

Balanced Prudential Fund

Fund Factsheet | 31st December 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.

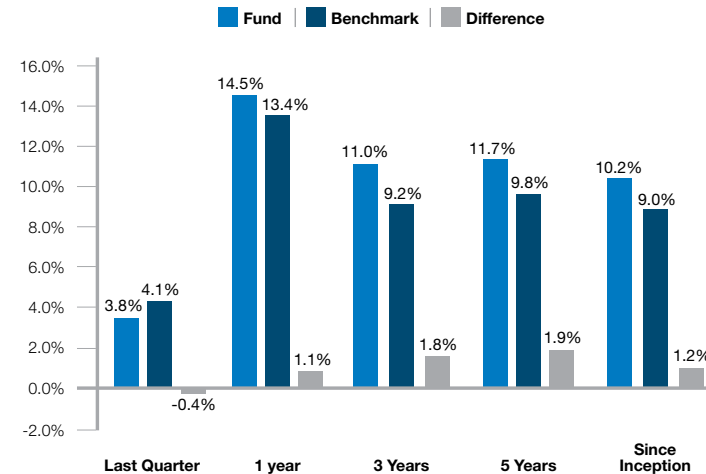
Strategy

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 3.84% during the last quarter of 2024, underperforming the benchmark return of 4.09% by 0.25%. Asset allocation decisions detracted from the fund's relative performance over the quarter.

Over the 12-month period, the Fund returned 14.45%, outperforming the benchmark by 1.06%.

Local Equities

The Local equity allocation returned 6.33% over the quarter, outperforming the benchmark Domestic Companies Index (DCI) return of 4.10% by 2.23%.

The local equity market ended the last quarter of the year positively, 18 of the 23 DCI-listed stocks increased in price over the last three months, five recorded a flat performance, and none declined in price over the period. The consumer sector primarily drove performance over the quarter.

Local Bonds

The Local Bond allocation returned -0.62% over the quarter, underperforming the benchmark Fleming Aggregate Bond Index (FABI) return of 0.72% by 1.34%. The local bond market performance continued to be under pressure in the fourth quarter of 2024 as government bond supply remained elevated. However, bond market performance was marginally positive, compared to a slightly negative return in the third quarter.

Offshore Equities

The Offshore Equity allocation returned 4.64% over the quarter, underperforming the benchmark MSCI return of 6.73% by 2.09%. Sector performance during the quarter was mixed. Although Information Technology continued to accrue positive returns driven by investors' positive sentiments for technology and AI, the best-performing sector was the Consumer Discretionary sector. The financial sector also posted positive returns, poised to gain from a more deregulatory environment. Underperformers included more cyclical and rate-sensitive sectors such as materials, real estate, and utilities.

Offshore Bonds

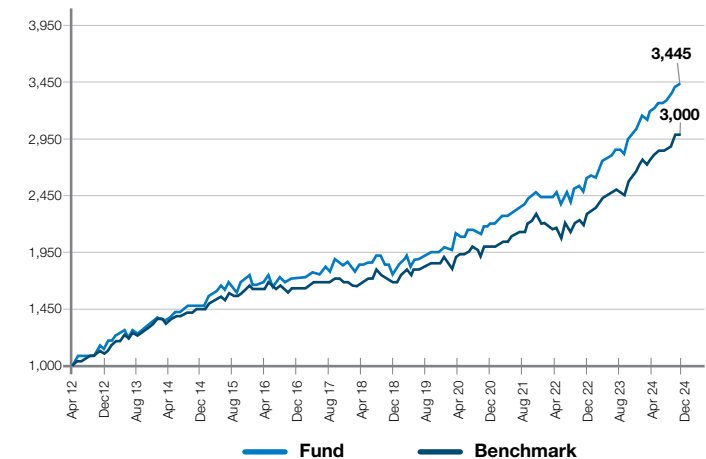
The Offshore Bond allocation returned 2.74%, outperforming the benchmark Bloomberg Aggregate Bond Index return of 1.14% by 1.30%.

Q4 ended the year of elections, though politics continued to dominate events during the period. Lingering inflation risks and uncertainties surrounding the incoming U.S. administration's policies slowed the expected trajectory of central bank rate cuts, prompting sovereign bond yields to rise broadly. The Fed and ECB each delivered two 25-basis-point cuts, while the BoE delivered just one cut before pausing. In Japan, yields tracked other economies higher as the BoJ held rates steady.

Market Outlook

The quarterly GDP release by Statistics Botswana showed a contraction of 4.3% in the real GDP over Q3 2024, compared to a growth of 1.1% in the corresponding quarter in 2023. The contraction in the domestic economy was mainly due to declines in the real value added by several sectors, including Diamond traders, Mining and quarrying, Agriculture, Forestry and fishing, Manufacturing, and Transport Storage. Headline inflation, which began the quarter at 1.5%, rose marginally over the quarter to close at 1.7%, well below the 3-6% objective range set by the Bank of

Cumulative Returns (BWP)

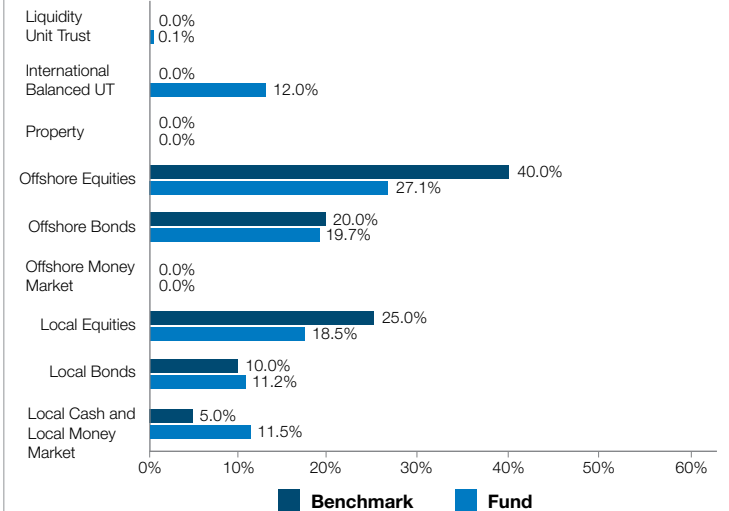


Botswana. At all its meetings held in the last quarter, the Bank of Botswana's Monetary Policy Committee maintained the Monetary Policy Rate at 1.9%.

Global economic growth has been resilient, allowing central banks to exercise greater patience as global inflation pressures have moderated but remain persistent. With rising geopolitical tensions and potentially material policy shifts looming over markets, volatility is expected to increase over 2025. Furthermore, there are growing signs of consumer stress in several regions that have been buffeted thus far by healthy labour markets. Investors must be increasingly mindful of any significant deterioration in those trends. While the US election served as an essential risk-clearing event, markets and sectors continue to anticipate policy shifts as they try to distinguish between actionable policy and political rhetoric.

Total Expenditure Ratio (T.E.R.): 3.14%

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: BWP249,106,438.71

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
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