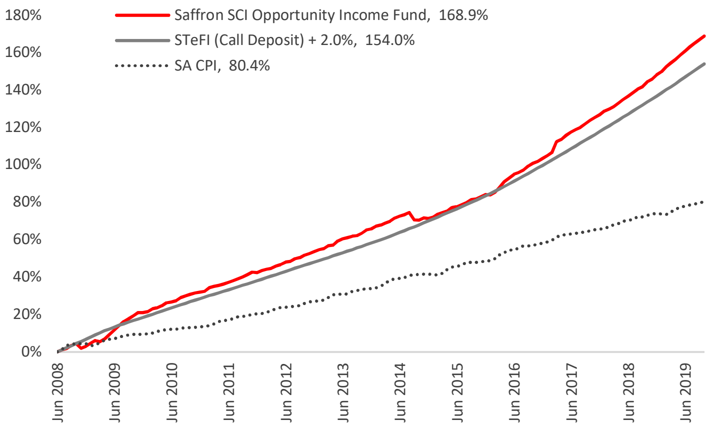
SAFFRON SCI* OPPORTUNITY INCOME FUND

Class A l Minimum Disclosure Document (MDD)
As at 30 September 2019

Fund Performance

Since launch cumulative performance graph

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



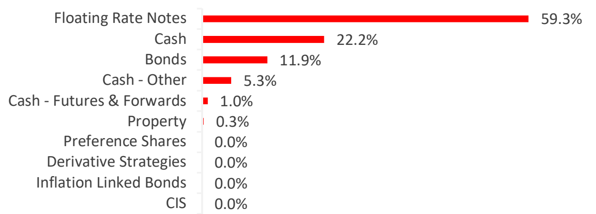
Monthly %	Oct'18	Nov'18	Dec'18	Jan'19	Feb'19	Mar'19	Apr'19	May'19	Jun'19	Jul'19	Aug'19	Sep'19
Fund	0.62	0.95	0.70	1.03	0.81	0.72	0.91	0.79	0.88	0.78	0.70	0.74
Benchmark	0.70	0.68	0.72	0.72	0.65	0.72	0.70	0.72	0.70	0.72	0.69	0.70

Yearly %	Sep'09	Sep'10	Sep'11	Sep'12	Sep'13	Sep'14	Sep'15	Sep'16	Sep'17	Sep'18	Sep'19
Fund	14.23	9.55	8.11	7.42	7.74	4.23	6.63	10.48	11.42	9.18	10.07
Benchmark	11.81	8.66	7.49	7.35	6.88	7.31	7.82	8.73	9.08	8.75	8.78

	Cumulative Return (%)				Annualised Return (%)			
	Fund	Benchmark	Cash	Inflation	Fund	Benchmark	Cash	Inflation
1 Year	10.06	8.78	6.64	4.32	10.06	8.78	6.64	4.32
3 Years	33.89	29.04	21.60	14.98	10.22	8.87	6.74	4.76
5 Years	57.72	51.28	37.02	27.62	9.54	8.63	6.50	5.00
10 Years	125.31	117.54	78.46	64.81	8.46	8.08	5.96	5.12
Inception	168.84	153.87	102.86	80.39	9.12	8.57	6.44	5.35

Fund Holdings

Asset Allocation (%)



Risk Statistics (3 Year Rolling)

Standard Deviation	1.25
Sharpe Ratio	2.05
Information Ratio	0.83
Maximum Drawdown	0.00

Highest and Lowest Annual Returns

Time Period: Since Inception to 30/09/2019

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 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	1.00
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 (%)	8.19
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	R971,309,804
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)

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
01/04/2019:	2.47 cpu	02/07/2018:	2.49 cpu	04/12/2017:	1.47 cpu

Cost Ratios	(%)
TER	1.19
TC	0.04
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 July 2016 to 30 June 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.

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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SAFFRON WEALTH FUND MANAGEMENT

Administered by: Sanlam

The fund returned 2.23% and 10.06% for the quarter and year respectively, exceeding the benchmark (STeFI Call Deposit +2.0%) which returned 2.13% and 8.78% respectively. On a rolling one-year period, the fund beat the enhanced cash benchmark by 1.28%.

Cash was the top-performing asset class in South Africa for the quarter at 1.83%, followed by bonds (All Bond Total Return Index) at 0.78% and Inflation-linked bonds (CILI Index) at 0.25%. Equities (ALSI Total Return) lost -4.57% and Property lost -4.44%. Over a rolling 12-month basis, Bonds were the top performer (+11.48%) followed by Cash (+7.38%), with Property posting the lowest return of -2.70%.

The US Fed lowered the policy rates by 25bps to a range of 1.75% to 2.00%. Seven Fed members voted for the 25bp cut, while three voted against it. The Fed cited uncertainty around the global outlook but offered few indications on the policy path going forward. The median 'dot' (projected FFTR) for 2019 reflected only two 25bps with policy rates on hold in 2020 and 2021.

In the recent risk-off environment, the US 10-year Treasury yield traded 36 bps lower (2.03% to 1.67%) at quarter end, while the Dollar Index strengthened significantly from 96.84 to 99.38, up 2.62% over the period. 3-Month USD Libor decreased materially to 2.10%, down 23 bps and 70 bps QTD and YTD respectively.

As was widely expected, the European Central Bank (ECB) cut the deposit rate by 10bps to -0.50%. The other key ECB interest rates remained unchanged at 0.00% (main refinancing rate) and 0.25% (marginal lending rate). In their forward guidance the ECB stated that 'key ECB interest rates to remain at their present or lower levels until it has seen the inflation outlook robustly converge to a level sufficiently close to, but below, 2% within its projection horizon, and such convergence has been consistently reflected in underlying inflation dynamics'. It also stated that it expects QE to run until 'shortly before it starts raising' rates.

With the backdrop of this low policy rate outlook the German 10-year yield reached a record low rate of -0.74% in September 2019, closing the quarter at -0.57%. The French 10-year yield also hit a record low of -0.45% in August 2019, closing the quarter at -0.27%.

The Bank of England (BOE) kept interest rates at 0.75% after a unanimous vote, however cautioned that further Brexit uncertainty and tariff wars could warrant a rate cut in the near future.

The Commodity Research Bureau (CRB) indices continued to weaken in 3Q19. The CRB Commodities Index returned -4.6% (-4.3% in the previous quarter), with the CRB Metals Index the biggest loser at -6.9% (-13.3% in 2Q19). The CRB Livestock Index returned -6.2% (previously -7.6%). An attack on a Saudi Arabian oil processing facility and its second-largest oil field pushed the price of Brent crude oil substantially higher when markets opened on the 16th of September. The price initially rose by over USD10 to above USD70 per barrel before falling to trade around USD66 per barrel. The attack affected c.5% of global oil supply. At quarter end, Brent traded at USD60.78, down -6.6% for the quarter. The rand price per barrel was flat for the quarter as the rand depreciated by 7.0% against the dollar, trading at ZAR923.86 per barrel (+0.68%). Platinum (+6.1%), palladium (+8.2%) and gold (+6.4%) performed strongly, with industrial copper losing (-4.1%).

In the global credit space, the Markit iBoxx USD Liquid High Yield Index gained 0.83% over the period. The VIX Index, which measures risk sentiment, traded slightly higher at the end of the quarter at 16.24 from 14.06.

The J.P. Morgan Emerging Market Bond Spread traded slightly higher at 863.81 at quarter end (up 0.90%). The JPM EMBI spread closed the quarter at 399.59 (up 2.90 bps). South Africa's 5-year Credit Default Swap spread widened by 30bps to 193.43 bps whilst its Emerging Market peers' spreads tightened. Russia's spread traded at 85.94 (24 bps lower), followed by Turkey at 357.98 (-13 bps) and Brazil at 136.54 (-11 bps).

Over the quarter, the rand depreciated against most of the major currencies, including the British pound (-4.1%), the Australian dollar (-3.8%), the US dollar (-7.0%), the Euro (-3.3%) and the Japanese yen (-7.4%).

The South African Reserve Bank (SARB) held the repo rate at 6.50% at the September MPC meeting. The decision was supported by continued concerns around fiscal risks, as well as heightened trade and geopolitical risks. The inflation outlook was revised downwards to 4.20% for 2019, kept stable at 5.10% in 2020 and revised upwards to 4.70% in 2021. The growth outlook for 2019 was unchanged at 0.60% but revised downwards for 2020 and 2021 to 1.50% (down by -0.30%) and 1.80% (down by -0.20%) respectively. The SARB's QPM projects no more cuts over the forecast period. Upside risks to inflation includes higher electricity, food and fuel prices. Headline inflation ticked up slightly in August to 4.30% from 4.00% in July, partly driven by a rise in the electricity and other fuel costs category, after Nersa's recent hikes in electricity tariffs. Core inflation printed at 4.30%.

The trade balance in August exceeded consensus expectations at a surplus of R6.8bn (following a R3.7bn deficit in July). The upside emerged from stronger-than-expected exports. Exports increased by R9.5bn m/m, led by higher mineral products (up R4.8bn m/m; usually coal products), a R1.6bn m/m increase in precious metals and stones and a R1bn m/m increase in machinery and electronics. Imports declined in August, supported by a R2.3bn m/m decrease in mineral product imports (mainly oil), as well as vehicle and transport equipment (R1.4bn m/m decrease). The trade data is expected to remain volatile give the significant swings in the exchange rate.

For the month of August, the budget deficit printed at R32.8bn, bringing the total deficit for the 2019/20 fiscal year to R189.4bn. The deficit increased by 44.2% compared to the same period last year. Expenditure growth has been outpacing revenue growth. Since the beginning of this fiscal year (April 2019), revenue has grown by 4.2% y/y to R509.7bn compared to expenditure growth at 12.6% y/y at R699.1bn - the strongest growth since the 2008 recession. The increase in government expenditure was mainly caused by the financial assistance extended to Eskom in April (R13.5bn) and SAA and Denel in August (R3.8bn). The budget deficit is expected to exceed 6.0% of GDP (versus 4.5% forecast by National Treasury in the 2019 Budget) and debt levels are expected to breach 60% of GDP (versus a 56.1% forecast).

The second quarter GDP grew by 3.1% q/q on a seasonally adjusted basis, better than the consensus estimate of 2.5%. Positive contributions came from all sectors, except Agriculture (-4.2%), Construction (-1.6%) and Transport (-0.3%), which in total subtracted 0.2% from the figure. General sentiment is however still weak amid growing concern about underwhelming pro-growth reform traction and an increasingly fragile global economy.

The shift in the secondary credit bond 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 pushed 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 0.44 years (from 0.37 years) over the quarter, offering a gross running yield of 8.96%.

Portfolio Manager
Brandon Quinn
BCom, CFA

Assistant Manager
Anina Swiegers
BCom (Hons), CFA

Administered by: