

Balanced Prudential Fund

Fund Factsheet | 31st March 2020



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.

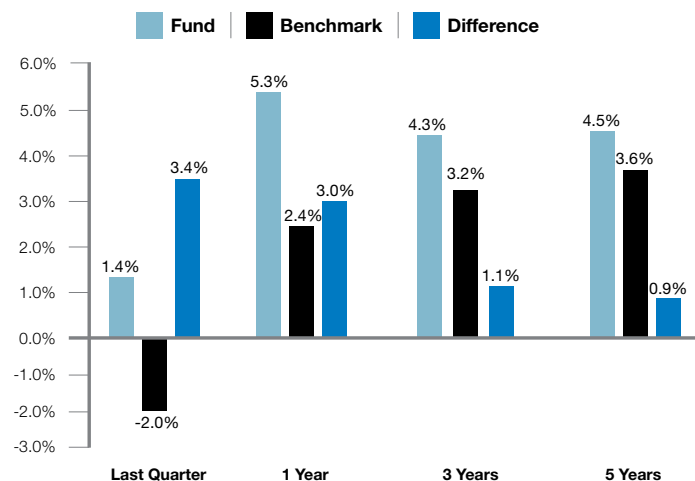
Strategy

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



The Bifm Balanced Prudential Fund returned 1.38% over the first quarter of 2020, outperforming its benchmark by 3.36% amidst a tumultuous time for global markets. Both asset allocation and stock selection decisions within local equities aided fund relative performance. Our allocation to offshore detracted from fund relative performance as offshore equities saw their worst performance since the 2008 financial crisis.

Local Equities

The local equity allocation continued its strong performance returning 1.84%, outperforming the benchmark DCI index by 1.94%, which declined by 0.09% over the same period. Over the quarter, the listed companies experienced varying performance in their share price. The overall resulting market performance was a decline of the index, driven by the 3.51% decline in the share price of FNBB, as the largest listed counter by market cap.

Local Bonds

The local bond allocation outperformed its benchmark return of 1.40% by 0.69%, returning 2.09% over the quarter. Local bonds posted positive returns in the quarter, extending a rally that has been going on for several years now. The Fund's overweight corporate bond exposure continued to contribute positively to relative performance.

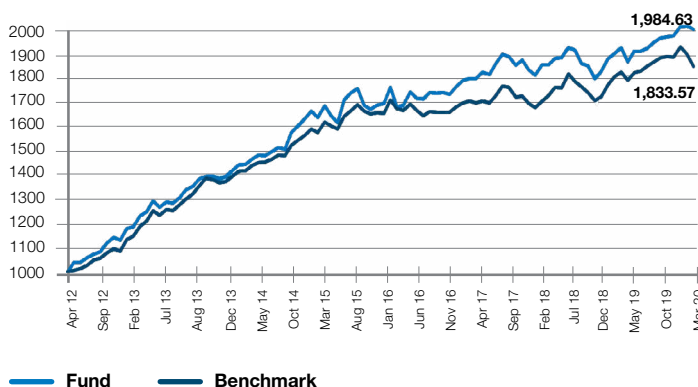
Offshore Equities

The fund's offshore equity allocation declined by 11.03%, underperforming the benchmark decline of 10.98% by 0.06% in BWP terms. Global equity markets plummeted by 21.05% in the first quarter in USD terms, due to the COVID-19 pandemic which has caused unprecedented large-scale business disruptions. The energy sector was the worst-performing sector, declining by 45% over the quarter due to decreased demand and on ongoing price war between Russia and Saudi Arabia.

Offshore Bond

The offshore bond allocation returned 9.49% over the quarter, underperforming the benchmark return of 12.39% by 2.91% in BWP terms. The underperformance is attributed to the fund's relative overweight position to credit which underperformed as investors fled to the relatively safer assets. The high-grade portion of the portfolio contributed positively, whilst the higher-yielding portion detracted as corporate credit and Emerging Market debt were negative for the quarter.

Cumulative Returns (BWP)

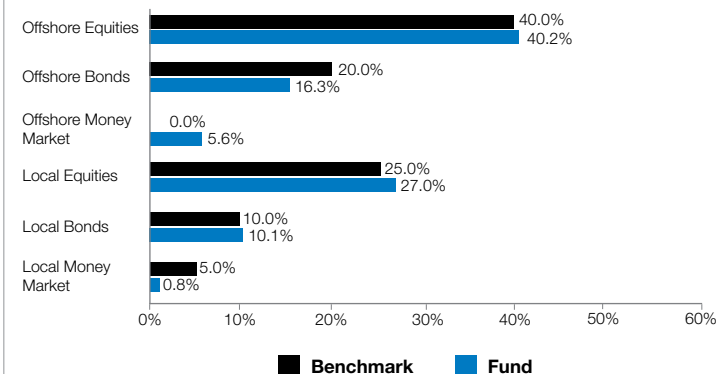


Market Outlook

The COVID-19 pandemic has materially changed the local economic expectations. In a bid to contain the spread of the disease, the government implemented a State of Emergency and an extreme social distancing policy (lockdown) which will negatively affect earnings and GDP. To counter this, the government communicated that it will roll out several relief programmes. Market pundits forecast that as a result of these, the projected budgeted deficit will increase from 4% to 10% of GDP. Following the longest global expansion on record, the global economy is currently plunging into what could become one of the deepest recessions in modern times. The near-term global economic outlook will remain uncertain until there is evidence that the virus is under control. However, we are seeing an unprecedented and assuring fiscal and monetary policy response that can help offset some of the short-term economic strain. The recovery prospects are still highly dependent on public health issues in terms of increasing testing and the long-term solution of providing a vaccine. There will be clear winners and losers in the short term, but also some substantial potential changes in consumer and corporate behaviour arising from this crisis; which presents us with investment opportunities for the long term.

Total Expenditure Ratio (T.E.R.) - 2.84%

Asset Allocation



Quick Facts

Fund Information

Portfolio Manager: Bifm Investments Team
Launch Date: April 2012
Minimum Investment: P 1000 lump sum
P 200 debit order
Fund Size: BWP109,132,707.35

Fees

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

Risk Profile

Low	Low-Med	Med	Med-high	High

Income Distribution

Income Distribution Frequency:
Semi-Annual Jun, Dec

Contact Details

Trustees and Custodians
Stanbic Bank Botswana
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