KZN MANAGED FUND

SEPTEMBER 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 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

The gold price surged more than 10% in September on the risk of a US government shutdown, pushing the real (inflation-adjusted) gold price to an all-time high. Gold's weighting has reached 15% of the JSE All Share Index, nearly three times its 2006 peak; including platinum group metals, total precious metals now account for 22% of the SA equity market, pushing the South African resources sector to more than double year to date. Gold performed well in the 2018/2019 US shutdown, and the short-term rise in gold has likely been driven by investors seeking safe haven. Beyond the shutdown, emerging market (EM) central banks are likely to continue to buy gold and Trump will continue his attacks on the Fed, so gold's rally is likely to continue. However, the stretched price of gold has raised the risk of a short-term reversal.

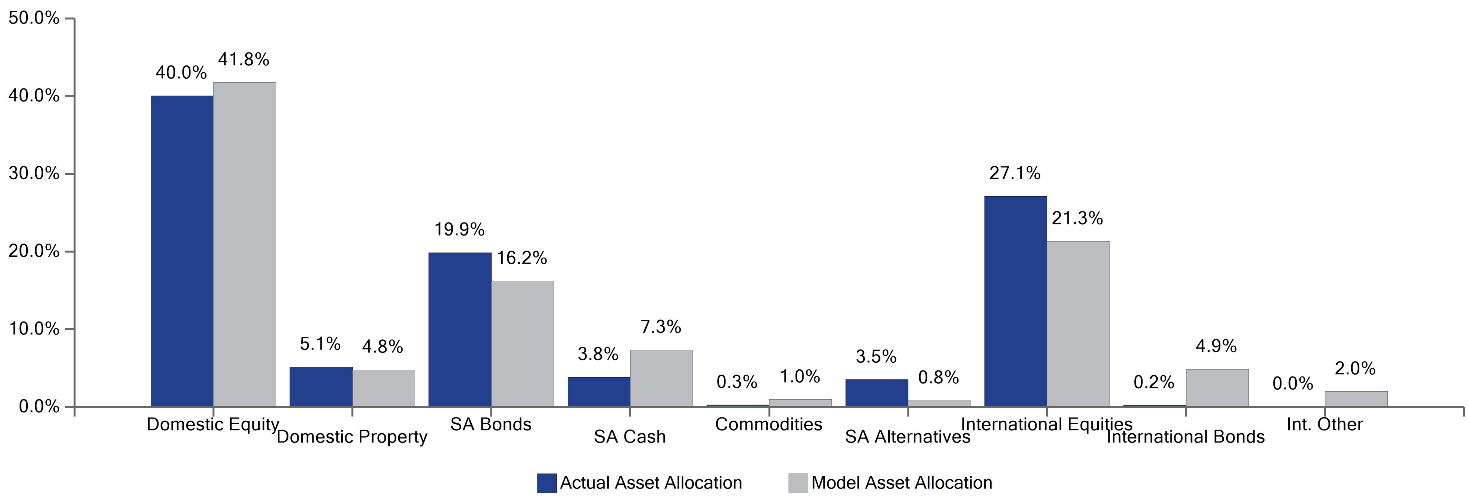
While inflation in South Africa rose less than expected, to 3%, the South African Reserve Bank (SARB) kept rates unchanged, with SARB governor Lesetja Kganyago blaming "the serious dysfunction in administered prices".

This year's upside growth surprise is due to tariff hikes occurring more gradually than expected, with the observed US tariff rate only reaching 9.7% in July. As front-loading spending in the US slows, a weakening of labour income will occur just as tariffs squeeze purchasing power, with the effective tariff rate expected to reach 19% by year end. US real labour income is thus projected to decline in the coming months. Despite slower employment, inflationary pressures from tariffs and immigration-driven wage increases pose significant risks that could prematurely end the Fed's rate cut cycle, while the oil price spiked after US President Trump reversed his stance on Ukraine. Investment lead growth is supporting the economy for now and the Atlanta Fed's GDPNow model is spiking, suggesting GDP growth could reaccelerate to 3.3% in Q3. Cheaper energy, a weaker dollar, lower equity earnings yields and narrowing credit spreads are all stimulative for business activity.

Markets are very stretched and pullbacks are likely due to geopolitical risks or inflation. At this stage, the Fed continues to provide liquidity, and fiscal stimulus is much stronger than it should be at this point in the economic cycle, which suggests that any pullbacks will be shallow.

The FTSE/JSE Capped SWIX Index improved by 6.5%, as Resources soared by 28.1% and Industrials rose by 1.7%. Financials dropped by 1.6%, the JSE All Bond Index increased by 3.3% and the Rand strengthened 2.5% against the Dollar.

ACTUAL ASSET ALLOCATION



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KZN MUNICIPAL PENSION FUND
Together We Grow Your Wealth

FUND SUMMARY AS AT 30 SEPTEMBER 2025

STATISTIC	FUND	BENCHMARK
% Positive Months	68.3%	71.7%
% Negative Months	31.7%	28.3%
Worst Month	-4.5%	-4.4%
Best Month	7.5%	7.3%
Average Return	1.2%	1.2%
Median Return	1.5%	1.3%
Maximum Drawdown	-6.2%	-5.8%

PERFORMANCE ANALYSIS TO 30 SEPTEMBER 2025

PERIOD	FUND	BENCHMARK
1 Month	2.7%	3.2%
3 Months	7.1%	7.3%
6 Months	14.3%	15.5%
Year to Date	16.5%	17.0%
1 Year	18.8%	19.0%
3 Years	17.6%	18.1%
5 Years	15.2%	15.1%
Since Inception	11.5%	11.2%

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% (Jun 2025)
Transaction Costs (TC)	0.11% (Jun 2025)
Total Investment Charge (TIC)	0.71% (Jun 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 30 SEPTEMBER 2025

MANAGER	PERCENTAGE
M&G Investments Global Balanced Fund	10.5%
Ninety One Global Balanced Fund	10.5%
Coronation Managed Portfolio	10.5%
iShares Developed World Index Fund	10.5%
KZN Satrix SmartCore Portfolio	8.1%
Argon SA Equity Fund	7.3%
Mianzo Capped Swix Active Equity Fund	5.3%
MAZI Capital SA Equity (Swix) Fund	4.3%
Vunani	3.8%
Lima Mbeu Equity Portfolio	2.9%
Other	26.2%

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%	1.7%	2.7%				16.5%

CUMULATIVE INVESTMENT PERFORMANCE