

Pula Money Market Fund

Fund Factsheet | 30th September 2024



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.

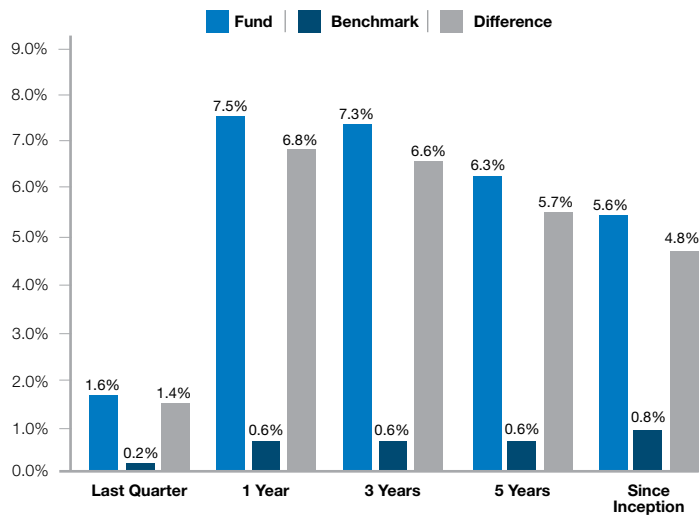
Strategy

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 third quarter of 2024, the Fund returned 1.58%, outperforming the benchmark return of 0.18%. On a 12-month basis, the Fund returned 7.47%, an outperformance of 684 basis points over the benchmark which returned 0.63% for the same period.

Performance Commentary

The third quarter of 2024 began with a continuation of the excess liquidity theme observed in Q2 2024. To add to the mix, another rate cut in August 2024 put further pressure down on money market rates. The rate cut, being a third within 8 months, all but confirmed to market participants that an expansionary monetary policy was in full swing. However, much of the excess liquidity was mopped up by the government through bond and T-bill issuance, with a few banking institutions starting to feel pressure to price up deposit rates, albeit marginally so. As a result, the fall in deposit rates observed in the first half of the year slowed down marginally, with rates somewhat stabilizing. We expect government bond and T-bill issuance to continue at elevated levels, thus a turn in fortunes for the money market investor might be edging ever closer as we near the end of a challenging year.

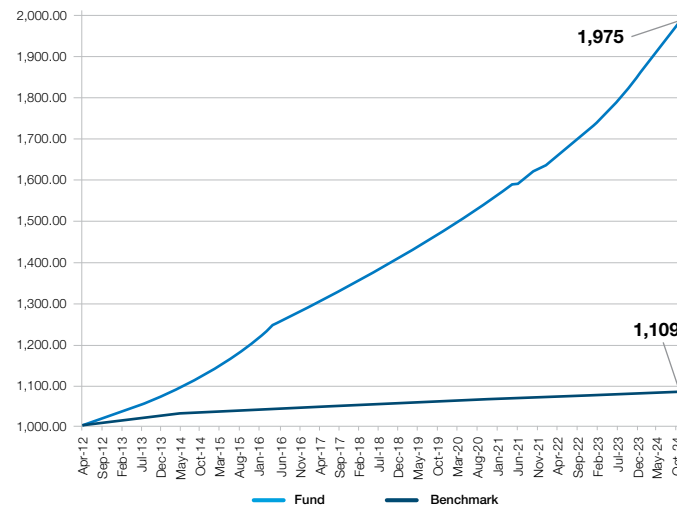
Market Overview & Strategy

The quarterly GDP release by Statistics Botswana showed a contraction of 0.5% in the real GDP over Q2 2024, compared to a growth of 3.3% in the corresponding quarter in 2023. The contraction in the

domestic economy was mainly due to reductions in the real value added by the Mining & Quarrying and Diamond Traders sectors of 16.5% and 11.2% respectively. This is on the back of a weak performance by Botswana diamonds in the international diamond markets. All other sectors recorded growth over the period. The Non-mining GDP increased by 4.2% in the quarter. In particular, the Manufacturing and Construction industries registered growths of 2.8% and 3.4% respectively. Within the Manufacturing sector, favourable growths were recorded in the Dairy products processing and processing of meat and meat products. The growth in the construction sector reflects the increase in activity of developmental works (roads, water supply & sanitation) across the country compared to the same quarter in 2023.

Headline inflation, which began the quarter at 2.8% rose to 3.7% in July 2024 and to 3.9% in August 2024 before dropping to close the quarter at 1.5%. The increases registered in the first two months of

Cumulative Returns (BWP)



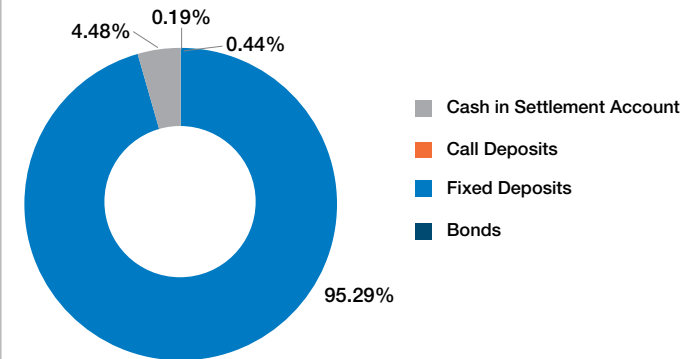
the quarter were mainly a result of increases observed in the sub-indices for the Food & Non-Alcoholic beverages as well as the Alcoholic Beverages & Tobacco sectors. The sudden drop in inflation in the last month of the quarter came after significant downward price adjustments on local fuel prices by Botswana Energy Regulatory Authority (BERA) on the 11th of September 2024.

Inflation estimates by the Bank of Botswana show expectations of inflation remaining within the objective range for the rest of the year, with an average of 3.6% in 2024 and 4.5% in 2025.

Over the quarter, the Monetary Policy Committee (MPC) met twice (in June and in August). At both meetings, the MPC opted to cut the MoPR by 25 basis points respectively, sending a strong message of a dovish stance to market participants. The MPC supported the decisions as a recognition of an expectation for the economy to continue operating below full capacity in the short term and thus not expected to generate demand-pull inflationary pressures.

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

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: BWP2,720,652,101.02

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

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