

# SAFFRON SCI\* OPPORTUNITY INCOME FUND

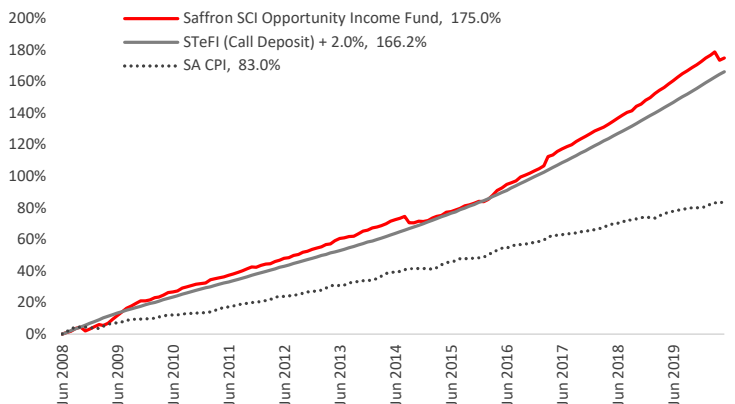
Class A I Minimum Disclosure Document (MDD)  
As at 30 April 2020



## Fund Performance

### Since launch cumulative performance graph

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



| Monthly % | May'19 | Jun'19 | Jul'19 | Aug'19 | Sep'19 | Oct'19 | Nov'19 | Dec'19 | Jan'20 | Feb'20 | Mar'20 | Apr'20 |
|-----------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Fund      | 0.79   | 0.88   | 0.78   | 0.70   | 0.74   | 0.71   | 0.76   | 0.78   | 0.69   | 0.73   | -1.85  | 0.46   |
| Benchmark | 0.72   | 0.70   | 0.72   | 0.69   | 0.70   | 0.71   | 0.68   | 0.71   | 0.70   | 0.65   | 0.69   | 0.60   |

| Yearly %  | Apr'10 | Apr'11 | Apr'12 | Apr'13 | Apr'14 | Apr'15 | Apr'16 | Apr'17 | Apr'18 | Apr'19 | Apr'20 |
|-----------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Fund      | 15.51  | 7.91   | 7.66   | 8.57   | 7.73   | 3.22   | 8.85   | 11.90  | 8.86   | 10.14  | 6.31   |
| Benchmark | 9.24   | 7.90   | 7.42   | 7.01   | 7.02   | 7.70   | 8.23   | 9.10   | 8.93   | 8.71   | 8.60   |

|           | Cumulative Return (%) |           |        |           | Annualised Return (%) |           |      |           |
|-----------|-----------------------|-----------|--------|-----------|-----------------------|-----------|------|-----------|
|           | Fund                  | Benchmark | Cash   | Inflation | Fund                  | Benchmark | Cash | Inflation |
| 1 Year    | 6.29                  | 8.59      | 6.46   | 3.04      | 6.29                  | 8.59      | 6.46 | 3.04      |
| 3 Years   | 27.44                 | 28.60     | 21.18  | 12.40     | 8.42                  | 8.75      | 6.61 | 3.97      |
| 5 Years   | 55.23                 | 51.84     | 37.52  | 25.79     | 9.19                  | 8.71      | 6.58 | 4.70      |
| 10 Years  | 117.73                | 117.06    | 78.06  | 63.39     | 8.09                  | 8.06      | 5.94 | 5.03      |
| Inception | 174.93                | 166.14    | 110.21 | 82.77     | 8.86                  | 8.56      | 6.44 | 5.19      |

## Fund Holdings

### Asset Allocation (%)

|                           |       |
|---------------------------|-------|
| Floating Rate Notes       | 64.9% |
| Bonds                     | 22.6% |
| Cash                      | 10.7% |
| Cash - Other              | 1.8%  |
| Cash - Futures & Forwards | 0.0%  |
| Property                  | 0.0%  |
| Preference Shares         | 0.0%  |
| Derivative Strategies     | 0.0%  |
| Inflation Linked Bonds    | 0.0%  |
| CIS                       | 0.0%  |

## Risk Statistics (3 Year Rolling)

|                    |       |
|--------------------|-------|
| Standard Deviation | 1.58  |
| Sharpe Ratio       | 0.69  |
| Information Ratio  | 0.29  |
| Maximum Drawdown   | -1.85 |

## Highest and Lowest Annual Returns

### Time Period: Since Inception to 30/04/2020

|                  |                |
|------------------|----------------|
| 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 (%)          | 7.82   |
| 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                   | R1,026,386,502   |
| 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)

|             |          |             |          |             |          |
|-------------|----------|-------------|----------|-------------|----------|
| 01/04/2020: | 2.25 cpu | 01/07/2019: | 2.51 cpu | 01/10/2018: | 2.51 cpu |
| 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 |

## 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 January 2017 to 31 December 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](http://www.sanlamunittrustsmdd.co.za) and using our Effective Annual Cost (EAC) calculator. Alternatively, contact us at 0860 100 266.

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