SAFFRON SCI* OPPORTUNITY INCOME FUND

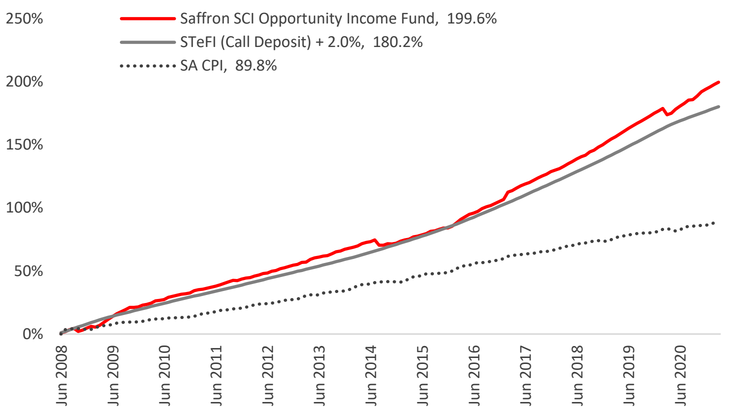
Class A l Minimum Disclosure Document (MDD)
As at 31 March 2021

SAFFRON WEALTH
FUND MANAGEMENT

Fund Performance

Since launch cumulative performance graph

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



Monthly %	Apr'20	May'20	Jun'20	Jul'20	Aug'20	Sep'20	Oct'20	Nov'20	Dec'20	Jan'21	Feb'21	Mar'21
Fund	0.46	1.15	0.91	0.75	0.93	0.18	0.95	1.16	0.69	0.63	0.69	0.58
Benchmark	0.60	0.53	0.48	0.49	0.47	0.45	0.46	0.44	0.46	0.46	0.42	0.46

Yearly %	Mar'11	Mar'12	Mar'13	Mar'14	Mar'15	Mar'16	Mar'17	Mar'18	Mar'19	Mar'20	Mar'21
Fund	8.83	7.61	7.66	8.16	3.17	8.94	11.87	9.08	10.01	6.79	9.46
Benchmark	8.01	7.42	7.06	6.97	7.67	8.13	9.09	8.96	8.70	8.71	5.87

	Cumulative Return (%)				Annualised Return (%)			
	Fund	Benchmark	Cash	Inflation	Fund	Benchmark	Cash	Inflation
1 Year	9.47	5.88	3.80	3.37	9.47	5.88	3.80	3.37
3 Years	28.58	25.10	17.89	12.52	8.74	7.75	5.64	4.01
5 Years	56.90	48.71	34.69	23.97	9.43	8.26	6.14	4.39
10 Years	120.96	112.97	74.70	63.18	8.25	7.85	5.74	5.02
Inception	199.58	180.10	117.26	89.76	8.93	8.36	6.23	5.12

Fund Holdings

Asset Allocation (%)

Floating Rate Notes	60.7%
Bonds	24.8%
Cash & Equivalents	12.6%
Treasuries	1.9%
Property	0.0%
Preference Shares	0.0%
Derivative Strategies	0.0%
Inflation Linked Bonds	0.0%
CIS	0.0%

Risk Statistics (3 Year Rolling)

Standard Deviation	1.65
Sharpe Ratio	1.32
Information Ratio	0.41
Maximum Drawdown	-1.85

Highest and Lowest Annual Returns

Time Period: Since Inception to 31/03/2021

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.

Investment Policy

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 (%)	5.51
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	R1,274,855,043
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)

01/04/2021	1.44 cpu	01/07/2020:	1.83 cpu	01/10/2019:	2.37 cpu
04/01/2021	1.33 cpu	01/04/2020:	2.25 cpu	01/07/2019:	2.51 cpu
01/10/2020:	1.48 cpu	02/01/2020:	2.19 cpu	01/04/2019:	2.47 cpu

Cost Ratios	(%)
TER	1.20
TC	0.02
TIC	1.22

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 January 2018 to 31 December 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:

Sanlam

*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, 30% for foreign (offshore) assets and 10% 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 1.91% and 9.47% for the quarter and year respectively, while the benchmark (STeFI Call Deposit +2.0%) returned 1.35% and 5.88%. On a rolling one-year period, the fund beat the enhanced cash benchmark by 3.59%.

During the first quarter of 2021, Covid-19 restrictions were eased in some countries and tightened in others. The vaccination rollout is also highly uneven across geographic regions. The concern about the return of inflation on the back of both further fiscal stimulus and strong post-pandemic recovery drove yields higher over the quarter.

The US Fed kept rates unchanged within the range of 0.00% to 0.25%, as expected, and maintained its stance on asset purchases. The dot plot signalled that rates will likely remain steady through to 2023. The Fed emphasised the need to keep policy rates highly accommodative, even as they upwardly revised their growth forecasts, resulting in higher inflation expectations. GDP growth for 2021 was adjusted to 6.5% from 4.2%, while core inflation is expected to rise to 2.2% this year before moderating to 2.0% in 2022. In this first quarter of 2021, the US Senate passed a USD1.9trn stimulus package, the Dollar Index (DXY) strengthened by +3.3% (93.2) and the US 10-year bond yield rose steeply to 1.72% (+80bps for the quarter) while 3 Month USD LIBOR traded 4bps lower at 0.20%.

The European Central Bank (ECB) held the Deposit rate at -0.50%, the Main Refinancing rate at 0.00% and the Marginal Lending rate at 0.25%. The bank announced that the EUR1.85trn pandemic emergency purchase programme (PEPP), which will run until March 2022, would remain unchanged, but would also use the programme's flexibility to purchase assets at a 'significantly higher pace than during the first months of the year'. Like US rates, European yields lifted over the quarter, but remain negative: the German 10-year generic yield traded higher at -0.29% (up 28bps), while the French 10-year yield closed at -0.05% (up 29bps). The UK generic 10-year yield moved 65bps higher to 0.84%.

The Commodity Research Bureau (CRB) Commodity Index returned +14.2% for the quarter, with the CRB Metals Index and Food Index returning +18.0% and +18.9% respectively. Oil recovered significantly (+22.7%) over the quarter, closing at USD63.54 per barrel, and peaking at USD69.63 per barrel over the period. Most hard commodities also strengthened over the period, including Platinum (+10.8%), Copper (+13.4%) and Palladium (+7.3%) which are largely positive for resource driven economies, particularly in emerging markets.

Global markets have remained somewhat volatile as market participants continue to digest the latest pandemic news. The VIX Index, a measure of market volatility, traded lower at 19.4 at the end of the quarter from a low of 18.9 and a high of 37.2. The J.P. Morgan Emerging Market Bond Index (EMBI) Sovereign Spread widened by 31 bps, ending the quarter at 369.6 bps. The JPM EMBI Core Index lost -4.74% after gaining 5.5% in 4Q20. Emerging Market 5-year Credit Default Swap spreads lifted, with South Africa at 236.7 (+33bps), Mexico at 113.9 (+32bps), Brazil at 225.5 (+83bps), Russia at 110.6 (+25bps) and Turkey at 474.5 (+168bps) at quarter end. Turkish President Erdogan dismissed the governor of the Central Bank on 22 March, and later the deputy governor, which created some volatility in the lira versus the USD (-10.9%). Over the quarter, the rand weakened slightly against the USD and the GBP by -0.6% and -1.4% respectively but managed to strengthen against the EUR (+3.5%).

In South Africa, Equity (ALSI Total Return) was the top performing asset class for the quarter at +13.14%. Property (JSAPY) returned +6.40%, inflation-linked bonds (CILI Total Return) +4.56% and cash (STeFI) +0.90%. Bonds (ALBI Total Return) produced a negative return of -1.74%. Over 12 months, the ALSI was the top performing asset class at +53.98% and STeFI the worst performing at +4.57%.

The SARB MPC kept the repo rate unchanged at 3.50%. The GDP growth forecast for 2021 was upwardly revised to 3.8% from 3.6%, attributed to an improvement in the global and domestic growth outlook. The SARB predicts GDP growth at 2.4% and 2.5% for 2022 and 2023 respectively. Headline CPI inflation was also revised higher to 4.3% from 4.0%, mainly due to higher fuel and electricity prices. Headline CPI inflation forecasts were downwardly revised to 4.4% and 4.5%, from 4.5% and 4.6% respectively. The Quarterly Projection Model (QPM) predicts two 25bp rate increases in 2021, with a further 100bp increase in 2022.

SA headline and core CPI inflation surprised sharply to the downside in February, printing at 2.9% (from 3.2%) and 2.6% (from 3.3%) respectively, which is below the lower bound of the target range (3% to 6%). This was due to inflation of medical aid insurance (7.5% of CPI basket) halving to 4.7%, as providers implemented no or small increases. Food price inflation was also benign.

SA 4Q20 GDP grew by 6.3% QoQ, ahead of consensus expectations, following the rebound of 67.3% QoQ in the third quarter. Exports (+7.0%), household consumption & expenditure (+4.7%), inventories (+4.0%), gross fixed capital formation (+1.9%) and government consumption expenditure (+0.2%) contributed positively, while imports contributed -11.4%. GDP was down -7.00% YoY, revealing the severe effect of the pandemic on an already fragile economy.

In February, the Finance Minister tabled the Budget. Better than anticipated revenue growth, coupled with a lower-than-expected contraction in GDP, resulted in a projected budget deficit of -14.0% of GDP, from -15.7% in the MTBPS, but still much higher than the -6.8% estimated at February 2020's pre-pandemic budget. Debt to GDP is anticipated to stabilise at 88.9% of GDP in 2025/26, compared to the MTBPS estimate of 95.3%.

The 3-m JIBAR rate moved 3bps higher to 3.68%, while 12-m JIBAR moved 58bps higher to 4.63%. The 12-month Treasury average yield rose 36bps to 4.87%. Foreigners were net sellers of bonds for the quarter, with a -R15.6bn outflow in March, -R28.6bn outflow in February and +R8.6bn inflow in January. The cumulative outflow for the past year stands at -R29.8bn. Bond returns across the curve were negative, with the 1-3-year bucket returning -0.18%, followed by the 3-7 years bucket (-1.70%), 12+ years bucket (-1.75%) and 7-12 years bucket (-2.22%). Over 12 months however, bonds produced strong returns, with the 3-7 years bucket generating +20.43%. National Treasury announced that effective 30 March, the weekly fixed-rate bond auction will decrease by nominal R1.8bn to R4.8bn and inflation-linked auction amount by R800m to R1.2bn.

The quarter presented tactical duration positioning opportunities which contributed positively to the fund's performance. The fund increased duration to 0.97 years (from 0.81 years) over the quarter and continues to offer an attractive gross running yield of 7.12% per annum in a very low rate (repo rate at 3.5%) and inflation (last print at 2.9%) 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
BCom (Hons), CFA

SAFFRON WEALTH FUND MANAGEMENT

Administered by: Sanlam