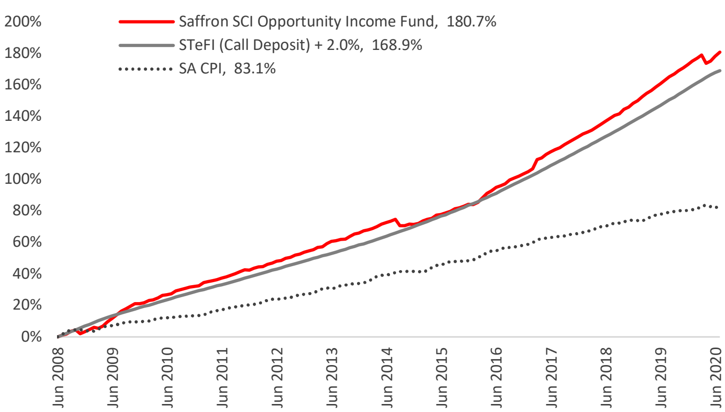
SAFFRON SCI* OPPORTUNITY INCOME FUND

Class A l Minimum Disclosure Document (MDD)
As at 30 June 2020

Fund Performance

Since launch cumulative performance graph

The Saffron funds transitioned to Sanlam Collective Investments from MET Collective Investments on 02 December 2017.



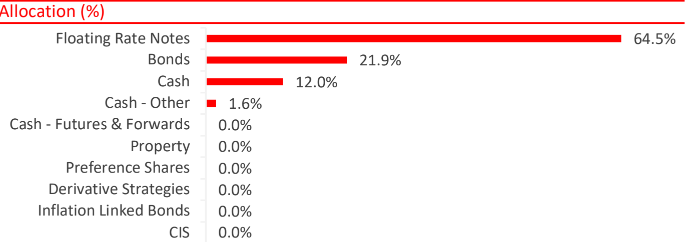
Monthly %	Jul'19	Aug'19	Sep'19	Oct'19	Nov'19	Dec'19	Jan'20	Feb'20	Mar'20	Apr'20	May'20	Jun'20
Fund	0.78	0.70	0.74	0.71	0.76	0.78	0.69	0.73	-1.85	0.46	1.15	0.91
Benchmark	0.72	0.69	0.70	0.71	0.68	0.71	0.70	0.65	0.69	0.60	0.53	0.48

Yearly %	Jun'10	Jun'11	Jun'12	Jun'13	Jun'14	Jun'15	Jun'16	Jun'17	Jun'18	Jun'19	Jun'20
Fund	11.64	8.47	7.51	8.51	7.61	3.05	9.70	11.71	9.06	10.20	6.72
Benchmark	8.88	7.73	7.42	6.93	7.12	7.75	8.44	9.11	8.85	8.75	8.15

	Cumulative Return (%)				Annualised Return (%)			
	Fund	Benchmark	Cash	Inflation	Fund	Benchmark	Cash	Inflation
1 Year	6.71	8.15	6.03	2.58	6.71	8.15	6.03	2.58
3 Years	28.24	28.02	20.63	12.05	8.64	8.58	6.45	3.87
5 Years	57.15	51.46	37.18	25.13	9.46	8.66	6.53	4.59
10 Years	120.55	116.34	77.47	63.38	8.23	8.02	5.90	5.03
Inception	180.63	168.84	111.65	83.09	8.92	8.53	6.40	5.13

Fund Holdings

Asset Allocation (%)



Risk Statistics (3 Year Rolling)

Standard Deviation	1.60
Sharpe Ratio	0.86
Information Ratio	0.00
Maximum Drawdown	-1.85

Highest and Lowest Annual Returns

Time Period: Since Inception to 30/06/2020

Highest Annual %	18.73 (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	-
Maximum Annual Advice Fee	1.15
Annual Management Fee	1.15
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 (%)	7.66
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
Regulation 28 Compliant	Yes
Fund Size	R1,069,850,743
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)

01/07/2020:	1.83 cpu	01/10/2019:	2.37 cpu	02/01/2019:	2.60 cpu
01/04/2020:	2.25 cpu	01/07/2019:	2.51 cpu	01/10/2018:	2.51 cpu
02/01/2020:	2.19 cpu	01/04/2019:	2.47 cpu	02/07/2018:	2.49 cpu

Cost Ratios	(%)
TER	1.18
TC	0.03
TIC	1.21

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 presented is for the period 1 April 2017 to 31 March 2020.

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
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SAFFRON WEALTH FUND MANAGEMENT

Administered by: Sanlam

The fund returned 2.54% and 6.71% for the quarter and year respectively, while the benchmark (STeFI Call Deposit +2.0%) returned 1.62% and 8.15%. On a rolling one-year period, the fund lagged the enhanced cash benchmark by 1.44%.

In June, the IMF downgraded its outlook for the world economy, currently in the grip of the deepest economic slump since the Great Depression. The IMF is projecting a significantly deeper recession and slower recovery than anticipated two months ago: GDP growth is expected to shrink by -4.9% this year and recover by +5.4% in 2021.

The US Fed kept rates unchanged near zero and affirmed that it would keep rates on hold until the economy returns to maximum employment and price stability. The Fed projects US GDP growth to contract by -6.5% in 2020 (previously +2.0% in December 2019) due to the pandemic measures taken to protect public health and the sharp surge in job losses. The US 10-year traded 1 bp lower (0.66%) over the quarter after trading in a wide range of 0.57% to 0.90%. 3-Month USD LIBOR traded significantly lower, from 1.45% to 0.30% at quarter end. The Dollar Index (DXY) weakened slightly (-2.29%) from 99.05 to 97.39.

Bank of England (BoE) members unanimously decided to leave the Bank rate steady at 0.10%, in line with market expectations. The target stock of bonds increased by GBP100bn, taking the total to GBP745bn. The BoE confirmed that the majority of these bond purchases would be gilts, with the corporate bond target at GBP20bn. CPI inflation declined to 0.5% in May from 0.8% in April, significantly below the target of 2.0%. The euro-area economy contracted 3.6% q/q in 1Q, the largest contraction since the euro's formation in 1999. The European Central Bank (ECB) increased the Pandemic Emergency Purchase Programme (PEPP) by EUR600bn to EUR1.35trn. European yields moved marginally, remaining negative: the German 10-year generic yield moved 2 bps higher to end the month at -0.45%, while the French 10-year moved 9 bps lower to close the month at -0.11%.

The Commodity Research Bureau (CRB) Commodity Index returned -2.72% for the quarter, with the CRB Metals Index and Food Index returning +3.53% and -5.78% respectively. The price of Brent Crude Oil recovered by more than 80.0% to USD41.15 per barrel over the quarter after plummeting -65.6% in the first quarter. Other commodities also recovered this quarter with Gold, Platinum and Copper up 12.9%, 14.7% and 21.6% respectively. Palladium lost -17.8% over the quarter after gaining 21.5% in the first quarter.

Covid-19 fears have seen global risk aversion rocket in 1Q20, destroying value in both emerging markets and risky financial assets as investors fled for safety. Most indices have however recovered meaningfully in the second quarter. The VIX Index, which measures risk sentiment, traded at 30.4 at the end of the quarter from a low of 24.5 and a high of 57.1. The J.P. Morgan Emerging Market Bond Index (EMBI) Sovereign Spread tightened by 130 bps (after widening by 240 bps in 1Q), trading at 440.8 at quarter end. The JPM EMBI Index gained 12.5% in the quarter, after losing -11.9% in 1Q. Emerging Market 5-year Credit Default Swap spreads tightened, led by South Africa (-154 bps) which managed to recover most of the spread widening in 1Q (+160 bps). Mexico (-114bps), Indonesia (-101 bps), Russia (-92 bps) and Brazil (-81 bps) offered tighter spreads, while Turkey's spread widened by 22 bps.

In South Africa, Equities (ALSI Total Return) was the top performing asset class for the quarter (+23.18%), followed by Property (+20.43%) and Nominal Bonds (ALBI at +9.94%). Inflation-linked bonds (CILI) returned +4.68% and Cash +1.46%. Year-to-date, Cash was the top performer at +3.18% and Property the worst performer at -37.56%. Over the quarter, the rand appreciated against most of the major currencies, including the yen (+5.5%), US dollar (+4.8%), British pound (+4.6%) and euro (+2.5%).

The SARB MPC cut its repo rate by 50bps to 3.75% in May, which leaves two further rate cuts of 25bps according to their Quarterly Projection Model. The SARB reiterated the view that DM-style quantitative easing is not an option for SA if inflation and interest rates remain positive. Their 2020 GDP forecast was lowered to -7.0%, from the -6.1% contraction estimated at the April meeting. The FRA curve is discounting 50bps of cuts within the next 12 months.

South Africa's inflation fell to 3.0% y/y in April, the lowest reading in nearly 15 years. The drop was mostly due to the sharp decline in the petrol price. Finance Minister Mboweni delivered a special adjustment budget on the 24th of June that forecast a deep recession, plunging tax revenue and surging government debt. The 2020/21 Budget Deficit is expected to hit -15.7% of GDP (previously -6.8%) while GDP is expected to contract by -7.2%. Gross debt-to-GDP is set to reach 81.8% this year and 87.4% in 2023/24. Government needs to cut spending by R230bn over the next two years and raise an additional R40bn in tax over the next four years. A draw on sterilisation deposits held with the SARB and borrowing from multilateral institutions (including IMF) will help to finance a shortfall.

Weekly government bond issuance was announced to total R8.6bn per week, starting in July (previously R6.8bn in the February Budget), split between R6.6bn vanilla bonds and R2.0bn inflation-linked bonds. Foreigners turned net buyers of SA bonds in June (+R7.6bn), partially offsetting the R4.5bn outflow in May. The SARB continues to provide additional liquidity repurchase auctions (even though the use of these facilities remains low) as well as intervening in the secondary market. At the end of May, the last available data print, they have purchased R30.8bn worth of SA government bonds (increase of R10.2bn m/m). The yield curve steepened during June as yields rose from the belly of the curve. The 7- to 12-years sector returned the highest return of 13.23% for the quarter, followed by the 3- to 7-years sector (+12.76%), the 12+ year sector (+8.03%) and the 1- to 3-years sector (+6.25%). Year-to-date, the shortest bucket was the top performer at +7.55%, and the longest bucket the worst performer at -4.05%.

The quarter presented opportunities for tactical duration positioning which contributed positively to the fund's performance. The fund decreased duration to 0.89 years (from 0.91 years) over the quarter and continues to offer an attractive gross running yield of 9.80% per annum in a very low rate (repo rate at 3.75%) and inflation (last print at 3.00%) environment. The fund is well positioned to enhance total return through value opportunities that, on a risk-adjusted basis, achieve or exceed our objective of Cash (STeFI Call Deposit) +2.0%.

Portfolio Manager
Brandon Quinn
BCom, CFA

Assistant Manager
Anina Swiegers
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