

Local Equity Fund

Fund Factsheet | 31st March 2025



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.

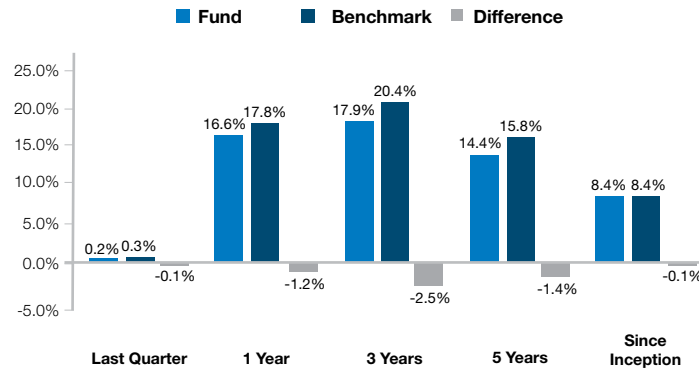
Strategy

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 Unit Trust Fund returned 0.23% during the first quarter of 2025. The Fund underperformed the benchmark return of 0.34% by 0.11%. Performance over the quarter was primarily driven by the Fund's holdings within the financial services sector. Over a 12-month period, the Fund returned 16.57%, underperforming the benchmark return of 17.75% by 1.18%.

Quarterly Commentary

Performance was muted over the quarter, with the local equity market (DCTRI) registering 1.35%. The banking sector was the leading performer over the quarter, registering a 2.45% return, led by FNBB and StanChart. Banking sector earnings growth was robust over the quarter. The consumer sector stocks returned 1.84% over the quarter. The leading performer within the consumer sector was Sefalana, which returned 6.58%, followed by Choppies with 3.85%. Of particular note within the consumer sector was the 59.18% decline of G4S. Property sector returns were muted, with Tumstar as the best performer, returning 2.26%, and NAP returning 0.50%. The other property stocks recorded a flat performance over the quarter. The financial services sector struggled over the period, mainly due to the decline of Letshego, while BILH saw a slight increase in share price of 0.31% over the quarter.

Market Outlook

The local annual inflation rate closed the quarter at 2.8%, up from the 1.7% inflation rate recorded in December 2024 but still below the lower band of the Bank of Botswana's ("BoB") 3-6% inflation target range. However, BoB expects inflation to be within the 3-6% range in the medium term.

The Real GDP figures for 2024, released over the quarter, confirmed the extent of the impact of the slowdown in the diamond mining activities on the annual GDP for Botswana. Real GDP decreased by 3.0% in 2024 compared to an increase of 3.2% in 2023. The decrease in real GDP was mainly attributed to the Diamond Traders, Mining & Quarrying and Manufacturing industries, which declined by 34.1%, 24.1%, and 2.5% over the year. Conversely, some local industries recorded positive growth for the year, with 'Public Administration & Defence' and 'Wholesale & Retail trade' contributing 5.2% and 5.8%, respectively, to GDP growth over 2024.

Despite this sharp slowdown in growth, the Ministry of Finance expects GDP to rebound to 3.3% in 2025. The growth outlook is based on the recovery of the diamond sector, which is expected in the latter part of 2025, along with the positive contribution of the non-diamond mining sectors.

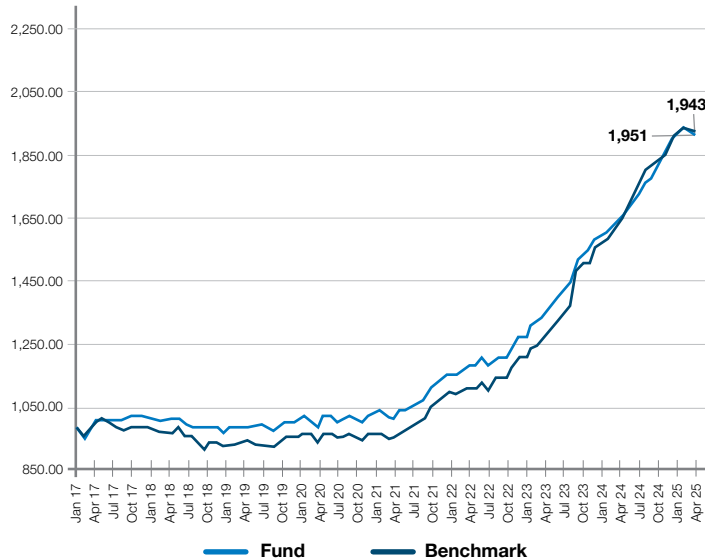
Whilst the GDP outlook, which will hinge on the performance of the diamond sector, remains uncertain, we note that various government reforms and policies, including supportive monetary and fiscal policies, are in place to support the economy's growth over the short to medium term.

The Fund's strategy remains underpinned by our disciplined, fundamental valuation and bottom-up portfolio construction. We constantly monitor our opportunities, integrate new information into our valuation models, and identify threats and opportunities to enhance our portfolio. The local economy continues to struggle due to the downturn in the diamond industry. We are building this into our forecasts, noting that the slowdown in the diamond sector will ultimately impact other sectors of the economy.

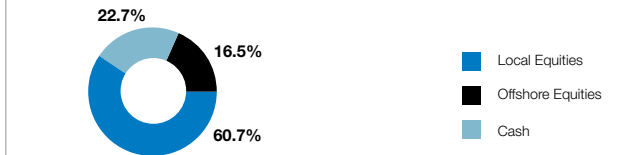
As always, we remain committed to our disciplined, fundamental value approach and aim only to purchase stocks trading below their intrinsic value. We are keeping a keen eye on the local macroeconomic landscape, noting the challenges brought on by the slowdown in the diamond market and how they may impact local companies. Our focus remains to ensure we build a resilient portfolio that can withstand any potential macroeconomic headwinds.

Total Expenditure Ratio (T.E.R.): 2.94%

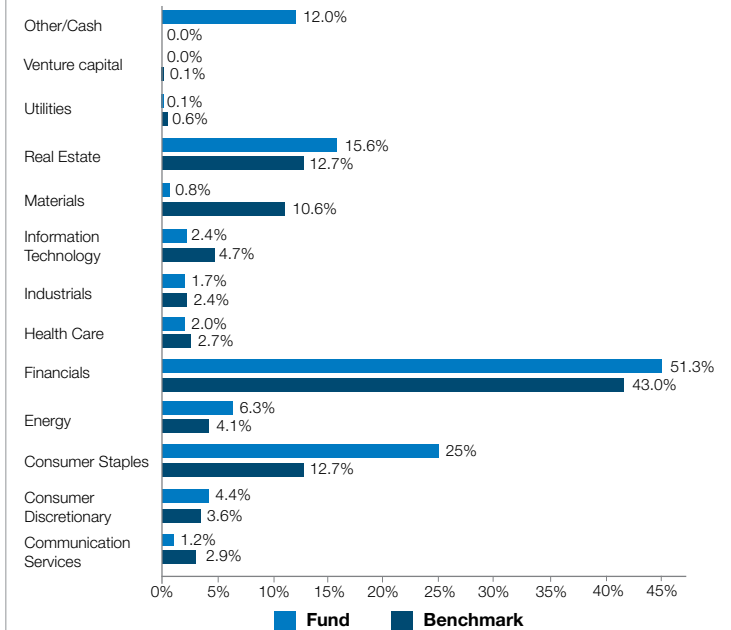
Cumulative Returns (BWP)



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: BWP41,211,622.22

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

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