

VUNANI BOTSWANA MANAGED PRUDENTIAL FUND FACT SHEET

FUND INFORMATION UPDATE AT 31 DECEMBER 2023

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

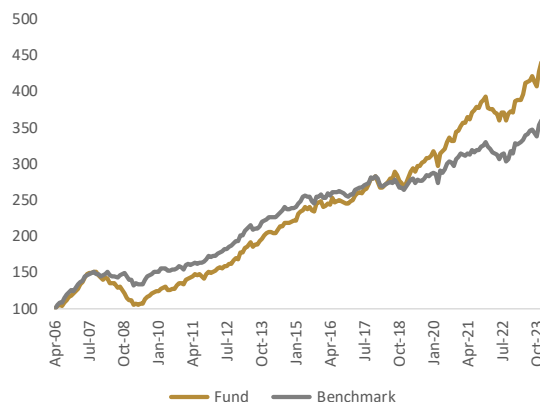
The fund is faced with general market risks such as price/demand fluctuations, economic and market conditions. Where exposure to foreign investments is included in the portfolio, there may be additional risks, such as possible constraints on liquidity and the return of funds to Botswana, macroeconomic,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

PERFORMANCE

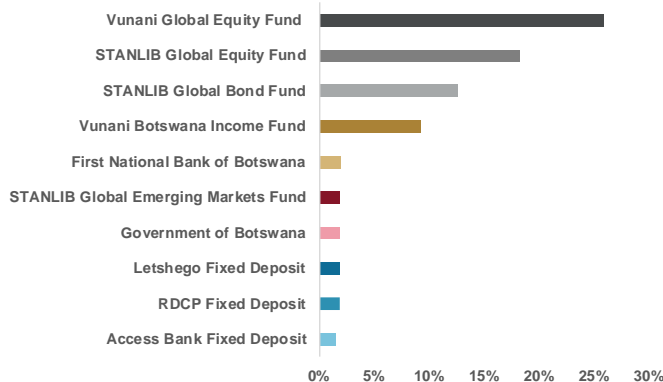
Returns (%)	3 months	1 yr	3 yrs	5 yrs
Gross				
Return	6.55	18.45	8.29	10.52
Benchmark	4.93	14.75	5.19	6.43

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 Kennedy Manopolwe & Jonathan Paledi
Fund size (P) 1.4 billion
Fund class A
Inception date 08 Nov 2005

Classification Global Multi Asset Class
Benchmark* 25% x Botswana Domestic Companies Index + 45% x MSCI All Country World Index + 15% x FTSE World Government Bond Index + 10% x Fleming Aggregate Bond Index + 5% x 3 Month T-Bill + 2%
**(new benchmark composite effective 1st January 2024)*

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)

Base period	01/01/2021
TER	1.71%
TC	0.06%
TIC	1.77%
1 year TER	1.64%

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

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 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).

FUND REVIEW

The Fund ended the year and quarter (Q4 2023) with a market value of BWP 1.4 billion – an uptick from Q3 2023 (BWP 1.3 billion). Offshore risk assets outperformed the rest, as all asset classes contributed to the fund's positive returns.

MARKET OVERVIEW

Global growth is forecasted to continue in the same sluggish fashion over 2024, as a high interest rate environment and geopolitical tensions (such as the Russia/Ukraine conflict) continue to present some headwinds to the world economy. Output (real GDP) growth is projected to be 3.1% (IMF) over the calendar year of 2024, against an expected growth level of 3.0% in 2023.

Global equities had a strong quarter, on the back of mainly the US Fed among key central banks as they signalled an end to their rate hiking cycle and pivot towards a normalised policy position. The MSCI All Country World Index (MSCI ACWI) - a proxy for offshore equities, went up by 11.2% (In US Dollar terms). We hold a constructive view on Offshore equities, in view of a high probability of a pause and the beginning of a rate cutting cycle. Historically, an easing or a pivot towards a looser monetary policy has been beneficial to risk assets, especially to equities, as investors would revalue future earnings of companies, all else equal, at more softer discounts rates that reflect a reduced opportunity cost to capital. Domestic equities on the other hand, as measured by the Domestic Company Index (DCI) and Domestic Company Total Return Index (DCTRI), appreciated over the quarter (Q4 2023) by 3.1% and 4.4% respectively. And the

biggest contributors to performance (DCI) were FNBB, Seedco and Absa. However, the policy rate decision (cut in interest rates) by the Bank of Botswana (BoB) in December 2023, could be a major headwind for local equities, as the banking sector constitutes over 40% of the DCI.

Offshore and Domestic Bonds have both reacted positively to the declining inflation and bond yields over the quarter - causing bond prices to surge. The Offshore bond market continued, post quarter, to signal more potential rate cuts from key central banks -- such as the US Fed and ECB. We aim to remain vigilant to any surprise shifts in policy stance.

OUTLOOK

Our view is that global growth (real GDP) will remain muted, and either finish flat or slightly below last year's growth level, as key economies such as China continue to struggle to hit growth expectations accustomed to them over the past decade and with the real estate crisis casting a cloud to their growth. And the lacklustre recovery or performance over 2023, is a sign to their struggles that will not resolve themselves quick enough.

Global and Domestic inflation has been on an overall downward trend, in line with declining international oil prices. Local inflation has declined the most, from a peak of 14.6% (y/y) in August 2022 to 3.5% in December 2023 - below the 10-year pre-Covid average of 4.8% and 2023 average inflation of 5.2%. We expect inflation in Botswana to remain within the Bank of Botswana's (BoB) medium-term objective range of 3.0-6.0% target in 2024. This should continue to bode well for risk assets.

In addition, we look to explore more investment opportunities presented by structured products and new ETF offerings to ensure efficient portfolio management.

CONTACT DETAILS

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