

Letlotlo Education Fund

Fund Factsheet | 30th September 2023



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.

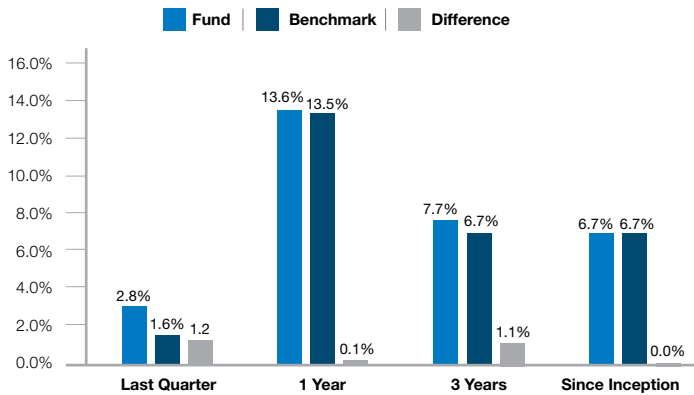
Strategy

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 2.79% over the third quarter of 2023, outperforming the benchmark return of 1.56% by 1.23%. Security selection decisions contributed to the fund's relative performance over the quarter.

Local Equities

The local equity allocation returned 4.84% over the quarter, underperforming the benchmark Domestic Companies Total Return Index (DCTRI) return of 5.23% by 0.39%. The local equity market ended the first half of the year on a positive note with 15 of the 23 listed stocks increasing in price over the third quarter of 2023. Four stocks recorded a flat performance and only four stocks declined in price over the period. The strong performance was supported by robust growth in earnings across most of the sectors. Chobe Holdings was the leading performer on the Botswana Stock Exchange (BSE) over the quarter, appreciating 47.60%. Other notable movers over the quarter were Standard Chartered (22.28), CA Sales (19.62%), Sechaba (12.74%), Sefalana (12.18%) and FNBB (10.90%).

Local Bonds

The Local Bond allocation returned 2.00% over the quarter, outperforming the benchmark Fleming Aggregate Bond Index (FABI) return of 1.66% by 0.34%. Total credit extended by local banks continued to be positive despite the high interest rate environment, rising by 10.90% in Q2 compared to 9.64% in Q1 2023. Credit extension to households grew by 9.77% whilst extension to firms grew by 13.01% in the same period.

Offshore Equities

The Offshore Equity allocation returned -0.75% over the quarter, outperforming the benchmark MSCI Index return of -2.41% by 1.66%. Most sectors declined over the quarter as market sentiment shifted negative. Real Estate, Utilities, Consumer Staples, and Information Technology in particular saw larger declines over the quarter whilst the more defensive areas of the market such as Energy, Financials, and Healthcare posted gains. The Energy sector was the best-performing sector over the quarter, following a rise in oil prices over the quarter.

Offshore Bonds

The Offshore Bond allocation returned -1.39%, outperforming the benchmark Bloomberg Aggregate Bond Index return of -2.53% by 1.14%. During the quarter, yields rose alongside strong U.S. economic data and rising expectations for rates to stay higher for longer. In the U.S., yields rose across the curve with real yields

reaching their highest levels since the 2008 Great Financial Crisis (GFC). In developed markets outside of the U.S., including the U.K., Germany, and Japan, yields rose against a backdrop of elevated inflationary pressures and resilient growth.

Market Outlook

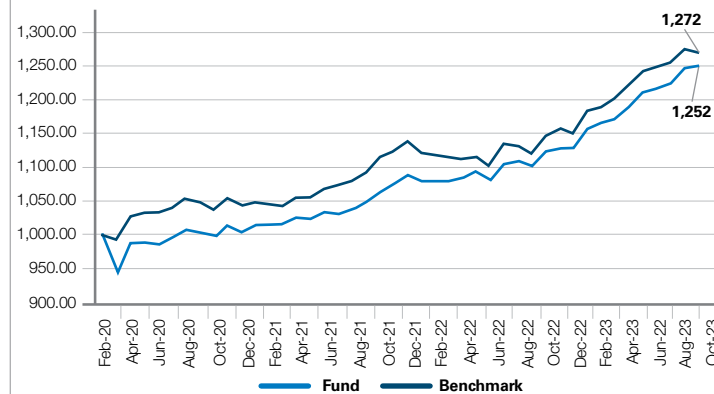
The Q2 2023 Gross Domestic Product (GDP) publication by Statistics Botswana showed a further slowdown in GDP growth (3.4% year-on-year) vs 5.1% registered in the corresponding quarter in 2022. During the August 2023 sitting, the BoB's Monetary Policy Committee (MPC) opted to maintain the Monetary Policy Rate (MoPR) at 2.65%. The MPC noted that despite inflation having come down significantly, there were upside risks emanating from higher international commodity prices, the persistence of supply and logistical constraints, and the reversal of global economic integration (geo-economic fragmentation).

The BoB March 2023 Business Expectations Survey results showed that firms were less optimistic in Q2 compared to the first quarter of 2023. Firms highlighted tight access to credit on the back of sustained monetary policy tightening as a key concern going forward.

Headline inflation has peaked in most major economies, but remains elevated and above target levels for Central Banks. Household spending and consumer demand have remained robust due to excess savings accumulated during the COVID-19 crisis. However, these reserves have been dwindling over the year and we expect that discretionary income will likely come under pressure with rapidly rising debt servicing costs.

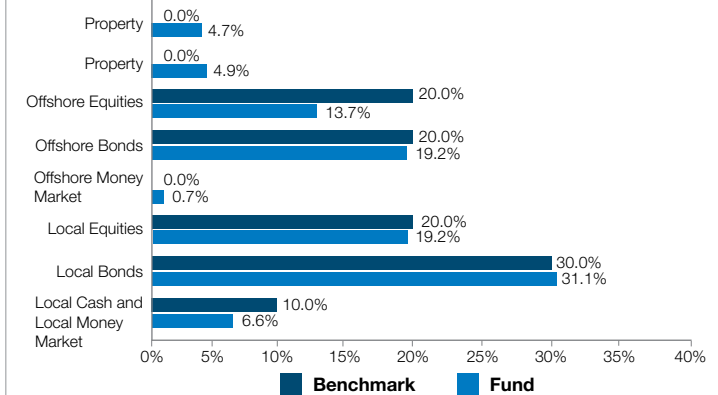
Total Expenditure Ratio (T.E.R.): 2.46%

Cumulative Returns (BWP)



On average, School fees are increased annually by 6-8%, it's important that you periodically evaluate your education savings and make adjustments where necessary too.

Asset Allocation



Quick Facts

Fund Information

Portfolio Manager: Bifm Investments Team

Launch Date: Feb 2020

Minimum Investment: P200 debit order

Fund Size: BWP16,262,282.76

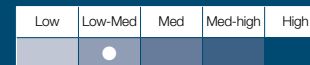
Fees

Initial Fund Fee: 0%

Annual Management Fee: 1.5%

Fees are shown excluding VAT

Risk Profile



Fund feature

7 year lock-in period

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

Plot 396/7 Moffat Street, Central
Residential Area
Francistown, Botswana

Postal Address

Private Bag BR185, Broadhurst
Gaborone, Botswana

T: +(267) 399 2199 / +(267) 241 3041

F: +(267) 390 0358

E: retailservices@bifm.co.bw