

Cinnabar SCI* Income Fund of Funds

Minimum Disclosure Document

As of 2022/01/31



CINNABAR
INVESTMENT MANAGEMENT

MDD Issue Date: 2022/02/19

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 89 126 623
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.

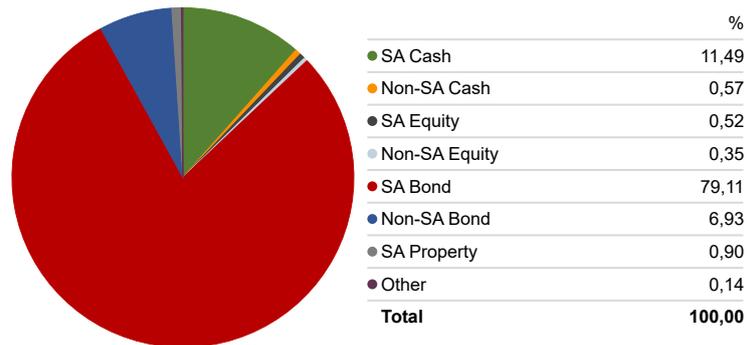
*The Cinnabar Sanlam Collective Investments Income Fund of Funds transitioned to Sanlam Collective Investments (RF) (Pty) Ltd on 02 December 2017.

Top Ten Holdings

	(%)
Marriot Core Income - C	21,89
Miplan IP Enhanced Income Fund	19,91
Granate SCI Multi Income Fund	19,88
Saffron SCI Opportunity Income Fund	18,90
Fairtree Flexible Income Plus Prescient Fund	18,87

Asset Allocation

Portfolio Date: 2021/12/31



Annualised Performance (%)

	Fund	Benchmark
1 Year	5,96	3,91
3 Years	6,28	5,30
5 Years	6,58	6,14
Since Inception	6,50	6,44

Cumulative Performance (%)

	Fund	Benchmark
1 Year	5,96	3,91
3 Years	20,06	16,75
5 Years	37,55	34,69
Since Inception	60,51	59,84

Highest and Lowest Annual Returns

Time Period: Since Inception to 2021/12/31

Highest Annual %	8,13
Lowest Annual %	5,45

Risk Statistics (3 Year Rolling)

Standard Deviation (Volatility)	1,53
Maximum Drawdown	-1,70
Sharpe Ratio	0,53
Information Ratio	0,57

Distribution History (Cents Per Unit)

Date	CPU	Date	CPU	Date	CPU
2021/12/31	1.32	2020/12/31	1.24	2019/12/31	1.76
2021/09/30	1.19	2020/09/30	1.27	2019/09/30	1.80
2021/06/30	1.16	2020/06/30	1.66	2019/06/30	1.73
2021/03/31	1.11	2020/03/31	1.69	2019/03/31	1.34

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.

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Portfolio Manager Comment

Cinnabar Market Update: January 2022

United States of America

Macro data in the US paints a mixed picture for the economy. January's Manufacturing PMI continued to signal an expanding economy at 57.6. Still, the sharp fall in services PMI from 62.3 in December to 59.9 in January is a strong indication of the negative impact Omicron is having on activity, which has resulted in retail sales contracting 1.9% month-on-month in December. US consumer inflation rate accelerated to 7% year-on-year in December, mainly due to increased energy prices. FED chair Jerome Powell emphasised that the labour market and the economy are strong, so there is no need to hold off on rate hikes. January's labour market report showed that the US economy, with an unemployment rate of 3.9%, an unchanged labour force participation rate, strong wage growth and 10.6 million job openings, is close to full employment. On the trade side, imports jumped 4.6% whilst exports edged up 0.2%; this saw the US trade deficit increase to \$80.2 billion in November.

UK

In December, the UK economy hit a soft patch due to the spread of Omicron. Retail sales in the UK dropped 3.7% month-on-month, and service PMIs declined from 58.5 to 53.6. Manufacturing PMI is at 57.3 for January, slightly below the December figure of 57.9, reflecting slower new orders growth. Exports surged 4.6% to a 22-month high, while imports rose at a softer 3.8% as the UK posted a trade surplus of GBP 0.63 billion. The annual inflation rate in the UK increased to 5.4% in December from 5.1% in November, and the unemployment rate fell to 4.1% in the three months to November. The central bank expects inflation (CPI) to increase further in the coming months. Estimating CPI to reach around 6% in February and March, before peaking at about 7.25% in April but to fall back to a little above the 2% target in two years. The Bank of England raised its critical Bank Rate by 25bps to 0.5% during its February meeting, with more expected before the end of the year. The Committee also voted to begin to reduce the stock of UK government bond purchases.

Europe

In the Eurozone, January economic activity data showed reliance against a backdrop of rising Covid infections. Manufacturing PMI is at 58.7 for January, the most robust growth in factory activity in five months, with production, new orders, and employment registering faster increases. The supplier's delivery times index improved for the third consecutive month to 26.6, but only from a poor 19.4 reading in October, suggesting further easing in the number of supply chain delays. Eurozone economy expanded 4.6% year-on-year in Q4, slightly below forecasts of 4.7%, but above 3.9% in Q3. The unemployment rate fell to a record low of 7% in December, as demand for labour improved amid the ongoing economic recovery. Imports jumped 32% to an all-time high whilst exports rose at a slower 14.4%, resulting in a trade deficit of EUR 1.5 billion in November. January headline inflation rose to 5.1% year-on-year as energy records the most considerable price increase. At the December meeting, the European Central Bank signalled rates are unlikely to rise in 2022, but it remains flexible in its future policy.

Japan

Japan's consumer confidence worsened in January for the second straight month amid a resurgence of coronavirus infections and higher consumer prices. Japan's consumer prices rose by 0.8% year-on-year in December. The unemployment rate decreased to 2.7% in December, reflecting the continued recovery of the labour market before the onslaught of the fast-spreading omicron variant. In trade, exports grew by 17.5% year-on-year whilst imports jumped 41.1%, resulting in a trade deficit of JPY 582.36 billion in December. The au Jibun Bank Japan Manufacturing PMI shows an expanding economy at 55.4 for January, amid surging vaccinations and despite pressure from a persistent chip shortage. The Bank of Japan left its key short-term interest rate unchanged at -0.1%, and that for 10-year bond yields around 0% during its January meeting. The central bank adjusted its view of inflation risks, raising its inflation forecasts for FY 2022, which begins in April, to 1.1%.

China

The Chinese economy grew by a seasonally adjusted 1.6% on quarter in the three months to December, surpassing market estimates of 1.1%. Consumer sentiment was subdued, with retail trade growth easing to 1.7% year-on-year in December from 3.9% in the prior month as consumption weakened due to regional COVID-19 outbreaks. In contrast, China's external sectors remained in decent shape. China's exports extended their double-digit growth for the 15th month running, increasing by 20.9% from a year earlier, while imports rose at a softer 19.5%, resulting in China's trade surplus widening sharply. In December, China's inflation fell to 1.5%, and urban unemployment inched up to 5.1%. The recent below-trend growth raises concerns about China's short-term economic outlook. At their recent Central Economic Work Conference, policymakers already signalled a shift to accommodative policies. The People's Bank of China intensified its monetary easing efforts last month, announcing several benchmark lending rates cuts.

South Africa

The South African National Treasury projects real economic growth of 5.1% in 2021 and 1.8% in 2022, compared with the 2021 Budget estimates of 3.3% and 2.2%, respectively. Real GDP growth is expected to moderate to 1.6% in 2023 and 1.7% in 2024. The annual

inflation rate for December increased near the upper end of the SARBs target range, to 5.9% from 5.5% in November, driven by an increase in transport amid a rise in fuel prices. Producer prices increased by 10.8% from a year earlier in December, up from a 9.6% rise in November and 1.3% month-on-month in December, suggesting inflation will creep up further. In January, the Monetary Policy Committee (MPC) increased the repo rate by 0.25% for the second meeting in a row, taking rates to 4.0%. In its statement, the MPC concluded that the Committee believes that a gradual rise in the repo rate will be sufficient to keep inflation expectations well anchored, implying a measured approach to the hiking cycle. In manufacturing, South Africa's PMI edged over the 50 mark to 50.9, signalling an expanding economy. The trade surplus narrowed to ZAR 30.1 billion in December as Exports declined by a faster 3% compared to imports declining at a much slower pace, down 0.6%.

Sources: *Trading Economics, Businesstech, Reuters, Cinnabar Investment Management*

Portfolio Manager

Cinnabar Investment Management Team