

Metropolitan Money Market Fund

TAXED

Risk profile - Conservative

June 2025

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	1,86%	3,79%	8,07%	7,79%	6,30%

INVESTMENT RETURN

	3 Months	YTD	1 Year	3 Years	5 Years	Since Inception
Money Market Fund	2,07%	4,21%	9,17%	8,70%	7,08%	7,67%
Strategic Benchmark	1,86%	3,79%	8,07%	7,79%	6,30%	N/A

QUARTERLY COMMENT

The second quarter was just as bumpy as the first. Market volatility continued as investors dealt with the tariff policy uncertainty, the war in the Middle East and future inflation expectations. The Liberation Day tariff announcement resulted in a sharp sell-off across the markets before the recovery brought forward by the subsequent 90-day pause and easing trade tensions between China and the US. Locally, focus has been on GNU tensions and US trade deal dynamics.

For the Fed, the first half of the year was all about uncertainty, whether any upward impulse to inflation owing to tariffs will constitute a one-time shock or more persistent effects which would require a firmer response from the Fed. The policy rate was left unchanged at the June 2025 meeting due to economic outlook concerns. The Fed funds rate has been maintained in the target range of 4.25%-4.50% since the committee last cut in December 2024 with an expectation that it will eventually fall further from H2 2025 when the Fed has enough clarity about the impact of tariffs. We expect the next cut of 25 basis points to come in September and this will depend on what happens with the US economy.

In contrast to the US Fed's hold stance, easing inflation in the Eurozone has allowed the ECB to deliver two cuts in the second quarter, bringing its deposit rate to 2.00% and indicating at the last June meeting that it is approaching the end of its cutting cycle. Inflation has fallen below the ECB's target of 2.0% for the first time since September 2024 as energy prices declined. The market seems to expect another cut before the end of the year due to the bank's own headline inflation forecast showing undershooting its target by next year.

The BOE maintained a cautious stance in Q2 2025 as it warned about a 'highly unpredictable' geopolitical environment. The bank delivered a cut in May and a pause in June meeting. UK inflation dropped modestly in May but remains substantially above the bank's target rate of 2.0%. Soft GDP growth and lack of momentum in the economy indicate that further rate cuts are on the cards, as early as August meeting.

In the local front, inflation remains below the central bank's target range of 3%-6% as SARB introduces a lower target. The SARB has at the beginning of 2025 sounded cautiously hawkish, however, by Q2, the tone had shifted decisively to dovish as inflation remained subdued, the rand showed resilience, and global risks persisted. The Bank is now signaling openness to further cuts while pushing for a more credible, lower inflation target. The FRA curve is pricing in an 80% probability of a 25bps rate cut in Q3 2025 to end the quarter at terminal rate of 7.00%.

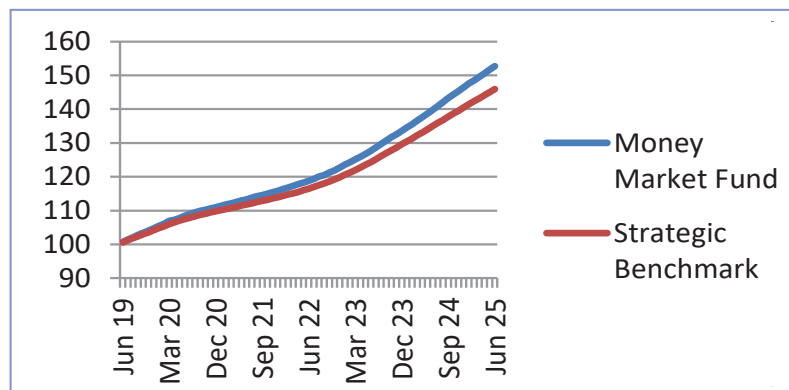
PORTFOLIO MANDATE

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 2019



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.