# Balanced Prudential Fund

**Fund Factsheet** | 30th June 2022

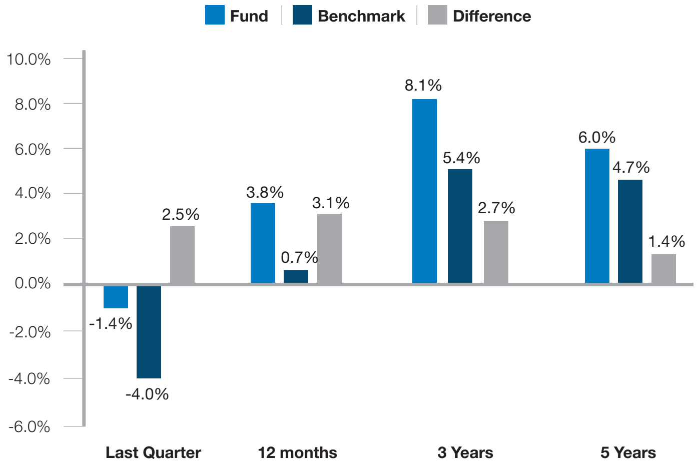
Bifm Unit Trusts

## 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.

## Performance




## Perfomance Commentary
The Bifm Balanced Prudential Fund returned -1.42% over the second quarter of 2022, outperforming the benchmark return of -3.95% by 2.53%.

The fund's allocation to global assets contributed to the negative performance over the quarter as both global equities and global bonds declined in value. However, both global asset classes outperformed their respective benchmarks, contributing to the Fund's outperformance.

Over the 12-month period, the Fund's performance was positive at 3.77%, outperforming the benchmark performance of 0.72% by 3.05%.

## Local Equities
The Local Equity allocation returned 1.35% over the quarter, outperforming the benchmark return of -0.83% by 2.18%. In general, the quarter produced a mixed bag of performance with key performance themes attributed to each sector. The banking sector led the recoveries as Stanchart gained 13.43%, the largest in the market over the period, while the financial services and property sectors largely experienced declines. The consumer sector had some recoveries and some declines. Choppies, after six consecutive quarters of no price change, shed 18.33%, the largest price decline within the quarter.

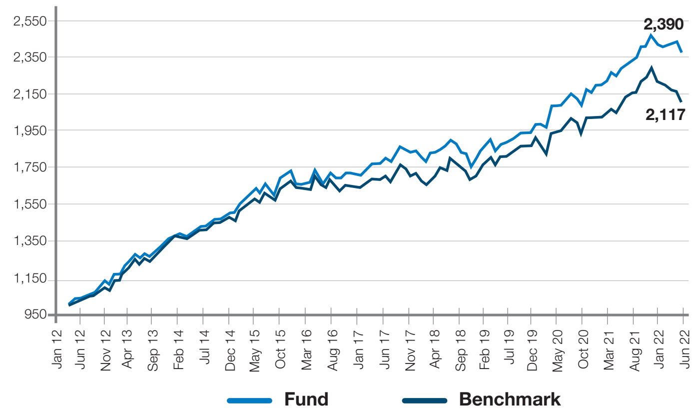
## Local Bonds
The Local Bond allocation returned 1.83% over the quarter, outperforming the benchmark return of 1.51% by 0.32%. The monthly government bond auctions dominated issuances during the period with limited corporate bond issuances in the market. Owing to higher revenues collected from the improved rough diamond sales throughout the quarter, the central bank had a lower propensity to accept aggressive bids and thus rates only edged up slightly from the previous quarter and somewhat stabilized.

## Offshore Equities
The Offshore Equity allocation declined over the quarter, returning -5.97%, however outperforming the benchmark return of -9.28 by 3.31%. The second quarter of the year provided little prospects of better days ahead. The Russia-Ukraine war, along with an environment of elevated inflation, hawkish central banks, and commodity shortages, continued to weigh on equity investor sentiments. This has led to significant drawdowns in global equity markets. Cyclically sensitive sectors took a beating within the quarter as recessionary fears continued to mount. Consumer sectors were amongst the weaker performers during the quarter as concerns around discretionary income mounted, squeezed by higher food and energy prices. Traditionally defensive sectors such as health care, telecoms, staples, and utilities outperformed the market as they continued to be perceived as "safer" amidst the continued market volatility.

## Offshore Bonds
The Offshore Bond allocation declined marginally over the quarter, returning -0.07%, however outperforming against the benchmark return of -0.70% by 0.63%.
Global developed market benchmark yields continued to rise during the quarter. This was driven by widespread monetary policy tightening by central banks in a bid to rein in inflation, which continued to rise during the quarter. As developed market equities entered a bear market, global bonds also declined over the second quarter. Yields continued to rise, driven by rising inflation and central banks further solidifying their hawkish stance. In the US, the 10-year benchmark yield rose sharply, (from 2.34 at the beginning of the quarter) reaching levels close to 3.5% during the quarter before subsequently rallying as the market turned the focus to rising recession risk and the yield fell to 3.01% at the end of the quarter.

## Market Outlook
With the global economy having bounced back from the Covid-19 impacts, a slowdown in economic growth is occurring. The slowdown comes at a time when inflation is high and rising, bringing about a dissonance between inflation and slowing economic activity, meaning the risk of stagflation is substantial.

## Cumulative Returns (BWP)

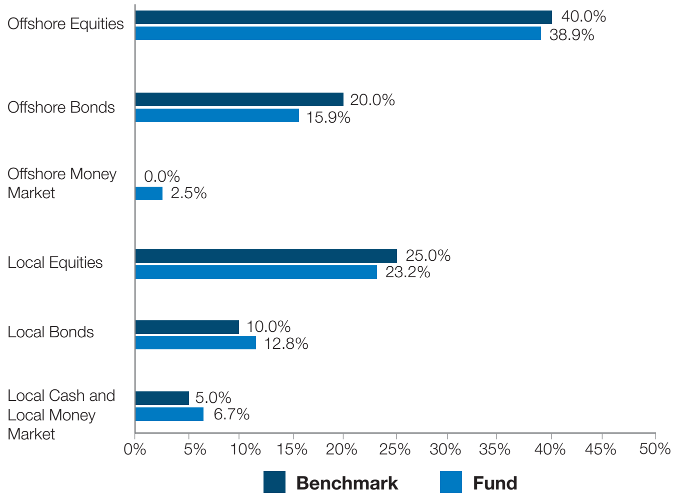



This is exacerbated by the strong hawkish stance taken by central banks to bring down inflation and maintain price stability. It should also be noted that while headlines have shifted, the COVID-19 pandemic is not over, and even though selected countries have started to move to an endemic stance, there are still risks associated with the virus that could easily resurface.

The Bank of Botswana March Business Expectations Survey (BES) results showed a general level of optimism about local business conditions. However, optimism was lower owing to concerns around rising cost pressures, particularly fuel prices and imports as a result of the ongoing conflict between Russia and Ukraine. Q1 2022 GDP, released by Statistics Botswana, showed an increase of 7.0%, year-on-year, compared to an increase of only 1.0% registered in the same quarter in 2021. The improvement in growth is attributed to strong international demand for diamonds as the world economy continued on a recovery path from the impacts of the COVID-19 pandemic.

**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:** BWP128,119,259.13

### 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**
**Plot 66458, Fairgrounds Office Park**
**Gaborone, Botswana**

### Postal Address
**Private Bag BR185, Broadhurst**
**Gaborone, Botswana**

**T: +(267) 395 1564**
**F: +(267) 390 0358**
**E: retailservices@bifm.co.bw**

# Balanced Prudential Fund

**Fund Factsheet** | 30th June 2022