

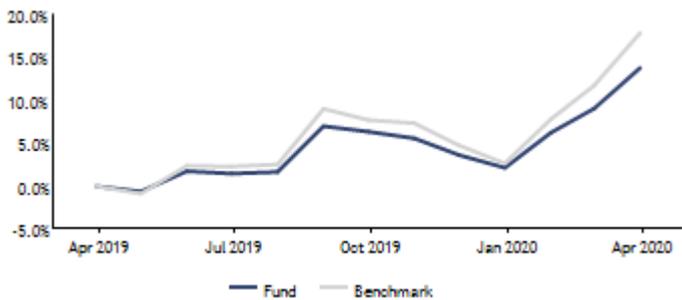
Objective

The primary objective of this Fund is to provide a reasonable level of current income and some long-term capital growth with moderate investment risk. It aims to consistently out-perform the global bond market and its peer group and offers investors diversification out of the pula.

Performance

Performance figures are net of management fees and based on the daily repurchase prices, which are geometrically linked on a daily basis.

Cumulative Performance



Annualised Performance (net)

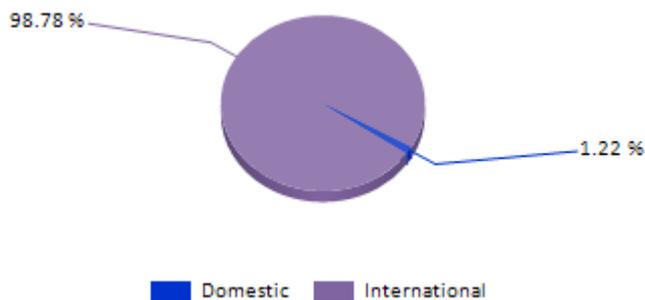
	1 year	2 year	3 years
Fund	13.73 %	11.72 %	6.02 %
Benchmark	17.78 %	14.14 %	8.77 %
Excess return	-4.05 %	-2.42 %	-2.75 %

Risk Std. dev annualised

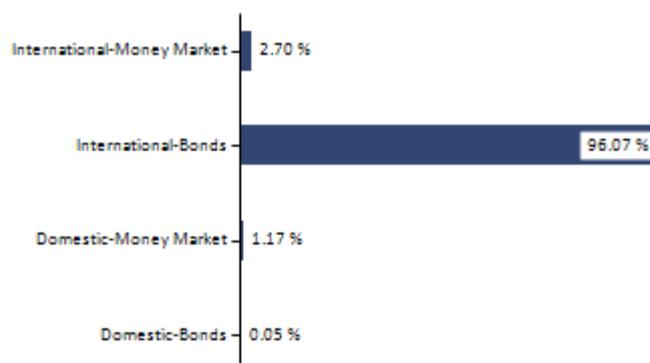
Fund	8.53 %	7.91 %
Benchmark	10.77 %	9.03 %

Holdings

Geographical Allocation



Asset Allocation



Risk



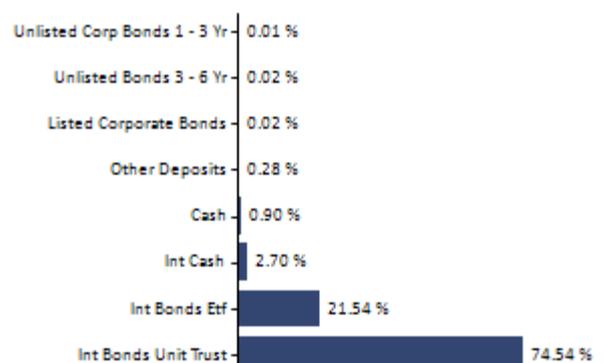
Fund Details

Portfolio Manager	Peter Jarvis, Nlume Modise, Teko Mmolawa, Lorato Morule
Fund Type	International - Fixed Income
Currency	Botswana Pula
Benchmark	FTSE WGBI
Inception Date	15 December 1998
Fund Size	BWP 20 229 397
NAV	BWP 3.96
NAV Inception	BWP 1
Minimum Lump Sum Investment	BWP 1 000
Minimum Monthly Investment	BWP 200
Initial Fees	5.00%
Annual Management Fees	1.00%
Income Distribution	April and October
Fund Domicile	Botswana

Top 10 Holdings

	Weight (%)
Colchester Global Fund Class A 'USD'	40.07%
Prism Income Fund (USD) Class 10A	34.46%
Bloomberg Barclays International Treasury Bond ETF	16.28%
iShares Core International Aggregate Bond ETF	3.32%
SCB Cash Account	2.70%
iShares 7-10 Year Treasury Bond ETF (USD) IEF	1.94%
Stanbic Call - BGIF	0.88%
Fixed Deposit Banc ABC	0.03%
BARC PN 16/08/2021	0.03%
Fixed Deposit Standard Chartered Bank	0.02%

Sector Allocation



Overview

Global markets suffered as investors continue to assess the likely impact of the COVID-19 pandemic to the global economic backdrop. Recent data shows China's industrial output contracted at the fastest pace on record in the first two months of this year and urban unemployment hit its highest rate ever in February, implying nearly 5 million people lost their jobs in a month. However, the imposition of harsh containment methods has halted the spread of the virus, at least temporarily, and the economy is now gradually recovering. As other countries impose similar quarantine measures, we are starting to see an even sharper jump in unemployment. US initial unemployment claims rose by 3.3 million in the week ending March 22 – nearly five times the previous record.

Global policymakers' reaction to the COVID-19 shock has been prompt and has been mighty. Given the limited easing potential of conventional monetary policy, fiscal stimulus has taken centre stage. According to recent estimates, the global fiscal response is so far adding up to some USD 5trn, or about 7% of global GDP. Indeed, governments' net borrowing requirements growing on an unparalleled scale would risk putting long-dated bond yields under significant upward pressure. In order to prevent a toxic economic recession/higher, bond yields combination, global central banks have resolved to boost net asset purchase programs on an equally large scale. Because one lesson from the past decade's QE cycles is that investors are unwilling to stand in the way of massive QE flows, which has so far proven an effective strategy offsetting cheapening bonds.

The key question for investors is what will the economy look like after the pandemic has peaked and current restrictions lifted. Will economic growth rebound strongly back to normal or recover slowly and remain relatively depressed? Will inflation rise or fall? Although it is difficult to predict with any certainty when economies will begin their path to recovery, it is likely that consumption patterns will change for the near future. Even after restrictions are lifted, demand for anything that requires face-to-face transactions or large crowds is likely to remain weak.

On the corporate front, very few companies have quantified the impact of the pandemic on their earnings, and it is likely to be weeks before the scale of the impact is certain. As a guide, the Flash Eurozone PMI released at the end of March stood at 31.4, which suggests that a contraction is underway that could see global corporate earnings almost halving in the next 6 months. Many companies have shed labour to reduce costs and cut operational leverage. However, breaking up teams of workers will hinder the ability of companies to bounce back after the end of the pandemic. Multinational companies started looking to move their supply chains away from China before the COVID crisis as the US-China trade dispute escalated during 2018 and 2019. Now because of the widespread and severe disruptions to global supply chains resulting from the pandemic, they are likely to move even faster. Initially, shifting supply chains to countries other than China will be less efficient and more costly for companies. That could force companies to boost their prices or take a hit to their profit margins. However, the most likely short-term problems as companies readjust to a new post-pandemic normal. Technologies that can help to keep supply chains cost efficient while making them more reliable by bringing them home (or closer to home) are sure to be post-pandemic winners.

Strategy

The Fund is made up primarily of fixed income instruments which are bought and sold by the world's top performing bond managers who are monitored on an ongoing basis. Investors benefit from consistent income and capital growth with moderate levels of risk. Diversification is achieved not only through the large number of underlying assets but also through the divergent investment strategies of the various global bond managers. The fluctuation of the pula creates some volatility but this Fund complements portfolios that are otherwise invested purely in domestic assets.

Contact us

African Alliance Botswana Limited

Physical Address

African Alliance House
Plot No 50361
Fairgrounds Office Park
Gaborone

Postal Address

P. O. Box 2770
Gaborone
506

Tel +267 364 3900
Fax +267 318 8956
info@africanalliance.bw
www.africanalliance.com

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