

VUNANI

FUND MANAGERS

VUNANI BOTSWANA INCOME FUND FACT SHEET

FUND INFORMATION UPDATE AT 30 JUNE 2022

WHAT IS THE FUND'S OBJECTIVE?

The objective of the fund is to provide investors with a reasonable level of current income while maintaining stability for capital invested.

WHAT DOES THE FUND INVEST IN?

The fund invests in a wide range of fixed income securities, non-equity securities, preference shares, debentures and unsecured notes. The fund invests locally and regionally. The primary offshore investment destination is South Africa.

WHO SHOULD CONSIDER INVESTING IN THIS

The fund is designed for both retail and institutional investors who require alternative short-term diversification which will provide yield enhancement.

POSSIBLE RISKS ASSOCIATED WITH THIS FUND

The possible risks associated with this portfolio include general market and economic risks, interest rate risk, bond yield fluctuations and currency risk.

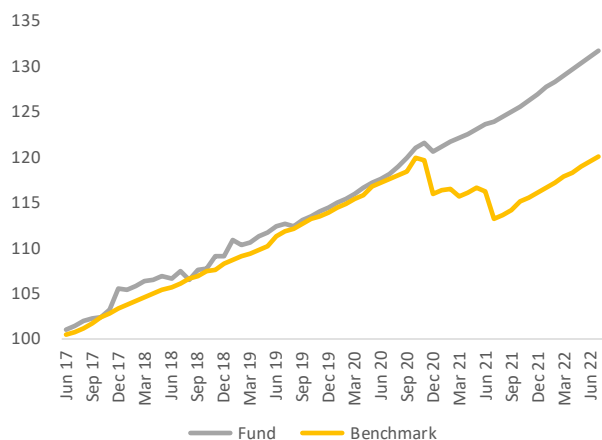
The fund has exposure to a moderate amount of risk for an increase in potential income.

PERFORMANCE

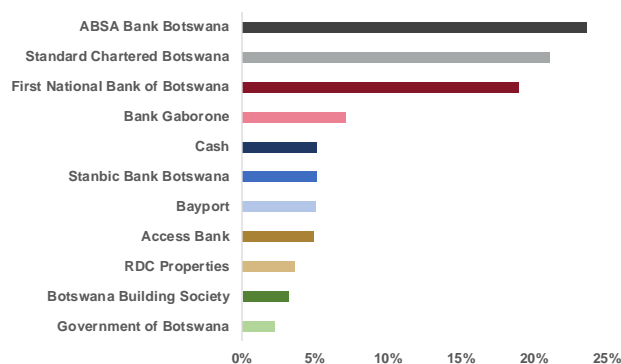
Returns (%)	3 months	1 yr	3 yrs
Class A			
Return	1.29	4.56	3.64
Benchmark	1.42	2.80	2.40

Returns shown are cumulative for all periods shorter than or equal to 1 year, and annualised for all periods greater than 1 year.

CUMULATIVE PERFORMANCE



TOP 10 ISSUER EXPOSURE



GENERAL FUND INFORMATION

Fund managers Chandapiwa Moampe
Fund size (P) 148.2 million
Fund class B1
Inception date 25 May 2017

Classification Africa Fixed Interest
Benchmark 90% x Botswana Bond Index + 10% x Botswana Average Call Rate + 2%

ISIN number ZAE000235057
Alpha code SBIFB1

Minimum investment requirements

Lump sum P100,000
Monthly N/A

RISK PROFILE

Conservative	Moderately conservative	Moderate	Moderately aggressive	Aggressive
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FEES

MAXIMUM CHARGES (INCL. VAT)

Initial fee (manager)	0.000%
Initial fee (adviser)	0.684%
Annual fee (manager)	1.140%
Annual fee (adviser)	0.285%
Performance fee	0.000%

ANNUAL COST RATIOS (INCL. VAT)

Base period	01/07/2019
TER	1.53%
TC	0.00%
TIC	1.53%
1 year TER	1.39%

Total expense ratio (TER): shows the charges, levies and fees relating to the management of the portfolio (expressed as a % of the average net asset value of the portfolio. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER should not be regarded as an indication of future TERs.

Transaction costs (TC): shows the % of the value of the fund incurred as costs relating to buying and selling of the fund's underlying assets. TC are a necessary cost in administering the fund and impacts fund returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of fund, investment decision of the investment manager and the TER.

Total investment charges (TIC): the sum of TER and TC, shows the % of the value of the fund incurred as costs relating to investment of the fund. It should be noted that performance figures account for all costs included in the TIC ratio, so you should not deduct the TIC from performance figures, the performance is already net of the TIC.

INCOME DISTRIBUTION

Net income is calculated and accrued daily and is declared and distributed quarterly.

Declaration: 28 February, 31 May, 31 August, 30 November

FUND REVIEW

The Fund closed Q2 2022 at P148.2 million, up from BWP 141.4 million at the end of Q1 2022. The fund outperformed the benchmark over the quarter and over 1 year, mainly due to significant interest income contribution.

MARKET OVERVIEW

Year on year real GDP grew strongly by 7.0% during Q1 2022, compared to an increase of 1.0% in the corresponding quarter of 2021. Growth was driven by the Mining and Quarrying sector which recorded year on year growth rate of 23%, while the Non-Mining sector contributed a year on year growth of 3.8%. The biggest contributors to GDP were the Public Administration and Defence, Mining and Quarrying, Construction, and Wholesale and Retail at 17.5%, 13.3%, 11.9% and 11.4% respectively.

With the easing of COVID 19 restrictions in global markets, the local economy benefitted from a significant growth in the demand of rough diamonds, because of diamond traders in the global value chain replenishing inventory exhausted during the holiday season. On a quarter-on-quarter basis, the domestic economy recorded growth of 6.5%, compared to compared to 5.0% growth in the same quarter in 2020.

Headline consumer inflation increased to 12.7% year-on-year in June 2022 from 10.0% in March 2022. The inflationary pressures experienced over the past few months are mainly as a result of increases in local fuel prices culminating from increases in global fuel prices. Over the quarter inflation averaged 11.4%, increasing from an already high average of 10.4% in the previous quarter. The Transport group contributed a significant 6.9% to overall inflation during the

three-month period (63.8% contribution). Overall due to geopolitical tensions and the persistence of supply chain constraints, increases in global energy prices continue to influence the high levels of inflation experienced during the quarter.

OUTLOOK

We witnessed a significant increase in yields in Q2 2022 compared to prior quarters, with the overall FABI yield to maturity (YTM) closing the quarter at 7.45% from 6.79% at the end of Q1 2022. Year to date, the FABI returned 3.1%, while over a 1-year period (to June 2022) the index returned 2.8%. The price risk in the asset class persisted in the second quarter of the year. We maintain a moderate asset allocation view on domestic bonds, given the risk of permanent losses from the elevated inflation level.

We expect inflation to remain above the upper bound of the Bank of Botswana target range of 6% for the remainder of 2022 and gradually decline, falling within the target range in the latter part of 2023. We anticipate that the Bank of Botswana will raise the Monetary Policy Rate by another 50 basis points before the end of 2022, in its efforts to curb inflation.

Interest rates for money market instruments continued in an upward trajectory as banking counterparties competed more aggressively for deposits throughout the quarter. While the banking sector continued experience liquidity constraints during the second quarter, we anticipate liquidity challenges in the banking sector to subside in the third quarter, as domestic economic conditions improve increasing banking activity in facilitating international trade. Our objective is to keep identifying the appropriate entry points for tenor deposits, with adequate compensation for the risks taken.

CONTACT DETAILS

TRUSTEE

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DISCLOSURE

Collective Investment Undertaking (CIUS) are generally medium to long term investments. The value of the units may go up or down, and past performance is not necessarily a guide to future performance. Unit trusts (UTs) are traded at ruling prices and can engage in borrowing and scrip lending.

The Vunani Botswana Money Market Fund is a portfolio of the Vunani Fund Managers Unit Trust Scheme (the Scheme), which is licensed in terms of the Collective Investment Undertakings Act, 1999 (as amended). The manager of the Scheme is Vunani Fund Managers (Pty) Ltd (the Manager). The Manager is licensed by the Non-bank Financial Institutions Regulatory Authority (NBFIRA), Certificate No. CIU/06, to carry out the business of a Unit Trust Management Company in the Republic of Botswana. The investments of this portfolio are managed by the Manager.

The Manager is licensed by NBFIRA, Certificate No. NBFIRA 10/3/13/II, to carry out the business of an asset manager in the Republic of Botswana. Prices are calculated and published on each working day and are available on the Manager's website (www.vunanifm.co.bw). This portfolio is valued at 15h00. Forward pricing is used. Investments and repurchases will receive the price of the same day if received prior to 12h00.

This is a portfolio that derives its income primarily from interest-bearing instruments. The yield (if shown) is a current effective yield and is calculated daily.

All performance returns quoted are shown in BWP and are based on data sourced from Morningstar/StatPro. Annualised return figures are the compound annualised growth rate (CAGR) calculated from the cumulative return for the period being measured. These annualised returns provide an indication of the annual return achieved over the period had an investment been held for the entire period. Actual annual figures are available on request from the Manager. Portfolio performance figures are calculated for the relevant class of the portfolio, for a lump sum investment, on a NAV-NAV basis, with income reinvested on the ex-dividend date. Individual investor performance may differ due to initial fees, actual investment date, income and dividend reinvestment dates, withholding tax. Portfolio performance accounts for all costs that contribute to the calculation of the cost ratios quoted, all returns quoted are after these costs have been accounted for.

Additional information including but not limited to, prospectus, brochures, application forms, quarterly reports, can be obtained (at no cost) from the Manager and/or from the Manager's website (www.vunanifm.co.bw).