

General Fund Information

Fund Structure	CIS
Region	Botswana
Currency	BWP
Asset Class	Balanced
Portfolio Manager	Nlume Modise
Headline Fee	2.00%
TER (includes Headline Fee)	2.72%
Initial Fee	-
Distribution Frequency	Semi-annually
Launch Date	December 14, 1998
Financial Year End	April
Minimum Lump Sum Investment	200
Risk Rating	Medium
Net Asset Value (NAV)	3.57
Assets Under Management (AUM)	87,373,986

Fund Objective

- Long-term capital growth consistent with moderate investment risk
- To provide clients with a balanced exposure to domestic equities, bonds and cash
- Suitable for investors who are prepared to assume a higher degree of price risk/volatility compared to shorter dated money market, in exchange for a higher return.

Risk Rating



Gross Performance (%)

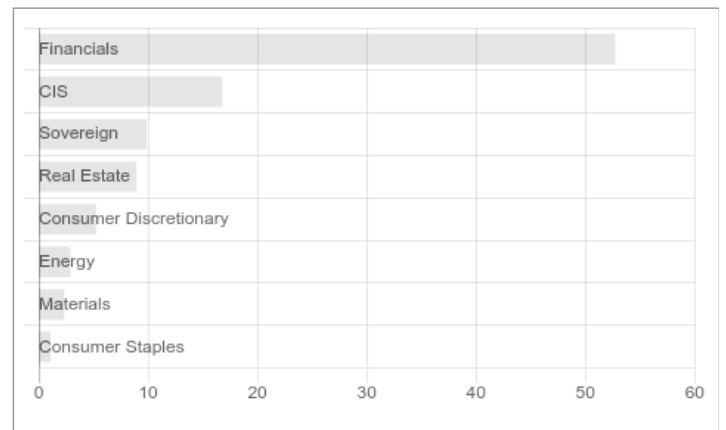
	1 Month	3 Months	6 Months	1 Year	2 Years*	3 Years*	5 Years*
Fund	4.42	6.04	10.29	9.24	5.05	4.03	0.59
Benchmark**	1.59	2.90	4.07	-0.02	-1.65	-1.90	-3.65
Value Add	2.84	3.14	6.22	9.26	6.70	5.93	4.23

*Annualised **DCI Index (65%), [Average Call Rate + 2%] (35%)

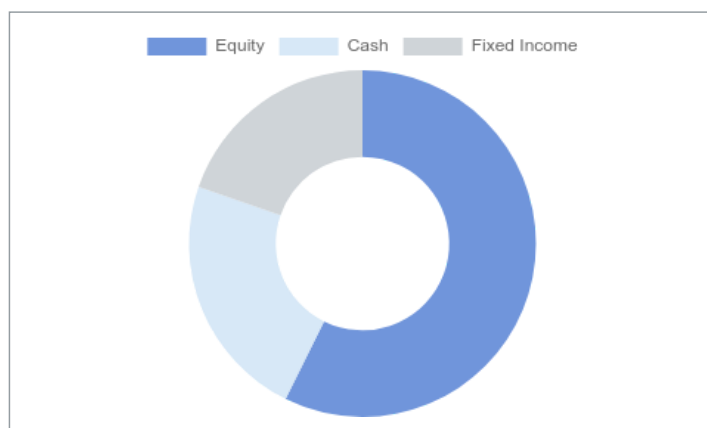
Issuer Exposure (%)

AA Botswana Enhanced Yield Fund	16.8
Letshego Holdings	12.7
Bank of Botswana	9.9
FNB Botswana	9.9
Sefalana Limited	5.4
Bank Gaborone	5.1
Botswana Insurance Holdings Limited	4.8
RDC Properties	4.6
Barclays Bank Botswana	4.3
Stanbic Bank Botswana	4.3

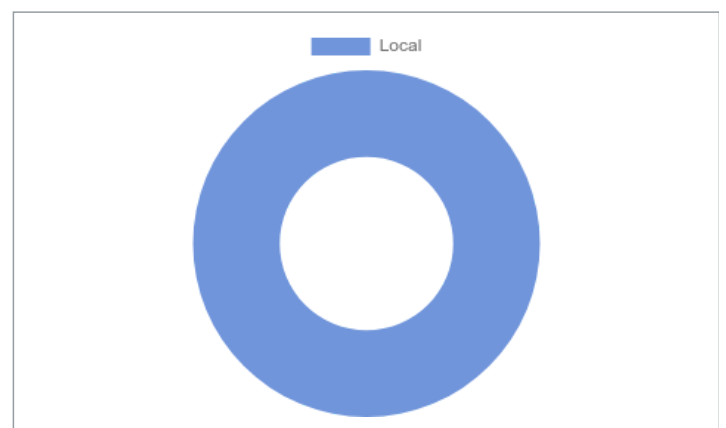
Sector Allocations (%)



Asset Class Breakdown (%)



Region Breakdown (%)



Portfolio Manager Commentary

Second quarter 2021 GDP print showed 36.0% year-on-year as economic activity was being compared with “peak lockdown” when economic and movement activity was most constrained. In quarter-on-quarter terms, growth was a more pedestrian 0.2% because of a slowdown in Diamond Trading, Transport and Finance, Insurance & Pension Funding activities as rising Covid cases domestically and in India will no-doubt have curtailed activity.

In a major month for corporate earnings, banking releases reflected a degree of balance sheet repair compared to 12 months ago when economic activity was severely curtailed by various restrictions that were in place to control the spread of Covid-19. In contrasting fortunes, FNB Botswana (-7%) and BancABC (-1.1%) reported reductions in loans and advances in contrast to Absa Botswana (+9%) and Standard Chartered (+4%), although interest incomes were down across the board as a result of cuts to the policy rate in 2020. Impairment charges were down at FNB (-43%), Standard Chartered (-156%) and Absa (-74%) and increased by some 252% at BancABC. The net of this was that pre-tax bottom lines, before extraordinary items, were 23%, 1% and 125% higher for Standard Chartered, BancABC and Absa, respectively, while FNB reported flat performance but boosted this with the declaration of declared a special dividend of 40t to accompany a final gross dividend of 9t.

In the property sector, RDC Properties released half-year results that showed a 17% increase in revenue to BWP72.6 million as a result of portfolio additions and a strengthening Rand. The company's investment portfolio, increased by some 4% to BWP2.21 billion and profit-before-tax by 19% to BWP27.3 million. FaR Property Group, reported a 3% increase in revenue to BWP138.2 million but was able to report profit-before-tax growth of 11% due to lower finance costs and the non-recurrence of FX losses. Financial results from the consumer staples sector also reflected the impact of comparatively easier trading conditions in H2 2020 and H1 2021. Sechaba was able to ride the wave of increased KBL (+28%) and Coca Cola Beverages Botswana (31%) volumes to report a 108% increase in operating profit. Choppies reported a return to profitability for the 12 months to June 2021, after a 116% increase in profit-before-tax. Choppies' performance was despite a 2% reduction in revenue and a narrowing of gross margins and was largely the result of a lower BWP22.3 million loss from discontinued operations vs. BWP469.6 million in the prior period. In the energy and extractives sectors, Engen reported a 7% increase in revenue to BWP1.22 billion as a result of a wider footprint. Operating profit increased by 528% to BWP174.9 million due to a widening of gross margins to 18.5% from 6.3%. Minergy, on the other hand, narrowed its operating losses by 15% to BWP85.5 million on the back of plant upgrades that allowed for higher throughput and revenue of BWP193 million from BWP81 million in the 12 months prior.

The Botswana Stock Exchange's Domestic Companies Index recorded a 2.4% return in September or 6.2% in total return terms. Gainers were Absa Bank Botswana (+2.2%), Engen Botswana (+1.7%), FNB Botswana (+11.7%), Letshego Holdings (+8.4%) and Standard Chartered Botswana (+2.7%). Decliners were BTC (-8.1%), Chobe Holdings (-0.7%), PrimeTime Property (-2.1%) and Turnstar Holdings (-5.0%). Gainers (5) outnumbered decliners (3) in the month.

The September government bond auction raised BWP 850 million (BWP500 million from bonds and BWP350 million from Treasury Bills) for a bond contribution of 59% (August was 8.0%) which was a reversal of declining bond issuances and represented the highest share since May 2020. The most sought-after instrument was the 6-month Treasury Bill which had a bid to cover ratio of 5.3x. The 18.7-year bond was the most sought-after bond at 3.6x.

FABI benchmark return was 0.50% (August: 0.37%) as 61% of the index realised increases in prices. YTM improved from 6.98% to 7.06%. Modified duration was 5.15 years and issue size was P17.8bn.

Disclaimer

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