

VUNANI

FUND MANAGERS

VUNANI BOTSWANA MONEY MARKET FUND FACT SHEET

FUND INFORMATION UPDATE AT 30 JUNE 2021

WHAT IS THE FUND'S OBJECTIVE?

The fund was created in response to demand for cash management with a conservative bias. The objective of the fund is to provide investors with the highest level of current income that is consistent with capital preservation.

WHAT DOES THE FUND INVEST IN?

The fund invests in major banking groups or other similar rated institutions. It may also invest in certain government issues, as well as issues from top rated corporations.

WHO SHOULD CONSIDER INVESTING IN THIS

Retail: The fund provides active cash management while minimising risk. It suits individuals who have cash available to invest for the medium term, even though money may be required at relatively short notice.

Institutional: This fund is suitable for clients holding large cash balances but whose funds need to remain liquid for operational reasons. Clients benefit from wholesale cash management yields at competitive fees.

POSSIBLE RISKS ASSOCIATED WITH THIS FUND

The possible risks associated with this portfolio include general market and economic risks, interest rate risk and bond yield fluctuations.

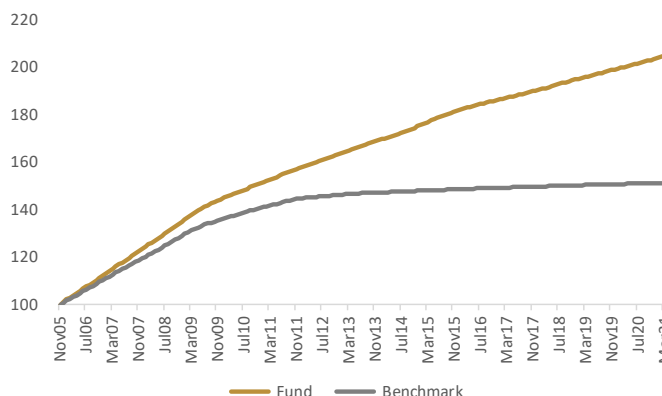
The fund invests in instruments across numerous institutions in various industries, this diversification reduces these risks.

PERFORMANCE

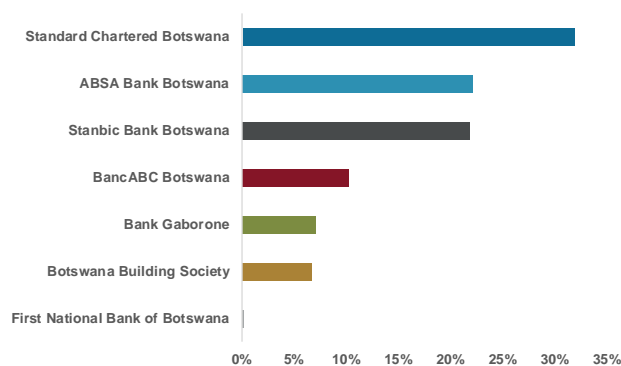
Returns (%)	3 months	1 yr	3 yrs	5 yrs
Class A				
Return	0.95	3.55	3.36	3.18
Benchmark	0.13	0.47	0.48	0.51

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) 2.7 billion
Fund class A
Inception date 19 Oct 2004

Classification Botswana Money Market
Benchmark Botswana Average Call Rate

ISIN number ZAE000123626
Alpha code SBMMA

Minimum investment requirements

Lump sum P15,000
Monthly P1,000

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	01/07/2018
TER	1.21%
TC	0.00%
TIC	1.21%
1 year TER	1.27%

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 distributed monthly.

Declaration: Monthly

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 17h00. 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

The Fund closed off the second quarter on a market value of BWP 2.72 billion from BWP 2.74 billion in Q1-2021. The fund is positioned both defensively and opportunistically, with a view of taking advantage of yield accretive opportunities that present themselves due to liquidity shortages from different counterparties at different time periods during the quarter. Fund duration averaged 4 months during the period.

MARKET OVERVIEW

Statistics Botswana decided to change the base year for calculating Botswana national accounts from 2006 to 2016 due to a change in the socio-economic environment of the country as well as relative prices. As a direct consequence, the previously reported calendar year 2020 economic contraction of 7.9% was re-stated to -8.5% following a year-on-year decline of 4.6% over the fourth quarter of the year 2020. The first quarter of 2021 showed that economic growth advanced by 0.7% year-on-year, marking the first positive growth since the first quarter of 2020. Non-mining GDP exhibited a much stronger growth of 4.1% also measured on a year-on-year basis. For the 12 months period to March 2021, the average growth in economic output (measured on 12 months rolling basis) came out at -8.6%, slightly worse than the re-stated -8.5% that was recorded for the 12 months period to the end of 2020.

Based on the new industry classification, recovery was evidenced across more sectors than it has been observed over the previous four quarters. Leading the performers, was the Diamond Traders industry which advanced by 112.7% comparing favourably to a 22.7% decline that was evidenced

in the previous comparable period. This significant improvement that has not been seen in recent times, was as a result of an improvement in the global demand for diamonds. Mining and quarrying industry was however down 11.4%. This deterioration was driven by a decline in the production volumes of the two key minerals which were down 12.1% and 17.5%, namely diamonds and gold respectively.

Consumer inflation increased to the highest level in over 100 months, recording an increase to 8.2% in June 2021. Outside of the statistical distortions, a significant amount of the upward inflationary pressures seen over the past few months have come from an increase in the local fuel prices which had a direct effect on the largest index constituent – Transport. Domestic Bonds finished the quarter relatively flat, with a marginal growth of 0.5% as measured by the Fleming Aggregate Bond Index (FABI).

OUTLOOK

In a market that is characterised by volatility in liquidity, as well as an environment of low interest rates, money market rates continue to face some downside pressure in the near to medium term, at the same time yield accretive opportunities did present themselves due to temporary liquidity shortages during the quarter. Our objective is to keep identifying the appropriate entry points for tenor deposits, with adequate compensation for the risks taken.

Headline inflation is forecast to continue being above the upper bound in the near term and only expected to return into the objective range during the second quarter of 2022 as base effects of the recent increases start to fall off. Ultimately, we expect the Bank of Botswana to remain accommodative given that the recent increase in inflation is only expected to be transitory.

We maintain that it will still take the country a period of two to three years to recover the economic output that was lost. Different economists expect economic growth to average between 8.3% and 8.8% (Ministry of Finance and IMF respectively) for 2021, while others estimate lower given the significant downside risks facing such estimates.

CONTACT DETAILS

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