

Balanced Prudential Fund

Fund Factsheet | March 2026



Fund Objective

The Fund aims to provide long term capital growth by investing in a diversified range of assets. It has a moderate risk profile and caters for the needs of the investor with a medium-long term investment horizon.

Strategy

The Bifm Balanced Prudential Fund is a multi-asset class fund that invests in both local and offshore equities, bonds and money market instruments.

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The Bifm Balanced Prudential Fund returned 1.49% during the first quarter of 2026, underperforming the benchmark return of 1.82% by 0.33%. Over the quarter, stock selection decisions contributed positively to the fund's relative performance. Over the 12 months, the Fund returned 13.20%, outperforming the benchmark by 0.01%.

Performance Q1 2026

Local Equities

The Local equity allocation returned 0.67% over the quarter, outperforming the benchmark Domestic Companies Index (DCI) return of 0.48% by 0.19%. Market performance moderated significantly over the period from the 3.95% return recorded in the final quarter of 2025. The telecommunications sector was the leading performer over the quarter, with BTCL returning 8.96%. In the banking sector, returns were generally positive, except for Access Bank, which was flat. The Property and Consumer sector returned muted results over the quarter, while the remainder of the market was broadly unchanged.

Local Bonds

Over the quarter, the Fund returned 0.47%, outperforming the benchmark, the Fleming Aggregate Bond Index (FABI), which returned 0.11%. The domestic bond market remained under pressure, with continued oversupply of government bonds shaping market dynamics. Yield movements diverged across the curve, with long-dated bond yields rising at a more gradual pace than in the previous quarter, resulting in reduced volatility at the long end. In contrast, the short end experienced increased volatility, with Treasury bill yields rising by more than 1.00% over the quarter.

Offshore Equities

The Offshore Equity allocation returned 0.45% over the quarter, underperforming its benchmark by 1.44%. Markets entered 2026 supported by resilient earnings, improving breadth, and optimism around AI-related growth. However, this constructive backdrop reversed sharply following the escalation of conflict in the Middle East and the closure of the Strait of Hormuz, which represented one of the most significant energy supply shocks in decades. Regionally, returns were dispersed. The United States was among the weakest major markets. Large-cap growth and technology stocks lagged sharply, reflecting concerns over AI capex discipline, energy costs, and rates. Ex-US Developed Markets generally outperformed the US. Japan and the UK delivered positive returns, benefiting from value and cyclical exposure and improved market breadth.

Offshore Bonds

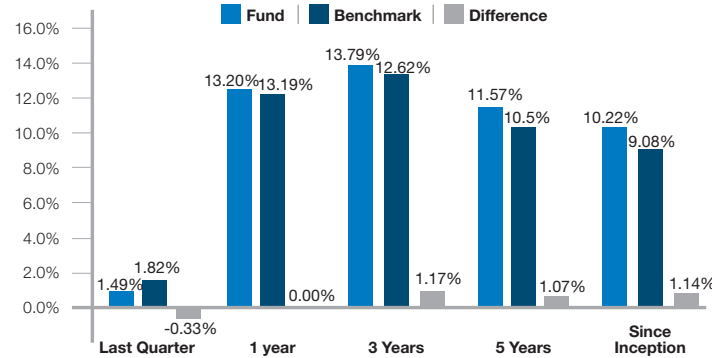
The Offshore Bond allocation returned 4.40%, outperforming the benchmark (Bloomberg Global Aggregate Index) by 0.13%. Global growth has remained resilient, masking widening divergence across countries, industries, and households, while the conflict in the Middle East has introduced a major new source of risk. The conflict represents a major global energy supply shock that, if sustained, is likely to push inflation higher while weighing on growth. Over the quarter, risk sentiment declined, and credit spreads widened modestly, as the energy sector gained. Against this backdrop, most major central banks held rates steady.

Market Outlook

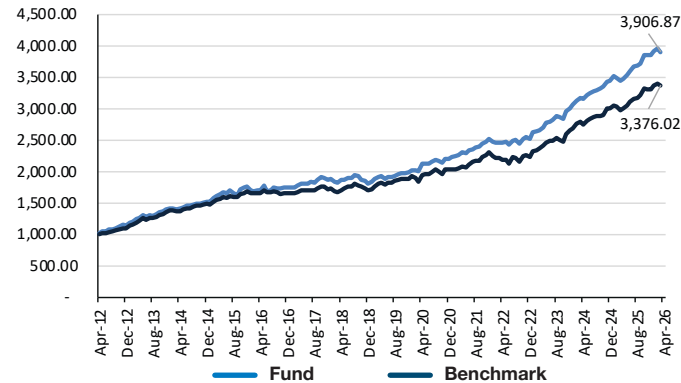
Local Real GDP contracted by 5.4% year-on-year in Q4 2025, compared to a decline of 1.9% in the same period in 2024, reflecting continued weakness in key sectors including Mining & Quarrying, Construction, and Water & Electricity. The domestic macroeconomic backdrop remains under pressure, and this view was affirmed by S&P Global Ratings, which downgraded Botswana's sovereign credit rating from BBB to BBB- during the quarter, with a negative outlook.

Globally, the outlook is shaped by heightened geopolitical uncertainty following the escalation of tensions in the Middle East and the disruption to global energy supply. Higher energy prices complicate the inflation and monetary policy outlook. While a recession is not the central expectation, growth is likely to moderate, particularly in the United States, as fiscal support fades later in the year. The duration of this shock will be critical in determining market outcomes. A swift resolution would likely allow energy prices to ease and growth expectations to stabilise, while a prolonged disruption risks reigniting inflation pressures, weakening consumer demand, and increasing downside risks to confidence.

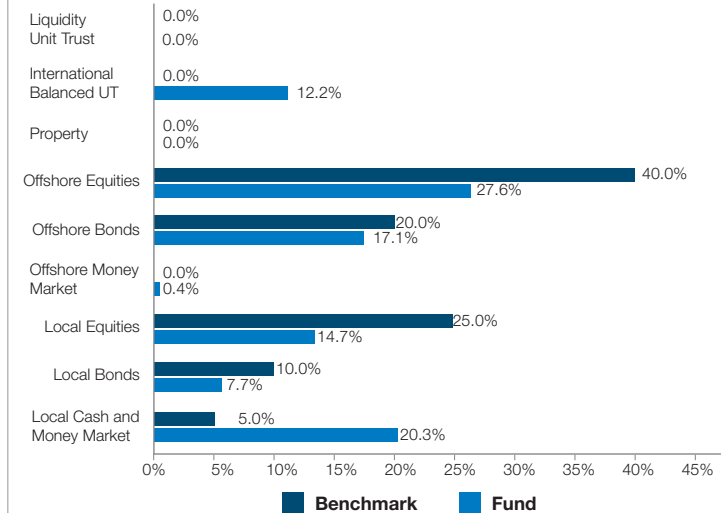
Performance



Cumulative Returns (BWP)



Asset Allocation



Quick Facts

Fund Information

Portfolio Manager: Bifm Investments Team
Launch Date: April 2012
Minimum Investment: P1000 lump sum
P200 debit order
Fund Size: BWP364,760,080.61
Fees
Initial Fund Fee: 5%
Annual Management Fee: 2%
Fees are shown excluding VAT

Risk Profile

Low	Low-Med	Med	Med-high	High
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Income Distribution

Income Distribution Frequency: Semi-Annual Jun, Dec

Contact Details

Trustees and Custodians
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