Pula Money Market Fund

Fund Factsheet | 31st March 2024

Bifm Unit Trusts

Fund Objective

The Fund aims to provide return and liquidity through allocation mainly to short-term investments. The Fund is relatively low risk and caters for the low risk investor.

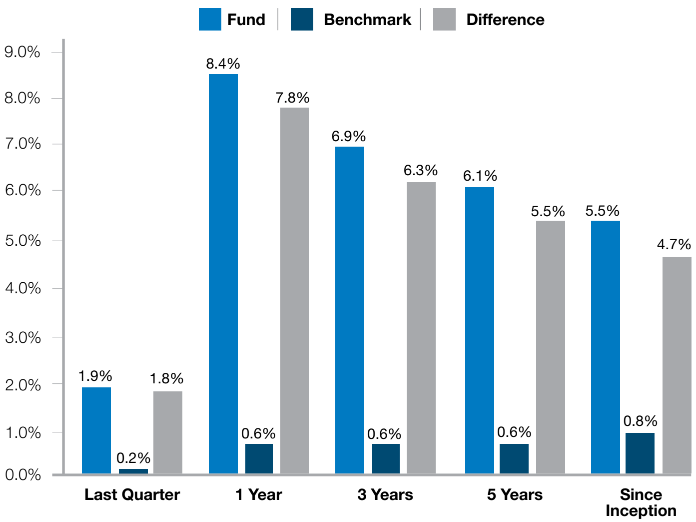
Strategy

The Bifm Pula Money Market Fund invests in Call and Fixed deposits and Treasury Bills. We actively manage the portfolio, by seeking yield assets, without compromising the risk and maturity profile of the fund.

Why Choose This Fund?

This fund is suitable for investors who want relatively high yields but need their funds to remain liquid.

Performance



Performance Review

Over the first quarter of 2024, the Fund returned 1.91%, outperforming the benchmark return of 0.15%. On a 12-month basis, the Fund returned 8.38%, an outperformance of 778 basis points over the benchmark which returned 0.60% for the same period.

Performance Commentary

Banking liquidity remained strong over the quarter as excess cash from the first round of PFR2 repatriations remained uninvested.

The higher levels of liquidity, coupled with the rate cuts in December resulted in a significant drop in yields in the money market space.

We expect this trend to continue into the second quarter of the year as liquidity is likely to remain high. However, as government bond issuances proceed into the year, the excess liquidity is likely to be mopped up, providing an opportunity for money market investors.

Market Overview & Strategy

The quarterly GDP release by Statistics Botswana showed a 1.9% increase in the Real GDP for the fourth quarter of 2024 (3.6% lower than the 5.5% registered for the same quarter in 2022 and 1.4% higher than the 0.5% increase recorded over Q3 2023). Over the quarter, the main drivers of GDP growth were Mining & Quarrying, Real Estate, and Public Administration & Defence which rose by 6.4%, 6.3%, and 5.9% respectively. The Mining & Quarrying sector saw an increase in real value added on the back of a 6.9% increase in diamond production, which was principally driven by an increase in plant throughput at Orapa Mine due to lower planned maintenance.

Pleasantly, all other sectors, (except for Diamond Traders and Water & Electricity) registered positive growth. The two sectors contracted by 85.4% and 27.9% respectively. For the latter, the decline was mainly as a result of a 19% decline in domestic electricity production. Imported electricity grew by 88% during the quarter as a result.

Headline inflation, which opened the year at 3.5%, rose to 3.9% in January. This was despite a 1.9% drop in the Transport group index following the P1.25 and P0.35 (per liter) cuts in pump prices for diesel and petrol that took effect in late December 2023. The increase in inflation was due to the diminishing impact of the decrease in domestic fuel prices in the corresponding period in 2023 (base effects). Another driver was the annual upward adjustments in enrollment and tuition fees across academic institutions (from pre-primary through to tertiary) at the turn of the new year. In February 2024, inflation remained at 3.9% before dropping to 2.9% in

March 2024, falling below the 3-6% objective range. The drop was owing to base effects.

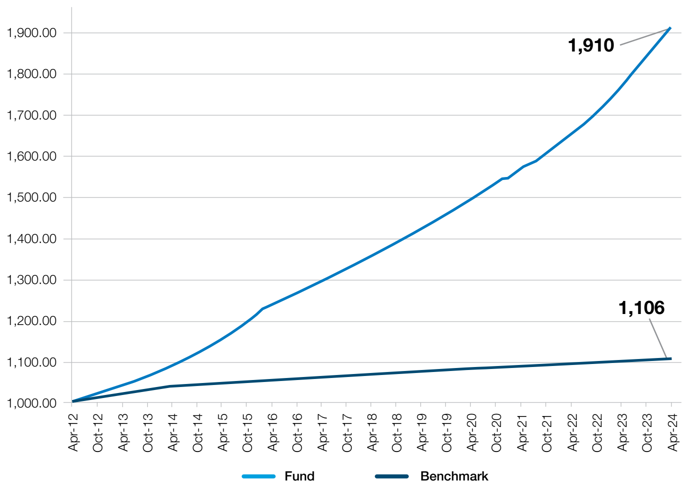
The Food & Non-alcoholic Beverages group (13.55% of the CPI basket) continues to rank among the sectors with relatively high levels of inflation, at 5.0% as at March 2024. Within the group, the Meat (fresh, chilled & frozen) and Vegetables sub-groups registered levels of 9.1% and 7.6% respectively.

Despite the recent drop slightly below the objective range, inflation is largely expected to remain within the range for most of the year.

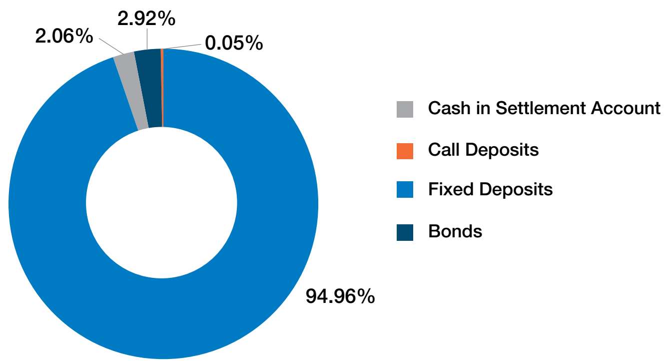
At the meeting held on the 22nd of February 2024, the BoB's Monetary Policy Committee (MPC) maintained the Monetary Policy Rate (MoPR) at 2.4%. The decision was recognition of the expectation that the local economy would continue to operate below full capacity in the short term and thus not expected to generate demand-pull inflationary pressures.

Total Expenditure Ratio (T.E.R.): 1.33%

Cumulative Returns (BWP)



Asset Allocation



Quick Facts

Fund Information

Portfolio Manager: Bifm Investments Team
Launch Date: Apr 2012
Minimum Investment: P 1000 lump sum
P 200 debit order
Fund Size: BWP2,333,690,581.68

Fees

Initial Fund Fee: 0%
Annual Management Fee: 1%
Fees are shown excluding VAT

Risk Profile

Low	Low-Med	Med	Med-high	High
●				

Income Distribution

Income Distribution Frequency:
Monthly

Contact Details

Trustees and Custodians
Stanbic Bank Botswana
Private Bag 00168
Gaborone

Physical Address

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