

VUNANI

FUND MANAGERS

VUNANI BOTSWANA MONEY MARKET FUND FACT SHEET

FUND INFORMATION UPDATE AT 31 DECEMBER 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.

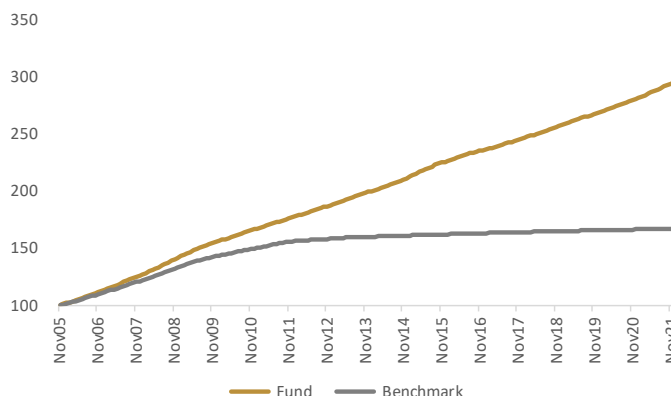
The fund invests in instruments across numerous institutions in various industries, this diversification reduces these risks.

PERFORMANCE

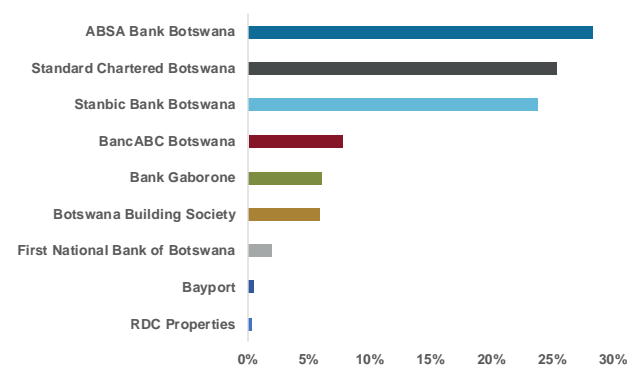
| Returns (%) | 3 months | 1 yr | 3 yrs | 5 yrs |
|----------------|----------|------|-------|-------|
| Class A | | | | |
| Return | 1.03 | 3.91 | 3.45 | 3.33 |
| Benchmark | 0.13 | 0.50 | 0.47 | 0.50 |

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) 3.1 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 |
|--------------|-------------------------|----------|-----------------------|------------|

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 | 01/01/2019 |
| TER | 1.23% |
| TC | 0.00% |
| TIC | 1.23% |
| 1 year TER | 1.25% |

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 the quarter with a market value of BWP 3.05 billion, up from BWP 2.84 billion in Q3 2021. The fund is skewed to an opportunistic positioning, looking to take advantage of yield accretive opportunities that present themselves due to liquidity shortages from different counterparties during the calendar year-end period. The objective of yield preservation is also at the forefront of our fund management strategy.

MARKET OVERVIEW

Real domestic product (GDP) expanded by 8.4% year-on-year, in Q3 2021 from a revised growth of 37.3% (previously 36.0%) in Q2 2021. When put under the microscope, it became evident that Statistics Botswana re-stated not only prior quarter numbers as it has normally been the case but there were some adjustments in numbers previously reported and going as far back as 2016.

A significant increase in the real value added of Mining and Quarrying by 15.6% was mainly influenced by the substantial increase in the Diamond real value added, followed by another phenomenal increase of 71.8% in the Diamond Traders industry. The diamond trading and sight holder activities resumed to somewhat normal levels following challenges to their calendars at the peak of the pandemic. This helped drive sale volumes and ultimately propping up production volumes too. Diamond production in carats went up by 32.2%. Diamond demand seems to be slowly returning, thus supporting the price of the precious commodity. Other sectors that delivered decent growth rates were the Wholesale and Trade which advanced by 14.5% and Water & Electricity up 12.8% over the 12 months.

Headline inflation accelerated to 8.7% year-on-year in December from 8.6% in the preceding month, in line with expectations of higher inflation. This high inflation brought the average for the calendar year 2021 to 6.7%, confirming the expectation we had that the average inflation for the year will be outside of the inflation objective range as set by the Bank of Botswana. Compared to the same period a year ago, the December 2021 annual Consumer Price Index (CPI) was significantly above the 2.2% that was recorded in December 2020 as well as the annual average of 1.9% for the calendar year 2020. This spike started to be evident after a few months into 2021 when transport costs increased.

Domestic bonds closed the last quarter of 2021 with a return of 1.9%, up from the -2.1% in Q3 2021, for the 1 year (2021), the FABI returned -0.1%.

OUTLOOK

The seasonal year-end liquidity squeezes in corporates and the banking sector resulted in the pricing for money market instrument nudging upwards during Q4 2021. These yield enhancing opportunities presented themselves and were duly taken advantage of.

We expect the transport category to continue posing an upside risk to inflation as global oil prices remain elevated and the National Petroleum Fund strives to replenish its reserves. We expect the other main driver of inflation, food, to also start adding more to inflation. As the year begins, a few service providers and merchants are also expected to adjust their prices upwards. This will likely increase the rate at which inflation is going up over the first quarter before starting to ease slowly in the second quarter of the year. For most of 2022, we expect that inflation will remain outside of the upper bound of the inflation objective, only falling back into the band over the fourth quarter of the year, resulting in similar averages as those for the calendar year 2021.

The Bank of Botswana is likely to remain on hold in the near-term but could start increasing rates later in the year to tame inflation if it remains stubbornly high. GDP is expected to average between 4-5% for 2022, other estimates are lower given the significant headwinds facing the economic recovery.

CONTACT DETAILS

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