



# Metropolitan Balanced Fund

## UNTAXED

### Risk profile - Moderate

# METROPOLITAN

## December 2023

### INVESTMENT STRATEGY

This fund is a medium equity, multi-asset-class portfolio with the objective of delivering a consistent total return above inflation of CPI + 3% to CPI + 4% over appropriate investment terms. It has a medium- to long-term investment horizon and is suitable for members with an intended investment horizon of five years or longer.

### MARKET INDEX RETURNS

	3 Months	6 Months	1 Year	3 Years	5 Years
FTSE/JSE Capped Swix All Share	8,21%	4,09%	7,87%	12,69%	8,97%
BEASSA ALBI	8,11%	7,75%	9,70%	7,43%	8,25%
IGOV	6,16%	6,95%	6,98%	8,86%	6,55%
STEFI Composite Index	2,09%	4,20%	8,06%	5,68%	5,94%
FTSE/JSE SA Listed Property	16,37%	15,24%	10,15%	14,87%	0,24%
MSCI World All Countries Gross	8,14%	4,28%	32,80%	14,50%	17,86%
Citigroup World BIG	5,35%	1,03%	15,10%	1,45%	4,48%
FTSE EPRA NAREIT ZAR	12,45%	5,89%	19,46%	10,12%	8,68%

### INVESTMENT RETURN

	3 Months	YTD	1 Year	3 Years	5 Years	Since Inception
Balanced Fund	6,84%	12,23%	12,23%	11,16%	9,29%	10,41%
Strategic Benchmark	6,96%	13,65%	13,65%	10,33%	7,42%	N/A
Performance Benchmark (CPI + 3%)	2,15%	8,53%	8,53%	9,12%	8,75%	0,00%

### QUARTERLY COMMENT

Q4 saw the Fed signal a shift in policy rates, with expectations of three 25 basis points interest rate cuts in 2024, predicting a "soft landing" for the US economy in December. This marked a departure from the previous stance of 'higher for longer,' particularly considering the recent inflation print of 3.1% year-on-year. Markets rallied off the back of this development as global bonds and equities rallied. Over the quarter developed market equities posted a 11.1% return, emerging market equities returned 7.9%, and global bonds yielded 8.6%, all in US\$ terms. Gains were further elevated in Rands as the ZAR weakened a further 2.7%. South African markets also benefitted from the positive sentiment as equities gained 8.2%, outperforming MSCI EM Index. The 10-year SA government bond yield decreased to 9.8%, resulting in an 8.1% gain for the quarter and a 9.7% annual return. The historic positive correlation between bonds and local listed property returned with the anticipation of rate cuts landing well with leveraged property companies. The ALPI outperformed all asset classes, generating a 10.7% total return for the year, mostly backloaded in Q4 where the asset class gained 9.9%.

All Local and global components contributed positively. A strong recovery from the Momentum local equity smart beta equity construct delivered the largest contribution to returns, particularly the Momentum Quality Smart Beta Fund. Globally, the Momentum Sustainable Equity Fund was the biggest contributor to returns. Against this backdrop the Balanced Fund added a healthy 6.84% for Q4, bringing the 12-month return to 12.23%.

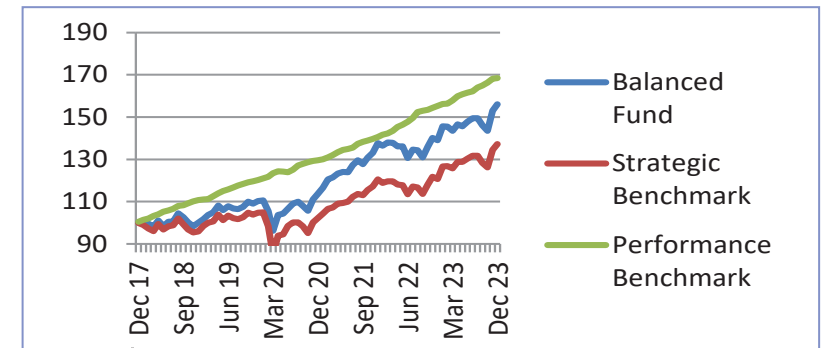
### PORTFOLIO MANDATE

To achieve the desired investment outcome, all combinations of asset classes are considered and an optimum allocation is selected to achieve this objective with a high degree of certainty. The expected returns of the various asset classes are enhanced through the appropriate selection of factor-based investment strategies. The risk of exposure to losses in the short term is continually managed by maximising diversification to asset classes, strategies and investment managers.

### ASSET ALLOCATION (Strategic benchmark)

SA Equity	30,00%	Global Equity	23,00%
SA Bonds	18,00%	Global Bonds	3,00%
SA Cash	10,00%	Global Property	2,50%
SA Listed Property	1,50%	Global Cash	2,00%
Direct Property	10,00%		

### CUMULATIVE RETURNS SINCE DECEMBER 2017



### 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.