

# Balanced Prudential Fund

Fund Factsheet | 30<sup>th</sup> June 2018

## 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.

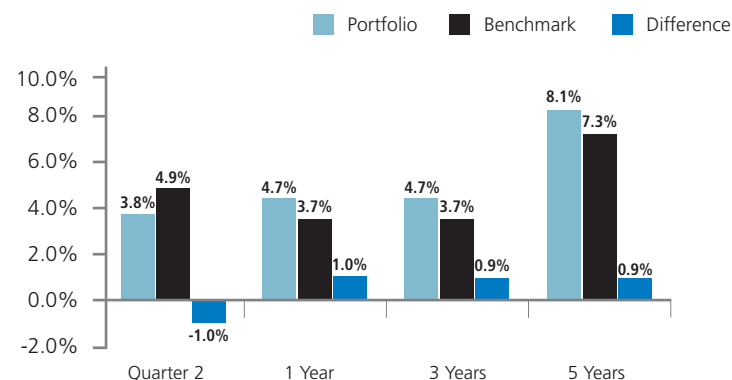
## STRATEGY

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

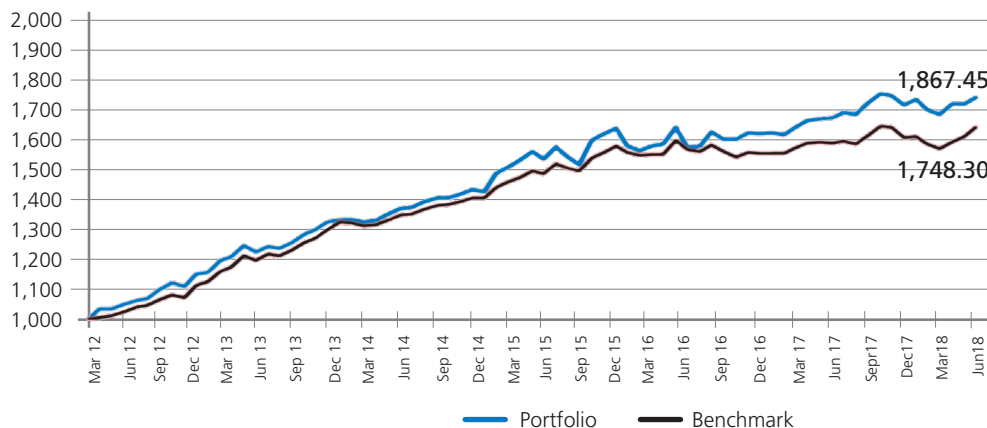
## WHY CHOOSE THIS FUND?

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

## PERFORMANCE



## CUMULATIVE RETURNS



## 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: BWP110,862,672.50

### 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

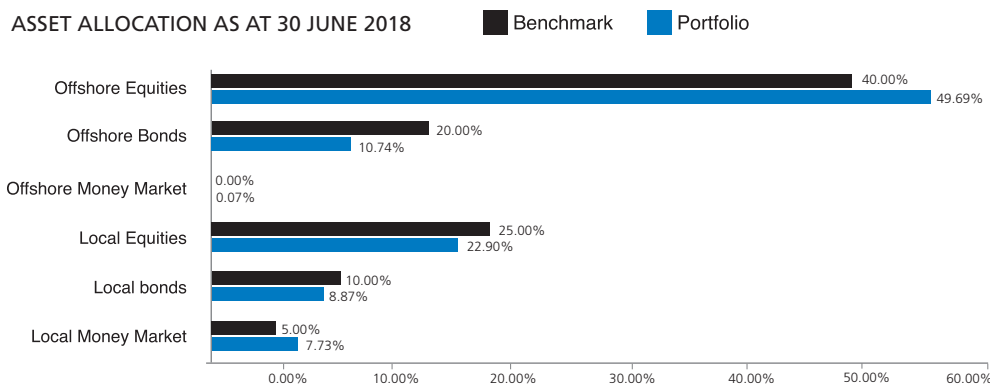
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Collective Investment Undertakings (CIUs) are generally long-term investments. The value of units may go down as well as up and past performance is not necessarily a guide to future performance. Unit trusts are traded at ruling prices. Commissions 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 prospectus may be acquired free of charge, from Bifm Unit Trusts (Pty) Ltd.

\*The price, which will apply to an instruction received on a Saturday/Sunday or public holiday will be that of the following Monday/trading day\*

## ASSET ALLOCATION AS AT 30 JUNE 2018



## PERFORMANCE FOR Q2 2018

The Bifm Balanced Prudential Fund returned 3.81% with the NAV closing at 154.99 thebe. Our stock selection within local equities contributed positively to fund relative performance whilst asset allocation, particularly towards offshore equities, detracted from relative fund performance.

The fund's allocation to local equities declined by 0.14% over the period. Over the quarter, top performance contributors were the banking sector and a counter within the consumer sector. Detractors over the quarter were from various sectors, being; property, banking, and the consumer sector.

The local bond allocation returned 1.53% over the quarter. The yield curve underwent a slight bear-flattening over the quarter which proved negative for the Fund's relative performance. A higher exposure to Money Market instruments proved negative. Overweight exposure to credit vis-à-vis the benchmark remained a positive contributor to performance. Corporate and parastatal bonds returned 1.44% and 1.31% respectively for the quarter compared to government bonds which returned 0.73%.

The world equity allocation returned 6.05% over the quarter BWP terms. The Fund's underweight exposure to US equities and US Dollar, which were some of the top-performing assets in the quarter, was the main detractor from relative performance. Europe was the top-performing region, and the fund's overweight exposure to the region contributed positively to the performance.

The offshore bond allocation returned 6.13% over the quarter. US 10-year Treasury yields rose to a seven-year high in mid-May, as growth and inflation expectations continued to build before risk aversion and safe-haven buying led to a significant retracement. The US yield curve flattened as the spread between two and 10-year yields reached its lowest point since 2007. German bunds 10-year yields fell on safe-haven demand and as European data saw further softening. Italian yields spiked sharply on the formation of a populist coalition government in May that raised concerns over Italy's future relationship with Europe.

The local economy is undergoing a cyclical recovery with 2018 GDP growth estimates with the 5-6% range. Higher global commodity prices, improving political landscape in the SADC region and planned public investments make the outlook broadly positive. In April, the IMF affirmed the global growth forecast to 3.9% in 2018 and 2019, from 3.8% reported in 2017. However, investors remain nervous about the path of global growth given trade tensions and geopolitical risks. Globally, monetary policy remains accommodative although policy tightening has commenced in some advanced economies and gradual tapering has been signaled in the major advanced economies. 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.

**TOTAL EXPENDITURE RATIO (T.E.R) – 2.60%**

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