

IPRO BOTSWANA MONEY MARKET FUND – CLASS A

AUGUST 2024



Investment Objective

The investment objective of the IPRO Botswana Money Market Fund is to provide income whilst maintaining liquidity and preserving principal investment amounts. This will be accomplished through analyzing current and expected changes in inflation and interest rates, analyzing credit strength of issuers, ascertaining correct pricing for investment opportunities, and maintaining a good balance in the Fund's investable universe.

Investment Strategy

Investment in wide range of high-quality Botswana Pula denominated money market instruments, which include: Government of Botswana Bonds and Treasury Bills, Negotiable Certificates of Deposit, Fixed Deposit placements, Debenture Promissory Notes, Corporate Bonds, Repurchase Agreements, Variable and Floating Rate Notes.

Benchmark

The Fund seeks to offer an alternative to savings products offered by the local commercial banks. The Fund's benchmark has been set as the Botswana Average Call Account Rate.

Who Can Invest?

Investors seeking a liquid, low risk money market offering, with enhanced yields. This Fund is suitable to investors with a short-term investment horizon and low risk appetite.

Investment

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Fund Manager's Commentary

Our Fund delivered a return of 0.52% for the month of August, bringing the rolling 3-month and 12-month returns to 1.53% and 7.10%, respectively. This compares favourably against the benchmark Average Overnight Call Rate return of 0.05%, 0.14% and 0.55% for one, three and twelve months, respectively. All return figures are net of asset management fees and expenses.

Statistics Botswana released the July 2024 inflation report during the month under review, which showed that inflation increased by 90 bps to 3.7% compared to the previous month, returning into the Bank of Botswana's (BoB) objective range of 3 – 6%. Imported inflation ticked up markedly to 4.9% from 2.9% in the previous month on the back of increases in Transport (1.5pp), Miscellaneous Goods & Services (0.7pp) and Food & Non-Alcoholic Beverages (0.6pp). Despite the increase in the price index, the Bank of Botswana's Monetary Policy Committee (MPC) cut the Monetary Policy Rate (MoPR) by 25 bps to 1.90%, noting that the economy is expected to operate below full capacity in the medium term. The MPC further revised their average inflation forecast for 2024 and 2025 downwards to 3.0% and 3.2% respectively compared to 3.5% and 4.5% in June 2024. With flailing external demand for mining sector production and weaker performance of non-mining sectors, we expect the MPC to maintain an accommodative monetary policy stance for the rest of the year.

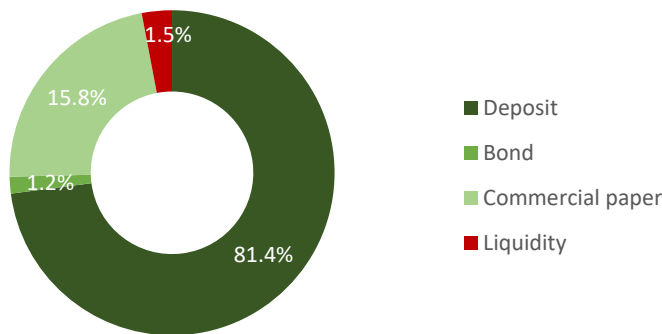
The Government of Botswana tapped into the bond market to raise BWP3.8 billion on 23rd August. In line with the reduction in the policy rate, he yield on the 3-month T-Bill declined by 20bps to 2.22%. Conversely, yields on the 6 month T-Bill, BOTSGB0527 and BOTSGB093 rose by 9bps, 25 bps and 25bps respectively. Bid-to-offer ratios exceeded one for the 3- and 6-month T-Bills and fell below one for the longer dated securities.

The deterioration in short-term rates, which commenced in Q4 23 following the gradual repatriation of pension assets in line with PFR2 is likely to continue for the remainder of this year. We continue to observe ample liquidity levels within the banking system, which further places pressure on yields. We will continue with our strategy of taking advantage of pockets of opportunity as and when they arise, with a bias to long-term and corporate paper placements for yield enhancement.

Monthly Performance (Gross)

	YTD	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
2017	0.99%											0.56%	0.43%
2018	5.57%	0.39%	0.36%	0.39%	0.39%	0.44%	0.45%	0.49%	0.55%	0.52%	0.50%	0.49%	0.47%
2019	5.45%	0.42%	0.39%	0.42%	0.46%	0.47%	0.41%	0.48%	0.47%	0.44%	0.42%	0.42%	0.51%
2020	5.62%	0.46%	0.39%	0.44%	0.44%	0.48%	0.45%	0.51%	0.48%	0.47%	0.43%	0.42%	0.52%
2021	5.69%	0.45%	0.39%	0.47%	0.48%	0.40%	0.47%	0.46%	0.45%	0.55%	0.43%	0.46%	0.54%
2022	6.82%	0.43%	0.45%	0.53%	0.57%	0.54%	0.61%	0.50%	0.55%	0.60%	0.57%	0.59%	0.69%
2023	7.70%	0.57%	0.56%	0.68%	0.60%	0.63%	0.66%	0.59%	0.66%	0.69%	0.57%	0.60%	0.66%
2024	3.40%	0.56%	0.54%	0.62%	0.55%	0.57%	0.51%	0.50%	0.52%				

Allocation by Instrument



Portfolio Management Team

Keletso Kgari, MBA

Keletso is a seasoned investment professional, with sixteen (16) years' work experience in banking and investment management. She has previously worked as a Portfolio Manager for over four years during which she developed investment strategies for institutional clients, conducted market research, constructed and managed both equity and fixed income portfolios. Prior to joining IPRO Botswana, she was the Team Lead and authorized trader for a fixed income portfolio.

Mogorosi Badisang

Mogorosi is an investment professional with five years of experience in the markets, with a prior focus on listed equities. He previously worked on the sell side as an equity analyst. Mogorosi graduated in BA (Hons) International Finance & Banking and acquired the JSE Registered Securities Trader certificate. He is actively pursuing the CFA Charter, having cleared the Level 1 exam.

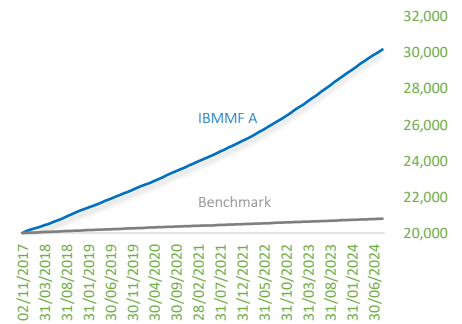
Fund Performance vs Benchmark

	FUND	BENCHMARK
YTD	4.45%	0.37%
MTD	0.52%	0.05%
3 Months	1.53%	0.14%
6 Months	3.31%	0.28%
9 Months	5.14%	0.42%
12 Months	7.10%	0.55%
3 years	22.55%	1.68%
3 years*	7.01%	0.56%
5 years	36.56%	2.80%
5 years*	6.43%	0.55%
Since Inception	50.81%	3.96%
Since Inception*	6.20%	0.57%

* Annualised

Fund Performance (Net)

BWP20 000 Invested at the Inception of the Fund



Fund Particulars

Net Asset Value Per Unit: BWP 1.00
Inception date: 2nd November 2017
ISIN: BWP000002419
Domicile: Botswana
Base Currency: BWP
Valuation Frequency: Daily
Income Distribution: Monthly (reinvested or paid out)
Investment Manager: IPRO Botswana (Pty) Ltd
Custodian: Stanbic Bank Botswana
Trustee: Stanbic Bank Botswana
Manager: IPRO Botswana Fund Management (Pty) Ltd

Fund NAV

BWP 317,212,342.80

Minimum Investment

BWP 20,000 (LUMP SUM)
 BWP 1,000 (DIRECT DEBIT)

Fees & Additional Information

Initial fees: Nil
Benchmark: Botswana Average Call Account Rate

Contact Details

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DISCLAIMER AND IMPORTANT INFORMATION

The value of unit trusts may go down as well as up and past performance is not necessarily a guide to the future. An investment in IPRO Botswana Money Market Fund is not the same as a deposit with a banking institution. It is advisable that one consults a financial advisor before making an investment. This document is not an invitation to subscribe to the fund and should be used for informational purposes only. The fund prospectus is available to investors at no cost from IPRO Botswana Fund Management Pty Ltd offices