

Local Equity Fund

Fund Factsheet | 31st December 2024



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.

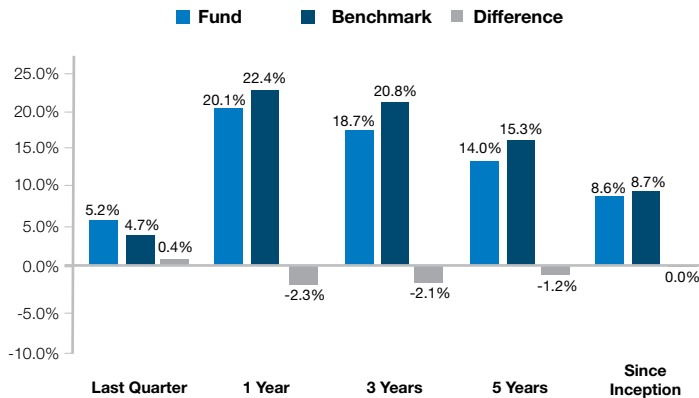
Strategy

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 5.15% during the last quarter of 2024. The Fund outperformed the benchmark return of 4.72% by 0.43%. Performance over the quarter was primarily driven by the Fund's holdings within the consumer sector.

Over a 12-month period, the Fund returned 20.09%, underperforming the benchmark return of 22.39% by 2.30%.

Quarterly Commentary

The local equity market ended the last quarter of the year on a positive note. 18 of the 23 listed stocks increased in price over the last three months. Five stocks recorded a flat performance, and none declined in price over the period. The consumer sector primarily drove performance over the quarter.

Market Outlook

The local equity market continued its strong performance, returning 22.26% in 2024, following a return of 25.47% in 2023. Market returns continue to be driven by improving fundamentals, with most sectors reporting strong growth in earnings over the year. Whilst much of the performance in 2023 was driven by the banking sector, the consumer sector was the leading performer in 2024, with counters such as Sechaba, CA Sales and Sefalana leading the way.

However, the banking sector also posted a strong return over the year led by Standard Chartered and FNBB. The financial services sector's performance was mixed. Letshego closed the year as one of the worst performers on the market, declining by 8.03%, while BILHL had a strong fourth quarter and closed the year with a total return of 22.53%. The telecommunications sector, represented by BTCL, rebounded sharply in 2024 following much improved financial performance, while the mining sector and property sector returns were muted over the year.

The local annual inflation rate closed the year at 1.7%, slightly up from the 1.5% registered at the end of the third quarter of 2024. Despite the recent drop in inflation, the Bank of Botswana expects inflation to increase, remain within the objective range over the medium term, and average 4.5% in 2025.

Real GDP declined by 4.3% in the third quarter of 2024 compared to the 1.1% growth in the same quarter of the previous year. This marks the third consecutive quarter of negative GDP growth for the local market. The main contributor to the slowdown was a decline in diamond trading and mining activities, as global demand for rough diamonds declined compared to the prior year. Diamond trading declined 75.6%, while mining and quarrying activities declined 27.2%.

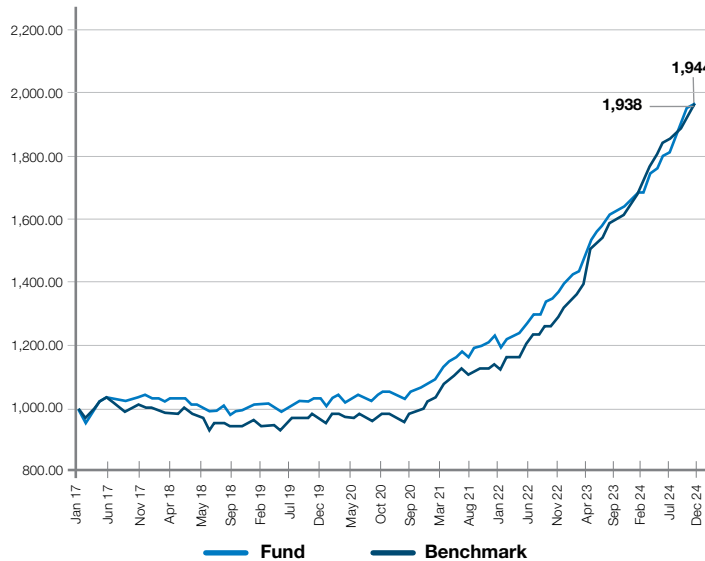
Conversely, some local industries recorded positive GDP growth over the period, with Public Administration & Defence and Wholesale & Retail trade contributing 18.7% and 12.5%, respectively, to GDP growth. A recent International Monetary Fund (IMF) report estimated that Botswana's GDP growth would slow to 1% in 2024 and rebound to 5.2% in 2025.

The fourth quarter of 2024 ushered in a newly elected government for Botswana, with the opposition party, the Umbrella for Democratic Change (UDC), winning a historic election. This marked the first time in Botswana's democratic history that the incumbent party, the Botswana Democratic Party, did not win the national elections. 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.

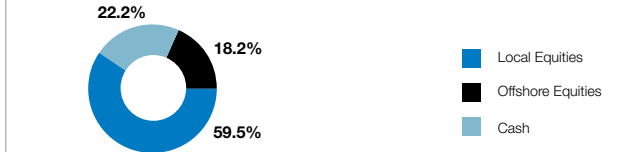
As always, we remain committed to our disciplined, fundamental value approach and aim only to purchase stocks trading below their intrinsic value. We are keeping a keen eye on the local macroeconomic landscape, noting the challenges brought on by the slowdown in the diamond market and how they may impact 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.): 2.98%

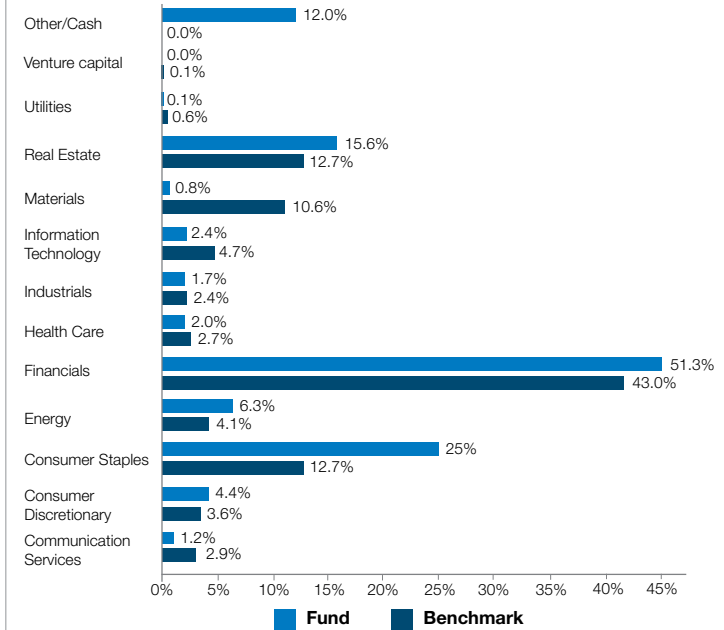
Cumulative Returns (BWP)



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: BWP39,124,291.18

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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