

# VUNANI

## FUND MANAGERS

### VUNANI BOTSWANA INCOME FUND FACT SHEET

#### FUND INFORMATION UPDATE AT 30 JUNE 2025

#### 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.

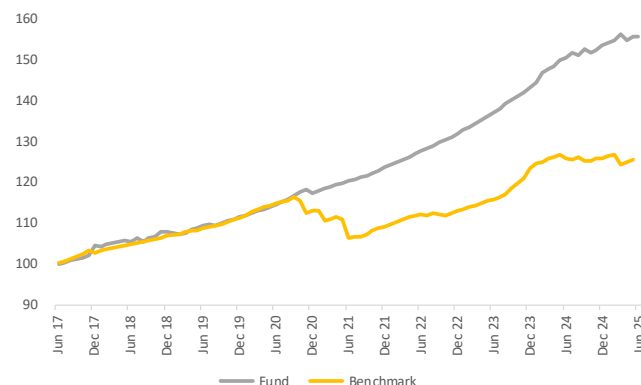
The fund has exposure to a moderate amount of risk for an increase in potential income.

#### PERFORMANCE

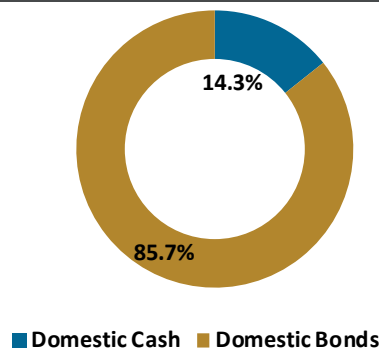
Returns (%)	3 months	1 yr	3 yrs	5 yrs
<b>Gross</b>				
Return	-0.31	3.36	6.86	6.33
Benchmark	-0.98	-1.07	3.88	1.85

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



#### GENERAL FUND INFORMATION

**Fund managers** Jonathan Paledi & Kennedy Manopolwe  
**Fund size (P)** 117.5 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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#### FEES

#### 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	01/07/2022
TER	1.06%
TC	0.00%
TIC	1.06%
1 year TER	0.91%

**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](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 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](http://www.vunanifm.co.bw)).

## FUND REVIEW

The fund's market value closed Q2 2025 at BWP 117.5 million. For the quarter, the portfolio realised negative returns due to rising bond yields, but on a relative basis, it outperformed its benchmark by 67 basis points (bps), benefiting from its proactive positioning. The fund has continued to sustain its marked outperformance over the medium and long-term periods.

## MARKET OVERVIEW

According to Statistics Botswana, real GDP declined by 0.3% in Q1 2025, a fifth consecutive decline in economic activity. Mining and Quarrying declined by 7.7%, with diamond output (in carats) decreasing by 8.1% primarily due to continued low demand. This was compounded by continued weakness in other sectors such as: Agriculture, forestry, and fishing (-3.4%); Diamond trading (-36.2%), and Water and electricity (-29.0%). Non-mining GDP, a green shoot of last year's (2024) economic output slowed to 2.2% in the first quarter of 2025, a reading lower than the outturn in Q1 2024 and Q4 2024.

Foreign exchange (FX) reserves continued their decline in Q2 2025, reaching BWP 47.2 billion in May (6.2 months of import cover). During a semi-annual review in July, the pula basket weights were maintained at 50% South African rand (ZAR) and 50% Special Drawing Rights (SDR). Additionally, there was an increase in the downward rate of crawl from 1.51% to 2.76% and widening of the pula trading margins from +/-0.5% to +/-7.5%. The central bank asserted that such moves were justified by the need to preserve FX reserves and encourage an active interbank FX market which relies less on BoB for FX needs.

Headline inflation in June, slightly rose by 0.1 percentage point (pp) to 2.0%, remaining below BoB's objective range of 3-6%. The top contributors to the June reading included: Food and Non-Alcoholic Beverages (0.8%); Miscellaneous Goods and Services (0.8%), and Alcoholic Beverages & Tobacco (0.3%). Fuel prices were lower in 1H 2025 than in 1H 2024, with the transport component staying in deflationary territory and detracting 0.5 pp.

In Q2 2025, the Fleming Aggregate Bond Index (FABI) and the Botswana Bond Index (BBi) both returned -1.2%, impacted by rising yields (declining bond prices) across the yield curve. Longer end yields have breached double digits, with BOTSG0640 ending June with a stop-out yield of 10.25%.

## OUTLOOK

The Ministry of Finance (MoF) projects a 0.4% contraction in Botswana's real GDP in 2025, which is in line with the International Monetary Fund (IMF)'s assessment. The primary cause of the gloomy forecast emanates from the diamond industry's persistently poor performance, slow pace of global growth, and the possible negative consequences of US tariffs.

The central bank forecasts inflation to average 2.7% (formerly 2.5%) in 2025. It is expected that inflation will trend upwards in the second half of this year owing to the dissipating base effects of last year fuel price reductions. However, we expect an upward revision in the central bank forecasts at the August Monetary Policy Committee (MPC) meeting owing to the inflationary pressures of the change in exchange rate parameters, particularly on local food prices.

We expect market liquidity to remain challenged in the ensuing quarters due to low government flows, on the backdrop of Botswana's faltering economic prospects in the near term. Consequently, we expect bond yields to continue remaining elevated during the year as the government continues to finance its budget deficit. Nevertheless, the move to look outwards (externally) for financing may offer a slight reprieve in alleviating domestic liquidity pressures.

## CONTACT DETAILS

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