

Letlotlo Education Fund

Fund Factsheet | 31st March 2022



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.

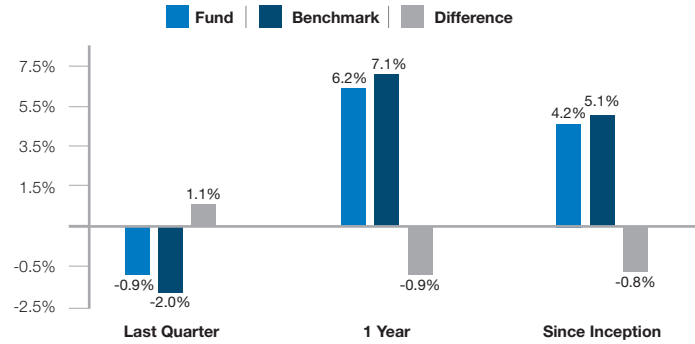
Strategy

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



Performance Commentary

The Bifm Letlotlo Education Fund returned -0.88% over the first quarter of 2022, outperforming the benchmark return of -1.99% by 1.11%. Fund performance over the quarter was aided by the fund's allocation local assets (bonds and equities) which were both positive and beat their respective benchmarks. Over the 12-month period, the Fund returned 6.19%, underperforming the benchmark return of 7.05% by 0.86%.

Local Equities

The Local Equity allocation returned 4.65% over the first quarter of 2022, outperforming the benchmark return of 4.28% by 0.36%. As the local equity market continues to recover, there has been noted improvement in the mix of companies reporting recoveries. There is broader-based price appreciation across all sectors, with only a few companies experiencing share price declines. Letshego remains the best performing asset on the bourse, appreciating by 28.57%, followed by Letole which returned 4.31% over the quarter.

Local Bonds

The Local Bond allocation outperformed the benchmark return of 1.55% by 0.22%, returning 1.77% over the quarter. The yield curve largely remained unchanged in the quarter, except for marginal declines registered on the short end. Within the primary bond market, the monthly government bond auctions dominated issuances during the period, albeit with relatively lower amounts on offer compared to the previous quarters. No corporate bonds were listed over the period. Secondary market trading activity was muted over the quarter, with all activity clustered around the three government bond auctions and limited to government bonds.

Offshore Equities

The Offshore Equity allocation outperformed the benchmark return of -7.65% by 1.82% returning -5.83%. The Russian invasion of Ukraine in the first quarter of the year further raised market concerns in an environment already grappling with inflationary pressures, supply chain disruptions, central bank tightening and an inverted yield curve. The conflict, which marked the largest military attack on a sovereign state in Europe since World War II, has been economically challenging for the global population and global markets. Regionally, the USD declined by 4.6 whilst the UK (up 1.51%) was amongst the best-performing regions over the quarter. On concerns of rising concerns about the Europe's dependence on Russia's energy, the European region was amongst the worst performing regions, scaling back by 5.89%. Emerging markets remained weak (losing 7.32%), in part due to a resurgent dollar. New Covid-19 cases in China dented sentiment and spurred concerns about continued supply chain disruptions.

Offshore Bonds

The Offshore Bond allocation returned -8.33% over the quarter, however outperforming the benchmark

return of -8.63% by 0.31%. The first quarter of 2022 proved the second weakest quarter for global bonds since 1990, easily surpassing periods during the Global Financial Crisis. The rise in yields has been driven by the inflation outlook and central bank actions, which pointed to a faster than anticipated rate normalisation. The move up in yields has been substantial, and the US 10 year, having started 2021 at 1.51%, ended the quarter at 2.34%, though with the daily market volatility, this disguises a pullback from a peak of 2.47% towards the end of March.

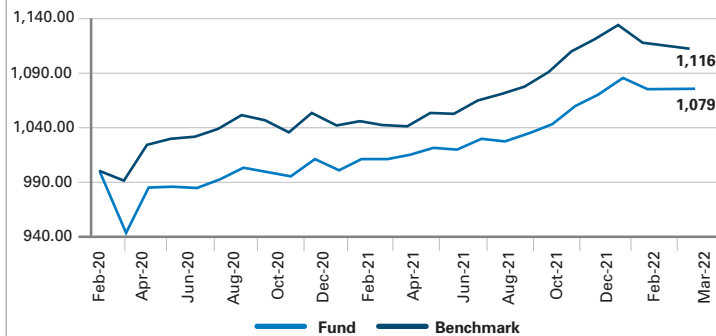
Market Outlook

Looking ahead into 2022, the economic and market outlook are currently more uncertain than at most points in the cycle. The Russian invasion of Ukraine has only increased the uncertainty of the outlook for inflation, as that event has created additional pressure on the supply of both hard and soft commodities. Importantly, this is in addition to the post-COVID stimulus inflationary pressures that have been the initial cause of the increased prevalence of inflation. The move away from transitory inflation discussions in the last quarter of 2021 meant that the start of 2022 has seen the focus shift to the levels at which inflation will peak, and consequently the speed and extent to which central banks will raise interest rates.

Local real GDP release for the third quarter of 2021 showed that the local economy further recovered and grew by 8.4% year on year, compared to a decrease of 4.5% in the same quarter last year. The recovery was broad-based as most of the industries registered positive growth on the back of a laxer Covid-19 restrictions and a successful vaccine rollout locally. Headline inflation continued to rise during the quarter under review. Having opened the quarter at 8.7%, inflation rose to 10% as at the end of the quarter. On the back of observed near-term upward risk factors, we maintain that inflation is likely to remain elevated for much of the first half of the year before declining steadily towards the latter part of the year.

Total Expenditure Ratio (T.E.R.): 2.61%

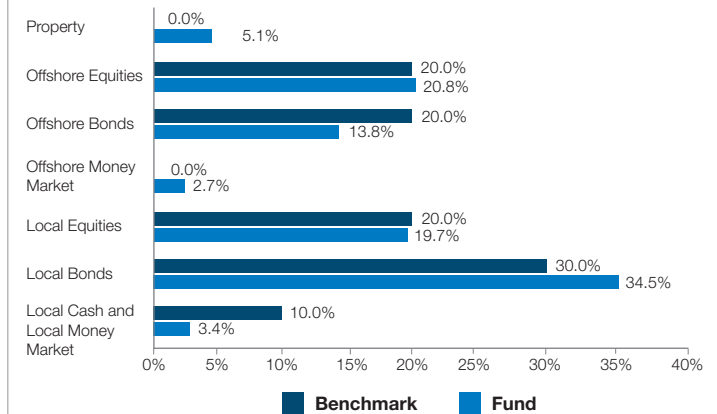
Cumulative Returns (BWP)



The key to succeeding in saving for your child's future education is to

1. Start (no matter how small)
2. Commit & remain consistent
3. Patience

Asset Allocation



Quick Facts

Fund Information

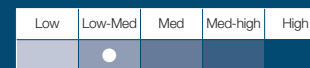
Portfolio Manager: Bifm Investments Team
 Launch Date: Feb 2020
 Minimum Investment: P200 debit order

Fund Size: BWP12,842,679

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
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