

Local Equity Fund

Fund Factsheet | 30th June 2026



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.

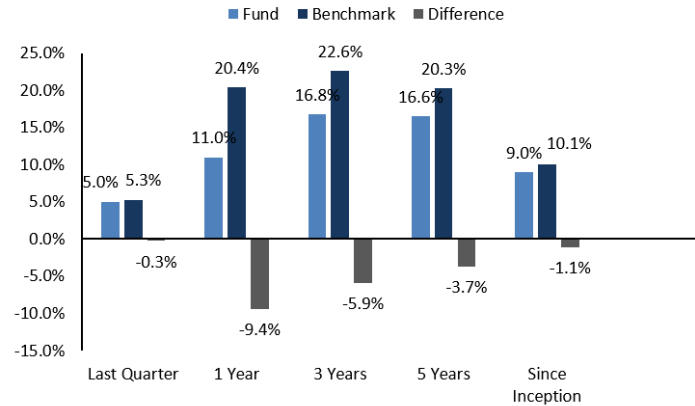
Strategy

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



The Bifm Local Equity Unit Trust Fund returned 5.05% during the second quarter of 2026. The Fund underperformed the benchmark return of 5.30% by 0.25%. The Fund's performance over the period was primarily driven by its holdings in the Banking and Consumer sectors. Over a 12-month period, the Fund returned 10.99%, underperforming the benchmark return of 20.42% by 9.43%.

Performance Commentary

The local equity market remained positive over the quarter, with the DCTRI returning 2.82%, bringing the 12-month return to 12.43%. While market returns remain positive, there are clear signs that momentum has moderated. The DCTRI's rolling 12-month return has declined from 26.84% in June 2024 to 19.16% in June 2025 and 12.43% in June 2026, indicating a sustained easing in market performance following a period of exceptionally strong returns.

Market Outlook

The domestic macroeconomic environment remained challenging during the quarter. Real GDP contracted by 5.4% year-on-year in Q4 2025, compared to a decline of 1.9% in the same period in 2024, reflecting continued weakness in key sectors including Mining & Quarrying, Construction, and Water & Electricity. On a quarter-on-quarter basis, GDP declined by 11.4%, highlighting the volatility in economic activity.

Despite the downturn in mining, non-mining GDP grew by 2.6% during the quarter, albeit at a slower pace than the 4.2% recorded in the prior year. Economic activity remains supported by the services sector, with Public Administration & Defence, Wholesale & Retail, and Construction being the largest contributors to output.

Headline inflation increased from 3.90% at the beginning of the quarter to 4.20%, remaining within the Bank of Botswana's 3–6% objective range. Inflationary pressures were primarily driven by the transport sector, followed by miscellaneous goods and services, and food and non-alcoholic beverages. Looking ahead, risks to inflation remain skewed to the upside, driven by rising domestic fuel prices, potential increases in utility tariffs, and global supply-side disruptions linked to geopolitical developments. Monetary policy remained accommodative, with the Bank of

Botswana maintaining the Monetary Policy Rate at 3.5% during the quarter to support economic activity.

The broader macroeconomic backdrop remains under pressure. During the quarter, S&P Global Ratings downgraded Botswana's sovereign credit rating from BBB- to BBB-, with a negative outlook. In response to fiscal pressures, the Government has implemented austerity measures, including expenditure controls and procurement reforms, while continuing to advance the Botswana Economic Transformation Programme (BETP), which aims to diversify the economy into sectors such as tourism, agriculture, manufacturing, and digitalisation.

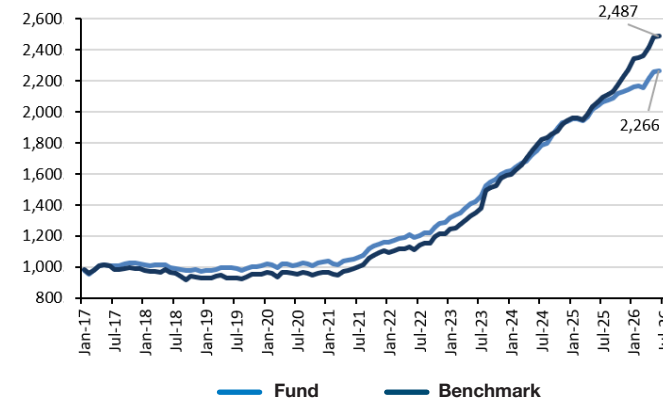
The Fund's strategy remains anchored in a disciplined, bottom-up investment approach, grounded in fundamental analysis and valuation. We continuously incorporate new information into our valuation frameworks and assess risks and opportunities to ensure the portfolio remains appropriately positioned.

The local economic environment remains challenging, with the ongoing slowdown in the diamond sector weighing on growth prospects. Prolonged weakness in diamonds continues to have second-round effects on broader economic activity, including household demand, fiscal dynamics, and corporate earnings across multiple sectors. These dynamics are reflected in our forward-looking assumptions and valuation assessments.

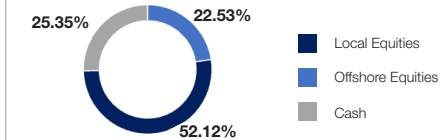
Overall, the Fund remains focused on building a resilient, diversified portfolio, anchored in companies trading below their intrinsic value and capable of withstanding macroeconomic volatility. This approach positions the portfolio to navigate near-term uncertainty while remaining exposed to long-term value creation.

Total Expenditure Ratio (T.E.R.): 2.87%

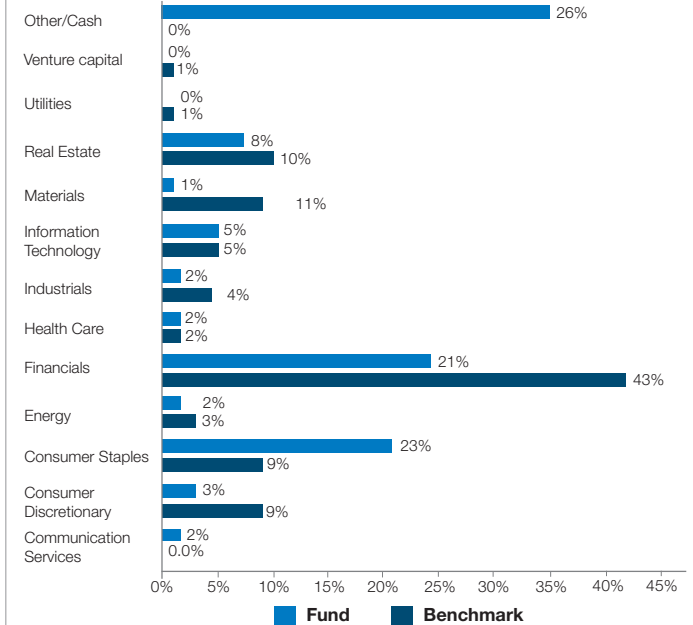
Cumulative Returns



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: BWP61,897,744.01

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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