KZN ISLAMIC FUND

SEPTEMBER 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.

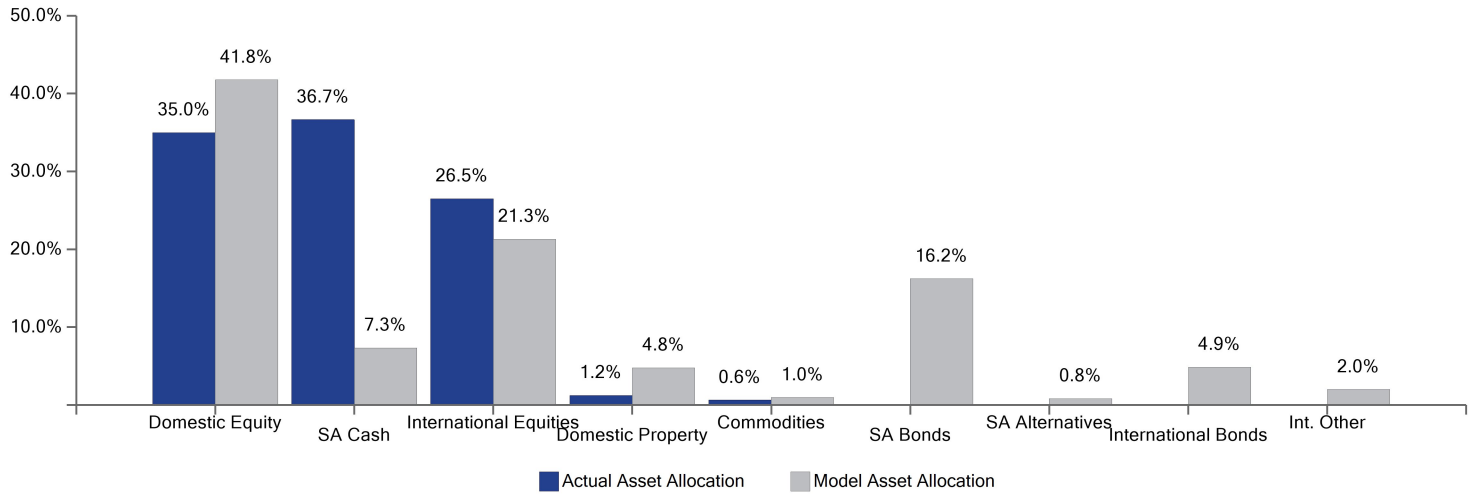
MONTHLY COMMENTARY

September was a month of further market pressure as oil prices rose to a 10-month high, raising concerns that an energy price shock will weigh on growth. Nonetheless, the Organisation for Economic Co-operation and Development raised its global growth forecast for this year to 3.0% from 2.7% in June in its Economic Outlook report, noting that the global economy is set for a slowdown in 2024 as interest rates weigh on economic activity and China's rebound disappoints. Central bank announcements continued to diverge based on differences in underlying growth and inflation: China cut its reserve requirement ratio by 0.25%, in line with its incremental easing policy, while the European Central Bank (ECB) raised rates by 0.25% to a 22-year high of 4.5%, the US kept rates flat as expected, and Japan similarly left its negative interest rate and the parameters of its yield curve control program unchanged. Developed market central banks are ready to converge at a higher-for-longer outlook. The Bank of England's chief economist, Huw Pill, called this the "Table Mountain" scenario, saying that rates will reach a long plateau at elevated levels, in line with the wide, flat summit of Cape Town's iconic mountain. Bond yields rose to reflect the new view and markets came under further pressure.

The global economy is at a crossroads. On the one hand, there are tentative signs of a rebound in global manufacturing, with new orders and new orders-to-inventory components of the global manufacturing PMI turning up. This suggests that businesses are starting to invest again and that demand is picking up. On the other hand, the global economy faces significant headwinds. The US is likely to experience a slowdown in the coming months as higher interest rates take effect and consumers run out of excess savings. In addition, China is experiencing deflationary conditions, and the war in Ukraine continues to cast a shadow over the global economy, disrupting supply chains and pushing up energy prices. As such, it is important to remain cautiously positioned: underweight equity and emerging markets and overweight the dollar and the US. A more positive outlook would require global interest rate cuts, de-escalation of the war in Ukraine or strong stimulus from China. However, conditions could also get worse if supply disruptions cause the oil price to spike.

The FTSE/JSE CAPPED SWIX Index decreased by 3.0%, Industrials were down 4.4% and Financials dropped by 3.8%. The JSE All Bond Index declined by 2.3%, while the rand appreciated by 0.5% relative to the US dollar.

ACTUAL ASSET ALLOCATION



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KZN MUNICIPAL PENSION FUND

FUND SUMMARY AS AT 30 SEPTEMBER 2023

STATISTIC	FUND	BENCHMARK
% Positive Months	61.7%	60.0%
% Negative Months	38.3%	40.0%
Worst Month	-8.1%	-10.3%
Best Month	7.6%	9.6%
Average Return	0.7%	0.5%
Median Return	0.6%	0.8%
Maximum Drawdown	-13.0%	-14.3%

PERFORMANCE ANALYSIS TO 30 SEPTEMBER 2023

PERIOD	FUND	BENCHMARK
1 Month	-0.8%	-2.9%
3 Months	-0.9%	-2.1%
6 Months	1.7%	0.8%
Year to Date	5.5%	5.0%
1 Year	10.8%	10.9%
3 Years	12.4%	8.4%
5 Years	8.4%	5.4%
Since Inception	7.5%	7.0%

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

FEES

	PERCENTAGE
Total Expense Ratio (TER)	1.15% (Jun 2023)
Transaction Costs (TC)	0.12% (Jun 2023)
Total Investment Charge (TIC)	1.27% (Jun 2023)

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%

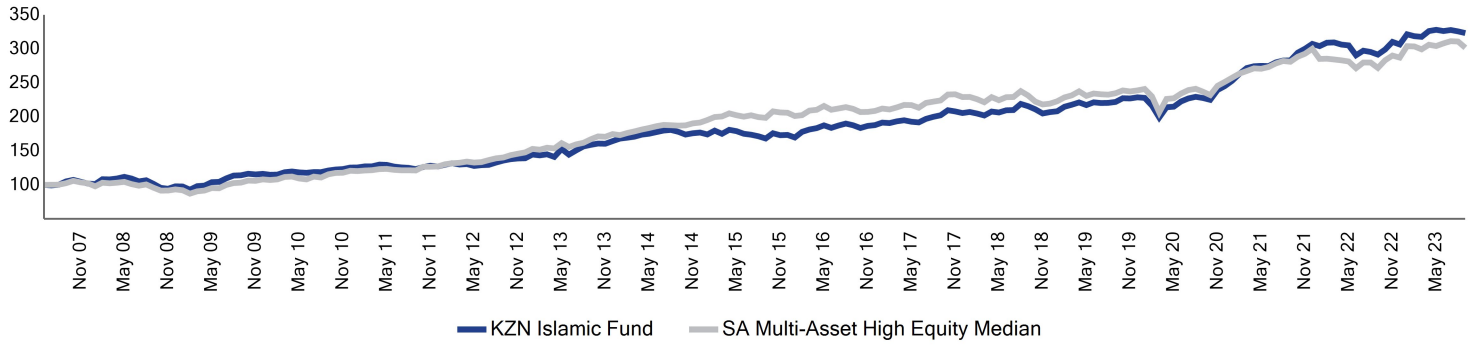
MANAGER ALLOCATION 30 SEPTEMBER 2023

MANAGER	PERCENTAGE
Camissa - Islamic Balanced	49.9%
Old Mutual Albaraka Balanced Fund	49.5%
Cash	0.6%

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%	2.7%	0.6%	-0.6%	0.5%	-0.6%	-0.8%				5.5%

CUMULATIVE INVESTMENT PERFORMANCE



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