Ya Masa Junior Fund

Fund Factsheet | 30th September 2024

Fund Objective

The fund aims to provide long-term capital growth by investing in a diversified range of assets. It has a moderately high-risk profile and a seven-year lock-in period which caters for investors with a long-term investment horizon who are comfortable with accepting some degree of risk and volatility for some degree of growth.

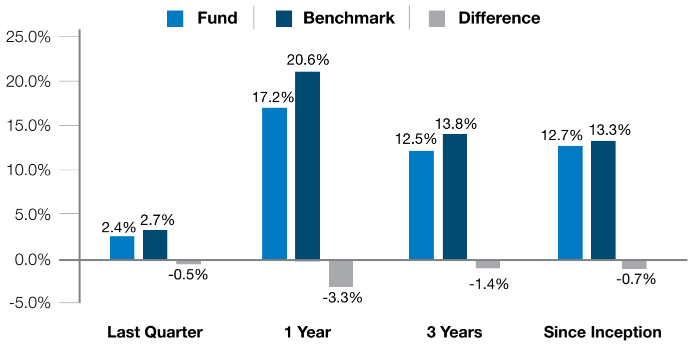
Strategy

The Bifm Ya Masa Junior Fund is a multi-asset fund that invests in local and offshore equities, bonds, property, and money market instruments.

Why Choose This Fund?

The fund is suitable for the investor with a moderately high-risk profile who wishes to hold investments over a long-term horizon and generate long-term capital growth. This fund is best suited for individuals who wish to save and invest for the long term in their individual capacity or on behalf of their children.

Performance



Performance Review

The Bifm Ya Masa Junior Fund returned 2.27% in the third quarter of 2024, underperforming the benchmark return of 2.72% by 0.44%. Both asset allocation and stock selection decisions detracted from the fund's relative performance over the quarter. Over the 12-month period, the Fund returned 17.23%, underperforming the benchmark by 3.34%.

Local Equities

The Local equity allocation returned 9.45% over the quarter, outperforming the benchmark Domestic Companies Total Return Index (DCTRI) return of 5.35% by 4.10%. The local equity market ended the third quarter of the year on a positive note with 10 of the 23 listed stocks increasing in price over the last three months. Thirteen stocks recorded a flat performance and none of the stocks declined in price over the period. Performance over the quarter was driven by the consumer sector. CA Sales was the leading performer on the Botswana Stock Exchange (BSE) over the quarter, appreciating 47.05%. Other notable movers over the quarter were Sechaba (38.25%), Sefalana (9.84%), StanChart (7.52%) and FNBB (5.98%).

Local Bonds

The Local Bond allocation returned 0.31% over the quarter, outperforming the benchmark Fleming Aggregate Bond Index (FABI) return of -0.82% by 1.13%. In the wake of weak economic prospects, credit extension slowed significantly in the 3 months to July 2024, with total credit extended to households and businesses locally shrinking by 1.37% over the period. By comparison, the 12 months to April 2024 saw credit extension grow by 8.36% whilst the 12 months to July 2024 saw credit extension grow by only 2.84%.

Offshore Equities

The Offshore Equity allocation returned 0.73% over the quarter, underperforming the benchmark MSCI return of 1.79% by 1.06%. There was no dominant theme driving the performance during the third quarter. July saw a shift from the previously favoured mega-cap leaders to lower-quality value stocks, which outperformed during this period. A technical correction occurred at the beginning of August followed by a rebound on the expectation of more aggressive rate cuts. In September 2024, equity markets returned to strength as the Federal Reserve commenced its long-awaited rate cutting cycle with a 50 basis point move.

Offshore Bonds

The Offshore Bond allocation returned 1.18%, underperforming the benchmark Bloomberg Aggregate Bond Index return of 2.38% by 1.21%. Sovereign bond yields broadly fell across developed markets as the Fed cut rates for the first time since 2020, joining other central banks, including the BoE and ECB, in easing monetary policy conditions. Weaker-than-expected U.S. labour market data, alongside slowing inflation, prompted the Fed to cut rates by 50 bps. In Japan, yields fell as a hawkish BoJ weighed on risk sentiment.

Market Outlook

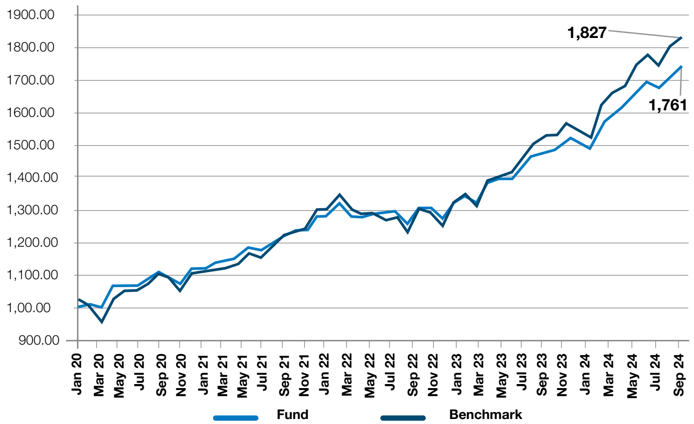
The quarterly GDP release by Statistics Botswana showed a contraction of 0.5% in the real GDP over Q2 2024, compared to a growth of 3.3% in the corresponding quarter in 2023. The contraction in the domestic economy was mainly due to reductions in the real value added by the Mining & Quarrying and Diamond Traders sectors of 16.5% and 11.2% respectively. This is on the back of a weak performance by Botswana diamonds in the international diamond markets. All other sectors recorded growth over the period.

Over the quarter, the Monetary Policy Committee (MPC) met twice (in June and in August). At both meetings, the MPC opted to cut the MoPR by 25 basis points respectively, sending a strong message of a dovish stance to market participants. The MPC supported the decisions as a recognition of an expectation for the economy to continue operating below full capacity in the short term, and thus not expected to generate demand-pull inflationary pressures.

The third quarter of 2024 marked a period of rate cuts by the major central banks, resulting in a strong quarter for the global bonds market. The Bank of England cut rates by 25 basis points in early August, the European Central Bank by 25 basis points in September, and the US Federal Reserve made the most notable cut of 50 basis points in September. This signalled less of a worry about inflationary pressures as falling inflation to around 2% target levels has given central banks the confidence to start cutting rates. The direction, rather, shows concerns over economic growth, particularly in the US where unemployment levels have remained high. There remains some risk of continued elevation in inflation levels, caused by sticky services inflation in the USA and the UK. These could result in a pause in the coming months.

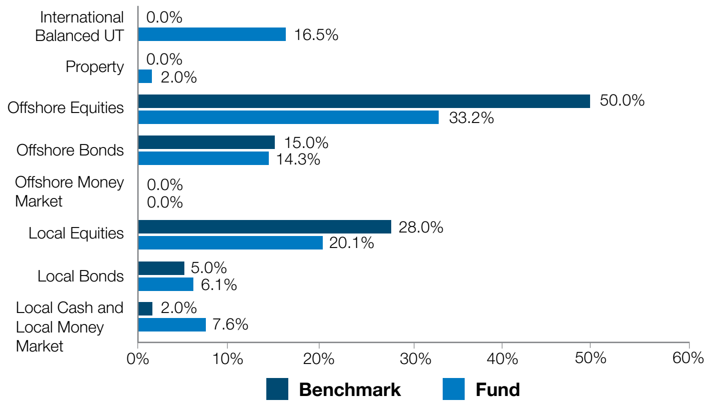
Total Expenditure Ratio (T.E.R.): 2.90%

Cumulative Returns (BWP)



Share with your child how investing is a form of owning a business. The way they receive profits can vary.

Asset Allocation



Quick Facts

Fund Information

Portfolio Manager: Bifm Investments Team

Launch Date: Jan 2020

Minimum Investment: P200 debit order

Fund Size: BWP39,262,527.85

Fees

Initial Fund Fee: 0%

Annual Management Fee: 2%

Fees are shown excluding VAT

Risk Profile

Low	Low-Med	Med	Med-high	High
			●	

Fund feature

7 year lock-in period

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

Plot 396/7 Moffat Street, Central
Residential Area
Francistown, Botswana

Postal Address

Private Bag BR185, Broadhurst
Gaborone, Botswana

T: +(267) 399 2199 / +(267) 241 3041
F: +(267) 390 0358
E: retailservices@bifm.co.bw