KZN MANAGED FUND

JULY 2025

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

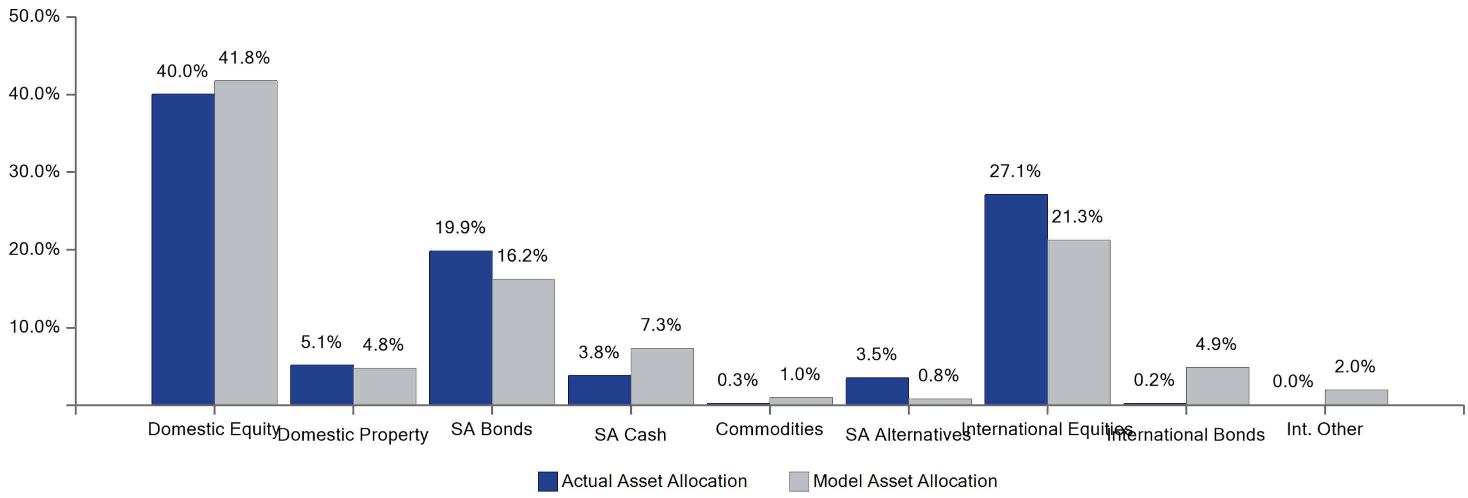
As we enter the third quarter of 2025, markets have continued to hit new highs despite rising geopolitical risks. Investors are confident that strong fiscal and monetary policy support will prevail, but market challenges remain significant.

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 trans-shipments 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



FRONT OFFICE CONTACT DETAILS
vusi@kznmpf.org
16th Floor, 22 Dorothy Nyembe Street
The Marine Building
Durban Central
DURBAN, 4001
Tel. (031) 322 9002

KZN MUNICIPAL PENSION FUND
Together We Grow Your Wealth

FUND SUMMARY AS AT 31 JULY 2025

STATISTIC	FUND	BENCHMARK
% Positive Months	66.7%	70.0%
% Negative Months	33.3%	30.0%
Worst Month	-4.5%	-4.4%
Best Month	7.5%	7.3%
Average Return	1.1%	1.1%
Median Return	1.2%	1.1%
Maximum Drawdown	-6.2%	-5.8%

PERFORMANCE ANALYSIS TO 31 JULY 2025

PERIOD	FUND	BENCHMARK
1 Month	2.5%	2.5%
3 Months	6.7%	7.3%
6 Months	9.7%	10.4%
Year to Date	11.4%	11.8%
1 Year	18.3%	18.3%
3 Years	14.6%	14.9%
5 Years	14.0%	13.9%
Since Inception	11.3%	10.9%

Inception Date: 31 August 2012. Returns prior to inception are backtested.
Returns are net of the TIC.

FEES

	PERCENTAGE
Total Expense Ratio (TER)	0.60% (Mar 2025)
Transaction Costs (TC)	0.11% (Mar 2025)
Total Investment Charge (TIC)	0.71% (Mar 2025)

BENCHMARK COMPOSITION

Global Large Manager Watch

CALENDAR YEAR RETURNS

PERFORMANCE	FUND	BENCHMARK
2020	6.8%	5.4%
2021	23.3%	22.0%
2022	2.0%	1.7%
2023	12.3%	13.4%
2024	15.2%	15.0%

TOP 10 MANAGER ALLOCATION 31 JULY 2025

MANAGER	PERCENTAGE
iShares Developed World Index Fund	10.8%
Ninety One Global Balanced Fund	10.7%
M&G Investments Global Balanced Fund	10.7%
Coronation Managed Portfolio	10.6%
KZN Satrix SmartCore Portfolio	7.8%
Argon SA Equity Fund	7.1%
Mianzo Capped Swix Active Equity Fund	5.2%
MAZI Capital SA Equity (Swix) Fund	4.2%
Vunani	3.8%
Lima Mbeu Equity Portfolio	2.8%
Other	26.4%

HISTORICAL PERFORMANCE

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
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%	1.1%	15.2%
2025	1.6%	0.0%	0.3%	2.5%	2.3%	1.8%	2.5%						11.4%

CUMULATIVE INVESTMENT PERFORMANCE