



31 MAR
2013

SAFFRON MET OPPORTUNITY INCOME FUND

Fund category	South African - Multi Asset - Income*	Fund size	R726.23 million
Fund description	An actively managed fund that aims to deliver higher levels of income than a pure income fund	NAV	109.58 cents per unit
Launch date	02 June 2008	Benchmark	Stefi + 2.0% p.a.
Portfolio manager/s	Brandon Quinn	TER¹	1.15%
		Risk profile	Low/Moderate

INVESTMENT MANDATE

The fund has a flexible mandate with no prescribed maturity or duration limits. The fund can invest in a wide variety of interest or yield bearing instruments, including, but not limited to cash deposits, money market instruments and debentures, government and corporate bonds, convertible bonds as well as preference shares, property securities, and assets in liquid form. The portfolio may from time to time invest in financial instruments, in accordance with the provisions of the Act, and Regulations, as amended from time to time, 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 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 may also invest in participatory interests and other forms of participation of collective investment schemes, registered in South Africa and other similar schemes.

RISK STATISTICS

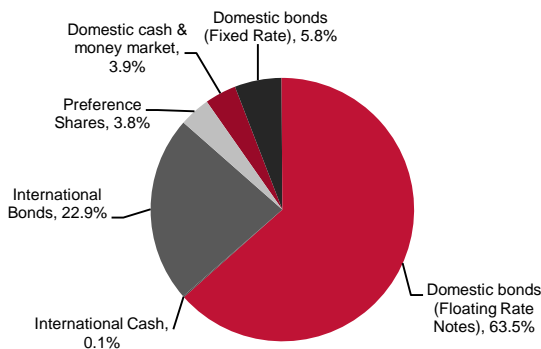
Since launch

	Fund	Benchmark
Positive months	96.49%	100%
Annualised deviation	3.11%	2.20%
Sharpe ratio	1.59	1.47
Maximum gain	2.31%	1.10%
Maximum drawdown	-2.36%	0.00%
Modified duration	0.63 years	N/A

The recommended investment horizon is 12 months and longer. The fund may have limited exposure to non-equity growth securities that will cause price variations on a day to day basis making it unsuitable as an alternative to money market investments over short investment horizons of less than 12 months.

SECTOR ALLOCATIONS

As at 31/03/2013



FUND OBJECTIVE & BENCHMARK

The fund aims to provide a higher total return than conventional money market or income funds. The fund's objective is to deliver a return of 2.0% over the STeFI index on a sustainable basis.

SUITABLE FOR INVESTORS

- Seeking significant return enhancement over cash
- Looking for innovative and active investment management within the fixed interest space
- Requiring managed exposure to efficient income generating investments
- With an investment horizon of 12 to 36 months

TECHNICAL OVERVIEW

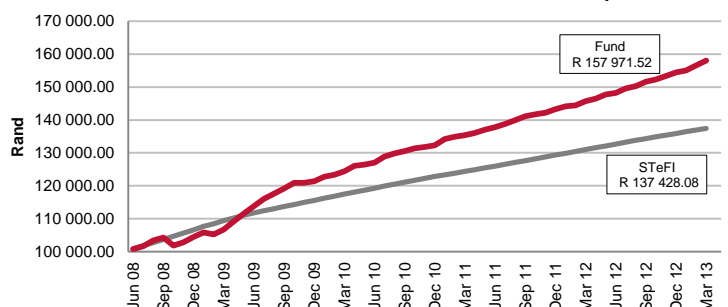
Original buying price:	100 cents
FSP upfront comm. (max):	0%
Annual service fee:	1.14% (incl. VAT)
Performance fee:	None
Minimum lump sum:	R5 000
Min. monthly investment:	R500
Historical income distribution:	1.87 cpu
Date of income declaration:	31 Mar / 30 Jun / 30 Sept / 31 Dec
Date of income payment:	2nd working day Apr / Jul / Oct / Jan
Valuation time:	15h00
Transaction time:	13h00

PERFORMANCE

As at 31/03/2013

Returns since inception (02/06/2008)	Fund	STeFI +2.0%
Unannualised returns	58.16%	50.32%
Annualised returns	9.95%	8.80%

Growth of R100 000 investment since fund inception



MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fund 2013	0.38%	1.00%	0.90%									
Fund 2012	0.59%	0.24%	0.86%	0.56%	0.86%	0.29%	0.95%	0.40%	0.92%	0.47%	0.71%	0.68%
Fund 2011	1.48%	0.50%	0.38%	0.50%	0.68%	0.61%	0.71%	0.83%	0.82%	0.42%	0.36%	0.74%

The fund returned 2.28% for the quarter (previous two quarters 1.88% and 1.72% respectively), taking the rolling one year return to 8.39% (7.79% at the previous quarterly report) and outperforming the STEFI cash index by 2.99% for the period (previously 2.25% and 1.85%). Domestically, the Rand depreciated from 8.49 to 9.21 over the quarter, losing approximately 8.50% and raising the domestic price of Brent crude by 6.12% despite an overall fall in the international price of oil by 2.18% over the same period. Interest rate risks are currently balanced, with upside risks due to deteriorating inflation expectations and government bond supply and downside risks a result of economic growth concerns. Excluding any exogenous shock factors (which are not easily excluded), we foresee a range bound interest rate market for the remainder of 2013, albeit within larger ranges than the previous year. Consumer inflation rose to 5.9% y/y in February from 5.4% in January, above market expectations of 5.6%. The rand remains the key inflation risk, susceptible to further weakness on both international and local developments, specifically the hitherto deteriorating current account, consumer confidence, and unpredictable labour unrest. From a policy perspective the SARB continues to maintain the REPO rate at 5% since the cut in July 2012. We expect CPI inflation to breach the upper 6% limit of the SARB's 3-6% target range in by the middle of 2013 however the SARB is unlikely to change its stance in 2013 unless the record poor consumer confidence levels and the trend of falling retail sales reverses. Internationally, the US outperformed over the quarter, especially the Eurozone, resulting in new equity record highs and strengthening the US dollar back to December 2012 levels. Emerging market credit spreads deteriorated from 236BP to 297BP over US Treasuries. The price of freight transport increased in excess of 20% across all categories (except Capesize) indicating the expectation of a pickup in global trade flows. Over the last quarter the fund tactically scaled into longer maturity assets and to a lesser extent, short/medium dated domestic corporate credit. We continue to avoid long dated credit where we do not see value. We remain focused in value opportunities in the short end of the yield curve, maintaining the fund at a strategic duration of below 6 months. We continue to seek value opportunities that on a risk adjusted basis will achieve our objective of Cash (STEFI) +2%.

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 0.85%
Saffron Wealth (Pty) Ltd	Up to 0.15%
Distribution / LISP	Up to 0.40%

DISCLOSURES

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