Balanced Prudential Fund

Fund Factsheet | 31st March 2022

Bifm Unit Trusts

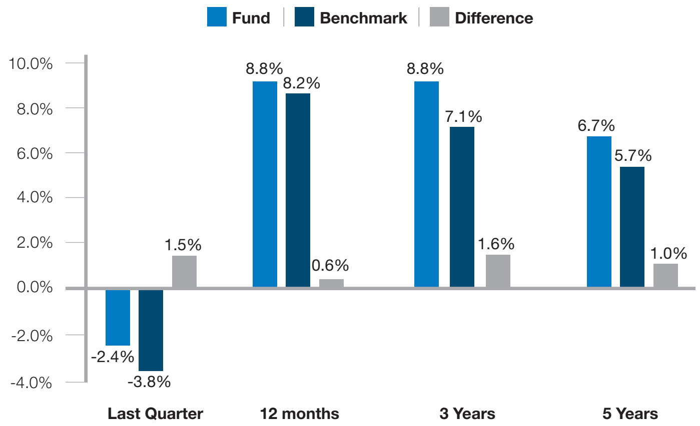
Fund Objective
The Fund aims to provide long term capital growth by investing in a diversified range of assets. It has a moderate risk profile and caters for the needs of the investor with a medium-long term investment horizon.

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.

Perfomance Commentary
The Bifm Balanced Prudential Fund returned -2.38% over the first quarter of 2022, outperforming the benchmark return of -3.85% by 1.46%.

Performance



The fund's allocation to global assets weighed down on absolute performance as both global equities and global bonds declined over the quarter. However, these asset classes outperformed their respective benchmarks. Over the 12-month period, the Fund's return was positive at 8.78%. This represents an outperformance of 0.58% against the benchmark return of 8.20%. the outperformance was supported by the local assets.

Local Equities
The Local Equity allocation returned 5.04% over the quarter, outperforming the benchmark return of 3.32% by 1.72%. As the local equity market continues to recover, there has been noted improvement in the mix of companies reporting recoveries. There is broader-based price appreciation across all sectors, with only a few companies experiencing share price declines. Letshego remains the best performing asset on the bourse, appreciating by 28.57%, followed by Letlole which returned 4.31% over the quarter.

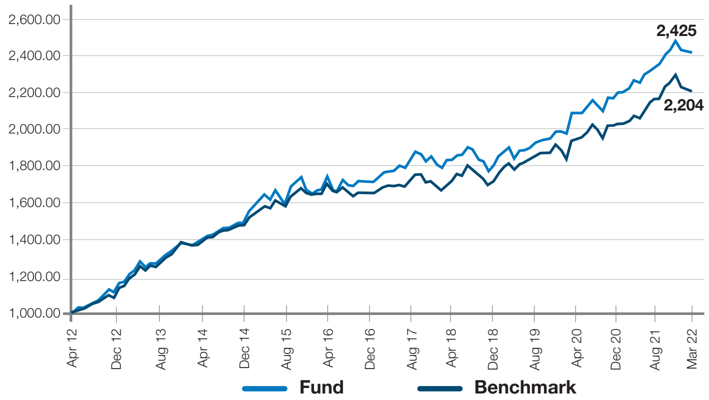
Local Bonds
The Local Bond allocation outperformed the benchmark return of 1.55% by 0.23%, returning 1.78% over the quarter. The yield curve largely remained unchanged in the quarter, except for marginal declines registered on the short end. Within the primary bond market, the monthly government bond auctions dominated issuances during the period, albeit with relatively lower amounts on offer compared to the previous quarters. No corporate bonds were listed over the period. Secondary market trading activity was muted over the quarter, with all activity clustered around the three government bond auctions and limited to government bond.

Offshore Equities
The Offshore Equity allocation declined over the quarter, returning -5.89%, however outperforming the benchmark return of -7.65 by 1.76%. The Russian invasion of Ukraine in the first quarter of the year further raised market concerns in an environment already grappling with inflationary pressures, supply chain disruptions, central bank tightening and an inverted yield curve. The conflict, which marked the largest military attack on a sovereign state in Europe since World War II, has been economically challenging for the global population and global markets. Regionally, the USD declined by 4.6 whilst the UK (up 1.51%) was amongst the best-performing regions over the quarter. On concerns of rising concerns about the Europe's dependence on Russia's energy, the European region was amongst the worst performing regions, scaling back by 5.89%. Emerging markets remained weak (losing 7.32%), in part due to a resurgent dollar. New Covid-19 cases in China dented sentiment and spurred concerns about continued supply chain disruptions.

Offshore Bonds
The Offshore Bond allocation also declined over the quarter, returning -8.55%, outperforming against the benchmark return of -8.63% by 0.08%. The first quarter of 2022 proved the second weakest quarter for global bonds since 1990, easily surpassing periods during the Global Financial Crisis. The rise in yields has been driven by the inflation outlook and central bank actions, which pointed to a faster than anticipated rate normalisation. The move up in yields has been substantial, and the US 10 year, having started 2021 at 1.51%, ended the quarter at 2.34%, though with the daily market volatility, this disguises a pullback from a peak of 2.47% towards the end of March.

Market Outlook
Looking ahead into 2022, the economic and market outlook are currently more uncertain than at most points in the cycle. The Russian invasion of Ukraine has only increased the uncertainty of the outlook for inflation, as that event has created additional pressure on the supply of both hard and soft commodities.

Cumulative Returns (BWP)

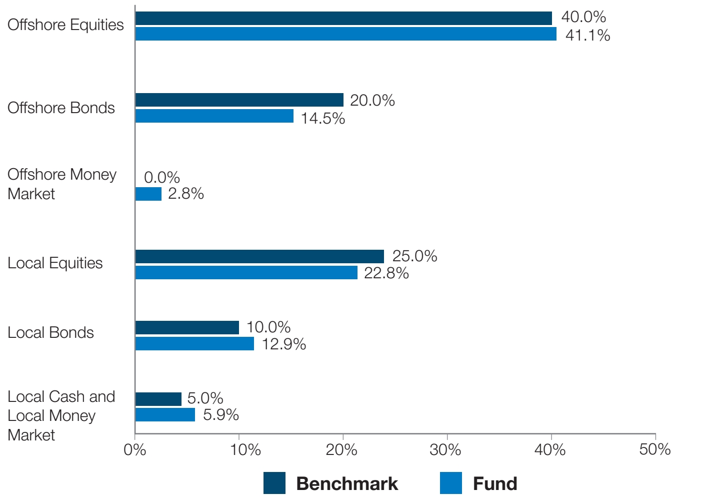


Importantly, this is in addition to the post-COVID stimulus inflationary pressures that have been the initial cause of the increased prevalence of inflation. The move away from transitory inflation discussions in the last quarter of 2021 meant that the start of 2022 has seen the focus shift to the levels at which inflation will peak, and consequently the speed and extent to which central banks will raise interest rates.

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% in the same quarter last year. The recovery was broad-based as a majority of the industries registered positive growth on the back of a laxer Covid-19 restrictions and successful vaccine rollout locally. Headline inflation continued to rise during the quarter under review. Having opened the quarter at 8.7%, inflation rose to 10% as at the end of the quarter. On the back of observed near-term upward risk factors, we maintain that inflation is likely to remain elevated for much of the first half of the year before declining steadily towards the latter part of the year.

Total Expenditure Ratio (T.E.R.): 3.23%

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:	**BWP131,930,544**

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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