

Local Equity Fund

Fund Factsheet | 31st March 2024



Fund Objective

This fund aims to provide capital growth and create wealth over the long term by investing mainly in listed local equities. The fund is high risk and targets investors with a high risk appetite and a long term investment horizon.

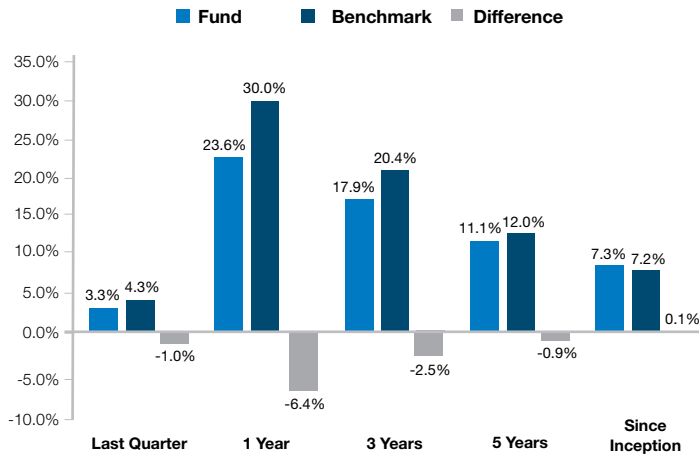
Strategy

The Bifm Local Equity Fund invests predominantly in listed local equities, with leeway to invest in offshore equities and convertible bonds up to a limit of 20% and 10% respectively.

Why Choose This Fund?

The fund is appropriate for investors with an appetite for high risk and tolerance for periods of high volatility who wish to generate capital growth over the long term period.

Performance



Performance Review

The Bifm Local Equity Fund returned 3.26% over the quarter, underperforming the benchmark return of 4.29% by 1.04%. Performance over the quarter was driven by the banking sector following robust earnings growth across most of the local banks. Over the 12-month period, the Fund returned 23.61% underperforming the benchmark return of 30.03% performance by 6.42%.

Quarterly Commentary

The local equity market ended the first quarter of the year on a positive note with eleven of the twenty-three listed stocks increasing in price over the last three months. Six stocks recorded a flat performance and only six stocks declined in price over the period. Performance over the quarter was driven by the banking sector following robust earnings growth across most of the local banks. Investec was the leading performer on the Botswana Stock Exchange (BSE) over the quarter, appreciating 9.43%. Other notable movers over the quarter were Chobe (2.83%), Letlole (3.70%), StanChart (3.77%), BOD (6.67%) and FNBB (7.91%).

Over the twelve months, the local equity market posted strong gains. Chobe appreciated by 64.72%, CA Sales appreciated by 34.06%, Seed Co appreciated by 29.63%, and Sefalana appreciated by 18.91% over the twelve-month period. Over the same period, the banking sector also posted gains with FNBB appreciating by 31.44%, ABSA appreciating by 15.36% and StanChart appreciating by 68.71% over 12 months.

Market Outlook

The local equity market started the year strongly with most counters gaining in share price over the quarter. The price gains were supported by robust earnings growth across most sectors with the banking sector in particular registering strong growth.

Following a year of recovery in 2022, local real GDP growth slowed to 2.7% in 2023. This was below the Ministry of Finance's projection of 3.2% growth in 2023 and below the 5.5% growth registered in 2022. The slowdown in growth was attributable to the slack in mining activity over 2023 when compared to 2024. However, going forward, economic growth is expected to rebound. The Ministry of Finance forecasts growth to increase to 4.2% in 2024 and to 5.4% in 2025. Therefore, despite the slowdown in economic growth, looking forward, we expect the macroeconomic landscape to remain supportive of the local equity market in 2024.

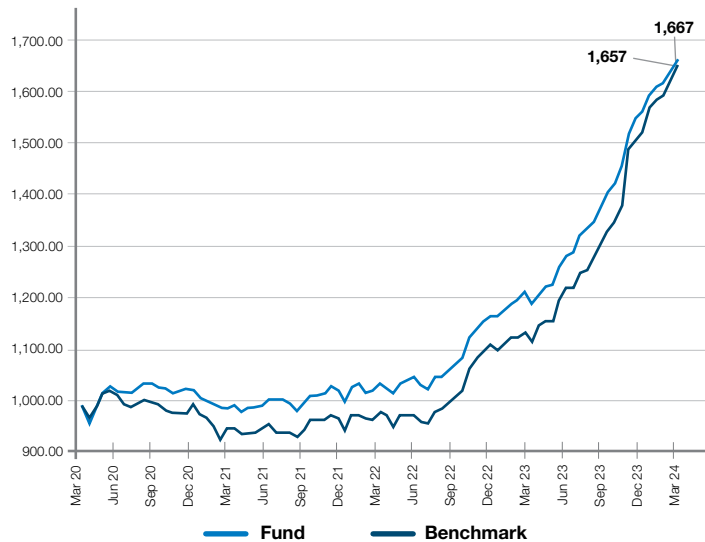
The local market reached peak inflation in September 2022 and has experienced a steady decline since. The annual inflation rate over the first quarter of the year 2024 stood at 2.9%, a decrease of 0.6% compared to the 3.5% inflation rate registered in December 2023. Current expectations from the Bank of Botswana are that inflation will remain within the Bank's 3-6% target range over the short to medium term.

Market liquidity on the Botswana Stock Exchange ("BSE") remains a challenge, particularly within the large-cap banking stocks which tend to have low free floats. However, we remain steadfast in our efforts to increase the Fund's allocation to the banking sector.

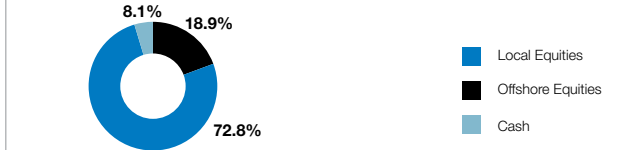
The Fund's strategy remains underpinned by our disciplined, fundamental valuation and bottom-up portfolio construction process. We continue to keep a constant watch over our opportunity set, incorporate new information into our valuation models, and identify threats and opportunities to strengthen the portfolio.

Total Expenditure Ratio (T.E.R.): 3.02%

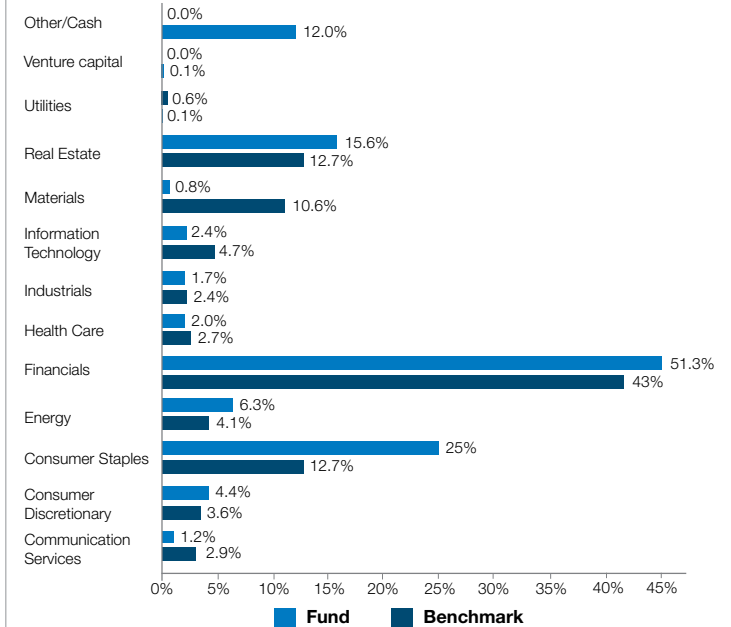
Cumulative Returns (BWP)



Asset Allocation



Sector Allocation



Quick Facts

Fund Information

Portfolio Manager: Bifm Investments Team
Launch Date: Jan 2017
Minimum Investment: P 1000 lump sum
P 200 debit order
Fund Size: BWP26,370,449.09

Fees

Initial Fund Fee: 5%
Annual Management Fee: 2%
Fees are shown excluding VAT

Risk Profile

Low	Low-Med	Med	Med-high	High
				●

Income Distribution

Income Distribution Frequency:
Semi-Annual Jun, Dec

Contact Details

Trustees and Custodians
Stanbic Bank Botswana
Private Bag 00168
Gaborone

Physical Address

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