

## VUNANI BOTSWANA MANAGED PRUDENTIAL FUND FACT SHEET

FUND INFORMATION UPDATE AT 31 DECEMBER 2022

### WHAT IS THE FUND'S OBJECTIVE?

The objective of the fund is to provide investors with a reasonable level of current income as well as capital growth at a moderate level of risk.

### WHAT DOES THE FUND INVEST IN?

The fund provides exposure to a well-diversified portfolio with a balanced mix of local and global equities, bonds and cash. Asset allocation is informed by Vunani's long-term views of geographical and asset class growth, while selected stocks display the key characteristics that we look for in businesses.

### WHO SHOULD CONSIDER INVESTING IN THIS

The fund is suitable for investors with an appetite for risk and a long-term investment horizon. The fund is suitable for individuals as well as smaller pension funds seeking medium to long-term capital and income growth. It offers investors access to an actively managed portfolio for planning towards a successful retirement.

### POSSIBLE RISKS ASSOCIATED WITH THIS FUND

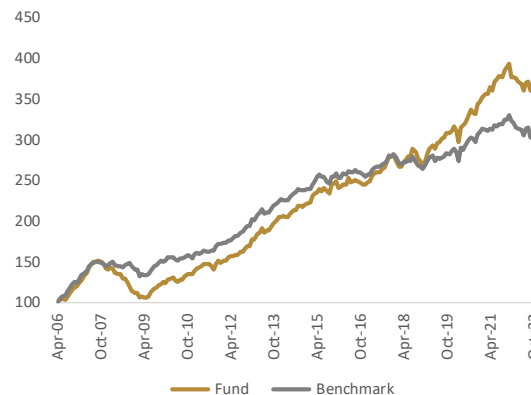
The fund is faced with general market risks such as price/demand fluctuations, economic and market conditions. Where exposure to foreign investments is included in the portfolio, there may be additional risks, such as possible constraints on liquidity and the return of funds to Botswana, macroeconomic, political, tax and settlement risks, and possible limitations on the availability of market information.

### PERFORMANCE

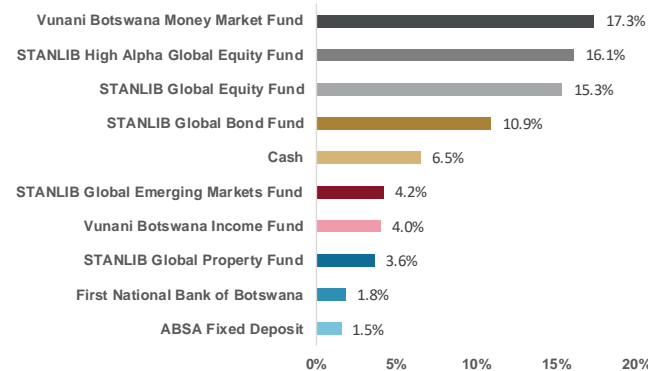
Returns (%)	3 months	1 yr	3 yrs	5 yrs
<b>Class A</b>				
Return	2.15	-6.76	4.71	3.92
Benchmark	3.47	-4.96	3.30	2.76

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

### CUMULATIVE RETURNS



### TOP 10 HOLDINGS



### GENERAL FUND INFORMATION

**Fund managers** Chandapiwa Moampe & Teko Mmolawa  
**Fund size (P)** 1.2 billion  
**Fund class** A  
**Inception date** 08 Nov 2005

**Classification** Global Multi Asset Class  
**Benchmark** 30% x MSCI Emerging Markets +  
 25% x Botswana Domestic Companies Index +  
 15% x MSCI World Index +  
 15% x FTSE World Government Bond Index +  
 10% x Fleming Aggregate Bond Index +  
 5% x Botswana Average Call Rate + 2%

**ISIN number** ZAE0000167698  
**Alpha code** SMPCA

### Minimum investment requirements

**Lump sum** P2,000  
**Monthly** P300

### RISK PROFILE

Conservative	Moderately conservative	Moderate	Moderately aggressive	Aggressive

### FEES

#### MAXIMUM CHARGES (INCL. VAT)

Initial fee (manager)	0.000%
Initial fee (adviser)	3.420%
Annual fee (manager)	1.140%
Annual fee (adviser)	0.285%
Performance fee	0.000%

**Annual fee (manager)** - this is a service charge applicable to each class of a fund, and is levied on the value of your portfolio. Annual fees are calculated and accrued daily and recovered monthly.

## ANNUAL COST RATIOS (INCL. VAT)

<b>Base period</b>	01/01/2020
<b>TER</b>	1.59%
<b>TC</b>	0.13%
<b>TIC</b>	1.72%
<b>1 year TER</b>	1.75%

**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 daily and declared semi-annually.

Declaration: 28 February and 31 August

## FUND REVIEW

The Fund ended the year with a market value of BWP 1.2 billion, up from BWP 1.1 billion at the end of Q3 2022. All asset classes finished the quarter in positive territory. The main contributors to performance were offshore developed equities, local equities and local cash.

## MARKET OVERVIEW

The first three quarters of 2022 witnessed quarterly declines for all four major market indices. However, in the final quarter of the year, performance was mixed. The Dow Jones Industrial Average rose sharply, while the S&P 500 and Russell 2000 also reported strong performance, however the Nasdaq fell slightly. Expectations for higher rates, slowing economic growth and underwhelming earnings weighed on the technology sector in Q4 2022 (and 2022 in general).

Emerging markets (EMs) were faced with a myriad of challenges in 2022, such as Russia's invasion of Ukraine, elevated inflation, a stronger US dollar, and slower growth in the largest EM economy, China, due to its zero-COVID policy and property sector distress. The MSCI Emerging Markets Index fell nearly 20% in 2022, however the asset class showed signs of recovery towards the tail end of the year. In Q4 2022, the index was up nearly 10%, due to China's focus on reopening the economy as well as support for the property sector.

Towards the end of 2022, government bond yields crept up, displaying the market's disappointment at major central banks echoing plans to tighten monetary policy, despite inflation showed signs of cresting.

In local stocks, the DCI continued its run of form, posting a 4.39% q/q return in Q4 2022, and ending the year up an impressive 10.2%. Performance was led by banks, as Standard Chartered Bank and FNBB jumped 46.4% and 40.0% respectively. The equity benchmark is now 3.2% ahead of its Q1 2020 point, with Q4 2022 the best performing quarter during the post-COVID recovery.

The Fleming Aggregate Bond Index (FABI) was up 1.14% q/q in Q4 2022, ending the year up 5.73%. This contrasts with 2021 when the benchmark was down 0.07% following a 151 basis points increase in its Yield-To-Maturity (YTM) that year.

## OUTLOOK

We expect valuations to become more attractive during the year, given that the market was down last year despite positive earnings growth. Rates, as opposed to fundamentals were the main driver of the weaker market. For 2023, the focus on fundamentals will likely favour active management.

While we see local equities doing well overall in the coming quarters, and favour the asset class, we will continue to be selective, and look for income, quality, and good valuations. Over the long term the domestic equity market recovery could be slowed down by liquidity challenges, and the low number of listed counters.

Geopolitical tensions will remain the key risks to monitor, whether Russia-Ukraine, China-Taiwan, Sino-American or even political instability in the Middle East, especially in relation to global supplies of energy and food.

## CONTACT DETAILS

### TRUSTEE

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Tel: +267 361 5800

### INVESTMENT MANAGER

Vunani Fund Managers Botswana  
Plot 70667, Fairscap Precinct, 6<sup>th</sup> floor, Fairgrounds Office Park  
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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](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.

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)).