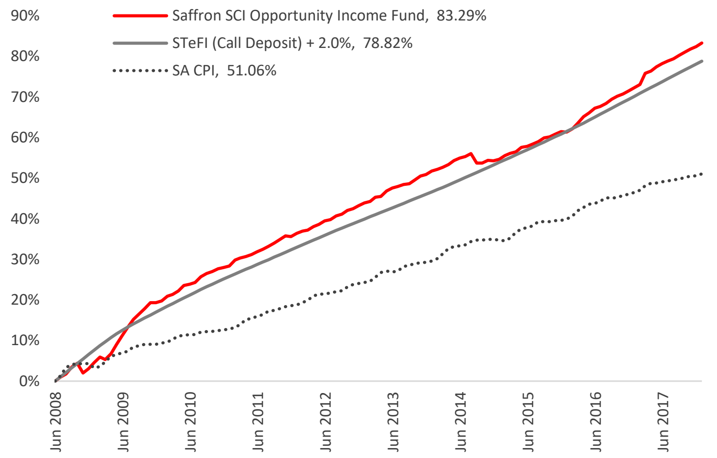
SAFFRON SCI* OPPORTUNITY INCOME FUND

Class A l Minimum Disclosure Document (MDD)
As at 31 December 2017

Fund Performance

Since launch cumulative performance graph



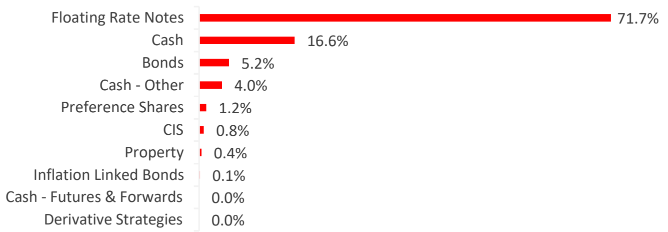
Monthly %	Jan'17	Feb'17	Mar'17	Apr'17	May'17	Jun'17	Jul'17	Aug'17	Sep'17	Oct'17	Nov'17	Dec'17
Fund	0.86	2.75	0.56	0.99	0.80	0.63	0.57	0.87	0.78	0.72	0.66	0.87
Benchmark	0.76	0.67	0.74	0.72	0.74	0.72	0.75	0.73	0.70	0.72	0.70	0.72

Yearly %	Dec'09	Dec'10	Dec'11	Dec'12	Dec'13	Dec'14	Dec'15	Dec'16	Dec'17
Fund	15.19	8.58	8.03	7.53	7.88	2.84	6.73	10.88	11.06
Benchmark	10.05	8.07	7.15	6.99	6.68	7.28	7.64	8.61	8.68

	Cumulative Return (%)				Annualised Return (%)			
	Fund	Benchmark	Cash	Inflation	Fund	Benchmark	Cash	Inflation
1 Year	11.61	9.04	6.90	4.70	11.61	9.04	6.90	4.70
3 Years	29.99	25.91	19.52	16.69	9.97	8.63	6.50	5.56
5 Years	40.98	40.32	29.72	27.40	8.15	8.06	5.94	5.48
10 Years								

Fund Holdings

Asset Allocation (%)



Risk Statistics (3 Year Rolling)

Standard Deviation	1.57
Sharpe Ratio	1.69
Information Ratio	0.79
Maximum Drawdown	-0.09

Highest and Lowest Annual Returns

Time Period: Since Inception to 31/12/2017

Highest Annual %	17.32 (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	3.42
Maximum Annual Advice Fee	-
Annual Management Fee	1.14
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 (%)	8.01
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	R 595,886,795.00
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)

31/12/2017:	0.65 cpu	30/06/2017:	1.94 cpu	30/09/2016:	1.75 cpu
01/12/2017:	1.46 cpu	31/03/2017:	1.91 cpu	30/06/2016:	1.26 cpu
30/09/2017:	2.21 cpu	31/12/2016:	2.00 cpu	30/04/2016:	0.55 cpu

Cost Ratios	(%)
TER	1.23
TC	-
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 and Transaction Costs cannot be determined accurately because of the short life span of the Financial Product. The TER presented is for the period 1 July 2014 to 30 June 2017.

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
(FSP) License No. 34638
Physical Address: B5 Octo Place, Electron Road, Technopark, Stellenbosch, 7599
Postal Address: Suite 426, Private Bag X5061, Stellenbosch, 7599
Tel: +27 (21) 880 7080
Email: info@saffronwealth.com
Website: www.saffronwealth.com

Manager Information
Sanlam Collective Investments (RF) (Pty) Ltd
Physical Address: 2 Strand Road, Bellville, 7530
Postal Address: P.O. Box 30, Sanlamhof, Bellville, 7532
Tel: +27 (21) 916 1800
Email: service@sanlaminvestments.com
Website: www.sanlamunittrusts.co.za

Trustee Information
Standard Bank of South Africa Ltd
Tel: +27 (21) 441 4100
Email: compliance-sanlam@standardbank.co.za

Administered by:

The fund returned 2.26% and 11.61% for the quarter and year respectively. In comparison, the STeFI returned 1.78% and 7.52%. The fund beat the benchmark (STeFI +2.0%) by 2.09%.

Equities and Property were the top best performing asset classes in 2017. The JSE All Share Total Return Index returned 7.44% and 20.95%, while Property (JSAPYTR Index) returned 8.32% and 17.15% for the quarter and year respectively. Nominal bonds (All Bond Total Return Index) returned 2.22% and 10.19%, while Inflation-linked bonds (CILI Total Return Index) returned 1.01% and 2.84% for the quarter and year respectively.

The US 10-year Treasury rate traded in a narrow range of 2.27% to 2.50%, closing the quarter at 2.41% and still some way off the 2.60% levels it reached in 1Q17. The Dollar Index weakened to 92.12 (down -0.95% for the quarter) whilst USD 3-month Libor increased by 36bp to 1.69%, in line with rate hike expectations in the world's largest economy. As expected, the US Fed raised rates by 25bp for the third time in 2017. The bank revised its growth forecast for 2018 to 2.5% from 2.1%, expecting a tighter labour market implying that it maintains its forecast for a further three rate hikes in 2018.

The European Central Bank (ECB) left its rate unchanged, stating that Quantitative Easing (QE) will last until September or beyond whilst maintaining the flexibility to upwardly adjust both the size and / or duration of the program if necessary.

The Bank of England (BOE) kept rates unchanged after November saw their first hike in a decade. Markets are not pricing in another increase until late 2018.

All Eurozone countries had improved PMI readings in November 2017, resulting in the best performance for euro zone manufacturing in the past decade. IHS Markit's final manufacturing PMI for the bloc climbed to 60.6 in December from September's 58.1. The EU economy expanded 0.6% on quarter 3Q17. Among the largest economies, GDP picked up in Germany and Italy, but eased in Spain and France.

The Institute for Supply Management's Manufacturing (ISM) PMI in the US also improved gradually in 2017 to 59.7 in December. The US economy expanded an annualised 3.2% on quarter in the third quarter of 2017, the highest reading since 1Q15.

Oil prices staged a remarkable recovery over the past few months due to rising demand and falling supply growth. Production increases remain a significant potential headwind to further price strength. The International Energy Agency's (IEA) notes that the anticipated supply growth would largely cancel out rising demand. At year end, oil advanced to USD 67 per barrel (more than 17% increase over the year) as US drilling activity remained at a standstill following a slip in production and continued protest action in Iran.

Gold rallied 4.4% in the last three weeks of the year to USD1,310.00 an ounce. The weaker dollar, which posted its biggest annual drop since 2003 last year, helped to lift gold by more than 13% in 2017. Key considerations for gold in 2018 will be the extent of interest rate normalisation in developed markets, the impact of Trump Tax Reforms on US corporate and government debt levels and the future trajectory of US and global inflation.

Palladium peaked at a record high of USD 1,095.00, rising more than 56% over the year. The demand for this precious metal increased rapidly in 2018 as European demand for diesel cars slowed on tightened emission controls.

Developed Market bond yields were relatively stable in 2017, stabilising EM risk premia and assisting foreign buying of emerging market bonds. According to the JSE, foreigners were net buyers of c. ZAR50bn South African Government Bonds in 2017. Foreigners hold a sizable portion of SA's local currency debt of more than 40.0% (National Treasury). This is the highest percentage of local government debt ever held by non-residents.

At present, two rating agencies have South Africa's local currency debt rated below investment grade. S&P downgraded SA's local and foreign currency credit ratings one notch to BB+ and BB, respectively, but changed the Outlook from Negative to Stable. Fitch announced that it was holding South Africa's local and foreign currency rating unchanged at BB+ with a Stable outlook. Moody's placed the country's Baa3 rating (investment grade) on review for a downgrade. Citi Bank's World Government Bond Index (WGBI) inclusion criteria dictates that a sovereign maintains an investment grade long-term local currency rating from either S&P or Moody's. SA comprises 0.45% of the WGBI which would create an estimated c. USD10bn in outflows should Moody's downgrade the rating and SA fall from the WGBI.

In a unanimous decision, the South African Reserve Bank (SARB) kept the repo rate unchanged at 6.75% at the last meeting for the year. The tone of the meeting was hawkish as fiscal, rating and rand risks increased significantly. The SARB offered policy guidance for the first time, suggesting that the repo rate could be hiked three times over the forecast horizon. Inflation expectations increased to an average of 5.3%, 5.2%, and 5.5% in 2017, 2018 and 2019, from 5.3%, 5.0% and 5.3% respectively, before. Risks to the growth outlook are still to the downside. Growth of 2017 is seen at 0.7% from 0.6% before, while 2018 and 2019 were left unchanged at 1.2% and 1.5%, respectively.

Deputy President Cyril Ramaphosa was elected as the next ANC president on December 18th. The rand rallied more than 5.0% against the US dollar following the announcement. The market seems to believe that the decision probably will provide a more positive economic backdrop than before, despite the fact that significant fiscal, inequality and poverty challenges still remains. Risk of a further downgrade by Moody's (to sub-investment grade) has diminished but has not disappeared.

From a macroeconomic perspective, the next key event is the 2018 Budget statement in late February. In a seemingly unilateral decision, President Jacob Zuma announced that government will fund the full cost of study for technical and vocational training (TVET) college for university students from families earning less than a combined R350,000 per year. The Medium Term Budget Policy Statement (MTBPS) indicates that this could create a funding shortfall of more than R40bn in 2018, putting the budget deficit in 2018/19 at -4.8% of GDP (previously estimated at -3.9% of GDP).

The market is expecting some indication from Mr Ramaphosa regarding the need and affordability for nuclear power as well as policy guidance on corporate governance at SOEs, especially Eskom, given its increasing debt levels and revenue gap after the recent NERSA ruling.

During 3Q17, the current account balance narrowed to -2.3% of GDP from -2.4%. The trade balance registered a surplus of 1.5% of GDP – the highest since 3Q11 – highlighting the ongoing support for the rand.

SA CPI retreated to 4.6% y/y in November from 4.8% in October. Consensus is for CPI to remain below the upper target of 6.0% for the next year. At year end, the FRA market was pricing in a 25bp cut in the repo rate in next six months.

The J.P. Morgan Emerging Market Bond Index continued to contract in 2017 (-35bps) in 2017 after tightening 47bps in 2016. South Africa's 5-year credit default swap spread decreased by nearly 99bps over the year. Emerging Markets spreads, including Brazil (-119bps), Turkey (-108bps) and Russia (-104bps), and Developed Market spreads, including Germany (-12bps) and the UK (-12bps), tightened significantly. The rand strengthened nearly 10% against the dollar in 2017.

The quarter presented opportunities for tactical duration positioning which contributed positively to the fund's performance. The fund increased duration to 0.56 from 0.36 years over the quarter, whilst maintaining an attractive gross running yield of c.9.33%. We continue to see opportunities for tactical positioning in short-dated instruments in specific sectors created by commodity price or currency volatility in both developed and emerging markets as world economies tackle the conflicting ambitions of policy rate normalisation, currency stability and growth.

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

Portfolio Manager
Brandon Quinn
BCom, CFA

Assistant Manager
Anina Swiegers
BCom (Hons), CFA

SAFFRON WEALTH
FUND MANAGEMENT

Administered by:
Sanlam