



31 MAR  
2014

# SAFFRON MET INFLATION LINKED BOND FUND

**Fund category** South Africa - Multi Asset - Income\*  
**Fund description** An actively managed fund that aims to provide inflation beating returns  
**Launch date** 02 July 2012  
**Portfolio manager/s** Deon van Zyl

**Fund size** R513.117 million  
**NAV** 107.74 cents per unit  
**Benchmark** CPI +2.0% over 12 month rolling period  
**TER<sup>1</sup>** 1.29%  
**Modified duration** 3.50 years  
**Risk profile** Low / Moderate

## FUND OBJECTIVE & BENCHMARK

The Saffron MET Inflation Linked Bond Fund is a specialist fixed interest portfolio that consists of inflation linked bonds, government bonds, corporate bonds and other interest bearing securities, money market instruments, preference shares, property shares and property related securities, non-equity securities and assets in liquid form. The fund's objective is to deliver a return of 2.0 % over CPI (over 12 month rolling period, net of fees) on a sustainable basis.

## INVESTMENT MANDATE

The fund seeks to secure stable real capital growth in excess of the headline inflation rate. The fund adopts an active asset allocation and will reflect Saffron's best view of relative attractiveness of the assets in the investable universe. The fund shall maintain an exposure to inflation linked bonds of at least 50% depending on the portfolio manager's view of the interest rate cycle and inflation expectations. Exposure to property related securities may be actively varied but shall not exceed 10% of the fund's net asset value.

## TECHNICAL OVERVIEW

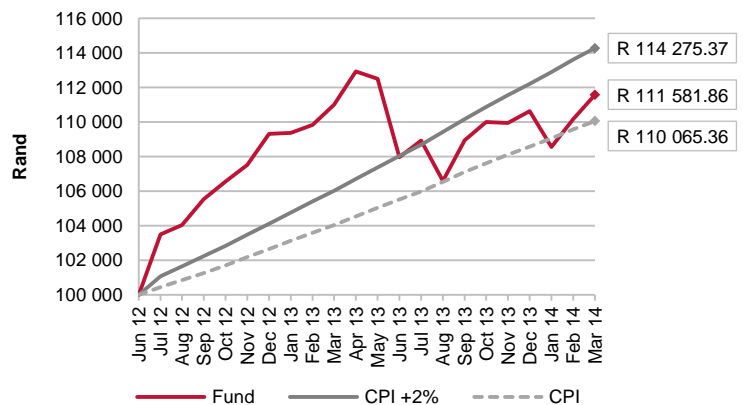
Original Buying Price:	100 cents
FSP upfront comm. (max):	0%
Annual Service fee:	1.14% (incl. VAT)
Performance fee:	None
Minimum lump sum:	R5 000
Min. monthly investment:	R500
Income distribution 2013:	2.82 cpu
Date of income declaration:	30 Jun / 31 Dec
Date of income payment:	2nd working day of Jul / Jan
Valuation time:	15h00
Transaction time:	13h00

## PERFORMANCE

As at 31/03/2014

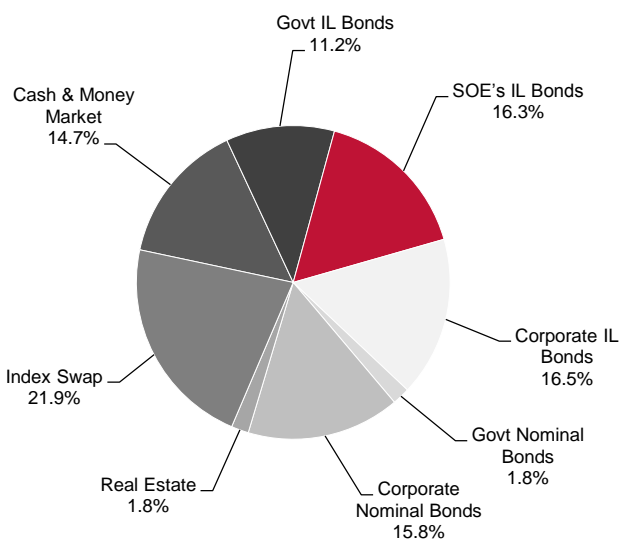
Returns since inception (02/07/12)	Fund	CPI +2.0%
Unannualised returns	11.58%	14.28%
Annualised returns	6.48%	7.94%

Growth of R100 000 investment since fund inception



## SECTOR ALLOCATIONS

As at 31/03/2014



## FAIS CONFLICT OF INTEREST DISCLOSURE

Please note that in most cases where the FSP is a related party to Saffron Wealth (Pty) Ltd and/or MET, Saffron Wealth (Pty) Ltd and/or the distributor earns additional fees apart from the FSP's client advisory fees. It is the FSP's responsibility to disclose additional fees to you as a client. Such fees are paid out of the portfolio's service charge and range as follows (excl VAT):

CIS Manager	Up to 0.10%
Saffron Wealth (Pty) Ltd	Up to 0.90%
Distribution	Up to 0.25%
LISP Rebate	Up to 0.25%
Performance fee	100% to investment manager
<b>Total Service Charge</b>	<b>1.00%</b>

## MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fund 2014	-1.87%	1.47%	1.29%									
Fund 2013	0.06%	0.42%	1.06%	1.74%	-0.38%	-4.03%	0.89%	-2.15%	2.22%	0.96%	-0.05%	0.63%
Fund 2012							3.51%	0.51%	1.45%	0.96%	0.90%	1.67%

The Global economy led by the US and UK continued to recover while China's economy continued to slow over the quarter. Overall, the world economy is still set for a stronger year-on-year growth in 2014 while normalisation of monetary policy in the developed world is expected to be very gradual. The SA economy remained fragile with labour unrest and electricity supply being some of the headwinds affecting the local economy. Growth in household spending is expected to moderate, contained by pressure on household finances, higher interest rates, still high household debt burdens and the rising prices on essential goods including fuel, energy and food. The rand held up relatively well in March benefitting from the short term reprieve for emerging markets whilst the MPC left rates unchanged at its March policy meeting after hiking unexpectedly by 50 basis points in January. Consumer inflation rose to 5.9% year-on-year in February and is forecasted to increase further, breaching the SARB's 6% upper target in March and remaining there for the medium term. The stronger rand helped yields on the benchmark R186 government bond to recover some earlier losses sustained in January and early February as risk aversion in emerging markets eased. Foreign investors have continued to be better sellers for the quarter. The fund returned 1.29% for March and 0.85% for the Quarter. The fund reduced its weighting in government nominal bonds into strength. The fund also maintained its exposure to inflation linked bonds as it expects inflation to move higher during 2014. We expect rates to move higher during 2014.

## DISCLOSURES

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