

KZN MANAGED FUND

MAY 2026

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 these asset 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

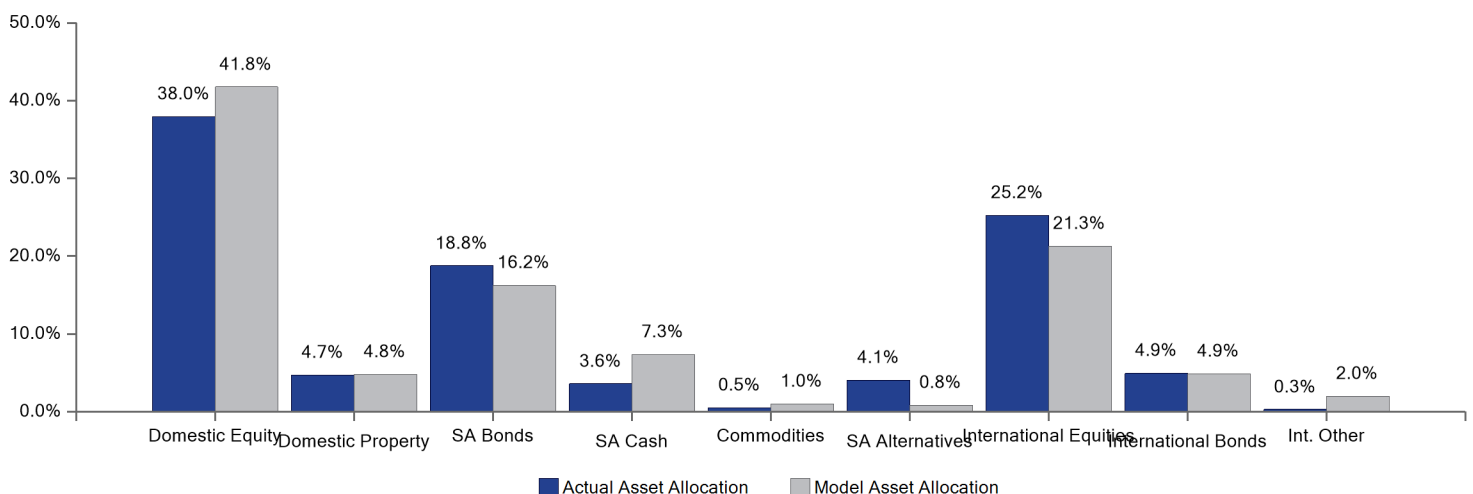
Technology stocks drove markets in May, with the Nasdaq reaching new highs. Strong demand for AI infrastructure pushed up semiconductor stocks, while initial public offering (IPO) filings from SpaceX as well as OpenAI's pre-IPO preparations added further momentum, with space and satellite stocks soaring. AI infrastructure demand appears real rather than speculative. The combined cloud backlog of Amazon, Microsoft and Google has doubled over six months to \$1.5 trillion in sales commitments (not pipeline). That said, the speed and scale of investment warrant close scrutiny, with AI hyperscaler capex expected to rise from \$800bn in 2026 to \$1.1tn in 2027.

Negotiations between the US and Iran have swung sharply from day to day, alternating between optimism over a potential deal and threats of destruction, with markets increasingly desensitised to each development. Core sticking points remain Iran's uranium stockpile, control over the Strait of Hormuz and the ongoing US naval blockade of Iranian ports. Markets have differentiated sharply, rewarding AI winners and punishing oil importers. US equities have been notably insulated from the oil shock, supported by strong earnings, the absence of Fed rate hikes and by tax relief from the One Big Beautiful Budget Act. This price rally has been matched by rising consensus earnings forecasts.

Services inflation remains the stickiest problem globally, due to tightening labour markets and firm pricing power. In the US, services inflation accelerated to a 4% annualised rate in the three months through April, and euro area services inflation picked up to 3.6% annualised, the clearest signal that inflation is not yet under control. A mix of goods-sector cost pressures (China's fading deflationary impulse, surging tech prices, building-supply-chain and transportation-cost pressures) could push core inflation well above 3%. If central banks hike in response, the drag from higher oil, food and borrowing costs will eventually feed through to earnings, setting markets up for disappointment down the line. The SARB raised the policy rate by 25 basis points to 7%, in line with market expectations. While the base case assumes no further hikes, the SARB acknowledged that a combination of El Niño-driven drought conditions and elevated oil prices could necessitate up to three additional rate increases should both risks materialise simultaneously. Against this backdrop, we remain underweight South Africa given the headwinds of rising borrowing costs, food prices and fuel prices.

The FTSE/JSE CAPI Index declined by 0.3%, while Industrials fell 0.9% and Financials advanced 1.1%. The JSE All Bond Index rose by 2.9% and the Rand strengthened 3.0% against the Dollar.

ACTUAL ASSET ALLOCATION AS AT 31 MARCH 2026



FRONT OFFICE CONTACT DETAILS

vusi@kznmfp.org
16th Floor, 22 Dorothy Nyembe Street
The Marine Building
Durban Central
DURBAN, 4001
Tel. (031) 322 9002



KZN
MUNICIPAL PENSION FUND
Together We Grow Your Wealth

FUND SUMMARY AS AT 31 MAY 2026

| STATISTIC | FUND | BENCHMARK |
|-------------------|-------|-----------|
| % Positive Months | 70.0% | 73.3% |
| % Negative Months | 30.0% | 26.7% |
| Worst Month | -4.9% | -5.9% |
| Best Month | 7.4% | 7.3% |
| Average Return | 1.1% | 1.1% |
| Median Return | 1.4% | 1.3% |
| Maximum Drawdown | -6.2% | -5.9% |

PERFORMANCE ANALYSIS TO 31 MAY 2026

| PERIOD | FUND | BENCHMARK |
|-----------------|-------|-----------|
| 1 Month | 0.1% | 0.1% |
| 3 Months | -1.9% | -2.6% |
| 6 Months | 4.0% | 4.3% |
| Year to Date | 2.4% | 2.9% |
| 1 Year | 17.2% | 17.5% |
| 3 Years | 15.4% | 15.3% |
| 5 Years | 13.1% | 13.0% |
| Since Inception | 11.5% | 11.1% |

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

FEES

| | PERCENTAGE |
|-------------------------------|------------------|
| Total Expense Ratio (TER) | 0.58% (Mar 2026) |
| Transaction Costs (TC) | 0.10% (Mar 2026) |
| Total Investment Charge (TIC) | 0.68% (Mar 2026) |

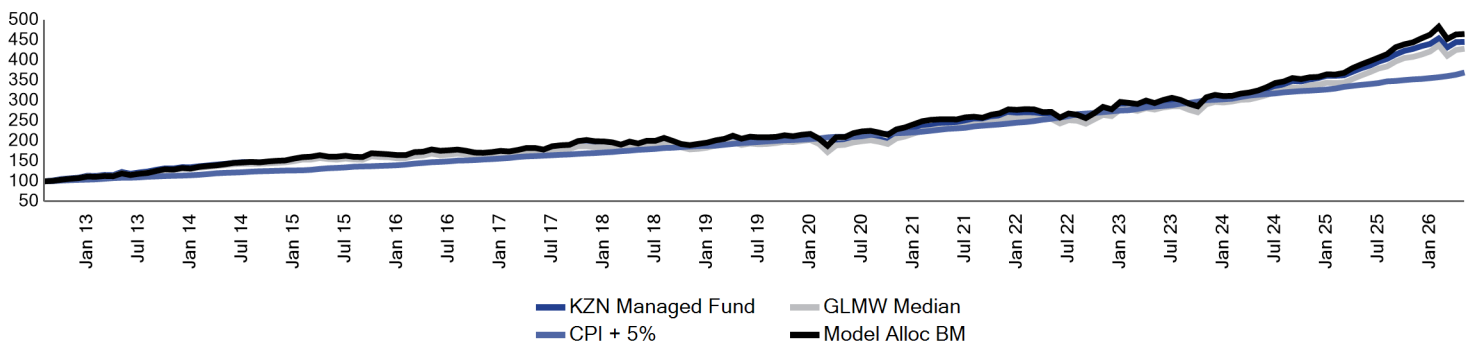
BENCHMARK COMPOSITION

Global Large Manager Watch Median

HISTORICAL PERFORMANCE

| YEAR | JAN | FEB | MAR | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC | YEAR |
|------|-------|-------|-------|-------|-------|-------|------|-------|-------|-------|------|-------|-------|
| 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% | 2.1% | 1.2% | 1.6% | 22.2% |
| 2026 | 1.3% | 3.1% | -4.9% | 3.0% | 0.1% | | | | | | | | 2.4% |

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

CALENDAR YEAR RETURNS

| PERFORMANCE | FUND | BENCHMARK |
|-------------|-------|-----------|
| 2021 | 23.3% | 22.0% |
| 2022 | 2.0% | 1.5% |
| 2023 | 12.3% | 13.4% |
| 2024 | 15.2% | 14.5% |
| 2025 | 22.2% | 22.0% |

TOP 10 MANAGER ALLOCATION 31 MARCH 2026

| MANAGER | PERCENTAGE |
|--|------------|
| iShares Developed World Index Fund | 11.4% |
| M&G Investments Global Balanced Fund | 10.0% |
| Ninety One Global Balanced Fund | 10.0% |
| Coronation Managed Portfolio | 10.0% |
| Argon SA Equity Fund | 9.5% |
| Mianzo Capped Swix Active Equity Fund | 7.3% |
| KZN Satrix SmartCore Portfolio | 4.6% |
| Vunani | 3.5% |
| Garrington Private Credit Fund - Class B2 Shares | 2.5% |
| iShares Emerging Markets Index Fund | 2.3% |
| Other | 28.7% |