

# Letlotlo Education Fund

Fund Factsheet | 31<sup>st</sup> March 2021



## 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.

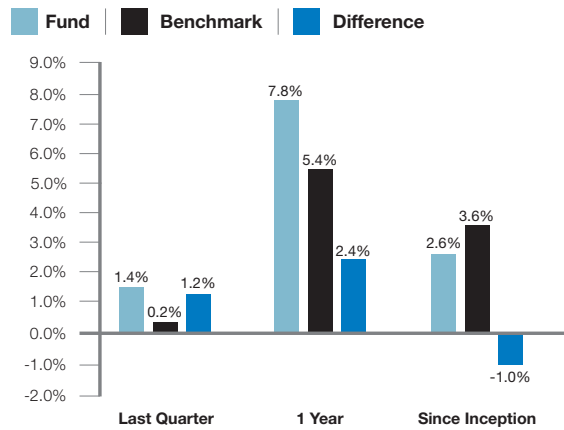
## Strategy

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 returned 1.37% over the first quarter of 2021, outperforming its benchmark return of 0.18% by 1.19%. However, over a 12 month period, the fund returned 7.75% outperforming the benchmark by 2.39%. The fund's low exposure to offshore equities proved negative for fund performance as offshore equities continued to rally going into the first quarter of the year. Within the quarter, asset allocation decisions and stock selection decisions contributed positively to fund relative performance.

### Local Equities

The local equity allocation declined by 4.83%, outperforming the benchmark DCI total return index return of -4.40 by 0.43% over the quarter. The first quarter of the year was littered with both losses and gains. However, the range of losses outweighed the gains. Several securities registered losses in excess of 10%, being: Turnstar (20.8%), ABSA (18.4%), BTCL (14.6%), and G4S (11.8%). It is to be noted that these losses were experienced across all sectors.

### Local Bonds

The local bond allocation outperformed its benchmark return of 0.58% by 0.21%, returning 0.21% over the quarter. The fund has a high allocation to local bonds which contributed positively to fund performance. Secondary market trading activity increased slightly over the quarter. Despite the upward shift in the curve, local bonds posted marginally positive returns, a recovery from the negative returns recorded in the previous quarter. Secondary market trading activity increased slightly over the quarter. Much of the activity was, however, clustered around each of the three government bond auctions and limited to government bonds.

### Offshore Equities

The fund's offshore equity allocation continued its strong performance going into the first quarter of the year, returning 9.67% outperforming the benchmark return of 7.06% by 2.61% in BWP terms. Amongst the best performing sectors were energy and financials, two of the hardest-hit sectors in the initial sell-off in 2020. The rebound reflected optimism about the global economy returning to normal.

Demand for oil is returning to normal and prices have risen back to pre-COVID levels. Supply cuts by OPEC are also supportive of higher oil prices. Financials have done well on lower-than-expected loan losses and expectations for higher interest rates.

### Offshore Bond

The offshore bond allocation returned -1.19% over the quarter, outperforming the benchmark return of -2.51% by 1.33%. On the back of the positive sentiment on economic outlook, longer term bond yields rose higher, whilst shorter dated bonds remained largely unaffected, leading to a steepening US Treasuries curve. Thus, longer dated bonds underperformed and drove the negative returns for the fixed income asset class.

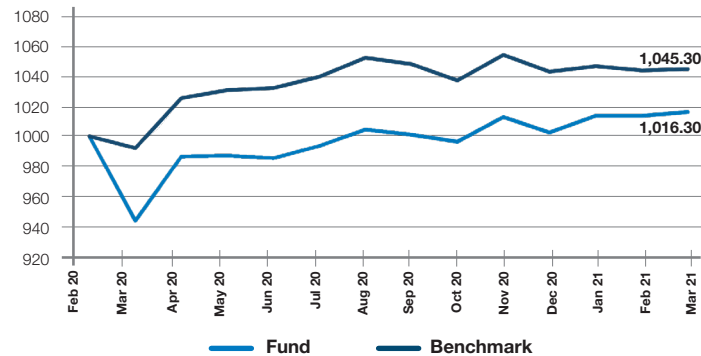
### Market Outlook

Over the last quarter of 2020, Botswana's real GDP contracted by 4.1%, a second consecutive improvement from the contractions seen at 24.0% and 6.0% in the second and third quarters of 2020 respectively. The improvement in Q4 2020 were as reflection of the continued efforts to return to normality through the reopening of business and lifting of cross border movement restrictions which had severe impacts on the business community and economy in the two preceding quarters.

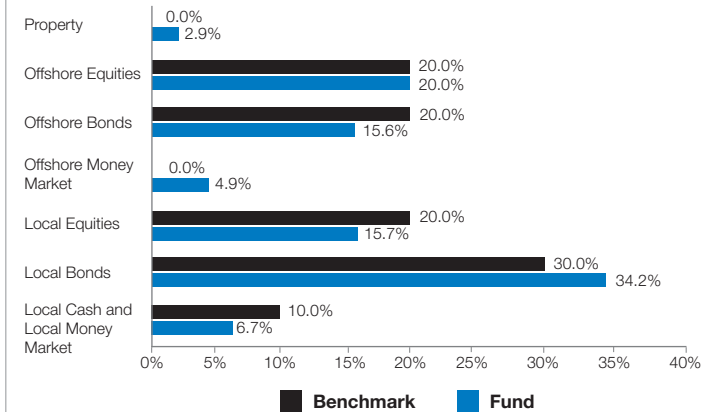
We expect the global economy to continue its transition from hurting to healing in 2021 and make good progress on the long climb back to its pre-crisis trend. We believe the current renewed weakness due to lockdowns in major economies will give way to accelerating economic growth from around the second quarter, driven by the broadening rollout of vaccines and continued fiscal and monetary support.

Total Expenditure Ratio (T.E.R.): 2.29%

## Cumulative Returns (BWP)



## Asset Allocation



## Quick Facts

### Fund Information

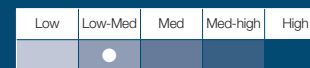
Portfolio Manager: Bifm Investments Team  
 Launch Date: Feb 2020  
 Minimum Investment: P200 debit order

Fund Size: BWP11,414,619.86

### 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

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