



Metropolitan Money Market Fund

TAXED

Risk profile - Conservative

METROPOLITAN

September 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	2,07%	4,03%	7,52%	5,29%	5,88%

INVESTMENT RETURN

	3 Months	YTD	1 Year	3 Years	5 Years	Since Inception
Money Market Fund	2,29%	6,42%	8,43%	5,94%	6,63%	7,51%
Strategic Benchmark	2,07%	5,84%	7,52%	5,29%	5,88%	N/A

QUARTERLY COMMENT

The South African Reserve Bank MPC decided to keep the repo rate unchanged at 8.25%, in line with market expectations. The underlying tone, however, was more hawkish with clear concerns about sustained upside risks to the inflation outlook. The Governor noted that inflation remains elevated, and the central bank would like to see more evidence of it easing sustainably. The SARB is likely to push out its interest rate cutting cycle to align with the Fed, with its first rate cut now expected in July 2024 (previously March 2024). Ahead of the November MOC meeting, key risks to watch would be performance of the currency, international oil prices as well as the fiscal trajectory delivered by the MTBPS and market reaction to it.

Money market yields declined in response to declining inflation. The 3m JIBAR decreased to 8.333% end of quarter from 8.50% in July. This is 8bps above the repo rate, compared to the historical average of around 25bps. The 12m-3m JIBAR spread opened the quarter at 118bps, narrowed to 63bps, the lowest gap since March 2021 before retracing to 94bps. The repricing of rates is also evident in JIBAR-linked spreads across all tenors, with 12m spreads declining by 22.5bps to around 40bps, 18 months to 57.5bps, 24 months to 62.5bps, 36 months to 67.5bps, and 60 months to 87.5bps. Back-end of treasury bills curve flat – 9m and 12m traded at 9.21% and 9.22% (34bps and 2bps above bank NCDs) respectively, while 6m traded at 9.15% (58bps to bank NCDs).

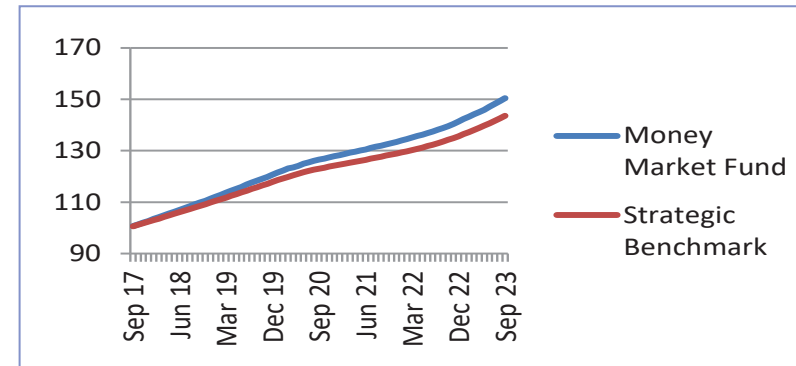
PORTFOLIO MANDATE

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 SEPTEMBER 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.