

GIPS Composite Name: **Vunani Domestic Active All Bond [ALBI]**

Jun 2021

Benchmark: **FTS/JSE All Bond Index (ALBI)**

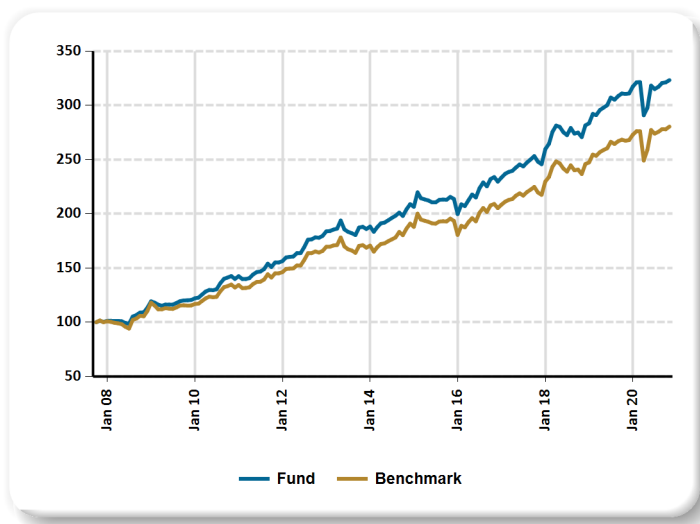
Composite Creation Date: **30 Sep 2007**

Period	Gross return	Bmk return	No of Portfolios	Total Assets (million)	% of Firm Assets	Total Firm Assets (million)	Dispersion	3 yr Ann Std Dev	Bmk 3 yr Ann Std Dev
01 Oct 2007 to 31 Dec 2007	1.24%	0.89%	1	82.39	0.56%	14,764.65	N/A	N/A	5.39%
01 Jan 2008 to 31 Dec 2008	17.81%	16.97%	1	61.39	0.60%	10,176.22	N/A	N/A	8.19%
01 Jan 2009 to 31 Dec 2009	2.33%	-0.99%	3	384.36	4.33%	8,877.29	N/A	N/A	8.12%
01 Jan 2010 to 31 Dec 2010	16.71%	14.96%	3	403.24	4.89%	8,241.91	N/A	6.49%	8.31%
01 Jan 2011 to 31 Dec 2011	9.75%	8.82%	3	734.23	11.43%	6,424.34	N/A	5.08%	5.59%
01 Jan 2012 to 31 Dec 2012	17.58%	15.99%	4	714.87	8.65%	8,266.44	N/A	5.27%	5.42%
01 Jan 2013 to 31 Dec 2013	2.41%	0.64%	6	806.34	6.65%	12,130.48	N/A	6.24%	6.55%
01 Jan 2014 to 31 Dec 2014	9.69%	10.15%	6	821.77	6.52%	12,612.31	0.42%	6.30%	6.88%
01 Jan 2015 to 31 Dec 2015	-3.26%	-3.93%	7	891.59	6.21%	14,362.23	0.23%	8.01%	8.54%
01 Jan 2016 to 31 Dec 2016	16.91%	15.45%	7	1,040.37	7.13%	14,597.04	0.58%	8.17%	8.58%
01 Jan 2017 to 31 Dec 2017	11.17%	10.22%	9	1,995.28	9.88%	20,191.39	0.40%	8.31%	8.49%
01 Jan 2018 to 31 Dec 2018	9.19%	7.69%	12	4,045.36	15.21%	26,600.26	0.14%	7.03%	7.19%
01 Jan 2019 to 31 Dec 2019	11.97%	10.32%	14	5,723.28	14.31%	40,000.45	0.26%	5.95%	6.05%
01 Jan 2020 to 31 Dec 2020	8.61%	8.65%	18	7,228.69	14.87%	48,623.29	0.74%	8.84%	9.07%
01 Jan 2021 to 30 Jun 2021	6.21%	5.00%	18	8,644.15	15.80%	54,724.95	0.26%	8.84%	8.98%

Vunani Fund Managers (Pty) Ltd has prepared and presented this report in compliance with the Global Investment Performance Standards (GIPS®)

SUPPLEMENTAL INFORMATION

FUND PERFORMANCE



FUND MANAGEMENT COMMENT

June was the third consecutive strong month for bonds, with the FTSE JSE All Bond Index returning 1.09%. Over the past 12 months, bonds have returned 13%. Even with the spike up in inflation to 5.2% (caused more by dropping off last year's sharp cuts in the petrol price than by recent price increases) this leaves realised real returns at high levels, the more so when one considers that this is an asset class with a long-term volatility of well below 10%.

In June the yield curve pivoted at the ten year area, where yields were unchanged. Shorter yields increased slightly and longer yields decreased slightly. The phenomenon is more readily observed in the analytically preferable duration curve than in the conventional yield curve. This "twist" meant that, unusually, the non-parallel shift in the yield curve was the biggest source of alpha in your fund in June. At the level of our Active Bond GIPS Composite, this factor added 25 basis points of alpha for the month. For several years, we have willingly sacrificed alpha from the roll component to better harness bigger sources of alpha. In June, the roll factor detracted just 4 basis points from alpha.

Despite gentle bull flattening recently, the steepness of the yield curve remains near an all-time high and your fund remains positioned to benefit from either a steady yield curve or some more flattening.

NOTES:

1. **COMPOSITE DESCRIPTION :** The investment objective is to provide investors with a well-diversified exposure to the South African bond market. The portfolio will provide a higher level of income and seek to enhance investment returns by the active management of interest rate, credit and liquidity risk.
2. **BENCHMARK CREATION :** Published Index: BEASSA All Bond Index (ALBI)
3. **FIRM DEFINITION :** Vunani Fund Managers (Pty) Ltd is registered with the Financial Sector Conduct Authority (FSCA) as a discretionary Financial Service Provider, License 608. The GIPS firm includes all portfolios managed by Vunani Fund Managers.
4. **MINIMUM ASSET LEVELS :** Vunani Fund Managers excludes all portfolios with an asset value less than R20 million.
5. **CURRENCY :** Vunani Fund Managers uses South African Rand to express all performance.
6. **PERFORMANCE CALCULATION :** Performance results are presented gross of management and performance fees, after deducting trading expenses, custodial fees and bank charges. Trading expenses include brokerage, trade settlement fees, taxes and trading levies as well as VAT thereon. The aggregate return method is used which combines all the composite assets and cash flows to calculate composite performance as if the composite were one portfolio.
7. **LIST AND DESCRIPTION OF COMPOSITES :** A complete list and description of all composites is available by emailing a request to info@vunanifm.co.za.
8. **LEVERAGE AND DERIVATIVES :** The use of derivatives is limited to exchanged traded futures and options for the purpose of maintaining the correct exposure to asset classes whilst providing liquidity.
9. **LEVERAGE AND DERIVATIVES :** Derivatives may be employed as risk mitigating strategies.
10. **INCONSISTENCIES IN EXCHANGE RATES :** Vunani Fund Managers use I-Net quotations for foreign exchange (FX) rate conversions. Due to timing differences, FX rates used to value instruments in the individual client portfolios may differ from the FX rates used by Vunani Fund Managers for benchmark conversion to local currency. Vunani Fund Managers accepts this variance in FX rates as immaterial and do not make any adjustments for such variances.
11. **DISPERSION :** Vunani Fund Managers uses the standard deviation across portfolio returns represented within the composite for the full year to calculate dispersion. Portfolios must be in a composite for the full period for which dispersion is being measured.
12. **FEE STRUCTURE :** A sliding scale fee structure applies to this composite from 45bps to 25bps based on market value of investment.
13. Vunani Fund Managers negotiates fees with each individual client in line with the standard company fee schedule.
14. **WITHHOLDING TAXES :** Proceeds on sales and income are accounted for net of any withholding taxes until such time as any reclaimable portion is received.
15. Additional information regarding policies for calculating and reporting returns is available on request.
16. **CASH FLOWS :** A fund may be removed from the composite, should a cash flow be greater than 5% of that fund. Once the fund has been realigned, it will be included again.
17. Performance composites previously published under Citadel Asset Management have been linked to Vunani Fund Managers since inception of those composites.
18. Benchmark components, weights, and the rebalancing process is available on demand.
19. **VERIFICATION :** Vunani Fund Managers claims compliance with the Global Investment Performance Standards (GIPS) and has prepared and presented this report in compliance with the GIPS standards. Vunani Fund Managers has been independently verified for the periods 2004 to 2019. The verification report(s) is/are available on request. Verification assesses whether (1) the firm has complied with all the composite construction requirements of the GIPS standards or a firm-wide basis and (2) the firms policies and procedures are designed to calculate and present performance in compliance with the GIPS standards. Verification does not ensure the accuracy of any specific composite presentation.
20. **SEGREGATED INVESTMENTS:** This composite included the exposure to ABIL Bank.
21. **GIPS®** is a registered trademark of CFA Institute. CFA Institute does not endorse or promote this organization, nor does it warrant the accuracy or quality of the content contained herein.

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