



Balanced Prudential Fund

Fund Factsheet | 30th September 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.

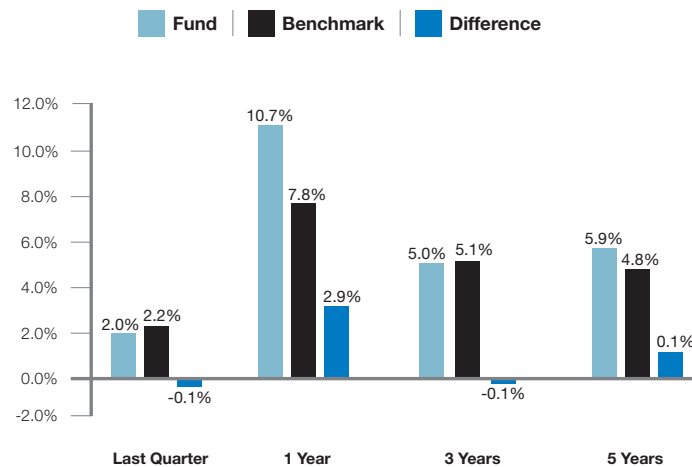
Strategy

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 2.06% over the third quarter of 2020, however underperforming its benchmark return of 2.24% by 0.18%. However, over the 12-month period to September 2020, the fund outperformed the benchmark by 2.94% returning 10.79%. Within the quarter, asset allocation decisions detracted from fund relative performance whilst stock selection, particularly within local equities contributed positively to fund relative performance.

Local Equities

The local equity allocation outperformed the benchmark, the Domestic Companies Index's (DCI) return of -2.21% by 1.82%, returning -0.39% over the quarter. Fifteen of the twenty-four companies listed on the BSE main board experienced wide-ranging share price declines. The property sector was the hardest hit, with all, but one, companies recording share price declines, ranging from 0.45% to 11.07%. This comes on the back of concerns about the sector's resilience to the hard-hitting economic effects of COVID-19.

Local Bonds

The local bond allocation outperformed its benchmark, the Fleming Aggregate Bond Index (FABI) return of 1.05% by 0.10%, returning 1.15% over the quarter. Curve positioning and our ability to book profits on bond acquisitions were the main reasons for the outperformance in Q3. We recognize a heightened need to focus on quality credit and entities with strong balance sheets and cash positions, who are capable of

weathering this crisis. Given the economic uncertainties and risks to local enterprises, we will continue to exercise prudence in managing credit assets.

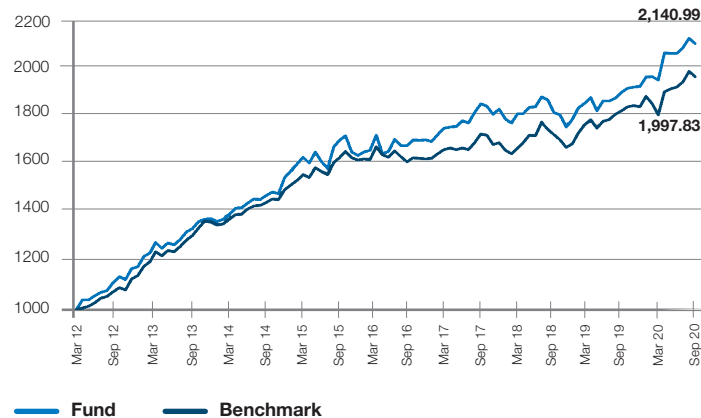
Offshore Equities

The fund's offshore equity allocation continued its strong performance for the year, returning 5.42% but underperforming the benchmark return of 6.17% by 0.75%. Global equity markets continued to be agnostic to the challenges that economies are facing considering the impact of the COVID-19 pandemic. The equity market recovery has been very impressive with equity returns now higher than they were for most of 2019. We cannot ignore the strong impact that government stimulus has had on the market, particularly in the U.S., and the signs that the real economy is re-opening for business.

Offshore Bond

The offshore bond allocation returned 0.98% over the quarter, outperforming the benchmark return of 0.99% by 0.01%. The outperformance is attributable to the fund's relatively shorter duration positioning, which benefited from the marginal rise in global benchmark yields. The fund's relatively overweight exposure to credit was also a positive contributor on the back of credit spread tightening.

Cumulative Returns (BWP)



Quick Facts

Fund Information

Portfolio Manager: Bifm Investments Team
Launch Date: April 2012
Minimum Investment: P1000 lump sum
P200 debit order
Fund Size: BWP114,839,452.13

Fees

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

Risk Profile

Low	Low-Med	Med	Med-high	High

Market Outlook

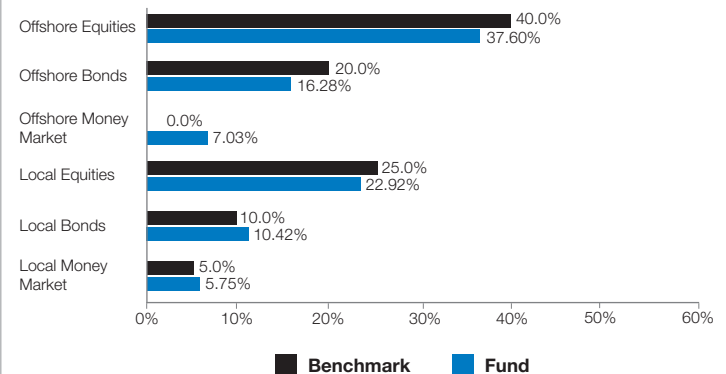
COVID-19 cases have continued to increase globally during the third quarter of 2020. In turn, this has meant a step-back in opening up of economies which led to increasing lockdown measures, albeit not as intense as those witnessed around the end of the first quarter. This trend looks set to continue well into the fourth quarter and perhaps beyond.

With economic risks increasing, central banks and governments will be tasked with providing greater stimulus to support livelihoods. Given prevailing interest rates, rate rises will be increasingly distant, and there is a greater likelihood of more monetary stimulus and the potential for more widespread negative interest rates.

Locally, Botswana's GDP declined by 24.0% in Q2 compared to an increase of 3.0% in the same quarter of 2019. All sectors of the economy exhibited declines except for Government, Agriculture and Water & Electricity. The steep contraction is attributable to the adverse impact of the COVID-19 pandemic and government measures that were put in place to curb the spread of the disease. The Bank rate was maintained at 4.25% during the quarter. However, post the quarter-end, the central bank announced a further 50 basis points cut to bring the rate to 3.75%. The central bank cited the adverse impact of the Covid-19 pandemic to the local economy with inflation expected to remain below the objective range of 3% – 6% until Q3 2021 and GDP expected to decline by 8.9% in 2020, thus justifying a supportive tone from the Monetary Policy Committee.

Total Expenditure Ratio (T.E.R.) - 2.87%

Asset Allocation



Physical Address

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

Postal Address

Private Bag BR185, Broadhurst
Gaborone, Botswana

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F: +(267) 390 0358
E: retailservices@bifm.co.bw

Income Distribution

Income Distribution Frequency:
Semi-Annual Jun, Dec

Contact Details

Trustees and Custodians
Stanbic Bank Botswana
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Gaborone