



Pula Money Market Fund

Fund Factsheet | 31st December 2022



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.

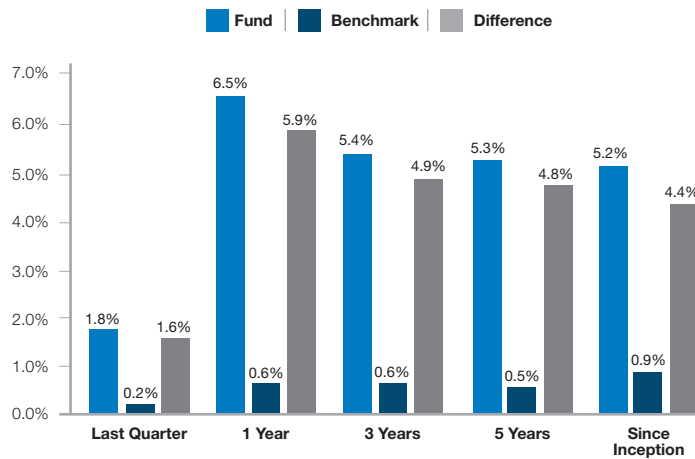
Strategy

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 last quarter of 2022, the Fund returned 1.77%, significantly outperforming the benchmark return of 0.15%. On a 12-month basis, the Fund returned 6.52%, an outperformance of 589 basis points over the benchmark which returned 0.63% for the same period.

Performance Commentary

Over the fourth quarter, competition for deposits among local banks remained elevated, owing to a liquidity squeeze that has prevailed for the last few quarters. As such, money market yields generally rose over the quarter.

Market Overview & Strategy

According to Statistics Botswana, Real GDP grew by 6.3% in Q3 2022, compared to a growth of 8.9% registered in the same quarter the previous year. All sectors of our local economy contributed positively to GDP during the quarter. Mining and Quarrying remained the leading contributor to overall GDP, contributing 18.5% on the back of sustained international rough diamond demand. Non-mining GDP was also positive, growing by 6.4% over the period.

Having opened the quarter at 13.8%, headline inflation gradually edged downwards to close the quarter and the 2022 calendar year at 12.4%. In October, inflation declined to 13.1% mainly due to the base effect while in November the decline to 12.2% was driven mainly by the drop in retail pump prices. In December, the slight uptick in inflation was on the back of a broad-based price increase of food items, as well as the rise in vehicle prices.

The Bank of Botswana (BoB) September 2022 Business Expectations Survey (BES) results suggested that firms were optimistic in the third quarter, in contrast to the pessimism that prevailed in the previous quarter. The optimism was grounded on expectations of a positive domestic economic performance. However, on the negative side, firms maintained expectations of tighter access to credit due to the Bank of Botswana's restrictive monetary policy amid soaring inflation. Firms also continued to expect the high levels of costs to persist, mainly due to the ongoing Russia-Ukraine war.

The BoB left the Monetary Policy Rate (MoPR) unchanged at 2.65% in October and December. This was mainly aimed at supporting the ongoing economic recovery against a backdrop of higher cost of living and economic uncertainty.

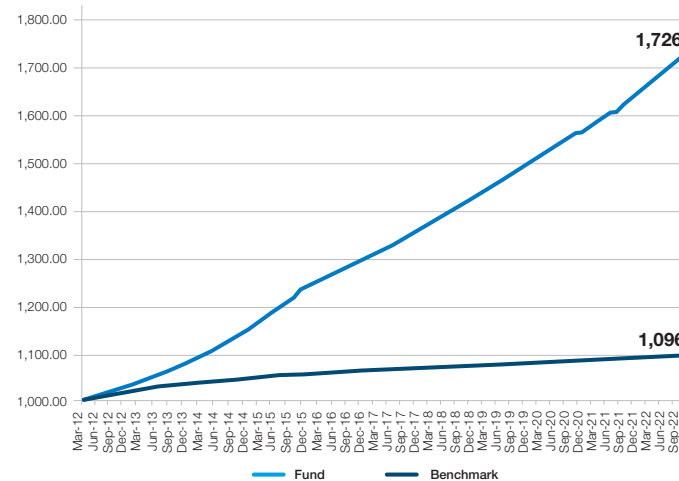
Credit extension grew by 2.26% over the 3rd Quarter of 2022, a slight slowdown from the 2.47% growth registered in Q2. This was largely supported by the Business Expectations Survey which showed that

firms had expectations of tighter access to credit amid restrictive monetary policy action by the central bank. Similar to the Q2 observation, credit extension growth was the highest to firms (2.62%) compared to households (2.06%) over the quarter. Within firms, credit extension grew the most to establishments in the Electricity & Water, Manufacturing, Transport & Comms, and Agricultural sectors. On the contrary, credit extension to Trade, Finance, and Mining sectors declined over the period.

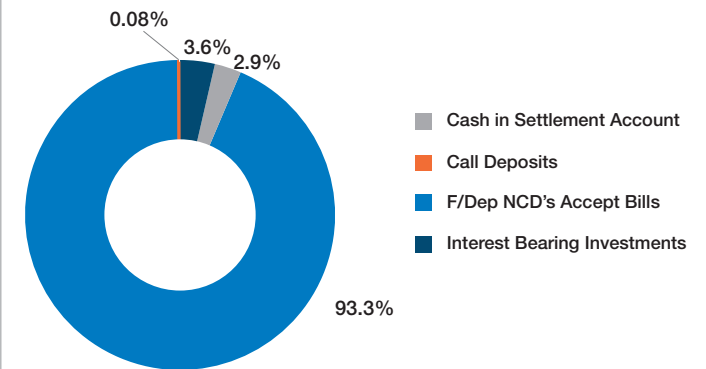
Looking ahead, inflation is expected to return to its path of descent in January 2023, following fuel price cuts in late December 2022 and in early January 2023. With inflation already having begun trickling downwards and with further expectations of its retreat, the BoB is likely to continue maintaining the MoPR at current levels. The BoB's forecasts indicate that inflation is likely to remain above the 3-6% objective range until the third quarter of 2024.

Total Expenditure Ratio (T.E.R.): 1.32%

Cumulative Returns (BWP)



Asset Allocation



Quick Facts

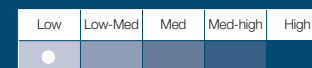
Fund Information

Portfolio Manager: Bifm Investments Team
Launch Date: Apr 2012
Minimum Investment: P 1000 lump sum
 P 200 debit order
Fund Size: BWP1,414,138,744.83

Fees

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

Risk Profile



Income Distribution

Income Distribution Frequency: 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
 Gaborone, Botswana

Postal Address

Private Bag BR185, Broadhurst
 Gaborone, Botswana

T: +(267) 399 2199 / +(267) 241 3041
F: +(267) 390 0358
E: retailservices@bifm.co.bw



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