



# Pula Money Market Fund

Fund Factsheet | 30<sup>th</sup> September 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.

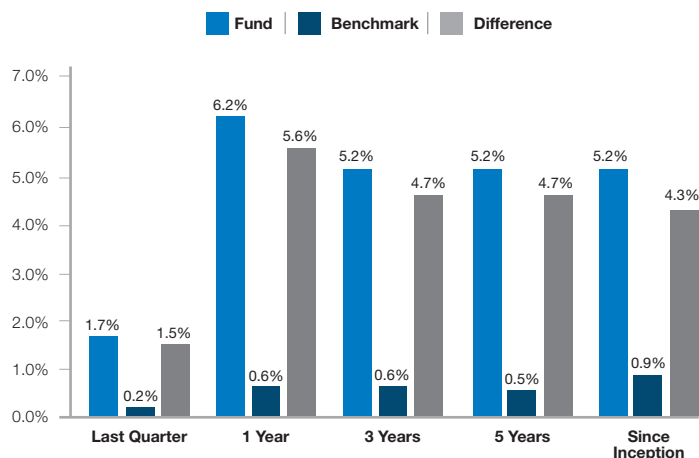
## Strategy

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 third quarter of 2022, the Fund returned 1.67%, outperforming the benchmark return of 0.15%. On a 12-month basis, the Fund returned 6.18%, an outperformance of 555 basis points over the benchmark which returned 0.63% for the same period.

## Performance Commentary

Over the third quarter, the banking sector continued to be under pressure liquidity wise, and competition for deposits remained rife. However, towards the end of the quarter, some of the banks showed signs of stability and began to quote lower bids. Despite this, in general, rates for deposits remained elevated as the Monetary Policy Committee announced another 50bps hike in the Monetary Policy Rate (MoPR) in August, pushing the MoPR to 2.65%.

## Market Overview & Strategy

Quarter on quarter, headline inflation continued to rise, mainly on the back of further upward fuel price adjustments made on the 28th of June of P2.04 and P1.28 per litre, for petrol and diesel, respectively. The Food & Non-Alcoholic group index also contributed to the rise in inflation over the quarter as vegetable shortages and the impact of higher fuel costs continued to drive food prices upwards. Inflation peaked at 14.6% in August before retreating to 13.8% in September, following a cut in retail pump prices for petrol and diesel at P1.00 and P0.23, respectively, on the 11th of September.

Following two Monetary Policy Rate (MoPR) hikes in the second quarter, the Bank of Botswana announced another 50bps rate hike in August, taking the MoPR to 2.65%. The Monetary Policy Committee highlighted a significant risk that inflation could remain elevated, owing to a potential increase in international oil and commodity prices, the continuance of geo-political tensions and the associated disruption to logistics and production. With this backdrop, the Central Bank is expected to retain its restrictive stance in a bid to rein in inflation. The BoB's forecasts indicate that inflation is likely to remain above the 3-6% objective range until the third quarter of 2024.

Credit extension grew by 2.47% over the second quarter of 2022, an improvement from the 1.04% growth registered in Q1 2022. Over the 12 months to June, credit extension grew by a modest 5.76%. Contrary to the trend observed over the last few years, credit extension to firms drove overall credit extension for both the quarter and the year, with firms in the Manufacturing and Agricultural sectors being extended the most credit. This follows the support from the government through vehicles such as the Impact Accelerator

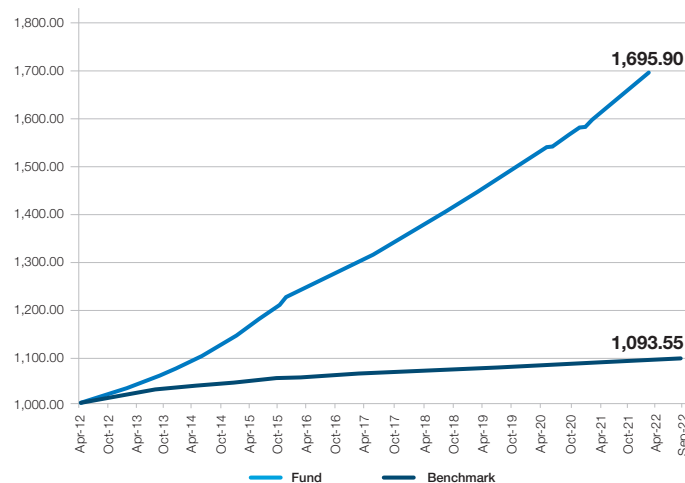
Subsidy (IAS) by the National Development Bank. Credit extension to mining, however, reduced by 31.40% over the 12 months to June, likely to signal the risk averseness of lenders to the sector given its volatility in recent times.

The Bank of Botswana June Business Expectations Survey (BES) results signalled a move away from previous optimism as businesses turned pessimistic. The pessimism stemmed from expectations of weaker domestic performance, a general reduction in investments in buildings and PP&E, more expensive and tighter access to credit as monetary policy is restrictive, and continuing cost pressures reflecting elevated fuel prices.

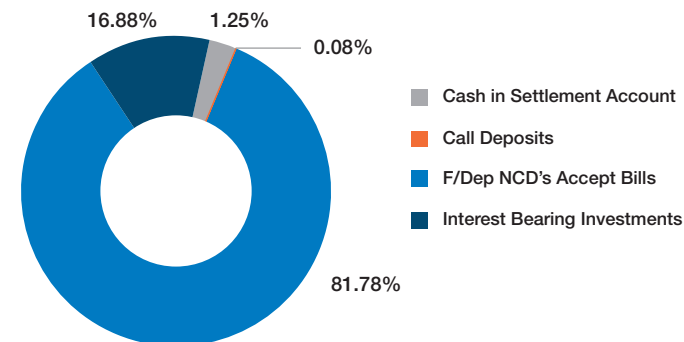
We continue to place emphasis on quality credit exposure in the midst of the pandemic. We also place focus on duration in an effort to pick up yield whilst consciously monitoring the liquidity of the fund.

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

## 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  
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