

# Balanced Prudential Fund

Fund Factsheet | 31<sup>st</sup> December 2023



## 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.

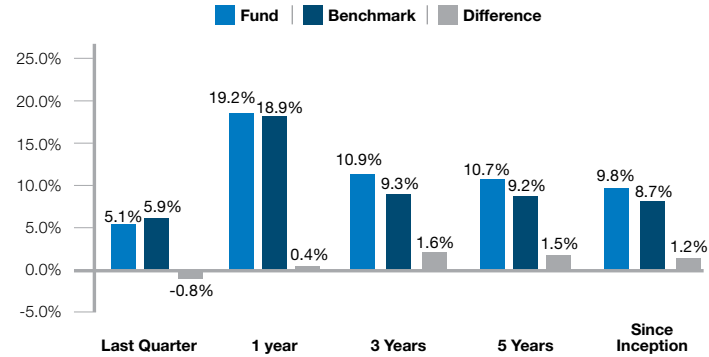
## Strategy

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 5.08% over the fourth quarter of 2023, underperforming the benchmark return of 5.92% by 0.84%. Both security selection and asset allocation decisions detracted from the fund's relative performance over the quarter.

Over the 12-month period, the Fund returned 19.22%, outperforming the benchmark by 0.35%.

## Local Equities

The Local equity allocation returned 4.15% over the quarter, outperforming the benchmark Domestic Companies Index (DCI) return of 3.09% by 1.07%.

The local equity market ended the last quarter of the year on a positive note with 14 of the 23 listed stocks increasing in price over the last six months. Five stocks recorded a flat performance and only four stocks declined in price over the period. The strong performance was supported by robust growth in earnings across most of the sectors. Seed Co International was the leading performer on the Botswana Stock Exchange (BSE) over the quarter, appreciating 34.62%. Other notable movers over the quarter were CA Sales (8.52%), RDCP (6.67%), Letole (5.88%), FNBB (5.65%), and StanChart (4.95%).

## Local Bonds

The Local Bond allocation returned 4.45% over the quarter, outperforming the benchmark Fleming Aggregate Bond Index (FABI) return of 2.84% by 1.61%. For the 12 months to October 2023, total credit extended by local banks continued to be positive on the back of a steady Monetary Policy Rate. During the period, total credit extension grew by 11.4% and was led by extension to firms at a growth rate of 12.71%. Within firms, credit extension to parastatals registered the highest level of growth (106.2%).

## Offshore Equities

The Offshore Equity allocation returned 6.75% over the quarter, underperforming the benchmark MSCI return of 9.10% by 2.35%. While all sectors performed positively within the quarter, the technology sector remained dominant followed by retail and industrials. In addition, strong earnings provided a further catalyst to performance as the year progressed.

## Offshore Bonds

The Offshore Bond allocation returned 5.20%, underperforming the benchmark Bloomberg Aggregate Bond Index return of 5.86% by 0.66%.

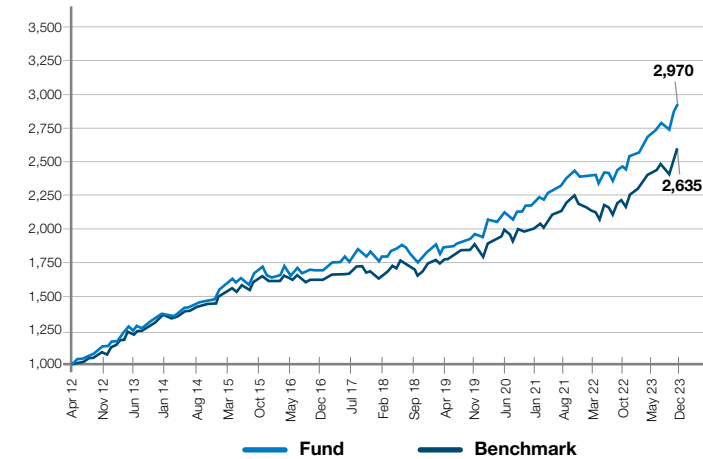
During the quarter, bond yields rose alongside strong U.S. economic data and rising expectations for rates to stay higher for longer. In the U.S., yields rose across the curve with real yields reaching their highest levels since the Great Financial Crisis. In developed markets outside of the U.S., including the U.K., Germany, and Japan, yields rose against a backdrop of elevated inflationary pressures and resilient economic growth.

## Market Outlook

The Q3 2023 Gross Domestic Product (GDP) publication by Statistics Botswana reported a continued slowdown in local output. During the third quarter of 2023, real GDP rose by 0.5% (year-on-year), as opposed to an increase of 5.0% in the same quarter of 2022.

The Bank of Botswana (BoB)'s Monetary Policy Committee (MPC) announced a 25 basis points rate cut in the Monetary Policy Rate to 2.40%. The MPC noted that inflation had declined and was expected to

## Cumulative Returns (BWP)

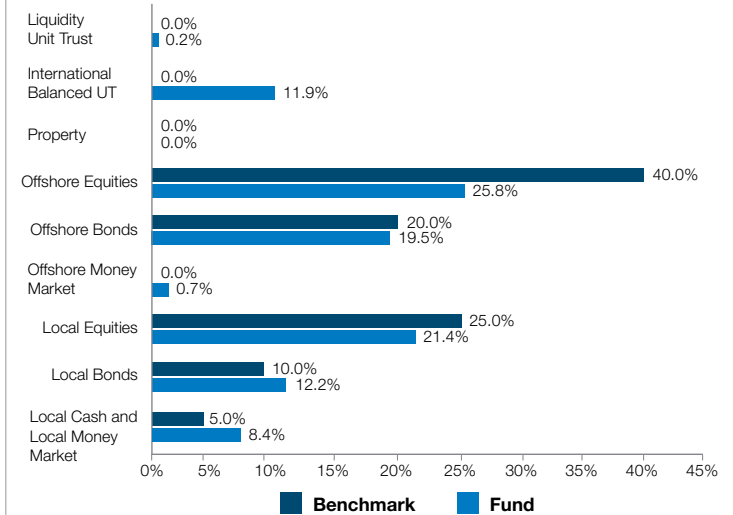


remain within the BoB target range of 3-6% over the short to medium term. The Committee also noted the slowdown in GDP growth on the back of lower diamond sales as well the growth-enhancing economic transforming reforms and supportive macroeconomic policies being implemented in the country, all of which informed the decision to cut the rate.

Globally, indications of slowing inflation in the second half of the quarter prompted markets to price in accelerated expectations of rate cuts for next year. Long-term bond yields fell broadly in developed markets as central banks held rates steady, including in the U.S., U.K., and Germany. In Japan, bond yields fell more modestly as the Bank of Japan weighed a potential exit to its accommodative monetary policy

**Total Expenditure Ratio (T.E.R.):** 3.15%

## 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:** BWP169,868,061.33  
**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

Plot 396/7 Moffat Street, Central Residential Area  
Francistown, Botswana

### Postal Address

Private Bag BR185, Broadhurst  
Gaborone, Botswana

T: +(267) 399 2199 / +(267) 241 3041  
F: +(267) 390 0358