

GIPS Composite Name: **Vunani Domestic Property Income Fund [VFM Synthetic Property Index]** **Jun 2021**

Benchmark: **50% 0-3 yrs Bonds, 25% Real estate Development & Services (J863) and 25% Real Estate Investment Trusts (J867)**

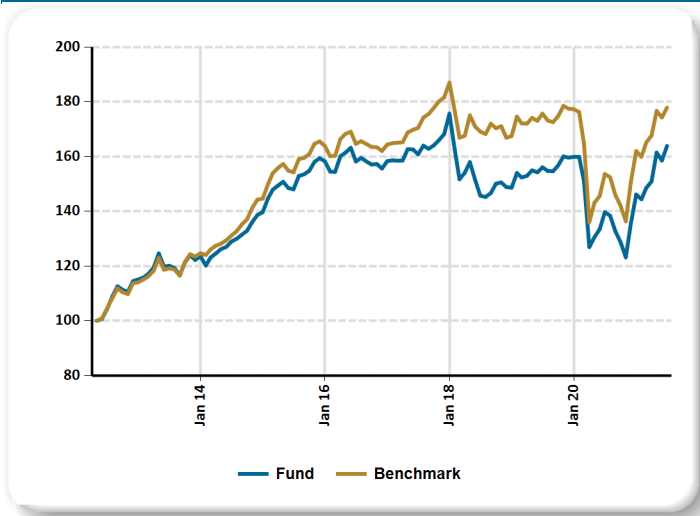
Composite Creation Date: **31 Jul 2002**

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 Aug 2002 to 31 Dec 2002	4.29%	-0.70%	2	511.62	13.83%	3,699.13	N/A	N/A	
01 Jan 2003 to 31 Dec 2003	19.54%	15.92%	2	563.10	11.36%	4,957.71	N/A	N/A	8.60%
01 Jan 2004 to 31 Dec 2004	23.50%	23.86%	3	1,035.86	15.04%	6,887.29	N/A	N/A	8.91%
01 Jan 2005 to 31 Dec 2005	18.67%	16.96%	3	1,242.58	14.26%	8,715.65	N/A	6.10%	7.79%
01 Jan 2006 to 31 Dec 2006	24.27%	25.77%	3	1,482.99	15.01%	9,880.83	N/A	6.68%	6.43%
01 Jan 2007 to 31 Dec 2007	5.17%	5.28%	3	1,991.03	13.49%	14,764.65	N/A	7.05%	6.60%
01 Jan 2008 to 31 Dec 2008	-5.42%	-5.82%	2	1,293.76	12.71%	10,176.22	N/A	9.45%	9.61%
01 Jan 2009 to 31 Mar 2009	-1.77%	-1.99%	2	71.36	0.87%	8,182.04	N/A	9.13%	9.48%
01 Nov 2009 to 31 Dec 2009	1.37%	1.34%	2	367.17	4.14%	8,877.29	N/A	N/A	9.09%
01 Jan 2010 to 31 Dec 2010	15.86%	14.72%	2	424.32	5.15%	8,241.91	N/A	N/A	9.09%
01 Jan 2011 to 30 Sep 2011	4.92%	5.10%	2	444.30	7.29%	6,093.98	N/A	N/A	7.00%
01 May 2012 to 31 Dec 2012	15.11%	14.08%	1	89.70	1.09%	8,266.44	N/A	N/A	5.41%
01 Jan 2013 to 31 Dec 2013	7.37%	9.28%	1	132.04	1.09%	12,130.48	N/A	N/A	6.17%
01 Jan 2014 to 31 Dec 2014	13.02%	16.00%	1	149.20	1.18%	12,612.31	N/A	N/A	5.87%
01 Jan 2015 to 31 Dec 2015	13.30%	13.28%	1	151.54	1.06%	14,362.23	N/A	6.17%	5.71%
01 Jan 2016 to 31 Dec 2016	0.04%	0.35%	1	155.60	1.07%	14,597.04	N/A	5.57%	5.27%
01 Jan 2017 to 31 Dec 2017	10.95%	13.77%	1	123.12	0.61%	20,191.39	N/A	5.75%	5.23%
01 Jan 2018 to 31 Dec 2018	-15.39%	-10.44%	2	87.10	0.33%	26,600.26	N/A	8.69%	7.32%
01 Jan 2019 to 31 Dec 2019	7.57%	5.84%	2	134.64	0.34%	40,000.45	N/A	8.46%	7.29%
01 Jan 2020 to 31 Dec 2020	-8.60%	-8.62%	2	137.09	0.28%	48,623.29	N/A	15.41%	15.97%
01 Jan 2021 to 30 Jun 2021	12.15%	9.82%	2	143.16	0.26%	54,724.95	N/A	14.67%	15.57%

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

The property sector had a better June than the broader equity market. The SAPY was up nearly 3.4 percent while general equities represented by SWIX were down about 2.8 percent.

Short bonds were pancake flat over the month. With an appreciably higher allocation to listed property shares, the portfolio still managed to outperform the benchmark. For the month, the portfolio exceeded its benchmark by about 1.3 percent, matching SAPY performance of nearly 3.4 percent. That indicates that the specific positions held in the portfolio in aggregate outperformed the SAPY. This strong effort helped the portfolio to outperform for the quarter by at least 2.5 percent. For the year-to-date, the portfolio is still outperforming by 236 basis points.

The listed property sector continued to be supported by funders as the worst of the storm seems to be passing. For example, Redefine reported and showed that uncommitted facilities had increased. This indicated support still coming through from banks. Headroom on LTV covenants increased as well as the company withheld distributions, and properties were sold. Interest coverage was however lower, reflecting negative reversions on cash flows. Our conversations with property brokers and management teams suggest that negative reversions will remain an area on which to keep an eye.

NOTES:

1. **COMPOSITE DESCRIPTION :** The discretionary FSP will utilise its unique optimisation procedures to create a portfolio that will generate comparable returns to API, using listed property instruments, preference shares, inflation linked bonds, short-term fixed interest bonds, money market instruments and cash.
2. **BENCHMARK CREATION :** The API is comprised of:
 - * 25% in J863 - Real Estate Development & Services Index
 - * 25% in J867 - Real Estate Investment Trust Index
 - * 50% in the 0-3 year All Bond Index total return time series
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. Benchmark components, weights, and the rebalancing process is available on demand.
18. **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 firm's 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.
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