

KZN DEFENSIVE FUND

APRIL 2025

The KZN Defensive Fund is a low risk fund that aims to balance the needs of members that are approaching retirement; to preserve their capital, to maintain exposure to growth assets and maintain the level of income that can be secured at retirement.

The fund is well diversified between asset classes, both locally and internationally, but is managed within conservative parameters. 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 relatively low allocation to growth assets, the fund has a low chance of capital loss in the short term and is expected to achieve moderate real growth of capital over the long-term. The fund is best suited to members who have a short to medium term (1-3 years) investment horizon.

The portfolio complies with the prudential investment guidelines set out in Regulation 28 of the Pensions Funds Act.

MONTHLY COMMENTARY

President Trump's sweeping 2 April Liberation Day reciprocal tariffs triggered a global market rollercoaster and unprecedented backlash. The tariffs - ranging from 10% to 50% on most US trading partners, with some rates on China reaching as high as 125% - sparked immediate turmoil in global markets.

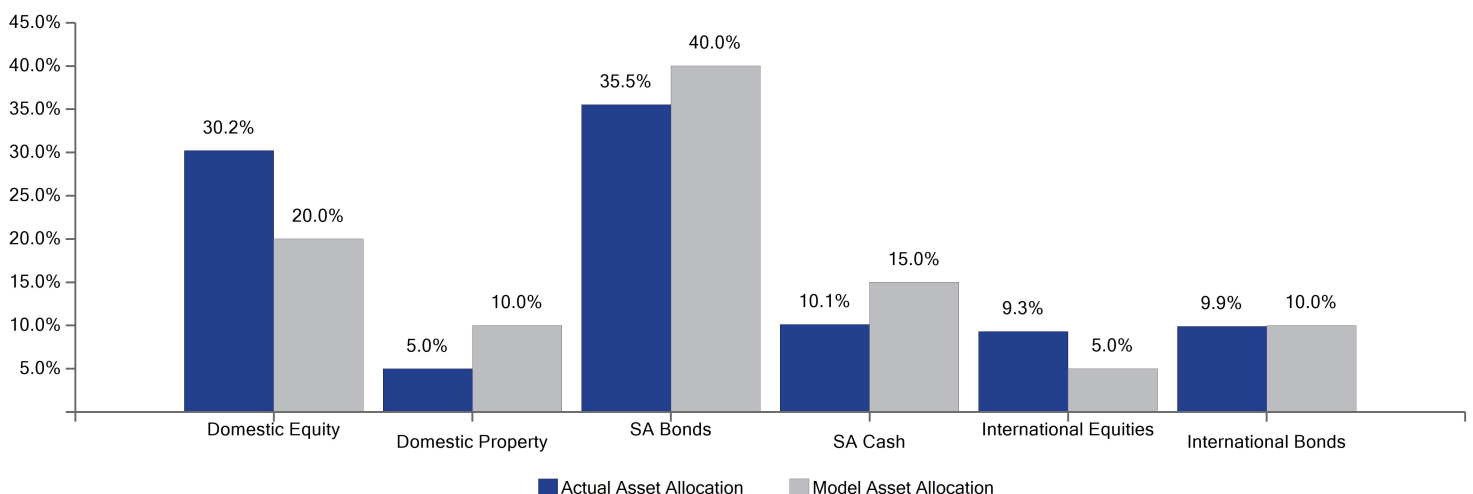
Trump subsequently suspended tariffs on nearly all countries but China. This "blink" announcement came after US stock markets suffered historic losses, US technology stocks fell more than 20% and \$6.6 trillion was wiped out in two days. Trump's reversal appears most influenced by turmoil in the US bond market, and his blink triggered a sharp rebound. More than 50 countries are now in trade talks with the US, but even a retreat to 60% tariffs on China and the current 10% universal tariff is estimated to slow global GDP by 0.7%.

The International Monetary Fund cut its projection for global growth this year by 0.5% to 2.8%. The latest economic data remain strong and show no signs of a global recession. In the short term, several factors support ongoing economic momentum: companies are accelerating shipments to get ahead of potential tariff hikes, fiscal policy is set to become more supportive in the US, Germany and China, and falling energy prices are helping offset some of the inflationary impact from tariffs. This is all backward-looking, however, and the future hinges almost entirely on the outcome of tariff negotiations.

There should be little political appetite for draconian new tariffs, as Trump's disapproval rating among independents has soared to 56%, and he cannot afford to trigger a recession or a market crash ahead of the 2026 midterms. That said, forecasting Trump's actions is near impossible, and the risk of damaging protectionism remains elevated. If a swift resolution to the tariff war is not reached, the current economic momentum will dissipate rapidly. Even if a resolution is found, Q2 growth will slow as the global trade front-running tariffs comes to an end. Bookings for shipping containers from China to the US were down 45% in April year-on-year, and the effects of a slowdown in investment and hiring due to the current uncertainty will soon be evident. While the year may end higher, we expect a soft patch in the middle. We have further reduced exposure to equities and remain cautious.

The FTSE/JSE Capped SWIX Index improved by 4.2%, while Industrials and Financials rose by 5.3% and 4.7%. The JSE All Bond Index increased by 0.8% and the Rand weakened 1.2% against the Dollar.

ACTUAL ASSET ALLOCATION



FRONT OFFICE CONTACT DETAILS

031 322 9002
Vusi.Ngcobo@durban.gov.za
SmartXchange Building | 5 Walnut Road | Durban | 4000

KZN

MUNICIPAL PENSION FUND

FUND SUMMARY AS AT 30 APRIL 2025

STATISTIC	FUND	BENCHMARK
% Positive Months	71.7%	66.7%
% Negative Months	28.3%	33.3%
Worst Month	-3.1%	-3.2%
Best Month	5.1%	5.9%
Average Return	0.9%	0.9%
Median Return	0.8%	0.7%
Maximum Drawdown	-3.5%	-4.0%

PERFORMANCE ANALYSIS TO 30 APRIL 2025

PERIOD	FUND	BENCHMARK
1 Month	1.4%	2.4%
3 Months	2.5%	2.6%
6 Months	5.5%	5.8%
Year to Date	3.3%	3.4%
1 Year	16.0%	17.4%
3 Years	10.7%	10.8%
5 Years	11.5%	11.0%
Since Inception	8.4%	7.5%

Inception Date: 29 May 2015. Returns prior to inception are backtested. Returns are net of the TIC.

FEES

	PERCENTAGE
Total Expense Ratio (TER)	0.49% (Dec 2024)
Transaction Costs (TC)	0.04% (Dec 2024)
Total Investment Charge (TIC)	0.53% (Dec 2024)

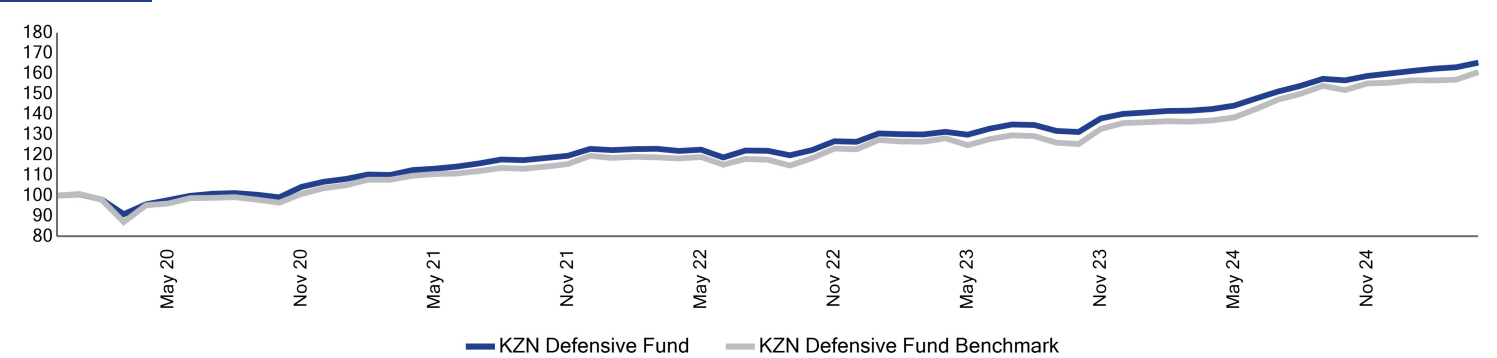
BENCHMARK COMPOSITION

The fund benchmark is a composite benchmark consisting of: 18% Capped SWIX, 40% ALBI, 5% SAPY, 12% STeFI, 10% MSCI All Country World Index, 10% Barclays Global Agg Bond Index, 5% Private Market Composite

HISTORICAL PERFORMANCE

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
2020	0.7%	-2.6%	-7.3%	5.3%	2.2%	2.2%	1.0%	0.3%	-0.8%	-1.3%	5.1%	2.4%	6.8%
2021	1.3%	2.0%	-0.2%	2.2%	0.6%	0.9%	1.3%	1.7%	-0.3%	0.9%	0.9%	2.8%	15.1%
2022	-0.5%	0.4%	0.1%	-0.8%	0.5%	-3.1%	2.9%	-0.1%	-1.8%	2.1%	3.5%	-0.2%	2.8%
2023	3.2%	-0.3%	-0.1%	1.0%	-1.1%	2.3%	1.5%	-0.2%	-2.2%	-0.4%	5.1%	1.6%	10.8%
2024	0.5%	0.5%	0.1%	0.6%	1.2%	2.5%	2.3%	1.8%	2.2%	-0.5%	1.4%	0.8%	14.2%
2025	0.8%	0.7%	0.4%	1.4%									3.3%

CUMULATIVE INVESTMENT PERFORMANCE



DISCLAIMER
The information and commentary contained in this document is of a general nature and is not intended to address the circumstances of a particular individual or entity. It does not in any way constitute a solicitation, recommendation, guidance or proposal, nor does it constitute financial, investment, tax, legal or other advice. Whilst reasonable care was taken in ensuring that the information is accurate, Sygnia Asset Management does not warrant its accuracy, correctness or completeness and accepts no liability in respect of any damages and/or loss suffered as a result of reliance on the information in this document. No one should act upon the information contained in this document without having obtained appropriate and professional financial, investment, legal, tax and such other relevant advice as may be required in each instance. Sygnia Asset Management is a licensed financial services provider (FSP 873): 7th Floor, the Foundry, Cardiff Street, Green Point, 8001 Tel: (021) 446 4940/Fax: (021) 446 4950

CALENDAR YEAR RETURNS

PERFORMANCE	FUND	BENCHMARK
2020	6.8%	3.6%
2021	15.1%	15.3%
2022	2.8%	2.7%
2023	10.8%	10.5%
2024	14.2%	14.6%

TOP 10 MANAGER ALLOCATION 30 APRIL 2025

MANAGER	PERCENTAGE
Vunani	17.6%
Coronation Absolute Bond - SA Bonds	10.6%
Stanlib Bond Fund	7.3%
iShares Developed World Index Fund	6.4%
Taquantia Core Cash - KZN Municipal Pension Fund	4.9%
Coronation - SA Cash	4.9%
KZN Satrix SmartCore Portfolio	4.5%
Argon SA Equity Fund	4.2%
Mianzo Capped Swix Active Equity Fund	3.1%
Garrington Private Credit Fund - Class B2 Shares	3.1%
Other	33.4%