



Metropolitan Money Market Fund

UNTAXED

Risk profile - Conservative

METROPOLITAN

September 2024

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	2,07%	4,17%	8,55%	6,87%	6,12%

INVESTMENT RETURN

	3 Months	YTD	1 Year	3 Years	5 Years	Since Inception
Money Market Fund	2.48%	7.32%	9.68%	7.73%	6.88%	7.65%
Strategic Benchmark	2.07%	6.33%	8.55%	6.87%	6.12%	N/A

QUARTERLY COMMENT

Most central banks globally have implemented interest rate cuts as monetary policy easing is the new strategy based on economic variables. There has been a cool down in inflation globally and this indicates most central banks have reached a peak in interest rates in the current economic environment. Developing economies have been following their developed counterparts in implementing monetary policy easing.

At the September 18th meeting, US Federal Reserve Bank cut the benchmark interest rate by 25bps which was more aggressive than anticipated by the market. The deterioration in the American Labor market as well as weak consumer confidence will weigh on the next monetary policy decision by the US Fed. The softer August PCE inflation print increases the probability of a possible 50bps interest rate cut in November 2024 as forecasted by the market. The US inflation has been at the lowest levels for 2024 with August Core PCE inflation realizing a 1.6% (annual) rate which is well below the 2% target of the US Fed.

The ECB cut interest rates by 25bps to 3.65% in September 2024. The weakening economic growth and inflation has strengthened the case for another interest rate cut of 25bps in October 2024. The BOE cut interest rates by 25bps in August 2024 to 5.00% as inflation declined. The decision was made to keep the rate unchanged at the September 2024 meeting.

SARB reduced the repo rate by 25bps to 8.00% on 19 September 2024 after the much-anticipated 1st interest rate cut of 2024. The higher anticipated economic growth and reduction in load shedding as well as a decline in investments leads to a balanced approach to the growth outlook. Headline inflation in August reached a 3 year low at 4.4%. This is now below the 4.5% midpoint of the SARB. The contributors to declining core inflation are 1) Rand appreciation 2) Oil price reduction. Food price inflation also appears improved which is partially offset by the increased electricity tariffs. Global conditions play a significant role on local monetary policy decision making and risks include rising geopolitical risks and policy uncertainty. Domestically a reduction in the public debt level and maintaining the real wage growth at an acceptable level is key to strengthening the economy.

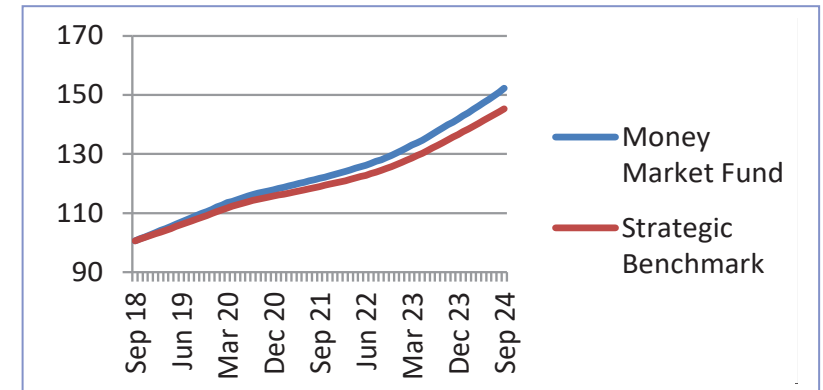
PORTFOLIO MANDATE

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 SEPTEMBER 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.