VUNANI BOTSWANA MANAGED PRUDENTIAL FUND FACT SHEET

FUND INFORMATION UPDATE AT 30 JUNE 2022

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

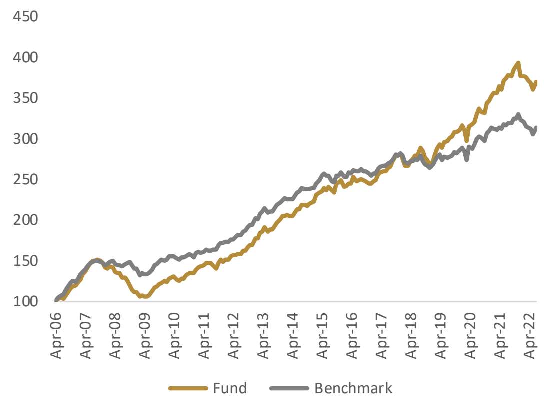
The fund is faced with general market risks such as price/demand fluctuations, economic and market conditions. Where exposure to foreign investments is included in the portfolio, there may be additional risks, such as possible constraints on liquidity and the return of funds to Botswana, macroeconomic,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

PERFORMANCE

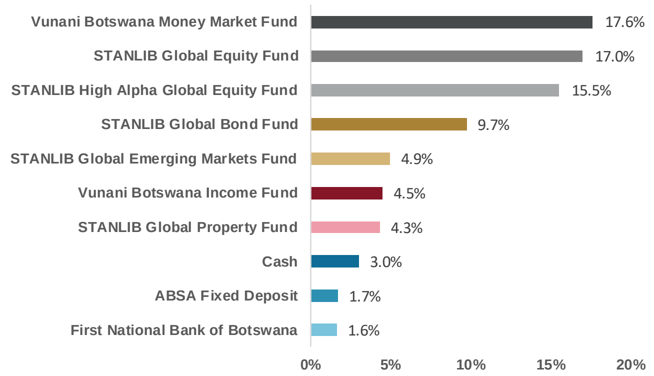
Returns (%)	3 months	1 yr	3 yrs	5 yrs
Class A				
Return	-4.40	-4.27	5.40	4.84
Benchmark	-3.06	-3.96	3.40	2.82

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 Chandapiwa Moampe
Fund size (P) 1.04 billion
Fund class A
Inception date 08 Nov 2005

Classification Global Multi Asset Class
Benchmark 30% x MSCI Emerging Markets +
25% x Botswana Domestic Companies Index +
15% x MSCI World Index +
15% x FTSE World Government Bond Index +
10% x Fleming Aggregate Bond Index +
5% x Botswana Average Call Rate + 2%

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	01/07/2019
TER	1.58%
TC	0.23%
TIC	1.81%
1 year TER	1.76%

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 find, 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 perfromance is already net of the TIC.

INCOME DISTRIBUTION

Net income is calculated daily and declared semi-annually.

Declaration: 28 February and 31 August

FUND REVIEW

The Fund closed the quarter at BWP 1.04 billion, down from P1.07 billion in Q1 2022. Declines were mainly attributable to developed and emerging market equities. Investor sentiment was dominated by expectations of higher inflation and consequently tightening monetary policy.

MARKET OVERVIEW

Global economic growth was further threatened over the quarter due to non-economic/black swan events which have created headwinds for economic activities across the globe. The ongoing war between Russia and Ukraine has disrupted supply chains further, and in the process exacerbated inflation. As at Q1 2022, China's Gross Domestic Product (GDP) grew by 4.8 % (year on year) and the US economy declined by 1.6% (annualised). There are recessionary fears, which we strongly believe have already been priced into the capital markets, as many central banks continue to synchronously tighten their monetary policy, and in so doing dampening recovery and growth for the rest of the year.

Global risk assets finished the quarter in the red, amid recession fears and interest rate hikes by central banks. The US Federal Reserve (US Fed) raised rates by 75 bps in June 2022. This hawkish stance resulted in increased volatility in both equities and bonds. As measured by the MSCI Emerging Market Index and MSCI All Country World Index, equities declined by 11.3% and 15.4% (in US Dollar terms) respectively over the quarter. On the other hand, the Bloomberg Barclays Aggregate Bond Index (BGABI), registered a negative return of 8.3% (In US Dollar terms). On the positive side, depressed security valuations due to market wide sell offs offer opportunities with significant upside potential for long-term investors.

The Domestic Companies Index (DCI) and Domestic Companies Total Return Index (DCTRI) were up 0.8% and 1.8% respectively. Commercial banking stocks continued to rally and contributed significantly to the overall index return due to tailwinds on interest earnings from the interest rate hiking cycle. The central bank raised interest rates twice this quarter and primed the banking sector to outperform relative to the overall market. The average non-performing loan (NPL) ratio has also declined and has remained low - indicative of a resilient loan book among banks. From a valuation perspective, as at the end of the quarter, the market (DCI) was trading on a Price to Earnings (P/E) and Price to Book Value (P/B) of 12.9x and 1.2x respectively.

Domestic bonds finished the quarter in positive territory with an appreciation of 1.5% as measured by the Fleming Aggregate Bond Index (FABI). The major contributor to this performance was the government bonds portion of the index, by virtue of their weight (at 92.8% as at June 2022). From a sector perspective, the Fleming Government Bond Index (FGBI), delivered a return of 1.5% over the quarter, while the Fleming Other Government Bond Index (FOGI) delivered 1.7%.

OUTLOOK

Equity markets in 2022 have been largely driven by macro sentiment. To some extent price moves have become dislocated from fundamentals as the market has weighed up the perceived impact of elevated levels of inflation, rising interest rates and the threat of a recession. This type of sentiment-driven market, which has favoured energy exposures and stocks perceived to be cheap, tends to prove challenging for our quality- growth strategy.

Our aim is to identify those companies that are anything but average, and our focus remains on firms with strong and improving competitive advantages and pricing power. Over the longer term, an environment of muted economic activity should be supportive of this approach, given our focus on secular winners that are less reliant on the broader economy to drive their growth.

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 70667, Fairscape Precinct, 6th floor, Fairgrounds Office Park
Tel: +267 391 0310
Email: moipolait@vunanifm.co.bw