

Cinnabar SCI* Income Fund of Funds

Minimum Disclosure Document

As of 2021/08/31



CINNABAR
INVESTMENT MANAGEMENT

MDD Issue Date: 2021/09/17

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 96 117 555
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	1,75
Transaction Cost	0,01
Total Investment Charges	1,76
Performance Fee	0,02
TER Measurement Period	01 July 2018 - 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.

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.

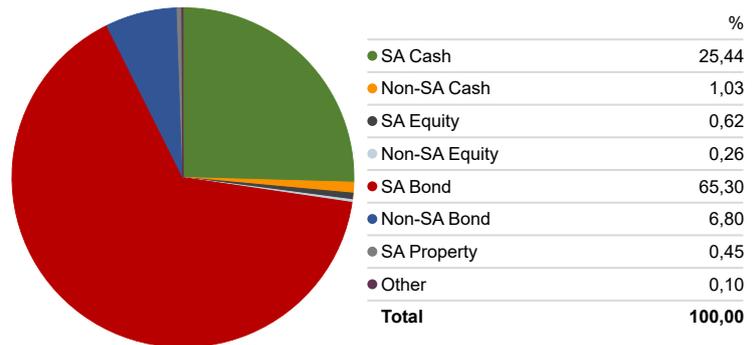
*The Cinnabar Sanlam Collective Investments Income Fund of Funds transitioned to Sanlam Collective Investments (RF) (Pty) Ltd on 02 December 2017.

Top Ten Holdings

	(%)
Marriot Core Income - C	21,68
Granate SCI Multi Income Fund	19,74
Miplan IP Enhanced Income Fund	19,68
Saffron SCI Opportunity Income Fund	18,69
Fairtree Flexible Income Plus Prescient Fund	18,67

Asset Allocation

Portfolio Date: 2021/06/30



Annualised Performance (%)

	Fund	Benchmark
1 Year	6,96	3,86
3 Years	6,68	5,75
5 Years	6,94	6,45
Since Inception	6,59	6,59

Cumulative Performance (%)

	Fund	Benchmark
1 Year	6,96	3,86
3 Years	21,43	18,26
5 Years	39,87	36,68
Since Inception	57,19	57,24

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	0,51
Information Ratio	0,56

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 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: 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