

Balanced Prudential Fund

Fund Factsheet | 31st December 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.

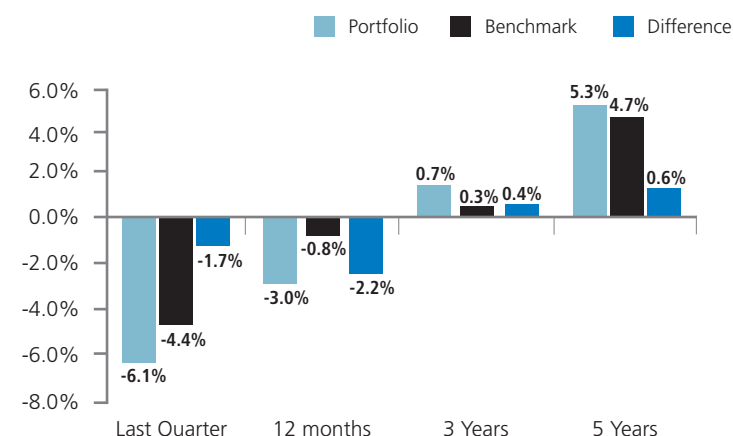
STRATEGY

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

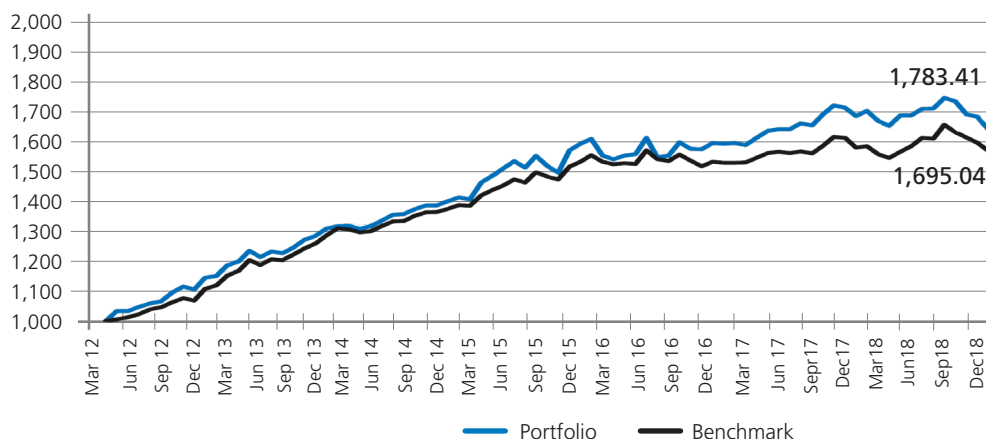
WHY CHOOSE THIS FUND?

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: BWP104,084,201.92

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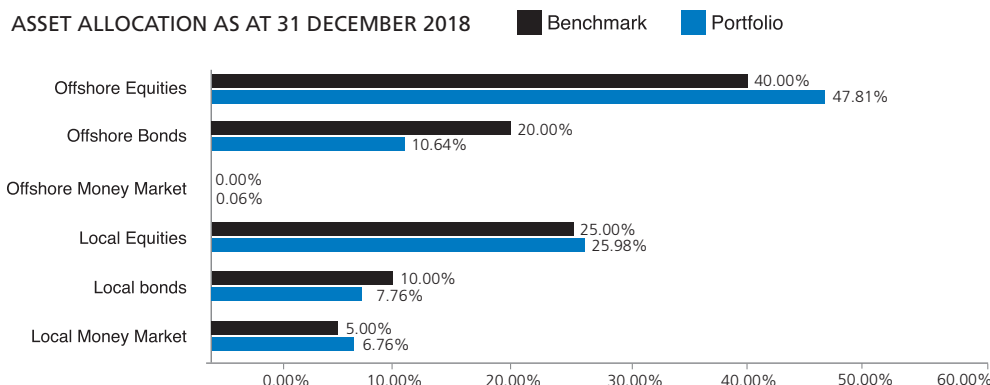
Collective Investment Undertakings (CIUs) are generally long-term investments. The value of units may go down as well as up and past performance is not necessarily a guide to future performance. Unit trusts are traded at ruling prices. Commissions and incentives may be paid and if so, would be included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

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ASSET ALLOCATION AS AT 31 DECEMBER 2018



PERFORMANCE FOR Q4 2018

The Bifm Balanced Prudential Fund declined by 6.09%, underperforming the benchmark return of -4.42% by 1.67% over the fourth quarter of 2018. Asset Allocation, particularly the fund's exposure to offshore equities, detracted from fund relative performance amidst heightened volatility in the global equity markets. The fund's allocation to local equities declined by 1.48%, underperforming the benchmark return of -0.19% over the period under review. The quarter started off on a positive note, with the market exhibiting some recoveries over the month of October. The DCI gained 0.19% over the third quarter marking an end to a period of five consecutive quarterly declines.

The local bond allocation outperformed its benchmark return of 1.24% by 0.45%, returning 1.69% over the quarter. The outperformance is mainly attributable to the Fund's overweight exposure to credit and purchases of government bonds at discount prices. The yield curve underwent a slight twist and flattened over the three month period. This came about as short term rates rose whilst long term rates declined, thus proving negative for the Fund's relatively shorter duration stance. The fund's offshore equity allocation declined by 12.11% over the quarter, outperforming its benchmark return of -12.39% by 29 bps in BWP terms. The market performance was the worst annual loss in a decade, culminating from growing concerns about geopolitical turmoil, policy tightening and late-cycle economic conditions which all led to heightened volatility.

The offshore bond allocation returned 3.16% over the quarter, underperforming its benchmark by 85 bps. The performance is attributable to the fund's overweight exposure to credit. A shorter duration detracted from relative performance. Yields were lower over the quarter, broadly reflecting increased risk aversion and volatility amid continued macro uncertainty relating to speed of rate normalisation, global trade tensions, Brexit and politics in Italy. US 10-year Treasury yields fell from 3.06% to 2.68%. In Europe, 10-year Bund yields declined from 0.47% to 0.24% as data remained lacklustre. Italian 10-year yields were volatile, but overall fell from 3.15% to 2.74% as the government reached an agreement with the EU on the budget, having reduced its fiscal deficit target to 2.04% (previously 2.40%).

MARKET OUTLOOK

Botswana's economy continues to show resilience, with GDP registering a growth of 4.2% y-o-y in the third quarter of 2018. A relative stable supply of utilities throughout the year has been a positive contributor, supporting economic activities as evidenced by the Water & Electricity sector registering a 42.6% growth (vs Q3 2017) in contribution to GDP. Our outlook for inflation remains positive in that we expect inflation to remain within the target band in 2019. This is despite cost-push inflationary pressures emanating from further increases in the local petrol and diesel pump prices. Global growth is expected to slow down in 2019 with no end in sight for the geopolitical risks presented by trade tensions and the risk of a hard Brexit. The US Fed is anticipated to continue with its hike regime, and the Fed rate is expected to peak at 3%. At its final meeting of the year, the ECB confirmed it would end its bond purchase programme but downgraded its growth and inflation forecasts for the year. Brexit uncertainty was heightened as the announcement of a withdrawal agreement between the UK and EU drew widespread criticism. Prime Minister Theresa May took a last-minute decision to postpone the parliamentary vote on the deal and soon after survived a confidence vote.

TOTAL EXPENDITURE RATIO (T.E.R) – 3.00%

QUICK FACTS

Risk Profile

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