

Cinnabar SCI* Income Fund of Funds

Minimum Disclosure Document

As of 2021/11/30



CINNABAR
INVESTMENT MANAGEMENT

MDD Issue Date: 2021/12/17

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 92 592 394
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	1,69
Transaction Cost	0,01
Total Investment Charges	1,70
Performance Fee	0,02
TER Measurement Period	01 October 2018 - 30 September 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.

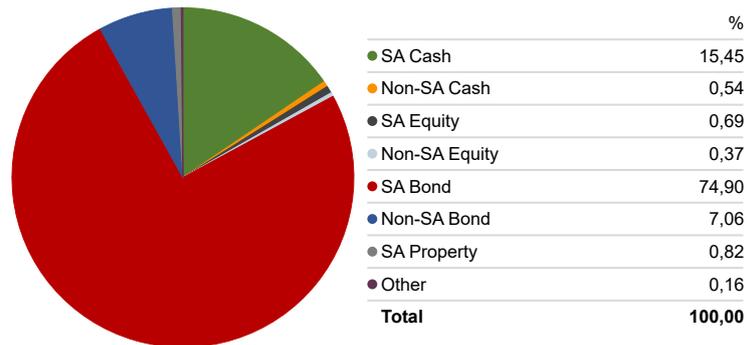
*The Cinnabar Sanlam Collective Investments Income Fund of Funds transitioned to Sanlam Collective Investments (RF) (Pty) Ltd on 02 December 2017.

Top Ten Holdings

	(%)
Marriot Core Income - C	21,92
Miplan IP Enhanced Income Fund	19,85
Granate SCI Multi Income Fund	19,83
Saffron SCI Opportunity Income Fund	18,81
Fairtree Flexible Income Plus Prescient Fund	18,80

Asset Allocation

Portfolio Date: 2021/09/30



Annualised Performance (%)

	Fund	Benchmark
1 Year	5,70	3,86
3 Years	6,39	5,48
5 Years	6,68	6,26
Since Inception	6,44	6,50

Cumulative Performance (%)

	Fund	Benchmark
1 Year	5,70	3,86
3 Years	20,44	17,35
5 Years	38,18	35,46
Since Inception	58,16	58,74

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)	1,53
Maximum Drawdown	-1,70
Sharpe Ratio	0,50
Information Ratio	0,55

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

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) 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: November 2021

United States of America

Economic data in the US continues to be positive. In October, personal spending and retail sales increased 1.3% and 1.7%, supported by the unwinding of household savings, which fell from 8.2% to 7.3% in October. Inflationary pressures remain strong, surging 0.9% for October, driven mainly by higher energy prices, and look to stay strong as producer prices continue to increase in October, rising 0.6% month on month following a 0.5% increase in September. Labour market recovery remains on course as unemployment fell further to 4.6% in November; however, there is room for improvement with the labour force participation rate only edging up 0.2%. Growth is anticipated to grow by 5.6% for the year before rising by 3.7% and 2.4% in 2022 and 2023, respectively. Consumer sentiment remains at its lowest level since 2011 at 67.4 for November, and the US trade deficit widened to \$80.9 billion in September as exports declined by 3% in August. On the 3rd of November, the FED decided to begin tapering quantitative easing by USD 15 billion per month, implying the program should end by June 2022.

UK

Economic momentum remained strong in the UK despite the latest Covid-19 wave. Consumption held up, with retail sales growing 0.8% month on month for October, and consumer spending increasing to 342 787 GBP Million in the third quarter, supported by the decline in household savings to 11.30% in the 2nd quarter from 18% in the 1st quarter. For October, the first month without the government's furlough scheme, labour market data continued to strengthen as the unemployment rate declined to 4.3% in the 3rd quarter. UK Manufacturing PMI stood at 58.1 in November compared with 57.8 in the previous month in terms of business activity. The UK trade deficit widened to GBP 2.8 billion in September, as new export sales fell for the third month in a row, amid reports of weaker demand from China and disruption to trade with the EU in part due to Brexit. Consumers are more optimistic as confidence increases by 3 points to -14. The annual inflation rate jumped to 4.2% in October as upward pressures came from the cost of housing and utilities; however, the Bank of England decided to keep rates on hold in November.

Europe

In Europe, economic data were mixed in November. On a positive note, consumer spending increased in the 2nd quarter while retail sales increased 0.2% for October, supported by a decline in household savings to 19.04% in the 2nd quarter from 21.48% in the 1st quarter. The labour market continued to recover from the pandemic hit as the seasonally-adjusted unemployment rate edged down to 7.3% in October. The highest jobless rates were recorded in Spain and Italy, 14.5% and 9.4% respectively. On the other side, manufacturing PMI came in at 58.4 in November, the second slowest expansion since February, amid reports of severe supply-related constraints. Due to the increase in energy prices, inflation increased by 0.5% for October, and consumer confidence came in lower at -6.8%, down from -4.8% in the previous month. On the political front, the leader of the German Social Democrats, Olaf Scholz, is set to replace Angela Merkel to become the new German chancellor.

Japan

Japan's economy contracted at an annualised 3.6% in the 3rd quarter as shoppers cut back further during the summer's COVID-19 surge. However, at the beginning of October, emergency restrictions were lifted on activity allowing more people to venture out and spend. Household spending declined 0.6% in October, a slower pace than the previous month. Inflation in Japan remains stubbornly low as October saw consumer prices decrease by 0.30%, but producer prices increased by 0.8% in October, mainly due to increases in petroleum and coal products. Meanwhile, supply chain issues have hit exporters as the trade deficit widened to JPY 67.37 billion in October. Japan's Manufacturing PMI was 54.5 in November, following a 53.2 reading a month earlier in business activity. In October, unemployment fell to 2.7%, and consumer confidence remained unchanged at 39.2 in November, the strongest reading since May 2019. On the monetary front, the Bank of Japan is likely to narrow the scope of its COVID-19 aid, but keep it in place for longer to focus the measures on businesses that still need help, says Eiji Maeda, a former top official.

China

October macroeconomic data for China showed an improvement in both external demand and domestic activity. China's trade surplus surged to a record high of USD 84.54 billion in October as exports continued to surprise on the upside for the third month in a row, with a growth of 27.1% year on year in October, primarily driven by strong demand in Europe. On the domestic front, retail sales beat market expectations rising 4.9% year on year in October, along with news of record sales being generated during Singles' Day. China's annual inflation rate accelerated sharply to 1.5% in October, driven mainly by increased non-food prices. The widening power shortage has led to a tenth straight month of rising factory prices, with producer prices surging 13.5% yearly. The Manufacturing PMI index plunged into contractionary territory, falling to 49.9 and missing market forecasts. Unemployment stood at 4.9% in October, unchanged from the previous month. Overall, China's growth momentum remained sluggish, as a rise in Covid-19 cases and continued deleveraging in the real estate sectors weighs on economic growth.

South Africa

At this year's medium-term budget policy statement, finance minister Enoch Godongwana reported better than expected finances for South Africa. The global economic recovery has boosted demand for commodities, which has given South Africa more room to work with in the budget. Further, real GDP is forecasted to grow by 5.1% this year, with output returning to pre-pandemic levels next year. South Africa's unemployment rose to 34.9% in the 3rd quarter, retail sales were up 2.1% in September, and its trade surplus narrowed to ZAR 19.8 billion in October. In October, inflation stood firm at 5%; however, the South African Reserve Bank (SARB) is expecting inflation to ease around 4.5% for 2022 and 2023. The SARB Monetary Policy Committee raised the repo rate by 0.25% to 3.75% at its November meeting. It also appears that the SARB is thinking along the lines of one hike per quarter for 2022, all depending on how both inflation and the SA economy perform over the coming months.

Sources: *Trading Economics, Businessstech, SCMP.com, Japan Times, Cinnabar Investment Management*

Portfolio Manager

Cinnabar Investment Management Team