

# SAFFRON SCI\* LARGE CAP FUND

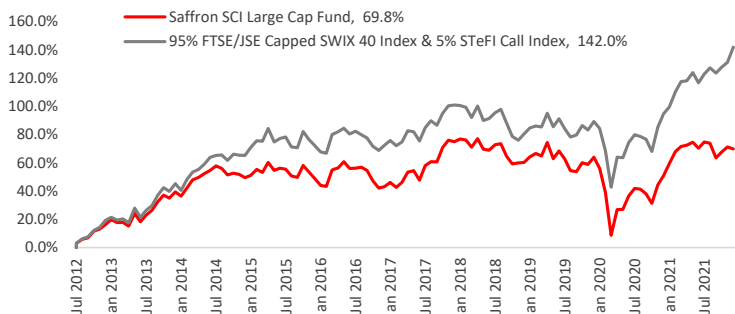
Class A I Minimum Disclosure Document (MDD)  
As at 31 December 2021



## Fund Performance

### Since launch cumulative performance graph

The Saffron funds transitioned to Sanlam Collective Investments from MET Collective Investments on 02 December 2017. The Saffron Sanlam Collective Investments Large Cap Fund was renamed from the Saffron MET Top 20 Fund on 02 December 2017.



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	5.6	5.3	2.3	0.5	1.2	-2.4	2.6	-0.5	-6.0	2.6	2.1	-0.8
Benchmark	2.4	5.3	3.5	0.2	2.7	-3.2	2.8	2.0	-1.7	2.0	1.5	4.6

Yearly %	Dec'12	Dec'13	Dec'14	Dec'15	Dec'16	Dec'17	Dec'18	Dec'19	Dec'20	Dec'21
Fund				-0.4	-3.8	22.2	-8.3	2.3	-8.0	12.5
Benchmark				4.1	0.3	16.5	-10.2	4.9	2.9	24.2

	Cumulative Return (%)				Annualised Return (%)			
	Fund	Benchmark	Cash	Inflation	Fund	Benchmark	Cash	Inflation
1 Year	12.51	24.20	3.53	5.80	12.51	24.20	3.53	5.80
3 Years	5.94	34.07	15.39	13.44	1.94	10.27	4.89	4.29
5 Years	18.66	40.19	31.44	24.10	3.48	6.99	5.62	4.41
Inception	69.87	141.95	68.09	58.76	5.74	9.75	5.62	4.99

## Fund Holdings

### Asset Allocation (%)

Total	100.00
Effective Cash	11.68
Effective Equity	88.32

Equity - ICB Sector Allocation (%)	Equities	Index	Effective
S&P SA Top 50 Total Return	-	-	-
FTSE/JSE Top 40 Total Return	-	88.32	88.32
Options	-	-	-
Banks	-	-	-
Beverages	-	-	-
Chemicals	-	-	-
Equity Investment Instruments	-	-	-
Financial Services	-	-	-
Fixed Line Telecommunications	-	-	-
Food & Drug Retailers	-	-	-
Food Producers	-	-	-
Forestry & Paper	-	-	-
General Industrials	-	-	-
General Retailers	-	-	-
Health Care Equipment & Services	-	-	-
Household Goods & Home Construction	-	-	-
Industrial Metals & Mining	-	-	-
Industrial Transportation	-	-	-
Life Insurance	-	-	-
Media	-	-	-
Mining	-	-	-
Mobile Telecommunications	-	-	-
Personal Goods	-	-	-
Pharmaceuticals & Biotechnology	-	-	-
Real Estate Investment & Services	-	-	-
Real Estate Investment Trusts	-	-	-
Tobacco	-	-	-

## Risk Statistics (3 Year Rolling)

Standard Deviation	21.93
Sharpe Ratio	-0.05
Information Ratio	-
Maximum Drawdown	-37.68

## Highest and Lowest Annual Returns

### Time Period: Since Inception to 31/12/2021

Highest Annual %	57.87 (Mar'21)
Lowest Annual %	-34.06 (Mar'20)

\*The legal registered name of this portfolio is: Saffron Sanlam Collective Investments Large Cap Fund

Saffron Sanlam Collective Investments Large Cap Fund I MDD as at 31 December 2021

Issue Date: 17 January 2022

## Fund Objective

The portfolio is a specialist large cap equity portfolio that seeks to provide investors with high long-term capital growth.

## Investment Policy

The portfolio's investment universe consists, apart from assets in liquid form, of equity securities listed on the Johannesburg Stock Exchange. The portfolio may also invest in participatory interests and other forms of participation in portfolios of collective investment schemes, registered in South Africa. The portfolio will invest in up to 50 equity securities and such equity securities will not include companies outside of the top 60 companies by market capitalization on the FTSE/JSE Securities Exchange. The portfolio's equity exposure will always exceed 80% of the portfolio's net asset value. The portfolio may from time to time invest in financial instruments, in accordance with the provisions of the Act, and the Regulations thereto, as amended from time to time, in order to achieve the portfolio's investment objective.

## Fund Information

Ticker	MSMT
Fund Manager	Brandon Quinn
ASISA Fund Classification	South African - Equity - Large Cap
Risk Profile	Aggressive
Benchmark	Composite (95% FTSE/JSE Capped SWIX 40 Index & 5% STeFI Call Index) rolling 1-year
Fund Size	R227,550
Portfolio Launch Date	02 July 2012
Fee Class Launch Date	02 July 2012
Minimum Lump Sum Investment	R 10,000.00
Minimum Monthly Investment	R 500.00
Income Declaration Date	June & December
Income Pricing Date	1st business day of July & January
Portfolio Valuation Time	15:00
Transaction Cut Off Time	15:00
Daily Price Information	Local media
Repurchase Period	2-3 business days

## Distribution History (cents per unit)

03/01/2022	0.00 cpu	01/07/2020	2.57 cpu	02/01/2019:	3.85 cpu
01/07/2021	0.78 cpu	02/01/2020:	3.28 cpu	02/07/2018:	5.54 cpu
04/01/2021	1.54 cpu	01/07/2019:	3.34 cpu	02/01/2018:	0.51 cpu

## Fees (Incl. VAT)

Maximum Initial Advice Fee	-
Maximum Annual Advice Fee	1.15
Annual Management Fee	1.15
Performance Fee**	Yes

\*\*Manager Performance Fee - Performance Fee Benchmark: Composite (95% FTSE/JSE Capped SWIX & 5% STeFI Call Index) over a rolling 1-year period; Minimum Fee: 1.15%; Maximum Fee: 4.60%. All Fees are inclusive of VAT. A copy of the performance fee Frequently Asked Questions can be obtained from the following website: [www.sanlaminvestments.com](http://www.sanlaminvestments.com)

## Cost Ratios

TER	3.23
TC	0.46
TIC	3.69

Total Expense Ratio (TER) is the percentage value of the Financial Product that was incurred as expenses relating to the administration of the Financial Product. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER may not necessarily be an accurate indication of future TER's. The TER presented is for the period 1 October 2018 to 30 September 2021.

Transaction Cost (TC) is the percentage value of the Financial Product that was incurred as costs relating to the buying and selling of the assets underlying the Financial Product. Transaction Costs are a necessary cost in administering the Financial Product and impacts Financial Product returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of Financial Product, the investment decisions of the investment manager and the TER.

Total Investment Charges (TER + TC) is the total percentage value of the Financial Product that was incurred as costs relating to the investment of the Financial Product.

## Risk Profile

### Aggressive

You can afford to take on a higher level of risk (i.e., have a greater exposure to equities) 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 in five years or beyond.

Administered by:



**Annualised Returns**

Annualised return is the weighted average compound growth rate over the period measured.

**Asset Allocation**

Asset allocation is the percentage holding in different asset classes (i.e. equities, bonds, property, etc.). It is used to determine the level of diversification in a portfolio.

**Distributions**

The income that is generated from an investment and given to investors through monthly, quarterly, bi-annual or annual distribution pay-outs.

**Derivatives**

Derivatives are instruments generally used as an instrument to protect against risk (capital losses), but can also be used for speculative purposes. Examples are futures, options and swaps.

**Liquidity**

The ability to easily turn assets or investments into cash.

**Information Ratio**

The Information Ratio measures the market risk-adjusted performance of an investment or portfolio. The greater a portfolio's Information Ratio, the better its risk-adjusted performance has been compared to the market in general.

**LISP (Linked Investment Service Provider)**

A Linked Investment Service Provider is a financial institution which packages, distributes and administers a broad range of unit trust based investments. Any investment made through these products gives an investor a single point of entry into a selection of different investments.

**Maximum Drawdown**

The maximum drawdown measures the highest peak to trough loss experienced by the fund.

**Money Market Instruments**

A money market instrument is a low risk, highly liquid, short-term (one year or less) debt instrument, issued by financial institutions or governments, that tend to have lower returns than high-risk investments.

**Participatory Interests**

When you buy a unit trust, your money is pooled with that of many other investors. The total value of the pool of invested money in a unit trust fund is split into equal portions called participatory interests or units. When you invest your money in a unit trust, you buy a portion of the participatory interests in the total unit trust portfolio. Participatory interests are therefore the number of units that you have in a particular unit trust portfolio.

**Risk-adjusted returns**

Risk-adjusted return refines an investment's return by measuring how much risk is involved in producing that return, which is generally expressed as a number or rating.

**Sharpe Ratio**

The Sharpe Ratio measures total risk-adjusted performance of an investment or portfolio. It measures the amount of risk associated with the returns generated by the portfolio and indicates whether a portfolio's returns are due to excessive risk or not. The greater a portfolio's Sharpe ratio, the better its risk-adjusted performance has been (i.e. a higher return with a contained risk profile, where the portfolio manager is not taking excessive risk to achieve those returns).

**Standard Deviation**

Standard deviation (also called monthly volatility) is a measure of how much returns on an investment change from month to month. It is typically used by investors to gauge the volatility expected of an investment.

All reasonable steps have been taken to ensure the information on this MDD is accurate. The information to follow does not constitute financial advice as contemplated in terms of the Financial Advisory and Intermediary Services Act. Use or rely on this information at your own risk. Independent professional financial advice should always be sought before making an investment decision. The Sanlam Group is a full member of the Association for Savings and Investment SA. Collective investment schemes are generally medium- to long-term investments. Please note that past performances are not necessarily a guide to future performances, and that the value of investments / units / unit trusts may go down as well as up. A schedule of fees and charges and maximum commissions is available from the Manager, Sanlam Collective Investments (RF) Pty Ltd, a registered and approved Manager in Collective Investment Schemes in Securities. Additional information of the proposed investment, including brochures, application forms and annual or quarterly reports, can be obtained from the Manager, free of charge. Collective investments are traded at ruling prices and can engage in borrowing and scrip lending. Collective investments are calculated on a net asset value 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. 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. The portfolio may invest in participatory interests of other unit trust portfolios. These underlying funds levy their own fees and may result in a higher fee structure for our portfolio. All the portfolio options presented are approved collective investment schemes in terms of Collective Investment Schemes Control Act, No 45 of 2002 ("CISCA"). The Manager may borrow up to 10% the market value of the portfolio to bridge insufficient liquidity. The fund may from time to time invest in foreign instruments which could be accompanied by additional risks as well as potential limitations on the availability of market information. Investments in foreign instruments are also subject to fluctuations in exchange rates which may cause the value of the fund to go up or down. The fund may invest in financial instruments (derivatives) for efficient portfolio management purposes. Income funds derive their income primarily from interest-bearing instruments. The Manager has the right to close any portfolios to new investors to manage them more efficiently in accordance with their mandates. Management of the portfolio is outsourced to Saffron Wealth (Pty) Ltd, (FSP) Licence No. 34638, an Authorised Financial Services Provider under the Financial Advisory and Intermediary Services Act, 2002. Sanlam Collective Investments (RF) (Pty) Ltd retains full legal responsibility for the co-named portfolio. Standard Bank of South Africa Ltd is the appointed trustee of the Sanlam Collective Investments scheme. Sources of Performance and Risk Data: Morningstar Direct, INET BFA and Bloomberg. The risk-free asset assumed for the calculation of Sharpe ratios: STEFI Composite Index. The highest and lowest 12-month returns are based on a calendar year period over 10 years or since inception where the performance history does not exist for 10 years. Obtain a personalised cost estimate before investing by visiting [www.sanlamunittrustsmdd.co.za](http://www.sanlamunittrustsmdd.co.za) and using our Effective Annual Cost (EAC) calculator. Alternatively, contact us at 0860 100 266.

**Investment Manager**

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The Saffron SCI Large Cap Fund returned 3.84% for the final quarter of 2021, with the benchmark (composite 95% Capped SWIX 40TR + 5% STeFI Call Index) returning 8.07% representing an underperformance of 4.23%.

The fourth quarter saw the Federal Reserve announce QE tapering and the lifting of the 'Dot Plot' (a measure used to gauge expected interest rate levels of FED board members) adding to the market expectation of rising US interest rate in 2022 and 2023. In addition, a resurgence of covid infections predominantly from the 'Omicron' variant, slowing global growth and worsening credit metrics added to uncertainty. Despite these factors, global equity volatility generally fell over the quarter with the VIX (a measure of implied S&P500 volatility) falling from 23.1 to 17.2.

Global equity performance over the period diverged significantly between regions and sectors with the MSCI EM Index significantly underperforming the MSCI World Equity Index, returning -1.4% with the latter returning a strong +7.9%. Region specific, the S&P 500 Index was the strongest performer, returning +11.0%, whilst the Eurostoxx 600 and Shenzhen 300 Index returned +7.6% and +1.6% respectively. The local equity market performed very well over Q4 with the broad Top40 Index returning +16.3%, outperforming almost all DM and EM peers.

Domestically, the Mining sector rebounded strongly from its poor Q2 and Q3 performance as commodity prices rose over the quarter, returning +30.0%, a significant contributor to the Top40's strong performance over the period. The JSAPY domestic property index continued to rebound over Q4 as it had done over Q2 and Q3, returning +8.3% with the FINI15 the weakest performing local sector, returning +2.2%. The INDI25 Index rebounded well over the quarter, returning +16.8%. Attention continues to be focussed on Developed Market Central Banks and their pace of policy shift while global inflation into 2022 and beyond also remain top of investors' minds.

The Saffron SCI Large Cap Fund remains broadly benchmark neutral going into 1Q 2022.

**Portfolio Manager**

Brandon Quinn  
BCom, CFA

