KZN ISLAMIC FUND

MARCH 2023

The KZN Islamic Fund is a moderately aggressive fund that aims to provide steady long term returns and capital growth.

The fund is invested in a wide variety of domestic and international asset classes such as equity, sukuks and listed property. The selected 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.

The underlying investments will comply with Sharia requirements as prescribed by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) as well as the prudential investment guidelines set out in Regulation 28 of the Pensions Funds Act.

Due to its relatively 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 (5 years or more) investment horizon.

This fund is suitable for Muslim investors requiring a Sharia-compliant portfolio appropriate for retirement schemes.

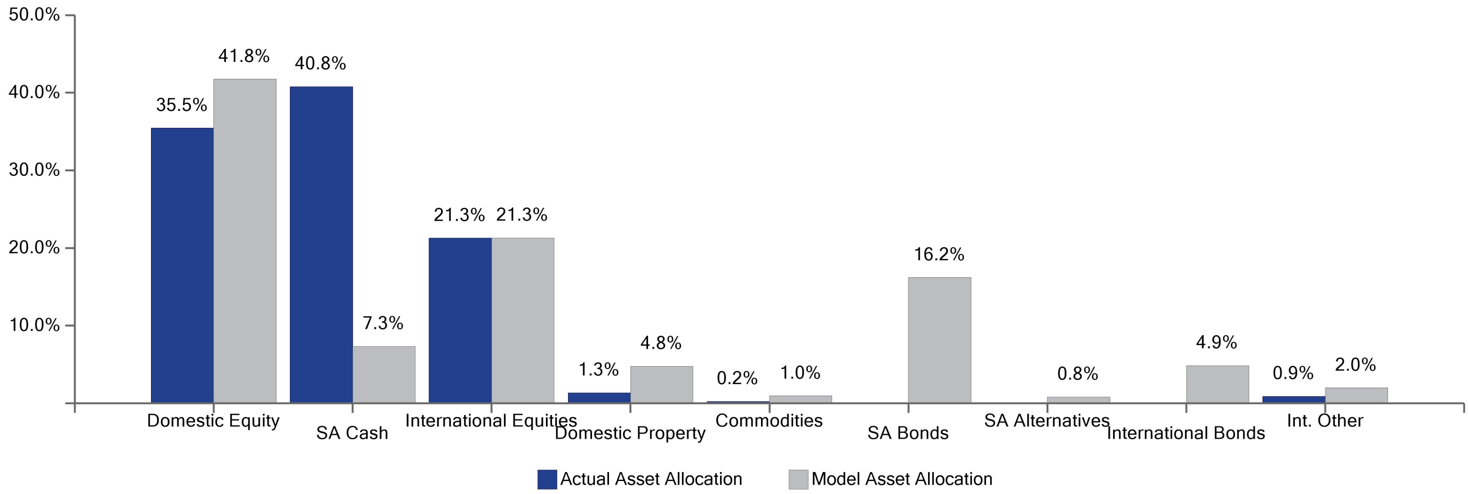
MONTHLY COMMENTARY

March got off to a difficult start as a higher-than-expected US Core Personal Consumption Expenditures Index added fuel to the Fed's hawkish fire, sending markets lower. Back-to-back failures of two US regional banks saw US two-year Treasury yields incur their steepest drop since the early 1980s, from above 5% to below 4%, causing the dollar to plummet. Only days later, a Swiss government-engineered takeover of Credit Suisse averted an immediate crisis among systemically important financial institutions (SIFIs), but market sentiment soured on the potential ongoing risks such institutions pose to the global economy. To this end, Credit Suisse in the EU and the SVB Financial Group in the US can be compared to other isolated pockets of tension over the last six months, including the failure of cryptocurrency exchange FTX.com and the UK's Liability Driven Investment (LDI) pension fund turmoil. These are all symptoms of massive Covid-induced monetary stimulus, and we have no doubt that more pockets of fragility exist. However, we do not believe that any such pockets of fragility will lead to another financial crisis, particularly as central banks have learned many lessons from the Global Financial Crisis (GFC) of 2008.

The GFC saw dollar strength and non-US equity fall relative to the S&P 500. Then, the dollar weakened after the Fed stepped in twice, and EMs outperformed the S&P 500 as rest-of-world growth was better insulated from the GFC. As a base case, if we skip the banking contagion this time round and the Fed still slows rate hikes because of the banking risk, dollar depreciation is likely and rest-of-world equities should outperform those of the US. This narrative is easily strengthened in light of China's reopening (still under way) and Europe's resilience to date in the face of their energy crisis. We are not out of the woods yet, but the "Fed put" is back. To provide financial stability, central bankers have decided to use interest rates to fight inflation and quantitative easing. A combination of higher inflation, higher rates and higher volatility is matching our forecasts and will lead to a weaker dollar, which is good for the rest of the world's liquidity, cost of capital and, hence, growth. However, a recession later in the year is still on the cards for the US.

The FTSE/JSE CAPPED SWIX Index dropped by 1.9%, Industrials were down 0.7% and Financials decreased by 5.8%. The JSE All Bond Index climbed by 1.3%, while the rand appreciated by 3.3% relative to the US dollar.

ACTUAL ASSET ALLOCATION



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KZN MUNICIPAL PENSION FUND

FUND SUMMARY AS AT 31 MARCH 2023

STATISTIC	FUND	BENCHMARK
% Positive Months	63.3%	61.7%
% Negative Months	36.7%	38.3%
Worst Month	-8.1%	-10.3%
Best Month	7.6%	9.6%
Average Return	0.8%	0.6%
Median Return	0.7%	0.8%
Maximum Drawdown	-13.0%	-14.3%

PERFORMANCE ANALYSIS TO 31 MARCH 2023

PERIOD	FUND	BENCHMARK
1 Month	-0.3%	-0.7%
3 Months	3.7%	5.0%
6 Months	8.9%	10.9%
Year to Date	3.7%	5.0%
1 Year	2.7%	6.0%
3 Years	16.9%	13.4%
5 Years	9.5%	6.4%
Since Inception	7.6%	7.3%

Inception Date: 01 July 2007. Returns prior to inception are backtested.
Returns are net of the TIC.

FEES

	PERCENTAGE
Total Expense Ratio (TER)	1.14% (Dec 2022)
Transaction Costs (TC)	0.13% (Dec 2022)
Total Investment Charge (TIC)	1.26% (Dec 2022)

BENCHMARK COMPOSITION

SA Multi-Asset High Equity Median

CALENDAR YEAR RETURNS

PERFORMANCE	FUND	BENCHMARK
2018	0.7%	-4.2%
2019	10.5%	8.8%
2020	7.2%	5.3%
2021	25.3%	19.3%
2022	-0.3%	-4.3%

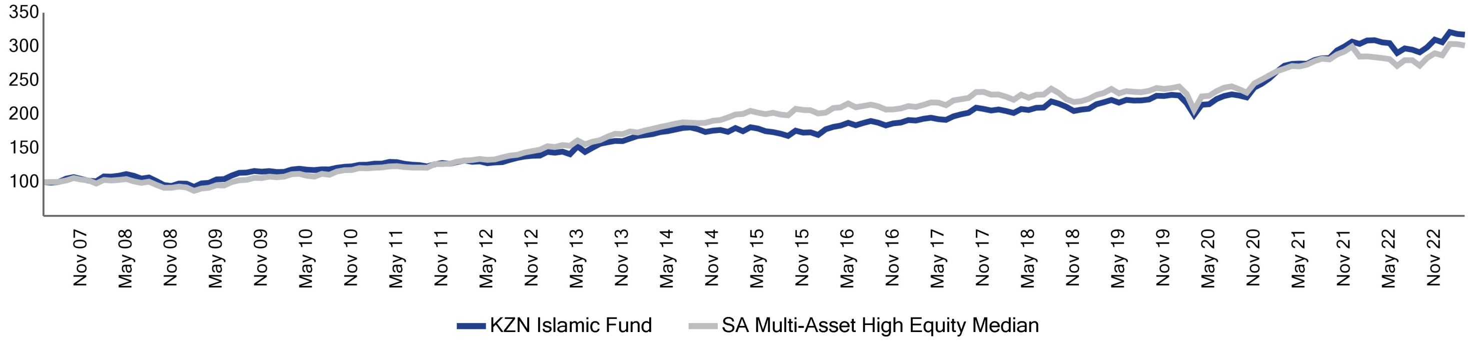
MANAGER ALLOCATION 31 MARCH 2023

MANAGER	PERCENTAGE
Old Mutual Albaraka Balanced Fund	50.0%
Camissa - Islamic Balanced	49.6%
Cash	0.4%

HISTORICAL PERFORMANCE

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
2018	0.7%	-1.1%	-1.4%	2.9%	-0.7%	1.6%	0.2%	4.3%	-1.5%	-2.2%	-2.9%	1.0%	0.7%
2019	0.6%	3.2%	1.4%	1.6%	-1.8%	1.8%	-0.4%	0.1%	0.6%	2.5%	-0.1%	0.7%	10.5%
2020	-0.4%	-5.0%	-8.1%	7.6%	0.4%	3.6%	2.0%	1.1%	-0.8%	-1.2%	6.4%	2.4%	7.2%
2021	3.2%	4.1%	3.2%	1.0%	0.2%	-0.1%	2.0%	1.0%	0.1%	4.0%	2.0%	2.4%	25.3%
2022	-1.1%	1.6%	0.1%	-1.0%	-0.4%	-4.8%	2.3%	-0.6%	-1.3%	2.6%	3.7%	-1.2%	-0.3%
2023	4.9%	-0.9%	-0.3%										3.7%

CUMULATIVE INVESTMENT PERFORMANCE



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