

Metropolitan Money Market Portfolio

May 2011

Together we can



Portfolio Manager's Quarterly Comment

As at 31/03/2011



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B.Com (Hons)

It was quite an eventful quarter for financial markets. After the banking crisis in Ireland and the rescue package for Portugal, the European Central Bank committee hiked the bank rate by 25 basis points to a more neutral stance. The devastating earthquake which hit Japan on 11 March registering a magnitude of 9.0 on the Richter scale, together with the political unrest in North Africa, sent the oil price above the \$120 dollar mark.

Global recovery continues to broaden with ISM readings and the employment report indicating that service sector growth has caught up to that in manufacturing and services employment is driving job growth. The Fed's new quantitative easing program has triggered a furious backlash which limits the prospects of any additional moves. The US dollar weakened over this period as the Fed remained committed to keeping policy rates at these levels. Fortunately, the economy is slowly recovering except for the housing market, with new home sales recording a low in February.

Locally, the rand weakened to 7.34 against the dollar in January but recovered to 6.70 by the end of March. The SARB kept rates on hold throughout the quarter but raised GDP and inflation forecast for 2011 and 2012. Some economist expect the SARB to kick off its rate hiking cycle as early as September as leading indicators paint a more upbeat picture of the economy while pipeline inflationary pressures intensify.

Cash as an asset class outperformed both bonds and inflation-linked bonds for the quarter. Corporate spreads contracted during the quarter as investors hunted for spread pick-up while money market rates are at historical lows. The FRA curve is pricing in a rate hike as early as September.

The fund will be shortening its average duration in the medium term.

Portfolio Objective

The portfolio's objective is to outperform the income yield available on money market call accounts by investing in interest-bearing securities and other short-term money market instruments with a maturity of less than 12 months.

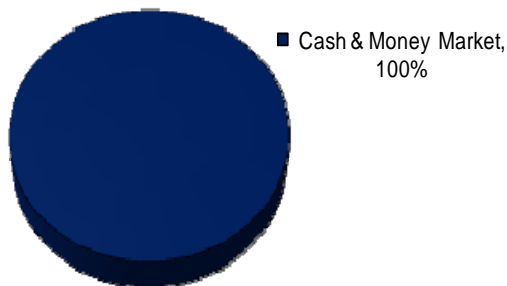
Investment Strategy

To maximise interest income and protect capital, the portfolio invests in interest-bearing securities such as bank deposits, bank acceptances and other short-term money market instruments including short-dated gilts, semi-gilts and commercial paper.

The average maturity of the underlying assets does not exceed 90 days. The portfolio aims to maintain a constant unit price.

Asset Allocation

As at 31/05/2011



Technical Information

Portfolio value:	R1, 1 billion
Original buying price:	100.00 cents
Minimum lump sum:	R10 000
Minimum account balance:	R10 000
Minimum monthly investment:	R1 000
Initial charge (max)	0.57 * (incl. VAT)
* when placed via IFA's, (negotiable) otherwise 0%	
Annual service fee:	0.46% (incl. VAT)
Formation date:	01/10/1997
Date of income declaration:	Monthly
Date of income payment:	Monthly
Benchmark:	STeFI
Risk:	Conservative
Fund classification:	Domestic – FI – Money Market
Valuation time:	15h00
Transaction time:	15h00

Deposits can be made at any ABSA Bank

Account Number:	360 000 907
Bank Code:	31 21 09
Bank:	ABSA
Please fax deposit slip to:	(021) 9404856

Contact Details

Contact Number	0860 100 279
Email :	metunit@metropolitan.co.za

Asset Allocation

As at 31/05/2011

Money Market Instruments	100.0%
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Performance

As at 31/05/2011

	Cumulative		Annualised	
	Fund	Benchmark	Fund	Benchmark
1 year	6.11%	6.24%	6.11%	6.24%
3 years	27.11%	27.60%	8.33%	8.46%
5 years	51.51%	51.97%	8.67%	8.73%

Custodian: Standard Executors & Trustees: Tel (021) 401-2286. Metropolitan Collective Investments Limited Parc du Cap Mispel Road Bellville, PO Box 925 Bellville 7535 Tel (021) 940-5981 Fax (021) 940-5885 Call Centre, Tel: 0860 100 279 Registration No 1991/03741/06.

Collective Investments are generally medium to long term investments. The value of participating interests may go down as well as up and past performance is not necessarily a guide to the future. Collective Investments are traded at ruling prices and can engage in scrip lending. Forward pricing is used. A schedule of fees and charges and maximum commissions is available on request from company/scheme. Commission and incentives may be paid and if so, are included in the overall cost. This fund may be closed to new investors. Graphs and performance figures are sourced from MoneyMate for lump sum investments including income distribution, at NAV to NAV basis and does not take any initial fees into account. Income is reinvested on the ex-dividend date. Actual investment performance will differ based on the initial fees applicable, the actual investment date and the date of reinvestment of income. Collective Investment prices are calculated on a net asset value basis and auditor's fees, bank charges and trustee fees are levied against the portfolio. The portfolio manager may borrow up to 10% of portfolio NAV to bridge insufficient liquidity. The performance fee FAQ document is kept as a public document at Metropolitan Head office. The FSP holds professional indemnity cover and fidelity insurance cover. Metropolitan Collective Investments Ltd is an authorised Financial Services Provider and a Full member of the Association for Savings & Investments SA (ASISA).

TOTAL EXPENSE RATIO (TER)

	Class A
Portfolio ongoing fee	0.40%
Portfolio costs	<u>0.01%</u>
TER - excluding performance fees	0.41%
Performance fees	0.00%
VAT	<u>0.06%</u>
Total TER - incl VAT	0.47%

Please note: the TER has been calculated using data from 1 April 2010 until 31 March 2011. The TER is disclosed as % of the average Net Asset Value of the portfolio that were incurred as charges, levies and fees related to the management of the portfolio and underlying portfolios. The TER is adjusted for significant subsequent portfolio restructurings and/or fee changes.

A higher TER ratio does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER can not be regarded as an indication of future TER's.