METROPOLITAN

December 2025

Metropolitan Money Market Fund

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	1.75%	3.60%	7.52%	8.01%	6.60%

INVESTMENT RETURN

	3 Months	YTD	1 Year	3 Years	5 Years	Inception
Money Market Fund	1.93%	8.36%	8.36%	8.94%	7.42%	7.68%
Strategic Benchmark	1.75%	7.52%	7.52%	8.01%	6.60%	

QUARTERLY COMMENT

Markets anticipate that the Fed will operate independently and remain insulated from political influence, amid uncertainty surrounding the Trump administration. The key policy challenge in 2025 was navigating the persistently elevated inflation alongside signs of weakening labour market momentum. After holding rates steady for most of the year, the Fed cut three times in each of the meetings held in Q4 2025. The policy easing was driven by declines in job growth after being relatively resilient earlier in the year. Growth overall is looking healthy. At its last meeting in December, the Fed signalled that interest rates are likely to remain unchanged for some time. However, for 2026 the bond market is expecting total of two 25bps of easing.

In a unanimous and anticipated decision, the ECB left its policy rate unchanged at its December 2025 meeting, reflecting a subdued inflation backdrop. The bank revised its 2026 projections modestly higher, lifting growth expectations and forecasting inflation at 1.9%, still below its 2% target. With inflation appearing to stabilize, economists broadly expect the ECB to maintain a steady policy stance. Downside risks remain, particularly if further declines in energy prices push inflation below the target, could increase probability of further easing.

The BOE lowered its rate by 25bps to 3.75% at its December meeting. Despite four rate cuts during 2025, UK's interest rates remained the second highest among developed markets. Domestic conditions continue to soften; with growth sluggish, unemployment rising and wage growth dwindling, while inflation appears to be drifting back towards the 2% target. These dynamics strongly support the case for further policy easing. However, markets are not yet pricing in any rate cuts for 2026, despite economists expecting up to three.

Locally, policy developments have become more constructive, underpinned by the reduction in the inflation target to 3.0% and continued progress on fiscal consolidation. These measures have supported a favourable sovereign re-rating and improved sentiment toward rand denominated assets. At its November 2025 meeting, the SARB's MPC cut the repo rate by 25 basis points to 6.75%. Inflation appears to have peaked and is expected to moderate toward 3.2% in 2026, supported by near-term currency strength driven by a weaker US dollar. We expect the SARB to resume its gradual easing cycle in March 2026, with cumulative rate cuts of around 50 basis points over the year.

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)

Local Cash	100.00%

CUMULATIVE RETURNS SINCE DECEMBER 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.