

Money Market Fund

Fund Factsheet | September 30th 2016

FUND OBJECTIVE

The BUPUMM Local Money Market Fund (LMM) is a capital preservation fund that principally invests in low risk assets to manage short term cash needs. These comprise of cash, call deposits and fixed deposits. More importantly, they also include fixed deposits, BoBC-linked deposits, Treasury Bills. (T-Bills) and structures with a maturity of less than one year. Cash and call deposits are held for liquidity purposes and yield a relatively lower return. Short term structured deposits and instruments such as short term loans are yield enhancing products that are made for a fixed period and thus provide less liquidity when measured against cash and call deposits.

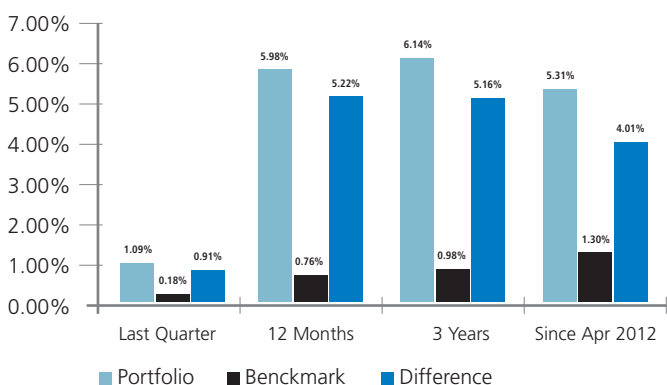
STRATEGY

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

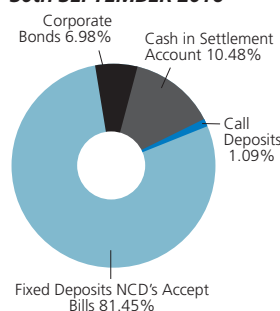
WHY CHOOSE THIS FUND?

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

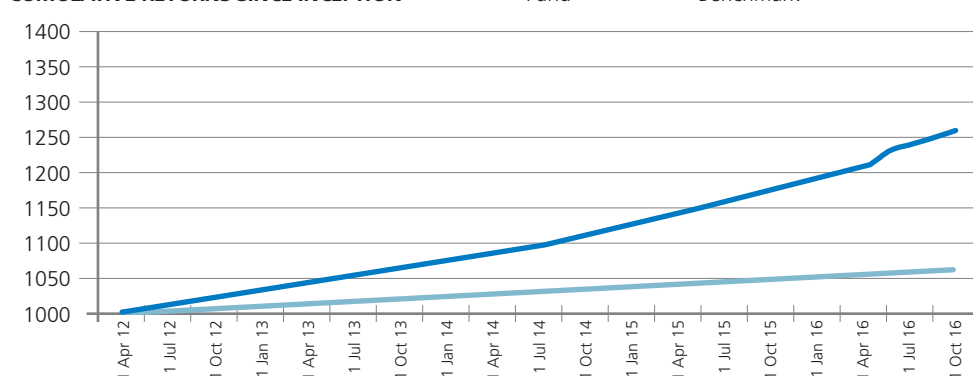
PERFORMANCE AS AT 30th SEPTEMBER 2016



ASSET ALLOCATION AS AT 30th SEPTEMBER 2016



CUMULATIVE RETURNS SINCE INCEPTION



PERFORMANCE FOR Q3 2016

In the 3rd quarter of 2016 (3Q 2016), the BUPUMM LMM fund returned 1.09 percent, an outperformance of 91 basis points against the benchmark of 0.18%. The LMM outperformed the benchmark, over the one year and 3-year periods. The outperformance is mainly due to our lengthening of duration on the money market side when money market instruments were attractively priced.

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 prospectus 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'

QUICK FACTS

Risk Profile

Low	Low - Med	Med	Med-high	High
●				

Fund Information

Portfolio Manager: Boikanyo Mogami, CFA
 Launch Date: April 2012
 Minimum Investment: P 5000 lump sum
 P 1000 debit order
 Fund Size: BWP1,090,426,738.45

Fees

Initial Fund Fee: 0.00%
 Annual Management Fee: 1 %
 Fees are shown excluding VAT

Income Distribution

Income Distribution Dates: Monthly

Contact Details

Trustees and Custodians
 Stanbic Bank Botswana
 Private Bag 00168
 Gaborone

Physical Address
 Bifm Unit Trusts (Pty) Ltd
 Plot 50676, Fairgrounds Office Park
 Gaborone, Botswana

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QUARTERLY COMMENTARY

Rates on money market instruments have fallen further in the 3rd quarter of 2016. The Bank rate was reduced in August 2016, by 50 bps. Since then, yields in the local market have fallen, with short term yields less affected than medium to long end of the curve. The central bank loosened monetary policy in February 2015 and August 2015, cutting both the Bank rate and the primary reserve requirement (PRR). The PRR was reduced from 10 percent to 5 percent, releasing close to P2.3 billion of liquidity in the domestic economy in April 2015. Inflation in September 2016 stood at 2.8 percent and was below the lower end of the central bank target range of 3 to 6 percent. We expect supportive monetary policy on account of the fragility of the local economy and the unstable world economic outlook.

OUTLOOK AND STRATEGY

We expect interest rates to remain low in the near future. Money market instruments are expected to be the most affected. Already, contrary to the first quarter of 2016 when short term deposits could fetch close to 10% on a one-year tenor, the same maturity is fetching less than 6 percent from major local banks. Excess liquidity estimated by the central bank was around P6.58 million as at 23 October 2015, against 5 billion as of 13 July 2016. As a result, we see some pressures on short term funds rates to fall in the market.

We expect interest rates to remain low in the near future. The August key rate cut was reflected in credit money market instruments yields. In the first quarter of 2015 short term deposits could fetch close to 10% on a one-year tenor, the same maturity is fetching about 3% from major local banks in the 3rd quarter of 2016.

TOTAL EXPENDITURE RATIO (T.E.R) – 1.20%

QUICK FACTS

Risk Profile

Low	Low - Med	Med	Med-high	High
●				

Fund Information

Portfolio Manager:	Dr Zoumana Kone, CFA
Launch Date:	April 2012
Minimum Investment:	P 5000 lump sum P 1000 debit order
Fund Size:	BWP1,090,426,738.45

Fees

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Annual Management Fee:	1 %
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