



# Metropolitan Money Market Fund

June 2023

**TAXED**

**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 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	1,92%	3,70%	6,76%	4,98%	5,81%

## INVESTMENT RETURN

	3 Months	YTD	1 Year	3 Years	5 Years	Since Inception
Money Market Fund	2,00%	4,04%	7,46%	5,60%	6,58%	7,49%
Strategic Benchmark	1,92%	3,70%	6,76%	4,98%	5,81%	N/A

## QUARTERLY COMMENT

Locally, funding rates have been trending up since hiking cycle started with certain points of the curve showing more value. The hawkish monetary policy market expectations continue to put upward pressure on money market rates. 3m JIBAR rate repriced 54 basis points to 8.50% whereas the 12m JIBAR rate was 50 basis points higher at 9.50% from Q1:23. The term premium on longer dated money market rates, measured by the 12m - 3m JIBAR spread, narrowed from 104bps to 100bps. One-year NCD traded close to 10% before retracing to 9.50%.

Central banks globally continue to tighten monetary policy to lower inflation towards target bands. US inflation expectations have fallen though the US Federal Reserve remains hawkish. While getting to a 2% inflation target may not happen until the latter half of 2024; it remains a debate whether the Fed will resume with its hikes after the 'hawkish pause' in June. It also indicated that two more rate hikes are coming later this year if the impact of previous policy moves does not tame the inflation battle.

The ECB diverged from the Fed stance and hiked by 25-basis points in June meeting taking its main rate to 3.50%.and revised its inflation expectations higher despite the recent slowing in inflation. The BOE surprised the market with another 50-basis point rate hike to tackle persistent inflation taking the bank's base rate to 5.00%.

The South African Reserve Bank (SARB) will likely hike by 25 basis points in the next meeting, taking the repo rate to a peak of 8.50% with upside risks being inflation print and weak currency. Interest rates are 4.75% higher since the current hiking cycle started. Taking clues from the Reserve Bank governor who suggested that the central bank's long fight against inflation is paying off, the forward market is no longer convinced that the SARB will hike the repo rate at next policy rate meeting in July; predicting a peak in rates, with the first cuts penciled in from April 2024.

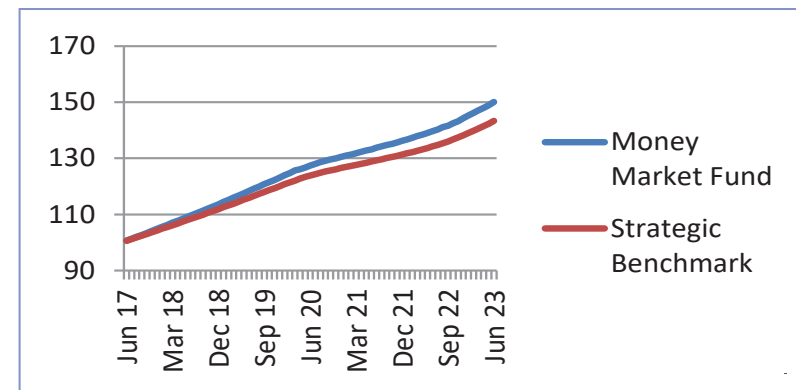
## PORTFOLIO MANDATE

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 JUNE 2017



## DISCLAIMERS

Returns illustrated above apply to lump sum investments and are gross of fees. 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.