



Metropolitan Money Market Fund

June 2024

UNTAXED

Risk profile - Conservative

INVESTMENT STRATEGY

The investment fund is a low risk, domestic only, fixed income portfolio which aims to outperform the Short Term Fixed Interest (STeFI) Index before fees over year rolling periods. This portfolio is suited to members with a low risk profile seeking a competitive yield without compromising on liquidity or capital invested.

MARKET INDEX RETURNS

	3 Months	6 Months	1 Year	3 Years	5 Years
STeFI Composite Index	2,06%	4,17%	8,55%	6,48%	6,06%

INVESTMENT RETURN

	1 Month	YTD	1 Year	3 Years	5 Years	Since Inception
Money Market Fund	2.36%	4.72%	9.49%	7.25%	6.79%	7,62%
Strategic Benchmark	2.06%	4.17%	8.55%	6.48%	6.06%	N/A

QUARTERLY COMMENT

Global central banks are leaning towards interest rate cuts as smaller economies have been the front runners in implementing this dovish stance. This is indicative of a peak in interest rates for most central banks. From the G7 nations it was the Bank of Canada leading with a 25bps rate cut implemented in June 2024.

At the recent June 11-12th meeting, the US Federal Reserve Bank left interest rates unchanged for the 8th meeting in a row. With increasing levels of unemployment and softer economic growth conditions expected we could possibly see 2 rate cuts for the rest of 2024. The FOMC predicts one cut for the rest of 2024. The US inflation has been at the lowest levels for 2024 after the May figures were published. Main contributors to the softer CPI print: 1) Oil price 2) Durable goods.

The ECB cut interest rates by 25bps from its most elevated level of 4.00% in June 2024. With the ECB now being ahead of the FED on rate cuts there is still a cautious sentiment on future rate cuts, which infers that they are not in a hurry due to headline and core inflation increasing in the May 2024 print. Narrowly avoiding a recession last year and the resulting recovery in European Economy is the main contributor to increasing inflation. 2.5% is the expected inflation forecast for 2024.

There was a less hawkish tone from the SARB in Q2 with the inflation risk now being viewed as balanced and the major risk being highlighted as political uncertainty. March/April saw a decrease in CPI. May CPI was unchanged at 5.2% y/y. The repo rate was left unchanged at 8.25% at the May 2024 meeting. This was the sixth consecutive meeting that the bank has left the repo rate unchanged. The market consensus is a reduction in the repo rate for the remainder of this year. Our view was that repo will be at 7.50% by end of 2024. With the delayed cuts, we are likely to see 50 basis points worth of easing to 7.75% by the end of the year. Risks to the view above are the timing of the US Fed kicking off a rate cutting cycle as well as rand depreciation/oil price surgency.

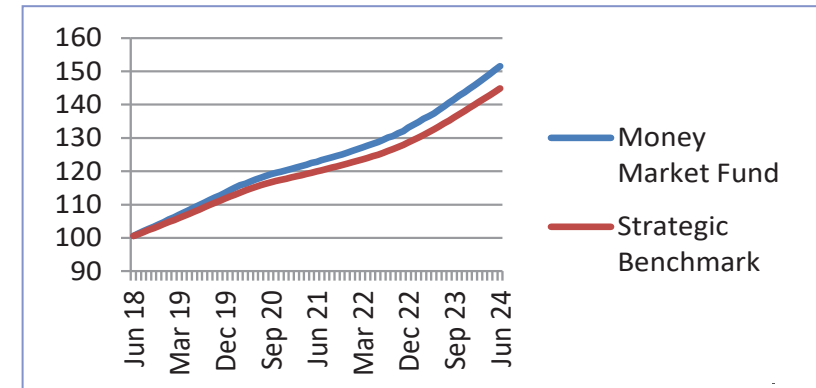
PORTFOLIO MANDATE

To achieve the desired investment outcome, the fund invests in domestic money market instruments with a term shorter than 13 months. A focus on diversification of credit risk, high liquidity and management of interest risk makes this fund an attractive alternative to traditional call accounts and fixed deposits.

ASSET ALLOCATION (Strategic benchmark)

SA Cash	100,00%
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CUMULATIVE RETURNS SINCE JUNE 2018



DISCLAIMERS

Returns illustrated above apply to lump sum investments. Past performance is not necessarily a reliable indicator of future performance. Although reasonable steps have been taken to ensure the validity and accuracy of the information provided, Metropolitan does not accept any responsibility for any losses or damages arising from any reliance or actions taken on the basis of the information provided. An investment in the fund may not be suitable for all investors. Investors should obtain advice from their financial adviser before proceeding with an investment.