

Cinnabar SCI* Income Fund of Funds

Minimum Disclosure Document

As of 2021/07/31



CINNABAR
INVESTMENT MANAGEMENT

MDD Issue Date: 2021/08/20

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 92 527 465
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	1,81
Transaction Cost	0,01
Total Investment Charges	1,82
Performance Fee	0,02
TER Measurement Period	01 April 2018 - 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.

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.

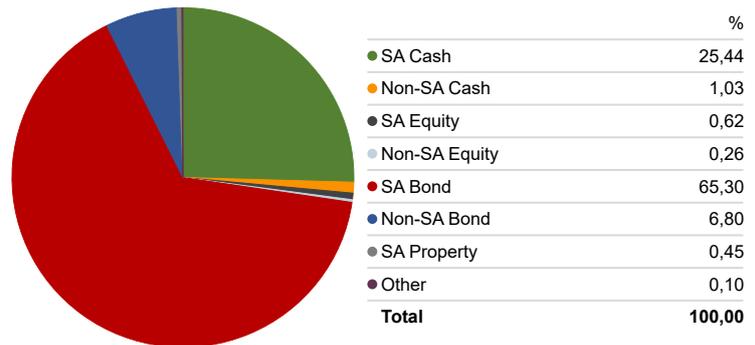
*The Cinnabar Sanlam Collective Investments Income Fund of Funds transitioned to Sanlam Collective Investments (RF) (Pty) Ltd on 02 December 2017.

Top Ten Holdings

	(%)
Marriot Core Income - C	21,91
Granate SCI Multi Income Fund	19,90
Miplan IP Enhanced Income Fund	19,63
Fairtree Flexible Income Plus Prescient Fund	18,88
Saffron SCI Opportunity Income Fund	18,87

Asset Allocation

Portfolio Date: 2021/06/30



Annualised Performance (%)

	Fund	Benchmark
1 Year	6,99	3,87
3 Years	6,69	5,84
5 Years	6,95	6,52
Since Inception	6,57	6,62

Cumulative Performance (%)

	Fund	Benchmark
1 Year	6,99	3,87
3 Years	21,43	18,57
5 Years	39,95	37,10
Since Inception	56,19	56,74

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	0,45
Information Ratio	0,51

Distribution History (Cents Per Unit)

2021/06/30	1.16 cpu	2020/06/30	1.66 cpu	2019/06/30	1.73 cpu
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

Administered by





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 smooths 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) License 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.

Cinnabar Investment Management (Pty) Ltd

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Portfolio Manager Comment

Cinnabar Market Update: July 2021

United States of America

US second-quarter GDP accelerated by a less-than-expected 6.5%, though consumer spending remained strong. Households accumulated at least \$2.5 trillion in excess savings during the lockdown, which is expected to drive a double-digit increase in consumer spending this year and contribute significantly to GDP growth. Manufacturing PMI came in at 63.4 in July, supported by more substantial expansions in output and new orders. The IMF released its World Economic Outlook update for July, revising up its forecasts for advanced economies. US growth is forecasted at 7% and 4.9% for 2021, 2022 respectively. Retail sales rose 0.6% in June, and personal consumption expenditures grew 11.8%, as vaccinated Americans travel and engage in activities that were restricted before. US inflation surprised to the upside for the fourth consecutive month, accelerating to 5.4% in June. The Fed left the target range for its federal fund's rate unchanged at 0-0.25% and bond-buying at the current \$120 billion monthly pace but hinted that asset purchases could start being reduced soon.

UK

The British economy expanded 24.6% year-on-year in May. Manufacturing PMI came in at 60.4 for July, well above the 50-point mark and suggesting the growth outlook will remain strong. UK Prime Minister Boris Johnson lifted most of the remaining Covid restrictions during July, a real test case for the world. So far, data suggests that the vaccines are still effective against new variants in preventing severe illness. If cases continue to decline and hospitalisation rates stay low, this would likely be a significant boost to market sentiment. In other indicators, inflation increased to 2.5% in June, slightly up from 2.1% in May, with transport making the most significant upward impact. Unemployment edged up to 4.8% in the three months to May, with the labour force participation rate declining to 78.7% from 79%; despite this, households are showing signs of confidence as consumer confidence rose to -7 in July from -9 in the previous month.

Europe

Preliminary estimates show the European economy expanding by 13.7% year-on-year in the second quarter, rebounding from two consecutive periods of contraction and beating market expectations. The eurozone Manufacturing PMI offered further encouragement at 62.8 for July, showing signs the eurozone recovery is on track, despite decreasing from 63.4 in June. The number of unemployed decreased by 423 000, edging the unemployment rate down to 7.7% in June, the lowest level since May 2020. Flash estimates show inflation increasing to 2.2% in July, above market forecasts of 2%. The main event in the eurozone during July was the European Central Bank (ECB) 's strategic review. The inflation was adjusted to a more symmetric 2% target (versus the previous target of "below, but close to 2%"). At the same time, housing costs will also be incorporated into the calculation of inflation over time. With interest rates already in negative territory and asset purchase programs in place, it appears that fiscal policy rather than the monetary policy will need to do the bulk of the heavy lifting if the eurozone is to break out of the low-growth low-inflation environment.

Japan

As the games come to an end, chances are looking good the Olympics themselves will be considered an achievement. COVID-related disruptions have been minimal, while Japan's athletes have already taken home a record haul of gold medals. Turning our attention to the indicators, consumer prices unexpectedly rose by 0.2% year-on-year for the first time in a year, another sign of recovering inflation. Last month, the Bank of Japan (BOJ) reiterated that it sees prices drifting up once economic activity improves, but it still doesn't expect inflation to reach its 2% target anytime before 2024. The BOJ left its key short-term interest rate unchanged at -0.1% and kept the 10-year Japanese government bond yield target at around 0%. The IMF has downgraded Japan's growth forecast for 2021, reflecting tighter restrictions in the first half of the year as caseloads picked up. Vaccination rates are expected to proceed, and the economy to reopen in full later this year, improving the growth outlook for 2022. Growth is forecasted at 2.8% and 3% for 2021, 2022 respectively.

China

China's economy expanded 1.3% over Q2, advancing 7.9% year-on-year and slowing sharply from a record 18.3% growth in Q1. Second-quarter growth came from growth in manufacturing, retail sales and investment. Retail trade rose by 12.1% year-on-year in June, after a 12.4% gain in May and below market expectations of 11%. Manufacturing PMI slowed to 50.3 in July from 51.3 in June, amid the Delta variant of the COVID-19 outbreak in Nanjing, higher material costs, and extreme weather. The IMF has revised its 2021 forecast for China down 0.3%, resulting from the scaling back of public investment and overall fiscal support. Growth projections for 2021, 2022 are at 8.1% and 5.7%, respectively. China's trade surplus, in dollar terms, widened from \$45.3 billion in May to \$51.53 billion in June. Exports rose by 32% on the year, whilst import growth slowed to 36.7%. With a sharp decline in the cost of food, more noticeably the drop in price of pork, inflation fell to 1.1% in June, down from May's eight-month high and below market expectations.

South Africa

The IMF updated South Africa's 2021 growth forecast in its latest World Economic Outlook, following a big positive surprise in the first quarter. Growth projections are at 4% for 2021,

and 2.4 % for 2022 as the worsening pandemic developments in South Africa are expected to weigh on its recovery. Manufacturing PMI fell sharply to 43.5 in July from 57.4 in June, signalling the steepest deterioration in business conditions since May 2020. The composite leading business cycle indicator rose by 2.3% month-on-month in May, easing from April's 8-month high of 3.7%. South Africa has enjoyed the recent highs in commodity prices. The trade surplus widened to a record high of ZAR 57.68 billion in June, well above market forecasts of ZAR 52 billion. Exports were up 2% to ZAR 166.5 billion. The consumer price inflation rate eased to 4.9% year-on-year in June, from a two-and-a-half-year high of 5.2% in May, coming in above market expectations of 4.8%. It was no surprise when the South African Reserve Bank unanimously voted to keep its benchmark repo rate unchanged at a record low of 3.5% during its July meeting.

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

Portfolio Manager

Cinnabar Investment Management Team