

# Saffron MET Opportunity Income Fund

MET Collective Investment Scheme (CIS) portfolio

Class A | Minimum Disclosure Document (MDD) as at 30 June 2017

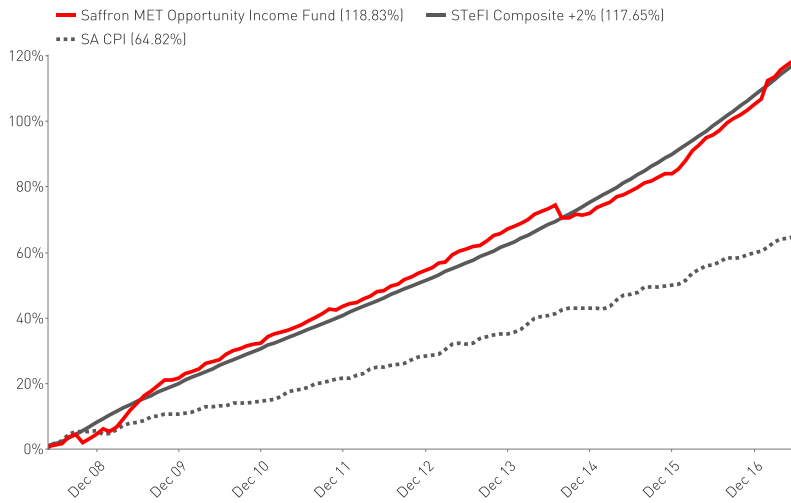
Assets managed by: **Saffron Wealth**



**SAFFRONWEALTH**  
FUND MANAGEMENT

## Portfolio performance

### Since launch cumulative performance graph



### Monthly (%)

	Jul'16	Aug'16	Sep'16	Oct'16	Nov'16	Dec'16	Jan'17	Feb'17	Mar'17	Apr'17	May'17	Jun'17
Fund	0.69	1.08	0.71	0.58	0.71	0.78	0.86	2.75	0.56	0.99	0.80	0.63
Benchmark	0.77	0.78	0.76	0.78	0.76	0.78	0.78	0.72	0.78	0.76	0.78	0.76

### Yearly (%)

	Jun'09	Jun'10	Jun'11	Jun'12	Jun'13	Jun'14	Jun'15	Jun'16	Jun'17
Fund	12.89	11.64	8.47	7.51	8.51	7.61	3.05	9.70	11.71
Benchmark	13.33	9.54	8.19	7.68	7.27	7.43	8.28	8.85	9.63

Yearly (%) since launch	Highest	Lowest
Fund	18.73 (Oct'09)	2.84 (Dec'14)

	Cumulative (%)				Annualised (%)			
	Fund	Benchmark	Cash	Inflation	Fund	Benchmark	Cash	Inflation
1 year	11.71	9.63	7.63	5.44	11.71	9.63	7.63	5.44
2 years	22.55	19.33	15.01	12.00	10.70	9.24	7.24	5.83
3 years	26.28	29.22	22.23	17.10	8.09	8.92	6.92	5.40
5 years	47.46	48.91	35.68	31.84	8.08	8.29	6.29	5.68
7 years	71.98	73.48	52.24	45.47	8.05	8.19	6.19	5.50
Launch	118.83	117.65	83.88	65.65	9.01	8.94	6.94	5.72

## Portfolio holdings

### Asset allocation (%)

SA Bonds	53.98
SA Cash/Money Market	29.35
Foreign Cash/Money Market	10.13
Foreign CIS (Glbl Interest Bearing)	2.10
Foreign Bonds	1.64
SA Equity - Pref Share	1.60
SA Equity (Real Estate)	1.21

### Interest bearing allocation (%)

Floating Rate	50.37
Cash	32.14
Money Market	7.34
Zero Coupon	2.42
CIS (Interest Bearing)	2.10
Fixed Rate 1-3 Years	1.64
Fixed Rate 7-12 Years	1.04
Inflation Linked	0.15

## Portfolio profile

An actively managed fund that aims to deliver higher levels of income than a pure income fund with a reasonable level of sustainable income and stability on capital invested. The fund's objective is to deliver a return of 2.0% over the STeFI Index on a sustainable basis. The fund is suitable for investors seeking significant return enhancement over cash; looking for innovative and active management within the fixed interest space; requiring managed exposure to efficient income generating investments; with an investment horizon of 12 to 36 months.

## Portfolio information

Classification: SA - Multi Asset - Income

Benchmark: STeFI (Call) plus 2% p.a. over a 12 month rolling period

Regulation 28 compliant: No  
Portfolio size (30/06/2017): R 534.71 million

Portfolio inception: 2 April 2013  
The inception of this portfolio on the MetCI scheme is 2 April 2013. The assets of a previous version of this portfolio, registered under a different scheme, were amalgamated into the MetCI portfolio at its inception. The performance track record of the previous version of the portfolio (for the relevant class) has been retained for performance reporting purposes. Performance data in this document is calculated based on the stated Launch date.

Launch: 2 June 2008  
NAV price (Launch): 100.00 (cpu)  
NAV price (30/06/2017): 119.54 (cpu)  
JSE code: MIPP  
ISIN number: ZAE000120044

Minimum lump sum: R 5,000  
Minimum monthly: R 500

## Portfolio income

Distribution cpu	Dividend	Interest	Total
Sep'16	0.000	1.750	1.750
Dec'16	0.042	1.961	2.003
Mar'17	0.000	1.920	1.920
Jun'17	0.008	1.938	1.946
Jul'16 - Jun'17	0.050	7.568	7.619

Declaration: 31 Mar/30 Jun/30 Sep/31 Dec  
Payment: 1st working day of Apr/Jul/Oct/Jan

## Portfolio costs

Initial fee - MetCI (incl. VAT): 0%  
Initial fee - Adviser (incl. VAT): 0% - 3.42%  
Annual management fee (incl. VAT): 1.14%  
Performance fee: No

Financial year end TER (incl. VAT): 1.22%

The disclosed Financial year end TER (total expense ratio) is shown as an annual percentage based on data for the 1 year period to 30 June 2016.

Cost ratios (incl. VAT) as at 31 March 2017:

TER (%)	TC (%)	TIC (%)
1.23%	0.02%	1.25%

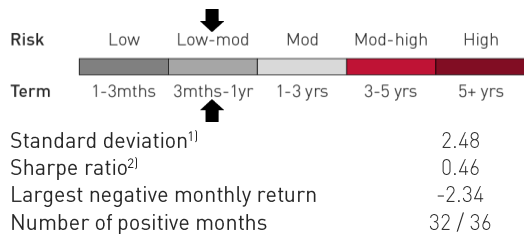
TER (%): Total Expense Ratio, TC (%): Transactions Costs Ratio, TIC (%): Total Investment Charges (TER (%) + TC (%))

Please see Disclosures section for further information on cost ratios

## Portfolio managers

Brandon Quinn, BCom, CFA

## Risk/reward profile and 3 year statistics



<sup>1)</sup>Standard deviation – measures the volatility of fund returns <sup>2)</sup>Sharpe ratio – fund return minus cash return (STeFI composite), divided by the Standard deviation (of fund returns)

### Specific risks

Interest rate risk can result in short term capital volatility. Permanent capital loss is possible should an issuer of an instrument held in the fund default.

This portfolio is permitted to invest in foreign securities which may have additional risks depending on the specific risks associated with that country such as potential macroeconomic risks; potential political risks; potential liquidity constraints and the repatriation of funds. Fluctuations in exchange rates may cause both positive and negative movements in the value of international investments.

## Portfolio mandate

### Objective/investment policy

The Saffron MET Opportunity Income Fund aims to seek opportunities to deliver a reasonable level of sustainable income and stability on capital invested. The investable universe of the portfolio includes interest bearing (including, but not limited to bonds, convertible bonds, debentures, corporate debt, cash deposits and money market instruments) as well preference shares, equity securities, property securities, and assets in liquid form. The portfolio may from time to time invest in financial instruments in order to achieve the portfolio's investment objective. The manager may also include forward currency, interest rate and exchange rate swap transactions for efficient portfolio management purposes. With the purpose to seek opportunities to enhance the portfolio's income return, the portfolio may invest in securities such as equity linked notes that are exposed to price movements in the equity markets and as well as derivative instruments such as futures and options linked to the equity exposure of equity linked notes and other such instruments. The portfolio is positioned as an opportunity income portfolio to reflect the portfolio's flexible mandate in terms of accessing a broad spectrum of underlying high yielding assets including securities linked to equities with due consideration being given to the lower risk mandate for the portfolio, using appropriate strategies to minimise risk where necessary. The portfolio may also invest in participatory interests and other forms of participation in portfolios of collective investment schemes, registered in South Africa and other similar schemes operated in territories with a regulatory environment of a sufficient standard to provide investor protection at least equivalent to that in South Africa and which is consistent with the portfolio's primary objective. The manager will be permitted to invest on behalf of the portfolio in offshore investments as permitted by legislation. The portfolio will be actively managed with exposure to various asset classes being varied to reflect changing economic and market circumstances, in order to maximise returns investors. The Trustee shall ensure that the investment policy is carried out.

### Limits and constraints

- Maximum exposure limits as per the ASISA fund classification structure.
- Maximum exposure of 25% to offshore investments plus maximum of 5% in Africa.

## Disclosures

MET Collective Investments (RF) (Pty) Ltd (the "Manager"), registration number 1991/003741/07, is authorised in terms of the Collective Investment Schemes Control Act, No 45 of 2002 (CISCA) to administer Collective Investment Schemes (CIS) in Securities. The Manager is the manager of the MET Collective Investments Scheme, and MMI Holdings Ltd is a full member of the Association for Savings and Investment SA. Standard Bank of South Africa Limited, registration number 1962/000738/06, is the trustee of the scheme.

Saffron MET Opportunity Income Fund is a portfolio of the MET Collective Investments Scheme and Saffron Wealth (Pty) Ltd, registration number: 2007/005503/07, an authorised financial services provider ("FSP") under the Financial Advisory and Intermediary Services Act No. 37 of 2002 ("FAIS"), FSP number: 34638, is the investment manager of this portfolio.

Saffron MET Opportunity Income Fund is a co-named portfolio, operating under an agreement entered into between the Manager and Saffron Wealth (Pty) Ltd, registration number: 2007/005503/07, an authorised FSP under FAIS, FSP number: 34638. A co-named portfolio is a third party named portfolio bearing the name of both the Manager and the FSP, where the FSP undertakes financial services of a discretionary nature, as contemplated in FAIS, in relation to the assets of the portfolio. The Manager retains full legal responsibility for all third party named portfolios under the MET Collective Investments Scheme. This information is not advice, as defined in the Financial Advisory and Intermediary Services Act (No. 37 of 2002). Please note that there may be representatives of the FSP acting under supervision. Your financial adviser may be a related party to the FSP and/or the Manager of this portfolio. It is your financial adviser's responsibility to disclose details of any conflicts of interests that may apply, as well as all fees that they receive, in relation to an investment in this portfolio.

Saffron MET Opportunity Income Fund is a portfolio that derives its income primarily from interest-bearing instruments. The yield (where present) is current and calculated daily.

The Total Expense Ratio (TER) is the percentage of the net asset value of the class of the Financial Product 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. A current TER may not necessarily be an accurate indication of future TER's. The disclosed TER is shown as an annual percentage based on data for the period from 01 April 2014 to 31 March 2017. The Transaction Costs Ratio (TC) is the percentage of the net asset value of the Financial Product 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. The TC 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. The disclosed TC is shown as an annual percentage based on data for the period from 01 April 2014 to 31 March 2017. The Total Investment Charges (TIC) is the sum of the TER and the TC and is shown as a percentage depicting the annual costs relating to the investment of the Financial Product. Cost ratios are calculated using historical actual and/or estimated data and are provided solely as an indication/guide as to the annual expenses/costs that could be incurred. These ratios do not represent any current/actual charges or fees.

All portfolio performance is calculated for a portfolio/portfolio class. Individual investor returns may differ as a result of fees, actual date(s) of investment, date(s) of reinvestment of income and withholding tax. Annualised returns, also known as Compound Annualised Growth Rates (CAGR), are calculated from cumulative returns; they provide an indication of the average annual return achieved from an investment that was held for the stated time period. Actual annual figures are available from the Manager on request. All portfolio performance figures quoted (tables and charts where present) are as at 30/06/2017, based on a lump sum investment, using NAV-NAV prices with income distributions reinvested on the ex-dividend date. CPI/Inflation figures, where present, are lagged by one month. Cash figures, where present, are STeFI Composite Index returns. All figures quoted in ZAR. Source: Morningstar and/or Momentum.

CIS are generally medium to long-term investments. The value of participatory interests may go down as well as up and past performance is not necessarily a guide to the future. CIS are traded at ruling prices and can engage in borrowing and scrip lending. The CIS may borrow up to 10% of the market value of the portfolio to bridge insufficient liquidity. Different classes of units apply to portfolios, which are subject to different fees and charges. A schedule of fees and charges and maximum commissions is available on request from the Manager. The Manager reserves the right to close and reopen certain portfolios to new investors from time to time in order to manage them more efficiently in accordance with their mandate. Portfolios are valued daily at approx. 15h00, latest prices can be viewed at [www.metci.co.za](http://www.metci.co.za) and in some national newspapers. Forward pricing is used. Instructions must reach the Manager before 14h00 to ensure same-day value. The Manager does not provide any guarantee, either with respect to the capital or the return of this portfolio. Additional information on the proposed investment including, but not limited to, brochures, application forms and the annual report and any half yearly report can be obtained, free of charge, at [www.metci.co.za](http://www.metci.co.za) or on request from the Manager.

This document should not be seen as an offer to purchase any specific product and is not to be construed as advice. Investors are encouraged to obtain independent professional investment and taxation advice before investing with or in any of the Manager's products.

## Contact and other information

### Scheme

MET Collective Investments Scheme

### Custodian/Trustee

Standard Bank of South Africa Limited

Telephone: +27 (0)21 441 4100

Registration no.: 1962/000738/06

### Management company

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Web: [www.metci.co.za](http://www.metci.co.za)

Registration no.: 1991/003741/07

**met**  
collective investments

A member of MMI Holdings

### Third party manager

Saffron Wealth (Pty) Ltd

An authorised financial services provider, FSP No: 34638

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Registration no.: 2007/005503/07



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