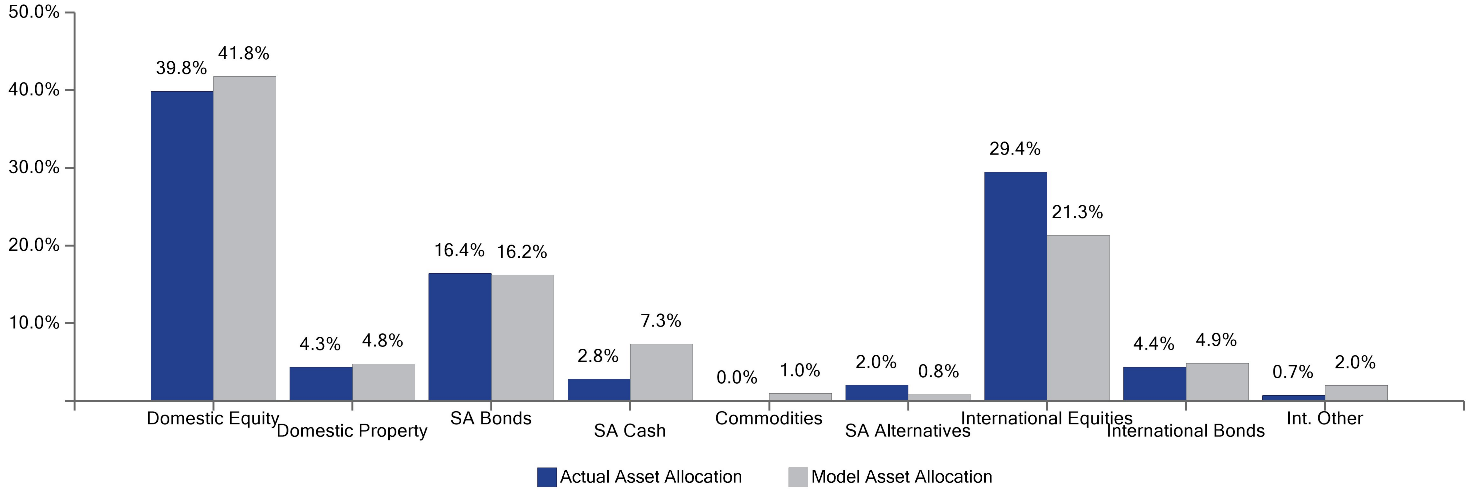
South African assets and the rand rallied on the back of the Fed cuts, which weakened the dollar and lowered global interest rates, and on Chinese stimulus, which drove up commodity prices and resources. The South African Reserve Bank cut interest rates by 0.25%.

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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FUND SUMMARY AS AT 30 SEPTEMBER 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%	0.9%
Median Return	1.2%	1.0%
Maximum Drawdown	-15.1%	-14.8%

PERFORMANCE ANALYSIS TO 30 SEPTEMBER 2024

PERIOD	FUND	BENCHMARK
1 Month	2.6%	1.9%
3 Months	6.3%	6.2%
6 Months	10.7%	10.5%
Year to Date	12.9%	12.4%
1 Year	20.5%	20.6%
3 Years	11.7%	11.4%
5 Years	11.8%	11.4%
Since Inception	10.9%	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)	0.65% (Jun 2024)
Transaction Costs (TC)	0.11% (Jun 2024)
Total Investment Charge (TIC)	0.76% (Jun 2024)

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 SEPTEMBER 2024

MANAGER	PERCENTAGE
BlackRock - International Equity	11.6%
Ninety One Global Balanced Fund	11.4%
M&G - Global Balanced	11.3%
Coronation - Global Balanced	11.3%
KZN Satrix SmartCore Portfolio	7.5%
Argon SA Equity Fund	7.2%
Mianzo Capped Swix Active Equity Fund	5.3%
MAZI Capital SA Equity (Swix) Fund	4.5%
Vunani	3.7%
Lima Mbeu Equity Portfolio	2.9%
Other	23.4%

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%				12.9%

CUMULATIVE INVESTMENT PERFORMANCE