



Local Equity Fund

Fund Factsheet | 30th June 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.

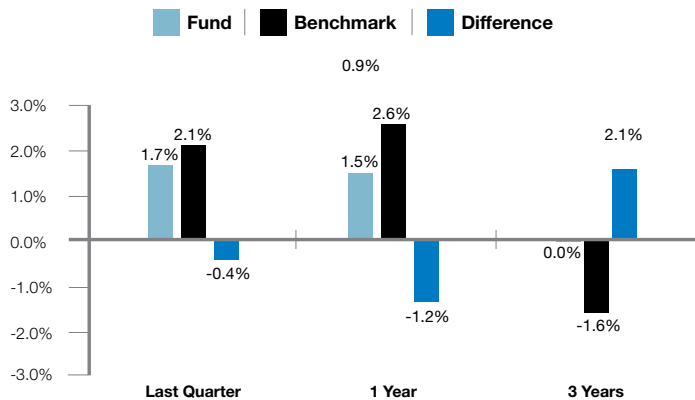
Strategy

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 for Q2 2020

The local equity fund gained 1.65% over the second quarter of 2020, however, lagging the benchmark appreciation of 2.05% by 0.41%. Over twelve months, the fund performance remains positive, returning 0.90%, lagging the benchmark appreciation of 2.65% by 1.18%.

Quarterly Commentary

In contrast to the first quarter wherein the decline in the Fund was due to the exposure to offshore assets, in the second quarter, the exposure to offshore assets contributed to an appreciation of the Fund as local assets detracted. The MSCI World Index rallied by 19.36% in USD terms, being the index's strongest quarterly performance since 2009 and a 38% claw back from its March low. The technology sector was, once again, the leading performer. Index heavyweights, such as Apple, Amazon, Facebook and Microsoft, dominated, each gaining in excess of 25%. Apple and Amazon, which account for over 6% of the benchmark, returned 43.8% and 41.5% over the quarter respectively. However, the gains posted by many of the technology stocks had little or no earnings support.

The ongoing COVID-19 pandemic still dominated the second quarter of 2020. The pandemic has had wide-ranging effects on societal norms, global markets and companies' working processes. In the near term, we anticipate markets to remain uncertain due to expected weak economic data and concerns that the recovery will be hampered by a second wave of infections as lockdown restrictions are lifted. In addition to pandemic headwinds, the rising political tensions between the US and China remain a threat and are creating additional risks for many companies and the global economy.

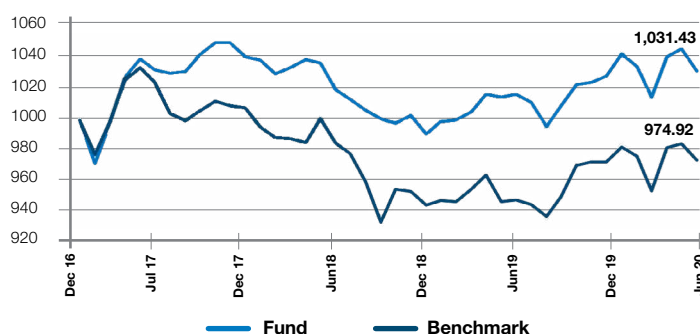
Local equities, in contrast to offshore equities, displayed the impact of the COVID-19 pandemic as the DCTRI declined by 2.02% over the period. While the Fund's local equity exposure held up well during the quarter, our expectation is for more listed companies to be negatively affected by the prevailing market environment. This is despite the resilience shown by most counters in the first quarter despite concerns about the COVID-19 pandemic in the latter part of that quarter. Nearly half of the companies listed on the bourse shed value in the second quarter. The hardest-hit sectors were the banking sector and the financial

services sector. The consumer sector was the least impacted with many securities' prices in the sector remaining stagnant in the quarter. Only two securities, BTCL and Sefalana gained value during the quarter, as their share prices increased by 3.5% and 0.78%, respectively.

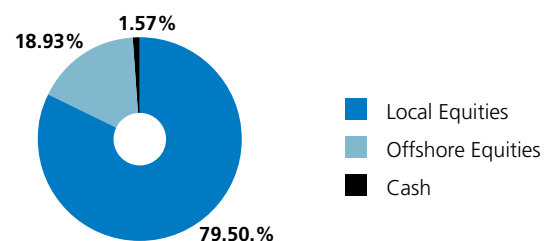
We, however, remain confident that our portfolio of companies is resilient enough to weather the prevailing uncertainty and come out as winners in the long term.

Total Expenditure Ratio (T.E.R.) - 2.78%

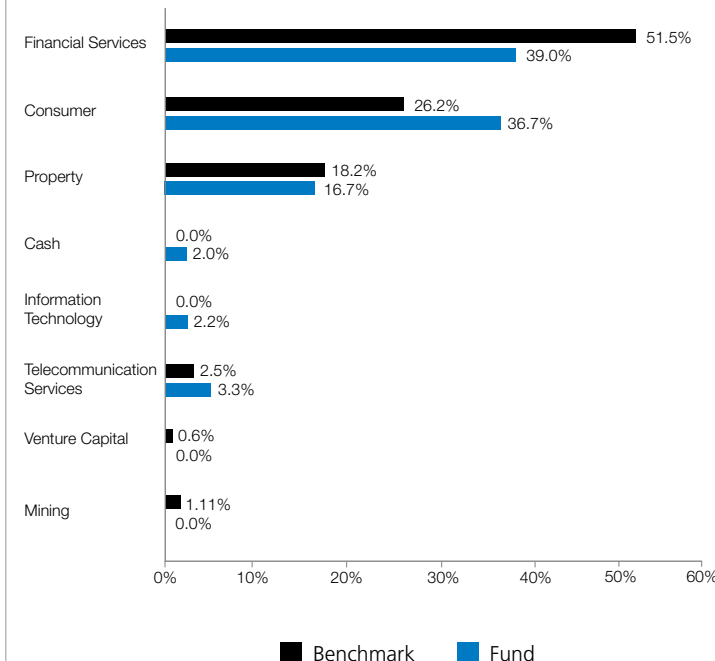
Cumulative Returns (BWP)



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 792 145.03

Fees

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

Risk Profile



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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