

General Fund Information

Fund Structure	CIS
Region	Botswana
Currency	BWP
Asset Class	Balanced
Portfolio Manager	Nlume Modise
Headline Fee	1.0%
Initial Fee	5.0%
Distribution Frequency	Semi-annually
Launch Date	December 14, 1998
Minimum Lump Sum Investment	1000
Risk Rating	Medium
Net Asset Value (NAV)	4.22
Assets Under Management (AUM)	49,356,545

Fund Objective

The primary objective of this Fund is to provide long-term capital growth with moderate investment risk and a reasonable level of current income. It aims to consistently outperform the market and to offer investors diversification out of the pula.

Risk Rating



Gross Performance (%)

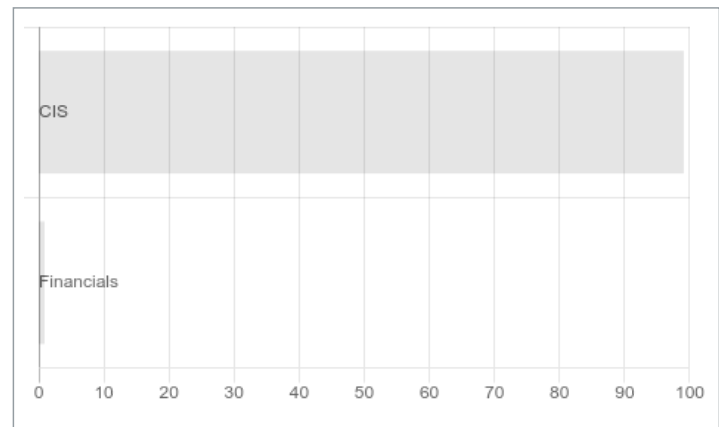
	1 Month	3 Months	6 Months	1 Year	2 Years*	3 Years*	5 Years*
Fund	1.08	3.62	10.05	12.95	11.93	10.00	6.40
Benchmark**	1.72	4.93	12.17	14.48	14.20	14.07	10.47
Value Add	-0.64	-1.31	-2.12	-1.54	-2.27	-4.07	-4.07

*Annualised **MSCI World (65%), Citi WGBI (25%), USD LIBID (10%)

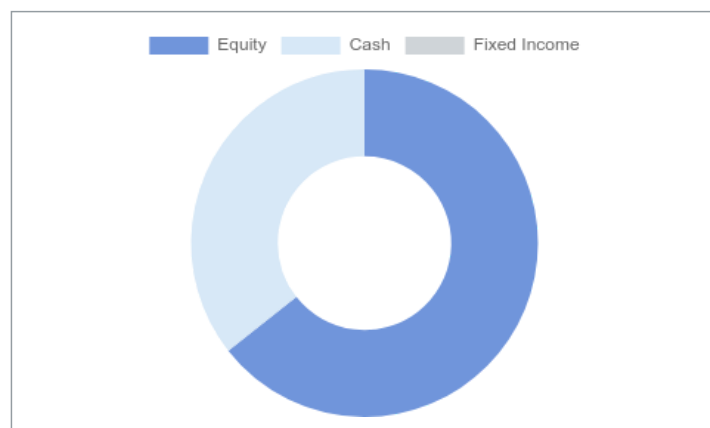
Issuer Exposure (%)

HR Mauritius Global Managed Fund	99.1
Stanbic Bank Botswana	0.9
AA Botswana Liquidity Fund	0.0

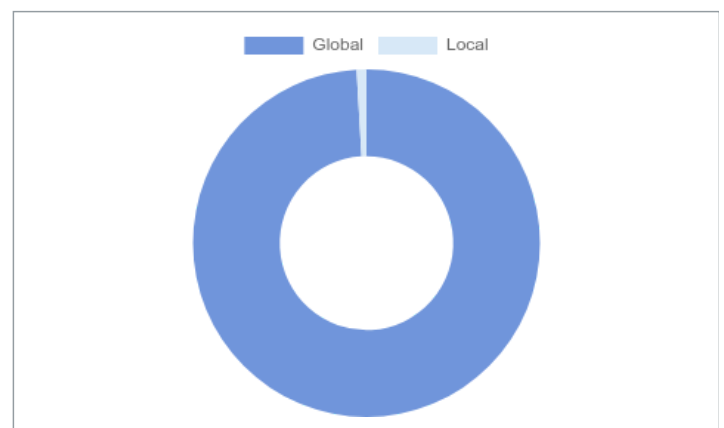
Sector Allocations (%)



Asset Class Breakdown (%)



Region Breakdown (%)



Portfolio Manager Commentary

Global equity markets made further headway during April with the MSCI World Net Total Return Index adding 4.65% in USD, leading to a year to date gain of 9.80%. Investor sentiment remains supported by the post-COVID-19 economic rebound, ongoing accommodative Monetary Policy and ever more expansive US Fiscal policy. In addition, the first quarter earnings season has started with a flurry of strong results. Among the 162 US companies that have reported, earnings have been 27% greater than what was expected at the start of April. The Q1 earnings surprise is shaping up to be stronger than the previous 3 quarters. Earnings are now set to finish this season considerably higher than initially estimated. As a general rule of thumb, the first 100 or so stocks to report provides a fairly accurate picture for the rest of the season. As such, the early results point to earnings being approximately 20% larger in Q1 than what was initially estimated, both globally and for the US.

In the commodity space, the green transition could see a significant rise in copper consumption from its current c.25mn tonnes per year, underinvestment over the past decade suggests supply could struggle to keep pace. According to S&P Global, copper exploration spending reached a 10-year low of \$1.8 billion in 2020, down from \$4.7 billion in 2012. Financing has become more readily available over the past year as the copper price has risen, but projects can take years to develop. Moreover, there have been no major discoveries in recent years according to a recent Mining Journal report. Copper deposits are getting older, lower grade and more expensive to operate, and current exploration is largely about resuscitating old marginal projects.

On the economic front, the strong growth narrative continues with the flash US composite PMI (which tracks business sentiment across both manufacturing and service sectors) reaching a record high of 62.2 in April, up from 59.7 a month earlier. Although the outlook for demand remains exceptionally supportive, businesses voiced growing concerns about the ability of supply chains to meet this demand. Underpinning the survey data was an indication of a continued rise in input prices and anecdotal evidence that firms are now seeking to pass on higher prices to customers.

Our outlook remains unchanged from the start of the year, we remain modestly overweight equities and prefer sectors that are biased to the reflation trade. This reflects our greater confidence in both the timing and the scale of the post-pandemic recovery in both economic activity and earnings. A tipping point of higher real yields, a greater stretch in valuations and an eventual change in the second derivative of fiscal policy and liquidity will ultimately be reached, but unless the Fed loses control of the back end of the curve, this now appears unlikely before 2022.

Disclaimer

Unit trusts are generally medium to long term investments. The value of units, and any income derived therefrom may go down as well as up and past performance is no indication of future growth. In certain circumstances the Manager may be required to suspend the redemption of units. All information and opinions provided are of a general nature and are not intended to address the circumstances of any particular individual or entity. We are not acting and do not purport to act in any way as an advisor or in a fiduciary capacity. No one should act upon such information or opinion without appropriate professional advice after a thorough examination of a particular situation. We endeavour to provide accurate and timely information but we make no representation or warranty, express or implied, with respect to the correctness, completeness of the information and opinions. We do not undertake to update, modify or amend the information on an accuracy or frequent basis or to advise any person if such information subsequently becomes inaccurate. Any representation or opinion is provided for information purposes only.