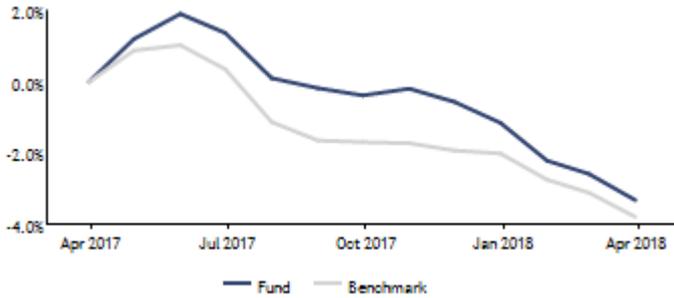


**Objective**

The primary objective of this Fund is to seek long-term capital growth, consistent with moderate investment risk and a reasonable level of current income, by investing in domestic financial instruments.

**Performance**

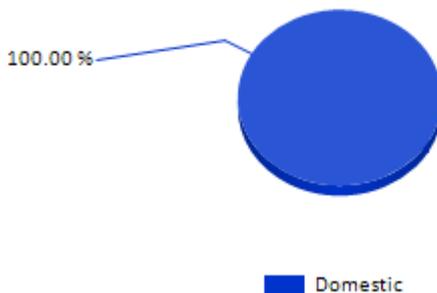
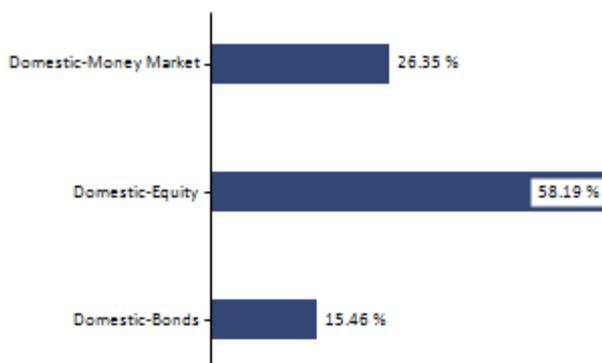
Performance figures are net of management fees and based on the daily repurchase prices, which are geometrically linked on a daily basis.

**Cumulative Performance**

**Annualised Performance**

	1 year	2 year	3 years
Fund	-3.30 %	-3.91 %	0.45 %
Benchmark	-3.77 %	-4.63 %	-1.71 %
Excess return	0.47 %	0.72 %	2.16 %

**Risk Std. dev annualised**

Fund	2.40 %	5.86 %
Benchmark	2.00 %	3.92 %

**Holdings**
**Geographical Allocation**

**Asset Allocation**

**Risk**

Low

Medium

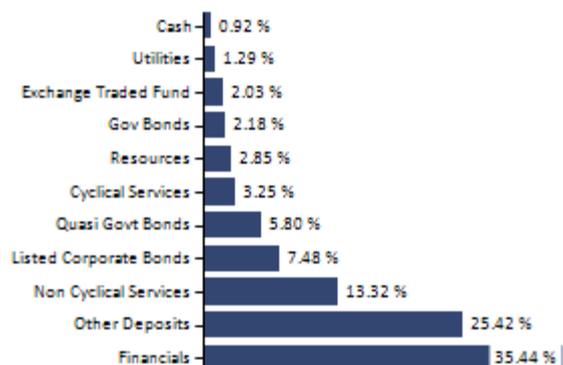
High

**Fund Details**

Portfolio Manager	Chandapiwa Majola, Nlume Modise, Lorato Morule
Fund Type	Domestic - Balanced
Currency	Botswana Pula
Benchmark	DCI INDX - 65 % , [Overnight Call + 2%] - 35 %
Inception Date	16 December 1998
Fund Size	BWP 73 774 883
NAV	BWP 3.84
NAV Inception	BWP 1
Minimum Lump Sum Investment	BWP 1000
Minimum Monthly Investment	BWP 100
Initial Fees	5.00%
Annual Management Fees	2.00%
Income Distribution	April and October
Fund Domicile	Botswana

**Top 10 Holdings**

	Weight (%)
First National Bank of Botswana	7.27%
Letshego Limited	6.28%
Barclays Bank Limited	5.66%
Choppies	5.14%
CA Sales	5.02%
Turnstar	4.43%
RDC Properties Limited	3.20%
Sefalana Limited	3.17%
New African Properties	2.80%
Wilderness Safaris	2.42%

**Sector Allocation**


## Overview

2017 GDP growth came in at 2.4%, which represented a deceleration from the 4.3% growth recorded in 2016. The mining sector contracted for the third consecutive year, down 11.2%. Trade, Hotels and Restaurants (+7.3%); and Business Services (+5.0%) supported GDP growth. Growth in Trade, Hotels and Restaurants was mainly due to the downstream diamond industries. A 2017 mid-year turn in copper prices will provide a boost to mining in 2018, as evidenced by the resumption of operations at the Mowana and Thakadu mines, which were placed under care and maintenance in 2015.

Inflation also continued to trend lower in the first quarter, starting the year at 3.1% in January and then trending down to close the three months at 2.8% versus 3.2% in December 2017. Over the quarter, core inflation also fell from 2.9% to 2.6%, while inflation excluding administered prices declined from 2.3% to 2.0%. We believe the continuing decline in core inflation, provides room, albeit small, for the Bank of Botswana to cut benchmark rates further. Upside risks to inflation, include rising food prices, higher electricity and water tariffs and administered prices the latter two of which were raised in April. The record low interest rate environment continues to offer borrowers an opportunity to lock in cheaper long-term borrowing rates.

In the capital markets, despite the positive corporate financial results announcements and trading statements, domestic equities continued their downward trajectory with the DCI down 3.1% in the first quarter of the year. There were fifteen losers against only three gainers. Losses for the quarter were mainly due to Sefalana (-7.8%), Standard Chartered (-3.7%), First National Bank (-3.4%), BIHL (-3.0%) and Letshego (-1.1%). Notable small cap losers were BTC (-33.7%) and Minergy (-13.3%). Ecotourism stocks had a strong quarter, with Chobe and Wilderness up 5.3% and 4.5%. The only other gainer was Barclays, up a minimal 0.2%. Within the fixed income space, the fund's overweight position to corporate versus benchmark continues to be positive for performance. We are still of the view that additional easing of the monetary policy stance is plausible mainly because of the continuing benign inflation environment. However, we expect this to be the bottom of the cycle. The benchmark rate cut will be positive for bonds but negative for BOBC linked and money market instruments. As such, we anticipate the yield curve to shift slightly downwards in the short term and to tick up in the medium to long term in line with our interest rate outlook.

## Strategy

The Fund invests in securities listed on the Botswana Stock Exchange, as well as government bonds and short-term money market instruments. Some cash will be held at all times in order to facilitate liquidity requirements of unit holders.

## Contact us

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