



Metropolitan Money Market Fund

TAXED

Risk profile - Conservative

METROPOLITAN

December 2023

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	2,09%	4,20%	8,06%	5,68%	5,94%

INVESTMENT RETURN

	3 Months	YTD	1 Year	3 Years	5 Years	Since Inception
Money Market Fund	2,21%	8,77%	8,77%	6,35%	6,67%	7,54%
Strategic Benchmark	2,09%	8,06%	8,06%	5,68%	5,94%	N/A

QUARTERLY COMMENT

A global monetary easing bias is likely to be a key theme in 2024. Locally, the South African Reserve Bank MPC will sit for its first meeting of 2024 at the end of January, with economists expecting the central bank to hold the repo rate at 8.25%.

The latest print for inflation is above 5% y/y, and likely to remain there until March, only trending lower towards midpoint from March 2024 but risks are to the upside. Once the inflation runs around the 4.5% level, which is currently likely to be in H2:24; it will most likely provide the environment for the SARB to look to cut its repo rate by 25 basis points. We expect a total of three 25 basis point cuts in H2.24.

Money market is a mixed bag; fixed rate yields declined in response to no future rate hike prospects. However, the 3m JIBAR ticked up to close the year at 8.40% from 8.333% in September. This 15bps gap above the repo rate is slightly approaching the historical average of around 25bps. The 12m-3m JIBAR spread opened the quarter at 63bps, widening to 73bps. The repricing of rates is also evident in JIBAR-linked spreads across all tenors, with 12m spreads increasing by 22.5bps to 62.5bps, 18 months rising to 75bps, 24 months to 82.5bps, 36 months to 87.5bps, and 60 months to 110bps. Back-end of treasury bills curve flat – 9m and 12m trading at 9.225% and 9.26% (35bps and 21bps above bank NCDs) respectively due to the uncertainty about SA Inc's fiscal position.

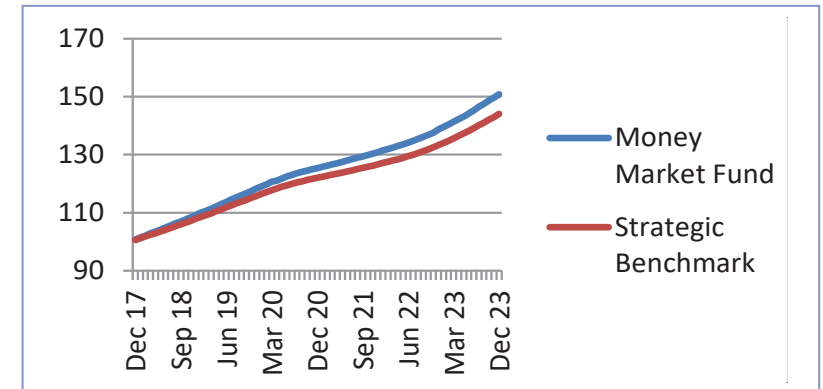
PORTFOLIO MANDATE

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 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.