# Local Equity Unit Trust Fund

**Fund Factsheet** | 31st December 2021

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.

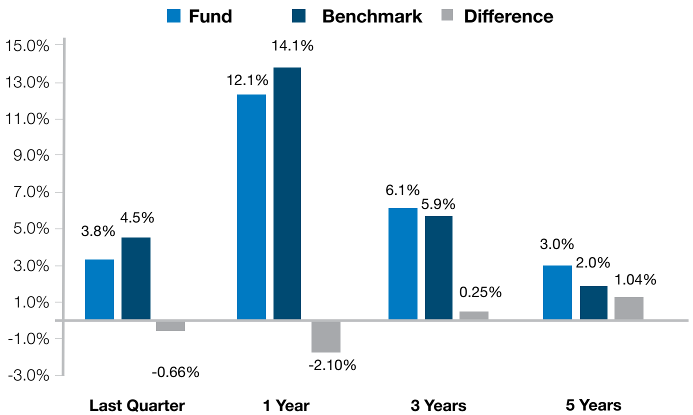
## Strategy

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 Unit Trust Fund finished the year off with a positive quarter, with a return of 3.81%. This return lagged the benchmark performance of 4.47% by 0.66%.

Over, the fourth quarter to December 2021, the offshore equities allocation underperformed its respective benchmark (MSCI World Index), while the local equities allocation outperformed its benchmark, DCTRI.

The twelve months performance was a double-digit return of 12.05%, a marked improvement compared to the return of 2.85% reported in the fourth quarter of 2020. The fund's performance over the year ended December 2021, however, lagged the benchmark performance by 2.10%.

## Quartely Commentary

Both local and offshore equities reported positive performance. While the local equities outperformed their benchmark, the offshore equities within the fund underperformed their benchmark over the quarter.

The local equity market, as measured by the DCTRI, returned 2.99% for the fourth quarter and 11.13% for twelve months, clawing back some of the losses it has made in the past years. The 1-year return of 11.13% for the year, was supported by a special dividend of 40 thebe per share declared by FNBB,

Within the quarter, eleven of the counters listed on the BSE main board continued to recover, recording share price gains. The financial services sector, once again, led the DCI's positive quarter. Letshego, which has faced some governance challenges in recent years and lost value due to it, was the sector's (and DCI's) largest gainer, rallying by a further 18.64% during the quarter. While there was no financial information released in the quarter, the company released governance-related information, which together with financial information released during the third quarter, were positive developments. The financial sector's performance was followed by the property sector, where most counters rallied, only let down by the 8.70% share price decline experienced by Primetime.

Global equities started the quarter off strong, with a positive earnings season. This was, however, deterred by the speed of the Federal Reserve's asset tapering plans, supply chain problems, and the emergence of the highly infectious Omicron variant. The lower threat of hospitalisations, however, supported markets to end the quarter on a positive note.

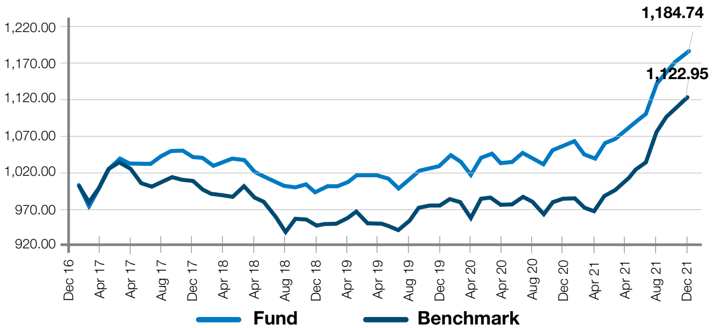
Throughout the year, positive earnings supported market performance as companies were able to offset inflationary pressures. The companies that were set to benefit from a global reopening, which previously lagged in performance during the early stages of the pandemic, performed well during the early part of the year. However, for the remainder of the year companies faced challenges due to rising inflation from rising energy prices, and supply chain bottlenecks, and the emergence of the Omicron variant of COVID-19 which emerged toward the end of the year. Despite the challenges, the year in total was viewed positively, a sentiment that was bolstered by the continuing vaccine rollouts (resulting in fewer hospitalisations and therefore continued business amidst rising cases), and easy monetary policy.

## Market Outlook

Positive investor sentiments were maintained as companies, both locally and offshore, have reported better performance, relative to 2020, supported by the ongoing vaccination drives which have made possible the opening of economies. This positive sentiment comes with caution as businesses will continue to face headwinds. Higher input costs caused by a shortage in the skilled workforce in the USA and supply chain bottleneck in other regions, as well as lower discretionary income locally, will be felt in 2022. As inflation rises and as consumers continue to struggle, we place more focus on those companies that can offer some product differentiation and therefore better control their pricing to protect margins.

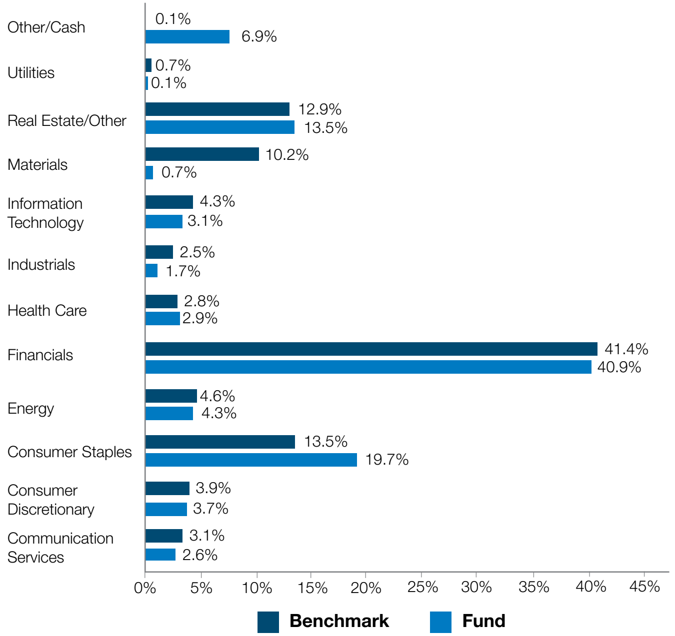
**Total Expenditure Ratio (T.E.R.):** 2.91%

## 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:** BWP16,365,481.63

### 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**

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