

Letlotlo Education Fund

Fund Factsheet | 30th June 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.

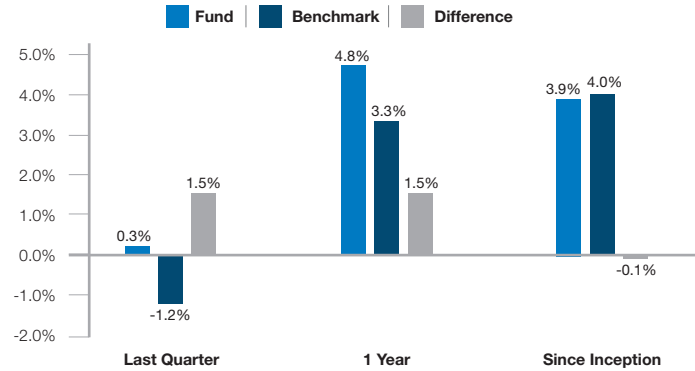
Strategy

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 0.27% over the first quarter, outperforming the benchmark return of -1.21% by 1.48%. The Fund's exposure to local equities and local bonds aided fund relative performance and both asset classes were positive and ahead of the benchmark.

Over the 12-month period, the Fund returned 4.82%, outperforming the benchmark return of 3.30% by 1.52%.

Local Equities

The Local Equity allocation returned 1.49% over the first quarter, underperforming the benchmark return of 1.81% by 0.32%. In general, the quarter produced a mixed bag of performance with key performance themes attributed to each sector. The banking sector led the recoveries as Stanchart gained 13.43%, the largest in the market over the period, while the financial services and property sectors largely experienced declines. The consumer sector had some recoveries and some declines. Choppies, after six consecutive quarters of no price change, shed 18.33%, the largest price decline within the quarter.

Local Bonds

The Local Bond allocation outperformed the benchmark return of 1.51% by 0.36%, returning 1.87% over the quarter. The monthly government bond auctions dominated issuances during the period with limited corporate bond issuances in the market. Owing to higher revenues collected from the improved rough diamond sales throughout the quarter, the central bank had a lower propensity to accept aggressive bids and thus rates only edged up slightly from the previous quarter and somewhat stabilized.

Offshore Equities

The Offshore Equity allocation outperformed the benchmark return of -9.28% by 3.59% returning -5.69%. The second quarter of the year provided little prospects of better days ahead. The Russia-Ukraine war, along with an environment of elevated inflation, hawkish central banks, and commodity shortages, continued to weigh on equity investor sentiments. This has led to significant drawdowns in global equity markets. Cyclically sensitive sectors took a beating within the quarter as recessionary fears continued to mount. Consumer sectors were amongst the weaker performers during the quarter as concerns around discretionary income mounted, squeezed by higher food and energy prices. Traditionally defensive sectors such as health care, telecoms, staples, and utilities outperformed the market as they continued to be perceived as "safer" amidst the continued market volatility.

Offshore Bonds

The Offshore Bond allocation returned 0.20% over the quarter, outperforming the benchmark return of -0.70% by 0.96%. Global developed market benchmark yields continued to rise during the quarter. This

was driven by widespread monetary policy tightening by central banks in a bid to rein in inflation, which continued to rise during the quarter. As developed market equities entered a bear market, global bonds also declined over the second quarter. Yields continued to rise, driven by rising inflation and central banks further solidifying their hawkish stance. In the US, the 10-year benchmark yield rose sharply, (from 2.34 at the beginning of the quarter) reaching levels close to 3.5% during the quarter before subsequently rallying as the market turned the focus to rising recession risk and the yield fell to 3.01% at the end of the quarter.

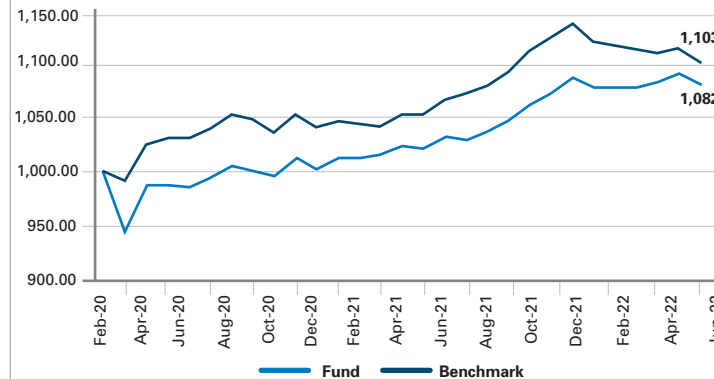
Market Outlook

With the global economy having bounced back from the Covid-19 impacts, a slowdown in economic growth is occurring. The slowdown comes at a time when inflation is high and rising, bringing about a dissonance between inflation and slowing economic activity, meaning the risk of stagflation is substantial. This is exacerbated by the strong hawkish stance taken by central banks to bring down inflation and maintain price stability. It should also be noted that while headlines have shifted, the COVID-19 pandemic is not over, and even though selected countries have started to move to an endemic stance, there are still risks associated with the virus that could easily resurface.

The Bank of Botswana March Business Expectations Survey (BES) results showed a general level of optimism about local business conditions. However, optimism was lower owing to concerns around rising cost pressures, particularly fuel prices and imports as a result of the ongoing conflict between Russia and Ukraine. Q1 2022 GDP, released by Statistics Botswana, showed an increase of 7.0%, year-on-year, compared to an increase of only 1.0% registered in the same quarter in 2021. The improvement in growth is attributed to strong international demand for diamonds as the world economy continued on a recovery path from the impacts of the COVID-19 pandemic.

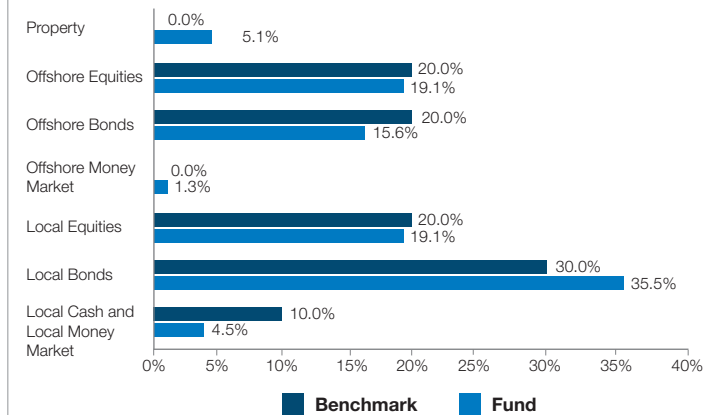
Total Expenditure Ratio (T.E.R.): 2.61%

Cumulative Returns (BWP)



Treat savings like a monthly bill, start paying your savings first and watch your Kids college fund grow.

Asset Allocation



Quick Facts

Fund Information

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

Fund Size: BWP13,064,608.29

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
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