

**GIPS Composite Name:** **Vunani Global Absolute Return Constrained [CPI+5%]**

**December 2021**

**Benchmark:** **CPI + 5%**

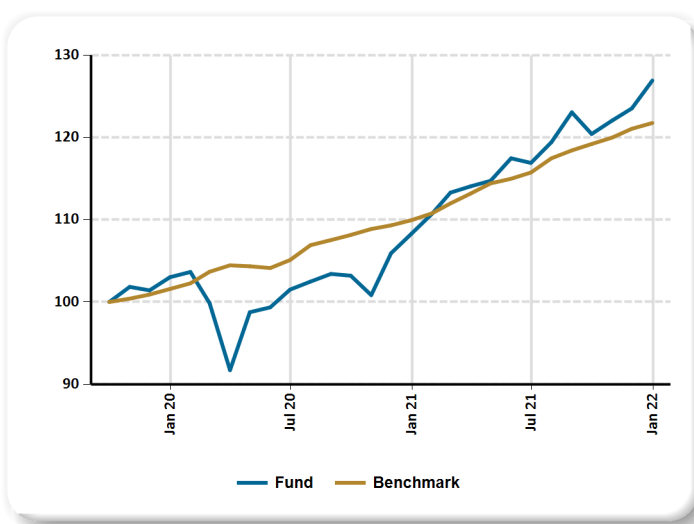
**Composite Creation Date:** **30 Sep 2019**

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 2019 to 31 Dec 2019	3.01%	1.58%	1	1,721.75	4.30%	40,000.45	N/A	N/A	1.03%
01 Jan 2020 to 31 Dec 2020	5.14%	8.23%	1	1,801.47	3.70%	48,623.29	N/A	N/A	1.36%
01 Jan 2021 to 31 Dec 2021	17.18%	10.74%	1	2,072.65	3.43%	60,477.95	N/A	N/A	1.35%

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

Expect 2022 to be a year of transition. Expect many different macroeconomic factors to come into play as the dynamic between economic growth and inflation ebbs and flows.

With growth in the US slowing and inflation on the rise, the major risk to equity markets is a policy error by the US Federal Reserve. While Bloomberg consensus for 2022 indicates a growth rate of around 2.4 percent for the US, expect to see growth more in the range of 1.5 to 2 percent. Part of the reason for this is that labour force participation has declined in recent years with COVID-19 accelerating the process. Add to this rising wage inflation due to labour shortages in certain key economic areas at a time where financial markets are trying to come to terms with supply constraints that show little hint of easing. But the real issue for equity markets will be the limited scope that the US Fed has to raise interest rates before the US yield curve inverts. Financial markets have almost always responded negatively at this inflection point.

Although inflation seems to be less of an issue in South Africa, the local economy is at risk of a downturn in sentiment at a global scale. That would, of course, dent hopes of long-awaited, sustained economic recovery. The risk of a dour mood extends beyond the US. Elsewhere in the world, China is lifting the foot off the brake by easing up on its heretofore tighter fiscal and monetary stance, after that stance led to a marked slowdown. And Europe's growth has stalled with inflation running at uncomfortably high levels.

Relative to inflation, all asset classes were net contributors. Domestic equities drove the month's gains with Financials as the key sector in that performance. Notable as well was the nearly 9 percent gain in the ultra-long end of the ILB curve, signalling a healthy degree of demand there as inflation remains topical.

**NOTES:**

- 1 **COMPOSITE DESCRIPTION** : The mandate is for a diversified and prudently managed investment portfolio of South African assets. The long term objective of the fund is to achieve a return of at least 500 basis points in excess of inflation (CPI) over all 48 month rolling periods, net of management fees and tax. Foreign exposure in the fund is limited to 20% exposure.
- 2 **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.
- 3 **MINIMUM ASSET LEVELS** : Vunani Fund Managers excludes all portfolios with an asset value less than R 20 million.
- 4 **CURRENCY** : Vunani Fund Managers uses South African Rand to express all performance.
- 5 **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.
- 6 **LIST AND DESCRIPTION OF COMPOSITES** : A complete list and description of all composites is available by emailing a request to [Info@vunanifm.co.za](mailto:Info@vunanifm.co.za).
- 7 **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.
- 8 **LEVERAGE AND DERIVATIVES** : Derivatives may be employed as risk mitigating strategies.
- 9 **SUB-ADVISORS** : Included in this composite is a fund that make use of a sub-advisor. The sub-advisor has been involved since the inception of the fund in August 2007 till 30 June 2011
- 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 65bps to 45bps based on market value of investment.
- 13 **WITHHOLDING TAXES** : Proceeds on sales and income are accounted for net of any withholding taxes until such time as any reclaimable portion is received.
- 14 Vunani Fund Managers negotiates fees with each individual client in line with the standard company fee schedule.
- 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 2020. 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 on 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.
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