Global Sustainable Growth Fund

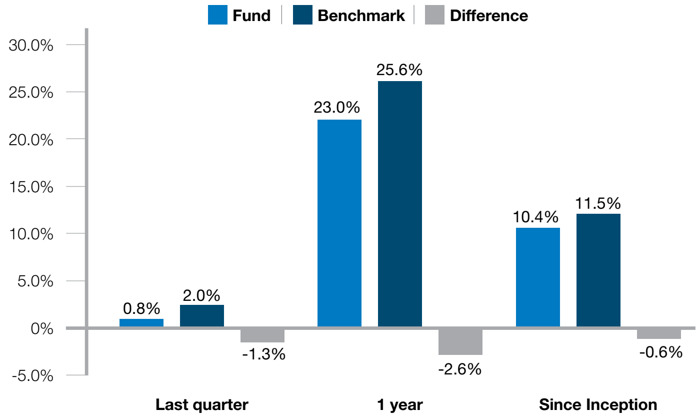
Fund Factsheet | 30th September 2024

Bifm Unit Trusts

Fund Objective
The fund aims to provide capital growth by investing in equities of companies worldwide which meet the investment manager's sustainability criteria.

Why Choose This Fund?
The Global Sustainable Growth Fund is suitable for the investor who wishes to achieve long-term capital growth and has a high-risk appetite.

Performance



The Bifm Global Sustainable Growth Fund returned 0.77% over the quarter, underperforming the benchmark MSCI All Country World Index (ACWI), which returned 2.03% by 1.26%. Stock selection was negative in the quarter, particularly in information technology and communication services. Conversely, selection in consumer discretionary and healthcare added value in the quarter. Over the 12-month period ending September 2024, the Fund returned 23.03%, underperforming the benchmark by 7.21%.

Performance Commentary
There was no dominant theme driving the performance during the third quarter. July saw a shift from the previously favoured mega-cap leaders to lower-quality value stocks, which outperformed during this period. A technical correction occurred in the beginning of August followed by a rebound on the expectation of more aggressive rate cuts. In September 2024, equity markets returned to strength as the Federal Reserve commenced its long-awaited rate cutting cycle with a 50 basis point move. However, the quarter ended strongly on the back of the launch of an economic stimulus package by Beijing, which resulted in the best week of performance for Chinese equities since 2008. The various sectors' performance was varied, driven largely by the Fed's course of action. The rate cut provided a catalyst for a return to favour of big tech stocks while higher quality defensive stocks shed value. Earnings reports also drove volatility, as stocks that missed expectations were punished. Overall, all sectors posted positive returns, save for the energy sector which shed 2.41% over the quarter. Interest rate sensitive sectors, such as real estate and utilities rebounded on the greater preference for bond proxies.

The Eurozone, represented by the Euro Stoxx 50, was up 6.29% while the MSCI Europe Index returned 6.11%. Gains were led by the real estate, utilities and healthcare sectors on the expectation of declining interest rates. Emerging markets, represented by the MSCI Emerging Markets index, reported positive performance of 8.88%, outperforming Developed Markets' performance of 6.46%. This was on the back of China's launch of economic policies that have eased growth risks brought on by challenges in the property sector, rising politicisation and declining investor trust. Growth stocks, represented by the MSCI World Growth Index added 3.5% to their value. This was an underperformance of 6.1% against the MSCI World Value Index performance of 9.6%.

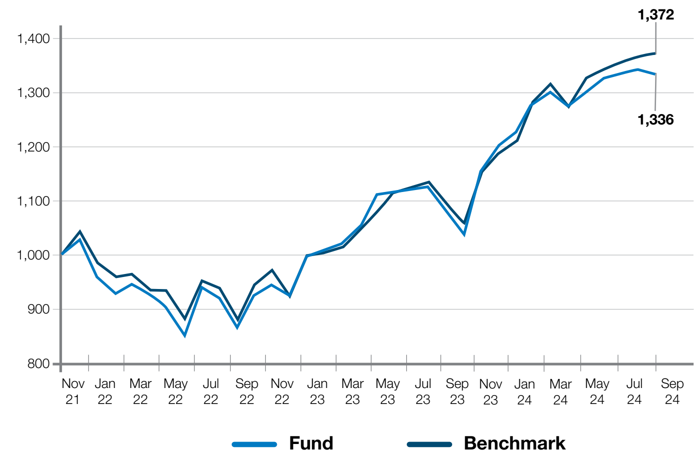
Market Outlook
While the market has largely shrugged off the volatility experienced in July and August, some nervousness remains. This is fuelled by lack of visibility on whether the slowdown will be of the hard or soft variety, although the market has priced in a soft landing. It may, however, be too optimistic about the extent of the rate cuts.

There are a few investors who are less bullish about the market, pointing to a yield curve which has dis-inverted after two years, noting that, for the past four recessions, the inversions switched back to the normal upward slope prior to the onset of the recession, driven by the expectation of falling short term rates. During the fourth quarter, investors also have to navigate the US Presidential Election, which is likely to be a driver of volatility in the short term. Research, going as far back as the past 24 elections since 1928, points to the S&P 500 weakening in the run up to a close election but then rallying in the final week with continued improvement and greater volatility, after the election.

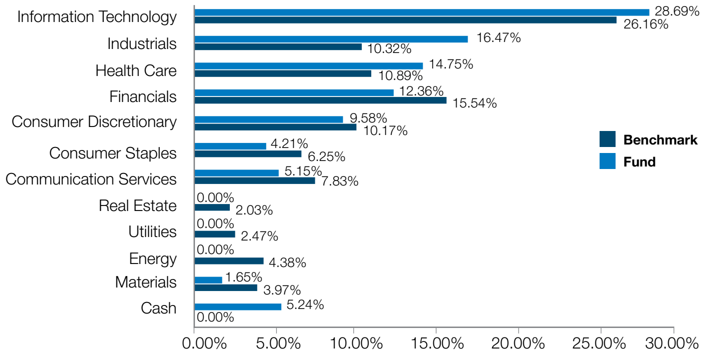
The fortunes of big tech stocks were revived after the Fed cut rates by 50bps. However, the future of the Magnificent 7 has become less clear cut, despite the massive ramp up in AI related infrastructure investment. Nonetheless, there is an awareness that AI will be increasingly important going forward.
We still maintain that performance will continue to be broad-based, but much of this will still depend on the Fed and whether a soft landing will be achieved. Due to the potential range of outcomes, diversification remains key. Earnings will remain the dominant driver at the stock level.

Total Expenditure Ratio (T.E.R.): 3.30%

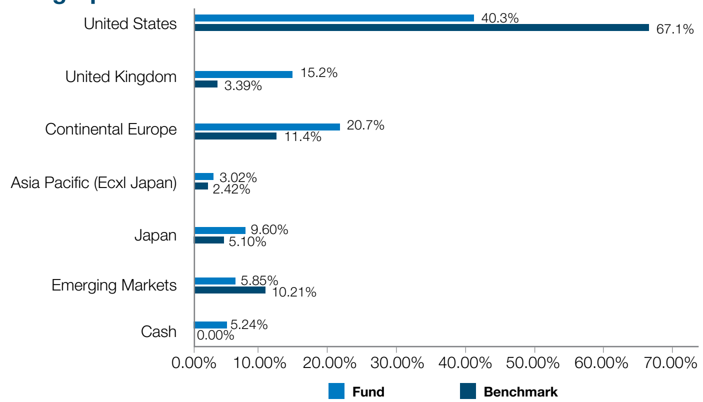
Cumulative Returns (BWP)



Sector Allocation



Geographical Allocation



Quick Facts

Fund Information
Fund Manager

The fund invests up to 100% of its assets in a strategy managed by Bifm's offshore investment partner - Schroders Asset Management.

Benchmark:	**MSCI ACWI**
Launch Date:	**Nov 2021**
Minimum Investment:	**P5000 lump sum**
	P1000 debit order
Fund Size:	**BWP55,040,952.64**

Fees
Initial Fund Fee:	**0%**
Annual Management Fee:	**2%**

Fees are shown excluding VAT

Risk Profile
Low	Low-Med	Med	Med-high	High
				●

Fund feature
1 year lock-in period

Contact Details
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