



Local Equity Fund

Fund Factsheet | 31st March 2020



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.

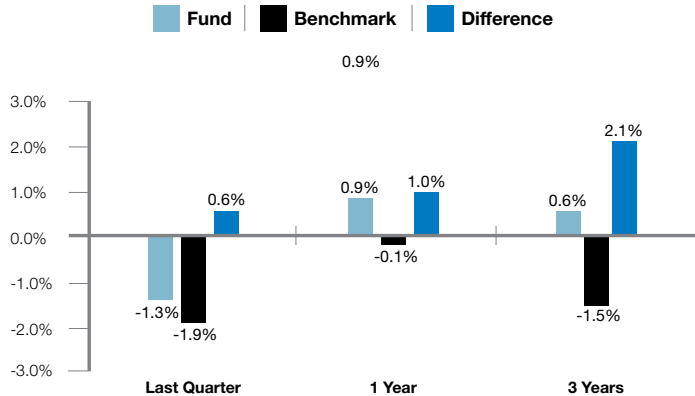
Strategy

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 and Commentary

The local equity fund declined by 1.30% over the first quarter of 2020 outperforming the benchmark decline of 1.90% by 0.60%. However, over twelve months the fund performance was positive, returning 0.90% and outperforming the benchmark decline of 0.13% by 1.04%.

Quarterly Commentary

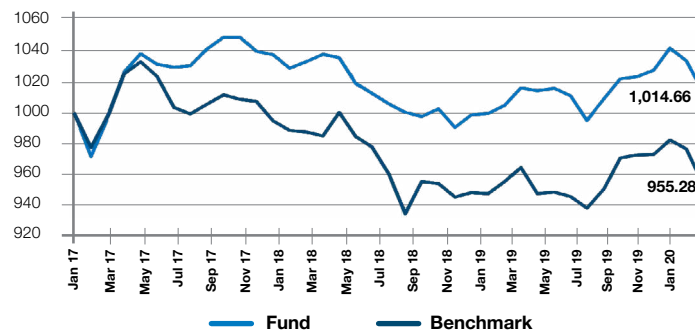
The decline in the portfolio over the quarter was largely driven by the fund's exposure to offshore assets. Global equity markets plummeted by 21.05% in the first quarter, primarily due to the COVID-19 pandemic as well as the breakdown in OPEC supply restraints that battered oil markets. The energy sector was the worst-performing sector over the quarter. Sectors impacted by the pandemic's effect on growth and interest rates, as well as cyclical sectors, were also affected; Financials, materials, and industrial were amongst the highly affected. Defensive sectors such as healthcare, consumer staples, utilities, and communications declined less than the broader market. The local equity exposure was a positive contributor to performance. Over the quarter, the DCI listed companies experienced varying performance in their share price. The overall resulting market performance was a decline of the index, driven by the 3.51% decline in the share price of FNBB, as the largest listed counter by market cap. However, our stock selection led to an outperformance against the benchmark.

The COVID-19 pandemic has materially changed the local economic expectations. In a bid to contain the spread of the disease, the government implemented a State of Emergency and an extreme social distancing policy (lockdown) which will negatively affect earnings and GDP. To counter this, the government communicated that it will roll out several relief programmes aimed at alleviating the impact on firms and individuals. Market pundits forecast that as a result of these, the projected budgeted deficit will balloon from 4% to 10%. Globally, following the longest global expansion on record, the global economy is currently plunging into what could become one of the deepest recessions in modern times. The near-term global economic outlook will remain uncertain until there is evidence that the virus is under control.

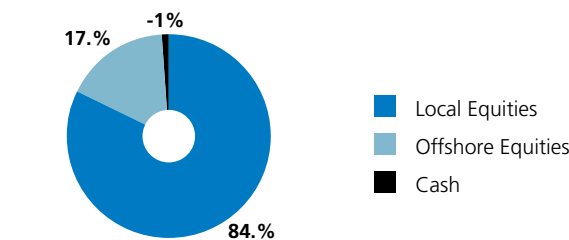
However, we are seeing an unprecedented and assuring fiscal and monetary policy response that will help offset some of the short-term economic strain. The recovery prospects are still highly dependent on public health issues in terms of increasing testing and the long-term solution of providing a vaccine. There will be clear winners and losers in the short term, but also some substantial potential changes in consumer and corporate behaviour arising from this crisis; which presents us with investment opportunities for the long term.

Total Expenditure Ratio (T.E.R.) - 2.79%

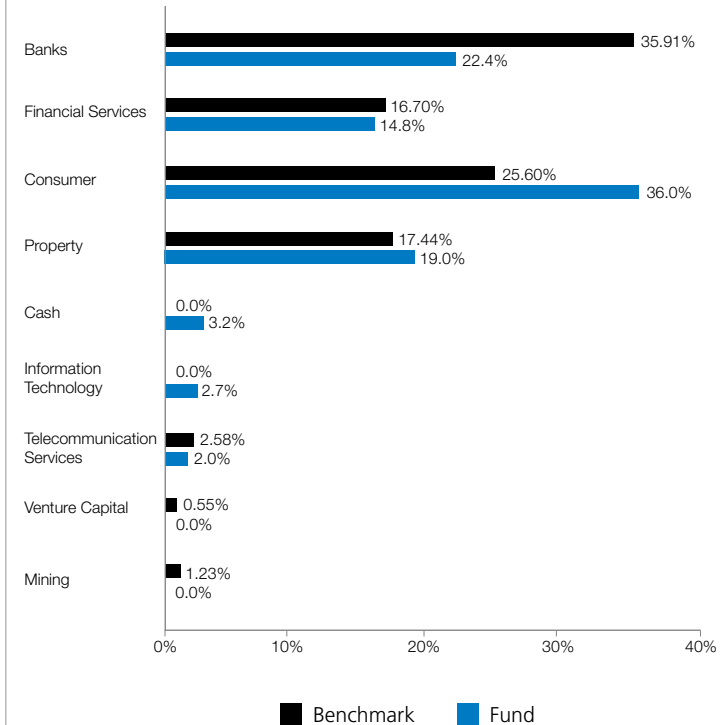
Cumulative Returns (BWP)



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: BWP13,443,567.53

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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