Local Equity Fund

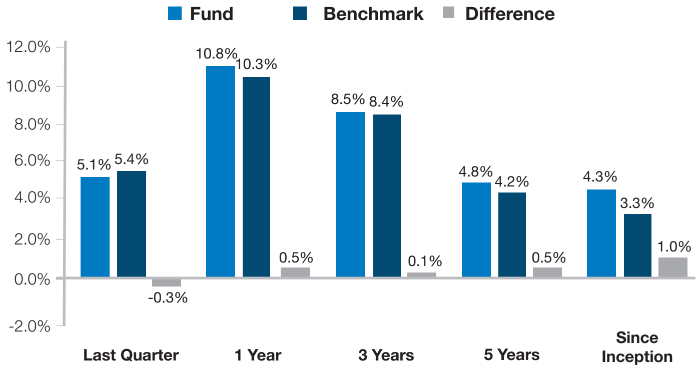
Fund Factsheet | 31st December 2022

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 Fund returned 5.12% over the quarter, underperforming the benchmark return of 5.40% by 0.28%. Over the quarter, the Fund's overweight allocation to local equities was a positive contributor while the underweight exposure to global equities was a negative contributor. Both local and global equities recorded positive performance over the period.
Over the 12 months ending December 2023, the Fund's return of 10.77% exceeded the benchmark performance of 10.31% by 0.47%.

Quartely Commentary
The local equity market continued to rise in the fourth quarter of 2022 with price increases experienced across most of the listed stocks. The market performance continues to be supported by the positive performance of the large-cap banking sector stocks which make up 38.04% of the total market and all recorded positive price performance. FNBB led the banking stock rally, appreciating by 11.11%. Other notable gainers were Choppies with a price appreciation of 22.64%, Letlole which was up by 12.99%, and Sechaba which gained 11.22%.

Over the twelve months, the local equity market counters experienced varying performance. While some counters experienced double-digit growth, some shed significant value. Stanchart and FNBB led the pack of gainers, appreciating by 46.43% and 40.00%, respectively. Primetime shed the most value, losing 30.13% during the period.

While fundamentals continue to improve supported by various factors such as increased interest rates for banks, and more bed nights sold in the hospitality to name a few key drivers, local companies continue to face negative macroeconomic headwinds. Inflation challenges have yet to ease up and continue to pose challenges to businesses. Additionally, low disposable income and rising unemployment may negatively impact earnings going forward.

Global equity markets ended the year with a strong performance over the fourth quarter. Investor sentiment turned positive with increasing signals that global inflation had peaked and that the pace of interest rate hikes would ease.

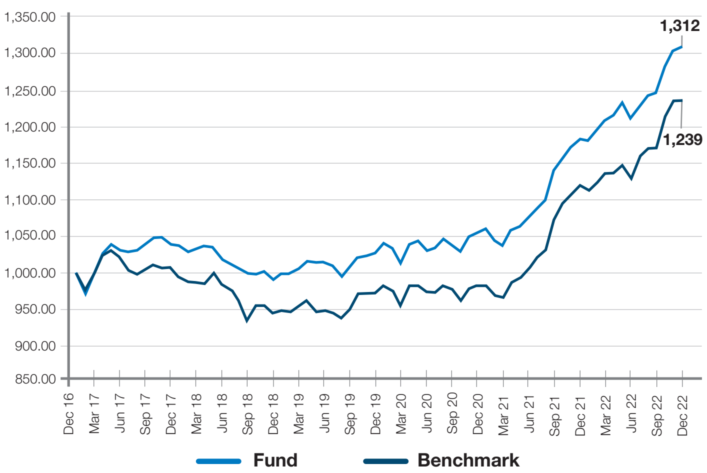
US shares rallied in the fourth quarter as the Federal reserve slowed the pace of interest rate hikes. In the UK shares rallied over the quarter as markets reacted positively to Rishi Sunak being appointed prime minister following Liz Truss's brief tenure as Prime Minister. Emerging market equities also posted gains over the fourth quarter led by a strong performance from Chinese stocks. The relaxation of the strict Zero Covid policy and the stabilisation of the Chinese property market helped boost investor optimism over the quarter. From a style perspective, value stocks continued to outperform growth stocks over the quarter.

Market Outlook
Local Real GDP grew by 6.3% in Q4 2022, compared to a growth of 8.9% registered in the same quarter the previous year. All sectors of our local economy contributed positively to GDP during the quarter. Having opened the quarter at 13.8%, headline inflation gradually edged downwards to close the quarter and the 2022 calendar year at 12.4%. In October, inflation declined to 13.1% mainly due to the base effect while in November the decline to 12.2% was driven mainly by the drop in retail pump prices. In December, the slight uptick in inflation was on the back of a broad-based price increase of food items, as well as the rise in vehicle prices.

Amid all the prevailing uncertainties, there are expectations of a modest recession in 2023 across developed markets as central banks continue to battle inflation. Central banks are largely expected to remain restrictive, with higher policy rates likely resulting in tighter financial conditions. The consensus is for developed market central banks to continue to hike for the next quarter.

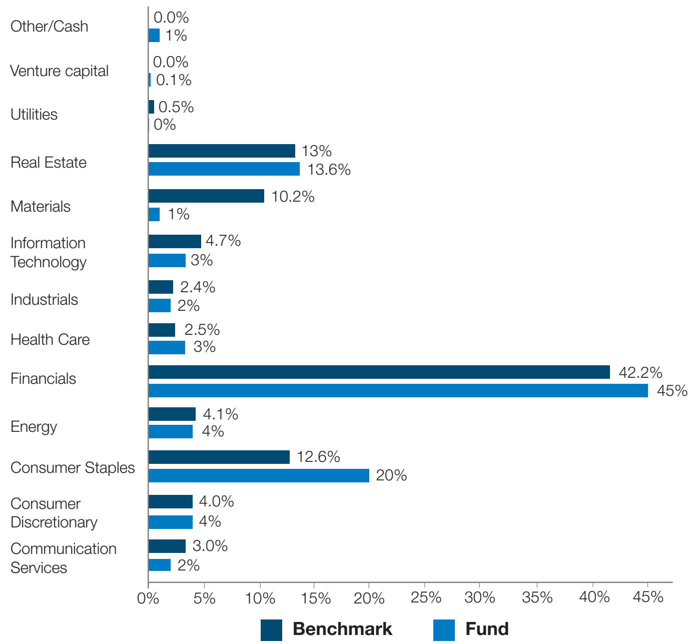
Total Expenditure Ratio (T.E.R.): 3.02%

Cumulatice 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: BWP18,140,441.05

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
Bifm Unit Trusts (Pty) Ltd
Plot 66458, Fairgrounds Office Park
Gaborone, Botswana

Postal Address
Private Bag BR185, Broadhurst
Gaborone, Botswana

T: +(267) 399 2199 / +(267) 241 3041
F: +(267) 390 0358
E: retailservices@bifm.co.bw

Local Equity Fund

Fund Factsheet | 31st December 2022

The information contained in this factsheet is provided as general information and does not constitute advice or an offer by Bifm Unit Trusts (Pty) Ltd. The information contained herein is proprietary to Bifm Unit Trusts (Pty) Ltd and/or its content providers and may not be copied or distributed and is not warranted to be accurate, complete or timely. Neither Bifm Unit Trusts (Pty) Ltd nor its content providers are responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results, there is no guarantee that this investment will make profits; losses may be incurred. Bifm Unit Trusts (Pty) Ltd is an authorised financial services provider under license number CIU/02. Every effort has been made to ensure the provision of information regarding these financial products meets the statutory and regulatory requirements. However, should you become aware of any breach of such statutory and regulatory requirements, please address the matter in writing to: The Compliance Officer, Bifm Unit Trusts (Pty) Ltd, Plot 66458, Block A, 3rd Floor, Fairgrounds, Gaborone, Botswana, Private Bag BR 185 Gaborone.