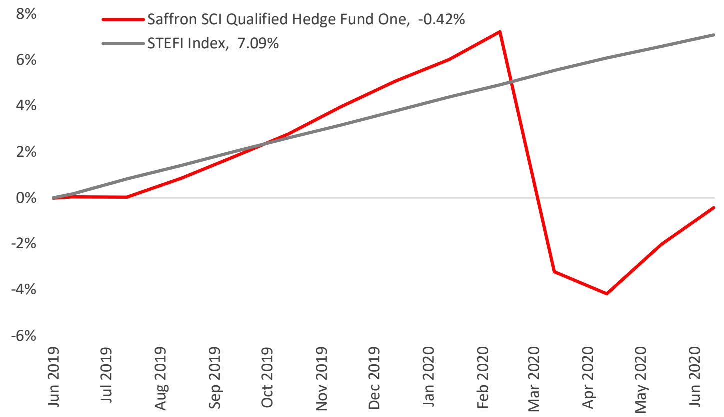
SAFFRON SCI* QUALIFIED HEDGE FUND ONE

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

Fund Performance

Since launch cumulative performance graph



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	-0.02	0.82	0.92	0.97	1.15	1.07	0.91	1.14	-9.75	-0.99	2.24	1.64
Benchmark	0.64	0.58	0.59	0.59	0.55	0.60	0.58	0.52	0.59	0.52	0.47	0.47

Yearly %	Jun'16	Jun'17	Jun'18	Jun'19	Jun'20
Fund	N/A	N/A	N/A	N/A	-0.48
Benchmark	N/A	N/A	N/A	N/A	6.90

	Cumulative Return (%)		Annualised Return (%)	
	Fund	Benchmark	Fund	Benchmark
1 Year	-0.48	6.90	-0.48	6.90
2 Years	N/A	N/A	N/A	N/A
3 Years	N/A	N/A	N/A	N/A
4 Years	N/A	N/A	N/A	N/A
5 Years	N/A	N/A	N/A	N/A
Since Inception	-0.42	7.09	-0.41	6.86

Highest and Lowest Annual Returns

Time Period: Since Inception to 30/06/2020

Highest Annual %	7.24%
Lowest Annual %	-4.17%

Risk Statistics

	3 Year Rolling	Since Inception
Standard Deviation	N/A	6.08%
Sharpe Ratio	N/A	-0.34
Sortino Ratio	N/A	-0.35
Information Ratio	N/A	-0.33

Value at Risk (10-day, 99% confidence)

	Current	Regulatory Maximum	Mandate
VaR at period end	2.16%	20.00%	20.00%

Sources of Leverage

Leverage Sources	Absa Prime Services
Leverage Type	Total Return Swap
Leverage Value (ZAR)	34,000,000.00
Gearing Ratio	1.64
Maximum Gearing Per Mandate	4.00

Counterparty Exposure (%)

Absa Prime Services	100.00%

Fund Objective

The objective of the fund is to provide consistently superior risk-adjusted returns to investors through exploiting opportunities that present in interest rate and derivative markets.

Fund Manager Details

Investment Manager	Saffron Wealth (Pty) Ltd
FAIS Disclosure	Saffron Wealth (Pty) Ltd is an authorised Financial Services Provider under the Financial Advisory and Intermediary Services Act, 2002.
Fund Manager	Brandon Quinn

Fund Information

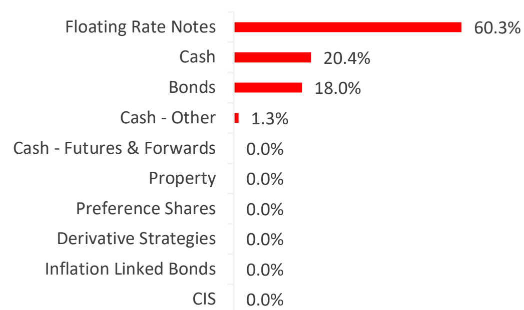
Fund Classification	Qualified Investor Hedge Fund
Base Currency	South African Rand (ZAR)
Inception Date	01 September 2016
Benchmark	STeFI
Risk Profile	High
Liquidity Risk Profile	Monthly
Fund Valuation Time	17:00
Transaction Cut Off Time	14:00
Monthly Price Information	Morningstar
Min. Lump Sum Investment	ZAR 1,000,000.00
Min. Recurring Investment	ZAR 1,000,000.00
Valuation Frequency	Monthly
Valuation Dates	Last day of each month
Income Distribution Freq.	Quarterly
Income Declaration Dates	Last day of March, June, September & December
Income Payment Dates	First business day of April, July, October & January
Fund Size	ZAR 20,705,154.85
Asset Duration	0.91
Fund Duration	1.49

Distribution History (cents per unit)

01/07/2020:	43.65 cpu
01/04/2020:	0.00 cpu
02/01/2020:	0.00 cpu

Fund Holdings

Asset Allocation (%)



Fees (Incl. VAT) (%)

Asset Management Fee	1.15% p.a. payable monthly
Broker Advisory Fee (max)	1.15%
Performance Fee	20% of profits above (i) STeFI and (ii) the high water mark, payable quarterly
Total Expense Ratio (TER)	Published after one year per regulation
TER (Excluding Performance Fee)	Published after one year per regulation

1) All performance prior to the CIS establishment date are actual net of fee performances in pre regulated investment structures.
2) Where return and risk figures are quoted for periods greater than 12 months, these returns are annualised. In other words, they are scaled to represent an equivalent one year measure.
3) VAR represents the statistical loss that the Fund can experience given its current holdings over a one Month period with a 1% probability.
4) Sources of leverage are from equity and / or fixed interest derivatives provided by the Prime Broker. The types and sources of leverage are based on strategies that implement derivatives, short selling and borrowed money as by the Prime Broker. Leverage is calculated using the Commitment approach.
5) Portfolio stress testing is performed by subjecting a portfolio through extreme market situations, and noting the portfolio profit and loss, value at risk and exposure movements.
6) In some circumstances asset hypothecation exists and is limited within the contracting arrangements with the different counter parties.

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 will only be provided after one year.

The performance fee is accrued daily, based on performance over a rolling one year period with payment to the manager being made monthly. Performance fees will only be charged once the performance fee benchmark is outperformed. A copy of the Performance Fee Frequently Asked Questions can be obtained from our website: www.sanlaminvestments.com

*The legal registered name of this portfolio is: Saffron Sanlam Collective Investments Qualified Hedge Fund One

Administered by:

Glossary Terms

Collective Investment Schemes (CIS)
Collective Investment Schemes (also called unit trusts) are portfolios of assets such as equities, bonds, cash and listed property, in which investors can buy units. They allow private investors to pool their money together into a single fund, thus spreading their risk across a range of investments, getting the benefit of professional fund management, and reducing their costs.

Distributions
The income that is generated from an investment and given to investors through quarterly distribution payouts.

Fixed-interest investments
Fixed interest funds invest in bonds, fixed-interest and money market instruments. Interest income is a feature of these funds and, in general, capital should remain stable. A fixed-interest investment aims to offer investors a regular income at a set interest rate, which can be fixed over a specified term. If interest rates fall, the fixed interest investment typically becomes more valuable. Conversely if interest rates rise, the value of the investment will fall. The interest provides you with a fixed amount at regular intervals. So this is usually a very predictable way of getting an income from your investment.

LISP (Linked Investment Service Providers)
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.

Leverage
This refers to the use of various financial instruments or borrowed capital, such as margin, to increase the potential return of an investment.

Value at Risk (VaR)
A statistical technique used to measure and quantify the level of financial risk within a firm or investment portfolio over a specific time frame. Value at risk is used by risk managers in order to measure and control the level of risk which the firm undertakes. The risk manager's job is to ensure that risks are not taken beyond the level at which the firm can absorb the losses of a probable worst outcome.

Encumbrance or Rehypothecation
The practice by banks and brokers of using, for their own purposes, assets that have been posted as collateral by their clients. Clients who permit rehypothecation of their collateral may be compensated either through a lower cost of borrowing or a rebate on fees.

Total Expense Ratio (TER)
This is the total costs associated with managing and operating an investment (excluding administration, financial planning and servicing fees). These costs consist primarily of management fees and additional expenses such as trading fees, legal fees, auditor fees and other operational expenses. The total cost of the fund is divided by the fund's total assets under management to arrive at a percentage amount, which represents the TER.

Qualified Investor
Any person, who invests a minimum investment amount of R1 million per hedge fund, and who –
(a) has demonstrable knowledge and experience in financial and business matters which would enable the investor to assess the merits and risks of a hedge fund investment; or
(b) has appointed a FSP who has demonstrable knowledge and experience to advise the investor regarding the merits and risks of a hedge fund investment;

Qualified Investor Hedge Fund or QI Fund (QIF)
A hedge fund in which only qualified investors may invest.

Additional Information

Sanlam Collective Investments (RF) Pty Ltd ("SCI") is a registered and approved Manager in Collective Investment Schemes in Securities and is a member company of the Sanlam Group. The Sanlam Group is a full member of the Association for Savings and Investment SA. The management of investments are outsourced to the authorised Financial Services Provider ("FSP") as stated in this Minimum Disclosure Document ("MDD").

While CIS in hedge funds differ from CIS in securities (long-only portfolios) the two may appear similar, as both are structured in the same way and are subject to the same regulatory requirements. The ability of a portfolio to repurchase is dependent upon the liquidity of the securities and cash of the portfolio. A manager may, in exceptional circumstances, suspend repurchases for a period, subject to regulatory approval, to await liquidity and the manager must keep the investors informed about these circumstances. Further risks associated with hedge funds include: investment strategies may be inherently risky; leverage usually means higher volatility; short-selling can lead to significant losses; unlisted instruments might be valued incorrectly; fixed income instruments may be low-grade; exchange rates could turn against the fund; other complex investments might be misunderstood; the client may be caught in a liquidity squeeze; the prime broker or custodian may default; regulations could change; past performance might be theoretical; or the manager may be conflicted.

The information contained in this MDD does not constitute financial advice as contemplated in terms of the Financial Advisory and Intermediary Services Act, and should be read in conjunction with the Upfront Disclosure Document. Use of or reliance on this information is at own risk. Independent professional financial advice should be sought before making an investment decision. Collective investment schemes are generally medium-to long-term investments. The portfolio may invest in other unit trust portfolios which levy their own fees, and may result in a higher fee structure for our portfolio. This fund has no Initial Fees. All the portfolio options presented are approved collective investment schemes in terms of Collective Investment Schemes Control Act, No 45 of 2002 ("CISCA"). The fund may from time to time invest in foreign instruments. If the fund holds assets in foreign countries it could be exposed to the following risks regarding potential constraints on liquidity and the repatriation of funds: macro-economic, political, foreign exchange, tax, settlement and potential limitations on the availability of market information. The Manager has the right to close any portfolios to new investors to manage the fund more efficiently in accordance with their mandates. The Manager retains full legal responsibility for the third-party named portfolio. The portfolio management of all the portfolios is outsourced to financial services providers authorised in terms of the Financial Advisory and Intermediary Services Act, 2002. Collective investments are traded at ruling prices and can engage in borrowing and scrip lending. Collective investments are calculated on a net asset value ("NAV") basis, which is the total market value of all assets in the portfolio including any income accruals and less any deductible expenses such as audit fees, brokerage and service fees. Actual investment performance of the portfolio and the investor will differ depending on the initial fees applicable, the actual investment date, and the date of reinvestment of income as well as dividend withholding tax. Forward pricing is used. Where referenced, annualised returns describe the average amount of money earned by an investment each year over a given time period. Cumulative return is the aggregate return of the portfolio for a specified period. The Manager does not provide any guarantee either with respect to the capital or the return of a portfolio. The performance of the portfolio depends on the underlying assets and variable market factors. Performance is based on NAV to NAV calculations with income reinvestments done on the ex-div date. Lump sum investment performances are quoted. Please note that past performance is not necessarily a guide to future performance, and that the value of participatory interests / units in investments / unit trusts may go down as well as up. The promulgation of hedge fund regulations in 2015 prompted the launch of this fund on the stated launch date. As a result, the returns of the fund prior to the launch date are presented as either simulated or actual returns based on past experience in pre-regulated structures. The level of counterparty exposure is restricted to funds that are administered by Sanlam Collective Investments and the respective prime brokers of the underlying portfolio. A schedule of fees and charges and maximum commissions is available from the Manager, SCI. Additional information of the proposed investment, including brochures, application forms and annual or quarterly reports, can be obtained from the Manager, free of charge on the SCI website (www.sanlamcollectiveinvestments.com).

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SAFFRON WEALTH FUND MANAGEMENT

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Administered by: Sanlam

The fund returned 2.89% and -0.48% for the quarter and year respectively, while the benchmark (STeFI Index) returned 1.46% and 6.90%. On a rolling one-year basis, the fund lagged the cash benchmark by 7.38%.

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%.

At the end of 2Q 2020, the fund was 1.64x geared, with an effective 20.4% allocation to cash. The largest asset class exposures were to Floating Rate Notes (60.3%) and Fixed Rate Bonds (18.0%). The Value-at-Risk (VaR) risk measure (99% confidence, 10-day period) calculated by the independent risk managers stood at 2.18%. The asset-pool is expected to outperform the gearing cost going forward, given the significant decrease in the overnight rate (down 145 bps in 2Q) and the increase in the gross running yield of the underlying assets (9.80% per annum).

The fund aims to enhance total return through value opportunities that, on a geared and risk-adjusted basis, achieve or exceed our hurdle return of STeFI.

Portfolio Manager
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BCom, CFA

Assistant Manager
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