

Balanced Prudential Fund

Fund Factsheet | 31st March 2024



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.

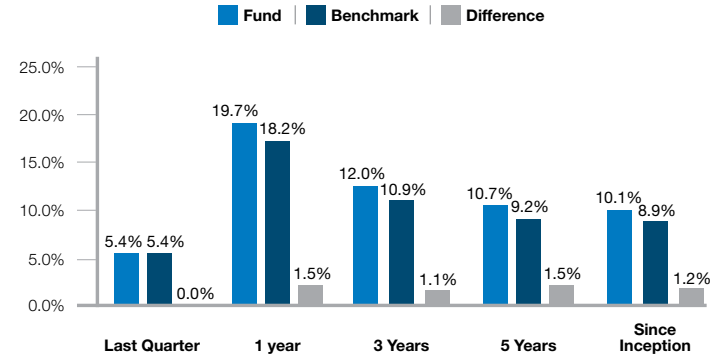
Strategy

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

Why Choose This Fund?

This fund is suitable for the investor who wishes to generate long-term capital growth and has a moderate risk appetite.

Performance



Performance Commentary

The Bifm Balanced Prudential Fund returned 5.43% over the first quarter of 2024, outperforming the benchmark return of 5.38% by 0.04%. Security selection decisions detracted from the fund's relative performance over the quarter.

Over the 12-month period, the Fund returned 19.69%, outperforming the benchmark by 1.51%.

Local Equities

The Local equity allocation returned 2.34% over the quarter, outperforming the benchmark Domestic Companies Index (DCI) return of 1.87% by 0.47%.

The local equity market ended the first quarter of the year on a positive note with eleven of the twenty-three listed stocks increasing in price over the last three months. Six stocks recorded a flat performance and only six stocks declined in price over the period. Performance over the quarter was driven by the banking sector following robust earnings growth across most of the local banks.

Investec was the leading performer on the Botswana Stock Exchange (BSE) over the quarter, appreciating 9.43%. Other notable movers over the quarter were Chobe (2.83%), Letlile (3.70%), StanChart (3.77%), BOD (6.67%) and FNBB (7.91%).

Local Bonds

The Local Bond allocation returned 4.41% over the quarter, outperforming the benchmark Fleming Aggregate Bond Index (FABI) return of 3.26% by 1.14%. The recent shift to an accommodative monetary policy stance has had a positive impact on credit extension, which grew by 9.67% in the 12 months to January 2024. Of particular note, credit extension to firms grew faster (18.19%) than that to households (5.36%).

Offshore Equities

The Offshore Equity allocation returned 9.38% over the quarter, underperforming the benchmark MSCI return of 11.49% by 2.11%. Artificial Intelligence (AI) continues to be the primary support for market performance, with growth stocks remaining dominant over the quarter relative to their value counterparts.

Offshore Bonds

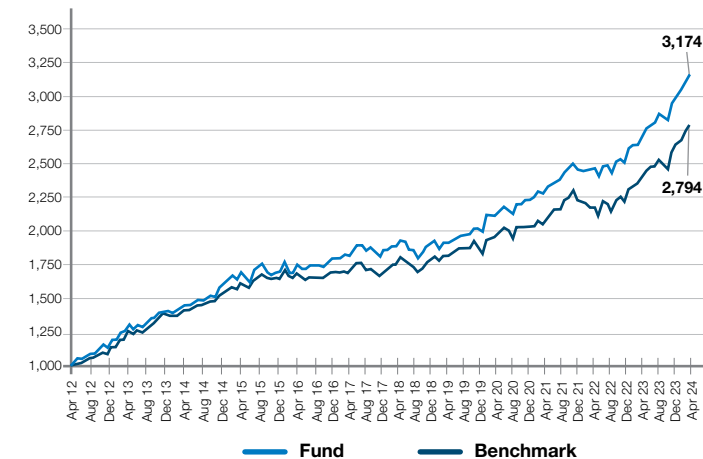
The Offshore Bond allocation returned 1.12%, outperforming the benchmark Bloomberg Aggregate Bond Index return of 0.27% by 0.85%.

Over the quarter, yields rose broadly across developed markets as inflation remained firm and economic activity robust, particularly in the U.S. While central banks generally held policy rates steady, including in the U.S., U.K., and Europe, dovish remarks from officials bolstered risk sentiment even as investors adjusted expectations for rate cuts in 2024. In Japan, the BoJ hiked rates for the first time in 17 years, ending its negative interest rate policy.

Market Outlook

Following a year of recovery in 2022, local real GDP growth slowed to 2.7% in 2023. This was below the Ministry of Finance's projection of 3.2% growth in 2023 and below the 5.5% growth registered in 2022. The slowdown in growth was attributable to the slack in mining activity over 2023 when compared to 2024.

Cumulative Returns (BWP)



Quick Facts

Fund Information

Portfolio Manager: Bifm Investments Team

Launch Date: April 2012

Minimum Investment: P1000 lump sum
P200 debit order

Fund Size: BWP190,264,920.62

Fees

Initial Fund Fee: 5%

Annual Management Fee: 2%

Fees are shown excluding VAT

Risk Profile

Low	Low-Med	Med	Med-high	High
		●		

At the meeting held on the 22nd of February 2024, the BoB's Monetary Policy Committee (MPC) maintained the Monetary Policy Rate (MoPR) at 2.4%. The decision was supported by the MPC 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.

Globally, headline inflation has come down substantially but remains above target levels in most markets with rates likely to remain "higher for longer" as most central banks remain on hold, leading to tighter financial conditions. As financial conditions tighten and the economic cycle slows down, we continue to see some pockets of stress emerging amidst highly leveraged consumers and corporates.

Total Expenditure Ratio (T.E.R.): 3.15%

Asset Allocation

