

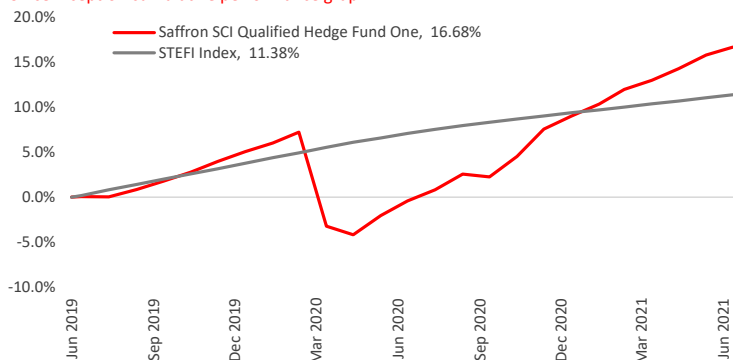
SAFFRON SCI* QUALIFIED HEDGE FUND ONE

Class A I Minimum Disclosure Document (MDD)
As at 30 June 2021



Fund Performance

Since inception cumulative performance graph



Monthly %	Jul'20	Aug'20	Sep'20	Oct'20	Nov'20	Dec'20	Jan'21	Feb'21	Mar'21	Apr'21	May'21	Jun'21
Fund	1.25	1.72	-0.28	2.22	2.88	1.38	1.20	1.47	0.90	1.16	1.32	0.76
Benchmark	0.42	0.39	0.35	0.33	0.32	0.31	0.29	0.28	0.33	0.30	0.31	0.31

Yearly %	Jun'17	Jun'18	Jun'19	Jun'20	Jun'21
Fund	N/A	N/A	N/A	-0.48	17.17
Benchmark	N/A	N/A	N/A	6.90	4.01

	Cumulative Return (%)		Annualised Return (%)	
	Fund	Benchmark	Fund	Benchmark
1 Year	17.17	4.01	17.17	4.01
2 Years	-0.48	6.90	-0.24	3.39
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	16.68	11.38	7.88	5.45

Highest and Lowest Annual Returns

Time Period: Since Inception to 30/06/2021

Highest Annual %:	19.27%	Lowest Annual %:	-2.03%
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Risk Statistics

	3 Year Rolling	Since Inception
Standard Deviation	N/A	4.62%
Sharpe Ratio	N/A	0.19
Sortino Ratio	N/A	0.20
Information Ratio	N/A	0.18

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

	Current	Maximum	Mandate
VaR at period end	2.80%	20.00%	20.00%
Highest VaR over the month	2.80%		

Sources of Leverage

Leverage Sources	Absa Prime Services
Leverage Type	Loan
Leverage Value (ZAR)	57,000,000.00
Gearing Ratio	2.43
Maximum Gearing Per Mandate	4.00

Counterparty Exposure (%)

Absa Prime Services	100.00%
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Risk Profile

Aggressive

You can afford to take on a higher level of risk because of your investment time horizon and/or your appetite for risk. You know that in taking the risk, you need to be patient if you want to achieve the results. So you are willing to invest for the long-term and are prepared to tolerate some volatility in the short term, in anticipation of the higher returns you expect to receive over the longer term.

- 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.
- VAR represents the statistical loss that the Fund can experience given its current holdings over a one Month period with a 1% probability.
- 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.
- 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.
- In some circumstances asset hypothecation exists and is limited within the contracting arrangements with the different counter parties.

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 Strategy

The portfolio shall invest in a combination of assets in liquid form including cash, cash equivalents, money market instruments, listed and unlisted interest rate instruments, corporate and sovereign bonds, preference shares and listed property. The portfolio shall be permitted to invest in listed and unlisted financial instruments (derivatives) including but not limited to interest rate derivatives, currency derivatives and commodity derivatives. The Manager shall be permitted to invest in offshore investments as legislation permits. The Portfolio may also invest in participatory interests of portfolio of collective investment schemes registered in the Republic of South Africa or of participatory interests in collective investment schemes or other similar schemes. The 10 day 99% VAR shall be limited to 20% of the NAV.

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	May 2019
Benchmark	STeFI
Risk Profile	Aggressive
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 23,452,637.93
Asset Duration	0.64
Fund Duration	1.56

Distribution History (cents per unit)

01/07/2021:	0.00 cpu	04/01/2021:	13.49 cpu	01/07/2020:	43.65 cpu
01/04/2021:	0.00 cpu	01/10/2020:	17.52 cpu	01/04/2020:	0.00 cpu

Fund Holdings

Asset Allocation (%)	
Floating Rate Notes	59.5%
Bonds	19.0%
Cash	18.7%
Treasuries	2.8%
Property	0.0%
Preference Shares	0.0%
Derivative Strategies	0.0%
Inflation Linked Bonds	0.0%
CIS	0.0%

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

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

Total Expense Ratio (TER) | PERIOD: 01 June 2019 to 31 March 2021

Total Expense Ratio (TER) | 3.99% of the value of the Financial Product 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. Inclusive of the TER of 3.99%, a performance fee of 0.26% of the net asset value of the class of participatory interest of the portfolio was recovered.

Transaction Cost (TC) | 0.07% of the value of the Financial Product 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) | 4.06% of the value of the Financial Product was incurred as costs relating to the investment of the Financial Product.

Administered by:



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.

Investment Manager

Saffron Wealth (Pty) Ltd

(FSP) License No. 34638

Physical Address: B5 Octo Place, Electron Road, Technopark, Stellenbosch, 7599

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Email: info@saffronwealth.com

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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 fund launched in 2016. 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. The Saffron SCI* Qualified Hedge Fund One was formerly registered as the S-Alt Zeta Qualified Hedge Fund. The name change was approved with a change of investment policy, and as such the historic fund performance ceased to exist when the Saffron SCI fund was approved in 2019. 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).

Manager Information

Sanlam Collective Investments (RF) (Pty) Ltd

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Trustee Information

Standard Bank of South Africa Ltd

Tel: +27 (21) 441 4100

Email: compliance-sanlam@standardbank.co.za

Administered by:



The fund returned 3.27% and 17.17% for the quarter and year respectively, while the benchmark (STeFi Index) returned 0.92% and 4.01%. On a rolling one-year basis, the fund beat the cash benchmark by 13.16%.

The global economic recovery continues despite difficulties imposed by the third wave of covid-19 infections as the delta variant becomes dominant across many countries. The US is close to returning to near-normal conditions while Europe is lagging, even with ever increasing vaccinations. The Fed stirred the market with a hawkish statement at the last meeting as inflation projections rose. In South Africa, focus is on the impact of the more restrictive level 4 lockdown and the effect it will have on an already fragile economy.

The US Fed kept rates unchanged within the range of 0.00% to 0.25%, as expected, but brought its forecast for rate hikes forward, expecting two increases by the end of 2023 as the economy recovers. The Fed pledged to continue asset purchases at the USD120bn monthly pace until 'substantial further progress' is made on jobs and inflation but acknowledged that the debate on when QE tapering might materialise has begun. The inflation forecast was raised significantly, with headline PCE expected to print at 3.4% (from 2.4%) and core PCE at 3.0% (from 2.2%). The following years only see marginal upward revisions, with PCE expected to print at 2.2% (from 2.1%) in 2023. The Fed reiterated that the increase in inflation is mainly due to base effects, and that it is expected to be temporary. GDP forecasts for 2021 is forecast at 7.0% (from 6.5%), while at 3.3% and 2.4% for 2022 and 2023 respectively. The Dollar Index (DXY) weakened by -0.85% (92.44), the US 10-year bond yield dropped steeply to 1.44%, down -27 bps for the quarter, and 3-month USD LIBOR traded 6bps lower at 0.15%.

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 committed to purchasing EUR1.85trn of bonds as part of its pandemic emergency purchase programme (PEPP), which will run until March 2022, and highlighted it will continue buying bonds until it judges that the crisis is over. GDP growth expectations are standing at 4.6% (previously 4.0%) and 4.7% (previously 4.1%) for 2021 and 2022 respectively. The inflation forecast was still far from the target, expected to print at 1.1%, 1.3% and 1.4% for the next three years, respectively. Like US rates, European yields lifted over the quarter: the German 10-year generic yield traded higher by 8bps and the French 10-year yield closed up 18bps. The UK generic 10-year yield declined by 13bps to 0.71%.

The Commodity Research Bureau (CRB) Commodity Index returned +9.73% for the quarter, with the CRB Metals Index and Food Index returning +8.64% and +13.55% respectively. Oil continued to recover significantly (+18.24%) over the quarter, closing just above USD75 per barrel at quarter end. Most hard commodities also strengthened over the period, including Copper (+6.4%), Palladium (+5.9%) and Gold (+3.7%) which are largely positive for resource driven economies, particularly in emerging markets. Platinum however lost -9.4%.

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 15.8 at the end of the quarter. The J.P. Morgan Emerging Market Bond Index (EMBI) Sovereign Spread tightened by 13 bps, ending the quarter at 356 bps. The JPM EMBI Core Index gained +3.9%. Emerging Market 5-year Credit Default Swaps tightened, with South Africa at 186 (-51 bps), Brazil at 165 (-61 bps) and Turkey at 384 (-91 bps) at quarter end. The rand reversed the positive trend against the dollar in May, weakening by -4.0% m/m, but managed to strengthen by 3.32% over the quarter. The currency also strengthened against the euro at 16.94 (+2.25%) and against the pound at 19.75 (+3.01%).

In South Africa, Property was the top performing asset class for the quarter at +12.12%. Nominal bonds (ALBI Total Return) returned +6.86%, followed by inflation-linked bonds (CILII Total Return) and cash (STeFi) which returned +2.98% and 0.92% respectively. Equity (ALSI Total Return) was flat at +0.05%. Over 12 months, Property was the top performing asset class at +25.17% and cash the worst performing class at +4.01%.

The SARB voted unanimously to keep the repo rate unchanged at 3.50%, as expected. The Quarterly Projection Model (QPM) continues to embed 50bp of tightening this year and 250bp of rate hikes in total out to end-2023. The approach to interest rate normalisation will likely be cautious, with the MPC noting that the 'repurchase rate level remains highly accommodative, and will remain so even with steps taken to normalise interest rate levels in response to rising inflation'. Inflation estimates for 2021 are now expected at 4.2% (10bps lower than at the March meeting), while the forecasts for 2022 and 2023 remain unchanged at 4.4% and 4.5%, respectively. GDP expectations were adjusted marginally higher to 4.2% y/y (from 3.8%) for 2021, but revised 10 bps lower for 2022 and 2023, to 2.3% and 2.4% respectively.

SA headline inflation accelerated by 5.2% y/y in May from 4.4% previously, but probably reached its peak for this year, mainly reflecting base effects. 'Transport' and 'food and non-alcoholic beverages' contributed the most, adding 2.0% and 1.2% to the figure, respectively. Fuel prices increased for the fifth straight month, up 37.4% y/y. Food inflation increased for the third straight month, with notable increases in the subcategories 'oils and fats' and 'sugar, sweets and desserts' (in line with domestic and global shortages) while meat, fish and vegetable prices also edged higher. Core inflation rose marginally, up 3.1% y/y from 3.0% in April, as economic activity gradually resumes relative to the strict lockdown in the same month last year.

SA GDP grew by 4.6% q/q (seasonally adjusted and annualised) in the first quarter of 2021 from a downwardly revised 5.8% (previously 6.3%) in the previous quarter. The y/y rate of decline moderated to 3.2% from 4.2% in the previous quarter. The largest contributions came from finance and mining, supported by elevated commodity prices, and record low interest rates. Only agriculture made marginal negative contributions to the figure. SA experienced 12 consecutive months of a trade surplus, benefiting from strong global commodity prices, which pushed the current account into a surplus. The latest trade surplus widened to 8.1% of GDP relative to 7.9% the previous quarter as a result of the increase in exports to the highest level on record at R1.688bn. Import volumes rose faster than export volumes but improving terms of trade resulted in a slower increase in the value of imports. The current account surplus as a percentage of GDP widened to 5.0% in 1Q21 from 3.7% in the previous quarter.

The 3-month JIBAR rate moved 1 bp higher to 3.69%, while 12-month JIBAR rose by 16 bps to 4.79%. The 12-month Treasury average yield rose 12bps to 4.99%. Foreigners were net sellers of bonds worth R15.1bn for the quarter, bringing the cumulative outflow for the last 12 months to R36.1bn. The yield curve flattened in June, supported by a reduced amount of issuance in the weekly auctions. Year-to-date, weekly SAGB auctions have been cut from R6.6bn to R3.9bn and ILBs from R2.0bn to R1.2bn. Bond returns across the curve were positive, with the 1-3-year bucket returning +1.40%, the 3-7 years bucket returning +2.01%, and the 7-12 years bucket and 12+ years bucket returning +6.65% and 10.09% respectively. Over 12 months bonds produced strong returns, the strongest performer being the 12+ years bucket, generating +17.90%. The SARB reverted to its normal provision of liquidity after ending daily supplementary auctions in February. According to the SARB's Statement of Assets and Liabilities, the accumulated government bond holdings at the end of May was R41.6bn, a R33.5bn cumulative increase since secondary market bond-buying was announced in March 2020.

At the end of 2Q 2021, the fund was 2.43x geared, with an effective 18.74% allocation to cash. The largest asset class exposures were to Floating Rate Notes (59.51%) and Fixed Rate Bonds (18.96%). The Value-at-Risk (VaR) risk measure (99% confidence, 10-day period) calculated by the independent risk managers stood at 2.80%. The asset-pool is expected to outperform the gearing cost going forward, given the significant difference in the gearing cost versus the gross running yield of the underlying assets (7.00% 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
Brandon Quinn
BCom, CFA

Assistant Manager
Anina Swiegers
BCom (Hons), CFA