

Local Equity Fund

Fund Factsheet | 31st December 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.

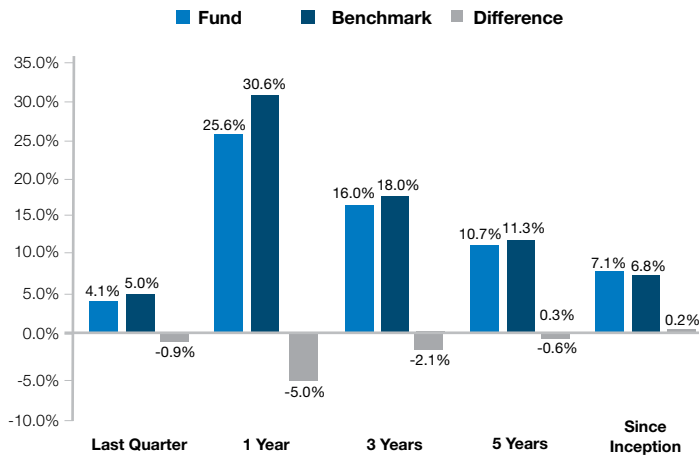
Strategy

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 4.09% over the quarter, underperforming the benchmark return of 4.96% by 0.87%. The consumer sector drove most of the gains over the quarter, followed by the banking and telecommunications sectors. Over the 12-month period, the Fund returned 25.64% underperforming the benchmark return of 30.64% performance by 5.00%.

Quarterly Commentary

The local equity market ended the last quarter of the year on a positive note with 14 of the 23 listed stocks increasing in price over the last six months. Five stocks recorded a flat performance and only four stocks declined in price over the period. The strong performance was supported by robust growth in earnings across most of the sectors. Seed Co International was the leading performer on the Botswana Stock Exchange (BSE) over the quarter, appreciating 34.62%. Other notable movers over the quarter were CA Sales (8.52%), RDGP (6.67%), Letlile (5.88%), FNBB (5.65%), and StanChart (4.95%). Over the twelve months, the local equity market posted strong gains. Chobe appreciated by 87.74%, CA Sales appreciated by 60.71% Seed Co appreciated by 29.63%, and Sefalana appreciated by 18.74% over the twelve-month period. Over the same period, the banking sector also posted gains with FNBB appreciating by 22.86%, ABSA appreciating by 23.05% and StanChart appreciating by 84.67% over 12 months.

Market Outlook

The local equity market recorded its best annual performance for the past decade returning 25.47% (DCTRI) over 2023. Whilst the COVID-19 period over much of 2020 and 2021 brought unprecedented uncertainty and turbulence into the local equity market, 2022 and 2023 represented a period of recovery and growth.

The growth in prices over the year was driven by the strong performance of the large-cap banking stocks as well as the consumer sector stocks which benefited from the high inflationary period experienced over much of 2022. Local Bank's interest income rose sharply over 2022 as the impact of the interest rate increase supported the growth of interest income. Consumer Goods stocks also reported strong growth in earnings as they benefitted from the price increases across their product offerings.

The Bank of Botswana Business Expectations Survey carried out over the quarter reported that firms were more optimistic about business conditions in the third quarter of 2023 compared to the second quarter of 2023.

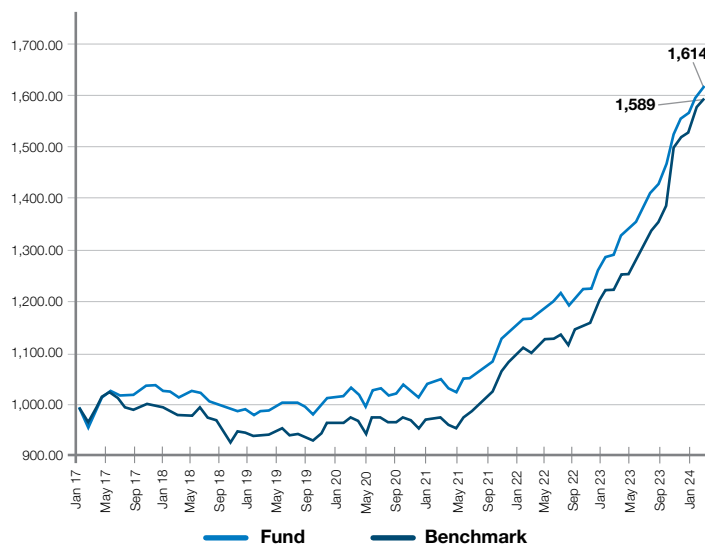
Local real Gross Domestic Product (GDP) grew by 0.5% over the third quarter of 2023, down from a 5% increase registered over the third quarter of 2022. The Ministry of Finance projects GDP growth of 3.8% in 2023 and 4.4% in 2024 reflecting a rebound in economic activity.

The annual inflation rate closed the year at 3.5% in December 2023, an increase of 0.4% compared to the 3.9% inflation rate registered in November 2023. The latest forecasts from the Bank of Botswana show inflation remaining within the Bank's 3-6% target range over the short to medium term averaging 4.9% in 2024 and 4.7% over 2025.

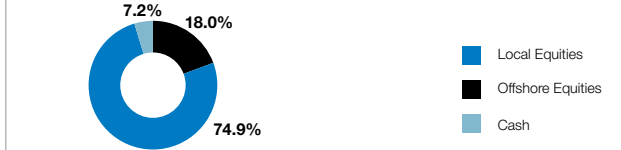
The Fund's strategy remains underpinned by our disciplined, fundamental valuation and bottom-up portfolio construction process. We continue to keep a constant watch over our opportunity set, incorporate new information into our valuation models, and identify threats and opportunities to strengthen the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

Total Expenditure Ratio (T.E.R.): 3.02%

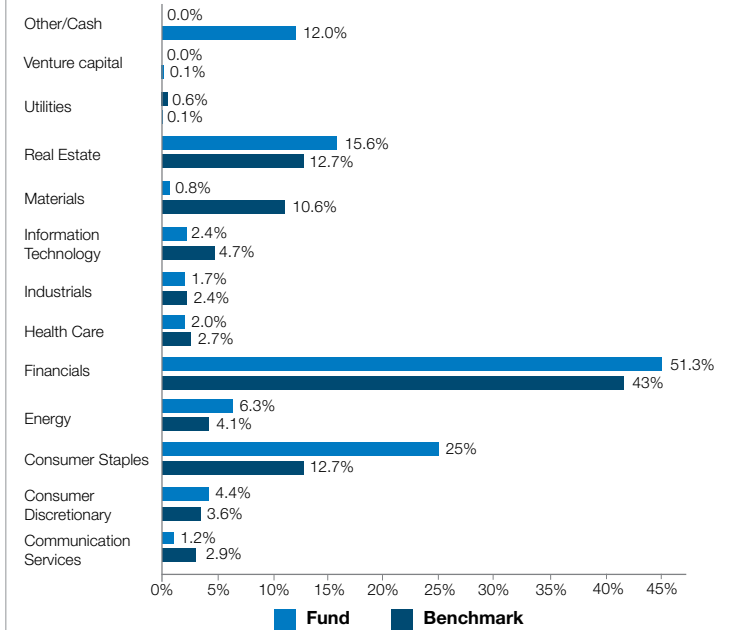
Cumulative Returns (BWP)



Asset Allocation



Sector Allocation



Quick Facts

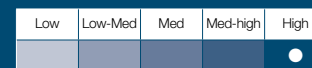
Fund Information

Portfolio Manager: Bifm Investments Team
Launch Date: Jan 2017
Minimum Investment: P 1000 lump sum
P 200 debit order
Fund Size: BWP25,004,047.56

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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