

Pula Money Market Fund

Fund Factsheet | 31st December 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.

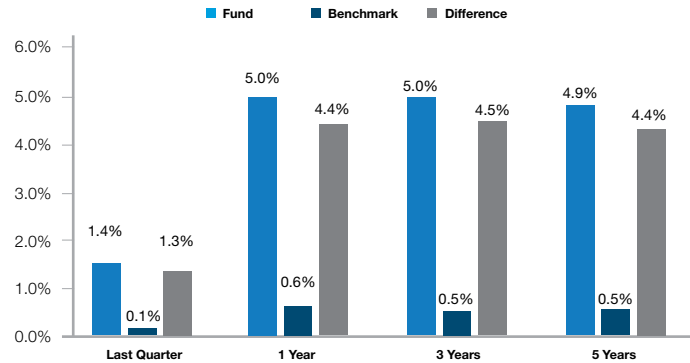
Strategy

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

Over the last quarter of 2021, the Fund returned 1.44% significantly outperforming the benchmark return of 0.15%. On a 12-month basis, the Fund returned 4.97%, an outperformance of 441 basis points over the benchmark which returned 0.56% for the same period.

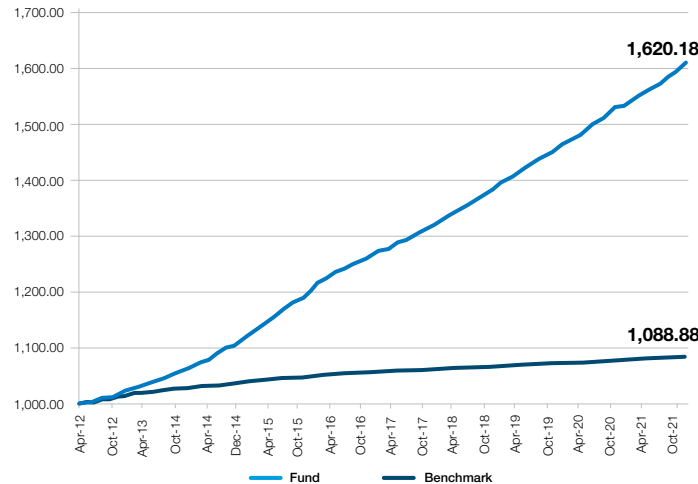
Performance Commentary

During the last quarter of 2021, liquidity in the banking sector tightened considerably as the central bank continued to issue bonds monthly, mopping up excess liquidity in the market. This presented the Fund with multiple opportunities as banks (tier I and tier II alike) started competing fiercely for deposits and quoting higher rates to attract depositors. The fund therefore took advantage of this and reinvested maturing deposits at higher rates and as a result, the fund's yield rose over the quarter. Our expectations are that the liquidity strain is likely to continue, owing to deposit scarcity, particularly as the current macro environment puts a strain on corporates and individuals' saving ability.

Market Overview & Strategy

Headline inflation which began the quarter at 8.4% rose to 8.8% in October and edged slightly down to 8.6% in November before registering a slight increase in December to close the year at 8.7%. Over the quarter, the major contributors to the changes observed in inflation were the Transport sector as well as Housing, Water, Gas & other Fuels and Food & Non-Alcoholic Beverages. Inflationary pressures remained high as the second-round effects of the administered price hikes effected earlier in the year started to trickle down. Additionally, December saw yet another round of fuel pump price hikes, necessitated due to the misalignment between domestic and international oil prices.

Cumulative Returns (BWP)

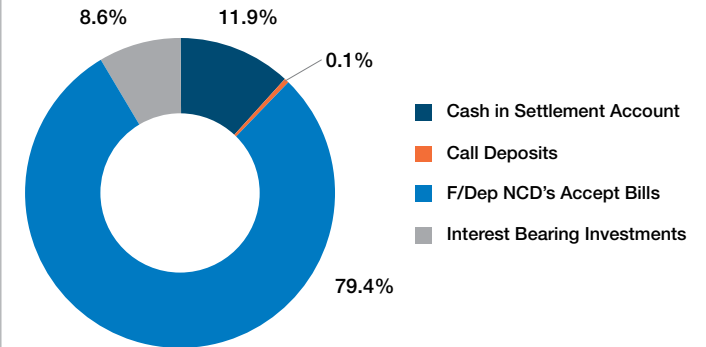


On the Monetary policy front, at the last meeting of the year held on the 2nd of December 2021, the Monetary Policy Committee (MPC) opted to maintain the Bank Rate at 3.75%, citing that although overall risks to inflation outlook are tilted to the upside, they are moderated by a high possibility of weak domestic demand. The bank expects a dampening effect on productivity due to supply-chain bottlenecks and capacity constraints in implementing the Economic Recovery Transformation Plan initiatives. The Bank of Botswana maintains expectations for inflation to trim down and return to the 3-6% objective range by the end of Q3 2022.

In managing the fund amidst peaked interest for cash from the banking sector, we will be looking to focus on credit quality in order to deliver positive performance at relatively low levels of risk. 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

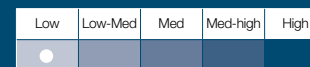
Fund Information

Portfolio Manager: Bifm Investments Team
Launch Date: Apr 2012
Minimum Investment: P 1000 lump sum
P 200 debit order
Fund Size: BWP1,456,918,645.91

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

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