

KZN AGGRESSIVE FUND

JULY 2025

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

As we enter the third quarter of 2025, markets have continued to hit new highs despite rising geopolitical risks. Investors are confident that strong fiscal and monetary policy support will prevail, but market challenges remain significant.

Global tailwinds

- **The Fed put:** Markets expect the next Fed chair to cut rates aggressively under Trump's influence - even amid tariff inflation. This has supercharged the Fed put and forced investors to switch into real assets protected from inflation.
- **Massive fiscal stimulus:** The US has joined China and Japan in deploying coordinated fiscal stimulus equal to 8-10% of GDP, supporting consumer and business confidence. The EU is increasing its fiscal stimulus via increased defence spend.
- **US dollar weakness:** The weaker dollar supports global growth by easing financial conditions, boosting commodity prices and lowering funding costs abroad.

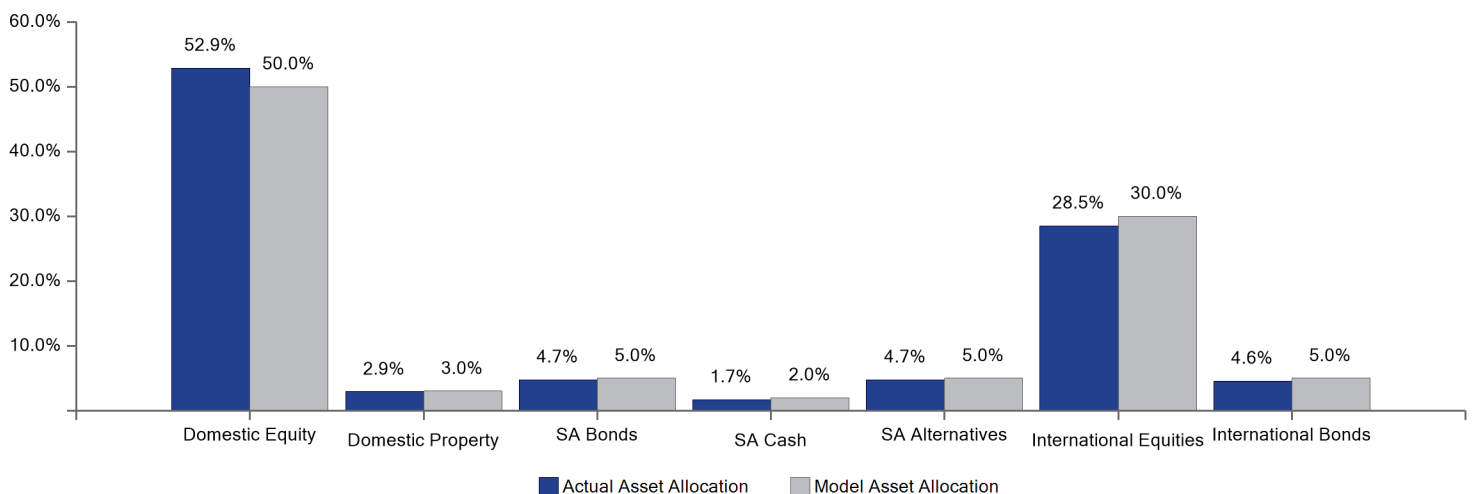
Global headwinds

- **Tariffs higher than expected, with greater impact:** Completed deals are at higher than the current 10% level, and some tariffs are not easily solved by trade - such as 50% tariffs on copper and Brazilian goods, a 100% secondary tariff on Russian goods and penalties on Chinese transshipments and BRICS-aligned countries. The effective tariff rate in June was only 9.5% - compared to the statutory level of 14% - due to delayed enforcement, stockpiling and shifting trade routes. The statutory level is expected to rise to 20% on 1 August.

- **Immigration reversal:** The rollback of Biden-era immigration policies has removed legal-worker rights from 1.1 million jobs.
- **Tariff frontloading:** The early surge in exports to the US ahead of tariff implementations boosted H1 growth but will likely slow in the second half of 2025 as inventories normalise and trade volumes fall.

The combination of expansive fiscal stimulus and expectations of looser monetary policy supports risk assets, and investors appear more focused on inflation risks than slowing growth. As a result, investors are fleeing the dollar, cash and bonds and switching into real assets such as equities, commodities, precious metals and bitcoin. We are not fighting the Fed put for now, but we are watching for two key risks: tight immigration policies that could slow US growth and an inflation spike that could shake up asset prices later this year. The FTSE/JSE Capped SWIX Index improved by 2.2%, while Industrials and Financials rose by 1.3% and 1.4%. The JSE All Bond Index increased by 2.7% and the Rand weakened 1.8% against the Dollar.

ACTUAL ASSET ALLOCATION



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KZN
MUNICIPAL PENSION FUND
Together We Grow Your Wealth

FUND SUMMARY AS AT 31 JULY 2025

STATISTIC	FUND	BENCHMARK
% Positive Months	70.0%	70.0%
% Negative Months	30.0%	30.0%
Worst Month	-4.7%	-5.6%
Best Month	7.8%	8.4%
Average Return	1.2%	1.2%
Median Return	1.6%	1.5%
Maximum Drawdown	-7.1%	-8.4%

PERFORMANCE ANALYSIS TO 31 JULY 2025

PERIOD	FUND	BENCHMARK
1 Month	2.8%	2.5%
3 Months	6.5%	6.9%
6 Months	9.1%	10.0%
Year to Date	11.0%	11.9%
1 Year	17.7%	17.9%
3 Years	14.6%	15.3%
5 Years	14.3%	14.6%
Since Inception	11.3%	11.6%

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% (Mar 2025)
Transaction Costs (TC)	0.07% (Mar 2025)
Total Investment Charge (TIC)	0.56% (Mar 2025)

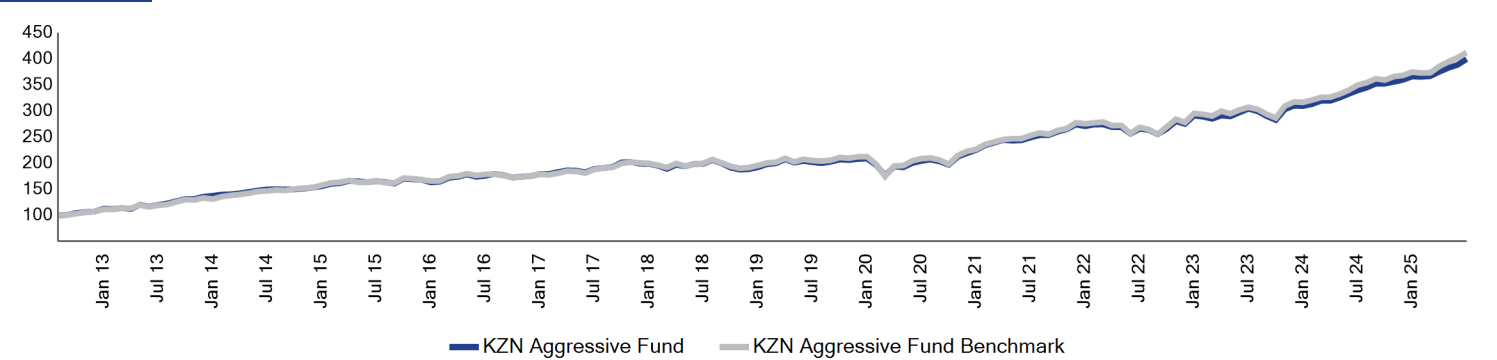
BENCHMARK COMPOSITION

The fund benchmark is a composite benchmark consisting of: 40% Capped SWIX, 5% ALBI, 3% SAPY, 7% StEFi, 30% MSCI All Country World Index, 5% Barclays Global Agg Bond Index, 10% Private Market Composite

HISTORICAL PERFORMANCE

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
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%	1.1%	16.0%
2025	1.8%	-0.2%	0.3%	2.3%	2.0%	1.5%	2.8%						11.0%

CUMULATIVE INVESTMENT PERFORMANCE



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CALENDAR YEAR RETURNS

PERFORMANCE	FUND	BENCHMARK
2020	5.3%	4.9%
2021	25.1%	24.7%
2022	0.4%	0.2%
2023	12.6%	14.1%
2024	16.0%	16.0%

TOP 10 MANAGER ALLOCATION 31 JULY 2025

MANAGER	PERCENTAGE
iShares Developed World Index Fund	20.0%
KZN Satrx SmartCore Portfolio	11.8%
Argon SA Equity Fund	10.8%
Mianzo Capped Swix Active Equity Fund	7.8%
MAZI Capital SA Equity (Swix) Fund	6.4%
Old Mutual - SA Hedge Fund of Funds	4.7%
Lima Mbeu Equity Portfolio	4.2%
iShares Emerging Markets Index Fund	3.5%
Vunani	2.4%
Garrington Private Credit Fund - Class B2 Shares	1.6%
Other	26.9%