Balanced Prudential Fund

Fund Factsheet | 31st December 2025

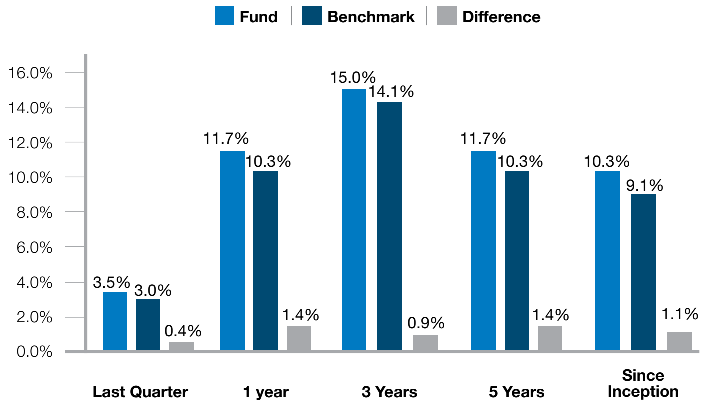
Bifm Unit Trusts

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



Perfomance Commentary
The Bifm Balanced Prudential Fund returned 3.51% during the final quarter of 2025, outperforming the benchmark return of 3.02% by 0.49%. Over the quarter, stock selection decisions contributed positively to the fund's relative performance. Over the 12-month period, the Fund returned 11.71%, outperforming the benchmark by 1.40%.

Local Equities
The Local equity allocation returned 2.11% over the quarter, underperforming the benchmark Domestic Companies Index (DCI) return of 3.95% by 1.85%. The local equity market's 3.95% return in the final quarter reflected a significant rebound from the 2.00% return in the third quarter. The consumer sector was the leading performer over the quarter, led by Choppies and Sefalana. The banking sector generated positive returns over the quarter on the back of gains from ABSA and FNBB. Property sector returns were mixed during the quarter, with positive returns from RDCP, PrimeTime, and NAP. The financial services sector struggled over the period, mainly due to the decline of Letshego, while BIHL remained flat.

Local Bonds
The Local Bond allocation returned negative 4.01% over the quarter, outperforming the benchmark Fleming Aggregate Bond Index (FABI) return of negative 5.62% by 1.60%. The pressures on the local fixed-income market stemmed from the oversupply of government bonds, which persisted well into the fourth quarter of 2025. Yields rose across the curve, resulting in the negative returns over the quarter, a noticeable change from the positive 1.82% in Q3 2025. The yield curve underwent a bear flattening, with yields on the front and belly rising while movement was muted at the tail.

Offshore Equities
The Offshore Equity allocation recorded a positive performance of 6.78% over the quarter, outperforming the benchmark MSCI World equity index return of 5.22% by 1.57%. The fourth quarter delivered strong returns, supported by easing inflationary pressures and a shift towards more dovish monetary policy, as well as resilient economic activity. Artificial Intelligence (AI) remained a key driver of market returns, although the sector's leadership of the overall market became less concentrated as market breadth improved, with cyclical sectors and more interest-rate-sensitive areas participating in the market rally. Over the quarter, only the Real Estate sector delivered negative returns (-2.39%) while all other sectors delivered positive returns. The Healthcare sector led returns, posting returns of 10.60%.

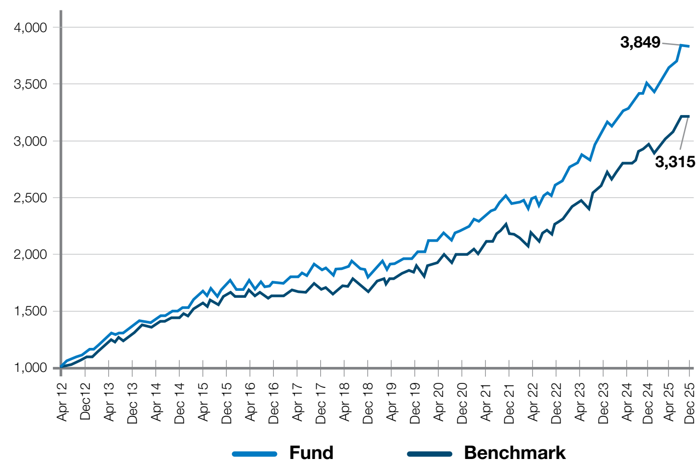
Offshore Bonds
The Offshore Bond allocation returned 0.77%, outperforming the benchmark Bloomberg Aggregate Bond Index return of 0.39% by 0.37%. Markets endured uncertainty throughout the final quarter of the year, as regional dynamics diverged from global trends. Risk sentiment remained healthy, credit spreads remained tight, and the MSCI World Index rose to 3.1%. In the U.S., investors grappled with a historic government shutdown, a moderating labor market, and stronger-than-expected growth fueled by tech investment. Against this backdrop, the Fed lowered rates 50 bps between its October and December meetings. Meanwhile, the BOE cut rates by 25 bps, and the ECB held rates steady. In Japan, the BOJ raised rates by 25 bps to their highest level since 1995.

Market Outlook
The quarterly GDP release by Statistics Botswana showed a strong rebound in economic activity, with real GDP expanding by 8.2% in Q3 2025, compared with a contraction of 4.0% in the corresponding quarter of 2024. Non-mining real GDP grew by 1.6% in Q3 2025, slower than the 4.7% growth recorded in the same quarter of the previous year. Headline inflation increased modestly over the quarter, rising from 3.7% at the start of Q3 to 3.9% by quarter-end, remaining within the Bank of Botswana's 3 to 6% objective range. The local economic environment remains challenging, with the ongoing slowdown in the diamond sector weighing on growth prospects. We stay mindful that prolonged weakness in diamonds has second-round effects on broader economic activity, including household demand, fiscal dynamics, and corporate earnings across several sectors.

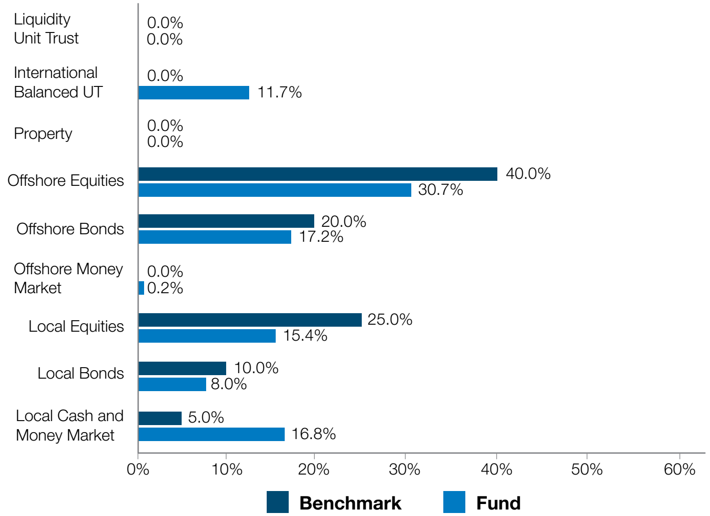
Heading into 2026, global growth expectations remain largely favorable across sectors and regions. For example, in developed markets, fiscal stimulus in Europe and the US, and ongoing disinflation in the UK, will provide support to the region. For Emerging Markets, the broader theme is to adopt a selective approach; areas such as China will continue to face headwinds, including overcapacity, elevated debt levels, and intense competition, which will exert deflationary pressures.

Total Expenditure Ratio (T.E.R.): 3.19%

Cumulative Returns (BWP)



Asset Allocation



Quick Facts

Fund Information
Portfolio Manager: Bifm Investments Team

Launch Date:	**April 2012**
Minimum Investment:	**P1000 lump sum**
	P200 debit order
Fund Size:	**BWP348,385,149.89**

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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