METROPOLITAN

Metropolitan Money Market Fund

December 2024

TAXED

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 investors 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	2,01%	4,12%	8,46%	7,23%	6,17%

INVESTMENT RETURN

	3 Months	YTD	1 Year	3 Years	5 Years	Since Inception
Money Market Fund	2.23%	9.71%	9.71%	8.12%	6.93%	7,65%
Strategic Benchmark	2.01%	8.46%	8.46%	7.23%	6.17%	N/A

QUARTERLY COMMENT

Across the globe, a trajectory of declining policy rates remains but not in any uniform manner – some cuts bigger than others while other central banks remained on a hold position.

The Federal Reserve lowered its funds rate by 25 bps to 4.25% from 4.50%, its third and final cut in 2024. Down from September estimate of four cuts, the policymakers projected only two more cuts in 2025 as inflation risks linger. Given the sticky inflation, this move has been expected by many economists and that some of President-elect Trump's proposed policies could prove inflationary if implemented. Overall US inflation is expected to rise to 2.5% by the end of 2025. In the markets, two-year yields jumped 11 bps to 4.35%, rising above the three-month T-bills for the first time since March 2023 while longer-maturity yields rose less.

The ECB cut its benchmark interest rate for the fourth time, by 25 bps to 3.0%, noting that the cut comes on the back of signs of weakening growth and concern about the impact of the political disarray in France as well as the potential tariffs under the Trump administration.

BOE MPC voted to keep its bank rate flat at 4.75% albeit three members preferred a reduction by 0.25% to 4.50% to boost growth. The Committee said it will decide the appropriate degree of monetary policy restrictiveness at each meeting. The monetary policy is to continue to remain restrictive for sufficiently long until the risks to inflation returning sustainably to the 2% target in the medium term have dissipated further. Rates are still expected to fall gradually, with the first cut possibly coming in February.

The challenging global macroeconomic and high electricity tariffs remain a threat to local inflation trajectory. This made the SARB deliver a cautious statement in its last meeting for the year held in November 2024. The SARB MPC reduced the repo rate by 25 bps to 7,75%, in line with market expectation. The SARB is confident that inflation expectations are heading lower and will likely be anchored at its midpoint. We still believe there is room for more tightening through the current cycle, taking repo to 7.00-7.25% by end of 2025.

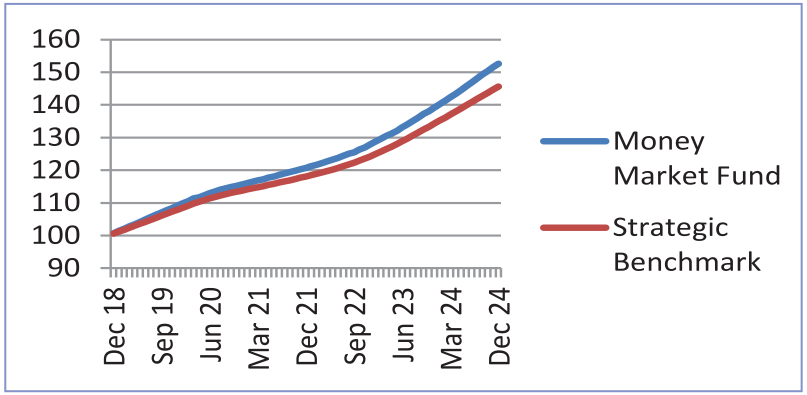
PORTFOLIO MANDATE

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%

CUMULATIVE RETURNS SINCE DECEMBER 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.