

# VUNANI

## FUND MANAGERS

### VUNANI BOTSWANA INCOME FUND FACT SHEET

#### FUND INFORMATION UPDATE AT 31 MARCH 2021

#### 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.

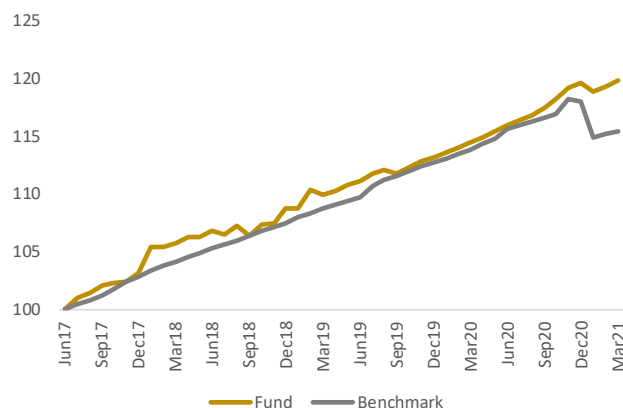
The fund has exposure to a moderate amount of risk for an increase in potential income.

#### PERFORMANCE

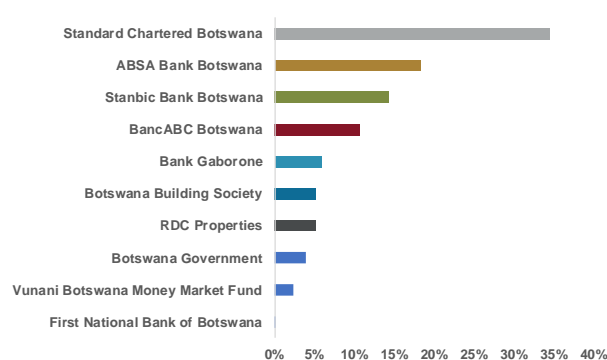
Returns (%)	3 months	1 yr	3 yrs
<b>Class A</b>			
Return	0.89	3.48	3.12
Benchmark	-0.21	0.22	3.42

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** Tshephang Loeto & Chandapiwa Moampe  
**Fund size (P)** 78.8 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	<b>Moderately conservative</b>	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	01/04/2018
TER	1.52%
TC	0.04%
TIC	1.56%
1 year TER	1.74%

**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

### 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](http://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 12h30.

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](http://www.vunanifm.co.bw)).

## FUND REVIEW

The Fund closed the first quarter of 2021 with a market value of BWP 78.8 million. The fund outperformed its benchmark over the quarter, explained by a significant yield contribution.

## MARKET OVERVIEW

For the calendar year 2020, the average growth in the Botswana economy (measured on 12 months rolling basis) came out at -7.9% against a -7.7% forecast from the Ministry of Finance and Developmental planning. The outcome was lower than the 12 months rolling figures recorded in the previous two quarters due to more negative performing quarters being included in the period under review. The shrinkage in the economy by 7.9% does not compare favorably with 2019 calendar year growth which had advanced by 3.0%. Botswana remains a diamond export-led economy, which implies that a lot of its growth dynamics will be explained by external factors. A good performance in the diamond exports will ultimately mean that the foreign reserves will start to stabilize and likely position themselves for growth. It is on the back of the current level of reserves that the S&P Research affirmed Botswana's 'BBB+/A-2' ratings and maintained the negative outlook while Moody's downgraded the issuer ratings from A2 to A3 and changed the outlook from negative to stable.

Botswana's annual price growth accelerated sharply to 3.2% year-on-year in March 2021 as widely expected. Money markets closed the quarter above P2.1bn long liquidity.

Domestic bonds had a second conservative quarter of negative performance, with the Fleming Aggregate Bond Index (FABI) delivering -0.3%. We have seen a gradual uptick in fixed interest assets since the end of Q3-2020 and due to the inverse relationship between interest rates and bond prices the result was the negative returns that we saw in Q4-2020 and Q1-2021.

## OUTLOOK

Our objective is to keep identifying the appropriate entry points for tenor deposits, with adequate compensation for the risks.

Expected increases in administered prices such as Water and Electricity will provide upside risks to inflation. The International Monetary Fund (IMF) is expecting crude oil prices to increase by about 20-30% this year, and this will put further upside pressure on inflation, which is ultimately expected to breach the upper target range of 6% as set by the Bank of Botswana in the near-term, posing a significant risk of capital losses in bonds. The central bank kept the bank rate unchanged at 3.75%. While we believe there is still room to reduce rates further, with the significant uptick in inflation outlook, it will be interesting to see whether the central bank will look to increase the bank rate towards the end of the year. However, judging from the tone of the Monetary Policy Committee, rates will likely remain on hold as the committee believes that the spike in inflation will prove to be transitory.

The global and local economic recovery outlook remains fragile and is largely dependent on the implementation of respective vaccination programs and containment of further waves of COVID-19. Absent a setback in diamond exports, it will then follow that Botswana's economic and fiscal performance will gradually pick up over the next few years.

## CONTACT DETAILS

### TRUSTEE

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