

# VUNANI

## FUND MANAGERS

### VUNANI BOTSWANA MONEY MARKET FUND FACT SHEET

FUND INFORMATION UPDATE AT 31 DECEMBER 2024

#### 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.

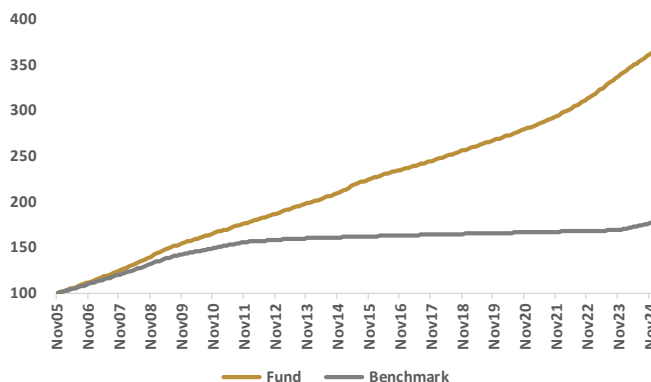
The fund invests in instruments across numerous institutions in various industries, this diversification reduces these risks.

#### PERFORMANCE

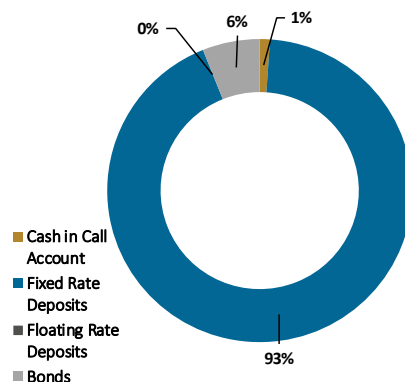
Returns (%)	3 months	1 yr	3 yrs	5 yrs
<b>Gross</b>				
Return	1.62	6.90	7.17	6.25
Benchmark	1.27	4.57	1.96	1.36

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



#### ASSET ALLOCATION



#### GENERAL FUND INFORMATION

**Fund managers** Jonathan Paledi & Kennedy Manopolwe  
**Fund size (P)** 2.4 billion  
**Fund class** A  
**Inception date** 19 Oct 2004

**Classification** Botswana Money Market

**Benchmark\*** 3 Month T-Bill + 2%

*\*(new benchmark effective 1st December 2023)*

**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	01/01/2022
TER	1.26%
TC	0.00%
TIC	1.26%
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](http://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](http://www.vunanifm.co.bw)).

## FUND REVIEW

The fund's market value closed Q4 2024 at BWP 2.4 billion, wherein it realised elevated client liquidity needs as is custom during the year end period. For the quarter, the portfolio outperformed the benchmark by 35bps. Moreover, greater outperformance has been realised over the medium and long-term periods.

## MARKET OVERVIEW

Real GDP declined by 4.3% in Q3 2024, which was the third successive quarter of economic contraction according to data released by Statistics Botswana. It was underscored by a notable reduction in mining and quarrying activity (which plummeted by 27.2%). There was a 29.4% decrease in the diamond real value, with diamond production (in carats) declining by 31.1%. In Q3 2024, the Index of the Physical Volume of Mining Production experienced a decrease of 27.2% and 9.9% from Q3 2023 and Q2 2024, respectively. Other detractors were as follows: Diamond Traders (-75.6%); Agriculture, Forestry and Fishing (-2.1%); Manufacturing (-1.7%). In contrast, non-mining GDP realized growth of 4.4% (Q3 2024), driven by positive contribution from: Water and Electricity (+28.6%); Wholesale and Retail (+7.5%); Public Administration and Defence (+5.3%). On a quarter-on-quarter (q/q) basis, economic output declined by 2.9%, marking the most significant drop since Q2 2023 and weaker than 1.4% in Q2 2024.

Headline inflation ended the quarter at 1.7%, having undershot the lower bound of Bank of Botswana's medium-term objective of 3-6% since September 2024. The top contributors to the

December reading included: Food and Non-Alcoholic Beverages (0.7%) and Miscellaneous Goods and Services (0.7%). The Transport category (23.4% of CPI basket) detracted 0.7%. Inflation averaged 2.8% in 2024, lower than 5.3% realized in 2023.

## OUTLOOK

Significant structural challenges in the global diamond market are expected to lead to a modest economic recovery in 2025. The emergence of lab-grown diamonds (i.e. synthetic diamonds) as a direct substitute for natural stones presents a notable challenge to the growth prospects of Botswana. According to preliminary budget statistics released by the Ministry of Finance (MoF) in December, Botswana is expected to run a wider budget deficit of BWP 18.7 billion (6.75% of GDP) in FY2024/25, which is higher than BWP 8.7 billion that was initially anticipated. This is predominantly due to the poor performance of mining revenues. With a new administration at the helm, it is essential that there is prioritization in aligning revenues and spending (fiscal consolidation), with reduced budget deficits, to avoid accumulation of a higher debt burden at a time when the economy's mainstay (diamonds) is not performing well and prospects for a marked improvement look bleak.

The central bank forecasts inflation to average 3.3% in 2025, a moderate increase from the 2.8% in 2024. According to various projections, Brent crude prices are anticipated to remain rangebound, which may occasion reduced imported inflation from higher international commodity price moves. Despite economic activity being weaker in the latter part of 2024, the Monetary Policy Committee (MPC) proceeded with an unchanged stance to the policy rate and is expected to continue on the same path in a meeting slated for the first quarter of 2025.

Market liquidity remains very volatile on the back of low government flows. By extension, we have seen an upward rise in money market rates, and we continue to proactively look at taking advantage of pockets of opportunities within the space to aid fund performance.

## CONTACT DETAILS

### TRUSTEE

Stanbic Bank Botswana  
2<sup>nd</sup> floor, Stanbic House, Fairgrounds Office Park, Private Bag 00168, Gaborone, Botswana  
Tel: +267 361 8472

### INVESTMENT MANAGER

Vunani Fund Managers Botswana  
Plot 64515, Kgwebo2, 2<sup>nd</sup> floor, Fairgrounds, Gaborone  
Tel: +267 391 0310  
Email: [moipolait@vunanifm.co.bw](mailto:moipolait@vunanifm.co.bw)