

Letlotlo Education Fund

Fund Factsheet | 31st December 2020



Fund Objective

The fund aims to provide a degree of long term capital growth by investing in a diversified range of assets. It has a moderately low-risk profile which provides a small degree of risk and volatility for some degree of growth. The seven-year lock-in period caters for investors with a long-term investment horizon.

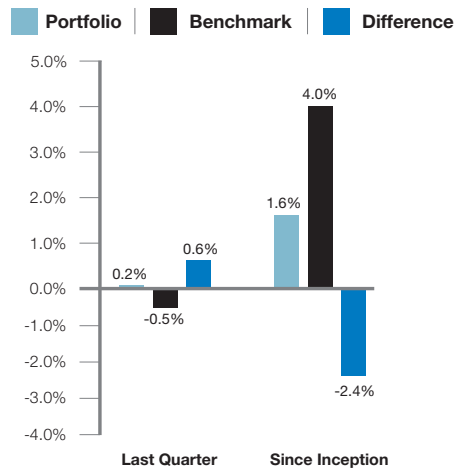
Strategy

The Bifm Letlotlo Education Fund is a multi-asset fund that invests in local and offshore equities, bonds, property, and money market instruments.

Why Choose This Fund?

The fund is suitable for the investor with a moderately low-risk profile who wishes to generate some degree of long-term capital growth. This fund is best suited for individuals who wish to plan and save for predetermined future expenses such as a child's future education.

Performance



The Bifm Letlotlo Education Fund gained 0.16% over the fourth quarter of 2020, outperforming its benchmark return of -0.49% by 0.65%. The fund's low exposure to offshore equities relative to the benchmark proved negative for fund performance as offshore equities continued to rally post the March market crash. Within the quarter, asset allocation decisions detracted from fund relative performance whilst stock selection contributed positively to fund relative performance.

Local Equities

The local equity allocation returned 0.50%, outperforming the benchmark DCI total return index return of -1.06 by 1.57% over the quarter. Twelve of the twenty-four listed firms experiencing share price declines during the quarter. The declines were generally below five percent. However, some securities that experienced declines of 10.1% (Afinitas) and 26.0% (Seedco). The tourism sector securities continued to shed value with Chobe declining by 0.74% while Cresta shed value 1.52% as global travel restrictions continued to weigh down on the industry's prospects of a quick recovery.

Local Bonds

The local bond allocation outperformed its benchmark return of -2.50% by 1.14%, returning -1.36% over the quarter. The fund's overweight positioning on corporate bonds was a positive contributor over the period. Government bond yields rapidly rose on the back of increased bond supply and resulting in the local fixed income market registering bond price declines. However for the 12 months to December, bonds remained positive, with the benchmark returning 1.56%.

Offshore Equities

The fund's offshore equity allocation continued its strong performance for the year, returning 7.53% and outperforming the benchmark return of 5.96% by 1.56%. The fourth quarter of 2020 presented information

that ordinarily would have negatively impacted the market performance such as the US election, the anticipated Brexit, and tensions between the US and China. However, reports of successful COVID-19 vaccines overshadowed the rest of the news and became a market supporter during the quarter.

Offshore Bond

The offshore bond allocation declined by 3.38% over the quarter however, outperforming the benchmark return of -3.97% by 0.59%. Inflation expectations improved on the back of positive data vaccine approvals and continued monetary and fiscal policy support. Developed market yield moves were mixed over the quarter. In the U.S., longer-dated yields rose meaningfully given the increased potential for additional fiscal stimulus and encouraging developments regarding COVID-19 vaccines.

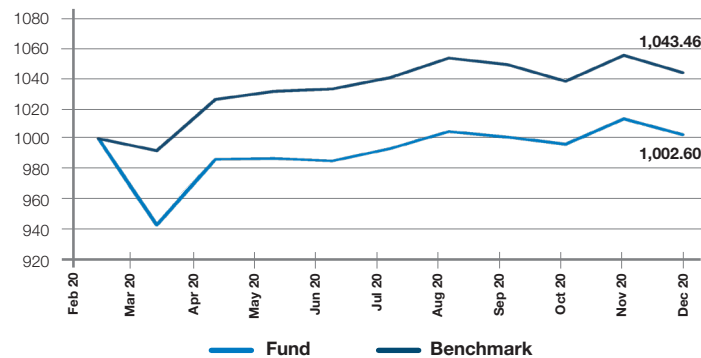
Market Outlook

Following the global economic contraction observed in 2020, we expect that global economic activity and output will rebound strongly, driven by the widespread rollout of vaccines and sustained accommodative and supportive monetary and fiscal policies. We expect central banks to maintain policy rates at low levels and continue their asset purchase schemes throughout 2021.

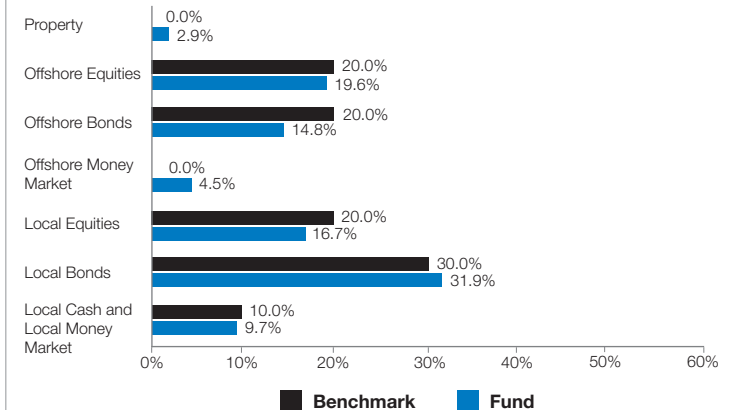
Locally, Botswana's GDP contracted by 6% over the third quarter of 2020, a notable improvement when compared to a contraction of 24% in Q2 2020. The improvement reflected the pick-up in economic activity in the third quarter. The Bank of Botswana (BoB) announced another rate cut in early October, citing the adverse impact of the COVID-19 pandemic on the local economy. Inflation is expected to remain below the objective range of 3% - 6% until Q3 2021 and GDP was expected to decline by 8.9% in 2020, thus justifying the supportive tone from the BoB.

Total Expenditure Ratio (T.E.R.): 2.52%

Cumulative Returns (BWP)



Asset Allocation



Quick Facts

Fund Information

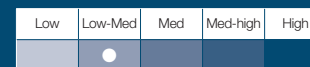
Portfolio Manager: Bifm Investments Team
 Launch Date: Feb 2020
 Minimum Investment: P200 debit order

Fund Size: BWP11,010,255.41

Fees

Initial Fund Fee: 0%
 Annual Management Fee: 1.5%
 Fees are shown excluding VAT

Risk Profile



Income Distribution

Income Distribution Frequency:
 Semi-Annual Jun, Dec

Contact Details

Trustees and Custodians
 Stanbic Bank Botswana
 Private Bag 00168
 Gaborone

Physical Address

Bifm Unit Trusts (Pty) Ltd
 Plot 66458, Fairgrounds Office Park
 Gaborone, Botswana

Postal Address

Private Bag BR185, Broadhurst
 Gaborone, Botswana

T: +(267) 395 1564
 F: +(267) 390 0358
 E: retailservices@bifm.co.bw