

KZN ISLAMIC FUND

AUGUST 2026

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

Gold rallied 15% and bitcoin 27% after the US Treasury Department announced it would intervene in the US bond market following a surge in yields to their highest levels in decades. US national debt has just topped \$40 trillion, having accelerated faster than predicted, in part due to the tax cuts under last summer's Republican tax and spending bill, fuelling fears of a borrowing "doom loop". The US Treasury is now suppressing yields directly, a form of financial repression that, over time, could erode the currency's real value. This is a classic set-up for the debasement trade: Gold rallying as investors hedge against the erosion of currency purchasing power implied by financial repression. We have adjusted our positioning to hedge against a weaker dollar and a higher gold price. Higher precious metals prices support both the budget deficit and the trade deficit. South African bonds are now neutral, and we are overweight SA equities.

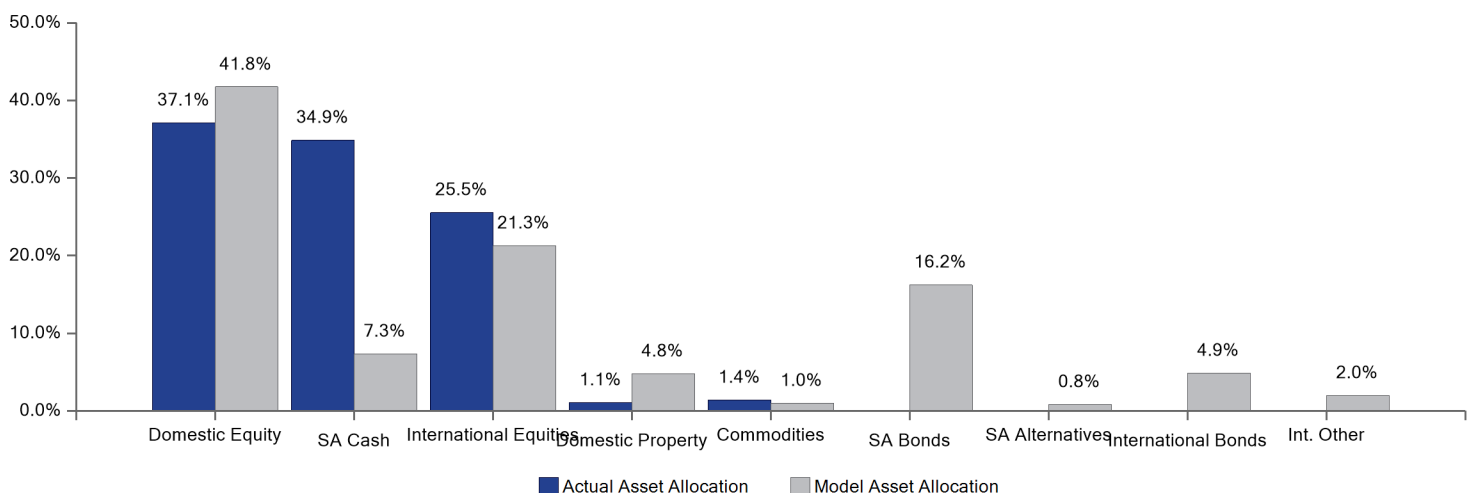
The AI bull run continues, pushing forecast 2027 earnings to record highs. It is important to note that these earnings are backed by lower ongoing profits when the revaluation of underlying investments is stripped out - and almost no cash flow when high capex is stripped out. Further risks include small language models, cheaper Chinese models and corporate price caps, which could compress AI profit margins.

For now, we remain cautiously overweight global equity but geopolitical risks remain elevated:

- US and Iran recently exchanged strikes for the first time in about a month, and the US announced Operation Economic Outcast to completely isolate Iran - including threats against anyone that conducts business with Tehran, risking an escalation of conflict between the US and China.
- Russia and Ukraine have continued to attack each other, and the Middle East conflict looks like it may run on a similarly extended timeline. Crude may fall on supply improvements, but diesel is being driven by Middle East and Russian refining capacity, and the global wheat price is experiencing similar supply disruptions as a result of the wars.
- In retaliation against proposed US tariffs, Canada has threatened to double its existing counter-tariffs on US steel and aluminium products and impose new duties, risking another escalation with the US.

The FTSE/JSE CAPI Index gained 4.6%, while Industrials and Financials declined by 5.8% and 1.4%, respectively. The JSE All Bond Index advanced by 0.7%, and the Rand strengthened by 2.5% against the Dollar.

ACTUAL ASSET ALLOCATION AS AT 30 JUNE 2026



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KZN
MUNICIPAL PENSION FUND
Together We Grow Your Wealth

FUND SUMMARY AS AT 31 AUGUST 2026

STATISTIC	FUND	BENCHMARK
% Positive Months	68.3%	66.7%
% Negative Months	31.7%	33.3%
Worst Month	-4.8%	-5.8%
Best Month	5.0%	6.5%
Average Return	0.9%	0.8%
Median Return	0.9%	1.1%
Maximum Drawdown	-6.1%	-9.5%

PERFORMANCE ANALYSIS TO 31 AUGUST 2026

PERIOD	FUND	BENCHMARK
1 Month	1.8%	2.2%
3 Months	2.0%	2.0%
6 Months	4.4%	-0.1%
Year to Date	11.4%	4.4%
1 Year	21.2%	12.1%
3 Years	14.6%	13.3%
5 Years	11.6%	9.9%
Since Inception	8.7%	8.2%

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

FEES

	PERCENTAGE
Total Expense Ratio (TER)	1.09% (Jun 2026)
Transaction Costs (TC)	0.09% (Jun 2026)
Total Investment Charge (TIC)	1.18% (Jun 2026)

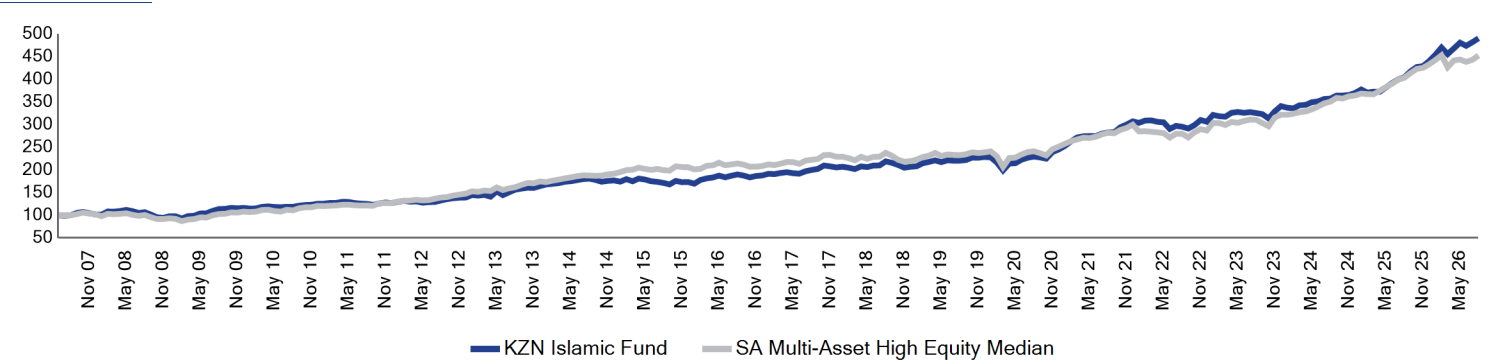
BENCHMARK COMPOSITION

SA Multi-Asset High Equity Median

HISTORICAL PERFORMANCE

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
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%	-2.9%	5.0%	3.5%	11.2%
2024	-1.0%	-0.4%	2.0%	0.3%	1.7%	0.5%	1.5%	0.3%	1.8%	0.1%	0.3%	1.2%	8.5%
2025	2.1%	-1.8%	0.6%	-0.1%	2.6%	2.5%	2.1%	1.3%	3.2%	2.3%	0.5%	2.6%	19.0%
2026	3.2%	3.5%	-3.1%	2.7%	2.7%	-1.4%	1.7%	1.8%					11.4%

CUMULATIVE INVESTMENT PERFORMANCE



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CALENDAR YEAR RETURNS

PERFORMANCE	FUND	BENCHMARK
2021	25.3%	19.3%
2022	-0.3%	-4.3%
2023	11.2%	12.2%
2024	8.5%	13.1%
2025	19.0%	18.9%

MANAGER ALLOCATION 30 JUNE 2026

MANAGER	PERCENTAGE
Camissa - Islamic Balanced	50.9%
Old Mutual Albaraka Balanced Fund	48.1%
Cash	1.0%