

Local Equity Fund

Fund Factsheet | 30th June 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.

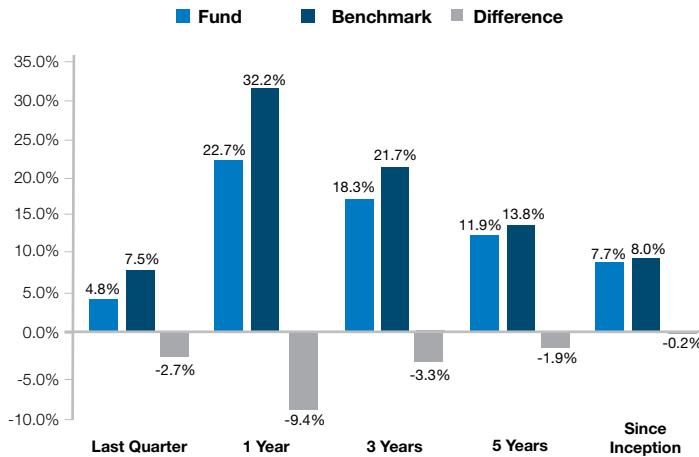
Strategy

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 Fund returned 4.84% over the quarter, underperforming the benchmark return of 7.58% by 2.74%. Performance over the quarter was broad-based, with all sectors recording positive returns. Over the 12-month period, the Fund returned 22.78%, underperforming the benchmark return of 32.20% performance by 9.41%.

Quarterly Commentary

The local equity market ended the second quarter of the year on a positive note. 15 of the 23 listed stocks increased in price over the last three months. Six stocks recorded a flat performance, and only two stocks declined in price over the period. Performance over the quarter was broad-based, with all sectors recording positive returns. Standard Chartered Bank ("StanChart") was the leading performer on the Botswana Stock Exchange (BSE) over the quarter, appreciating 39.45%. Other notable movers over the quarter were Chobe (13.70%), Engen (16.24%), Sechaba (18.93%), and BTCL (24.39%).

Over twelve months, the most significant share price movements were within the consumer sector. Chobe and CA Sales gained 73.62% and 33.51%, respectively, whilst Sechaba gained 37.55%. Other notable share price movements over the twelve months were FNBB, ABSA and StanChart. FNBB and ABSA gained 45.00% and 22.70%, respectively, whilst StanChart gained 86.05%.

Market Outlook

The local equity market continued its strong start to the year, returning 7.51%, buoyed by the significant return from dividends paid over the quarter. The market's performance continues to be driven by solid fundamentals. Most listed companies recorded robust earnings growth in their most recent financial statements, with the banking and consumer sectors recording solid performances. The local inflation rate continued its steady decline, closing the quarter at 2.8%, down by 0.1% from the prior quarter. The Bank of Botswana expects inflation to remain low and within the objective range over the medium term. Inflation is expected to average 3.6% in 2024 and 4.5% in 2025. We expect the low, stable inflationary environment to be positive for local businesses. Furthermore, the recent cuts to the Monetary Policy are expected further to reduce the cost of funding for local companies.

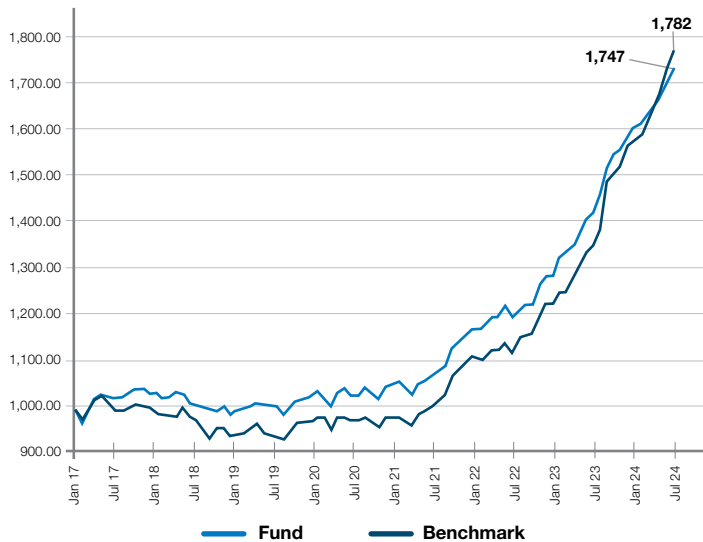
Local real Gross Domestic Product (GDP) declined by 5.3% over the first quarter of 2024. The decline in real GDP was driven by a decrease in "Diamond Trading", "Mining & Quarrying", and "Water & Electricity", by 46.8%, 24.8%, and 10.7%, respectively. However, we note that various government reforms and policies

are in place that are expected to support the economy's growth over the short to medium term. These include supportive monetary and fiscal policies, as well as the implementation of the Economic Recovery and Transformation Plan and the Transitional National Development Plan. Consequently, the Ministry of Finance forecasts GDP growth to increase to 4.2% in 2024 and 5.4% in 2025. The Fund's strategy remains underpinned by our disciplined, fundamental valuation and bottom-up portfolio construction process. Our focus for 2024 remains increasing the Fund's allocation to the banking sector. However, market liquidity on the Botswana Stock Exchange ("BSE") remains a challenge, particularly within the large-cap banking stocks, which tend to have low free floats.

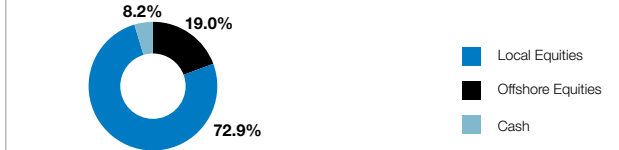
We continue to monitor our opportunity set, incorporate new information into our valuation models, and identify threats and opportunities to strengthen the portfolio and allocate more capital to companies that will outperform over the long term. We remain committed to our disciplined, fundamental value approach and aim only to purchase stocks trading below their intrinsic value.

Total Expenditure Ratio (T.E.R.): 3.01%

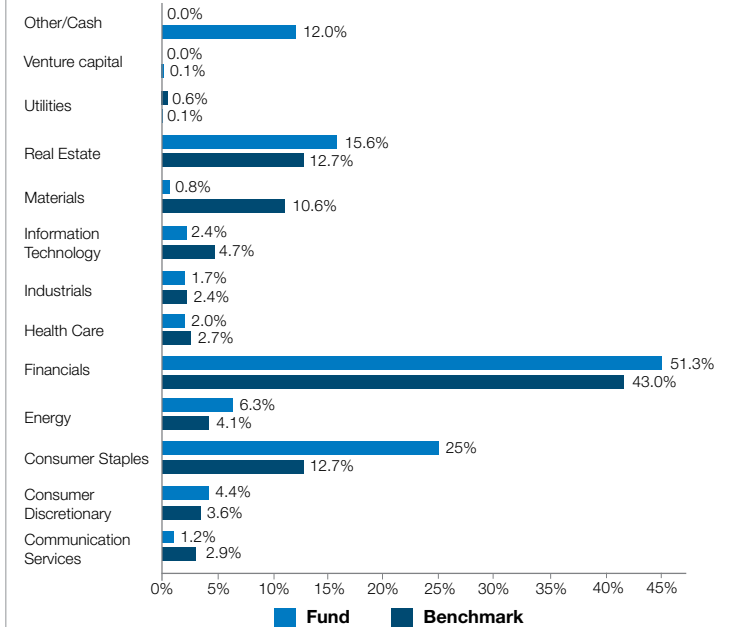
Cumulative Returns (BWP)



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: BWP29,520,493.77

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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