met
collective investments
A member of MMI Holdings
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SAFFRONWEALTH
FUND MANAGEMENT

www.saffronwealth.com

31 MAR 2015

SAFFRON MET ACTIVE BOND FUND

Fund category	South Africa - Multi Asset - Income*	**Fund size**	R531.747 million
Fund description	An actively managed fund that aims to provide inflation beating returns	**NAV**	110.77 cents per unit
		Benchmark	CPI +2.0% over 12 month rolling period
Launch date	02 July 2012	**TER**[1]	1.16%
Portfolio manager/s	Deon van Zyl	**Modified duration**	2.93 years
		Risk profile	Low / Moderate

FUND OBJECTIVE & BENCHMARK

The Saffron MET Active 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

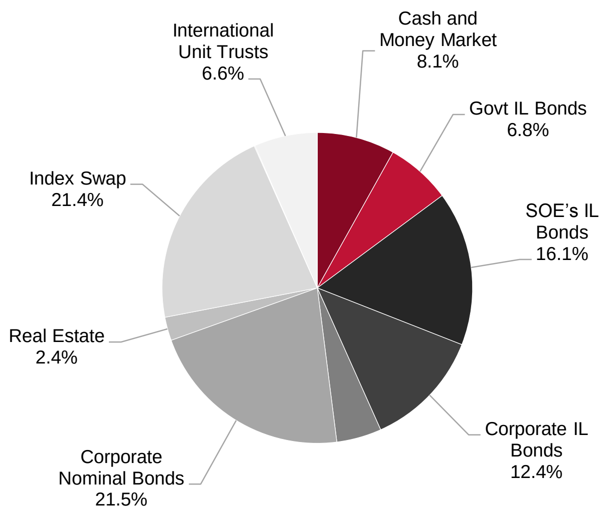
The fund seeks to secure stable real capital growth in excess of the headline inflation rate. The fund adopts an active asset allocation and will reflect Saffron's best view of relative attractiveness of the assets in the investable universe. The fund shall maintain an exposure to inflation linked bonds 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 2014:	2.65 cpu
Date of income declaration:	30 Jun / 31 Dec
Date of income payment:	2nd working day of Jul / Jan
Valuation time:	15h00
Transaction time:	14h00

SECTOR ALLOCATIONS

As at 31/03/2015

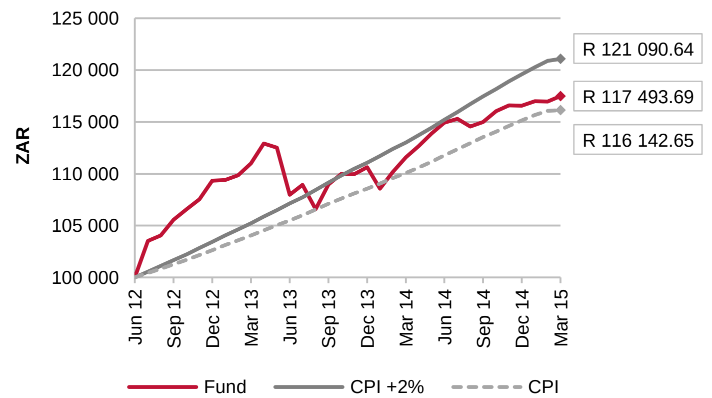


PERFORMANCE

As at 31/03/2015

	1 Year	2 Year	Since inception (annualised)	Since inception (cumulative)
Fund	5.3%	5.9%	6.1%	17.5%
Benchmark	6.0%	14.5%	7.2%	21.1%

Growth of ZAR100 000 investment since fund inception



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 Collective Investments (RF) (Pty) Ltd, 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
Total Service Charge	**1.00%**

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fund 2015	0.38%	-0.03%	0.44%									
Fund 2014	-1.87%	1.47%	1.29%	0.97%	1.08%	0.91%	0.34%	-0.64%	0.37%	0.90%	0.50%	-0.03%
Fund 2013	0.05%	0.41%	1.06%	1.74%	-0.38%	-4.03%	0.89%	-2.15%	2.22%	0.96%	-0.05%	0.63%

QUARTERLY COMMENTARY

The Saffron Inflation Linked Bond Fund changed its mandate as well as the name of the Fund to the Saffron Active Bond Fund. The main objective prompting the change was to increase the fund's flexibility in terms of the amount of inflation linked bonds that it could hold.

The fund returned 0.44% for March and 0.80% for the first quarter of 2015. For the same period, the All Bond Index returned 2.99% and the CILI (Inflation Bond Index) achieved 0.27%. SA bonds performed exceptionally in January on the back of the oil price declining below 50 dollars a barrel. This was however quickly reversed in February and March with an increasing oil price and weaker bond performance. The fund had a 38% exposure to inflation linked bonds at the end of March.

GDP growth this year will likely remain constrained by electricity shortages, labour market instability and weak commodity prices. The market forecasts growth of 2.1% this year, but thinks it could accelerate next year if the electricity shortages ease.

The 2015/16 Budget presented during February aimed at modest fiscal consolidation, with the budget deficit narrowing. This was due to discreetly higher excise taxes and personal tax whilst expenditure was cut marginally.

Headline CPI inflation has likely bottomed at 3.9% and could rise above 6% over the medium term due to a rising USDZAR, stronger crude prices and large electricity tariff hikes. Core inflation is likely to remain the prime focus of the MPC. The market expects inflation to average 4.6% for the current year and 5.6% in 2016.

The SARB kept the repo rate unchanged at 5.75% in March, but turned more hawkish due to the sharp deterioration in the inflation outlook. The near-term outlook for nominal rates will depend very much on what happens to the currency and therefore breakeven inflation rates.

The rand remains under pressure relative to the USD. This together with a stronger oil price is expected to increase inflation expectations and put an end to the decreasing inflation trend. In the short term we favour inflation linked bonds relative to nominal bonds.

DISCLOSURES

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