

Letlotlo Education Fund

Fund Factsheet | 30th September 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.

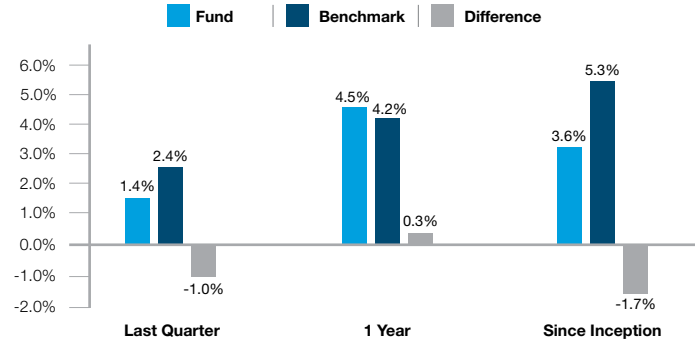
Strategy

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



Performance Commentary

The Bifm Letlotlo Education Fund returned 1.37% over the third quarter of 2021, underperforming its benchmark return of 2.38% by 1.01%. However, over the twelve-month period, the fund returned 4.55% outperforming the benchmark by 0.30%. Within the quarter, asset allocation decisions and stock selection decisions detracted from fund performance fund relative performance.

Local Equities

The local equity allocation underperformed the benchmark DCI total return index return of 8.55% by 0.8%, returning 7.75% over the quarter. The financial sector heavyweights led the DCI's positive quarter. Four of the six securities within the sector appreciated, whilst the other two remained flat during the period. FNBB and Letshego, which rallied by 13.18% and 34.09%, respectively, led the pack. Other sectors continued to record share price declines, the most notable being a 7.55% decline by Chobe and 5.00% by Turnstar.

Local Bonds

The local bond allocation underperformed its benchmark return of -2.09% by 1.01%, returning -3.09% over the quarter. The Fund maintained an overweight allocation to credit vis-à-vis the benchmark (FABI, Fleming Aggregate Bond Index). Exposure to Government bonds increased over the quarter as additional purchases were made at the government bond auctions held in the period.

Offshore Equities

The fund's offshore equity allocation returned 2.36% over the quarter, however underperforming the benchmark return of 3.67% by 1.31% over the third quarter of 2021. World equities started the quarter strong, with a rally supported by positive corporate earnings. However, concerns around slowing economic growth, rising inflation, supply chain disruptions, and rising uncertainty in emerging markets towards the end of the quarter led to increased volatility and losses. Overall, the MSCI World index ended the quarter broadly flat.

Offshore Bond

The offshore bond allocation returned 2.94% over the quarter, outperforming the benchmark return of 2.76% by 0.18%. Data regarding rollouts of Covid-19 vaccinations was promising, resulting in less pressure

on the global healthcare systems but another wave can certainly not be ruled out hence some pessimism persisted over the quarter. On the back of the volatility, we saw a global bond sell-off with rates rising slightly in the US, Germany, and the UK.

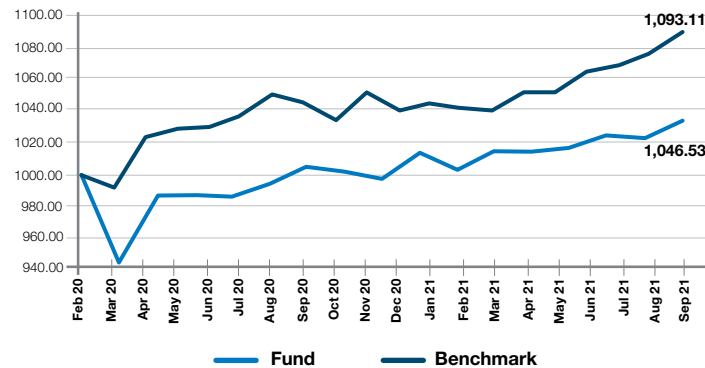
Market Outlook

Botswana's real GDP for the second quarter of 2021 increased by 36% year on year (from the level seen at the end of Q2 2020), a considerable jump from the Q1 2021 growth of 0.7%. Headline inflation which began the quarter at 8.2% rose to 8.9% in July and edged slightly down to 8.8% in August before dropping further down to 8.4%. The Bank of Botswana maintains expectations for inflation to trim down and return to the 3-6% objective range by the end of Q2 2022.

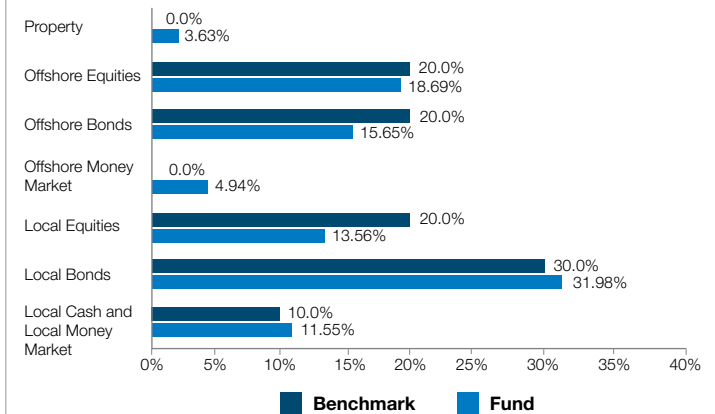
Globally, inflation is poised to remain a key focal point for investors as inflationary pressures continue to build up as the world recovers from the pandemic. Monetary policy support by central banks appears to be at or near an inflection point, with the US Fed expected to raise the policy rate to 1% (albeit in 2023) and 1.75% by 2024. The BoE and ECB also hinted to a hawkish turn, with the ECB reemphasising a slowdown in its asset purchases and the BoE suggesting it could start raising rates before the end of the year.

Total Expenditure Ratio (T.E.R.): 2.51%

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: BWP12,143,019.28

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