

# Cinnabar SCI\* Global Balanced Feeder Fund

## Minimum Disclosure Document

As of 31/05/2021



**CINNABAR**  
INVESTMENT MANAGEMENT

MDD Issue Date: 18/06/2021

### Fund Objective

The primary investment objective of the Fund is to achieve enhanced growth of capital over the longer term at the risk of moderate short-term volatility of capital values. The Fund is aimed at investors with medium to long term investment horizon.

### Investment Policy

The portfolio will apart from assets in liquid form invest in participatory interest of the Cinnabar Global Balanced Fund of Funds established under the Offshore Mutual Fund PCC Limited approved by the Guernsey Financial Services Commission in 20 May 2010. The Cinnabar Global Balanced Fund of Funds is a flexible funds designed to maximise returns. It will ideally be well diversified across asset classes. The fund will, apart from assets in liquid form, consist of participatory interests in collective investment schemes including exchange traded funds and regulated fund of funds basis. The asset allocation will be varied in such a manner as is deemed appropriate and shall not be precluded from continually varying the exposure to equity securities, non-equity securities and money market portfolios and assets in liquid form to achieve the investment. The manager may utilise exchange rate swaps or any other instrument permissible, subject to the conditions and limits as stipulated under the Act and its regulations for the exclusive purpose of hedging exchange rate risk.

### Fund Information

Ticker	CISFFA
Portfolio Manager	Cinnabar Investment Management Team
ASISA Fund Classification	Global: Multi Asset : Flexible
Risk Profile	Moderate Aggressive
Benchmark	Average ASISA Global Multi Asset Flexible
Fund Size	R 19,833,925
Portfolio Launch Date*	01/02/2021
Fee Class Launch Date*	01/02/2021
Minimum Lump Sum Investment	R 10,000
Minimum Monthly Investment	R 500
Distribution Date	Annually
Income Payment Date	1st business day of January
Portfolio Valuation Time	17:00
Transaction Cut Off Time	15:00
Daily Price Information	Local media & www.sanlamunitrusts.co.za
Repurchase Period	2-3 business days

Fees (Incl. VAT)	A-Class (%)
Maximum Initial Advice Fee	3.45
Maximum Annual Advice Fee	1.15
Manager Annual Fee	0.29
Total Expense Ratio	1.58
Transaction Cost	0.38
Total Investment Charges	1.96
Performance Fee	—
TER Measurement Period	01 February 2021 - 31 March 2021

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.

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.

\*Please note that the legal registered name of Cinnabar SCI\* Global Balanced Feeder Fund is Cinnabar Sanlam Collective Investments Global Balanced Feeder Fund. SCI is an abbreviation for Sanlam Collective Investments.

\*\*Returns and expense measures (excluding the annual manager fee) are only published from the fund's first 12-month anniversary.

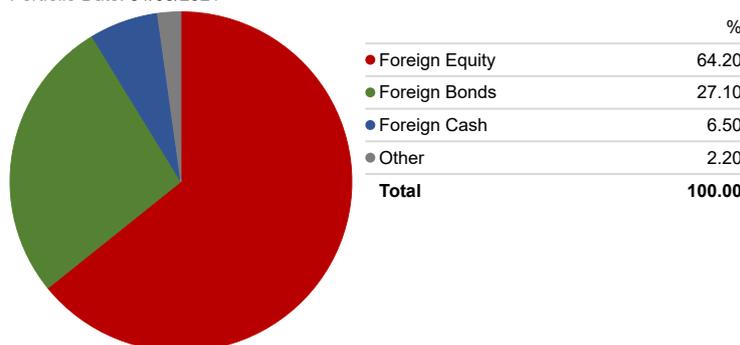
\*\*\* Risk statistics will be published from the fund's first 3 year anniversary.

### Top Ten Holdings

	(%)
Microsoft Corp	2.05
Apple Inc	1.74
Amazon.com Inc	1.07
Visa Inc	1.01
PayPal Holdings Inc	0.86
Facebook Inc	0.86
The Estee Lauder Companies Inc	0.69
Nvidia Corp	0.65
Taiwan Semiconductor Manufacturing Co Ltd	0.63
Sea Ltd ADR	0.61

### Asset Allocation

Portfolio Date: 31/03/2021



### Annualised Performance (%)\*\*

	Fund	Benchmark
1 Year	—	—
3 Years	—	—
5 Years	—	—
Since Inception	—	—

### Cumulative Performance (%)\*\*

	Fund	Benchmark
1 Year	—	—
3 Years	—	—
5 Years	—	—
Since Inception	—	—

### Highest and Lowest Annual Returns\*\*

Time Period: Since Inception to 31/12/2020

Highest Annual %	—
Lowest Annual %	—

### Risk Statistics (3 Year Rolling)\*\*\*

Standard Deviation (Volatility)	—
Maximum Drawdown	—
Sharpe Ratio	—
Information Ratio	—

### Distribution History (Cents Per Unit)

—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—

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### Risk Profile

#### Moderate Aggressive

Your primary aim is to achieve the required capital growth necessary to realise your long-term goals and objectives. You are prepared to tolerate fluctuations in your returns because you know that the longer-term picture is worth the short term pain, even if that means you lose money sometimes. While diversified across all the major asset classes, your portfolio will be tilted more towards equities because you know they offer the best long-term returns of all the asset classes and thus your wealth will grow over time.

### Glossary Terms

#### 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.

#### Capital Volatility

Volatility is a measure of 'risk' and refers to the extent to which the price of an investment or capital value fluctuates over a certain period of time. Funds with high volatility usually offer the potential for higher returns over the longer-term than low volatility funds.

#### Cumulative Returns

Cumulative return is the total growth experienced over the period measured.

#### Distributions

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

#### Diversification

This is a strategy designed to reduce risk within a portfolio by combining a variety of investments (or asset classes) such as equities, bonds, cash or property, which are unlikely to all move in the same direction at the same time. This is designed to reduce the risk (and protect against capital losses) within a portfolio. Diversification allows for more consistent performance under a wide range of economic conditions as it smoothes out the impact of negative market events. The positive performance of some investments or asset classes should neutralize the negative performance of others.

#### Financial Instruments

Derivatives also known as financial instruments (such as a future, option, or warrants) whose value derives from and is dependent on the change in value of an underlying asset (such as a commodity, currency, or security) to protect against risk (capital losses).

#### Fund Objective

The fund objective is the portfolio's core goal.

#### Investment Policy

The fund strategy is the way that the fund is managed to achieve the fund objective.

#### 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.

#### Collective Investment Schemes

Collective Investment Schemes (CIS) (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.

#### Market Capitalization

Market capitalization is the total value of the issued shares of a publicly traded company; it is calculated by multiplying the share price by the number of shares in issue.

#### Maximum Drawdown

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

#### 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.

#### Performance Fee

Performance fees are incentive fees earned by the manager for performance in excess of the benchmark.

#### 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.

### Additional Information

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 on request 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 on request 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. 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 invest in financial instruments (derivatives) for efficient portfolio management purposes. A feeder fund is a portfolio that invests in a single portfolio of a collective investment scheme, which levies its own charges and which could result in a higher fee structure for a feeder fund. 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 Cinnabar Investment Management (Pty) Ltd, (FSP) Licence No. 45402, 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.

#### Cinnabar Investment Management (Pty) Ltd

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### Portfolio Manager Comment

Cinnabar Market Update: May 2021

#### United States of America

America's Secretary of the Treasury, Janet Yellen, remarked that rates would have to "rise somewhat to ensure that our economy doesn't overheat". After her initial comments, she clarified that she was not recommending a rise in interest rates. She believes that prices will rise in the near term as economic activity picks up, but she is not worried about persistent inflation. Amid a surge in demand as the economy re-opens, soaring commodity prices and supply constraints, the annual inflation rate in the US soared to 4.2% in April. Rising energy costs are a significant driving factor behind inflationary pressures, as petrol prices in the US reached a seven-year high. US unemployment rate dropped to 5.8% last month as the economy created 559,000 jobs with solid growth in the hospitality and education sectors. Factory activity had another month of record growth, with the IHS Markit US Manufacturing PMI at 62.1 for May. Consumer sentiment hit a 3-month low, with the University of Michigan's consumer sentiment for the US coming in at 82.9 for May. In other news, the US Senate passed the "US Competition and Innovation Act", on which the House will now vote. The Act would allocate \$250 billion towards boosting government spending on technology research over the next five years to counter China's growing influence in areas like 5G, Artificial Intelligence and Quantum Computing.

#### UK

The UK economy continued to ease restrictions in May, with indoor hospitality and schools re-opening, helping boost optimism as the consumer confidence index rose to -9 in May from -15 in the previous month. The service sector grew by 1.9%, and retail trade sales continued to show strength, jumping at a record 42.4% year-on-year in April. UK businesses have been struggling to keep up with demand leading to supply bottlenecks in manufacturing. The cap on energy bills was lifted, and from April 1st, the price cap returned to pre-pandemic levels, increasing-price pressures faced by businesses. The annual inflation rate in the UK increased to 1.5% in April from 0.7% in March. A rise in output and new orders, saw Manufacturing PMI come in at 65.6 in May. The easing of pandemic restrictions and high levels of pent-up demand meant that the rapid revival in labour market conditions continued. The unemployment rate in the UK edged down to 4.8% in the three months to March of 2021. The British economy saw its first month of growth since January 2020, when GDP grew 1.4% year-on-year in March.

#### Europe

Vaccination rates in Europe have started to pick up after a relatively slow start. At its current vaccination pace, the eurozone will soon have provided at least one dose to over 50s. This, along with the gradual re-opening of the economy, has helped boost consumer confidence levels, confirmed at -5.1 in May. The Economic Sentiment Index increased to 114.5 in May from 110.5 in the previous month as the services sector, retail trade, and construction all showed signs of improvement. The seasonally-adjusted unemployment rate dropped to 8% in April from 8.1% in the prior month as the number of unemployed persons declined by 134 thousand from the previous month to 13.03 million. Youth unemployment remained unchanged at 17.2% in April. Homebuilding activity growth hit a 15-month high, while commercial building activity and civil engineering work decreased. The euro zone's annual inflation rate jumped to 2% in May, passing the European Central Bank's target of 2% for the first time in more than two years.

#### Japan

The world's third-largest economy shrank less than expected last quarter, easing concerns around a possible double-dip recession. However, according to Bloomberg economist Yuki Masujima, one major factor behind the smaller contraction was an increase in private inventory relative to the preliminary reading. She believes this could unwind in the second quarter, making a recession more likely. Turning to the indicators, Japan posted a more than sixfold increase in its current account surplus in April, to ¥1.32 trillion, reversing the deficit in the same month a year earlier. Exports surged 38%, while imports rose at a softer 12.8%. Unemployment rose to 2.8% in April, with the number of unemployed increased by 140 thousand. Japan's wage growth has slowed to levels last seen in the aftermath of the 2008 financial crisis as companies have taken a hit from the coronavirus pandemic, dragging on consumption. Economists predict the pandemic has forced Japanese households to save about ¥13 trillion (\$118 billion), or roughly 4% of Japan's annual consumption. However, as COVID-19 subsidies, households may withdraw some of their 'forced savings,' which may push up private consumption.

#### China

Factory-gate prices in China hit a 13-year high in May as manufacturers passed on the surging prices of raw materials. The producer price index rose to 9% in May from a year earlier, compared with 6.8% in April on the back of a further rise in global commodity prices. Meanwhile, China's consumer price index rose 1.3% from a year earlier, compared with a 0.4% rise in April, mainly driven by transportation and communication. China's imports and exports continued growing in May. Imports grew by 51.1% from a year earlier to US\$218.4 billion, up from the 43.1% growth in April, whilst exports grew by 27.9% from a year earlier to US\$263.9 billion, down from the 32.3% growth seen in April. The Caixin China General Manufacturing PMI was at a five-month high of 52.0 in May, and the unemployment rate eased to 5.1% in April. In other news, China told its banks and payment companies not to conduct transactions involving cryptocurrencies and warned investors against speculating in them, as they are disrupting the "normal economic and financial order". Further to this, China's central bank is well advanced in developing its

digital currency, backed by the Yuan.

#### South Africa

South Africa's economy grew by an annualized 4.6% in the first quarter, following a downwardly revised 5.8% in the October-December period. A strong rebound in global demand has aided South Africa through the significant increase in commodity demand. However, some risks remain, including delays in vaccinating the population and the heightened rotational load-shedding, a key hindrance to growth. South Africa's PMI rose to 57.8 in May from 56.2 in the previous month, reaching its highest level since last October. Gross fixed capital formation fell by -2.6% during the first quarter, shaving -0.4% points from the topline GDP outcome. Household consumption expenditure grew by a further 4.7% quarter on quarter attributed mainly to spending on clothing and furnishings. Consumer confidence edged up in the second quarter but remained largely subdued. Consumers face financial uncertainty, with the official unemployment rate reaching 32.6%, youth unemployment (15-34 years) at 46.3% and university graduates at 9.3% in the first quarter. The annual inflation rate in South Africa rose to 4.4% in April from 3.2% in March, whilst the SARB kept its benchmark repo rate unchanged at a record low of 3.5%.

Sources: *Trading Economics, Economy.com, Japan Times, Cinnabar Investment Management*

#### Portfolio Manager

Cinnabar Investment Management Team