KZN MANAGED FUND

SEPTEMBER 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

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.

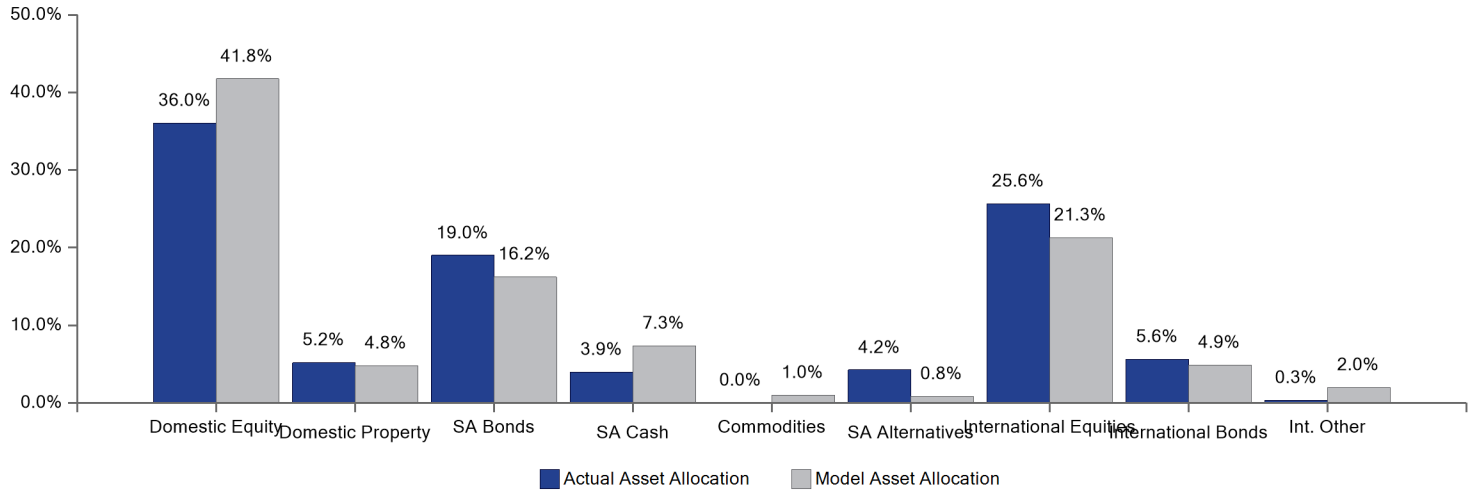
Developed market central banks are still playing catch-up against inflation that has proven far stickier than expected. The US rate hike restored Fed credibility and, with little evidence of a fiscal risk premium in global yields, we have trimmed our bond underweight to slight.

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



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KZN MUNICIPAL PENSION FUND
Together We Grow Your Wealth

FUND SUMMARY AS AT 30 SEPTEMBER 2026

STATISTIC	FUND	BENCHMARK
% Positive Months	68.3%	70.0%
% Negative Months	31.7%	30.0%
Worst Month	-4.9%	-5.9%
Best Month	7.4%	7.3%
Average Return	1.0%	1.0%
Median Return	1.3%	1.2%
Maximum Drawdown	-6.2%	-5.9%

PERFORMANCE ANALYSIS TO 30 SEPTEMBER 2026

PERIOD	FUND	BENCHMARK
1 Month	-2.2%	-2.3%
3 Months	0.5%	0.5%
6 Months	2.7%	3.3%
Year to Date	2.0%	2.6%
1 Year	7.1%	7.0%
3 Years	15.3%	15.3%
5 Years	12.1%	12.0%
Since Inception	11.2%	10.8%

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

FEES

	PERCENTAGE
Total Expense Ratio (TER)	0.56% (Jun 2026)
Transaction Costs (TC)	0.10% (Jun 2026)
Total Investment Charge (TIC)	0.66% (Jun 2026)

BENCHMARK COMPOSITION

Global Large Manager Watch Median

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%

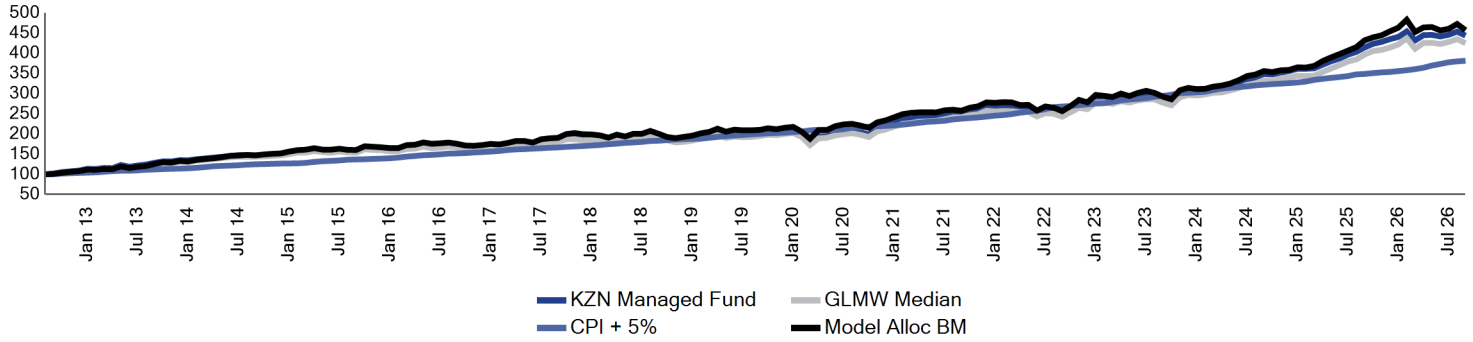
TOP 10 MANAGER ALLOCATION 30 JUNE 2026

MANAGER	PERCENTAGE
iShares Developed World Index Fund	11.8%
Coronation Managed Portfolio	10.0%
Ninety One Global Balanced Fund	10.0%
M&G Investments Global Balanced Fund	10.0%
Argon SA Equity Fund	9.2%
Mianzo Capped ALSI Active Equity Fund	8.1%
KZN Satrix SmartCore Portfolio	4.3%
Vunani	3.7%
iShares Emerging Markets Index Fund	2.5%
Garrington Private Credit Fund - Class B2 Shares	2.4%
Other	28.0%

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%	-0.9%	0.9%	1.7%	-2.2%				2.0%

CUMULATIVE INVESTMENT PERFORMANCE



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