

VUNANI BOTSWANA MANAGED PRUDENTIAL 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 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

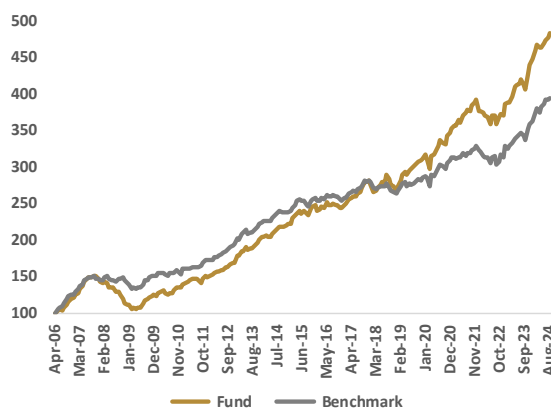
The fund is faced with general market risks such as price/demand fluctuations, economic and market conditions. Where exposure to foreign investments is included in the portfolio, there may be additional risks, such as possible constraints on liquidity and the return of funds to Botswana, macroeconomic,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

PERFORMANCE

Returns (%)	3 months	1 yr	3 yrs	5 yrs
Gross				
Return	3.02	17.14	8.61	9.77
Benchmark	2.03	15.16	7.31	7.09

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



RISK PROFILE

Conservative	Moderately conservative	Moderate	Moderately aggressive	Aggressive
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GENERAL FUND INFORMATION

Fund managers Kennedy Manopolwe & Jonathan Paledi
Fund size (P) 900.0 million
Fund class A
Inception date 08 Nov 2005

Classification Global Multi Asset Class
Benchmark* 25% x Botswana Domestic Companies Index + 45% x MSCI All Country World Index + 15% x FTSE World Government Bond Index + 10% x Fleming Aggregate Bond Index + 5% x 3 Month T-Bill + 2%

*(new benchmark composite effective 1st January 2024)

ISIN number ZAE0000167698
Alpha code SMPCA

Minimum investment requirements

Lump sum P2,000
Monthly P300

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	01/10/2021
TER	1.66%
TC	0.09%
TIC	1.75%
1 year TER	1.57%

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

FUND REVIEW

The Fund ended the quarter (Q3 2024) with a market value of BWP 900 million. All offshore risk assets rallied over the period, with Offshore Bonds and Offshore Listed Properties leading the pack. Furthermore, domestic asset classes finished in positive territory.

MARKET OVERVIEW

Global economic growth is estimated to remain stable over the year of 2024 and 2025 – latest Real GDP growth forecasted to be +3.2% in 2024 and 3.2% in 2025. Despite recent and evolving geopolitical risks, with Israel and Iran, we are of the view that the global disinflation trend remains intact. Headline inflation rates are projected to reach 3.5% by the end of 2025 - below the average level of 3.6% between 2000 and 2019. On the other hand, Botswana's economy has been indicating some notable weakness, as Mining and Quarrying activity slows – Real GDP contracted by 5.3% and 0.5% over Q1 and Q2 respectively.

International equities had a strong quarter (Q3 2024) – where there was some apparent sector rotation amongst equities, away from IT and Communication services and more into the defensive sectors such as Consumer Staples. International developed equities, as measured by the MSCI World Index, advanced by 6.5% (US Dollar terms) in Q3 2024. Meanwhile, Emerging markets equities as measured by the MSCI Emerging Market Index went up by 8.9% in the same period (in US Dollar terms) - partly due to strength in some Asian markets. The MSCI China index advanced by 23.6% over the quarter, whilst India also performed well - whose equity market was up 7.4% (in US Dollar terms) over the quarter.

Domestic equities finished the quarter under review in positive territory - largely driven by strong performances in the Consumer Staples and Financials sectors. According to the latest data from the Bank of Botswana, net income from commercial banks grew by 33.2% year-on-year (y/y) as of July 2024 – tailwinds for the banking stocks. This growth was underpinned by a 21.0% increase in net interest income over the same period. The Domestic Company Total Return Index (DCTRI) as proxy for local equity performance registered a positive return of +5.4% (in Pula terms) – over the quarter (Q3 2024).

OUTLOOK

In conclusion, we anticipate more rate cuts in the wake of below target inflation locally - headline inflation decreased by 2.4% -- from 3.9% (CPI y/y) in August to 1.5% (CPI y/y) in September 2024. September's inflation print undershot the lower bound of Bank of Botswana's medium term objective range of 3-6%. On this backdrop, we expect the central bank to move to stabilize the currency by adopting a normalized policy stance. Same applies to global inflation, we expect a gradual decline in the inflationary level as well as more rate cuts from key central banks – such as the US Fed and the ECB.

We are of the view that the positive macroeconomic backdrop in the USA will add some tailwinds for risk assets in general. Thus, cash on the sidelines will need to be deployed more into the capital markets, for better returns – taking advantage of risk on sentiment. We aim to remain cautious, on the back of peaceful elections in the US and locally. However, we are of the view that fundamentals of the entities we invest in will remain resilient and independent of the outcomes of any individual election outcome (either in the US or Botswana).

CONTACT DETAILS

TRUSTEE

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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 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).