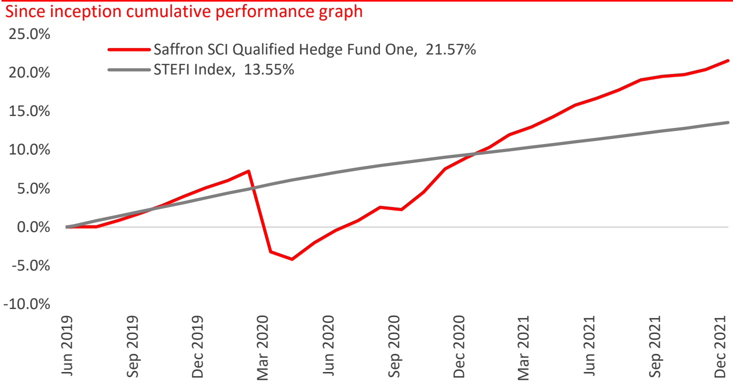
SAFFRON SCI* QUALIFIED HEDGE FUND ONE

Class A | Minimum Disclosure Document (MDD)
As at 31 December 2021

Fund Performance

Since inception cumulative performance graph



Monthly %	Jan'21	Feb'21	Mar'21	Apr'21	May'21	Jun'21	Jul'21	Aug'21	Sep'21	Oct'21	Nov'21	Dec'21
Fund	1.20	1.47	0.90	1.16	1.32	0.76	0.94	1.10	0.39	0.20	0.55	0.95
Benchmark	0.29	0.28	0.33	0.30	0.31	0.31	0.31	0.33	0.31	0.30	0.34	0.34

Yearly %	Dec'17	Dec'18	Dec'19	Dec'20	Dec'21
Fund	N/A	N/A	N/A	3.77	11.50
Benchmark	N/A	N/A	N/A	5.39	3.81

	Cumulative Return (%)		Annualised Return (%)	
	Fund	Benchmark	Fund	Benchmark
1 Year	11.50	3.81	11.50	3.81
2 Years	15.70	9.41	7.57	4.60
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	21.57	13.55	8.00	5.14

Highest and Lowest Annual Returns

Time Period: Since Inception to 31/12/2021

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

Risk Statistics

	3 Year Rolling	Since Inception
Standard Deviation	N/A	4.15%
Sharpe Ratio	N/A	0.24
Sortino Ratio	N/A	0.26
Information Ratio	N/A	0.23

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

	Current	Regulatory Maximum	Mandate
VaR at period end	2.52%	20.00%	20.00%
Highest VaR over the month	2.53%		

Sources of Leverage

Leverage Sources	Absa Prime Services
Leverage Type	Loan
Leverage Value (ZAR)	61,500,000.00
Gearing Ratio	2.53
Maximum Gearing Per Mandate	4.00

Counterparty Exposure (%)	
Absa Prime Services	100.00%

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.

1) 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.
2) VAR represents the statistical loss that the Fund can experience given its current holdings over a one Month period with a 1% probability.
3) 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.
4) 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.
5) In some circumstances asset hypothecation exists and is limited within the contracting arrangements with the different counter parties.

*The legal registered name of this portfolio is: Saffron Sanlam Collective Investments Qualified Hedge Fund One
MDD as at 31 December 2021
Issue Date: 17 January 2022

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 porfolio 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

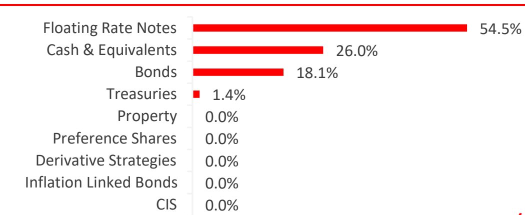
Fund Classification	Qualified Investor Hedge Fund | South African | Fixed Income
Base Currency	South African Rand (ZAR)
Inception Date	May 2019
Benchmark	STeFI
Risk Profile	Aggressive
Liquidity Risk Profile	Monthly
Fund Valuation Time	17:00
Transaction Cut Off Time	14:00
Monthly Price Information	Morningstar
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 29,066,936.29
Asset Duration	0.56
Fund Duration	1.42

Distribution History (cents per unit)

03/01/2022	13.83 cpu	01/04/2021:	0.00 cpu	01/10/2020:	17.52 cpu
01/07/2021:	0.00 cpu	04/01/2021:	13.49 cpu	01/07/2020:	43.65 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

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 30 September 2021
Total Expense Ratio (TER) | 4.53% 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 4.53%, a performance fee of 0.68% of the net asset value of the class of participatory interest of the portfolio was recovered.
Transaction Cost (TC) | 0.03% 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) | 4.56% of the value of the Financial Product was incurred as costs relating to the investment of the Financial Product.

Administered by: Sanlam

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 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).

Investment Manager
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SAFFRON WEALTH FUND MANAGEMENT

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Administered by: Sanlam

Fund Manager Quarterly Comment - As at 31 December 2021

The fund returned 1.71% and 11.50% for the quarter and year respectively, while the benchmark (STeFI Index) returned 0.98% and 3.81%. On a rolling one-year basis, the fund beat the cash benchmark by 7.69%.

The rapid spread of the Omicron variant introduced further global lockdowns of varying stringencies but was moderated by expectations that the strain is less severe than the previous Delta variant. The timeline for a return to near-normal economic activity remains unclear, fuelling the fear of non-transitory inflation. In South Africa however, lockdown restrictions were eased, as the fourth wave of the infections appeared to have peaked in December without overwhelming the healthcare system.

Fed Chair Jerome Powell signalled at the most recent FOMC meeting that inflation is the number one concern for keeping US economic expansion on track. The Fed has accelerated the drawdown of its asset-purchase program and announced a doubling of the pace at which it is scaling back purchases of Treasuries and mortgage-backed securities to USD 30bn a month and putting it on track to conclude the program in early 2022, rather than mid-2022 as initially planned. The Fed has signalled three policy rate increases of 25 bps over the next year. At the time of this report, the US FRA curve indicated a market expectation of 5.3 x 25 bp hikes over the next two years. US GDP growth is forecast at 4.0% for 2022, up from the previous expectation of 3.8% while Personal Consumption Expenditure (PCE) is anticipated at 2.6%, up from 2.2%. Over the quarter the Dollar Index (DXY) strengthened by +1.74% (95.67), 3-month USD LIBOR traded 8 bps higher at 0.21% and 12-month USD LIBOR traded 35 bps higher at 0.58%. The US 5-year bond yield lifted 31 bps to 1.25%, while the US 10-year bond yield lifted by only 1 bp over the quarter to 1.49%, but increased 60 bps year-to-date.

The Bank of England (BOE) MPC voted by a majority of 8-1 to increase the Bank Rate by 0.15%, to 0.25%. The Committee voted unanimously to maintain the stock of sterling non-financial investment-grade corporate bond purchases, financed by the issuance of central bank reserves, at GBP 20bn, as well as the UK government bond purchases, financed by issuance of central bank reserves, at GBP 875bn - the total stock of asset purchases at GBP 895bn. Inflation reached 5.1% y/y in November, the sharpest increase in a decade and well above the Bank's 2.0% target, and expected to peak at 6.0% in April 2022.

The European Central Bank (ECB) remains restrained on their outlook for inflation, signalling that an exit from its current accommodative policy would be slow. The ECB announced it will cut bond purchases under its EUR 1.85 trillion Pandemic Emergency Purchase Programme (PEPP) next quarter and will slow the scheme next March. The bank will however increase bond purchases under the longer-running Asset Purchase Program (APP), doubling it to EUR40bn in 2Q22, reducing it to EUR30bn in 3Q22, and finally maintain purchases at EUR20bn for as long as necessary. The ECB expects inflation to remain above its 2.0% target for 2021 and 2022, returning to below the target over the following two years. As with US rates, European yields lifted over the quarter: the German 10-year generic yield traded higher at -0.18%, the French 10-year yield closed at 0.20% and the UK generic 10-year at 0.97%.

The Commodity Research Bureau (CRB) Commodity Index (+3.98%) and CRB Metals Index (+10.51%) performed strongly over the quarter. Copper (+6.63%), gold (+3.87%) and iron ore (+5.48%) delivered strong returns, while platinum (-0.86%) and palladium (-0.88%) were relatively flat. Brent crude oil lost 1.89% over the quarter, trading at USD77.78 per barrel at quarter end.

The VIX Index, a measure of market volatility, traded lower at 17.22 at the end of the quarter (-3.93). The J.P. Morgan Emerging Market Bond Index (EMBI) Sovereign Spread lifted by 7.34 bps, ending the quarter at 386 bps. Emerging Market 5-year Credit Default Swaps were mixed, with South Africa at 203 (-9 bps), Brazil at 205 (flat) and Turkey at 564 (+130 bps) at quarter end. The rand continued to weaken against the dollar, depreciating 7.08% to 15.94. The local currency also weakened against the euro to 18.13 (-5.03%) and against the pound to 21.58 (-7.10%).

South African Equities (ALSI Total Return) were the top performing asset class for the quarter at +15.13%. Property returned +8.35%, while illiquid Inflation-linked bonds (CILI Total Return) returned +5.09%, followed by nominal bonds (ALBI Total Return) at +2.87% and cash (STeFI) at +0.98%. Over the past 12 months, Property has been the top performing asset class at +36.94% and cash the worst performer at +3.81%.

The SARB MPC raised the repo rate by 25 bps to 3.75%. The decision was in line with the implied policy rate path of the Quarterly Projection Model, which reflected a hike of 25 bps in the fourth quarter of 2021, followed by additional hikes of 25 bps in each quarter of 2022, 2023 and 2024. The FRA is indicating 10.3 x 25 bp hikes over the next two years. The inflation forecast was raised to 4.5% for 2021 (previously 4.4%), while the forecast was raised by 10 bps to 4.3% and 4.6% for 2022 and 2023 respectively. Risks to the short-term inflation outlook remain driven by higher global produce and food prices, elevated and volatile oil prices, and domestic electricity and other administrative prices. Key input assumptions were revised higher, with Brent crude oil raised to USD 73 per barrel for 2022 (up USD 6) and USD 68 per barrel for 2023 (up USD 3). The electricity tariff assumption was sharpy higher at 14.5% for 2022 and 12.3% for 2023, from 11.8% and 10.0% previously. The growth forecast for 2021 was reduced by 10 bps to 5.2%, however the 2022 and 2023 GDP growth estimates remained unchanged at 1.7% and 1.8% respectively. The MPC assessed the risks to the growth forecasts for 2022 and 2023 driven by a possible slowdown in commodity prices, longer-term damage caused by the July riots, ongoing electricity supply constraints, and weak job creation.

SA headline inflation rose to 5.5% y/y in November, in line with consensus, due to higher fuel inflation. Core inflation rose to 3.3% from 3.2%, narrowly based on higher tobacco inflation. Food inflation slowed for the third consecutive month, given lower meat and bread and cereals inflation. The Producer Price Index (PPI) inflation for final manufactured goods however surprised on the upside, accelerating to 9.6% y/y in November from 8.1% in October, also due to higher fuel inflation. This print is at the highest level on record and is expected to continue higher next month.

SA GDP contracted by -1.5% q/q in the third quarter from a revised 1.2% in the second quarter. The slowdown stemmed from factors including Covid-related restrictions on economic activity, social unrests, a cyberattack on Transnet, and power outages. Six of the ten sectors contracted over the period, including the trade, catering and accommodation, manufacturing, agriculture and transport, storage and communication industries. Finance and personal services helped limit the decline, while all other sectors remained flat.

The 3-month JIBAR rate moved 21 bps higher to 3.88%, while 12-month JIBAR rose by 51 bps to 5.43%. The 12-month Treasury average yield rose 75 bps to 5.84%. Foreigners were again large net sellers of bonds in December (-R8.0bn) and November (-R52.9bn), which brings the 12-month cumulative outflow to R198.8bn. Bond returns across the curve were positive for the quarter, with the 1-3 years bucket returning +1.37%, the 3-7 years bucket returning +1.06%, the 7-12 years bucket +2.32% and the 12+ years bucket 4.08%. Over 12 months bonds produced strong returns, the strongest performer being the 12+ years bucket, generating +12.56%. According to the SARB's Statement of Assets and Liabilities, the accumulated government bond holdings at the end of November were R40.5bn, a R32.4bn cumulative increase since secondary market bond-buying was announced in March 2020.

At the end of 4Q 2021, the fund was 2.53x geared, with an effective 25.97% allocation to cash. The largest asset class exposures were to Floating Rate Notes (54.53%) and Fixed Rate Bonds (18.08%). The Value-at-Risk (VaR) risk measure (99% confidence, 10-day period) calculated by the independent risk managers stood at 2.52%. 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 (6.82% 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

SAFFRON WEALTH
FUND MANAGEMENT

Administered by: Sanlam