

Money Market Fund

Fund Factsheet | 30th September 2019



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.

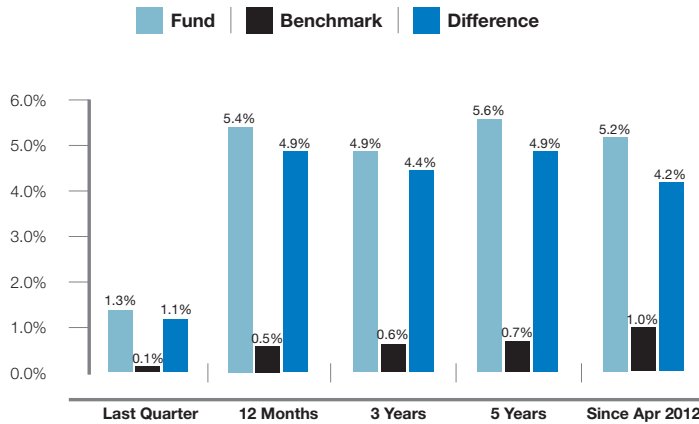
Strategy

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 & Commentary

Over the third quarter of 2019, the Fund returned 1.27% significantly outperforming the benchmark return of 0.13%. On a 12-month basis, the Fund returned 5.38%, an outperformance of 488 basis points over the benchmark which returned 0.50% for the same period.

In August, the central bank cut the bank rate from 5.00% to 4.75%. This proved negative for the money market fund as banks immediately started offering fixed deposits at lower yield. To exacerbate the reinvestment risk that the rate cut brought about, the banking sector continued to enjoy excess and stable liquidity, which we have seen throughout 2019 so far. This further prompted banks to offer fixed deposits at lower rates. In light of this, we continue to focus on yield enhancement opportunities such as commercial papers and placing deposits on the longer end of the money market curve.

Outlook and Strategy

Despite challenges such as high unemployment and lower mining output, Botswana's GDP remains positive, registering a growth of 3.9% year on year (vs 4.9% in Q2 2018). The primary sector contracted in the second quarter of 2019, leading to the observed deceleration in GDP growth. The primary sector contraction was driven by lower output following lower rainfall levels as well as lower mining output predominantly emanating from a decrease in international diamond demand.

The secondary & tertiary sectors of the economy on the other hand were positive. Construction was positive, on the back of the ongoing construction in both the retail and residential sectors country-wide.

Prompted by the persistently low levels of inflation (2.9% in both July & August), the Monetary Policy Committee (MPC) cut the bank rate by 25 basis points in August (from 5.00% to 4.75%). In their statement announcing the rate cut, the MPC cites

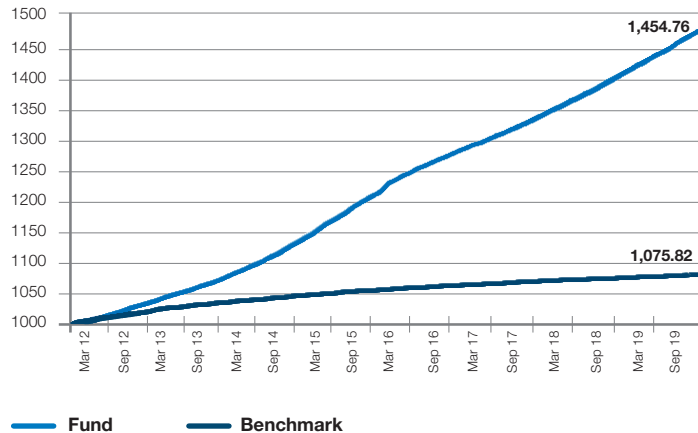
the current state of the economy and outlook, both domestically and externally, as supporting a scope for easing monetary policy to support economic activity. In our view, upside risks to inflation remain limited to changes in international oil prices and the government's willingness to adjust local administered fuel prices. On the other hand, downside risks are more pronounced and present in the form of prospects of weak global growth, the US-China trade war as well as modest domestic economic growth.

Our outlook for inflation in the short-term is for inflation to rebound into the 3-6% range and remain within the range though closely hugging the lower end of the range of the medium-term.

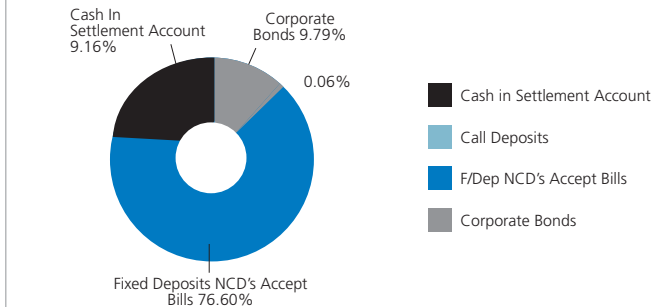
We are continuously on the lookout for opportunities in which we can pick up yield and focus on corporate credit exposure to enhance the yield.

Total Expenditure Ratio (T.E.R.) - 1.34%

Cumulative Returns Since Inception



Asset Allocation



Quick Facts

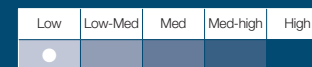
Fund Information

Portfolio Manager: Bifm Investments Team
Launch Date: Jan 2017
Minimum Investment: P 1000 lump sum
P 200 debit order
Fund Size: BWP1,709,602,934.80

Fees

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

Risk Profile



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 66458, Fairgrounds Office Park
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