Local Equity Unit Trust Fund

Fund Factsheet | 31st March 2022

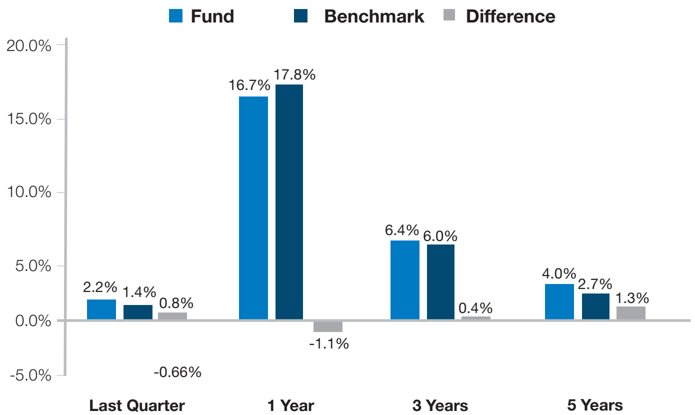
Bifm Unit Trusts

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 gained 2.20% over the first quarter of the year. This is reflective of the resilience of the local equity market as the DCTRI gained 4.28%. The offshore equity markets, on the other hand, represented by the MSCI World Index declined. The Fund's performance was ahead of the benchmark by 0.81%.

The Fund returned 16.67% over the twelve months ended March 2022. However, this performance lagged the benchmark performance of 17.76% by 1.09%.

Quartely Commentary
The Local equity holdings recorded positive performance over the quarter, ahead of their benchmark, while the offshore equity holdings reported negative performance, lagging their benchmark.

The local equity market, as measured by the Domestic Companies Total Return Index (DCTRI)'s appreciation of 4.28%, continues to recover. This is on the back of broader-based price appreciation across all sectors, with only a few companies experiencing share price declines. The financial and banking sectors continue to lead the pack, with all but one company in the two sectors reporting price appreciations. Letshego remains an outlier, recovering by 28.57% over the quarter. The company also continues to be a top contributor to Fund relative outperformance.

A far off follower, in magnitude of recovery, is Letlole showing a recovery of 4.31%, followed closely by RDCP reporting a share appreciation of 4.19%.

The cornerstone of the MSCI World Index's retreat during the first quarter of the year was the Russian invasion of Ukraine. This raised market concerns and volatility in an environment already grappling with inflationary pressures, supply chain disruptions, central bank tightening and an inverted yield curve. The conflict, which marked the largest military attack on a sovereign state since World War II, has been economically challenging for the global population and global markets.

Russia accounts for 12% of the world's supply of oil production and 40% of Europe's gas supply. Sanctions against Russia relating to oil and gas resulted in gas prices rising to USD 127.98 per barrel, a level not seen since 2008 (when a high of USD146.08 was recorded). This spike in energy prices hastened inflationary pressures resulting in faster-paced interest rate hikes from central banks as they tried to balance between curbing inflation and supporting growth. This impacted bonds and equities.

Within the MSCI World Index, the consumer discretionary sector was the worst-performing sector, shedding 10.82% in USD terms on fears that the rising inflation will curtail spending by households. Notwithstanding the volatility in the market, some sectors have been direct beneficiaries of the Russia – Ukraine conflict. The energy and materials sectors rallied, gaining 29.46% and 1.51%, respectively in USD terms, supported by rising oil and commodity prices.

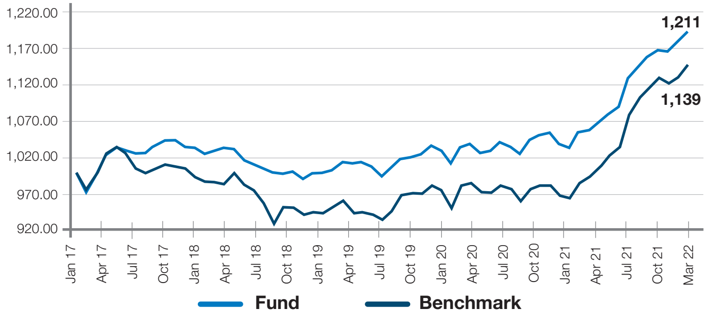
Market Outlook
There has been a stark difference in the performance of local and offshore equities. While local equities are rallying on the back of positive financial releases, offshore markets are faced with challenging volatility.

Across the globe, the main challenge for equities will be geopolitical tensions. These will continue to contribute to inflationary pressure as well as supply chain disruptions and uncertainty in global financial markets. While we anticipate the corporate earnings will keep growing from strength to strength, the full impact of input costs, which will increase margin pressures across various industries, has not yet fully been factored in.

Factoring the opportunities and challenges that will prevail within the year, the companies we will seek in this environment are those with good management teams, product differentiation and strong pricing power. These, we believe, will be better placed to weather the current market uncertainty, and protect their margins.

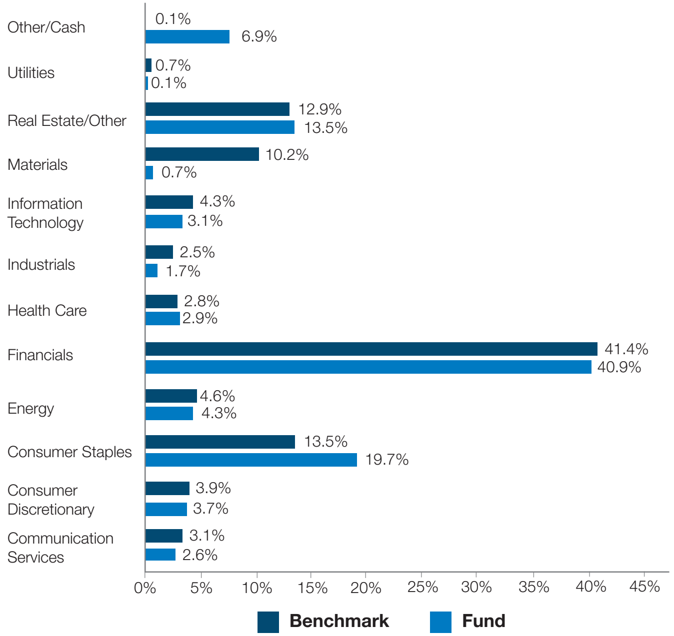
Total Expenditure Ratio (T.E.R.): 2.99%

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: BWP16,804,599

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) 395 1564
F: +(267) 390 0358
E: retailservices@bifm.co.bw

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