

# KZN MODERATE FUND

FEBRUARY 2026

The KZN Moderate Fund is a 50% / 50% combination of the KZN Managed Fund and KZN Defensive Fund. It is a fund with moderate risk that aims to deliver real growth but with less volatility.

The portfolio is well diversified and invests across all local and foreign asset classes and makes use of good quality balanced asset managers and specialist asset managers within certain asset classes.

Over the longer term returns are expected to be less volatile but at the same time lower than for a typical balanced fund, because of the 50% exposure to the KZN Defensive Fund.

Due to its moderate allocation to growth assets, the fund has a moderate chance of capital loss in the short term, but is expected to achieve real growth of capital over the long-term, albeit lower than that of a typical balanced fund. As a result, the fund is best suited to members who have medium term (3-5 years) investment horizon.

The portfolio complies with the prudential investment guidelines set out in Regulation 28 of the Pensions Funds Act.

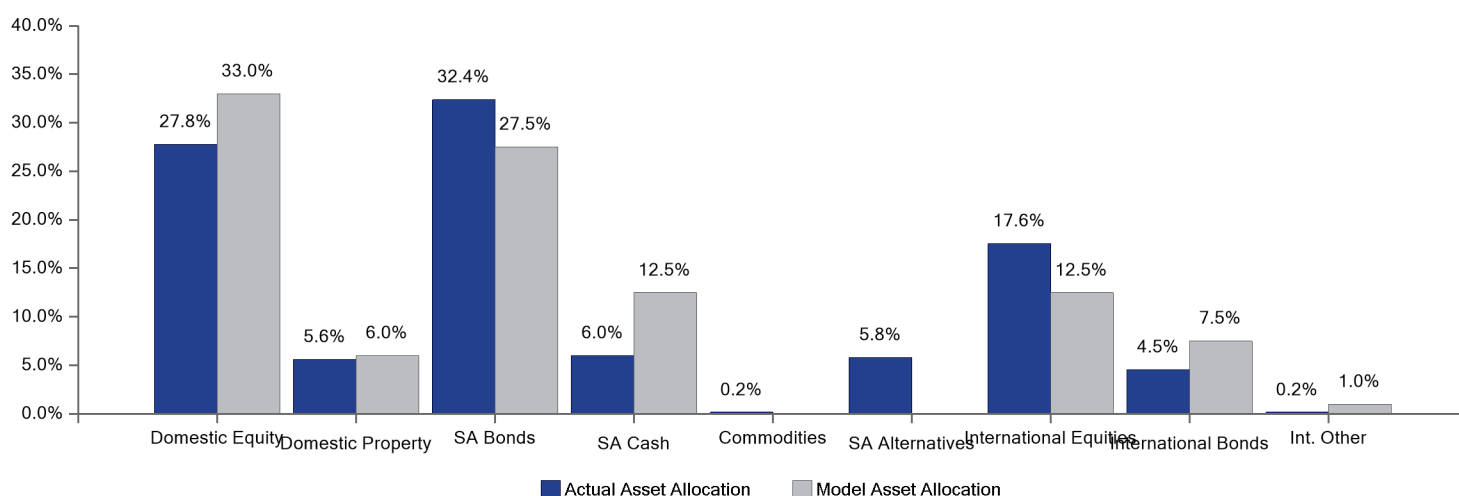
## MONTHLY COMMENTARY

In the US, new tariff regimes, the Iran invasion and midterm elections are introducing a near-term source of volatility. The US Supreme Court ruled that President Trump's reciprocal tariffs were unlawful, opening the possibility of \$175 billion in refunds. Trump responded by applying a flat 10% global tariff and an intention to increase this to 15%. On average, tariffs will drop slightly, but countries whose tariffs were higher than 15% are the clear winners - like China, Brazil and South Africa - while countries like Australia and the UK (with lower original deals) could see a hike to the proposed 15% baseline. Uncertainty has increased, and the European Union has frozen ratification of its US trade accord. Similarly, Japan may renege on its \$550bn US investment pledges. Back home, the Democrats are pushing for taxpayer refunds ahead of midterms. Though uncertainty has increased, we do not expect an escalation given the midterm focus and cost of living concerns. The US and Israel launched coordinated missile strikes against Iran, killing Supreme Leader Ayatollah Ali Khamenei. The large-scale attacks targeted Iran's military infrastructure, with the stated aim of preventing the country from developing a nuclear weapon. Iran responded with retaliatory missile strikes on targets across the Middle East. President Trump stated that bombing operations would continue through the week.

In response to the escalating conflict, OPEC+ agreed to increase oil production to help offset potential supply disruptions, though a geopolitical risk premium in global oil markets is expected to persist. Behind this volatility, the economy is seeing a move to more balanced growth, in which a cooling in consumer spending is accompanied by a pickup in job growth and non-tech business spending. Stable growth and easy liquidity conditions have kept us overweight equities, but valuations are stretched and risks are rising. For now, we remain overweight emerging markets and South African equities, with the expectation of a weaker dollar, Asian technology investment and Chinese resilience. However, the rising price of oil and natural gas as a result of the Middle East conflict may force a reversal.

The FTSE/JSE CAPI Index improved by 7.2%, while Industrials lost 0.1% and Financials rose 7.4%. The JSE All Bond Index increased by 1.7% and the Rand strengthened 0.7% against the Dollar.

## ACTUAL ASSET ALLOCATION AS AT 31 DECEMBER 2025



### FRONT OFFICE CONTACT DETAILS

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**KZN**  
MUNICIPAL PENSION FUND  
Together We Grow Your Wealth

## FUND SUMMARY AS AT 28 FEBRUARY 2026

STATISTIC	FUND	BENCHMARK
% Positive Months	75.0%	71.7%
% Negative Months	25.0%	28.3%
Worst Month	-3.8%	-4.2%
Best Month	6.2%	6.5%
Average Return	1.0%	1.1%
Median Return	1.3%	1.3%
Maximum Drawdown	-4.7%	-6.0%

## PERFORMANCE ANALYSIS TO 28 FEBRUARY 2026

PERIOD	FUND	BENCHMARK
1 Month	2.8%	3.2%
3 Months	5.6%	6.6%
6 Months	12.2%	14.1%
Year to Date	4.1%	4.8%
1 Year	23.1%	27.1%
3 Years	15.2%	16.5%
5 Years	13.0%	13.1%
Since Inception	9.8%	10.0%

Inception Date: 29 May 2015. Returns prior to inception are backtested. Returns are net of the TIC.

## FEES

	PERCENTAGE
Total Expense Ratio (TER)	0.54% (Dec 2025)
Transaction Costs (TC)	0.07% (Dec 2025)
Total Investment Charge (TIC)	0.61% (Dec 2025)

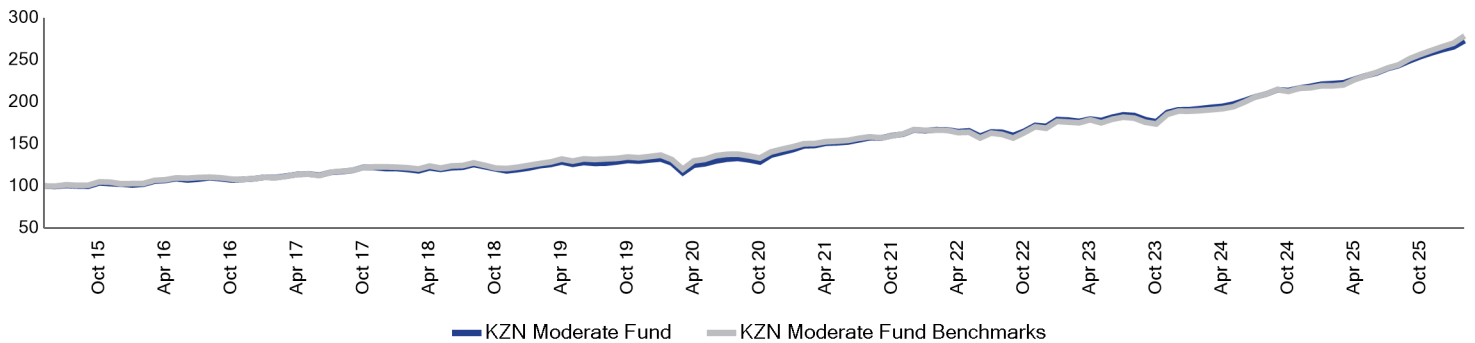
## BENCHMARK COMPOSITION

The fund benchmark is a composite benchmark consisting of: 33% All Share, 27.5% ALBI, 6% SAPY, 12.5% STeFI, 12.5% MSCI World Index, 7.5% Barclays Global Bond Index, 1% Global Cash

## HISTORICAL PERFORMANCE

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
2022	-0.6%	0.7%	-0.2%	-1.2%	0.5%	-3.8%	3.2%	-0.2%	-2.3%	3.1%	4.2%	-0.7%	2.4%
2023	4.8%	-0.3%	-0.9%	1.5%	-1.0%	2.2%	1.6%	-0.4%	-2.6%	-1.4%	6.2%	1.7%	11.5%
2024	0.1%	0.7%	0.8%	0.6%	1.4%	2.1%	2.2%	1.6%	2.4%	-0.4%	1.3%	0.9%	14.6%
2025	1.2%	0.3%	0.4%	1.9%	1.8%	1.5%	2.3%	1.5%	2.3%	2.0%	1.7%	1.5%	20.1%
2026	1.3%	2.8%											4.1%

## CUMULATIVE INVESTMENT PERFORMANCE



## CALENDAR YEAR RETURNS

PERFORMANCE	FUND	BENCHMARK
2021	19.1%	16.2%
2022	2.4%	1.0%
2023	11.5%	12.1%
2024	14.6%	14.7%
2025	20.1%	22.5%

## TOP 10 MANAGER ALLOCATION 31 DECEMBER 2025

MANAGER	PERCENTAGE
Vunani	10.4%
iShares Developed World Index Fund	9.5%
Argon SA Equity Fund	7.9%
Mianzo Capped Swix Active Equity Fund	6.2%
Coronation Absolute Bond - SA Bonds	6.2%
Coronation Managed Portfolio	5.2%
M&G Investments Global Balanced Fund	5.2%
Ninety One Global Balanced Fund	5.2%
Stanlib Bond Fund	4.2%
KZN Satrix SmartCore Portfolio	4.1%
Other	36.1%

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