Balanced Prudential Fund

Fund Factsheet | 31st December 2021

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.

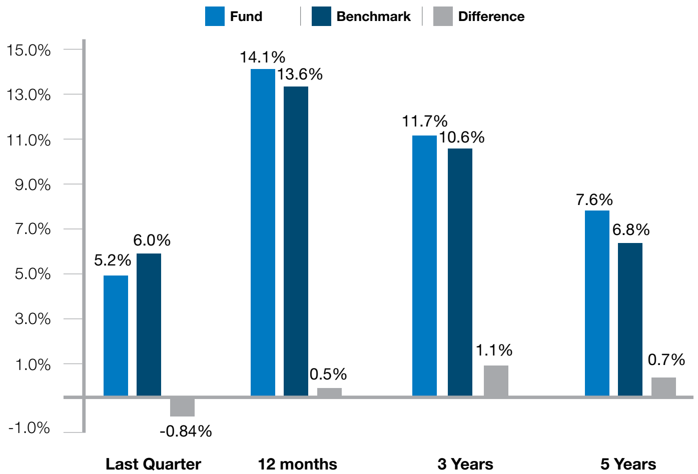
Strategy

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 5.16% over the fourth quarter of 2021, however underperforming the benchmark return of 6.00% by 0.84%. Over the 12-month period, the Fund returned 14.09%, outperforming the benchmark return of 13.60% by 0.49%.

Local Equities

The Local Equity allocation returned 4.08% over the fourth quarter of 2021, outperforming the benchmark return of 1.58% by 2.50%. Eleven of the counters listed on the BSE main board continued to recover, recording share price gains. The financial services sector, once again, led the DCI's positive quarter. Letshego was the sector's (and DCI's) largest gainer, rallying by a further 18.64%. Considering our environment, we have strengthened our process over the last two years to better reflect other non-financial risks and opportunities, such as ESG considerations, which feed directly into our valuation process.

Local Bonds

The Local Bond allocation outperformed the benchmark return of 1.88% by 1.36%, returning 3.24% over the quarter. Inflationary pressures remained high over the quarter as the second-round effects of the administered price hikes effected earlier in the year started to trickle down. Additionally, December saw yet another round of fuel pump price hikes, necessitated due to the misalignment between domestic and international oil prices. We continue to exercise prudence in managing credit assets and recognize a heightened need to focus on quality, and exposure to counterparties with strong balance sheets and cash positions.

Offshore Equities

The Offshore Equity allocation recorded a strong performance of 8.57% over the quarter, however underperforming the benchmark return of 12.01% by 3.44%. Led by a strong earnings season, the quarter started on a strong note, only to be deterred by the speed of the Federal Reserve's asset tapering plans, supply chain problems, and the emergence of the highly infectious Omicron variant. The lower threat of hospitalisations, however, supported markets to end the quarter on a positive note.

Offshore Bonds

The Offshore Bond allocation returned 2.11% over the quarter, however underperforming the benchmark return of 3.24% by 1.13%. The fourth quarter saw a continuation of the theme wherein sovereign bonds underperformed corporate bonds due to tightening of spreads and investment grade bonds underperforming high yield bonds. High yield bonds were among the few bond sectors to return positive figures throughout 2021.

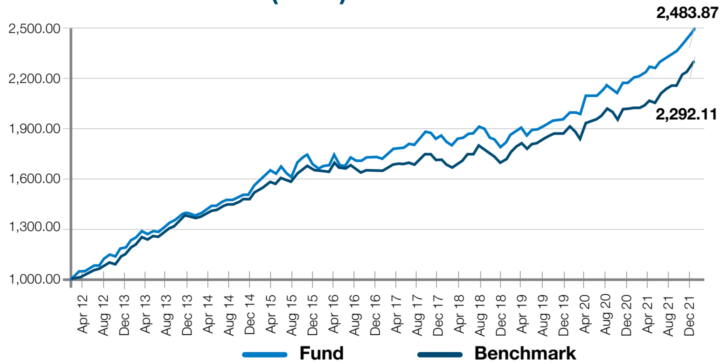
Market Outlook

The beginning of the fourth quarter of 2021 saw a continuation of broad-based economic recovery from the effects of the COVID-19 pandemic. This was predominantly on the back of successful vaccine rollouts worldwide, with some countries and regions advancing to the 'booster' third doses. Outside of COVID-19, inflation remained front and centre for investors, as we saw another strong YoY CPI print in the US at 6.8%, which is the highest since 1982. The picture was similar in the Eurozone and the UK, which reported 4.9% and 5.1% respectively. In this context, December was unsurprisingly a busy month for central banks which became increasingly hawkish.

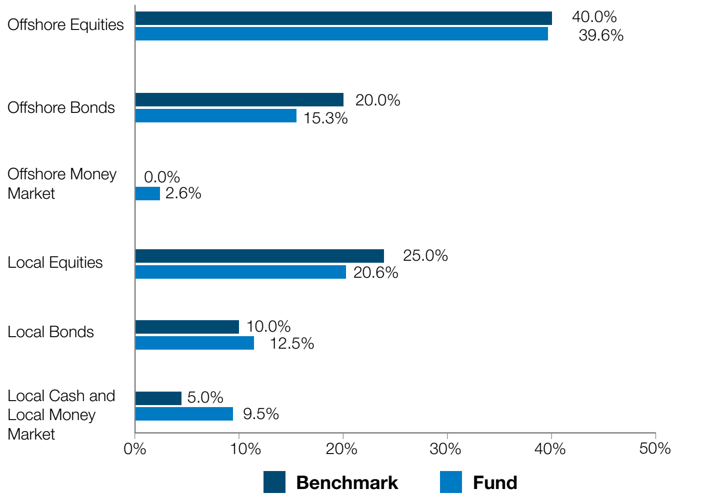
Local Real GDP release for the third quarter of 2021 showed that the local economy further recovered and grew by 8.4% year on year, compared to a decrease of 4.5% observed in the same quarter last year. The recovery was broad-based as a majority of the industries registered positive growth on the back of laxer COVID-19 restrictions and successful vaccine rollout locally. Overall, Non-Mining GDP saw positive growth of 3.2 % in Q3 2021 (vs 1.4% decline in Q3 2020).

Total Expenditure Ratio (T.E.R.): 3.13%

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: **BWP136,528,778.41**

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

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