

Balanced Prudential Fund

Fund Factsheet | 30th September 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.

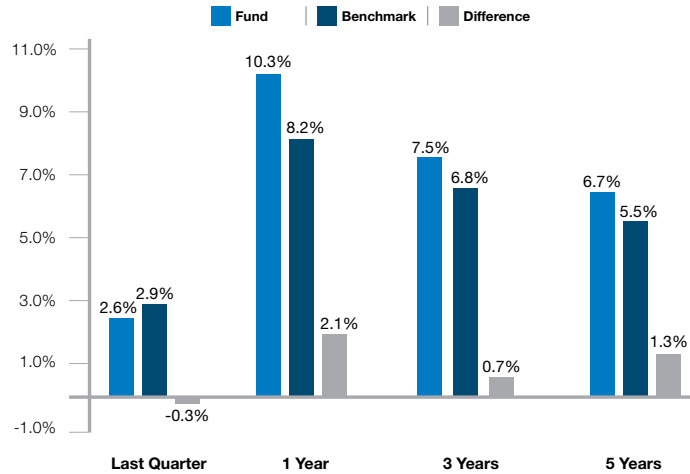
Strategy

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



Performance Commentary

The Bifm Balanced Prudential Fund returned 2.55% over the third quarter of 2021, however, underperforming its benchmark return of 2.89% by 0.34%. Within the quarter, both asset allocation and stock selection detracted from fund relative performance. Over the 12-month period to September 2021, the fund returned 10.32% due largely to the strong performance of offshore equities. This performance represented an outperformance of 2.09% against the fund's benchmark's return of 8.23%.

Local Equities

The Bifm Local Equity allocation returned 7.72% over the third quarter of 2021. This performance exceeded the benchmark Domestic Companies Index (DCI) performance of 4.20% by 3.52%. The financial sector heavyweights led the DCI's positive quarter. Four of the six securities within the sector appreciated, whilst the other two remained flat during the period. FNBB and Letshego, which rallied by 13.18% and 34.09%, respectively, led the pack. Other sectors continued to record share price declines, the most notable being a 7.55% decline by Chobe and 5.00% by Turnstar.

Local Bonds

The Local Bond allocation underperformed the benchmark (Fleming Aggregate Bond Index - FABI) return of -2.09% by 2.18% over the quarter, returning -4.27%. The Fund maintained an overweight allocation to credit vis-à-vis the benchmark (FABI, Fleming Aggregate Bond Index). Exposure to Government bonds increased over the quarter as additional purchases were made at the government bond auctions held in the period.

Offshore Equities

The Bifm World Equity allocation returned 2.18% over the second quarter of 2021. However, this was an underperformance of 1.49% against the benchmark return of 3.67%. World equities started the quarter

strong, with a rally supported by positive corporate earnings. However, concerns around slowing economic growth, rising inflation, supply chain disruptions, and rising uncertainty in emerging markets towards the end of the quarter led to increased volatility and losses. Overall, the MSCI World index ended the quarter broadly flat.

Offshore Bond

The Bifm Global Fixed Income allocation returned 2.70% over the quarter, underperforming the benchmark (BarCap Global Aggregate) by 0.06% which returned 2.76% over the same period. Data regarding rollouts of Covid-19 vaccinations was promising, resulting in less pressure on the global healthcare systems but another wave can certainly not be ruled out hence some pessimism persisted over the quarter. On the back of the volatility, we saw a global bond sell-off with rates rising slightly in the US, Germany, and the UK.

Market Outlook

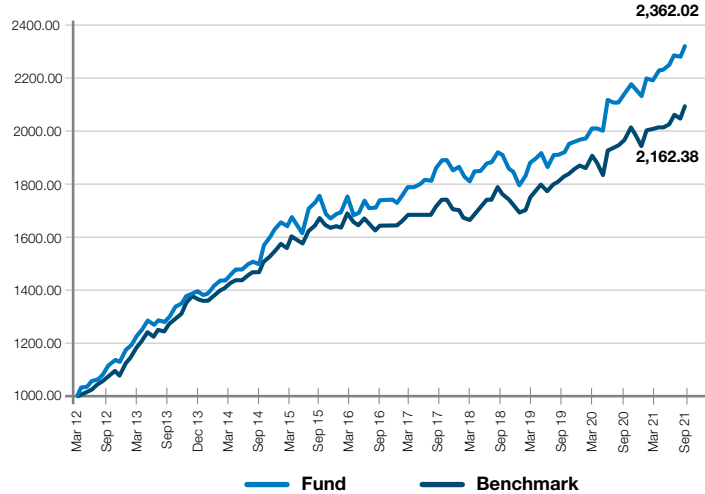
Botswana's real GDP for the second quarter of 2021 increased by 36% year on year (from the level seen at the end of Q2 2020), a considerable jump from the Q1 2021 growth of 0.7%. Headline inflation which

began the quarter at 8.2% rose to 8.9% in July and edged slightly down to 8.8% in August before dropping further down to 8.4%. The Bank of Botswana maintains expectations for inflation to trim down and return to the 3-6% objective range by the end of Q2 2022.

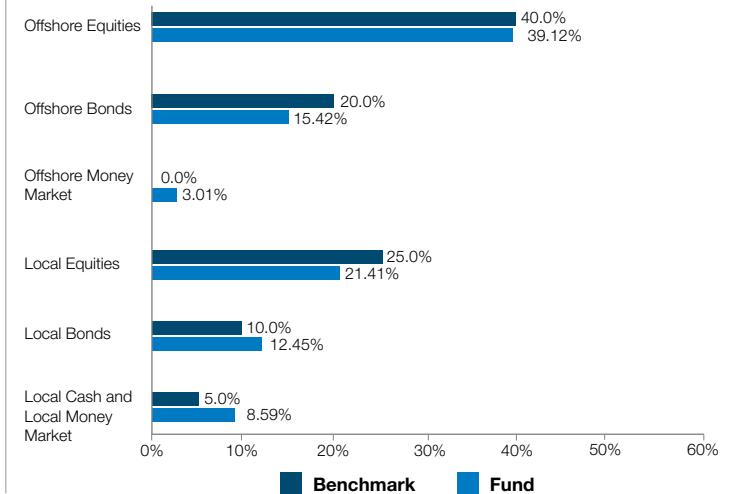
Globally, inflation is poised to remain a key focal point for investors as inflationary pressures continue to build up as the world recovers from the pandemic. Monetary policy support by central banks appears to be at or near an inflection point, with the US Fed expected to raise the policy rate to 1% (albeit in 2023) and 1.75% by 2024. The BoE and ECB also hinted to a hawkish turn, with the ECB reemphasising a slowdown in its asset purchases and the BoE suggesting it could start raising rates before the end of the year.

Total Expenditure Ratio (T.E.R.): 3.13%

Cumulative Returns (BWP)



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: BWP127,907,547.32

Fees

Initial Fund Fee: 5%
Annual Management Fee: 2%
Fees are shown excluding VAT

Risk Profile



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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