

Balanced Prudential Fund

Fund Factsheet | 30th June 2024



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.

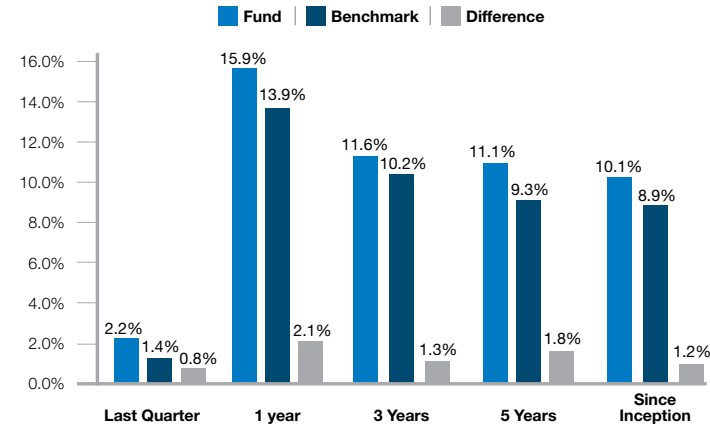
Strategy

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



Performance Commentary

The Bifm Balanced Prudential Fund returned 2.21% in the second quarter of 2024, outperforming the benchmark return of 1.42% by 0.78%. However, asset allocation decisions detracted from the fund's relative performance over the quarter. Over the 12-month period, the Fund returned 15.94%, outperforming the benchmark by 2.07%.

Local Equities

The Local equity allocation returned 7.04% over the quarter, outperforming the benchmark Domestic Companies Index (DCI) return of 3.06% by 3.98%. The local equity market ended the first quarter of the year positively, with 15 of the 23 listed stocks increasing in price over the last three months. Six stocks recorded a flat performance, and only two stocks declined in price over the period. Performance over the quarter was broad-based, with all sectors recording positive returns.

Standard Chartered Bank ("StanChart") was the leading performer on the Botswana Stock Exchange (BSE) over the quarter, appreciating 39.45%. Other notable movers over the quarter were Chobe (13.70%), Engen (16.24%), Sechaba (18.93%), and BTCL (24.39%).

Local Bonds

The Local Bond allocation returned 2.73% over the quarter, outperforming the benchmark Fleming Aggregate Bond Index (FABI) return of 2.58% by 0.15%. The central bank's continued accommodative monetary policy stance has been positive for credit extension, which grew by 8.36% in the 12 months to April 2024. Of particular note, credit extension to firms grew faster (15.01%) than to households (4.97%).

Offshore Equities

The Offshore Equity allocation returned 1.48% over the quarter, 0.31% underperforming the benchmark MSCI return of 1.79%. Artificial Intelligence (AI) continues to be the primary support for market performance, and large-cap tech stocks continue to drive market performance.

Offshore Bonds

The Offshore Bond allocation returned -1.41%, outperforming the benchmark Bloomberg Aggregate Bond Index return of -1.78% by 0.37%.

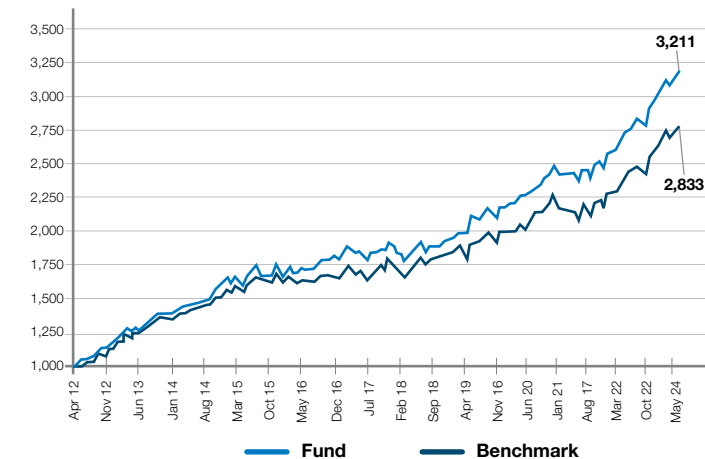
Sovereign bond yields ended broadly higher across developed markets, though some central banks, including the ECB and Bank of Canada, cut their policy rates. Robust economic data in the first half of the quarter gave way to slowing inflation prints in June, including in the U.S., U.K., and Germany. In Japan, yields continued to climb as the Bank of Japan signalled a hawkish path forward.

Market Outlook

Statistics Botswana's quarterly GDP release showed a 5.3% contraction in Real GDP for the first quarter of 2024 (vs. a growth of 5.3% registered for the same quarter in 2023). This downturn was primarily influenced by a decrease in real value added of the Diamond Traders, Mining & Quarrying, Water & Electricity, and Manufacturing industries by 46.8%, 24.8%, 10.7%, and 0.8%, respectively. Conversely, all other industries experienced positive growth rates of 0.5% and above.

At the meeting held on the 13th of June 2024, the BoB's Monetary Policy Committee (MPC) reduced the Monetary Policy Rate (MoPR) by 25 basis points to 2.15%. Though the rate cut came as yet another surprise to capital market players, the MPC supported the decision as a recognition of an expectation for

Cumulative Returns (BWP)

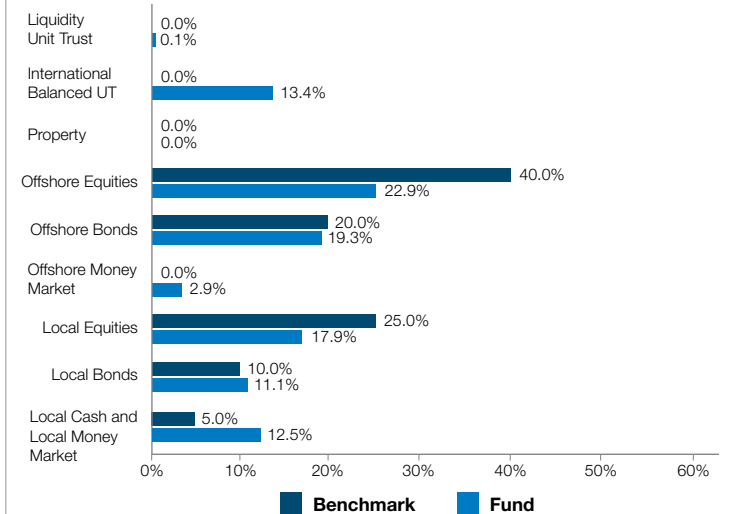


the economy to continue operating below full capacity in the short term and thus not expected to generate demand-pull inflationary pressures.

As global markets enter the second half of 2024, investor sentiment remains high. The current extended market rally, which began in late October 2023, was initially fuelled by the expectation that falling inflation would allow the Fed to cut rates aggressively. However, inflation has proved sticky, and economic growth has been slower than expected, limiting the Fed's ability to cut rates. In Europe, inflation has remained on a clear downward path as the market has emerged from a shallow recession, allowing the ECB to cut rates for the first time in five years.

Total Expenditure Ratio (T.E.R.): 3.15%

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: BWP209,726,337.43

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
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Physical Address

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