

Metropolitan Money Market Fund

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	1.66%	3.44%	7.28%	7.98%	6.76%

INVESTMENT RETURN

	3 Months	YTD	1 Year	3 Years	5 Years	Inception
Money Market Fund	1.81%	1.81%	8.06%	8.88%	7.57%	7.70%
Strategic Benchmark	1.66%	1.66%	7.28%	7.98%	6.76%	N/A

QUARTERLY COMMENT

The Fed has been easing policy since 2024, maintaining guidance that leans toward further rate cuts. However, the outbreak of war on 28 February disrupted the outlook, raising the risk that inflation could remain elevated for longer, particularly amid sustained strength in oil prices. At its March meeting, the Fed kept its benchmark rate unchanged at 3.50%–3.75%. Persistently higher energy prices could place upward pressure on core inflation through higher input costs. Progress toward the Fed's 2% inflation target is now expected to be slower, increasing the risk of inflation remaining above target for longer.

The ECB left policy rates unchanged, in line with market expectations and lifted its 2026 inflation outlook following the US–Iran war. The conflict presents clear upside risks to near-term inflation through higher energy prices, alongside downside risks to growth. Market sentiment has shifted markedly, with expectations for ECB rate cuts giving way to pricing for potential rate hikes in 2026 amid rising inflation concerns.

In the UK, rate expectations have shifted sharply, with futures markets now pricing in roughly four BoE hikes in 2026 amid rising inflation fears linked to the US–Iran conflict, given the UK's reliance on imported Gulf energy. Inflation is expected to edge higher in the near term, though some economists still anticipate a return toward the Bank's 2% target by year-end, potentially allowing for easing later in 2026. Views remain divided, with markets leaning toward further tightening, while some forecasts point to rates remaining on hold around 3.75% into 2027.

Global dynamics remain key drivers of the local market outlook. The firm oil price and lower interest rates outlook at the start of the year was materially disrupted in Q1 as the escalation in the US–Iran conflict triggered renewed upside risks to global energy prices. Domestically, growth continued to benefit from elevated terms of trade at the start of the year, alongside ongoing structural economic reforms. However, near-term growth dynamics are expected to soften, with the 2026 GDP growth forecast revised down to 1.3%. The SARB's rate-cutting cycle has subsequently been deferred with money market implying a degree of tightening risk. Current market pricing indicates a full probability of a 25-basis point repo rate hike being brought forward to the May MPC meeting.

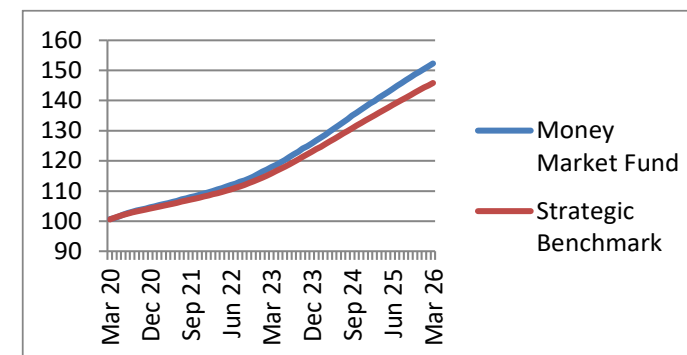
PORTFOLIO MANDATE

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)

Cash	100.00%
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CUMULATIVE RETURNS SINCE MARCH 2020



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.