

VUNANI

FUND MANAGERS

VUNANI BOTSWANA INCOME FUND FACT SHEET

FUND INFORMATION UPDATE AT 31 MARCH 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.

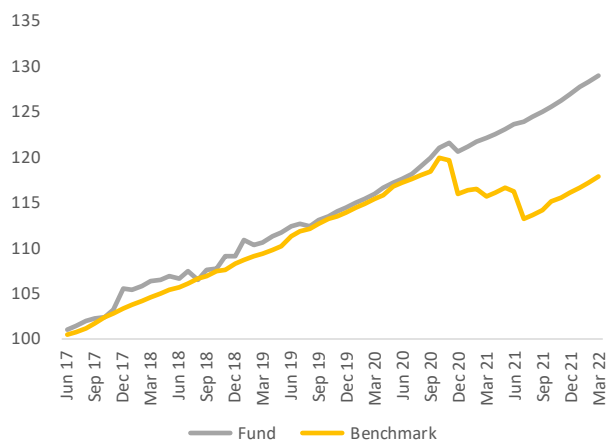
The fund has exposure to a moderate amount of risk for an increase in potential income.

PERFORMANCE

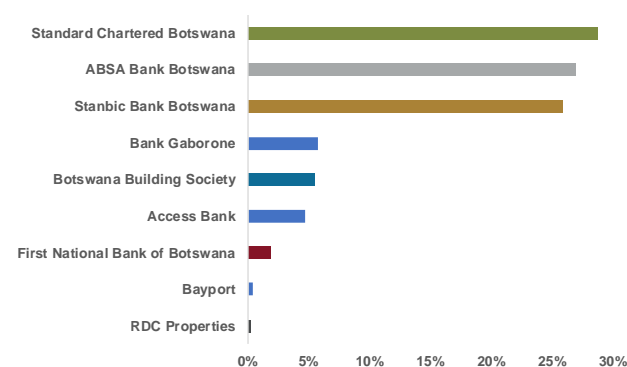
Returns (%)	3 months	1 yr	3 yrs
Class A			
Return	1.24	4.08	3.67
Benchmark	1.45	1.86	2.50

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) 141.4 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	01/04/2019
TER	1.53%
TC	0.01%
TIC	1.54%
1 year TER	1.43%

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 Q1 2022 at BWP 141.4 million from BWP 131.2 million at the end of Q4 2021. The fund yielded positive performance over the quarter, and the 1-year return was ahead of the benchmark, explained by a significant interest income contribution.

MARKET OVERVIEW

The growth momentum continued a positive trajectory going into the last quarter of 2021, registering a 5.6% year-on-year growth, culminating in an overall growth of 11.4% for the calendar year 2021 (significantly above initial forecasts). Growth was driven by the Diamond Trading sector of the economy which witnessed improved demand for diamonds in the global markets following previously difficult trading conditions in the previous comparable period due to COVID-19 containment measures.

On a 12-month rolling basis, economic growth advanced by 11.4%. This growth was just enough to return the size of the economy to the pre-pandemic level, almost at par with the size last recorded in 2019 before the 2020 recession. The Diamond Traders sector registered the strongest recovery over the year recording growth of 78.0%, followed by the Mining & Quarrying sector at 29.9%. The wholesale & retail sector was the only other sector that recorded a growth greater than 10% at 14.6% while the rest of the sectors were lower. Only two sectors contracted over the year, the Agriculture, Forestry & Fishing and Accommodation & Food services which declined by 2.9% and 1.5% respectively. This comes as no surprise as they were some of the last sectors to resume operation following the COVID-19 shutdown, especially the tourism sector. Overall, non-mining GDP registered a growth of 8.8% for the year.

Headline consumer inflation accelerated to 10.0% year-on-year in March 2022 from 8.7% in December 2021. A year ago, we expected that fuel would add to inflation albeit at a slower rate than recently evidenced on the back of the recent surge in global oil prices, which we could not have foreseen then. As was the case in the previous quarter, the Transport category remains the biggest contributor to headline inflation over the past 12 months.

OUTLOOK

Despite an improvement from the previous quarter, there continues to be pressure on performance from a real return performance perspective on account of the high inflation currently being experienced locally. We saw a marginal decline in yields in Q1 2022, with the overall yield to maturity of the FABI closing at 6.75% from 6.79% at the end of Q4 2021. Year to date the FABI returned 1.5%, while over a 1-year period to March 2021 FABI returned 1.8%. Our outlook on domestic bonds has changed from positive to moderate, given the risk of permanent losses as inflation rises. The price risk in the asset class has continued to persist in the first quarter of 2022.

Upside risks to inflation outweigh the downside risks. To mention a few catalysts, the Russia/Ukraine war, which led to a drastic increase in oil prices, the Botswana Energy Regulatory Authority (BERA), like most energy regulators, have responded by adjusting local fuel prices upwards on 29 March 2022. Other factors include the expected increase in rentals by Botswana Housing Corporation and the expected increase in food prices because of food protectionist policies coupled with war-imposed supply shortages. With all these risks, we now expect that the average inflation for this year will be higher than the previous year, despite being expected to end the year on a lower print than the beginning of the year. We maintained the view that this rise in inflation would most likely cause the Monetary Policy Committee of the Bank of Botswana to respond – and indeed post quarter end they adjusted the Monetary Policy Rate upwards by 51 basis points. The central bank also implemented several reforms to try and encourage the transmission of monetary policy decisions.

CONTACT DETAILS

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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).