

VUNANI

FUND MANAGERS

VUNANI BOTSWANA INCOME FUND FACT SHEET

FUND INFORMATION UPDATE AT 31 MARCH 2025

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.

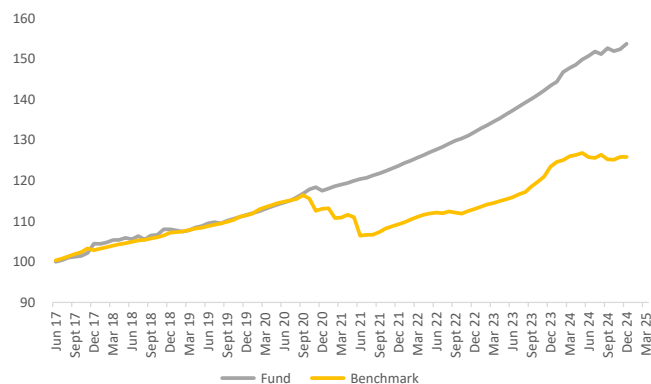
The fund has exposure to a moderate amount of risk for an increase in potential income.

PERFORMANCE

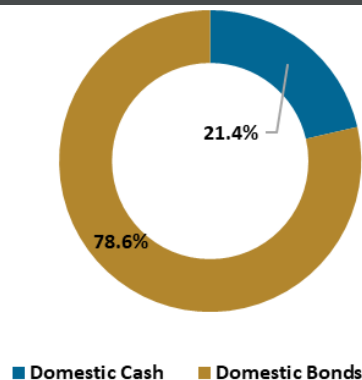
Returns (%)	3 months	1 yr	3 yrs	5 yrs
Gross				
Return	1.66	5.79	7.55	6.70
Benchmark	0.69	1.33	4.68	2.35

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



ASSET ALLOCATION



GENERAL FUND INFORMATION

Fund managers Jonathan Paledi & Kennedy Manopolwe
Fund size (P) 141.3 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 P500,000
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	01/04/2022
TER	1.10%
TC	0.00%
TIC	1.10%
1 year TER	0.92%

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). 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).

FUND REVIEW

In Q1 2025, the fund's market value closed at BWP 141.3 million. For the quarter, the portfolio outperformed the benchmark by 97bps. Additionally, the fund has greatly outpaced the benchmark over the medium and long-term periods.

MARKET OVERVIEW

According to Statistics Botswana, real GDP declined by 2.0% in Q4 2024, indicating a fourth consecutive decline in economic activity. For the full year (2024), real GDP declined by 3.0% from a prior reading of +3.2% in 2023. The mining sector experienced a 24.1% y/y contraction in 2024, compared to 2.9% in 2023 as diamond mining activity decreased by 25.6% because of production cutbacks implemented by Debswana in response to weak diamond demand and sales. Other detractors to the 2024 reading were as follows: Diamond Traders (-34.1%); Manufacturing (-2.5%) and Agriculture Forestry & Fishing (-0.3%). In Q4 2024, non-mining GDP realised growth of 4.0%, slightly lower than 4.3% realised in Q4 2023. The utilities sector continued on a positive trajectory, with electricity output rising by 72.5% (-40.0% in Q4 2023). On a quarter-on-quarter (q/q) basis, economic output increased by 1.3%, marking a reversal of the 2.9% decline in the prior quarter.

According to Botswana's statistical agency, headline inflation increased by 0.1 percentage point (pp) to 2.8% in March, as it continued to undershoot the Bank of Botswana's medium term objective range. The top contributors to the March reading included: Food and Non-Alcoholic Beverages (0.7%); Miscellaneous Goods and Services (0.7%) and Alcoholic Beverages & Tobacco (0.3%).

The Fleming Aggregate Bond Index (FABI) and the Botswana Bond Index (BBI) returned 1.0% and 0.7%, respectively, during Q1 2025.

OUTLOOK

Botswana's real GDP growth trajectory faces mammoth challenges, encompassing a slowdown in the diamond market, trade protectionist policies and flagging global economic output growth. Consequently, government finances have been severely impacted with the Ministry of Finance (MoF) forecasting a budget deficit of BWP 22.1 billion in FY2025/26, which is premised on improvement in the diamond market. Nevertheless, risks are highly weighted to the downside, with De Beers having reduced its 2025 production guidance. Furthermore, the government has had to resort to unconventional methods of financing including acquiring a direct loan from the Botswana Public Officers Pension Fund (BPOPF) and requesting for an advance receipt from Bank of Botswana.

The central bank forecasts inflation to average 2.5% (formerly 3.9%) in 2025 and rise to 5.8% (originally 5.0%) in 2026. The 2025 average was significantly revised downwards due to an anticipated 30% reduction in water tariffs and external factors encompassing reduced forecasts for food and international commodity prices. The Monetary Policy Committee (MPC) maintained an unchanged stance to the policy rate but underscored the need to establish and implement effective policies that prioritize high productivity across all economic growth activities in order to address current and future challenges.

Market liquidity remains very volatile on the back of low government flows, and we expect money market rates and bond yields to continue remaining elevated during the year. According to the FY2025/26 Government Borrowing Strategy, government expects to raise BWP 10 billion from the local debt market, which may result in a continued upward rise in bond yields, with recent issuances showcasing longer dated bonds surpassing the double digit stop out yield mark for the first time.

CONTACT DETAILS

TRUSTEE

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