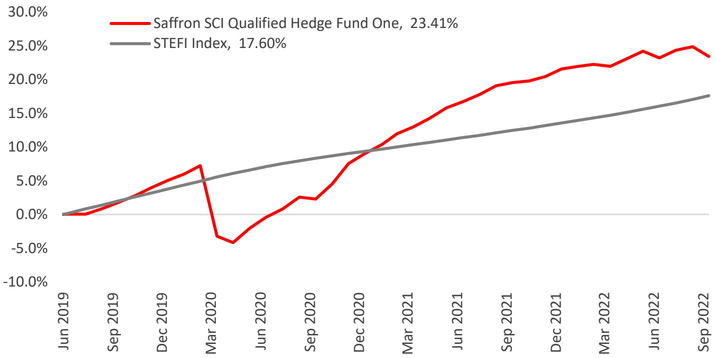
SAFFRON SCI* QUALIFIED HEDGE FUND ONE

Class A I Minimum Disclosure Document (MDD)
As at 30 September 2022

Fund Performance

Since inception cumulative performance graph



Monthly %	Oct'21	Nov'21	Dec'21	Jan'22	Feb'22	Mar'22	Apr'22	May'22	Jun'22	Jul'22	Aug'22	Sep'22
Fund	0.20	0.55	0.95	0.33	0.22	-0.22	0.88	0.93	-0.79	0.92	0.42	-1.17
Benchmark	0.30	0.34	0.34	0.34	0.32	0.36	0.35	0.40	0.40	0.40	0.48	0.46

Yearly %	Sep'20	Sep'21	Sep'22
Fund	0.47	16.88	3.24
Benchmark	6.20	3.80	4.59

	Cumulative Return (%)		Annualised Return (%)	
	Fund	Benchmark	Fund	Benchmark
1 Year	3.24	4.59	3.24	4.59
2 Years	20.67	8.56	9.85	4.19
3 Years	21.24	15.29	6.63	4.86
4 Years	N/A	N/A	N/A	N/A
5 Years	N/A	N/A	N/A	N/A
Since Inception	23.41	17.60	6.61	5.06

Highest and Lowest Annual Returns

Time Period: Since Inception to 30/09/2022

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

Risk Statistics

	3 Year Rolling	Since Inception
Standard Deviation	3.92%	3.72%
Sharpe Ratio	0.16	0.15
Sortino Ratio	0.18	0.16
Information Ratio	0.16	0.15

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

	Current	Regulatory Maximum	Mandate
VaR at period end	2.56%	20.00%	20.00%
Highest VaR over the month	2.61%		

Sources of Leverage

Leverage Sources	Absa Prime Services
Leverage Type	Loan
Leverage Value (ZAR)	59,350,000.00
Gearing Ratio	2.48
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.

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

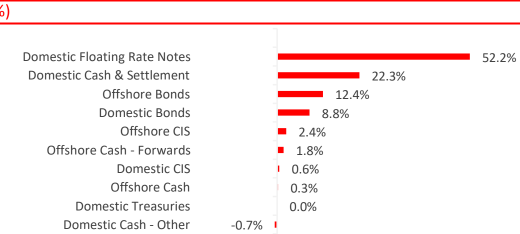
Fund Classification	Qualified Investor Hedge Fund | South African | Fixed Income
Base Currency	South African Rand (ZAR)
Inception Date	May 2019
Benchmark	STeFI
Risk Profile	Aggressive
Liquidity Risk Profile	Monthly
Fund Valuation Time	17:00
Transaction Cut Off Time	14:00
Monthly Price Information	Morningstar
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 32,940,459.04
Asset Duration	0.89
Fund Duration	2.21

Distribution History (cents per unit)

01/07/2022	0.00 cpu	01/07/2021:	0.00 cpu	01/10/2020:	17.52 cpu
01/04/2022	55.49 cpu	01/04/2021:	0.00 cpu		
03/01/2022	13.83 cpu	04/01/2021:	13.49 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 31 March 2022. Total Expense Ratio (TER) | 4.26% 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 4.26%, a performance fee of 0.63% of the net asset value of the class of participatory interest of the portfolio was recovered. Transaction Cost (TC) | 0.00% 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) | 4.26% of the value of the Financial Product 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 Qualified Hedge Fund One

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).

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SAFFRON WEALTH FUND MANAGEMENT

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Administered by: Sanlam

The fund returned 0.16% and 3.24% for the quarter and year respectively, while the benchmark (STeFI Index) returned 1.28% and 4.43%. On a rolling one-year basis, the fund lagged the cash benchmark by -1.35%.

Persistently high inflation in major economies dominated the last quarter, requiring central banks to front-load aggressive rate hikes. The US Federal Reserve (Fed) and the European Central Bank (ECB) each decided to raise rates by 75bp at the September meetings. The South African Reserve Bank (SARB) also hiked by 75bp before the Medium-Term Budget Policy Statement in October and ANC National Conference in December.

The Fed announced, in line with market expectations, another 75bp hike at the September meeting, taking the Federal funds target range to 3.00 – 3.25%. The FOMC now believes that even more aggressive tightening is required to retrace inflation back c. 2.00%. The Fed-funds rate currently implies another 125bp of rate hikes at this year's remaining two policy meetings, expected to close the year at 4.40%. A further hike is expected in 2023, with the rate peaking at 4.60%. No cuts are expected until 2024. The Fed projected GDP growth of 1.2% in 2023, versus 1.7% previously. The 10-year generic US yield jumped to 75bp to 3.74% at quarter-end, bringing the total increase YTD to 232bp.

The three key ECB interest rates were hiked by 75bp. Accordingly, the interest rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will be increased to 1.25%, 1.50% and 0.75% respectively. The Bank of England increased the Bank rate by 50bp to 2.25% at the September meeting, in line with expectations. European long-term yields also rose, with the German 10-year generic trading at 2.11% and the French 10-year at 2.72%. The UK 10-year yield traded at 4.08% after the Bank of England intervened to stabilise the gilt market after the new government proposed a mini-budget that destabilised the market.

The price of Brent crude (USD) dropped significantly (-21.2%) over the quarter to c. USD88 per barrel. The Commodity Research Bureau (CRB) Commodity Index (-5.1%) and CRB Metals Index (-11.4%) continued to lose some of the gains achieved in the first quarter on the back of global growth concerns. Copper (-4.4%), platinum (-9.4%), palladium (-3.2%) and gold (-8.3%) also lost over the quarter. The softening in metals prices negatively impacted the fiscal view on South Africa, weakening the ZAR by -10.2%. The rand also depreciated against the EUR (-3.8%) and the GBP (-2.0%) over the period.

The VIX Index, a measure of market volatility, traded higher at 31.62 at the end of the quarter (+4.9). The J.P. Morgan Emerging Market Bond Index (EMBI) Sovereign Spread only widened by 9bp, ending the quarter at 467bp, while the index was down -5.0%. Emerging Market 5-year Credit Default Swaps continued to widen, with South Africa at 345 (+33bp) and Brazil at 313 (+16bp). Turkey recovered to 782bp (-48bp) at quarter end off historic highs of 2021.

In the South African asset class universe, Cash (STeFI) was the top performing asset class at +1.35%, followed by Bonds (ALBI) at +0.60%. Property (JSAPY), Equities (ALSI Total Return) and Inflation-linked bonds (CILI) all had negative returns at -3.54%, -2.43% and -1.00% respectively. Over the past 12 months, Inflation-linked bonds were the top performing asset class at +7.44%, followed by Cash at +4.59%. Property was the worst performer at -8.75%.

The SARB announced a 75bps increase in the repo rate in September, taking the policy rate to 6.25% and front-loading the projected hikes from the QPM, which forecast a repo of 5.60% by year-end and 6.36% by the end of 2023. Two members voted for a 100bp increase and three members for a 75bp increase. The SARB adjusted its CPI forecast lower over the forecast period, with CPI in 2022 expected at 6.5% (unchanged), 2023 at 5.3% (previously 5.7%) and 2024 at 4.6% (from 4.7% previously). Wage growth, food, fuel, electricity and core inflation estimates were all revised lower, but the risk to the inflation outlook is still to the upside. Growth forecasts were adjusted lower to 1.9% in 2022 (from 2.0% previously) and 1.4% in 2023 and 1.7% in 2024, both revised higher because of stronger household demand and investment growth.

At the time of writing, the 3x6s FRA priced in another 75bp increase with the rate topping out at 8.37% (12x15s FRA). The 3-month JIBAR rate moved 142bp higher to 6.47%, while 12-month JIBAR rose by 112bp to 8.59% over the quarter, the effects of which will be seen in an increased running yield of the fund. The 12-m T-bill average yield rose by 150bps to 8.54% at the end of September. In the SA Bond market, foreigners were net sellers yet again, with a R21.9bn, R8.9bn and R27.2bn net outflow in September, August and July respectively. This brings the cumulative outflow for the last 12 months to R291.1bn (Bloomberg). The SAGB yield curve shifted higher by the end of September, with the shorter R186 lifting by 57bp and the long-dated R2048 by 25bp over the quarter. The 1- to 3-years bucket returned +0.65%, the 3- to 7-years bucket returned -0.36%, the 7- to 12-years bucket returned -0.82% and the 12+ years bucket -0.55%. The top performing area of the curve for the year was the 1- to 3-years bucket at +3.36%. The SARB's monetary policy implementation framework (MPIF) switch from a cash shortage to 'tiered floor' system based on excess supply of bank reserve was completed. The provision of liquidity via the amount on offer at the weekly auction remains at R7bn. The banks' total quota allocation with the SARB is settled at R67.4bn, and deposits within the quota were R48.4bn at quarter-end. According to the SARB's statement of assets and liabilities, the accumulated government bond holdings at the end of August were at R38.4bn, a cumulative R30.2bn increase since secondary market bond-buying was announced in March 2020 (R32.1bn at previous quarter-end).

Of domestic concern is the research report commissioned by Business Leadership SA that found that there is an 85% chance that South Africa will be placed on a global greylist by February 2023. The immediate impact will be an increase in the risk category for all South African clients (individuals and entities) at many international financial institutions, particularly those in the EU and UK. Aside from the additional administrative burden in transacting with offshore entities, the impact is likely to manifest in higher risk premia payable by South African entities and is expected to detract from growth in the range of 1% - 3% of GDP, depending on the time taken by SA to meet the global FATF (Financial Action Task Force) requirements.

At the end of 3Q 2022, the fund was 2.48x geared, with an effective 22.27% allocation to cash. The largest asset class exposures were to Domestic Floating Rate Notes (52.21%) and Domestic Fixed Rate Bonds 8.78%). The Value-at-Risk (VaR) risk measure (99% confidence, 10-day period) calculated by the independent risk managers stood at 2.56%. 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 (9.24% 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

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Sanlam