

## VUNANI BOTSWANA MANAGED PRUDENTIAL FUND FACT SHEET

FUND INFORMATION UPDATE AT 30 SEPTEMBER 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

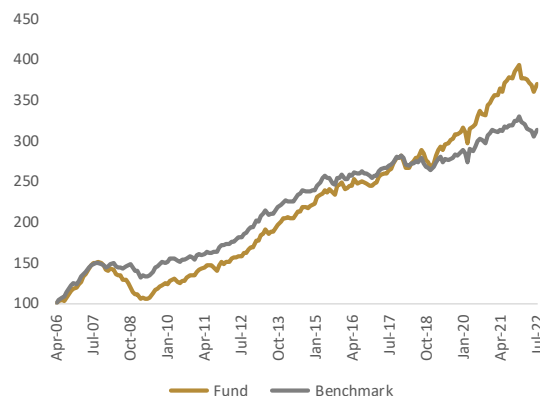
The fund is faced with general market risks such as price/demand fluctuations, economic and market conditions. Where exposure to foreign investments is included in the portfolio, there may be additional risks, such as possible constraints on liquidity and the return of funds to Botswana, macroeconomic,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

### PERFORMANCE

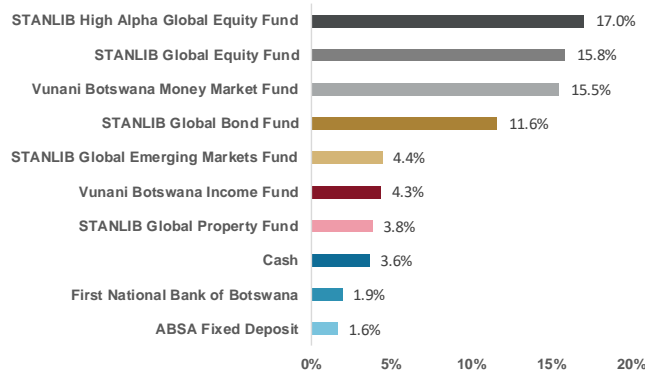
Returns (%)	3 months	1 yr	3 yrs	5 yrs
<b>Class A</b>				
Return	0.36	-5.38	4.78	4.16
Benchmark	-0.88	-4.93	2.83	2.11

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 & Teko Mmolawa  
**Fund size (P)** 1.1 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	01/10/2019
TER	1.55%
TC	0.18%
TIC	1.73%
1 year TER	1.77%

**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 declared semi-annually.

Declaration: 28 February and 31 August

### 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 15h00. Forward pricing is used. Investments and repurchases will receive the price of the same day if received prior to 12h30.

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 ended Q3 2022 with a market value of BWP 1.10 billion from BWP 1.04 billion at the end of Q2 2022. Performance continues to be driven by expectations relating to the path of global central bank policies, as inflationary pressures remain significant.

## MARKET OVERVIEW

Global equity markets remained in the red, with the MSCI World Index and MSCI Emerging Markets Index falling 6.1% and 11.4% in USD terms respectively during Q3 2022. This followed decisions by the US Federal Reserve to raise its policy rate by 75 bps at both its July and September meetings. The European Central Bank (ECB) and Bank of England (BOE) also raised rates during the quarter. Bonds also sold off as the Bloomberg Barclays Aggregate Bond Index declined 6.9% in response to higher yields and increased volatility. Markets remain tethered to macroeconomic outcomes, with monetary policy shifts being a key driver of returns.

The IMF reduced its 2022 growth outlook for the US and China by 70 bps and 10 bps respectively to 1.6% and 3.2% at its October World Economic Outlook (WEO). This comes as key leading indicators continue to deteriorate, and central banks remain largely restrictive. China's growth outlook is affected by its strict COVID containment policies, stresses in its property sector, and threats to export earnings from a global slowdown. The US economy is still supported by a strong labour market and consumer spending. However, the lagged impact of aggressively hawkish monetary policy could hurt growth.

Domestic markets had a positive quarter in contrast, with the DCI gaining 3.1% while the DCTRI added 5.1%. Banking stocks provided much of the gains, with ABSA, FNBB and Standard Chartered rising 21.1%, 18.9% and 3.1% respectively. Bonds also did well, with the FAB1 returning 1.4%. The benchmark ended the quarter with a yield-to-maturity of 7.6% and modified duration of 5.6. Long yields have remained relatively stable with returns driven by coupons and a reduction in maturity.

After raising rates for three consecutive meetings, the Bank of Botswana kept the policy rate unchanged at its October meeting. This followed a lower inflation print in September, after the Botswana Energy Regulatory Authority (BERA) reduced fuel pump prices.

## OUTLOOK

Price movements in equity markets have largely been dislocated from fundamentals, and long-run thematic trends. The elevated risks of inflation, rising interest rates and the heightened probability of recession have largely kept investors out of risk assets. We continue to favour sectors supported by tailwinds of secular themes, as well as businesses with strong balance sheets and cashflow generation. A turn in global central bank policies will be one of the key drivers of future returns in global bond and equity markets.

Domestically, the DCI is well on track to surpass its pre-COVID point as the broader post-SOE recovery continues. Banking, consumer staples and tourism stocks will be important contributors to future returns. Distributions will also be important. Our expectation is for inflation to continue printing above the BoB's 3% to 6% objective range for the rest of 2022 and well into 2023. The path will largely depend on the trajectory of global oil prices, and any subsequent adjustments by the BERA.

## CONTACT DETAILS

### TRUSTEE

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