

# Cinnabar SCI\* Income Fund of Funds

## Minimum Disclosure Document

As of 2022/02/28



**CINNABAR**  
INVESTMENT MANAGEMENT

MDD Issue Date: 2022/03/18

### 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 100 197 147
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	1,62
Transaction Cost	0,01
Total Investment Charges	1,63
Performance Fee	0,02
TER Measurement Period	01 January 2019 - 31 December 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.

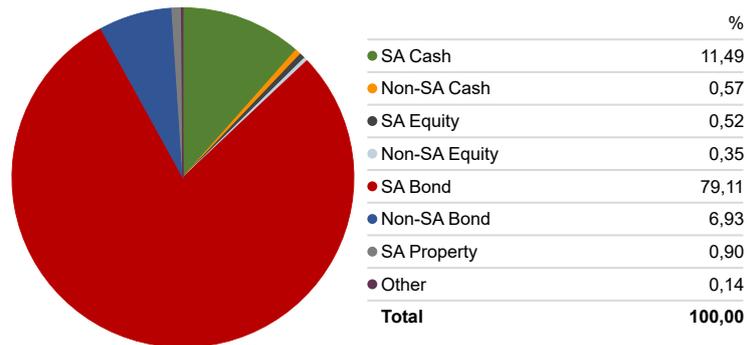
\*The Cinnabar Sanlam Collective Investments Income Fund of Funds transitioned to Sanlam Collective Investments (RF) (Pty) Ltd on 02 December 2017.

### Top Ten Holdings

	(%)
Miplan IP Enhanced Income Fund	21,11
Granate SCI Multi Income Fund	21,07
Saffron SCI Opportunity Income Fund	19,11
Fairtree Flexible Income Plus Prescient Fund	19,08
Marriot Core Income - C	18,65

### Asset Allocation

Portfolio Date: 2021/12/31



### Annualised Performance (%)

	Fund	Benchmark
1 Year	6,15	3,94
3 Years	6,20	5,22
5 Years	6,60	6,09
Since Inception	6,49	6,42

### Cumulative Performance (%)

	Fund	Benchmark
1 Year	6,15	3,94
3 Years	19,78	16,48
5 Years	37,62	34,36
Since Inception	61,08	60,36

### 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)

2021/12/31	1.32 cpu	2020/12/31	1.24 cpu	2019/12/31	1.76 cpu
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

Administered by



# Cinnabar SCI\* Income Fund of Funds

## Minimum Disclosure Document

As of 2022/02/28



CINNABAR  
INVESTMENT MANAGEMENT

### 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](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

(FSP) License No. 45402

Physical Address: 346 Ontdekkers Road, Florida, Roodepoort, 1709

Postal Address: 346 Ontdekkers Road, Florida, Roodepoort, 1709

Tel: +27 (11) 768 1022

Email: [info@cinnabarim.com](mailto:info@cinnabarim.com)

Website: [www.cinnabarim.com](http://www.cinnabarim.com)

#### Manager Information

Sanlam Collective Investments (RF) (Pty) Ltd

Physical Address: 2 Strand Road, Bellville, 7530

Postal Address: P.O. Box 30, Sanlamhof, Bellville, 7532

Tel: +27 (21) 916 1800

Email: [service@sanlaminvestments.com](mailto:service@sanlaminvestments.com)

Website: [www.sanlamunittrusts.co.za](http://www.sanlamunittrusts.co.za)

#### Trustee Information

Standard Bank of South Africa Ltd

Tel: +27 (21) 441 4100

Email: [compliance-sanlam@standardbank.co.za](mailto:compliance-sanlam@standardbank.co.za)

Administered by





### Portfolio Manager Comment

#### Cinnabar Market Update: February 2022

##### United States of America

Retail sales in the US beat expectations, jumping 3.8% month-on-month in January, rebounding from a 2.5% drop in December and suggesting US consumers had delayed spending because of Omicron. This rebound in consumer spending translated into an upside surprise in inflation. The annual inflation rate in the US accelerated to 7.5% in January, attributed to soaring energy costs, labour shortages, and supply disruptions. Looking abroad, Russia is a significant exporter of commodities, accounting for 13% of global Brent crude oil production. The Russia – Ukraine conflict is likely to impact energy prices, fuel higher inflation and eat into household incomes. During Congressional testimony, Fed Chair Jerome Powell made clear that the central bank would begin raising interest rates in its March meeting to restrain surging inflation. February's consumer sentiment is at 62.8, still the lowest level of consumer confidence in the past decade, amid inflationary declines in personal finances and a near-universal awareness of rising interest rates. Manufacturing PMI rose for a second straight month to 58.6 in February from 57.6 in January.

##### UK

On the 3rd of February, the Bank of England raised rates by 25bps to 0.5%, in line with expectations. The Committee also voted to begin to reduce the stock of UK government bond purchases by ceasing to reinvest maturing assets. Headline annual inflation for January edged higher to 5.5%, while core inflation rose to 4.4% year-on-year. With a significant household energy bill increase coming in April, the inflation readings are likely to climb higher before they come down. The persistently high inflation hurt consumer confidence, which dropped to -26 in February, its lowest level in 13 months. The unemployment rate came in at 4.1% in the fourth quarter, staying at the lowest level since the second quarter of 2020. The UK trade deficit narrowed in December as exports exceeded imports. Exports increased by 1.5%, while imports increased at a softer pace of 0.9%.

##### Europe

Eurozone Manufacturing PMI was slightly lower at 58.2 in February when compared with January's 58.7, however still above the 50-point mark, showing continued economic momentum. Rising energy prices and a weaker euro contributed to a widening trade deficit in December, as imports jumped 36.7% on the year whilst exports rose at a slower 14.1%. The labour market is improving in the eurozone. The unemployment rate fell to 7%, a record low since the euro's inception. The annual inflation rate rose to a record high of 5.8% in February, from 5.1% in January, with more than 50% of that number coming from energy inflation. More inflation would be expected as the Eurozone imports around a quarter of its crude oil and 40% of its natural gas from Russia. If Russian commodity exports are disrupted, it could significantly impact the European Union. The European Central Bank (ECB) maintained key interest rates at record low levels in February and suggested a calm and gradual approach to rate hikes. The ECB pledged to reduce its bond purchases this year, despite a record rise in inflation.

##### Japan

Japan's consumer prices rose by 0.5% year-on-year in January, easing from a 0.8% gain a month earlier. Russia's invasion of Ukraine has further worsened the global inflation outlook. The further rise in energy costs is expected to hurt the Japanese economy as companies look to pass the extra costs on to consumers. Analysts at the Bank of America Securities are expecting the Bank of Japan to scrap its negative interest rate policy and double its ceiling on its bond yield target in October as support for aggressive stimulus weakens. However, the Bank of Japan (BOJ) has no immediate plans to roll back its massive stimulus, said Gov. Haruhiko Kuroda. The BOJ will look past the cost-push inflation and keep monetary policy loose until sustained wage increases accompany those price rises. In trade, Japan's deficit jumped sharply in January, with imports jumping 39.6% year-on-year amid robust domestic demand and soaring commodity prices.

##### China

As developed economies push for tighter monetary policy, China moves in the opposite direction. December saw Q4 GDP growth at 4%, resulting in the People's Bank of China cutting several policy rates to stabilise economic momentum. A recent report by JP Morgan suggests China will deploy more fiscal and monetary support this year to lift economic growth back to around 5% to 5.5%. The World Bank projects growth this year will be 5.1%. China's manufacturing activity and new orders expanded last month, despite the interruptions caused by the Lunar New Year holiday and Winter Olympics. Still, analysts have warned of lingering supply shortages, inflation, and disruptions to services sector activities. In February, the official manufacturing purchasing managers' index rose to 50.2, from 50.1 in January.

##### South Africa

In December, manufacturing production in South Africa declined 0.1% as supply issues continued to linger. More positively, retail trade advanced by 3.1% from a year earlier in December, up from a 2.7% rise in the previous month. South African businesses felt more optimistic on the back of an increase in retail sales and external trade. The business confidence index rose to a three-month high of 94.1 in January. The annual inflation rate in South Africa eased to 5.7% in January, from a near five-year high of 5.9% in December,

but remaining close to the top of South African Reserve bank's target range of 3-6%. As such, the consensus is for another 25-basis point hike of the repo rate to 4.25% at the Reserve Bank's March meeting.

Sources: Trading Economics, Moneyweb, JP Morgan, Cinnabar Investment Management

##### Portfolio Manager

Cinnabar Investment Management Team