KZN DEFENSIVE FUND

SEPTEMBER 2026

The KZN Defensive Fund is a low risk fund that aims to balance the needs of members that are approaching retirement; to preserve their capital, to maintain exposure to growth assets and maintain the level of income that can be secured at retirement.

The fund is well diversified between asset classes, both locally and internationally, but is managed within conservative parameters. The fund's asset allocation is fixed and the fund makes use of specialist asset managers to select the most attractive securities to invest in within each asset class.

Due to its relatively low allocation to growth assets, the fund has a low chance of capital loss in the short term and is expected to achieve moderate real growth of capital over the long-term. The fund is best suited to members who have a short to medium term (1-3 years) investment horizon.

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

MONTHLY COMMENTARY

Markets fell in September as energy prices soared 20%, forcing central banks around the world to hike interest rates - including the Federal Reserve, European Central Bank, Bank of Japan and the South African Reserve Bank. Oil above $100/barrel will drive global growth down and inflation higher, a toxic mix for markets. This is also the third consecutive year in which central banks have projected an "immaculate disinflation" (a reduction in inflation while maintaining growth) that has failed to materialise. While tariff-driven inflation has passed its peak and energy inflation is expected to peak in Q3, a new concern is AI-capex-driven inflation, which is only expected to peak in Q4 or early 2027.

The Middle East outlook continues to vacillate between a deal and annihilation, most likely until the US midterms at least. The status quo since end February has continued, with high, volatile oil prices and record-high refining margins. The global backdrop remains one of resilient growth colliding with an energy and inflation shock.

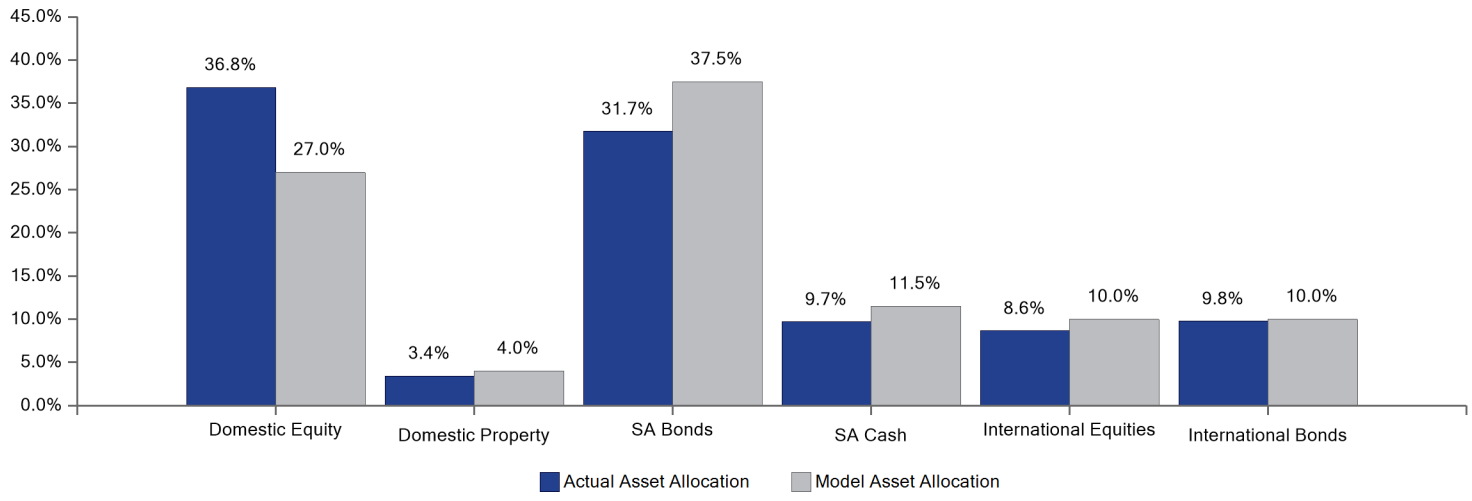
Developed market central banks are still playing catch-up against inflation that has proven far stickier than expected. The US rate hike restored Fed credibility and, with little evidence of a fiscal risk premium in global yields, we have trimmed our bond underweight to slight.

On commodities, we prefer a broad basket over gold specifically. Central bank de-dollarisation remains a genuine structural tailwind for gold, but valuations are stretched near 1980 peaks, and a broader basket offers commodities benefitting from the AI capex theme. This has kept us neutral SA bonds and overweight SA equities despite the risks of rising energy prices to emerging market energy importers. South Africa illustrates the risk: contracting growth, a blown-out current account and a fragmenting political landscape.

In global equities, we remain overweight. Growth remains strong partly due to AI capex spend and partly due to excessive government support, which helps offset the higher interest rates. While volatility is likely to remain high as we go into the US midterm elections, an AI-led productivity boom will support earnings growth and eventually push down inflation in the medium term.

The FTSE/JSE CAPI Index declined by 5.8%, with Industrials and Financials falling by 5.4% and 3.5%, respectively. The JSE All Bond was unchanged, while the Rand weakened by 1.6% against the Dollar.

ACTUAL ASSET ALLOCATION AS AT 30 JUNE 2026



FRONT OFFICE CONTACT DETAILS
vusi@kznmpf.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 30 SEPTEMBER 2026

STATISTIC	FUND	BENCHMARK
% Positive Months	75.0%	70.0%
% Negative Months	25.0%	30.0%
Worst Month	-3.2%	-5.4%
Best Month	5.1%	5.9%
Average Return	0.9%	0.9%
Median Return	0.9%	1.0%
Maximum Drawdown	-3.5%	-5.4%

PERFORMANCE ANALYSIS TO 30 SEPTEMBER 2026

PERIOD	FUND	BENCHMARK
1 Month	-0.6%	-1.1%
3 Months	0.9%	-0.3%
6 Months	4.0%	3.9%
Year to Date	4.4%	2.5%
1 Year	10.4%	8.9%
3 Years	14.3%	15.1%
5 Years	10.9%	11.2%
Since Inception	9.0%	8.2%

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

FEES

	PERCENTAGE
Total Expense Ratio (TER)	0.48% (Jun 2026)
Transaction Costs (TC)	0.03% (Jun 2026)
Total Investment Charge (TIC)	0.52% (Jun 2026)

CALENDAR YEAR RETURNS

PERFORMANCE	FUND	BENCHMARK
2021	15.1%	15.3%
2022	2.8%	2.7%
2023	10.8%	10.5%
2024	14.2%	14.6%
2025	17.9%	20.6%

TOP 10 MANAGER ALLOCATION 30 JUNE 2026

MANAGER	PERCENTAGE
Vunani	16.2%
Coronation Absolute Bond - SA Bonds	9.7%
Stanlib Bond Fund	6.5%
Argon SA Equity Fund	5.6%
iShares Developed World Index Fund	5.6%
Mianzo Capped ALSI Active Equity Fund	5.0%
Coronation - SA Cash	4.9%
Taquanta Core Cash - KZN Municipal Pension Fund	4.9%
Garrington Private Credit Fund - Class B2 Shares	3.2%
KZN Satrix SmartCore Portfolio	2.6%
Other	35.9%

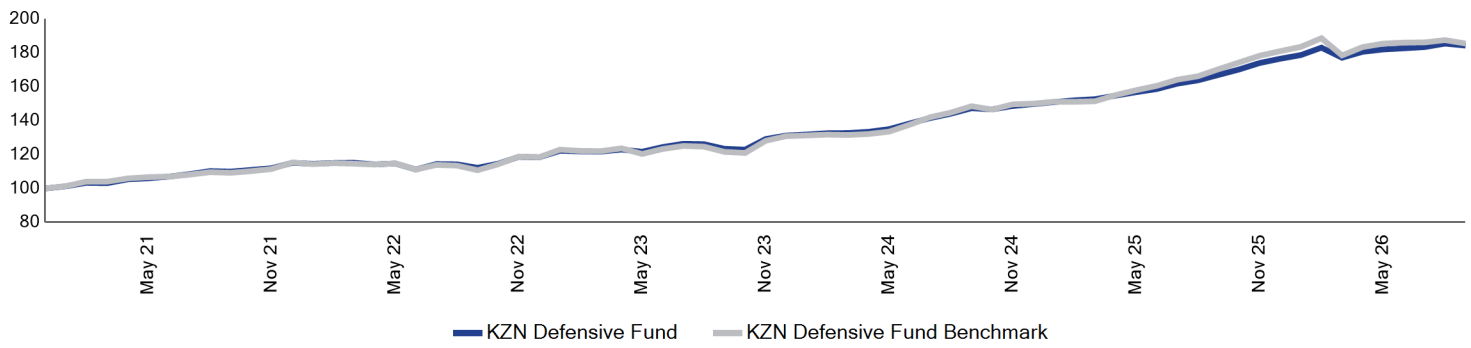
BENCHMARK COMPOSITION

The fund benchmark is a composite benchmark consisting of: 17% Capped All Share, 37.5% ALBI, 4% SAPY, 11.5% STeFI, 10% MSCI All Country World Index, 10% Barclays Global Agg Bond Index, 10% Private Market Composite

HISTORICAL PERFORMANCE

YEAR	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	YEAR
2021	1.3%	2.0%	-0.2%	2.2%	0.6%	0.9%	1.3%	1.7%	-0.3%	0.9%	0.9%	2.8%	15.1%
2022	-0.5%	0.4%	0.1%	-0.8%	0.5%	-3.1%	2.9%	-0.1%	-1.8%	2.1%	3.5%	-0.2%	2.8%
2023	3.2%	-0.3%	-0.1%	1.0%	-1.1%	2.3%	1.5%	-0.2%	-2.2%	-0.4%	5.1%	1.6%	10.8%
2024	0.5%	0.5%	0.1%	0.6%	1.2%	2.5%	2.3%	1.8%	2.2%	-0.5%	1.4%	0.8%	14.2%
2025	0.8%	0.7%	0.4%	1.4%	1.3%	1.2%	2.0%	1.2%	1.9%	1.9%	2.2%	1.4%	17.9%
2026	1.2%	2.4%	-3.2%	2.0%	0.8%	0.4%	0.4%	1.1%	-0.6%				4.4%

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