

# Balanced Prudential Fund

Fund Factsheet | 31<sup>st</sup> March 2021



## 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.

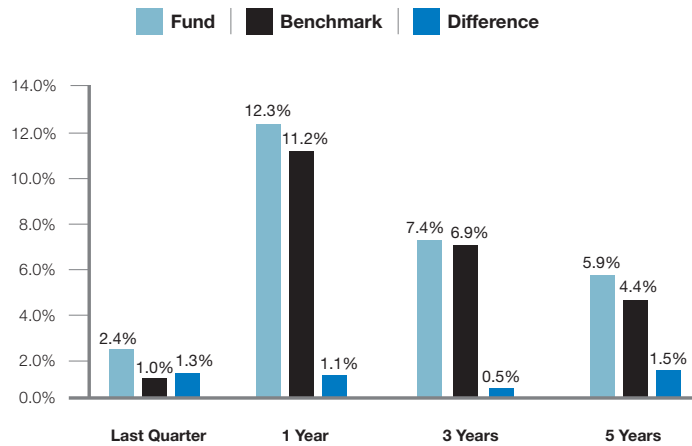
## Strategy

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 2.38% over the first quarter of 2021, outperforming its benchmark return of 1.04% by 1.34%. Over the 12-month period to March 2021, the fund outperformed the benchmark by 1.14% returning 12.31%. Within the quarter both asset allocation and stock selection contributed to fund relative performance as offshore equities continued their rally going into the first quarter of 2021.

### Local Equities

The Bifm Local Equity Fund declined by 5.33% during the period, underperforming the benchmark, the Domestic Companies Index (DCI's) decline of 5.10% by 0.22%. The first quarter of the year was littered with both losses and gains. However, the range of losses outweighed the gains. Several securities registered losses in excess of 10%, being: Turnstar (20.8%), ABSA (18.4%), BTCL (14.6%), and G4S (11.8%). It is to be noted that these losses were experienced across all sectors.

### Local Bonds

The Fund returned 0.62% over the quarter under review, slightly outperforming against the benchmark (Fleming Aggregate Bond Index - FABI) return of 0.58%. Despite the upward shift in the curve, local bonds posted marginally positive returns, a recovery from the negative returns recorded in the previous quarter. Secondary market trading activity increased slightly over the quarter. Much of the activity was, however, clustered around each of the three government bond auctions and limited to government bonds.

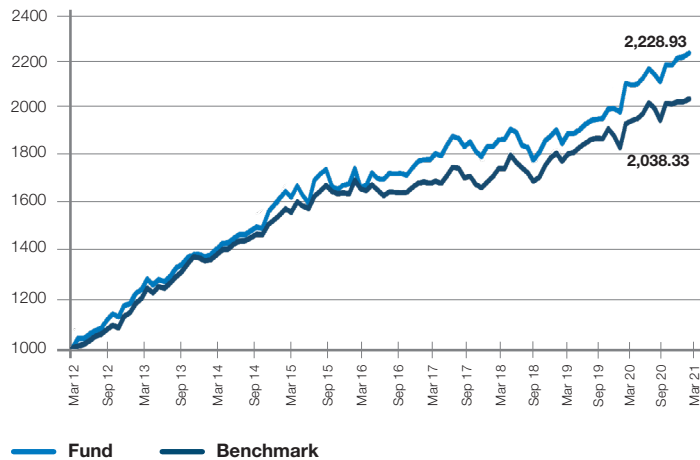
### Offshore Equities

The Bifm World Equity Fund delivered positive returns over the first quarter of 2021, rallying by 9.02% in BWP terms. This performance exceeded the benchmark, MSCI World Index return of 7.06%, by 1.96%. Amongst the best performing sectors were energy and financials, two of the hardest-hit sectors in the initial sell-off in 2020. The rebound reflected optimism about the global economy returning to normal. Demand for oil is returning to normal and prices have risen back to pre-COVID levels. Supply cuts by OPEC are also supportive of higher oil prices. Financials have done well on lower-than-expected loan losses and expectations for higher interest rates.

### Offshore Bond

Over the first quarter of 2021, the Bifm Global Fixed Income Fund returned -1.43%, outperforming the benchmark (BarCap Global Aggregate) by 1.08% which returned -2.51% over the same period. On the back of the positive sentiment on economic outlook, longer term bond yields rose higher, whilst shorter dated bonds remained largely unaffected, leading to a steepening US Treasuries curve. Thus, longer dated bonds underperformed and drove the negative returns for the fixed income asset class.

## Cumulative Returns (BWP)



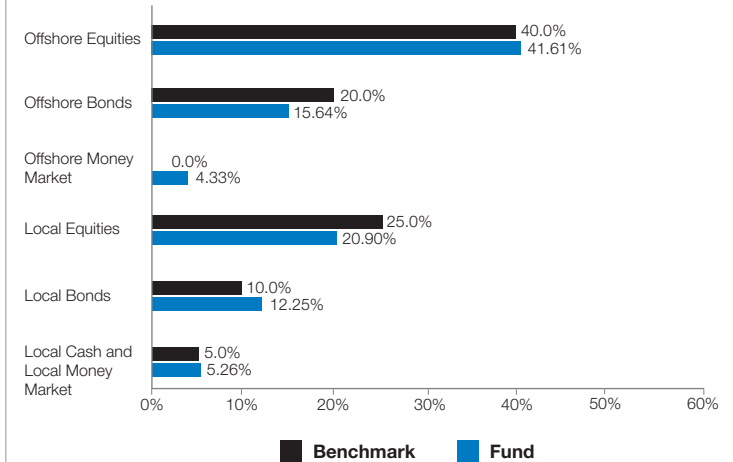
### Market Outlook

Over the last quarter of 2020, Botswana's real GDP contracted by 4.1%, a second consecutive improvement from the contractions seen at 24.0% and 6.0% in the second and third quarters of 2020 respectively. The improvement in Q4 2020 were as reflection of the continued efforts to return to normality through the reopening of business and lifting of cross boarder movement restrictions which had severe impacts on the business community and economy in the two preceding quarters.

We expect the global economy to continue its transition from hurting to healing in 2021 and make good progress on the long climb back to its pre-crisis trend. We believe the current renewed weakness due to lockdowns in major economies will give way to accelerating economic growth from around the second quarter, driven by the broadening rollout of vaccines and continued fiscal and monetary support.

**Total Expenditure Ratio (T.E.R.): 2.75%**

## 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:** BWP116,172,071.82

### 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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