

## Balanced Prudential Fund

Fund Factsheet | June 30<sup>th</sup> 2017

### 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 horizon.

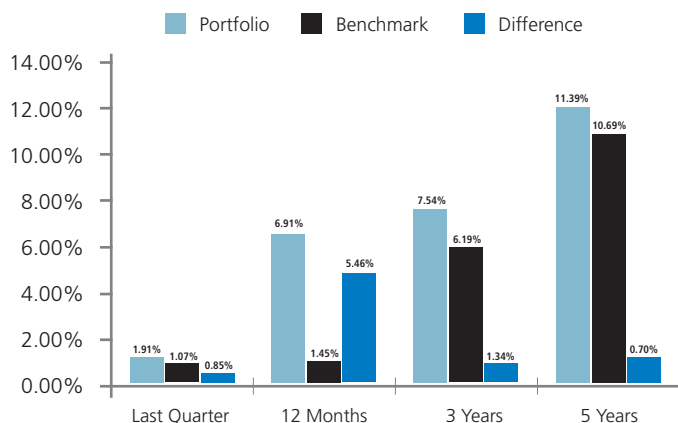
### STRATEGY

The BIFM Balanced Prudential Fund is a multi-asset class fund that invests in both local and offshore equities, bonds and money market instruments.

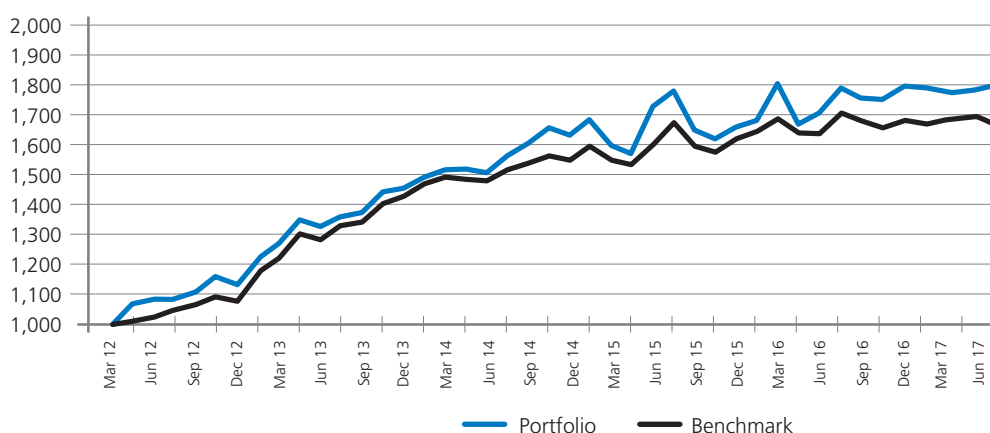
### WHY CHOOSE THIS FUND?

This fund is suitable for the investor who wishes to generate long-term capital growth and has a moderate risk appetite.

### PERFORMANCE



### CUMULATIVE RETURNS SINCE INCEPTION



### QUICK FACTS

#### Risk Profile

Low	Low - Med	Med	Med-high	High
		●		

#### Fund Information

Portfolio Manager: Bifm Investments Team  
 Launch Date: April 2012  
 Minimum Investment: P 1000 lump sum  
 P 200 debit order  
 Fund Size: BWP72,094,267.00

#### Fees

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

#### Income Distribution

Income Distribution Dates: 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  
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Collective Investment Undertakings (CIUs) are generally long-term investments. The value of units may go down as well as up and past performance is not necessarily a guide to future performance. Unit trusts are traded at ruling prices. Commissions and incentives may be paid and if so, would be included in the overall costs. Forward pricing is used. Different classes of units apply to these funds and are subject to different fees and charges. A schedule of fees and charges and maximum commissions is available on request from Bifm Unit Trusts (Pty) Limited. Unit trust prices are calculated on a net asset value basis, defined as the total market value of all assets in the unit trust fund including any income accruals and less any permissible deductions (which may without limitation include brokerage fees, VAT, bank charges, audit fees, trustee fees and the annual management fee) from the fund divided by the number of units in issue. Performance figures are based on lump sum investments with income distributions reinvested. The investment objective of the fund shall be compared with the investor's objective, before an investment decision is made by the investor. The Total Expense Ratio (TER) cannot be taken as an indication of fund performance. The current TER cannot be regarded as an indication of the future TER. The fund is managed to comply with the Collective Investment Undertakings Act Cap 56:09 (and shall be amended from time to time). Exposures in excess of the limits will be corrected immediately except where due to market value fluctuations or capital withdrawals in which case they will be corrected within a reasonable time period. Bifm Unit Trusts (Pty) Limited, Company Registration Number: CO2009/2597, is approved by the Non-Bank Financial Institutions Regulatory Authority as a Unit Trust Management Company. Bifm Unit Trusts (Pty) Limited does not provide advice on investments, but does present clients with information on all Bifm Unit Trusts CIU funds. The fund prospects may be acquired free of charge, from Bifm Unit Trusts (Pty) Ltd.

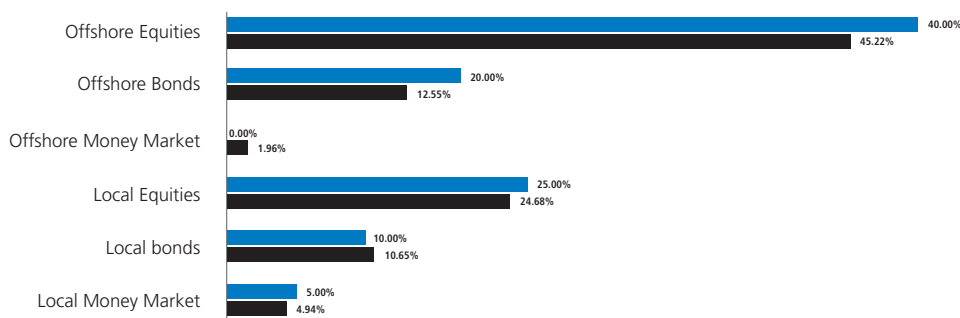
\*The price, which will apply to an instruction received on a Saturday/Sunday or public holiday will be that of the following Monday/trading day\*

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### ASSET ALLOCATION AS AT 30 JUNE 2017

■ Benchmark ■ Portfolio



### PERFORMANCE FOR Q2 2017

The Bifm Balanced Prudential Fund outperformed the benchmark return of 1.07% by 84bps, posting a return of 1.91% over the second quarter. At a fund level, asset allocation detracted fund relative performance driven by our allocation to offshore assets. Stock selection on the other hand positively impacted fund relative returns, particularly on local and offshore equities.

Our allocation to local equities returned 3.63% over the period, outperforming the benchmark return of 0.21%, resulting in an out performance of 3.42%. The fund's performance over the quarter was driven by our active positions within the banking and consumer sectors while our active positions within the financial services sector detracted fund relative performance.

The local bond allocation outperformed its benchmark return of 1.21% by 23bps, returning 1.44% over the quarter. Relative performance over the period was driven by bond selection where we have sought opportunities to invest in higher yielding securities. These particular securities have been found within the corporate and parastatal sectors. Government bonds tend to have low yields, due to high competition within the market.

The world equity fund returned 2.46% over the quarter, outperforming its benchmark by 46bps in BWP terms. The positive performance was driven by resilient corporate earnings, receding political anxiety as well as an economic recovery in Europe. While the Euro area has been recovering, the US has experienced growing political hostility and uncertainty around Trump's abilities to secure the legislative victories needed to push through his pro-growth agenda. Stock selection continues to remain a key area in driving future performance. The global bond allocation underperformed its benchmark return of 0.55%, returning 0.20% over the quarter in BWP terms.

### Market Outlook

Going forward, fundamentals will continue to be a focus as policy uncertainty is expected to occur over the course of the year. Active stock picking and risk management will add value to our portfolio relative to the benchmark. As we note that monetary policy is at its loosest point, skewing the assets that are priced off it, it certainly isn't a good time in the cycle to buy equities indiscriminately, but rather selectively where attractive opportunities present themselves.

The outlook for inflation still looks positive worldwide. The fixed income market reflects uncertainties and uneven growth prospects in the world economy, with major central banks, except for the US, putting rates on hold. However, yields in major capital markets present signs of rising rates, especially since December 2016. Despite those uncertainties, and unstable world economic recovery that might drive yields down, we continue to expect that overall sovereign bond valuation will have limited upside from these levels. Global bonds will continue to exhibit a high degree of volatility in the medium term due to the current environment of financial repression and fiscal policy uncertainty.

### TOTAL EXPENDITURE RATIO (T.E.R) – 3.01%

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