

# Pula Money Market Fund

Fund Factsheet | 31<sup>st</sup> March 2021



## 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.

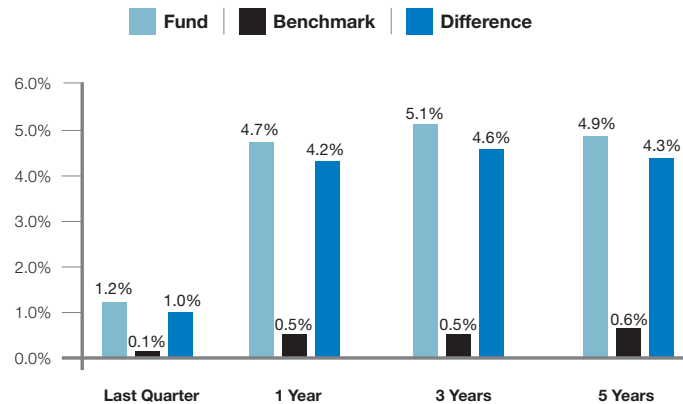
## Strategy

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 first quarter of 2021, the Fund returned 1.22% significantly outperforming the benchmark return of 0.13%. On a 12-month basis, the Fund returned 4.98%, an outperformance of 446 basis points over the benchmark which returned 0.52% for the same period.

Banking sector liquidity continued to be strong and stable over the quarter, thus presenting few opportunities for compelling yields for deposits with banks, hence opportunities were mostly limited to Tier II banks.

That said however, we were able to identify isolated opportunities over the quarter where some banks were in need of liquidity and offered slightly more attractive quotes.

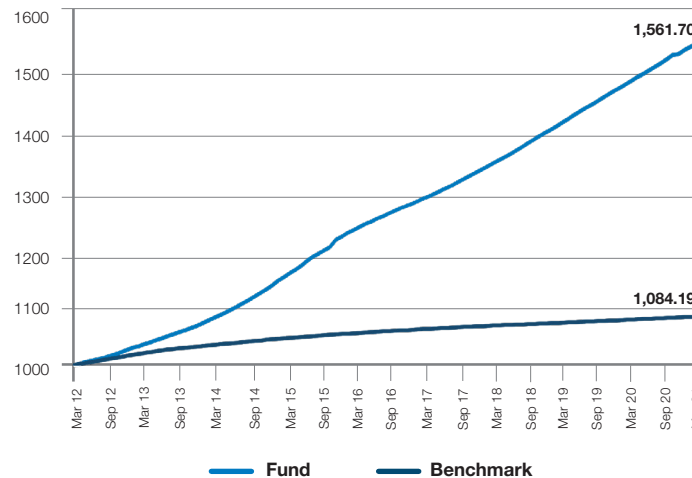
## Market Overview & Strategy

Headline inflation continued to edge toward the Bank of Botswana's (BoB) target range of 3-6%. Having opened the quarter at 2.2%, inflation rose by 10 basis points in January and February before jumping by 80 basis points in March to close the quarter at 3.2%, finally rebounding to the 3-6% objective range after a year and a half long period during which it

was below the range. The uptick in inflation over the quarter was driven largely by the Food & Non-Alcoholic Beverages, Transport (following the fuel pump price hike in early March) and the Health sector. The Recreation and Culture also posted notable growth over the quarter, following the lifting of the alcohol ban.

Our expectations of an upsurge in inflation remain, given implementations of hikes on administered prices (Housing, Fuel, Electricity), the increase in Value Added Tax (VAT) from 12% to 14%, introduction of the Sin Tax on sweetened beverages and upward revisions in various other taxes – all of which came into effect on the 1st of April 2021. We do, however, expect that inflation will remain within the BoB target band throughout 2021.

## Cumulative Returns (BWP)

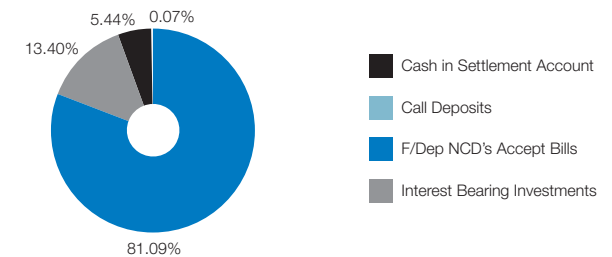


At the meeting held on the 25th of February 2021, the Monetary Policy Committee opted to maintain the Bank Rate at 3.75%, choosing to remain accommodative as inflation remains low and outside the objective range of 3 -6%. The MPC however noted upside risks to inflation relating to a potential increase in international commodity prices and a potential for an accelerated implementation of the Economic Recovery and Transformation Plan (Plan), both of which could see an upswing in domestic inflation, exacerbating the risks already presented by various price hikes scheduled in April 2021. For the remainder of the year, MPC meetings will be held on the following dates April 29th, June 17th, August 19th, October 21st, and December 2nd.

In order to manoeuvre this difficult environment, we will be looking to focus on the tail end of the money market curve to take advantage of higher rates. Corporate commercial paper remains a viable and attractive yield pick up alternative. As a risk management objective, we will also be strictly monitoring exposures to each counterparty as credit risks are elevated. This will be done through our credit exposure limits per counter as approved by the Credit Committee.

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

## 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:** BWP1,674,234,957.14

### 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  
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