

Local Equity Fund

Fund Factsheet | 30th September 2023



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.

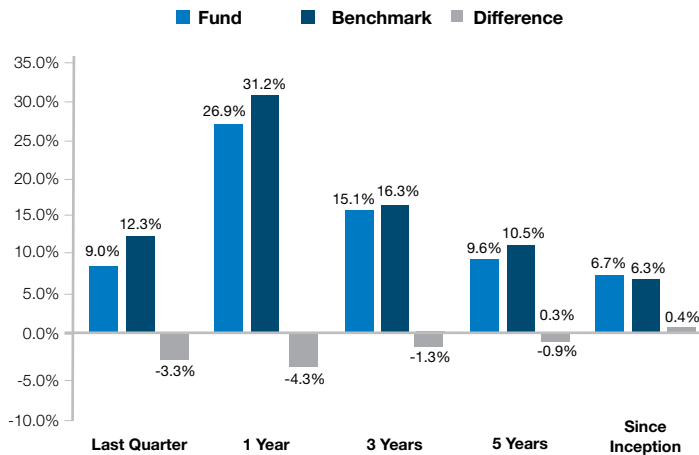
Strategy

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 8.96% over the quarter, underperforming the benchmark return of 12.25% by 3.29%. Most of the listed companies experienced share price increases over the quarter with the financial services and consumer sectors leading the gains. Over the 12-month period, the Fund returned 26.89% underperforming the benchmark return of 31.19% performance by 4.30%.

Quarterly Commentary

The local equity market continued to record a strong performance over the quarter. The performance was supported by robust growth in earnings across most of the sectors. Chobe Holdings was the leading performer on the Botswana Stock Exchange (BSE) over the quarter, appreciating by 47.60%. Other notable movers over the quarter were Standard Chartered (22.28), CA Sales (19.62%), Sechaba (12.74%), Sefalana (12.18%) and FNBB (10.90%). Over the twelve months, the local equity market posted strong gains. Chobe appreciated by 91.69%, CA Sales appreciated by 48.10%, NAP appreciated by 10.14%, and Sefalana appreciated by 15.95% over the twelve-month period. Over the same period, the banking sector also posted gains with FNBB appreciating by 29.21% and Standard Chartered appreciating by 82.79% over 12 months.

Market Outlook

The local equity market continued to post positive returns over the second quarter of 2023. Fundamentals continue to improve within the local market as businesses benefit from improving macroeconomic conditions. The Q2 2023 Gross Domestic Product (GDP) publication by Statistics Botswana (StatsBots) showed a further slowdown in GDP growth (3.4%) (year-on-year) vs 5.1% registered in the corresponding quarter in 2022. The slowdown was on the back of a 22.4% contraction in the Diamond Traders component following a tough quarter which saw sales of rough diamonds coming under some pressure on the back of unfavorable global prices. Utilities (Water and Electricity) was the only other sector to have registered a contraction (38.8%) over the period and this was largely owing to a 57.7% decline in real value added by Electricity following production and operational challenges at Morupule B power station.

However, the Ministry of Finance projects GDP to grow by 4% and 5.1% in 2023 and 2024, respectively reflecting a rebound in economic activity over the short to medium term. The annual inflation rate closed the quarter at 3.2% in September 2023, this was an increase of 2% compared to the 1.2% inflation rate registered in August 2023. The major contributors to the annual inflation rate in September 2023 were the Food & Non-Alcoholic Beverages and Miscellaneous Goods and services sectors. Companies within

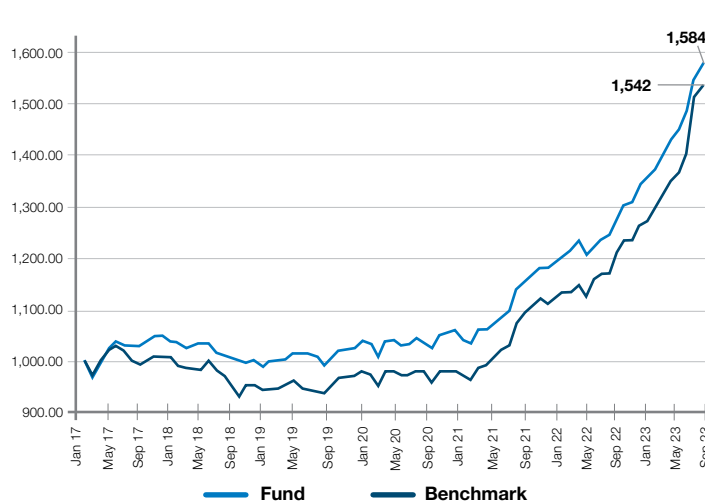
the consumer discretionary and banking sectors have benefited from the high inflationary environment, however, inflation is expected to be muted over the short to medium term and remain within the Bank of Botswana target range of 3-6%.

Following a strong first half for global markets in 2023, global equities declined in the third quarter as concerns over "higher for longer" interest rates about economic growth weighed on investor sentiment. Most sectors declined over the quarter as market sentiment shifted negative. Real Estate, Utilities, Consumer Staples, and Information Technology in particular saw larger declines over the quarter whilst the more defensive areas of the market such as Energy, Financials, and Healthcare posted gains. From a regional perspective, the Eurozone region was the weakest-performing region over the quarter. Eurozone stocks saw steep declines over the quarter as concerns rose over the impact of interest rates on consumers' disposable income with the consumer discretionary stocks impacted the most. UK equities rose over the quarter buoyed by the positive performance of the UK-listed large-cap diversified Energy stocks.

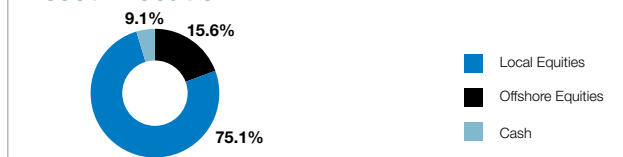
The Fund's strategy remains underpinned by our disciplined, fundamental valuation and bottom-up portfolio construction process. We continue to keep a constant watch over our opportunity set, incorporate new information into our valuation models, and identify threats and opportunities to strengthen the portfolio.

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

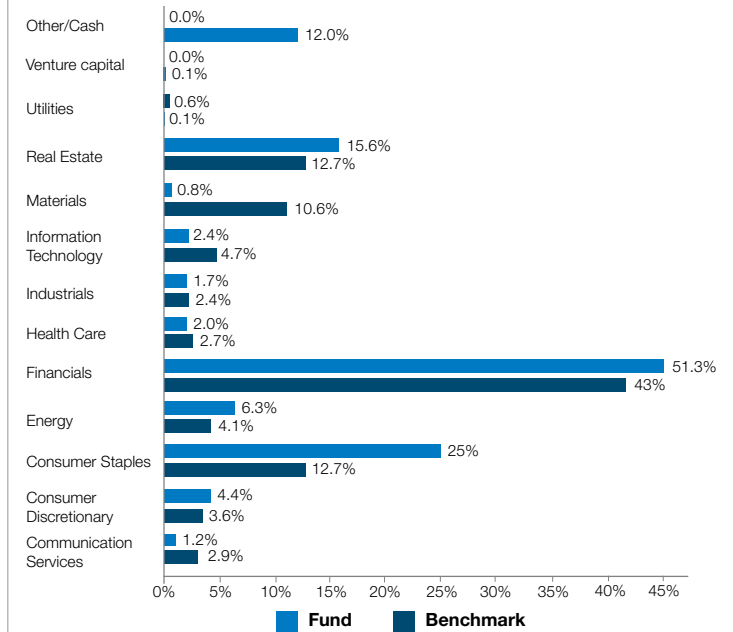
Cumulative Returns (BWP)



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: BWP23,484,132.74

Fees

Initial Fund Fee: 5%
Annual Management Fee: 2%
Fees are shown excluding VAT

Risk Profile



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
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