

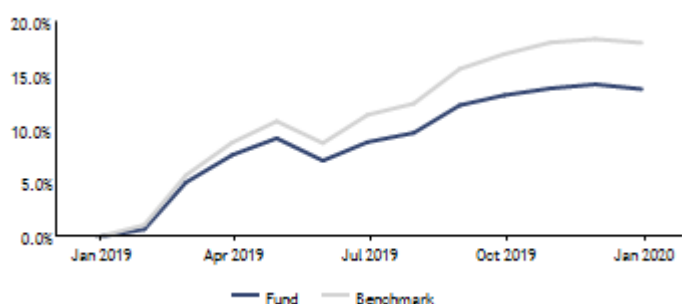
Objective

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 out-perform the market and to offer 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

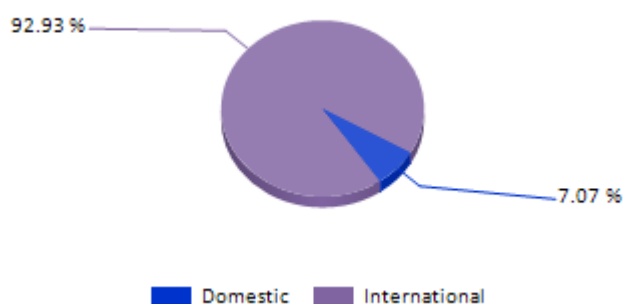
	1 year	2 year	3 years
Fund	13.70 %	3.88 %	4.26 %
Benchmark	17.98 %	10.30 %	9.17 %
Excess return	-4.28 %	-6.42 %	-4.92 %

Risk Std. dev annualised

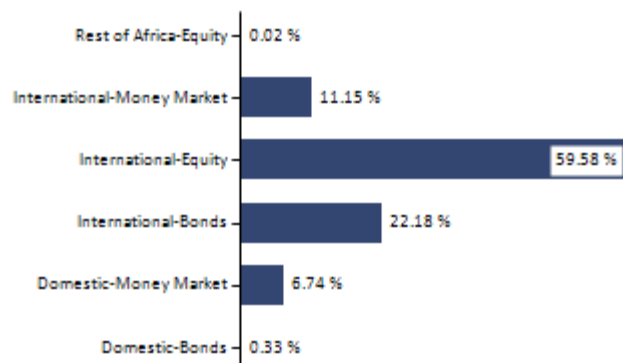
Fund	5.37 %	7.52 %
Benchmark	5.79 %	7.68 %

Holdings

Geographical Allocation



Asset Allocation



Risk

Low

Medium

High

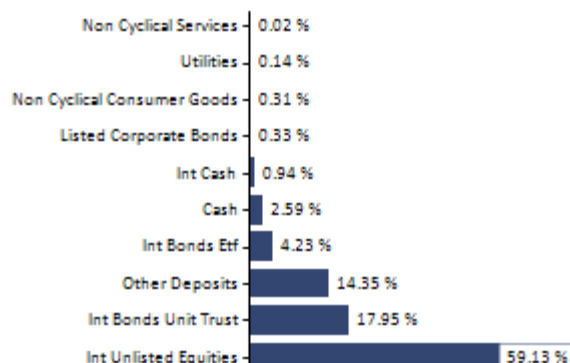
Fund Details

Portfolio Manager	Peter Jarvis, Nlume Modise
Fund Type	International - Balanced
Currency	Botswana Pula
Benchmark	MSCI World - 65 % , Citi WGBI - 25 % , USD LIBID - 10 %
Inception Date	15 December 1998
Fund Size	BWP 90 953 225
NAV	BWP 3.51
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 (%)
ISHARES MSCI WORLD ETF	14.74%
Colchester Global Fund Class A 'USD'	7.22%
Prism Income Fund (USD) Class 10A	5.87%
IEMO Ishares IV Plc Ishs Edg Msci EUR Momn Fac Ucits ETF	5.10%
BNY Mellon Global Bond Fund - Class C 'USD'	4.86%
ISH-CORE S&P 500 ETF	3.63%
Ishares IV PLC ISHS Edge MSCI EUR Val Fac UCITS ETF ACC	3.29%
Technology Select Sector SPDR	3.23%
Fixed Deposit ABSA Bank	3.10%
Bloomberg Barclays International Treasury Bond ETF	2.93%

Sector Allocation



Outlook

Global equity markets made further headway during December with the MSCI World Net Total Return Index gaining 3.00% in USD, bringing the return for 2019 to an impressive 27.67%. The equity markets remain buoyed by supportive Central Bank action, further progress in the US/Chinese trade deal and a convincing win by Boris Johnson in the UK general election. A notable aspect of 2019's global equity rally was the absence of an obvious move by investors into traditionally higher-beta, lower-quality areas; Emerging Markets lagged Developed, Small caps trailed Large and 'Quality' was the best of the major factors (using MSCI indices). As would be expected, these look consistent with an overall rally that was driven primarily by an improving liquidity backdrop as central banks eased (rather than by any upturn in GDP or EPS expectations); 'excess' liquidity often favors assets that are already performing well – and, in 2018's 'down year', DM had already beaten EM, Large caps had outperformed Small, and Quality had held up better than the overall market.

In the fixed income space, the Federal Reserve cut rates by 0.75% during 2019, erasing much of the 1% hike over the previous year. Against this backdrop, corporates took advantage of lower borrowing costs to sell a record amount of bonds in 2019. According to Dealogic, just over US\$2.5 trillion of corporate bonds were sold during the year, higher than the record set in 2017. The latter has prompted concerns among policymakers about soaring debt levels. However, markets seem not to care about the US federal budget deficit. Evidence of this was the muted reaction from the bond and equity market to news from the US Treasury that the deficit for 2019 was \$984 billion, a 26% increase from 2018 but short of the \$1 trillion mark previously forecast by the administration. The gap between revenues and spending was the widest it's been in seven years, as expenditure on defense, Medicare, and interest payments on the national debt ballooned the shortfall. Conversely, in the Eurozone (EZ), Germany has been running large budget surpluses for years and is now under pressure from other EZ countries, the ECB, and the IMF to spend more to help prevent an economic slowdown in the region. Incoming ECB President Lagarde agrees with outgoing President Draghi that the fiscal authorities in the EZ, and especially in Germany, should take advantage of the ECB's offer to purchase €240 billion a year in bonds to finance fiscal stimulus programs.

On the economic front, the recent softening witnessed in the US has continued; with the Manufacturing-PMI dropping to 47.2 in December, the lowest since June 2009. In addition, the weakness in manufacturing was confirmed by the latest release of factory orders, which fell 1.5% year-on-year during November. On a positive note, the Non-Manufacturing PMI rose to 55.0 during December, which suggests that so far, the growth recession in manufacturing is not spilling over into the services economy. Further encouraging data came out of China, with December's trade figures beating estimates. Exports grew 7.6% year-on-year in USD terms, bucking four months of falls and beating a Reuters forecast of more moderate 3.2% growth.

Looking ahead, at the asset class level we remain of the view that the start of 2020 will be a volatile period for financial markets. From a strategic perspective, the upside potential for equity assets appears to be limited in the near term. However, if the recent US economic slowdown was the result of a series of temporary supply-chain disruptions, aggravated by US-China tariff uncertainty, then it would appear to be too early to be positioned for recession. The bullish argument is that as the uncertainty lifts, the global economy will recover in 2020 (let us not forget it is a US-election year) as will pricing power. The risk is investors that have built their portfolios around this year's decline in bond yields, may find this business cycle has further to run. The fact risk assets have shrugged off some weak data in the latter part of 2019 (and the geopolitical backdrop), supports the idea Mr Market is already looking through the current bad news to a more positive 2020.

Strategy

The Fund is made up of a balanced portfolio investing in stocks, bonds, and cash outside of Botswana. The assets are managed by leading investment managers with outstanding track records of performance and low risk within each asset class. The Fund provides long-term investors with a combination of high returns from equities, moderated by the lower risk of bonds and cash. The underlying assets are highly diversified across all major markets and the Fund's returns increase as the pula weakens (and vice versa) against the dollar, euro and sterling.

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