

Cinnabar SCI* Income Fund of Funds

Minimum Disclosure Document

As of 2021/10/31



CINNABAR
INVESTMENT MANAGEMENT

MDD Issue Date: 2021/11/19

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 93 705 993
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.

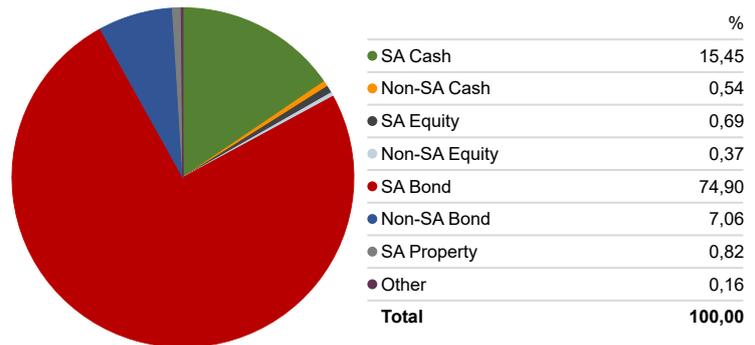
*The Cinnabar Sanlam Collective Investments Income Fund of Funds transitioned to Sanlam Collective Investments (RF) (Pty) Ltd on 02 December 2017.

Top Ten Holdings

	(%)
Marriot Core Income - C	21,85
Miplan IP Enhanced Income Fund	20,05
Granate SCI Multi Income Fund	19,98
Fairtree Flexible Income Plus Prescient Fund	18,91
Saffron SCI Opportunity Income Fund	18,89

Asset Allocation

Portfolio Date: 2021/09/30



Annualised Performance (%)

	Fund	Benchmark
1 Year	6,17	3,86
3 Years	6,41	5,57
5 Years	6,70	6,32
Since Inception	6,45	6,53

Cumulative Performance (%)

	Fund	Benchmark
1 Year	6,17	3,86
3 Years	20,49	17,65
5 Years	38,31	35,87
Since Inception	57,40	58,25

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)	1,53
Maximum Drawdown	-1,70
Sharpe Ratio	0,45
Information Ratio	0,50

Distribution History (Cents Per Unit)

2021/09/30	1.19 cpu	2020/09/30	1.27 cpu	2019/09/30	1.80 cpu
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

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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: October 2021

United States of America

US GDP growth slowed to an annualised 2% in the third quarter, hurt by a combination of adverse effects from Hurricane Ida and persistent supply-side distortions, to the fast-spreading Delta variant of coronavirus dampening consumer spending. Looking at the indicators, manufacturing PMI came in lower at 58.4 in October from September's 60.7, consumer sentiment improved to a higher 71.7 in October, unemployment dropped to 4.8% in September from 5.2% a month earlier, and the annual inflation rate edged up to a 13-year high of 5.4% in September. Overall, the US recovery is solid. On the 3rd of November, the US Federal Open Market Committee decided to leave the Federal Funds target interest rate unchanged at a range of 0% to 0.25% but decided to begin reducing the monthly pace of its net asset purchases by \$10 billion for Treasury securities and \$5 billion for agency mortgage-backed securities starting later in the month. In politics, Congress managed to avert a debt ceiling crisis, kicking the can down the road to a new deadline in December.

UK

In the UK, GDP expanded by 6.9% y/y in August, easing from a revised 8.8% growth in the previous month. Manufacturing PMI saw a minor change at 57.8 in October, up from 57.1 in September. The labour market remains strong, with the unemployment rate declining further to 4.5% in the three months to August. Meanwhile, consumer confidence has fallen for a third straight month to -17 in October. Growth in annual housing prices eased slightly to 9.9% in October, increasing 0.7% for the month. The UK trade deficit widened to GBP 3.7 billion in August as exports fell 2% and imports declined by a lower 0.5%. The annual inflation rate in the UK edged down to 3.1% in September, but the Bank of England is growing increasingly wary of rising wage pressures, and a first interest rate hike this year looks very feasible.

Europe

Economic growth in Europe is still suffering from a loss in momentum; a preliminary estimate shows the Euro economy is expected to expand by 2.2% for the third quarter. Strong domestic demand and exports look set to support growth, whilst supply chain disruptions, shortages of raw materials, and rising consumer prices weigh on the recovery. Manufacturing PMI remained steady at 58.3 in October, slightly down from 58.6 in September. Households are less optimistic about their past and future financial situations, as confidence for October was lower at -4.8, down from -4 in the previous month. The annual inflation rate in the Euro Area jumped to 4.1% in October from 3.4% in September, increasing 0.8% for October as the Euro Area battles surging energy costs while supply shortages persist. At its October meeting, the European Central Bank reiterated that it expected the current rise in inflation to be transitory. A decision on how to conduct asset purchases following the end of the Pandemic Emergency Purchase Programme was postponed until December.

Japan

The Japanese Government reduced some restrictions on activity as Covid-19 infections have started to decline and vaccinations are progressing well. As a result, economic growth is expected to accelerate in the coming quarters thanks to a boom in services consumption and a rise in capital expenditure. Factory activity continued its expansion for the ninth straight month as Manufacturing PMI increased to 53.2 in October from 51.5 a month earlier. Consumer confidence was up 1.4 in October from 39.2 a month earlier. Japan's trade deficit continued for the second straight month as exports rose by 13% and imports increased by a steeper 38.6%. Inflation posted its first annual gain since August 2020, rising by 0.2% y/y in September and rebounding from a 0.4% drop a month earlier. Looking ahead, the index of leading economic indicators in Japan, which is a gauge of the economy a few months earlier and is compiled using data such as job offers and consumer sentiment, was lower at 101.3 in August following a 104.1 reading a month earlier.

China

China's real GDP grew by 0.2% in the third quarter and decelerated to 4.9% y/y after easing sharply from a 7.9% growth in the second quarter. Manufacturing PMI was at a four-month high of 50.6 in October compared to September's figure of 50. Retail sales rose by 4.4% y/y in September, following a 2.5% increase in the previous month, still below the pre-pandemic average. On the positive side, exports rose by 28.1% y/y, thanks to rebounding demand from developed markets and Southeast Asia. Imports rose at a softer pace, leading to China widening its trade surplus to USD 66.76 billion in September, from USD 35.34 billion in the same month a year earlier. The annual inflation rate edged lower to 0.7% in September from 0.8% in August, and unemployment declined to 4.9% in September, the lowest level since December 2018. The goal of a 6% annual growth rate, set by the Chinese Government at the beginning of the year, still seems achievable thanks to the solid start for 2021.

South Africa

South Africa's manufacturing PMI index decreased to 53.6 in October from 54.7 in September as the manufacturing sector remains constrained by load-shedding. The trade surplus narrowed to ZAR 22.2 billion in September as exports declined by 1% and imports surged 15.9%. Unemployment is at its record high of 34% as Government looks to create the 600 000 jobs per year needed to reduce unemployment. Business confidence fell to 91

in September from 91.9 in the previous month, amid a decline in retail sales and manufacturing output. Inflation remains above the 4.5% midpoint target from the South African Reserve Bank, increasing to 5% for September from 4.9% in the previous month. The main drivers of inflation came from prices of transport, particularly fuels, whilst producer prices (PPI) continue to increase steadily, notching up 0.9% in September after a 0.8% increase in August and jumping by 7.8% from a year earlier. Overall, South Africa's economy remains challenged as we wait and see the outcome of these local government elections.

Sources: *Trading Economics, Businesstech, Japan Times, Cinnabar Investment Management*

Portfolio Manager

Cinnabar Investment Management Team