

# VUNANI

## FUND MANAGERS

### VUNANI BOTSWANA EQUITY FUND FACT SHEET

#### FUND INFORMATION UPDATE AT 31 DECEMBER 2024

#### WHAT IS THE FUND'S OBJECTIVE?

The objective of the fund is to provide investors with access to growth opportunities in Botswana as well as in global markets. The fund aims for high growth in capital and re-invested income, and a reasonable level of current income for long-term wealth accumulation.

#### WHAT DOES THE FUND INVEST IN?

The fund invests in local and global equities.

#### 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

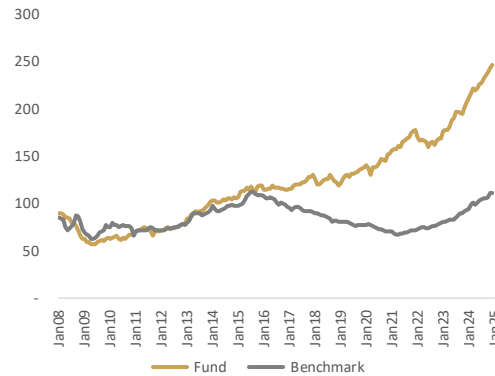
The fund is faced with general market risks such as price/demand fluctuations, economic and market conditions. Where exposure to foreign investments is included in the portfolio, there may be additional risks, such as possible constraints on liquidity and the return of funds to Botswana, macroeconomic, 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>Gross</b>				
Return	5.08	19.04	11.68	12.26
Benchmark	5.32	19.20	15.55	7.61

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



#### 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)** 147.1 million  
**Fund class** A  
**Inception date** 01 Oct 2007

**Classification** Global Equity

**Benchmark\*** 35% x Botswana Domestic Companies +  
 65% x MSCI All Country World Index  
 \*(new benchmark composite effective 1st December 2023)

**ISIN number** ZAE000104113  
**Alpha code** STEA

#### Minimum investment requirements

**Lump sum** P1,000  
**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	01/01/2022
TER	2.09%
TC	0.12%
TIC	2.21%
1 year TER	2.09%

**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 Q4 2024 with a market value of BWP 147 million, up from BWP 111 million in Q3 2024. The core risk assets of the fund, being Domestic Equities and Offshore Equities led the pack, with strong rallies over the period – ending in positive territory.

## MARKET OVERVIEW

The calendar year of 2024 trended well from a global macroeconomic perspective – providing a good platform for potential solid growth in the year ahead (of 2025). On the backdrop of the US Elections (in 2024), where the Republican Party (led by Donald J. Trump) won, the US fiscal policy stance has started to take shape. The latest forecast for global output (real GDP) growth is projected to be 3.3% (IMF) over the calendar year 2025, the same as projected for 2026. On the local front, Botswana's GDP declined by 4.3% in Q3 2024, a third successive quarter of economic contraction, underscoring a notable reduction in mining and quarrying activity.

Global equities finished the calendar year 2024 strongly – largely driven by developed equity stocks courtesy of “Magnificent 7” stocks, despite a volatile quarter (Q4 2024). The MSCI World Index (MSCI WI), and MSCI All Country World Index (MSCI ACWI) appreciated over the year by 19.2% and 18.0%, respectively (In US Dollar terms). The bulk of the market rally in the past year was not broad-based across the different sectors (e.g. within the S&P 500). From a valuation perspective, both the MSCI WI and MSCI EM ended Q4 2024 trading at PE ratios of 23.0x and 22.0x, respectively.

Domestic equities finished the quarter under review (Q4 2024) in positive territory, as the banking sector continued to drive the momentum of the rally - by virtue of their significant weight in the local equities index. On examining the latest statistical update (from the Bank of Botswana), net income from commercial banks grew by 26.6% (on a year-on-year basis) as at October 2024. This was supported by a 19.5% increase in net interest income over the same period. The Domestic Companies Index (DCI) and Domestic Company Total Return Index (DCTRI) as proxies for local equity performance registered positive returns of 4.1% and 5.3%, respectively – over the quarter (Q4 2024).

## OUTLOOK

In conclusion, the upside risks for our outlook include increases in international commodity prices beyond current forecasts; persistence of supply and logistical constraints and the escalation of the reversal of global economic integration (geo-economic fragmentation). On the contrary, downside risks for inflation include the possibility of muted domestic and global economic activity, restricted fiscal space, possible disinflationary effects of monetary policy rates remaining dovish for too long, and any decline in international commodity prices. We thus expect that inflation will continue to stabilise in 2025, moderating between 3.0% and 3.9% (for Botswana), in line with the BoB's forecasted annual average inflation of 3.3%, and comfortably within the BoB's inflation target range.

On the capital market's front, Earnings yield for Domestic equities have shown resilience in recent quarters; however, it has been on a downward trend – ending November 2024 at 8.1%. This was just below the 10-year treasury yield (on the run) of 8.4% (at same period). This, all in all, indicates a competitive demand for capital from both risk assets.

## CONTACT DETAILS

### TRUSTEE

Stanbic Bank Botswana  
2nd 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  
Tel: +267 391 0310  
Email: moipolait@vunanifm.co.bw