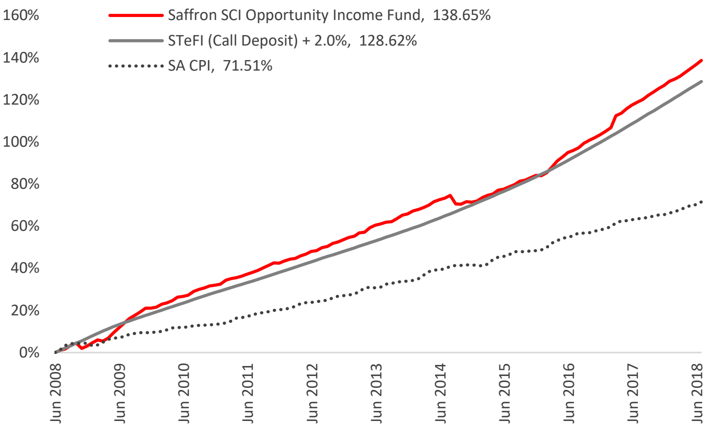
SAFFRON SCI* OPPORTUNITY INCOME FUND

Class A | Minimum Disclosure Document (MDD)
As at 30 June 2018

Fund Performance

Since launch cumulative performance graph

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



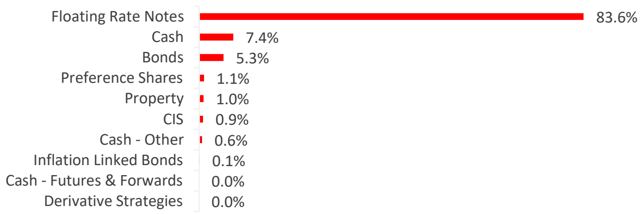
Monthly %	Jul'17	Aug'17	Sep'17	Oct'17	Nov'17	Dec'17	Jan'18	Feb'18	Mar'18	Apr'18	May'18	Jun'18
Fund	0.57	0.87	0.78	0.72	0.66	0.87	0.48	0.55	0.80	0.79	0.80	0.81
Benchmark	0.75	0.73	0.70	0.72	0.70	0.72	0.72	0.65	0.73	0.69	0.71	0.66

Yearly %	Jun'10	Jun'11	Jun'12	Jun'13	Jun'14	Jun'15	Jun'16	Jun'17	Jun'18
Fund	11.64	8.47	7.51	8.51	7.61	3.05	9.70	11.71	9.06
Benchmark	8.88	7.73	7.41	6.94	7.12	7.75	8.44	9.11	8.83

	Cumulative Return (%)				Annualised Return (%)			
	Fund	Benchmark	Cash	Inflation	Fund	Benchmark	Cash	Inflation
1 Year	9.05	8.83	6.70	4.96	9.05	8.83	6.70	4.96
3 Years	33.64	28.76	21.33	17.21	10.15	8.79	6.66	5.44
5 Years	48.19	48.62	34.62	30.88	8.18	8.25	6.13	5.53
10 Years	136.37	126.26	85.62	69.36	8.98	8.51	6.38	5.41
Inception	138.64	128.55	87.20	71.50	9.01	8.55	6.42	5.50

Fund Holdings

Asset Allocation (%)



Risk Statistics (3 Year Rolling)

Standard Deviation	1.52
Sharpe Ratio	1.76
Information Ratio	0.94
Maximum Drawdown	-0.09

Highest and Lowest Annual Returns

Time Period: Since Inception to 30/06/2018

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 outsize 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	3.45
Maximum Annual Advice Fee	-
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 (%)	7.08
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
Fund Size	R620,054,896
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)

02/07/2018:	2.49 cpu	04/12/2017:	1.47 cpu	03/04/2017:	1.92 cpu
03/04/2018:	2.30 cpu	02/10/2017:	2.22 cpu	03/01/2017:	2.00 cpu
02/01/2018:	0.66 cpu	03/07/2017:	1.95 cpu	03/10/2016:	1.75 cpu

Cost Ratios	(%)
TER	1.20
TC	0.03
TIC	1.23

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 January 2015 to 31 March 2018.

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.

Administered by:

*The legal registered name of this portfolio is: Saffron Sanlam Collective Investments Opportunity Income Fund

Glossary Terms

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.

Additional Information

Investment Manager
Saffron Wealth (Pty) Ltd
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Administered by:

The fund returned 2.42% and 9.05% for the quarter and year respectively. In comparison, the STeFI Call Deposit returned 1.58% and 6.70%. The fund beat the benchmark (STeFI Call Deposit +2.0%) by 0.22%.

The top-performing asset class for the quarter was equity (JSE All Share Total Return Index) at 4.54%. All local returns in the fixed income asset class, except for cash, were negative. Cash (STEFI Total Return) returned 1.78% for the quarter, while nominal bonds (All Bond Total Return Index) returned -3.78% and inflation-linked bonds (CILI Total Return Index) returned -4.46%. Property (JSAPYTR Index) returned -2.19% QTD. Year-to-date, nominal bonds were the top performing asset class at +3.99%, while property was the worst at -21.37%.

Global markets remain concerned regarding the US-led trade war with China. The US threatened to impose tariffs of 10% on USD200bn of Chinese goods, while China threatened to impose a 25% tariff on USD34bn of US goods. Protectionist policies are likely to be a headwind to economic growth and increase inflation. Anticipation of slower growth in the world's largest economies continues to promote a risk-off environment.

The US 10-year Treasury traded in wide range (40bps) from 2.73% to 3.11%, closing the quarter at 2.86%. The Dollar Index strengthened significantly (+4.50), closing the quarter at 94.50, slightly off its previous high of 95.30. USD 3-month LIBOR was flat for the quarter, closing the quarter at 2.34% versus 2.31% at the previous quarterly close. Gold traded lower at USD 1,253.00 per ounce (-5.0%) at quarter-end in line with a stronger dollar.

The Fed raised rates by 25bp for the second time this year to the upper target of 2.0% and upgraded its economic outlook. US growth is now expected to average 2.8% in 2018 from a previous estimate of 2.7%, while the unemployment rate is now projected at 3.6% from 3.8%, changing expectations to four hikes in 2018.

The European Central Bank (ECB) announced tapering its asset purchase programme in September, followed by a complete stop by December this year. The net asset purchases will be reduced to EUR15bn from September until December, when it will end, subject to prevailing data. The ECB committed to keep rates unchanged for the next 18 months until the end of 2019.

The Bank of England (BOE) left its rates unchanged again at 0.50% in line with market expectations. The decision was split, with six members voting for no change, and three members (including the bank's Chief Economist) voting for a 25bp increase. The market is now pricing in a 63% probability of a hike at the next meeting in August.

The Eurozone Manufacturing PMI, an overall indicator of growth, was slightly lower at 54.9 in June from 55.5 in May. The reading pointed to the slowest growth in factory activity since December 2016 and a weakening in the pace of expansion in each month since January. In addition, input cost inflation was the highest in four months due to higher oil and fuel prices. In the US, the PMI number also printed lower (55.4 in June from 56.4 in May), pointing to the slowest growth in factory activity in four months. The effects of tariffs were commonly mentioned as a factor contributing to the sharp rise in input prices.

Brent Crude oil traded at close to USD80.00 per barrel at quarter-end, up 13.0% for the month. Starting in July, OPEC announced one million barrels per day production increase to curb what is seen as a too rapid increase in oil prices. The agreement was motivated by recent price coupled with decreased production in Angola, Libya and Venezuela.

The impact of the US and China trade war is still unclear; however it has put risky assets, especially emerging market assets, under pressure. The J.P. Morgan Emerging Market Bond Spread increased to 407bp (+64bp) over the quarter. Emerging market credit default spreads widened significantly over the quarter with Brazil and Turkey's spreads leading the sell-off (105bp and 103bp respectively), followed by South Africa (+64bp), Indonesia (+33bp) and Mexico (+25bp).

S&P left South Africa's rating and stable outlook unchanged at a long-term foreign-currency rating of BB and local-currency rating of BB+. Economic growth and fiscal weakness remain the key concerns. Fitch also affirmed SA's long-term foreign and local credit ratings at sub-investment grade (BB+) as expected. The rating agency stated that the stable outlook reflects "signs of recovering governance standards and the prospect of a mild cyclical recovery but also indications that financial challenges at key state-owned enterprises (SOEs) remain substantial and the fact that government debt has yet to stabilise". They expect growth to recover to 1.7% in 2018 and 2.4% in 2019.

SA headline inflation surprised to the downside in May, printing 4.4% y/y from 4.5% in April. The moderation was driven by a lower contribution from food and non-alcoholic beverages as well as a muted VAT pass-through. A weaker rand as well as higher oil prices, should contribute to higher inflation going forward although the consensus forward inflation path is not expected to breach the upper target of 6.0%.

The South African Reserve Bank's MPC kept the repo rate unchanged at 6.50%. Inflation forecasts have remained largely unchanged, but upside risks have been raised by the rand's weakness and higher international oil prices. The Bank still expects a gradual uptick in real GDP growth. The forecast for 2018 was maintained at 1.7%, while the 2019 forecast was revised upwards to 1.7% from 1.5%. The FRA Curve is now pricing in an 80% chance of a 25bp hike in 6 month and a 176% chance of two 25bp hikes in 12 months.

The current account deficit for 1Q18 widened more than expected, to 4.8% of GDP from 2.9% in 4Q17. The widening was mainly caused by a larger trade shortfall as well as other specific disruptions, including the Western Cape drought and significantly higher oil imports.

The quarter presented opportunities for tactical duration positioning which contributed positively to the fund's performance. The fund increased duration to 0.52 years from 0.31 years over the quarter, whilst also increasing the gross running yield by 30bp to c.9.52%.

The fund aims to enhance total return through value opportunities that, on a risk-adjusted basis, achieve our objective of Cash (STeFI Call Deposit) +2.0%.

Portfolio Manager
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Assistant Manager
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