

VUNANI

FUND MANAGERS

VUNANI BOTSWANA INCOME FUND FACT SHEET

FUND INFORMATION UPDATE AT 30 SEPTEMBER 2024

WHAT IS THE FUND'S OBJECTIVE?

The objective of the fund is to provide investors with a reasonable level of current income while maintaining stability for capital invested.

WHAT DOES THE FUND INVEST IN?

The fund invests in a wide range of fixed income securities, non-equity securities, preference shares, debentures and unsecured notes. The fund invests locally and regionally. The primary offshore investment destination is South Africa.

WHO SHOULD CONSIDER INVESTING IN THIS

The fund is designed for both retail and institutional investors who require alternative short-term diversification which will provide yield enhancement.

POSSIBLE RISKS ASSOCIATED WITH THIS FUND

The possible risks associated with this portfolio include general market and economic risks, interest rate risk, bond yield fluctuations and currency risk.

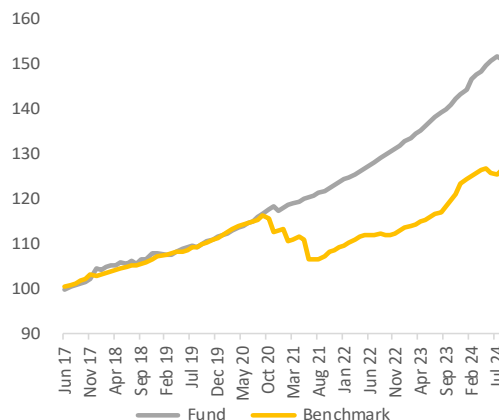
The fund has exposure to a moderate amount of risk for an increase in potential income.

PERFORMANCE

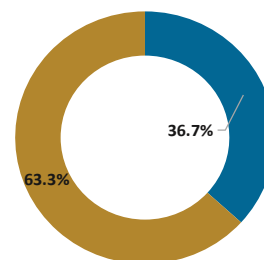
Returns (%)	3 months	1 yr	3 yrs	5 yrs
Gross				
Return	1.26	8.89	7.82	6.75
Benchmark	-0.36	7.83	5.80	2.92

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



■ Domestic Cash ■ Domestic Bonds

GENERAL FUND INFORMATION

Fund managers Jonathan Paledi & Kennedy Manopolwe
Fund size (P) 193.0 million
Fund class B1
Inception date 25 May 2017

Classification Africa Fixed Interest
Benchmark 90% x Botswana Bond Index + 10% x Botswana Average Call Rate + 2%

ISIN number ZAE000235057
Alpha code SBIFB1

Minimum investment requirements

Lump sum P500,000
Monthly N/A

RISK PROFILE

Conservative	Moderately conservative	Moderate	Moderately aggressive	Aggressive
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FEEES

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	01/10/2021
TER	1.18%
TC	0.00%
TIC	1.19%
1 year TER	1.06%

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 and accrued daily and is declared and distributed quarterly.

Declaration: 28 February, 31 May, 31 August, 30 November

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 15h00. 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 the quarter (Q3 2024) with a market value of BWP 193.0 billion. Over the quarter, the fund outperformed the benchmark by 1.62%. Moreover, the fund has outperformed the benchmark over the 1, 3 and 5-year periods.

MARKET OVERVIEW

According to Statistics Botswana, real GDP growth declined by 0.5% in Q2 2024, following a 5.3% contraction in Q1 2024, signalling the onset of a technical recession. The major contributors to the GDP decline were the continued subpar performance of the key sectors including Mining and Quarrying (-16.5%) and Diamond Traders (-11.2%). Diamond mining declined by 18.7% in carats, occasioned by the elevated inventory levels, with a consequent reduction in rough diamond sales. Conversely, the non-mining sector increased by 4.2% y/y vs 3.8% y/y in Q2 2023. Growth across industries was relatively good, with the following notable contribution in Q2 2024 vs Q2 2023: Water & Electricity (25.2% vs -37.4%); Wholesale & Retail (4.4% vs 3.4%) and Public Administration and Defense (5.4% vs 5.4%).

Headline inflation decreased by 2.4 percentage points (pp), from 3.9% y/y in August to 1.5% y/y in September 2024, with the September reading significantly undershooting the lower bound of Bank of Botswana's medium term objective range of 3-6%. Miscellaneous Goods & Services and Food & Non-Alcoholic Beverages individually contributed 0.7% to the September reading, whilst Transport detracted 0.8%. The latter was due to a reduction in local fuel pump prices effected by the Botswana Energy Regulatory Authority (BERA) on 11 September 2024. Furthermore, this was also aided by

favourable base effects, as the increase in domestic fuel prices in September 2023 had added 1.3pp to headline inflation.

The Fleming Aggregate Bond Index (FABI) and the Botswana Bond Index (BBI) returned -0.8% and -0.5%, respectively during Q3 2024. There was a general rise in bond yields (declining bond prices), with under allotment at government securities auctions during the quarter.

OUTLOOK

The challenging conditions in the global diamond market continues to be a drag on Botswana's economy. Expectations are that the global diamond industry will normalize slightly by 2025, but competition from the lab-grown sector could persist and Botswana's long-term export growth may be impacted by a structural shift in the global diamond market. Additionally, we await to see policy direction of the new government - Umbrella for Democratic Change (UDC), with President Duma Boko having hinted at engaging De Beers for a mutually beneficial agreement and to finalise signing of the diamond sales pact.

We expect inflation to remain well contained, with the central bank forecasting it to average 2.8% (previously 3.0%) in 2024 and not anticipating demand-pull inflationary pressures. On the monetary policy front, central bank policy will continue to be driven by economic growth trajectory, and with the Monetary Policy Committee (MPC) comfortable that inflation expectations remained well anchored and projecting sub-trend economic growth, this could provide scope for the MPC to further reduce the policy rate (MoPR) before the end of the year.

With increased appetite for domestic borrowing, government has boosted issuances across the yield curve (T-bills and bonds), and there has been a recent normalisation of yields to previous peak levels. We positively view the potential issuance of inflation-linked bonds (ILBs) in FY 2024/25 as an avenue to offer diverse investable instruments which could spur investor demand, but also meet burgeoning funding needs of the government.

CONTACT DETAILS

TRUSTEE

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