

Pula Money Market Fund

Fund Factsheet | 30th June 2023



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.

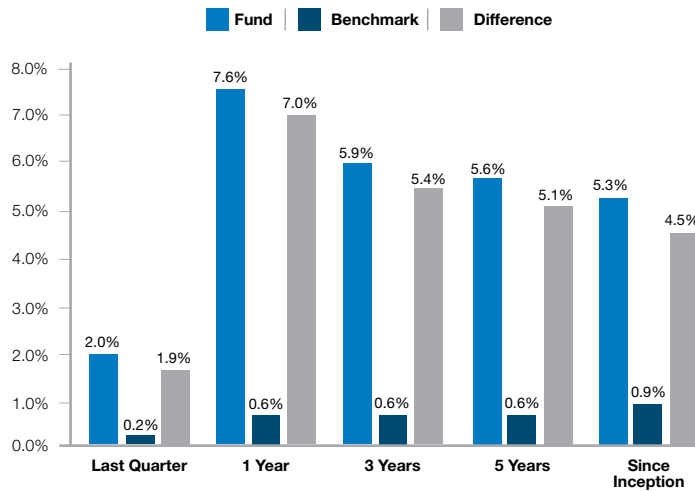
Strategy

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 second quarter of 2023, the Fund returned 2.08%, outperforming the benchmark return of 0.15%. On a 12-month basis, the Fund returned 7.65%, an outperformance of 704 basis points over the benchmark which returned 0.61% for the same period.

Performance Commentary

Competition for deposits amongst local banks continued to be rife in the earlier part of Q2 2023, resulting in higher money market yields. However, towards the twilight of the quarter, banking liquidity began to improve, albeit slightly so, with banks responding by quoting declining levels of rates for fixed deposits.

Market Overview & Strategy

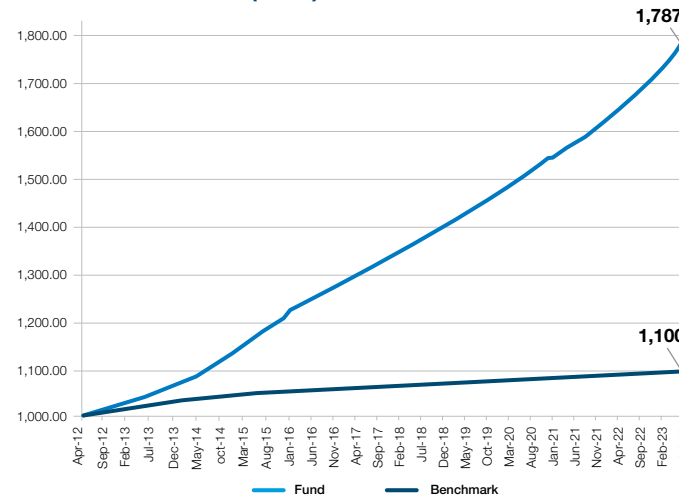
The Q1 2023 Gross Domestic Product (GDP) release showed a 5.4% growth in GDP (year-on-year) vs 6.8% registered in Q1 2022. On the back of increases in real value added by Copper and Diamonds, Mining & Quarrying continued to drive local output, contributing 19.6% to GDP over the quarter. The stabilization of the Khoemacau Copper Mine (KCM) and a planned increase in diamond production (to align with increased international demand) were the driving forces behind the reported improvements in the Copper and Diamond sectors respectively. Non-Mining GDP continued to be positive, growing by a positive 4.0% (y-o-y) (vs 3.9% in the same quarter in 2022).

Having opened the quarter at 9.9%, headline inflation spiralled down and closed the quarter at 4.6%, well within the 3-6% objective range set by the Bank of Botswana (BoB). This was mainly on the back of the base effect, as inflation rose significantly during the same period in the prior year, particularly in May and June 2022. Our expectations are for inflation to continue declining into the third quarter of 2023, driven yet again by the base effects and local fuel price reductions which came into effect on the 21st of June 2023 and will only be factored in the July 2023 inflation figure.

On the back of the new data, the BoB has revised its inflation expectations and now forecasts inflation to remain within the objective range rather than the previous expectations of a short-lived drop to 5.5% and a subsequent rise to 6.5% in Q4 2023.

In line with expectations, the BOB's Monetary Policy Committee (MPC) left the Monetary Policy Rate (MoPR) unchanged at 2.65% at the meeting held on the 15th of June.

Cumulative Returns (BWP)



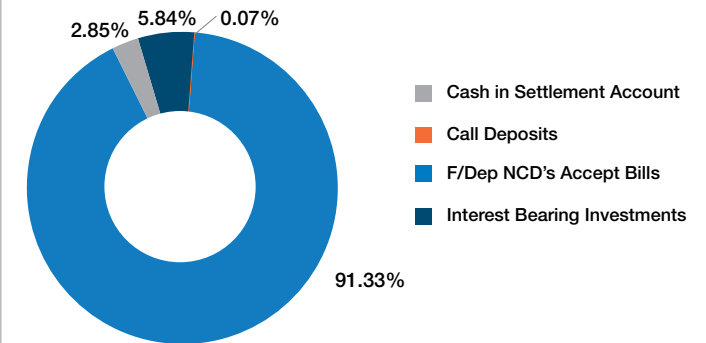
Total credit extended by local banks rose by 9.64% in Q1 compared to 6.1% in Q4 2022. Credit extension to households grew by 10.09% whilst extension to firms grew by 8.75% in the same period. Though coming from a low base, credit extension to firms within the Water and Electricity sector grew the most (76.50%) on the back of increased government activity around developing utility (water and electricity) infrastructure across the country.

The BoB March 2023 Business Expectations Survey (BES) results showed that firms maintained their level of optimism. Businesses indicated their expectations for reduced cost pressures, attributable to the relatively lower fuel prices and declining inflation. However, on the negative side, firms maintained their concerns about tight access to credit as regional central banks maintained higher levels of policy rates.

Looking ahead, despite several upside risks, inflation is expected to continue its path of descent throughout 2023 and this is largely expected to result in the BoB maintaining the MoPR at 2.65% in a bid to support the ongoing economic recovery.

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

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: BWP1,741,539,863.05

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

Bifm Unit Trusts (Pty) Ltd
Plot 66458, Fairgrounds Office Park
Gaborone, Botswana

Plot 396/7 Moffat Street, Central Residential Area
Francistown, 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