



Local Equity Fund

Fund Factsheet | 31st December 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.

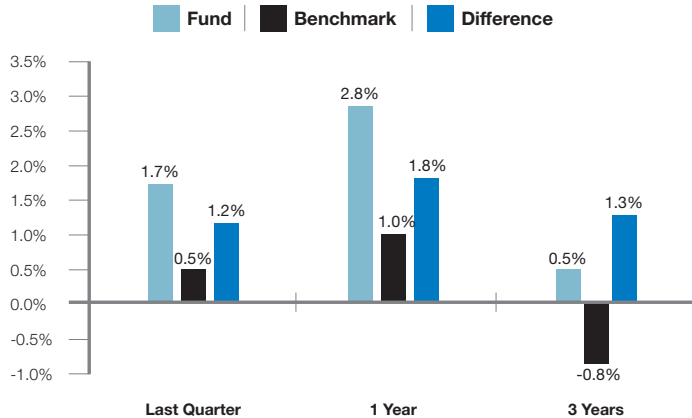
Strategy

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 Q4 2020

The Local Equity Unit Trust Fund gained 1.72% over the fourth quarter of 2020, outperforming the benchmark return of 0.50% by 1.22%. For the twelve months ending December 2020, the fund performance remains positive, at 2.85%. This performance was ahead of the benchmark's performance of 1.03% by 1.82%.

Quarterly Commentary

Both Local and offshore market performance aggregated to contribute positively to the overall absolute and relative performance of the fund within the quarter. However, the primary driver of performance was our exposure to offshore equity, as the global equity markets rallied while our local market shed value.

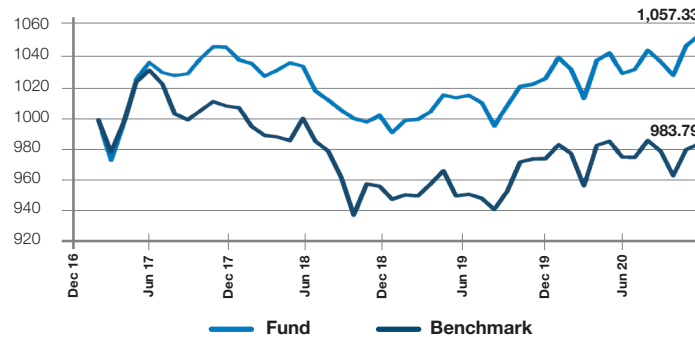
Global equity markets continued to rise, although on fresh information surrounding a possible COVID-19 vaccine. With the release of the positive news, investors returned to sectors that had been sold down during the pandemic such as banks, energy, and materials. These sectors rely on robust economic activity to thrive, and until the release of the news around the vaccine, economies struggled with lower economic output, lower revenue, and higher costs. The resurgence of the markets marked a turn in trends and resulted in the MSCI Value Index outperforming the MSCI Growth Index by 3.1% in USD terms. This signals optimism as investors looked forward to a potential economic recovery in 2021. The areas of the market that were impacted by COVID-19 should continue to recover as more people are vaccinated.

In contrast to the global equity markets, the local equity market continued to shed value. The fourth quarter delivered better performance than its predecessor in several ways. The fourth quarter showed better returns (Q3 DCI: -2.21%), had a lower number of companies registering losses, and the quantum of losses was relatively modest. Relative to Q3, wherein fifteen counters experienced share price declines, only twelve securities shed value over Q4. The declines were generally below five percent; however, some securities have experienced declines of 10.1% (Afritas) and 26.0% (Seedco). The tourism sector securities continued to shed value with Chobe Holdings declining by 0.74% while Cresta shed 1.52%.

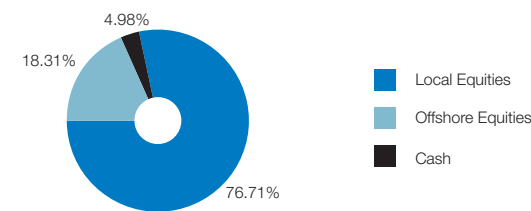
Despite our optimism concerning what the vaccine means for economic activity and the recovery of the stock market, we remain cautious as COVID-19 continues to ravage through countries. It remains that the spread of COVID-19 and the measures to get the spread of the virus under control have the potential, to cause economic devastation which contributes to significant business risk. Therefore, despite the actions taken by central banks to support the credit markets and maintain liquidity during the crisis, revenue and cash flows remain under pressure. However, we will continue to focus on fundamental value, and companies with strong balance sheets that will not only weather the storm but are positioning themselves for the future.

Total Expenditure Ratio (T.E.R.): 2.92%

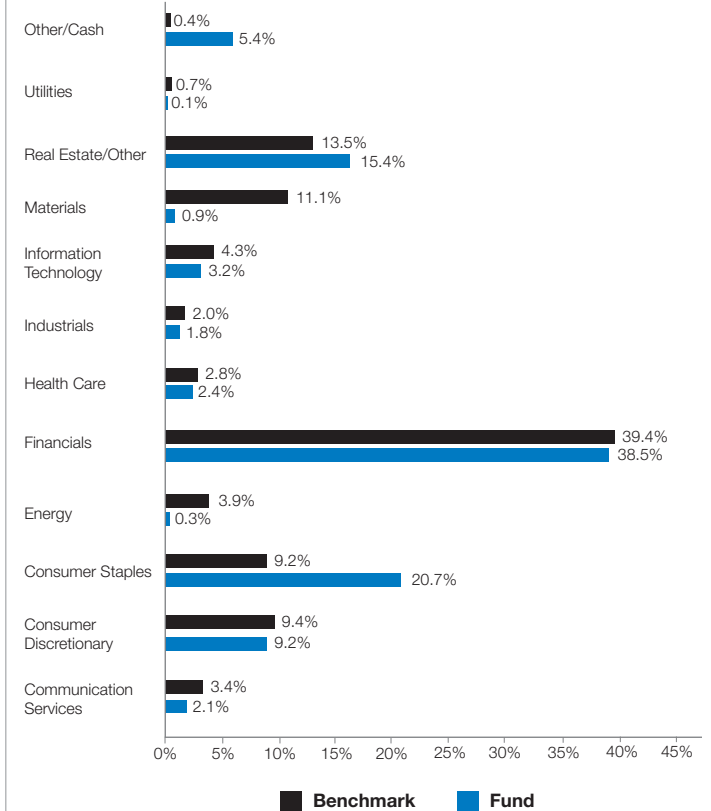
Cumulative Returns (BWP)



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: BWP14,168,862.94

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
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Gaborone

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