

# Balanced Prudential Fund

Fund Factsheet | 30<sup>th</sup> September 2023



## 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.

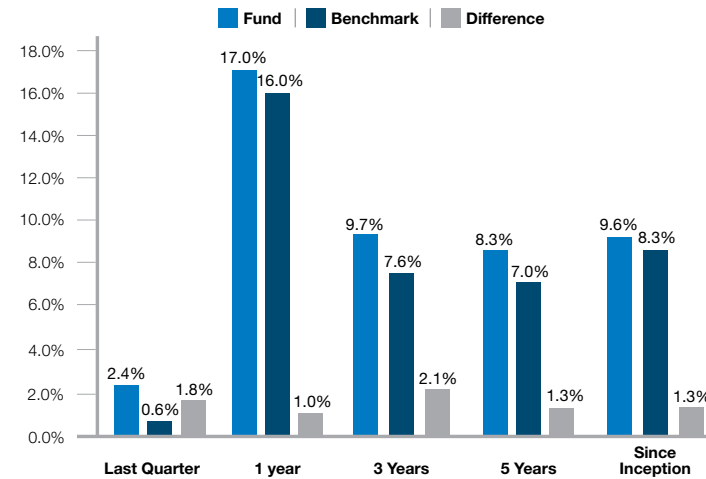
## Strategy

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 2.40% over the third quarter of 2023, outperforming the benchmark return of 0.59% by 1.81%. Both security selection and asset allocation decisions contributed to the fund's relative performance over the quarter. Over the 12-month period, the Fund returned 17.02%, outperforming the benchmark by 0.98%.

## Local Equities

The Local equity allocation returned 11.82% over the quarter, outperforming the benchmark Domestic Companies Index return of 7.53% by 4.29%. The local equity market performance has been positive, with fifteen of the twenty-three listed stocks increasing in price over the third quarter of 2023. Four stocks recorded a flat performance and only four stocks declined in price over the period. The strong performance was supported by robust growth in earnings across most of the sectors. Chobe Holdings was the leading performer on the Botswana Stock Exchange (BSE) over the quarter, appreciating 47.60%. Other notable movers over the quarter were Standard Chartered (22.28), CA Sales (19.62%), Sechaba (12.74%), Sefalana (12.18%) and FNBB (10.90%).

## Local Bonds

The Local Bond allocation returned 2.63% over the quarter, outperforming the benchmark (Fleming Aggregate Bond Index) return of 2.05% by 0.58%. Total credit extended by local banks continued to be positive despite the high-interest rate environment, rising by 10.90 % in Q2 compared to 9.64% in Q1 2023. Credit extension to households grew by 9.77% whilst extension to firms grew by 13.01% in the same period.

## Offshore Equities

The Offshore Equity allocation returned -1.02% over the quarter, outperforming the benchmark (MSCI Index) return of -2.41% by 1.39%. Most sectors declined over the quarter as market sentiment shifted negatively. Real Estate, Utilities, Consumer Staples, and Information Technology in particular saw larger declines over the quarter whilst the more defensive areas of the market such as Energy, Financials, and

Healthcare posted gains. The Energy sector was the best-performing sector over the quarter, following a rise in oil prices over the quarter after Russia and Saudi Arabia announced plans to cut production.

## Offshore Bonds

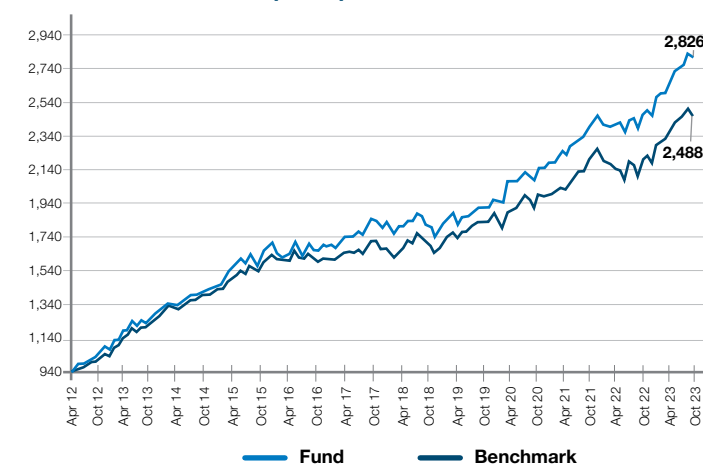
The Offshore Bond allocation returned -1.61%, outperforming the benchmark (Bloomberg Aggregate Bond Index) return of -2.53% by 0.92%. During the quarter, bond yields rose alongside strong U.S. economic data and rising expectations for rates to stay higher for longer. In the U.S., yields rose across the curve with real yields reaching their highest levels since the 2008 Great Financial Crisis. In developed markets outside of the U.S., including the U.K., Germany, and Japan, yields rose against a backdrop of elevated inflationary pressures and resilient economic growth.

## Market Outlook

The Q2 2023 Gross Domestic Product (GDP) publication by Statistics Botswana showed a further slowdown in GDP growth (3.4%) (year-on-year) vs 5.1% registered in the corresponding quarter in 2022.

During the August 2023 sitting, the Bank of Botswana's Monetary Policy Committee (MPC) opted to maintain the Monetary Policy Rate (MoPR) at 2.65%. The MPC noted that despite inflation having come

## Cumulative Returns (BWP)



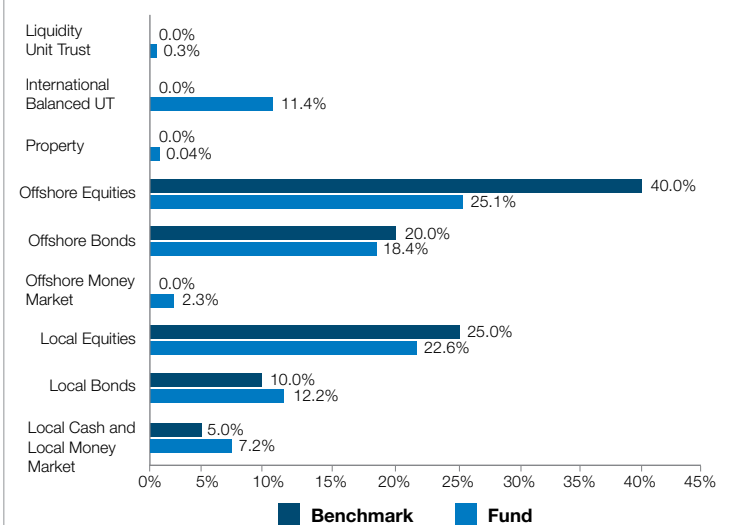
down significantly, there were upside risks emanating from higher international commodity prices, the persistence of supply and logistical constraints, and the reversal of global economic integration (geo-economic fragmentation).

The March 2023 Business Expectations Survey results showed that firms were less optimistic in Q2 compared to the first quarter of 2023. Firms highlighted tight access to credit on the back of sustained monetary policy tightening as a key concern going forward.

Global inflation has peaked in most major economies but remains elevated and above target levels for Central Banks. Household spending and consumer demand have remained robust due to excess savings accumulated during the Covid-19 crisis. However, these reserves have been dwindling over the year and we expect that discretionary income will likely come under pressure with rapidly rising debt servicing costs.

Total Expenditure Ratio (T.E.R.): 3.17%

## 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: BWP157,133,319.47

### 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  
Private Bag 00168  
Gaborone

### Physical Address

Bifm Unit Trusts (Pty) Ltd  
Plot 66458, Fairgrounds Office Park  
Gaborone, Botswana

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