

# Cinnabar SCI\* Global Balanced Feeder Fund

## Minimum Disclosure Document

As of 31/08/2021



**CINNABAR**  
INVESTMENT MANAGEMENT

MDD Issue Date: 17/09/2021

### 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 34,779,968
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****	0.75
Transaction Cost****	0.29
Total Investment Charges****	1.04
Performance Fee	—
TER Measurement Period	01 February 2021 - 30 June 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.

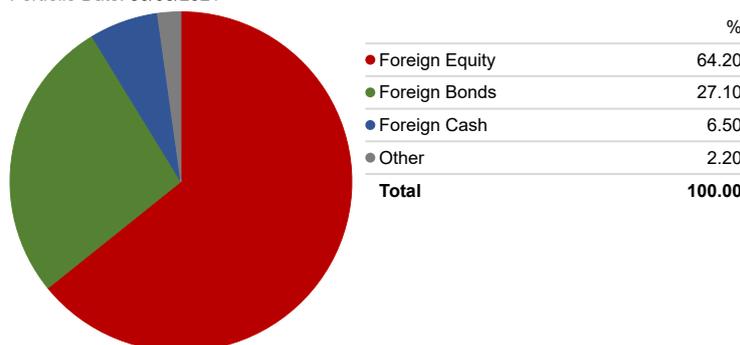
\*\*\*\* As the fund's track record is shorter than a year, the TER and TC cannot be accurately determined. Calculations are based on actual data where possible, and on best estimates where data is not available.

### Top Ten Holdings

	(%)
Microsoft Corp	2.32
Apple Inc	1.77
Amazon.com Inc	1.15
Visa Inc	1.11
PayPal Holdings Inc	1.04
Facebook Inc	1.03
Nvidia Corp	0.75
The Estee Lauder Companies Inc	0.71
Alphabet Inc	0.65
Unilever PLC	0.59

### Asset Allocation

Portfolio Date: 30/06/2021



### 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: August 2021**

#### United States of America

August economic data pointed to a US economy that is still running hot, advancing at an annualised 6.6% on quarter in Q2. The August Markit Manufacturing PMI came in at 61.1, with the headline consumer price index delivering another bumper month at 5.4% for July. The US labour market went from strength to strength as unemployment decreased to 5.2% from 5.4% in August, the lowest level since March 2020, with a minor change in the labour force participation rate, at 61.7%. Federal Reserve (Fed) Chairman Jerome Powell highlighted the Fed was content with the progress made on inflation, which it still believes will be transitory, and expects the labour market to reach the bar for tapering shortly. In other indicators, corporate profits in the US jumped 9.7% in Q2, construction spending in the US went up 0.3% from the previous month, and the US trade deficit narrowed to USD 70 billion in July. The Senate passed a bipartisan infrastructure bill that contains USD 550 billion of new spending. The bill has now moved to the House of Representatives, where it faces a much tougher battle.

#### UK

During August, the UK economy lifted the last of its domestic Covid-19 restrictions, which means those fully vaccinated no longer have to isolate if they come into contact with someone who tests positive for Covid-19. There was an increase in COVID cases towards the back end of August, but for the time being, hospitalisations have remained stable as the vaccines reduce the numbers requiring treatment. In the economic indicators, UK Manufacturing PMI came in at 60.3 in August, down from 60.4 in July, whilst UK employment data was robust, adding 95 000 jobs in June with Q2 unemployment falling to 4.7%. UK CPI also softened slightly in August to 2.0% year on year; however, it is likely only a temporary pause. With inflation concerns rising, the Bank of England (BOE) said it would start reducing its stock of bonds when its policy rate reaches 0.5% by not reinvesting proceeds, and it would start considering selling bonds when the rate reaches at least 1%.

#### Europe

With its reopening starting later, Europe is slightly behind the US and the UK on the road to normalisation. Economic data is robust, with Manufacturing PMI standing at 61.4 and annual inflation jumping to 3% in August. The eurozone's quarterly economic growth was confirmed at 2% for the quarter, and the unemployment rate edged down to 7.6% in July. The spread of the Delta variant has caused cases in Europe to rise rapidly, denting consumer confidence, which was confirmed at -5.3 in August, down from -4.4 in the previous month. Economic sentiment was also affected by the Delta variant as sentiment in the Euro Area dropped to 117.5 in August. That said, Europe has now vaccinated over 70% of the population. Hospitalisation rates have remained much lower than in previous waves.

#### Japan

Japan's economy advanced 0.3% quarter on quarter in Q2, on a mere 0.8% growth in private expenditure. Further, the government has decided to expand and extend its COVID-19 state of emergency until September 12. According to chief economist Toshihiro Nagahama at Dai-ichi Life Research Institute Inc, the decision will lower private consumption by some ¥1.4 trillion and could cause a drop of ¥1.2 trillion in gross domestic product. Japan's Manufacturing PMI was at 52.7 in August after a final 53 a month earlier. In other indicators, Japan's consumer prices declined by 0.3% year on year in July, whilst consumers were less optimistic as its consumer confidence index inched down by 0.8 points to 36.7 in August. Unemployment was one notch lower in July at 2.7%, down from 2.8% in June. Economists expect Japan to maintain growth this quarter, after narrowly avoiding another technical recession in the three months ended June.

#### China

China's economic recovery continues to stall as China's General Manufacturing PMI falls to 49.2 in August from 50.3 in July, breaching the 50-mark that separates growth from contraction. Two separate official surveys released at the end of August showed China's factory activity grew slower due to worsening supply shortages amid the Delta variant outbreak. It has responded with its proven strategy of mass testing and mobility controls, which thus far appear to have contained the outbreak at the cost of mobility and some economic activity. China's annual inflation rate edged down to 1.0% in July from 1.1% a month earlier, and China's surveyed urban unemployment rate inched up to a three-month high of 5.1% in July. Surging commodity prices helped China's trade surplus rise above market consensus at USD 56.58 billion for July.

#### South Africa

South Africa's daily Covid cases started to decline as the third wave seems to have peaked with vaccinations opening to those 18 years and older; however concerns remain high as new variants have been identified. On the economic front, South Africa's PMI Index rebounded to 57.9 in August, following a record single-month decline to 43.5 in July. Both the business activity and new sales orders recovered sharply. The annual inflation rate eased to 4.6% in July from 4.9% in June. Unemployment rose to 34.4% in the second quarter from 32.6% in the previous period, the expanded definition of unemployment, including people who have stopped looking for work, was at 44.4%, and the youth unemployment rate, measuring job-seekers between 15 and 24 years old, hit a new record

high of 64.4%. South Africa's trade surplus shrank to ZAR 36.96 billion in July, and business confidence fell to 93.2 from 96.2 in June.

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

#### Portfolio Manager

Cinnabar Investment Management Team