

SAFFRON SCI* OPPORTUNITY INCOME FUND

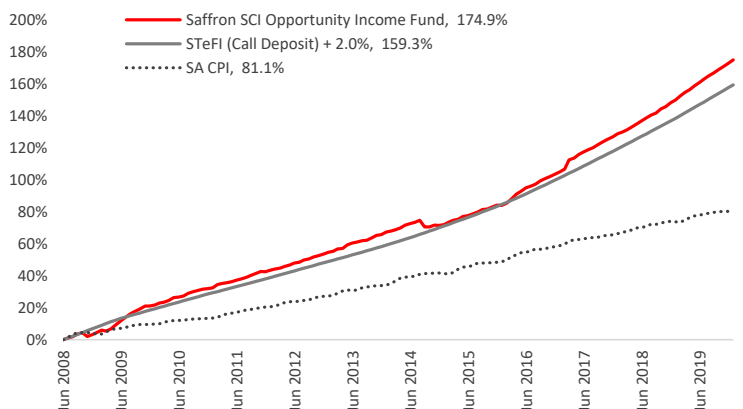
Class A I Minimum Disclosure Document (MDD)
As at 31 December 2019



Fund Performance

Since launch cumulative performance graph

The Saffron funds transitioned to Sanlam Collective Investments from MET Collective Investments on 02 December 2017.



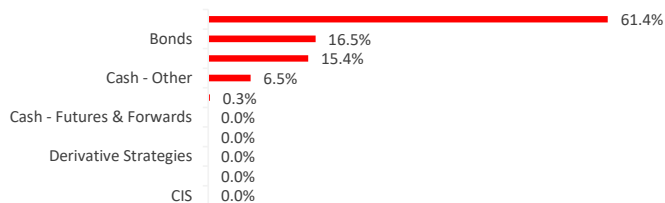
Monthly %	Jan'19	Feb'19	Mar'19	Apr'19	May'19	Jun'19	Jul'19	Aug'19	Sep'19	Oct'19	Nov'19	Dec'19
Fund	1.03	0.81	0.72	0.91	0.79	0.88	0.78	0.70	0.74	0.71	0.76	0.78
Benchmark	0.72	0.65	0.72	0.70	0.72	0.70	0.72	0.69	0.70	0.71	0.68	0.71

Yearly %	Dec'09	Dec'10	Dec'11	Dec'12	Dec'13	Dec'14	Dec'15	Dec'16	Dec'17	Dec'18	Dec'19
Fund	16.25	8.92	8.33	7.79	8.16	2.84	6.94	11.43	11.61	9.22	10.04
Benchmark	10.53	8.38	7.39	7.22	6.88	7.52	7.91	8.98	9.02	8.70	8.77

	Cumulative Return (%)				Annualised Return (%)			
	Fund	Benchmark	Cash	Inflation	Fund	Benchmark	Cash	Inflation
1 Year	10.03	8.77	6.64	4.19	10.03	8.77	6.64	4.19
3 Years	34.13	28.90	21.47	13.99	10.28	8.83	6.70	4.46
5 Years	59.83	51.59	37.30	28.06	9.83	8.68	6.55	5.07
10 Years	126.11	117.40	78.35	64.92	8.50	8.08	5.96	5.13
Inception	174.92	159.23	106.11	81.01	9.13	8.57	6.44	5.26

Fund Holdings

Asset Allocation (%)



Risk Statistics (3 Year Rolling)

Standard Deviation	1.24
Sharpe Ratio	2.15
Information Ratio	0.78
Maximum Drawdown	0.00

Highest and Lowest Annual Returns

Time Period: Since Inception to 31/12/2019

Highest Annual %	18.73 (Oct'09)
Lowest Annual %	2.84 (Dec'14)

Risk Profile

Cautious

You prefer to receive stable income flows and are determined to keep your capital intact at all times. You understand that comfort means that you may not receive outside returns but that your capital will be safe — and the likelihood of losing money is slim. The portfolio that gives you the most comfort consists primarily of income-oriented asset classes such as cash, nominal and inflation-linked bonds and property. You avoid too much exposure to equities because of their higher volatility.

Fees (Incl. VAT)

	(%)
Maximum Initial Advice Fee	-
Maximum Annual Advice Fee	1.15
Annual Management Fee	1.15
Performance Fee	No

Fund Objective

The portfolio seeks investment opportunities that meet the objective of delivering an enhanced level of income and stability on capital invested.

Fund Strategy

The portfolio will invest across the full spectrum of income generating assets including interest bearing securities (including, but not limited to bonds, convertible bonds, debentures, corporate debt, cash deposits and money market instruments) as well as inflation-linked bonds, corporate bonds, listed property, and preference shares. The portfolio will be actively managed with exposure to various asset classes to reflect changing economic and market circumstances, in order to maximise returns to investors. For efficient portfolio management purposes, the Manager may invest in financial instruments (listed and unlisted derivatives) allowed by the Act in order to achieve its investment objective. The manager may from time to time invest in participatory interests in portfolios of collective investment schemes registered in the Republic of South Africa and which are consistent with the portfolio's primary objective. This portfolio will be managed in accordance with the regulations governing pension funds. The Manager is permitted to invest on behalf of the portfolio in offshore investments as permitted by legislation.

Fund Information

Ticker	MIPP
12 Month Yield (%)	8.06
Fund Manager	Brandon Quinn
ASISA Fund Classification	South African - Multi Asset - Income
Risk Profile	Cautious
Benchmark	STeFI (Call) plus 2% p.a. over 12-month rolling period
Regulation 28 Compliant	Yes
Fund Size	R 1,053,335,043
Portfolio Launch Date	02 June 2008
Fee Class Launch Date	02 June 2008
Minimum Lump Sum Investment	R 10,000.00
Minimum Monthly Investment	R 500.00
Income Declaration Date	March, June, September & December
Income Pricing Date	1st business day of April, July, October & January
Portfolio Valuation Time	15:00
Transaction Cut Off Time	15:00
Daily Price Information	Local media
Repurchase Period	2-3 business days

Distribution History (cents per unit)

02/01/2020:	2.19 cpu	01/04/2019:	2.47 cpu	02/07/2018:	2.49 cpu
01/10/2019:	2.37 cpu	02/01/2019:	2.60 cpu	03/04/2018:	2.30 cpu
01/07/2019:	2.51 cpu	01/10/2018:	2.51 cpu	02/01/2018:	0.66 cpu

Cost Ratios

	(%)
TER	1.18
TC	0.03
TIC	1.21

Total Expense Ratio (TER) is the percentage value of the Financial Product that was incurred as expenses relating to the administration of the Financial Product. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER may not necessarily be an accurate indication of future TER's. The TER presented is for the period 1 October 2016 to 30 September 2019.

Transaction Cost (TC) is the percentage value of the Financial Product that was incurred as costs relating to the buying and selling of the assets underlying the Financial Product. Transaction Costs are a necessary cost in administering the Financial Product and impacts Financial Product returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of Financial Product, the investment decisions of the investment manager and the TER.

Total Investment Charges (TER + TC) is the total percentage value of the Financial Product that was incurred as costs relating to the investment of the Financial Product.

Annualised Returns

Annualised return is the weighted average compound growth rate over the period measured.

Asset Allocation

Asset allocation is the percentage holding in different asset classes (i.e. equities, bonds, property, etc.). It is used to determine the level of diversification in a portfolio.

Distributions

The income that is generated from an investment and given to investors through monthly, quarterly, bi-annual or annual distribution pay-outs.

Derivatives

Derivatives are instruments generally used as an instrument to protect against risk (capital losses), but can also be used for speculative purposes. Examples are futures, options and swaps.

Liquidity

The ability to easily turn assets or investments into cash.

Information Ratio

The Information Ratio measures the market risk-adjusted performance of an investment or portfolio. The greater a portfolio's Information Ratio, the better its risk-adjusted performance has been compared to the market in general.

LISP (Linked Investment Service Provider)

A Linked Investment Service Provider is a financial institution which packages, distributes and administers a broad range of unit trust based investments. Any investment made through these products gives an investor a single point of entry into a selection of different investments.

Maximum Drawdown

The maximum drawdown measures the highest peak to trough loss experienced by the fund.

Money Market Instruments

A money market instrument is a low risk, highly liquid, short-term (one year or less) debt instrument, issued by financial institutions or governments, that tend to have lower returns than high-risk investments.

Participatory Interests

When you buy a unit trust, your money is pooled with that of many other investors. The total value of the pool of invested money in a unit trust fund is split into equal portions called participatory interests or units. When you invest your money in a unit trust, you buy a portion of the participatory interests in the total unit trust portfolio. Participatory interests are therefore the number of units that you have in a particular unit trust portfolio.

Regulation 28

Regulation 28 of the Pension Funds Act sets out prudent investment limits on certain asset classes in investment funds. It applies specifically to investments in Retirement Annuities and Preservation Funds. The allowed maximum exposures to certain asset classes is: 75% for equities, 25% for property, 25% for foreign (offshore) assets and 5% African assets.

Risk-adjusted returns

Risk-adjusted return refines an investment's return by measuring how much risk is involved in producing that return, which is generally expressed as a number or rating.

Sharpe Ratio

The Sharpe Ratio measures total risk-adjusted performance of an investment or portfolio. It measures the amount of risk associated with the returns generated by the portfolio and indicates whether a portfolio's returns are due to excessive risk or not. The greater a portfolio's Sharpe ratio, the better its risk-adjusted performance has been (i.e. a higher return with a contained risk profile, where the portfolio manager is not taking excessive risk to achieve those returns).

Standard Deviation

Standard deviation (also called monthly volatility) is a measure of how much returns on an investment change from month to month. It is typically used by investors to gauge the volatility expected of an investment.

All reasonable steps have been taken to ensure the information on this MDD is accurate. The information to follow does not constitute financial advice as contemplated in terms of the Financial Advisory and Intermediary Services Act. Use or rely on this information at your own risk. Independent professional financial advice should always be sought before making an investment decision. The Sanlam Group is a full member of the Association for Savings and Investment SA. Collective investment schemes are generally medium- to long-term investments. Please note that past performances are not necessarily a guide to future performances, and that the value of investments / units / unit trusts may go down as well as up. A schedule of fees and charges and maximum commissions is available from the Manager, Sanlam Collective Investments (RF) Pty Ltd, a registered and approved Manager in Collective Investment Schemes in Securities. Additional information of the proposed investment, including brochures, application forms and annual or quarterly reports, can be obtained from the Manager, free of charge. Collective investments are traded at ruling prices and can engage in borrowing and scrip lending. Collective investments are calculated on a net asset value basis, which is the total market value of all assets in the portfolio including any income accruals and less any deductible expenses such as audit fees, brokerage and service fees. Actual investment performance of the portfolio and the investor will differ depending on the initial fees applicable, the actual investment date, and the date of reinvestment of income as well as dividend withholding tax. Forward pricing is used. The Manager does not provide any guarantee either with respect to the capital or the return of a portfolio. The performance of the portfolio depends on the underlying assets and variable market factors. Performance is based on NAV to NAV calculations with income reinvestments done on the ex-div date. Lump sum investment performances are quoted. The portfolio may invest in participatory interests of other unit trust portfolios. These underlying funds levy their own fees and may result in a higher fee structure for our portfolio. All the portfolio options presented are approved collective investment schemes in terms of Collective Investment Schemes Control Act, No 45 of 2002 ("CISCA"). The Manager may borrow up to 10% the market value of the portfolio to bridge insufficient liquidity. The fund may from time to time invest in foreign instruments which could be accompanied by additional risks as well as potential limitations on the availability of market information. Investments in foreign instruments are also subject to fluctuations in exchange rates which may cause the value of the fund to go up or down. The fund may invest in financial instruments (derivatives) for efficient portfolio management purposes. Income funds derive their income primarily from interest-bearing instruments. The Manager has the right to close any portfolios to new investors to manage them more efficiently in accordance with their mandates. Management of the portfolio is outsourced to Saffron Wealth (Pty) Ltd, (FSP) Licence No. 34638, an Authorised Financial Services Provider under the Financial Advisory and Intermediary Services Act, 2002. Sanlam Collective Investments (RF) (Pty) Ltd retains full legal responsibility for the co-named portfolio. Standard Bank of South Africa Ltd is the appointed trustee of the Sanlam Collective Investments scheme. Sources of Performance and Risk Data: Morningstar Direct, INET BFA and Bloomberg. The risk-free asset assumed for the calculation of Sharpe ratios: STEFI Composite Index. The highest and lowest 12-month returns are based on a calendar year period over 10 years or since inception where the performance history does not exist for 10 years. Obtain a personalised cost estimate before investing by visiting www.sanlamunittrustsmdd.co.za and using our Effective Annual Cost (EAC) calculator. Alternatively, contact us at 0860 100 266.

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Fund Manager Quarterly Comment - As at 31 December 2019

The fund returned 2.26% and 10.03% for the quarter and year respectively, exceeding the benchmark (STeFI Call Deposit +2.0%) which returned 2.11% and 8.77%. On a rolling one-year period, the fund beat the enhanced cash benchmark by 1.26%.

Equities (ALSI Total Return) were the top performer for the quarter at +4.64%, followed by Cash at +1.74% (STeFI Total Return), Bonds at +1.73% (ALBI Total Return Index) and Property at +0.58%. Inflation-linked bonds returned -0.91% for the quarter. Over a rolling 12-month basis, Equities were the top performer at +12.05%, followed by Bonds at +10.32% and Cash at +7.29%. Property posted the lowest return of +1.93%.

The US Federal Reserve announced its last policy rate decision for the year, maintaining the Fed Funds target rate range at 1.50% to 1.75%. The Fed cut rates three times over the course of 2019. The FOMC stated that the labour market continues to remain strong, household spending is rising at a strong pace, but that business investment remains weak. Inflation continues to remain below the 2.0% target. The dot plot now expects rates to remain unchanged in 2020, with one hike each in 2021 and 2022.

The US House of Representatives impeached President Donald Trump on charges of abuse of power and obstructing of Congress. The Senate will hold a trial early in 2020 to decide whether the president should be convicted on the charges and removed from office. With the Republicans holding the majority in the chamber, the expectation is for President Trump to be acquitted.

The US 10-year Treasury yield traded 25 bps higher (1.67% to 1.92%) at quarter end, while the Dollar Index weakened significantly from 99.38 to 96.39. 3-Month USD Libor decreased to 1.91%, down 18 bps and 90 bps QTD and YTD respectively.

European yields continue to move higher: the German 10-year generic yield became less negative, trading 18 bps higher at month-end at -0.19%, while the French 10-year yield rose 17 bps and moved into positive territory, closing the month at 0.12%.

The Bank of England (BOE) kept interest rates unchanged at 0.75% at their last meeting of the year on the 19th of December. Two members voted for a 25bp cut in rates citing the lower growth outlook and a turn in labour markets as concerns. The committee voted unanimously to hold the stock of gilts and corporate bonds at GBP 435bn and GBP 10bn respectively. Inflation is expected to remain below the bank's 2.00% target until late into 2021. The UK held their general elections on the 12th of December, which resulted in a resounding victory for Boris Johnson's Conservative Party. The election outcome should provide Mr Johnson's Brexit plan passing Parliament, however a lot of uncertainty around the future trading agreements remains.

The last European Central Bank (ECB) meeting on 12 December went as expected, with the new Bank president, Christine Lagarde, announcing that interest rates would be kept stable at 0.0% and that rates will remain unchanged until inflation increases to the target rate of below but close to 2.0%. The asset purchase programme will continue until shortly before the ECB deems the time as appropriate to begin raising rates.

The Commodity Research Bureau (CRB) indices recovered in the fourth quarter. The CRB Commodities Index returned 3.6% (-1.9% YTD), with the CRB Metals Index returning 4.4% (-9.4% YTD). The CRB Food Index returned 4.8%. At quarter end, Brent traded at USD66.00, up 8.6% for the quarter. The rand price per barrel was flat for the quarter as the rand appreciated by 7.88% against the dollar, trading at ZAR926.89 per barrel (+0.3%). Platinum (+9.5% QTD, +21.5% YTD), copper (+8.0% QTD, +3.4% YTD), palladium (+16.1% QTD, +54.2% YTD), and gold (+3.0% QTD, +18.3% YTD) performed strongly.

The J.P. Morgan Emerging Market Bond Index traded slightly higher at 881.83 at quarter end (up 2.1%). The JPM EMBI Spread closed the quarter at 298.02 (down 25.42 bps).

Emerging Market 5-year Credit Default Swap spreads tightened: Turkey's spread tightened the most (-75.85 bps), followed by Mexico (-36.96 bps), Russia (-30.81 bps), South Africa (-30.09 bps) and China (-16.50 bps). The VIX Index, which measures risk sentiment, traded lower at the end of the quarter at 13.78 from 16.24.

Over the quarter, the rand appreciated against most of the major currencies, including the British pound (+0.6%), the Australian dollar (+4.1%), the US dollar (+7.9%), the Euro (+5.1%) and the Japanese yen (+8.2%).

The South African Reserve Bank (SARB) kept the repo rate unchanged at 6.50% at the November MPC meeting. Two members preferred rates to be lowered. The QPM now projects a 25bp cut in the third quarter of 2020, in contrast to the September meeting where the model showed no changes over the period. The Governor reiterated that the committee 'would like to see inflation expectations anchored closer to the mid-point of the inflation target range on a sustained basis'. The MPC assesses the risk to inflation as balanced. Headline inflation came in at 3.6% y/y for November, in line with expectations, down from 3.7% y/y in October. The 0.1% decline in the number is attributed to a decline in the transport component. Food inflation remained stable at 3.5% y/y.

The third quarter GDP disappointed after printing at -0.6% q/q, even less than the expected 0.0% q/q. Growth moderated to 0.1% y/y. Six of the 10 sectors contracted in the quarter, with the biggest decline coming from mining (-6.1% q/q), transport (-5.4%) and utilities (-4.9%). The trade sector and general government services sector managed to grow by more than 2.0% q/q. General sentiment is however still weak amid growing concern of the underwhelming pro-growth reform traction and an increasingly fragile global economy.

State-owned enterprises (SOEs) are continuing to put fiscal pressure on the SA government. South African Airways was placed under business rescue and has since entered a process to allow 'radical restructuring' under which the carrier will receive R4bn in funding. This process will however allow SAA to continue operating. Electricity producer Eskom has implemented load shedding towards the end of the year as sabotage contributed to record power cuts across South Africa. Eskom warned that the power system continues to remain 'vulnerable and unpredictable'.

The current account deficit widened to 4.0% of GDP from 2.9% previously, the highest level since 1Q19. The figures reflect a weak trend in exports while imports rebounded. The value of net gold exports dropped for the third quarter in a row.

In November, Moody's kept South Africa's rating at investment grade, but changed the outlook to negative from stable. Moody's also significantly changed SA's position on the scorecard, moving it down two notches, from the Baa1-Baa3 range, to the Baa3-Baa2 range (Baa3 is investment grade, while Ba1 is non-investment grade). The next rating decision will take place in March 2020. In December, Fitch kept South Africa's long term foreign and local currency debt ratings at BB+, one notch below investment grade, with a negative outlook. According to the ratings agency, SA's ratings are constrained by low growth, high and rising government debt, large contingent liabilities as well as the risk of rising social tension due to high inequality. The ratings however remain supported by a strong institutional framework, a favourable government debt structure and deep local markets.

The trend in the secondary credit market continued over the past three months as investors hunted for yield-enhancing assets both globally and locally. Significant oversubscriptions in public auctions of corporate debt has continued to push primary market issuance spreads to the bottom-end of auction price guidance levels.

The quarter presented opportunities for tactical duration positioning which contributed positively to the fund's performance. The fund increased duration to 0.54 years (from 0.44 years) over the quarter, offering a gross running yield of 9.06%. The fund aims to enhance total return through value opportunities that, on a risk-adjusted basis, achieve or exceed our objective of Cash (STeFI Call Deposit) +2.0%.

Portfolio Manager

Brandon Quinn

BCom, CFA

Assistant Manager

Anina Swiegers

BCom (Hons), CFA

Administered by:

