KZN MANAGED FUND

NOVEMBER 2023

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

Markets bounced strongly in November, with the Nasdaq up more than 10% , fuelled by signs of easing inflation and a potentially softening US labour market. Markets are finally seeing the end of the Federal Reserve's aggressive monetary tightening after it had raised rates by a cumulative 5.25 percentage points since March 2022, pushing mortgage rates to their highest level in two decades. Similarly, global growth was expected to slow to 2.1% in 2023, its lowest level since the 2008-09 financial crisis, but the most anticipated US recession of all time did not arrive, and 2023 growth is expected to be 2.9%. The markets are experiencing a Goldilocks period of slowing (but non-recessionary) growth and falling inflation. However, the risk of a global recession in 2024 has increased, as central banks around the world have raised interest rates to combat inflation.

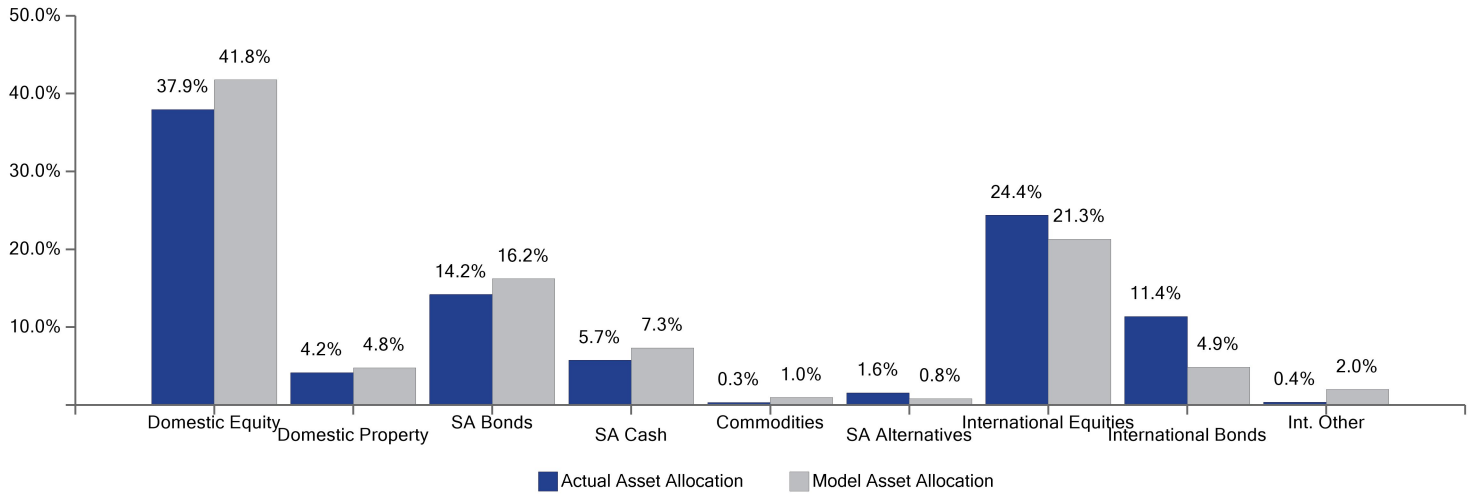
We expect the high-interest rate Table Mountain scenario to continue until the second half of 2024, tempered by slower growth and falling inflation. Inflation will fall on the back of reduced supply-bottlenecks, China's export of deflation, and strong, improved labour productivity. Growth will be supported by a robust consumer and a continuation of manufacturing green shoots

The US will thus avoid a recession. Global growth is predicted to reach 3.2% in 2024, but challenges like China's property slump and high rates keep our focus on developed markets. Key risks for 2024 include:

Risk of recession: High debt and rising interest rates could spark a recession, impacting stock markets and corporate earnings.
Geopolitical tensions: Escalating conflicts among major nations could lead to trade wars or military disputes, affecting the global economy and increasing inflation.
Political changes: The 2024 elections, particularly in the US and South Africa and Taiwan's 13 January election, may bring significant market impacts as a result of shifts in political dynamics.
Extreme weather threats: Climate change is leading to severe weather events, with significant disruptions to global supply chains possible.
Technological risks: Advancements in large language models offer benefits but also pose risks, especially in spreading misinformation.

The FTSE/JSE CAPPED SWIX Index increased by 8.3%, Industrials were up by 10.5% and Financials jumped by 8.7%. The JSE All Bond Index improved by 4.7%, while the rand depreciated by 1.1% relative to the US 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 NOVEMBER 2023

STATISTIC	FUND	BENCHMARK
% Positive Months	63.3%	66.7%
% Negative Months	36.7%	33.3%
Worst Month	-11.0%	-10.5%
Best Month	10.4%	9.7%
Average Return	0.9%	0.9%
Median Return	1.2%	1.0%
Maximum Drawdown	-15.1%	-14.8%

PERFORMANCE ANALYSIS TO 30 NOVEMBER 2023

PERIOD	FUND	BENCHMARK
1 Month	7.4%	7.0%
3 Months	1.5%	1.6%
6 Months	4.6%	4.6%
Year to Date	10.2%	10.6%
1 Year	8.9%	9.4%
3 Years	12.4%	12.0%
5 Years	10.7%	10.1%
Since Inception	10.4%	9.9%

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

FEES

	PERCENTAGE
Total Expense Ratio (TER)	0.63% (Sep 2023)
Transaction Costs (TC)	0.12% (Sep 2023)
Total Investment Charge (TIC)	0.75% (Sep 2023)

CALENDAR YEAR RETURNS

PERFORMANCE	FUND	BENCHMARK
2021	23.3%	22.0%
2022	2.0%	1.7%

MANAGER ALLOCATION 30 NOVEMBER 2023

MANAGER	PERCENTAGE
Coronation - Global Balanced	15.4%
M&G - Global	16.7%
Ninety One Global Balanced Fund	15.3%
BlackRock	11.2%
Argon SA Equity Fund	5.5%
MAZI Capital SA Equity (Swix) Fund	4.4%
Mianzo Capped Swix Active Equity Fund	4.4%
KZN Satrix SWIX Portfolio	3.4%
Vunani	3.0%
Lima Mbeu Equity Portfolio	2.3%
Mergence Equity (Swix) Fund	2.2%
Coronation Absolute Bond - SA Bonds	1.8%
Garrington Capital (Coral Cove)	1.4%
Avior	1.1%
Coronation - SA Cash	1.3%
Taquanta Core Cash - KZN Municipal Pension Fund	1.3%
Stanlib	1.7%
P1 Finance PLC (listed bond)	1.1%
MSM Property Fund (Pty) LTD	1.1%
AFI Private Markets Fund	0.7%
SPDR S&P Kensho New Economies Composite ETF	0.6%
Prescient Clean energy & Infrastructure Debt I	0.5%
SMMI Positive Return Fund Three B11	0.5%
Old Mutual - SA Private Equity	0.4%
ATA Fund 3	0.4%
Vuna	0.3%
P1 Finance PLC (3 year listed bond)	0.3%
Prescient Clean energy & Infrastructure Debt II	0.2%
UMTHOMBO Private Markets Fund	0.2%
KZN APEX 8.00% Senior Note	0.2%
KZN APEX 12.00% Junior Note	0.2%
Cash	0.2%
Standard Bank KZN USD Account 090885988	0.2%
Mahlako Energy Fund I Partnership	0.2%
Infra Impact Mid-Market Infrastructure Fund 1	0.1%

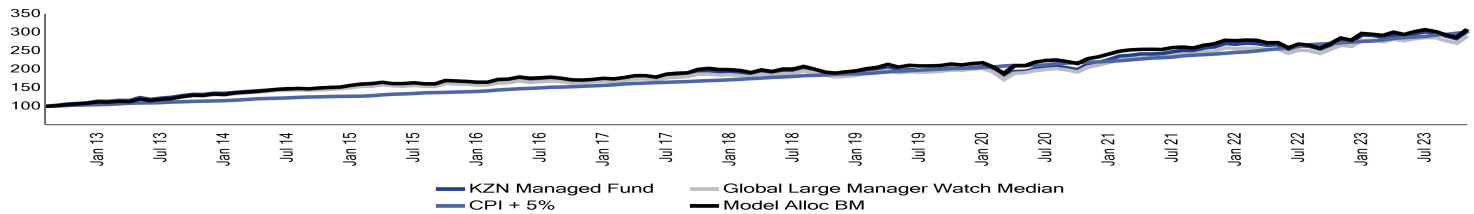
BENCHMARK COMPOSITION

The fund benchmark is a composite benchmark consisting of: 95% Global Large Manager Watch Median, 1.4% Capped SWIX, 1.6% ALBI, 2% SAPY

HISTORICAL PERFORMANCE

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
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%		10.2%

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