

Metropolitan Money Market Fund

March 2025

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	1,89%	3,94%	8,28%	7,54%	6,21%

INVESTMENT RETURN

	3 Months	YTD	1 Year	3 Years	5 Years	Since Inception
Money Market Fund	2,09%	2,09%	9,48%	8,43%	6,94%	7,68%
Strategic Benchmark	1,89%	1,89%	8,28%	7,54%	6,21%	N/A

QUARTERLY COMMENT

The first quarter of 2025 went by very quickly characterized by significant economic volatility as the markets remained nervous about news headlines both offshore and local – the return of US President Trump announcing import tariffs increases and escalated trade wars and, political tension in SA threatening the GNU around budget support and approval.

The US Federal Reserve kept its policy rate flat in March 2025 meeting, but we think this is only temporary as it continued with the hawkish stance. The Fed Funds' futures indicated market pricing of two 25bps cuts by the end of 2025 with no cuts expected in the first half of the year. Policymakers anticipated inflation to be pushed higher this year and to likely adopt a cautious stance due to persistent economic uncertainty for now.

The Eurozone is caught in the "tariff turmoil" by the US. The question in everyone's mind is whether these tariffs will be inflationary in future, just as they will impair growth. The ECB has cut rates six times by a cumulative 1.50%, since June 2024 excluding the July meeting where rates were kept stable. Inflation in the Eurozone has been falling, which took pressure off the ECB, and they continued on their rate-cutting path.

In the UK, lack of growth has fueled significant uncertainty around monetary policy. The markets are still unsure about the effects the US government tariffs will have on the global economy. The BOE left rates unchanged in the March meeting, matching the US Fed decision after cutting in the February meeting. The persistent uptick in inflation has led to expectations that the Bank may not cut any further and keep rates higher for longer.

On the local front, the SARB MPC eased interest rates by 25bps at the January 2025 meeting as expected in a split decision but struck a hawkish tone amid global uncertainty. This move was due to softer inflation around 3.0% and expectations were aligned with the SARB's midpoint objective. We had anticipated that the SARB will maintain a cautious stance given potential upside inflationary risks from the external environment before further monetary policy easing. FRAs pricing a 60% chance of a 25bps rate cut in May meeting.

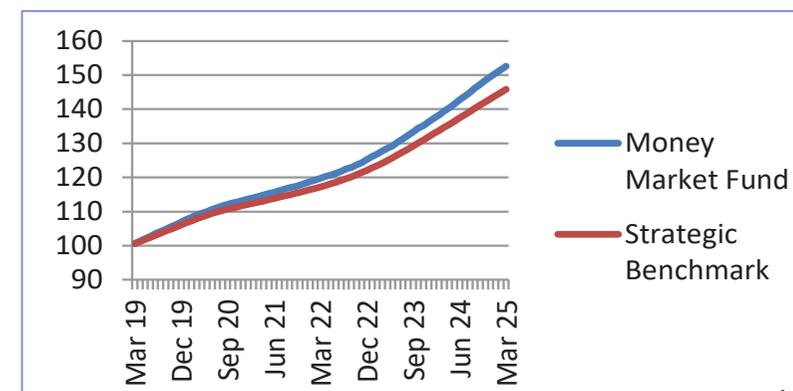
PORTFOLIO MANDATE

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 MARCH 2019



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.