

Balanced Prudential Fund

Fund Factsheet | 31st December 2017

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 horizon.

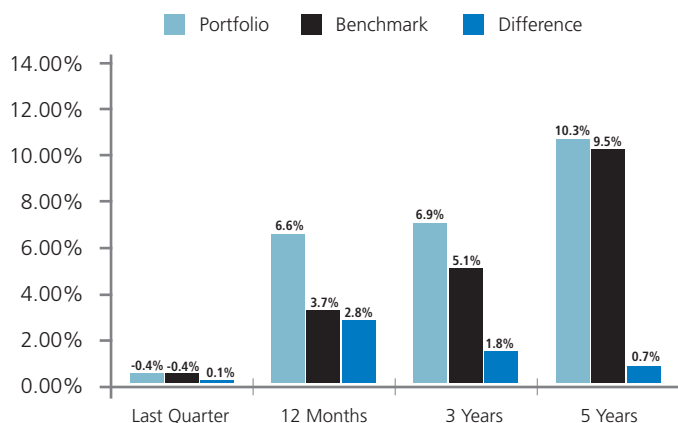
STRATEGY

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

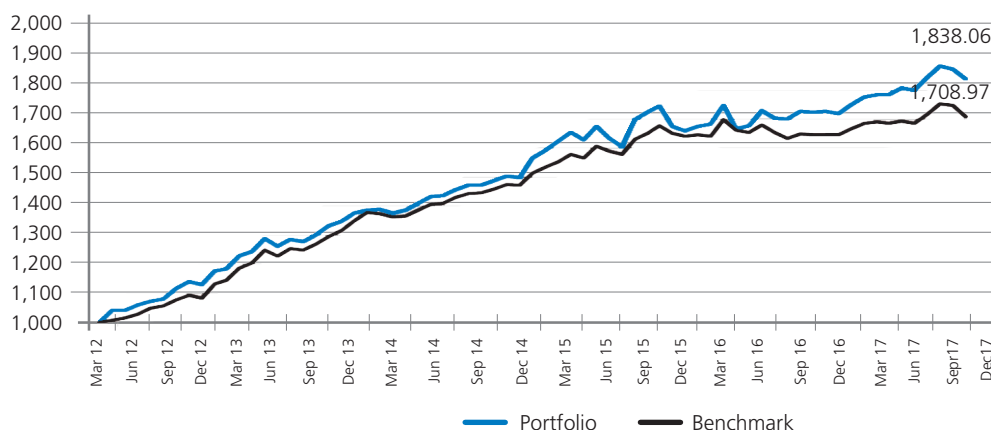
WHY CHOOSE THIS FUND?

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

PERFORMANCE



CUMULATIVE RETURNS SINCE INCEPTION



QUICK FACTS

Risk Profile

Low	Low - Med	Med	Med-high	High
		●		

Fund Information

Portfolio Manager: Bifm Investments Team
 Launch Date: April 2012
 Minimum Investment: P 1000 lump sum
 P 200 debit order
 Fund Size: BWP104,874,154.10

Fees

Initial Fund Fee: 5 %
 Annual Management Fee: 2 %
 Fees are shown excluding VAT

Income Distribution

Income Distribution Dates: 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

Postal Address

Private Bag BR185, Broadhurst
 Gaborone, Botswana

T: +(267) 395 1564

F: +(267) 390 0358

E: retailservices@bifm.co.bw

Collective Investment Undertakings (CIUs) are generally long-term investments. The value of units may go down as well as up and past performance is not necessarily a guide to future performance. Unit trusts are traded at ruling prices. Commissions and incentives may be paid and if so, would be included in the overall costs. Forward pricing is used. Different classes of units apply to these funds and are subject to different fees and charges. A schedule of fees and charges and maximum commissions is available on request from Bifm Unit Trusts (Pty) Limited. Unit trust prices are calculated on a net asset value basis, defined as the total market value of all assets in the unit trust fund including any income accruals and less any permissible deductions (which may without limitation include brokerage fees, VAT, bank charges, audit fees, trustee fees and the annual management fee) from the fund divided by the number of units in issue. Performance figures are based on lump sum investments with income distributions reinvested. The investment objective of the fund shall be compared with the investor's objective, before an investment decision is made by the investor. The Total Expense Ratio (TER) cannot be taken as an indication of fund performance. The current TER cannot be regarded as an indication of the future TER. The fund is managed to comply with the Collective Investment Undertakings Act Cap 56:09 (and shall be amended from time to time). Exposures in excess of the limits will be corrected immediately except where due to market value fluctuations or capital withdrawals in which case they will be corrected within a reasonable time period. Bifm Unit Trusts (Pty) Limited, Company Registration Number: CO2009/2597, is approved by the Non-Bank Financial Institutions Regulatory Authority as a Unit Trust Management Company. Bifm Unit Trusts (Pty) Limited does not provide advice on investments, but does present clients with information on all Bifm Unit Trusts CIU funds. The fund prospects may be acquired free of charge, from Bifm Unit Trusts (Pty) Ltd.

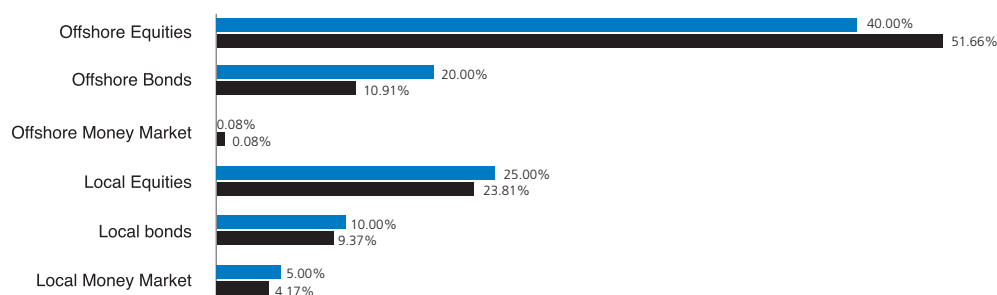
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ASSET ALLOCATION AS AT 30 JUNE 2017

■ Benchmark ■ Portfolio



PERFORMANCE FOR Q4 2017

The Bifm Balanced Prudential Fund outperformed the benchmark return of -0.44% by 6 bps, posting a return of -0.38% over the fourth quarter of 2017. While there were detractors on stock selection, asset allocation was positive, particularly on the offshore bond allocation.

Our allocation to local equities declined by 0.38% over the period, outperforming the benchmark decline of -0.79%, by 0.41%. Positive contributors to fund performance over the quarter came from the banking, property and consumer sector, whilst detractors to performance were from the telecommunications sector. The local market remains overpriced, presenting a few outright bargains. Our conviction list remains unchanged, favouring companies that are diversified; across revenue lines and geographically across the region. Noting that 2017 presented a muted economy due to the increased level of unemployment and constrained consumer income, we expect these same conditions to persist in 2018 as no great strides have been made in creating sustainable income to households.

The local bond allocation outperformed its benchmark return of 1.64% by 0.67%, returning 2.31% over the quarter. The Bank of Botswana cut the key rate by 50 bps to 5.00% during the quarter. Subsequent to the rate cut, the yield curve responded accordingly by shifting downwards across the various tenures beyond 1 year. The impact of the rate cut and, by extension, the downward shift was positive for the portfolio from a valuation perspective.

The world equity allocation returned 0.04% over the quarter, underperforming its benchmark of 0.68% by 65bps in BWP terms. Our positioning within the developed equity markets was the main driver of performance. In emerging markets, we anticipate that markets will continue to benefit from policy implementations targeting corporate governance and improvements in profitability.

The offshore bond allocation declined by 3.90% over the quarter, underperforming its benchmark of -3.54% by 36bps. US Treasury yields rose by 8bps to 2.41% over the quarter, and the yield curve flattened amid growing momentum behind a tax reform bill which is expected to stimulate growth and inflation. However, with the modest inflation outlook, we expect the major central banks to only gradually remove the massive monetary stimulus put in place since the financial crisis.

Global growth is expected to be sustained over the next few years. However, threats to longer-term growth exist in the form of increased protectionism, the possibility of financial distress and rising geopolitical tensions. The Botswana economy is undergoing a cyclical recovery and the outlook is broadly positive. We have seen an up-tick of inflation since the beginning of the year, having started at 2.8% to 3.2% as at end of December 2017. Despite the inflation data, our view is that monetary policy will be accommodative or supportive of the domestic economy in the short to medium term.

TOTAL EXPENDITURE RATIO (T.E.R.) – 2.52%

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