

Cinnabar SCI* Income Fund of Funds

Minimum Disclosure Document

As of 2021/04/30



CINNABAR
INVESTMENT MANAGEMENT

MDD Issue Date: 2021/05/21

Fund Objective

The objective of the portfolio is to provide investors with a high level of income combined with capital preservation.

Fund Strategy

Investments to be included in the portfolio will, apart from assets in liquid form, consist solely of participatory interests in portfolios of collective investment schemes registered in the Republic of South Africa. The portfolio will consist of a mix of collective investment scheme portfolios investing in equity, fixed interest instruments (including, but not limited to, bonds, corporate bonds, inflation linked bonds, convertible bonds, cash deposits and money market instruments), debentures, preference shares and property securities as well as any other income enhancing securities which are consistent with the portfolio's primary objective and that the Act may allow from time to time. The portfolio's equity exposure will be limited to a maximum of 10% of the portfolio's net asset value. The Fund is Regulation 28 compliant. The portfolio will also be allowed to invest in listed and unlisted financial instruments (derivatives) as allowed by the Act from time to time. The Manager shall be permitted to invest on behalf of the portfolio in offshore investments as legislation permits.

Fund Information

Ticker	GCIFA
Portfolio Manager	Cinnabar Investment Management Team
ASISA Fund Classification	South African - Multi Asset - Income
Risk Profile	Cautious
Benchmark	110% of STeFI Call Rate
Fund Size	R 121 903 083
Portfolio Launch Date*	2014/07/29
Fee Class Launch Date*	2014/07/29
Minimum Lump Sum Investment	R 10 000
Minimum Monthly Investment	R 500
Income Declaration Date	March, June, September & December
Income Payment Date	1st business day of April, July, October & 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	—
Manager Annual Fee	0,63
Total Expense Ratio	1,85
Transaction Cost	0,01
Total Investment Charges	1,86
Performance Fee	0,02
TER Measurement Period	01 January 2018 - 31 December 2020

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.

The historic total TER above is calculated based on 3 years of historic data, and includes Performance Fees until 31 July 2019. No performance fees have been charged since 1 August 2019 so the historic total TER will fall into line with the current effective TER as the historic data is removed from the calculation over time.

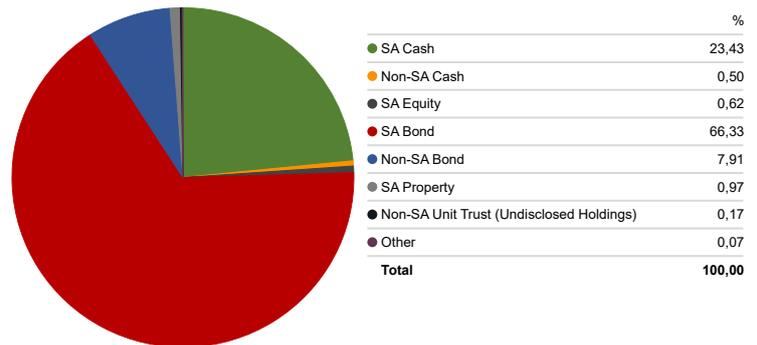
*The Cinnabar Sanlam Collective Investments Income Fund of Funds transitioned to Sanlam Collective Investments (RF) (Pty) Ltd on 02 December 2017.

Top Ten Holdings

	(%)
Marriot Core Income - C	21,98
Granate SCI Multi Income Fund	20,01
Coronation Strategic Income Fund	19,12
Fairtree Flexible Income Plus Prescient Fund	18,91
Saffron SCI Opportunity Income Fund	18,89

Asset Allocation

Portfolio Date: 2021/03/31



Annualised Performance (%)

	Fund	Benchmark
1 Year	7,50	4,02
3 Years	6,62	6,12
5 Years	7,05	6,71
Since Inception	6,57	6,73

Cumulative Performance (%)

	Fund	Benchmark
1 Year	7,50	4,02
3 Years	21,22	19,51
5 Years	40,55	38,35
Since Inception	53,67	55,25

Highest and Lowest Annual Returns

Time Period: Since Inception to 2020/12/31

Highest Annual %	8,13
Lowest Annual %	5,45

Risk Statistics (3 Year Rolling)

Standard Deviation (Volatility)	1,48
Maximum Drawdown	-1,70
Sharpe Ratio	0,24
Information Ratio	0,30

Distribution History (Cents Per Unit)

Date	Amount	Date	Amount	Date	Amount
2021/03/31	1.11 cpu	2020/03/31	1.69 cpu	2019/03/31	1.34 cpu
2020/12/31	1.24 cpu	2019/12/31	1.76 cpu	2018/12/31	1.58 cpu
2020/09/30	1.27 cpu	2019/09/30	1.80 cpu	2018/09/30	1.65 cpu
2020/06/30	1.66 cpu	2019/06/30	1.73 cpu	2018/06/30	1.54 cpu

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Risk Profile

Cautious

You are cautious about taking on risk (i.e. have a limited exposure to equities in your portfolio). You want your capital to be safe and prefer fairly stable income and/or income growth. Even knowing that equities are a riskier asset class, you are comfortable to have some exposure, albeit limited, to them because you know they will add that little extra to your portfolio.

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.

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.

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.

Fund Strategy

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.

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 investments.

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.

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

The standard deviation is a widely used risk measure of the return dispersion relative to the mean. It is also referred to as volatility.

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. 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 countries and therefore it may have risks regarding liquidity, the repatriation of funds, political and macroeconomic situations, foreign exchange, tax, settlement, and the availability of 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. A fund of funds portfolio is a portfolio that invests in portfolios of collective investment schemes that levy their own charges, which could result in a higher fee structure for the fund of funds. 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 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 and using our Effective Annual Cost (EAC) calculator. Alternatively, contact us at 0860 100 266.

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Portfolio Manager Comment

Cinnabar Market Update: April 2021

United States of America

It's been more than 100 days since President Biden took office, and we have learned that this president is not afraid to spend big. After the American Rescue Plan, a USD 1.9 trillion stimulus package, passed in March, the president outlined his plans for two more spending packages. The USD 2.3 trillion American Jobs Plan is designed to invest in the country's infrastructure. In contrast, the USD 1.8 trillion American Families Plan proposes universal childcare for three- and four-year-olds, a family-leave initiative, and free community college tuition. Recent economic data shows the US economy grew by an annualised 6.4% in the first quarter, following a 4.3% expansion in the previous three-month period. The economy looks to continue along its expansion path as the IHS Markit US Manufacturing PMI came in at 60.5 for April. The annual inflation rate jumped to 2.6% in March from 1.7% in the previous month. The Fed said it would continue to purchase bonds at a rate of \$120 billion a month despite acknowledging a rise in inflation and the improving economy. The Fed decided to leave the target range for its Federal Funds Rate unchanged at 0 - 0.25%.

The UK.

With an estimated 70% of adults having antibodies against the coronavirus, Britons are getting out and enjoying themselves, as seen in retail sales, with a 4.9% rise in March. Both the manufacturing and services PMI surveys came in above 60 for April, showing that the economy is rapidly growing. It has also been encouraging to see that Covid-19 cases are still low, despite the relaxation of some restrictions. On the consumer front, consumers are more optimistic, with the Consumer Confidence index rising in April. Annual inflation in the United Kingdom edged up to 0.7% from 0.4% in February. May saw the Bank of England kept its monetary policy unchanged and announced a slowdown in the pace of purchases of British government bonds to £3.4 billion per week, from £4.4 billion previously, signalling it's on course to end emergency support later this year. Further to this, the central bank raised the 2021 GDP forecast sharply to 7.25% from its previous estimate of 5% growth, citing easing restrictions on economic activity and the country's fast rollout of COVID-19 vaccinations.

Europe

Unlike the UK, the European countries have struggled to get on top of recent Covid-19 outbreaks. However, the recent acceleration in the rate of vaccinations left consumers feeling more optimistic as April's measure of confidence rose more than expected to -8.1. The eurozone economy contracted by 0.6% in the first quarter, but Manufacturing PMI for April stood at 62.9, well above the 50 mark, which separates growth from contraction on a monthly basis. Early estimates indicate consumer price inflation to increase to 1.6% year on year in April. The European Central Bank (ECB) left monetary policy unchanged, and the PEPP quota was maintained at €1.85 trillion, with the buys to run at least until March 2022. The ECB bank president, Christine Lagarde, mentioned that although inflation has picked up over recent months due to temporary factors, underlying price pressures remain subdued in the context of significant economic slack and weak demand. She further acknowledged that the eurozone and the US are on different pages when it comes to the economic and inflationary outlook, and, as such, the ECB would not be acting in tandem with the FED.

Japan

The Japanese government has extended its third state of emergency, which was due to end on May 11, to the end of May. This will lead to an estimated economic loss of ¥1 trillion (\$9.2 billion), dimming the prospect for a steady recovery toward the end of the year. Economists expect a 5.1% annualised contraction for Japan's January to March real gross domestic product despite manufacturing PMI staying in expansionary territory for April at 53.6. Factory activity saw its third straight month of growth, the most robust pace since April 2018. Japan's consumers were less optimistic in April, with the consumer confidence index decreasing by 1.4 points. Unemployment for March came in at an unexpected 11 month low of 2.6%, with the labour force participation rate edging down slightly to 61.9% from 62%. Consumer prices continue to decline for a sixth straight month, falling 0.2% year on year in March. In a quarterly outlook report, Japan's central bank slashed its consumer inflation forecast for the current fiscal year to 0.1% from earlier predictions made in January of 0.5%. During its April meeting, the central bank left its key short-term interest rate unchanged at -0.1% and maintained the target for the 10-year Japanese government bond yield at around 0%.

China

The Chinese economy continues to normalise. The first-quarter GDP jumped 18.3% year on year, accelerating sharply from a 6.5% growth in the fourth quarter as activity in services continues to improve. The Caixin/Markit services purchasing managers' index rose to 56.3, driven by fast growth of new businesses. The Caixin China General Manufacturing PMI rose to a four-month high of 51.9 in April from 50.6 a month earlier, indicating continued economic expansion. According to analysts, a recovering US economy and the coronavirus crisis in India helped boost China's trade data in April; however, according to analysts, volumes are "probably close to a cyclical peak". Inflation rose by 0.4% in March after a 0.2% drop a month earlier. China's exports grew by 32.3% last month from a year earlier to US\$263.93 billion, whilst imports grew by 43.1% in April from a year earlier to US\$221.07 billion.

South Africa

South Africa's manufacturing PMI fell to 56.2 in April from a five-month high of 57.4 in the previous month, remaining in expansionary territory. South Africa has enjoyed improved exports as commodity prices have increased. More specifically, precious metal exports have significantly increased, improving the balance sheets of mining companies and ultimately feeding back to the economy as tax revenue. Retail sales had a great month in February, rising 2.3% from a year earlier. The annual inflation rate in South Africa rose to 3.2% in March from 2.9% in February, mainly due to an increase in oil prices. This was in line with market expectations as inflation moved above the lower band of the South African Reserve Bank's target range of 3-6%. However, interest rates are expected to remain unchanged for the remainder of the year. South African businesses are less confident amid uncertainty over the country's recovery due to the threat of a third wave of Covid-19.

Sources: *Trading Economics, Economy.com, OECD.org, Cinnabar Investment Management*

Portfolio Manager

Cinnabar Investment Management Team