

Balanced Prudential Fund

Fund Factsheet | 30th June 2025



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.

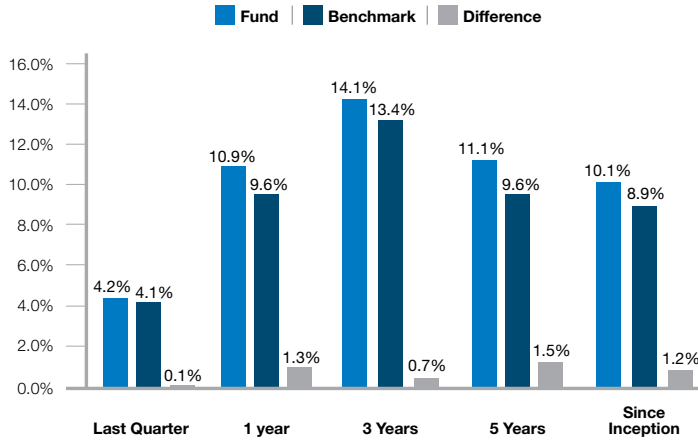
Strategy

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 4.23% during the second quarter of 2025, outperforming the benchmark return of 4.19% by 0.04%. Over the quarter, stock selection decisions contributed positively to the fund's relative performance over the quarter. Over the 12-month period, the Fund returned 10.89%, outperforming the benchmark by 1.27%.

Local Equities

The Local equity allocation returned 6.39% over the quarter, outperforming the benchmark Domestic Companies Index (DCI) return of 3.08% by 3.31%. The local equity market performance of 6.03% over the second quarter marked a sharp improvement from the 1.35% return recorded over the first quarter. The consumer sector was the leading performer over the quarter, registering an 8.24% return, led by Choppies, Sechaba and CA Sales. The banking sector also recorded a strong performance, returning 6.06% over the quarter. The leading performer within the banking sector was Standard Chartered, which returned 33.08%, followed by ABSA, which returned 8.39%.

Local Bonds

The Local Bond allocation returned -0.62% over the quarter, outperforming the benchmark Fleming Aggregate Bond Index (FABI) return of -1.12% by 0.50%. The local bond market performance continued to be under pressure in the second quarter of 2025 as the risk-free curve rose against a backdrop of continued elevated supply of government bonds.

Offshore Equities

The Offshore Equity allocation returned 8.01% over the quarter, underperforming the benchmark MSCI return of 8.13% by 0.12%. Despite this uncertainty, equity markets rebounded strongly during the quarter, with the MSCI World Index returning 11.5% for the quarter. Growth stocks strongly outperformed value stocks during the period. In the US, technology dominated again as some of the Magnificent 7 stocks regained their allure, particularly those associated with the artificial intelligence theme. Robust earnings for Q1, particularly from Alphabet and Meta, further supported the rally. The S&P 500 Index returned 10.9% for the quarter, while the Nasdaq advanced 17.9%. The Information Technology and Communications Services sectors rose the most while the Energy and wHealth Care sectors showed negative returns.

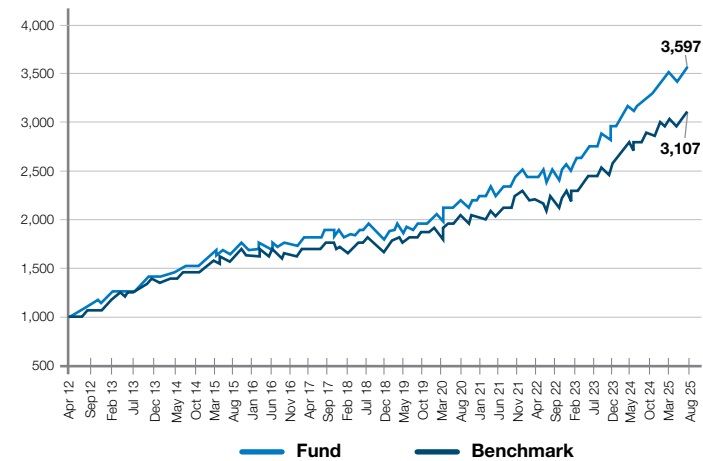
Offshore Bonds

The Offshore Bond allocation returned 0.42%, underperforming the benchmark Bloomberg Aggregate Bond Index return of 1.38% by 0.97%. Investors grappled with heightened policy volatility, as President Trump unveiled sweeping tariffs on global trade partners before pausing select measures for negotiations. Regardless, U.S. tariffs have been reset to levels not seen since the 1930s, and on average remain nearly five times higher than before Trump took office. Amid cooling inflation, weaker macroeconomic data, and U.S. policy uncertainty, the ECB and BoE cut rates by 50 and 25 bps, respectively. The U.S. Treasury yield curve steepened as near-term growth slowdown pushed short-term yields down, while fiscal concerns, exacerbated by an expansionary budget bill, drove long-term yields up.

Market Outlook

The quarterly GDP release by Statistics Botswana showed a contraction of 0.3% in the real GDP over Q1 2025, compared to a decline of 5.2% in the corresponding quarter in 2024. The contraction in the domestic economy was mainly due to registered declines in the real value added by Diamond Traders, Water & Electricity, Mining & Quarrying, Agriculture, Forestry & Fishing industries and Transport & Storage. All other industries recorded positive growth of more than 0.1%. Headline inflation, which began the quarter at 2.8% declined over the quarter to close at 2.00%,

Cumulative Returns (BWP)

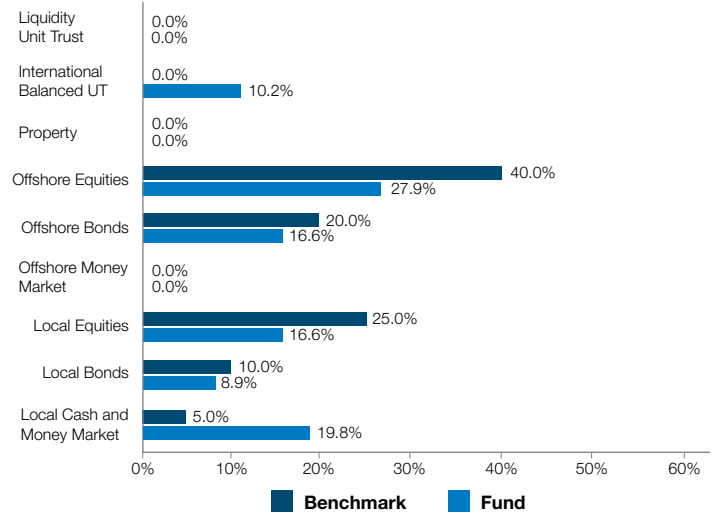


which is below the lower end of the 3-6% objective range set by the Bank of Botswana. The decline in Food & Non Alcoholic Beverages as well as the decline in Miscellaneous Good and Services were the main contributors to inflation over the quarter whilst the Transport sector had a negative contribution throughout the quarter.

Offshore markets whipsawed amid changes in U.S. trade policy, concerns over fiscal sustainability, challenges to central bank independence, and geopolitical shocks. Following broad de-escalation on these fronts, risk sentiment recovered, credit spreads tightened, and the MSCI World Index ended the quarter up 11.5%. Global monetary policy diverged as the Fed held rates steady and updated economic forecasts with stagflationary revisions. Meanwhile, the Bank of England and the European Central Bank continued their cutting cycles, decreasing rates 25 bps and 50 bps, respectively. In Japan, the BOJ maintained its policy rate of 0.5%, citing sustained uncertainty in its outlook.

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: BWP310,526,568.73

Fees

Initial Fund Fee: 5%

Annual Management Fee: 2%

Fees are shown excluding VAT

Risk Profile

Low	Low-Med	Med	Med-high	High
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Income Distribution

Income Distribution Frequency:
Semi-Annual Jun, Dec

Contact Details

Trustees and Custodians
Stanbic Bank Botswana
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