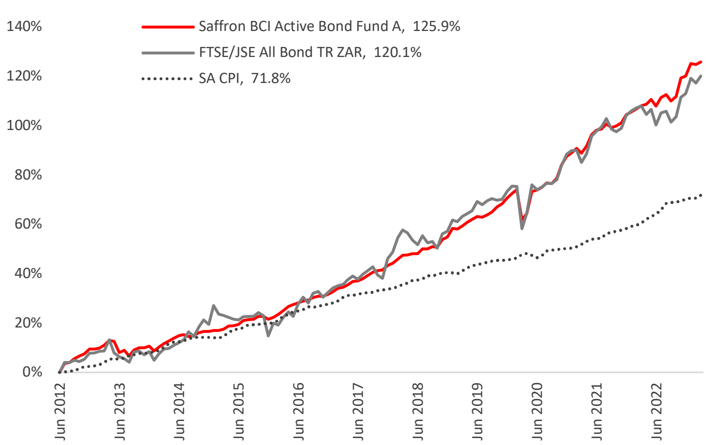
SAFFRON BCI ACTIVE BOND FUND

CLASS A

Minimum Disclosure Document (MDD)
31 March 2023

Fund Performance

Since launch cumulative performance graph



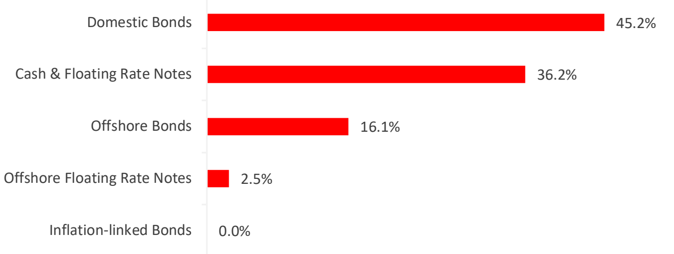
Monthly %	Apr'22	May'22	Jun'22	Jul'22	Aug'22	Sep'22	Oct'22	Nov'22	Dec'22	Jan'23	Feb'23	Mar'23
Fund	0.25	0.99	-1.29	1.68	0.53	-1.21	0.87	3.54	0.37	2.27	-0.14	0.47
Benchmark	-1.67	1.01	-3.06	2.44	0.31	-2.11	1.07	3.91	0.62	2.94	-0.87	1.32

Yearly %	Mar'13	Mar'14	Mar'15	Mar'16	Mar'17	Mar'18	Mar'19	Mar'20	Mar'21	Mar'22	Mar'23
Fund	11.00	0.52	5.31	6.45	7.49	9.65	8.01	1.64	16.63	10.25	8.55
Benchmark	8.70	0.60	12.44	-0.61	11.02	16.23	3.46	-2.99	16.96	12.37	5.82

	Cumulative Return (%)				Annualised Return (%)			
	Fund	Benchmark	Cash	Inflation	Fund	Benchmark	Cash	Inflation
1 Year	8.56	5.83	5.71	7.04	8.56	5.83	5.71	7.04
3 Years	39.59	39.09	13.70	16.27	11.76	11.63	4.37	5.15
5 Years	53.24	39.59	29.13	26.64	8.91	6.90	5.25	4.84
10 Years	103.51	102.51	73.13	64.98	7.36	7.31	5.64	5.13
Inception	125.91	120.13	79.37	71.82	7.88	7.62	5.59	5.17

Fund Holdings

Asset Allocation (%)



Risk Statistics (3 Year Rolling)

Standard Deviation	4.52
Sharpe Ratio	0.60
Information Ratio	-0.65
Maximum Drawdown	-1.29

Highest and Lowest Annual Returns

Time Period: Since Inception to 31/03/2023

Highest Annual %	16.71%
Lowest Annual %	-0.75%

Risk Profile

Low-Moderate Risk

Where the asset allocation contained in this MDD reflects offshore and equity exposure, the portfolio is exposed to currency and equity risks. The portfolio is exposed to default and interest rate risks. Therefore, it is suitable for medium term investment horizons. The expected potential long-term investment returns are lower but less volatile over the medium to long term than higher risk portfolios.

Effective 25/03/2022: Manager change from SCI. Name change from Saffron SCI Active Bond Fund. Benchmark change from CPI + 2%. ASISA Category change from SA Multi Asset Income. Removal of Reg 28. Annualised return is the weighted average compound growth rate over the period measured.

Fund Objective

The Saffron BCI Active Bond Fund is an actively managed fixed interest portfolio that invests mainly in nominal and inflation linked government bonds and corporate bonds, with the aim to provide inflation beating returns.

Investment Policy

In order to achieve this objective, the investments normally to be included in the portfolio will comprise a combination of assets in liquid form and a combination of bonds and interest-bearing securities, including loan stock, debentures, debenture bonds, notes, money market instruments, corporate debt and non-equity securities. The portfolio may also invest in participatory interests and other forms of participation in portfolios of collective investment schemes. The portfolio may from time to time invest in listed and unlisted financial instruments. The manager may also include forward currency, interest rate and exchange rate swap transactions for efficient portfolio management purposes.

Fund Information

Fund Manager	Brandon Quinn
Launch Date	02 July 2012
Fund Size	ZAR 307.11 million
NAV Price (Fund Inception)	100.00 cents
NAV Price as at month end	140.03 cents
JSE Code	MSIL
ISIN Number	ZAE000168241
ASISA Fund Classification	South African - Interest Bearing - Variable Term
Benchmark	JSE All Bond Index (ALBI)
Minimum Investment Amount	None
Monthly Fixed Admin Fee*	R15 excl. VAT on all direct investor accounts with balances of less than R100,000
Valuation	Daily
Portfolio Valuation Time	15:00
Transaction Cut Off Time	14:00
Regulation 28 Compliant	No

Distribution History (cents per unit)

03/04/2023	2.40	01/04/2022	0.11	04/01/2021	2.47
03/01/2023	2.22	25/03/2022	1.51	01/07/2020	3.13
03/10/2022	1.87	03/01/2022	4.62	02/01/2020	4.71
01/07/2022	1.24	01/07/2021	2.60	01/07/2019	3.66

Income Declaration Date	31 March, 30 June, 30 September & 31 December
Income Payment Date	2nd business day of April, July, October & January

Cost Ratios (%)

TER**: 1.46% (PY: 1.38%)
Of the value of the Fund was incurred as expenses relating to the administration of the Fund.

TC: 0.02% (PY: 0.00%)
Of the value of the Fund was incurred as costs relating to the buying and selling of the assets underlying the Fund.

TIC: 1.48% (PY: 1.38%)
Of the value of the Fund was incurred as costs relating to the investment of the Fund.

Fees (Incl. VAT) (%)

Annual Service Fee	1.15
Initial Advisory Fee (Max)	3.45
Annual Advice Fee	0.00 - 1.15 (if applicable)
Initial Fee	0.00
Performance Fee	None

Information & Disclosures

Additional information, including application forms, annual or quarterly reports can be obtained from BCI, free of charge or can be accessed on our website www.bcis.co.za.

Valuation takes place daily and prices can be viewed on our website (www.bcis.co.za) or in the daily newspaper.

Actual annual performance figures are available to existing investors on request.

Upon request the Manager will provide the investor with portfolio quarterly investment holdings reports.

* Monthly Fixed Admin Fee
R15 excl. VAT which will apply to all direct investor accounts with balances of less than R100 000 at month end, unless an investor transacts online, in which case no such fee will be levied.

** Total Expense Ratio (TER)
Please note: A higher TER ratio does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TER's. Transaction Costs are a necessary cost in administering the Fund and impacts Fund 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 Fund, the investment decisions of the investment manager and the TER. The prior year ("PY") TER and Transaction cost calculations are based upon the portfolio's direct costs for the financial year ended 30 June 2022, whilst the underlying portfolios' ratio and cost calculations are based upon their most recent published figures, being 31 December 2022.

Risks
Certain investments - including those involving futures, options, equity swaps, and other derivatives may give rise to substantial risk and might not be suitable for all investors. Where foreign securities are included in the portfolio there may be additional risks such as potential constraints on liquidity and repatriation of funds, macroeconomic risk, political risk, foreign exchange risk, tax risk, settlement risk as well as potential limitations on the availability of market information.

Effective Annual Cost
Boutique Collective Investments adopted the ASISA Standard on Effective Annual Cost ("EAC"). The EAC measure allows you to compare charges on your investments as well as their impact on your investment returns prior to investing. For further information regarding the ASISA Standard on Effective Annual Cost and access to the EAC calculator please visit our website at www.bcis.co.za. BCI calculates the EAC as per the ASISA standard for a period of 3 years up till the most recent TER reporting period.

FAIS Conflict of Interest Disclosure
Please note that your financial advisor may be a related party to the co-naming partner and/or BCI. It is your financial advisor's responsibility to disclose all fees he/she receives from any related party. The portfolio's TER includes all fees paid by portfolio to BCI, the trustees, the auditors, banks, the co-naming partner, underlying portfolios, and any other investment consultants/managers as well as distribution fees and LISP rebates, if applicable. The portfolio's performance numbers are calculated net of the TER expenses. The investment manager earns a portion of the service charge and performance fees where applicable. In some instances, portfolios invest in other portfolios which form part of the BCI Scheme. These investments will be detailed in this document, as applicable.

Disclaimer

Boutique Collective Investments (RF) (Pty) Ltd ("BCI") is a registered Manager of the Boutique Collective Investments Scheme, approved in terms of the Collective Investments Schemes Control Act, No 45 of 2002 and is a full member of the Association for Savings and Investment SA.

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Performance figures quoted for the portfolio is from Morningstar, as at the date of this document for a lump sum investment, using NAV-NAV with income reinvested and do not take any upfront manager's charge into account. Income distributions are declared on the ex-dividend date. Actual investment performance will differ based on the initial fees charge applicable, the actual investment date, the date of reinvestment and dividend withholding tax.

Investments in foreign securities may include additional risks such as potential constraints on liquidity and repatriation of funds, macroeconomic risk, political risk, foreign exchange risk, tax risk, settlement risk as well as potential limitations on the availability of market information.

Boutique Collective Investments (RF) Pty Ltd retains full legal responsibility for the third party named portfolio.

Income funds derive their income from interest-bearing instruments in accordance with Section 100(2) of the Act. The yield is a current yield and is calculated daily. Full details and basis of the award is available from the manager.

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Fund Manager Quarterly Comment - As at 31 March 2023

The fund aims to deliver inflation beating returns and exceed the SA All Bond Total Return Index on a rolling 3-year basis.

The first quarter of 2023 was dominated by heightened uncertainty of inflation expectations and the forward path of policy and long-term interest rates, combined with turmoil in the international banking sector. Over the quarter, the Fed, ECB and SARB hiked by 50bp, 100bp and 75bp, respectively. Over the last month the Fed and ECB hiked by 25bp and 50bp respectively, while the SARB surprised the market with a 50bp rate hike. The rand traded firmer after the announcement but had struggled since the beginning of the year given the ongoing global economic slowdown and falling commodity prices, the domestic energy crisis, the country's greylisting by the Financial Action Task Force (FATF) and the S&P Global downgrade of SA's credit ratings outlook.

In March, the Fed announced a 25bp hike to the Federal funds target range to 4.75%-5.00% and suggested that they may be close to the end of the tightening cycle, but that 'some additional policy firming may be appropriate'. A pause was considered given the banking turmoil that had ensued over the past few weeks, but the committee reiterated that the US banking system remains 'sound and resilient'. The Fed's dot plot showed the median year-end projection for the Fed funds rate at 5.1% while the estimate for year-end 2024 is 4.3%. The 10-year generic US yield decreased by 41bp to 3.47% at quarter-end, while US Dollar Index (DXY) lost -0.98% over the quarter but has retained an appreciation of +4.27% over one year.

The European Central Bank (ECB) hiked rates by 50bps to 3.50% in March, raising rates to the highest level since 2008. The ECB expects inflation to average 5.3% in 2023, 2.9% in 2024, and 2.1% in 2025. The bloc's headline inflation rate was confirmed at 8.5% in February, while core inflation jumped to 5.6% (previously 5.3%). The central bank reassured the public that the Eurozone's banking sector remains resilient, with strong capital and liquidity adequacy ratios. The Bank of England (BOE) raised the Bank rate by 25bps to 4.25%. UK CPI exceeded expectations, at 10.4% y/y in February, from 10.1% y/y in January. The MPC appeared reassured by the briefing it received from the Bank of England's Financial Policy Committee that concluded the UK banking system remained resilient, with banks 'well placed to continue to support the economy in a wide range of economic scenarios'. European long-term yields moved lower over the quarter, with the German 10-year trading at 2.29% (-28bps) and French 10-year at 2.79% (-32bps). The UK 10-year yield declined to 3.49% (-17bps).

On 19 March, international markets were shocked following the Swiss Financial Market Supervisory Authority (FINMA) approval of the takeover of Credit Suisse by UBS where Credit Suisse's Additional Tier 1 (AT1) bonds were permanently written down and a share swap of 22.48 Credit Suisse shares for 1 UBS share was implemented. This resulted in a significant repricing of AT1 debt instruments in international markets. Both the ECB and the BOE have since stressed in separate statements that 'shareholders would have been first in line to fully absorb losses before AT1 holders, as part of reforms spurred by the global financial crisis'. Previous SARB guidance (Guidance Note 6/2017) envisages that the PONV will be the same in a South African context, to avoid the possibility that AT1 instrument holders will absorb losses before common equity holders. South African banks remain well capitalised with significantly lower allocation to AT1 in their capital stacks. Any spill-over effects from the international AT1 bond space will therefore be limited in the South African context.

The price of Brent crude oil closed at USD79.89 per barrel at quarter end (-7.01% over the quarter) but spiked shortly after that as OPEC+ unexpectedly announced significant crude output cuts. The CRB Metals Index recovered +7.35% in 1Q23 with copper (+7.64%) and gold (+7.96%) rallying, while platinum (-7.36%) and palladium (-18.35%) lost. The rand (that typically follows CRB Metals returns) weakened -4.45% against the USD over the quarter, despite a recovery in the CRB Metals Index, most probably due to SA-specific energy and logistical concerns. Over a rolling one-year basis, USDZAR lost -21.80% and CRB Metals -22.80%. The rand also depreciated against the euro and the pound over the quarter, losing -5.75% and -6.60% respectively.

The VIX Index, a measure of market volatility, traded much lower at 18.70 at the end of the quarter (-2.97). The J.P. Morgan Emerging Market Bond Index (EMBI) Sovereign Spread widened by 39bps, ending the quarter at 414bps, with the index returning +2.25%. SA's 5-year Credit Default Swaps widened to 273bp (+23bp), while Brazil's tightened to 239bp (-26bp). Turkey remained relatively stable at 523bp (+11bp).

In the South African asset class universe, Bonds (ALBI TR) was the top performing asset class at +3.42%, followed by Equities (ALSI Total Return) at +2.44% and Cash (SteFI) at +1.77%. Property was the worst performer at -5.05%. Over the past 12 months, Cash was the top performer at +5.96% while Property was the worst performer at -3.36%.

Domestic policy rates continue to be sensitive to DM central bank policy, failing which we would see additional currency volatility. The SARB MPC unexpectedly hiked the repo rate by 50bps to 7.75% (two members favoured a 25bp hike), taking the policy rate to its highest since 2009. Headline inflation was upwardly revised to 6.0% from 5.4%, as food inflation continued to accelerate (14.00% in February), and fuel deflation less than what was previously anticipated given a weaker rand. The forecast for core goods inflation was raised from 5.5% to 5.9%, with the main drivers being wage settlements, the rand exchange rate and the impact of load shedding. The SARB also made a marginal downward revision to its 2023 GDP forecast from 0.3% to 0.2% but raised the 2024 growth outlook from 0.7% to 1.0%.

At the time of writing, the 3x6s FRA priced in another 50bp increase to 8.30%. The 3-month JIBAR rate moved 70bp higher to 7.96% over the quarter and 359bp over the year, the effects of which would have been seen in the fund's increased running yield. The 12-month T-bill average widened only slightly by 17bp to 8.56%. In the SA Bond market, foreigners remained large net sellers, with -R63.7bn outflow in March and -R78.4bn in February (record-setting level). This brings the cumulative outflow for the last 12 months to -R335.2bn (according to Bloomberg). The short-end and belly of the SAGB yield curve tightened over the quarter (R186 and R2032 were 35bp and 32bp tighter respectively), while the long-end lifted (R2048 yield was up +22bp). The 1- to 3-year bucket returned +2.42%, the 3- to 7-year bucket returned +3.37%, the 7- to 12-year bucket returned +4.42% and the 12+ years bucket +2.67% over the quarter. The top performing area of the curve for the year was the 7- to 12-year bucket at +8.09%. According to the SARB's statement of assets and liabilities, the accumulated government bond holdings decreased by R6bn, largely due to the maturing R2023. As at the end of February the holdings were R33.6bn, a cumulative R25.4bn increase since secondary market bond-buying was announced in March 2020. The SARB's FX forward position was USD 551M.

Looking ahead: Whilst major central banks have signalled being closer to the peak of the rate cycle (resulting in likely smaller incremental increases before holding to allow typically delayed policy effects to fully manifest), risks remain from inflation surprises particularly against a backdrop of volatile energy markets and numerous global geo-political risks. The long end of the SA FRA curve remains flat / slightly inverted, and at the time of writing, is expected to peak at c. 8.30%.

The fund (Class A) returned 2.61% and 8.56% for the quarter and year respectively. In comparison, SA headline inflation rose by 7.04% for the year and the benchmark SA All Bond Total Return Index (ALBTR Index) returned 5.83%. On a rolling 3-year basis, the fund returned 11.76% (annualised) versus the ALBTR at 11.63% (annualised). Over the quarter, the fund increased duration to 3.55 years from 3.11 years versus the ALBI's duration of c. 6.07 years. The gross running yield of the fund was at 14.51%, at quarter close versus the ALBI's yield at 10.05%.

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