

VUNANI

FUND MANAGERS

VUNANI BOTSWANA MONEY MARKET FUND FACT SHEET

FUND INFORMATION UPDATE AT 31 DECEMBER 2022

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.

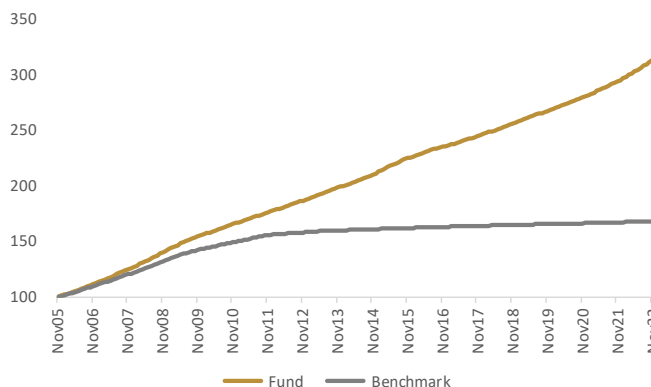
The fund invests in instruments across numerous institutions in various industries, this diversification reduces these risks.

PERFORMANCE

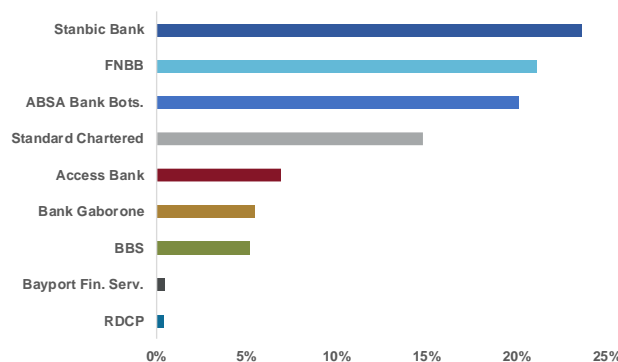
Returns (%)	3 months	1 yr	3 yrs	5 yrs
Class A				
Return	1.48	5.35	4.15	3.82
Benchmark	0.12	0.49	0.48	0.49

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 Teko Mmolawa & Chandapiwa Moampe
Fund size (P) 3.4 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	01/01/2020
TER	1.27%
TC	0.00%
TIC	1.26%
1 year TER	1.26%

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 ended Q4 2022 with a market value of BWP 3.4 billion, broadly similar to the end of the prior quarter. We continue to manage liquidity risk while pursuing yield enhancement opportunities within the credit markets.

MARKET OVERVIEW

Domestic economic activity remained solid in Q3 2022, rising 4.0% q/q and 6.3% y/y. The non-mining sector expanded by 6.4% y/y while the mining sector grew 6.0% y/y. Overall, the economy was supported by an 18.5% q/q growth in the mining & quarrying sector, driven by a 10.5% q/q increase in the total volume of mining production. Diamond production itself jumped 20.5% q/q reaching 6.7 billion carats, with DeBeers processing more high-grade ore. The three DeBeers sights in Q3 2022 brought USD 1.78 billion in rough diamond sales, beating Q3 2021's USD 1.04 billion. The diamond market has been driven by sustained consumer appetite for diamond jewellery, especially in the US. This has led to rough diamond sales of USD 5.8 billion in 2022, 20.1% more than 2021.

Inflation appears to be losing steam, ending the year at 12.4% in December 2022 from a 2022 peak of 14.6% in August 2022. The Botswana Energy Regulatory Authority (BERA) tracked the softening of international oil prices, adjusting retail pump prices down four times between September 2022 and January 2023. Although the cuts will provide relief, the cumulative increases since July 2021 mean that petrol prices would need to be cut by as much as has already been done, or 2.6 times in the case of diesel, to return prices to their July 2021 levels. Nonetheless the transport index should contribute less to the overall inflation print in the coming months, which will weigh down on the headline rate.

The Bank of Botswana's (BoB) response has been to let inflation fall of its own accord. It held its reference rate at both its October and December 2022 meetings. This followed three straight hikes between April 2022 and August 2022. The Bank's inflation forecasts peaked at its August 2022 meeting, seventeen days before BERA reduced pump prices, for the first time since June 2020. Brent crude oil prices were down at least 28.5% by the end of the year from their March 2022 peak.

The Government yield curve rose across all maturities during 2022, with the most pronounced movements on the shorter end. As such, the curve flattened, with the gap between the longest and shortest bond's yields shrinking to 350 bps, from 428 bps at the end of 2021.

OUTLOOK

We expect inflation to moderate further but remain above the 3% to 6% policy target during the year. Services inflation, will remain stickier than goods prices, given the risk of administered price increases from service providers in the public and private sector. Our view is that the BoB could potentially hike, although not to the same extent as last year. Economic growth will be positive for the year, although lower than prior year as base effects unwind. Household spending will continue to experience pressure, and investment spending is likely to continue lagging its pre-pandemic trend.

The banking sector's funding profile will continue to experience pressure in the short term, given the low levels of liquidity in the market. However, portfolio flows over the medium term could provide relief and draw money market rates lower. This will depend on the Government's appetite for debt, credit extension growth and the banking industry's competitive dynamics.

CONTACT DETAILS

TRUSTEE

Standard Chartered Bank Botswana
4th floor, Standard Chartered House, Queens Road, The Mall
Tel: +267 361 5800

INVESTMENT MANAGER

Vunani Fund Managers Botswana
Plot 64515, Kgwebo2, 2nd floor, Fairgrounds, Gaborone
Tel: +267 391 0310
Email: moipolait@vunanifm.co.bw