

# Letlotlo Education Fund

Fund Factsheet | 31<sup>st</sup> December 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.

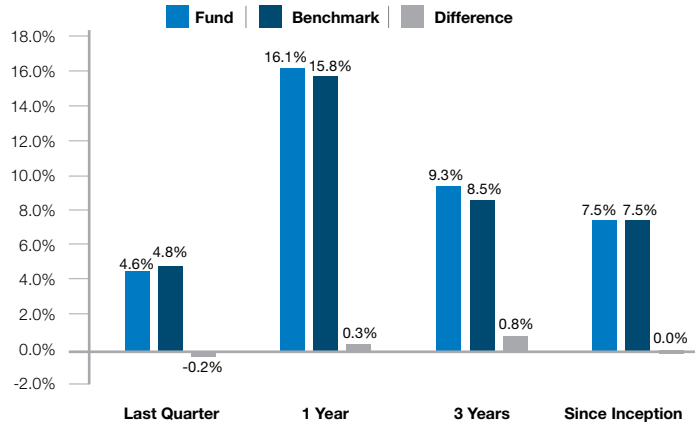
## Strategy

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 4.57% over the fourth quarter of 2023, underperforming the benchmark return of 4.78% by 0.21%. Asset allocation decisions detracted from the fund's relative performance over the quarter. Over the 12-month period, the Fund returned 16.11%, outperforming the benchmark by 0.35%.

## Local Equities

The Local equity allocation returned 4.30% over the quarter, underperforming the benchmark Domestic Companies Total Return Index (DCTRI) return of 4.43% by 0.13%. The local equity market ended the last quarter of the year on a positive note with 14 of the 23 listed stocks increasing in price over the last six months. Five 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. Seed Co International was the leading performer on the Botswana Stock Exchange (BSE) over the quarter, appreciating 34.62%. Other notable movers over the quarter were CA Sales (8.52%), RDOP (6.67%), Letlole (5.88%), FNBB (5.65%), and StanChart (4.95%).

## Local Bonds

The Local Bond allocation returned 4.13% over the quarter, outperforming the benchmark Fleming Aggregate Bond Index (FABI) return of 2.84% by 1.28%. For the 12 months to October 2023, total credit extended by local banks continued to be positive on the back of a steady Monetary Policy Rate. During the period, total credit extension grew by 11.4% and was led by extension to firms at a growth rate of 12.71%. Within firms, credit extension to parastatals registered the highest level of growth (106.2%).

## Offshore Equities

The Offshore Equity allocation returned 6.57% over the quarter, underperforming the benchmark MSCI World Index (MSCI) return of 9.10% by 2.54%. While all sectors performed positively within the quarter, the technology sector remained dominant followed by retail and industrials. In addition, strong earnings provided a further catalyst to performance as the year progressed.

## Offshore Bonds

The Offshore Bond allocation returned 5.25%, underperforming the benchmark Bloomberg Aggregate Bond Index return of 5.86% by 0.61%. During the quarter, bond 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 Great Financial Crisis. 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 economic growth.

## Market Outlook

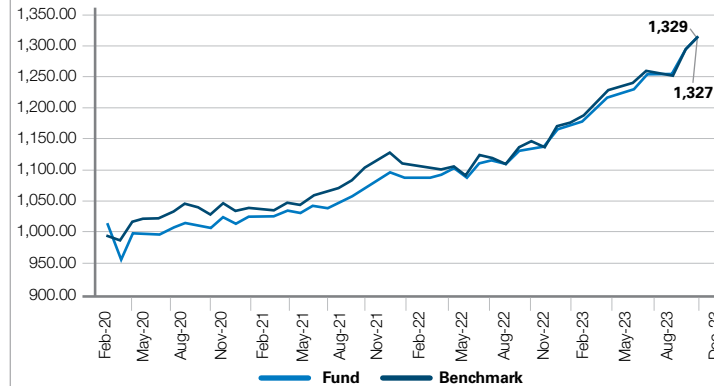
The Q3 2023 Gross Domestic Product (GDP) publication by Statistics Botswana reported a continued slowdown in local output. During the third quarter of 2023, real GDP rose by 0.5% (year-on-year), as opposed to an increase of 5.0% in the same quarter of 2022.

The Bank of Botswana (BoB)'s Monetary Policy Committee (MPC) announced a 25 basis points rate cut in the Monetary Policy Rate to 2.40%. The MPC noted that inflation had declined and was expected to remain within the BoB target range of 3-6% over the short to medium term. The Committee also noted the slowdown in GDP growth on the back of lower diamond sales as well as the growth-enhancing economic transforming reforms and supportive macroeconomic policies being implemented in the country, all of which informed the decision to cut the rate.

Globally, indications of slowing inflation in the second half of the quarter prompted markets to price in accelerated expectations of rate cuts for next year. Long-term bond yields fell broadly in developed markets as central banks held rates steady, including in the U.S., U.K., and Germany. In Japan, bond yields fell more modestly as the Bank of Japan weighed a potential exit to its accommodative monetary policy.

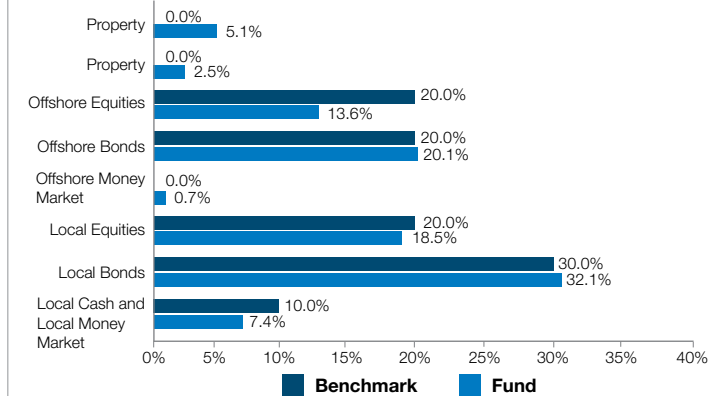
Total Expenditure Ratio (T.E.R.): 2.47%

## Cumulative Returns (BWP)



Keep your eye on the goal; if education fees have been adjusted, an adjustment may be due for your investment contributions too.

## Asset Allocation



## Quick Facts

### Fund Information

Portfolio Manager: Bifm Investments Team

Launch Date: Feb 2020

Minimum Investment: P200 debit order

Fund Size: BWP17,387,557.91

### 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

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