

Balanced Prudential Fund

Fund Factsheet | 30th June 2019

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.

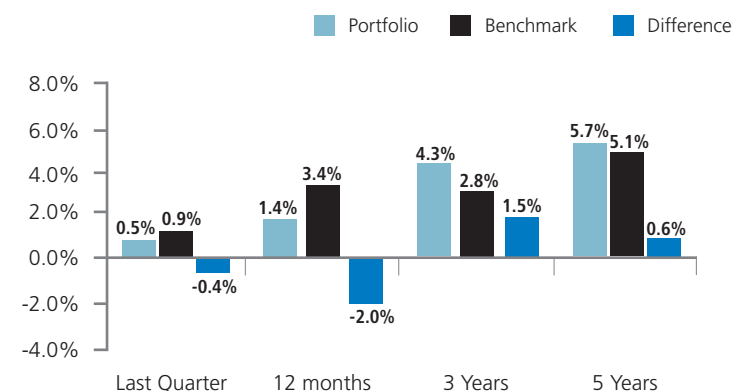
STRATEGY

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

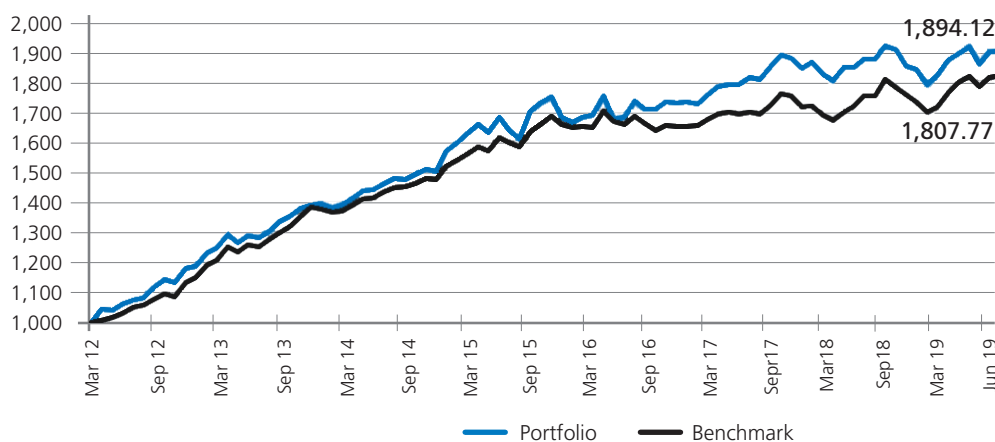
WHY CHOOSE THIS FUND?

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: BWP111,258,989.83

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
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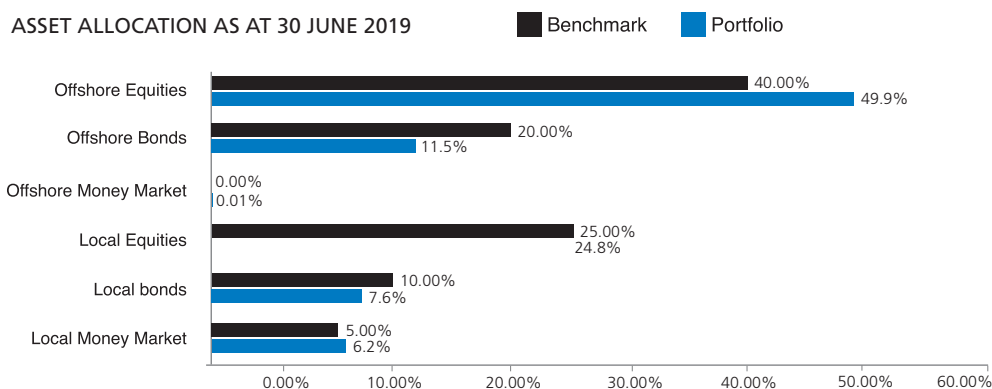
E: retailservices@bifm.co.bw



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 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 2019



PERFORMANCE FOR Q2 2019

The Bifm Balanced Prudential Fund returned 0.51% over the second quarter of 2019, underperforming the benchmark return of 0.91% by 40 basis points. Stock selection, particularly in the fund's exposure to offshore equities, detracted from fund relative performance while stock selection in local equities aided fund relative performance.

Local Equities

The local equity allocation outperformed its benchmark return of -3.34% by 468bps, returning 1.34% over the quarter. Following a positive first-quarter performance of 0.43%, the DCI gave up all returns (and more) in the second quarter, declining by 3.34% amidst the widespread loss of value of several stocks in the market.

Local Bonds

The local bond allocation outperformed its benchmark return of 2.20% by 0.35%, returning 1.85% over the quarter. Over the quarter, local bonds continued to rally in the short and belly of the curve, supported by the prevailing low inflation and interest rate environment as well as the Bank of Botswana maintaining an accommodative monetary policy. We continue to favour a shorter duration relative to the benchmark (FABI) and credit over government bonds.

Offshore Equities

The fund's offshore equity allocation returned -0.36% under-performing its benchmark return of 2.73% by 310bps. The second quarter brought indications of renewed central bank easing as several central banks indicated their preparedness to lower interest rates if the economic outlook worsens. Our overweight to China negated fund relative performance as the US levied fresh tariffs on the territory. China, of course, responded by imposing its own tariffs on US goods causing further uncertainty and volatility in global markets.

Offshore Bond

The offshore bond allocation returned 2.09% over the quarter, underperforming its benchmark by 12 bps. The underperformance is attributable to the fund's relatively shorter duration. The fund's overweight exposure to credit, on the other hand, contributed positively to fund relative performance.

MARKET OUTLOOK

The re-emergence of the US-China trade tensions in the second quarter fuelled concerns around global growth and weighed on investor's risk appetite. This provided a significant tailwind for fixed income investors expecting more accommodative easing, pushing yields lower over the quarter. We are taking the necessary steps to potentially improve offshore investment outcomes in a difficult environment, which include upgrading the quality of the portfolio to own more defensive, dividend-paying holdings in a late-cycle, low-rate environment.

Closer to home, local Real GDP for the first quarter of 2019 increased by 4.3% y-o-y, an increase from the previous quarter's level of 4.1% growth. The growth in GDP was led by real value-added of the "Transport & Communications" and "Trade, Hotels & Restaurants" sectors, which increased by 5.9% and 5.7% respectively. The Bank Rate was maintained at 5.00% over the quarter, and we believe that this accommodative stance will persist throughout 2019.

TOTAL EXPENDITURE RATIO (T.E.R) – 2.94%

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