

Cinnabar SCI* Income Fund of Funds

Minimum Disclosure Document

As of 28/02/2023



CINNABAR
INVESTMENT MANAGEMENT

MDD Issue Date: 17/03/2023

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 110,595,669
Portfolio Launch Date*	29/07/2014
Fee Class Launch Date*	29/07/2014
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	1.48
Transaction Cost	0.01
Total Investment Charges	1.49
Performance Fee	—
TER Measurement Period	01 January 2020 - 31 December 2022

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.

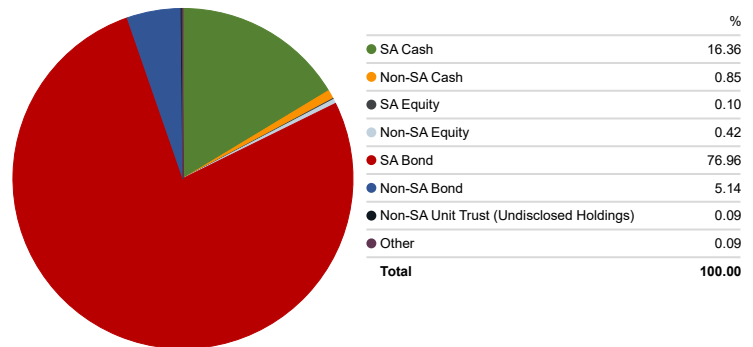
*The Cinnabar Sanlam Collective Investments Income Fund of Funds transitioned to Sanlam Collective Investments (RF) (Pty) Ltd on 02 December 2017.

Top Ten Holdings

	(%)
PortfolioMetrix BCI Dynamic Income Fund	58.39
Saffron SCI Opportunity Income Fund	19.48
Miplan IP Enhanced Income Fund	19.45

Asset Allocation

Portfolio Date: 31/12/2022



Annualised Performance (%)

	Fund	Benchmark
1 Year	7.25	5.99
3 Years	6.13	4.79
5 Years	6.70	5.78
Since Inception	6.58	6.37

Cumulative Performance (%)

	Fund	Benchmark
1 Year	7.25	5.99
3 Years	19.53	15.07
5 Years	38.33	32.41
Since Inception	72.76	69.97

Highest and Lowest Annual Returns

Time Period: Since Inception to 31/12/2022

Highest Annual %	8.13
Lowest Annual %	5.45

Risk Statistics (3 Year Rolling)

Standard Deviation (Volatility)	2.20
Maximum Drawdown	-1.70
Sharpe Ratio	0.58
Information Ratio	0.58

Distribution History (Cents Per Unit)

31/12/2022	2.02 cpu	31/12/2021	1.32 cpu	31/12/2020	1.24 cpu
30/09/2022	1.50 cpu	30/09/2021	1.19 cpu	30/09/2020	1.27 cpu
30/06/2022	1.34 cpu	30/06/2021	1.16 cpu	30/06/2020	1.66 cpu
31/03/2022	1.35 cpu	31/03/2021	1.11 cpu	31/03/2020	1.69 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.

Cinnabar Investment Management (Pty) Ltd

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Portfolio Manager Comment

Cinnabar Market Update: February 2023

Sources: PortfolioMetrix Bloomberg Terminal

SA Market Drivers

South Africa is suffering its worst bout of electricity rationing yet, with state-owned utility Eskom implementing rolling blackouts on 205 days last year and every day so far in 2023. The outages, which are needed to protect the grid from collapse when Eskom's plants can't meet demand, are curbing activity in Africa's most industrialized economy. However, South Africa's plan to offer Eskom R254bn of debt relief opens a path for the company to turnaround its performance. Furthermore, Moody's sees South African Eskom debt relief plan as credit positive. South Africa is offering a total of R13bn in tax incentives to businesses and individuals to encourage investment in renewable energy projects and offset the impact of higher fuel and food prices. Individuals who install new solar panels at private residences in the year through February 2024 will be eligible for a tax rebate of 25% of the cost, up to a maximum of R15k. In other energy related news, Seriti has signed a landmark power purchase agreement, which will see the construction of a 155MW wind power project in Mpumalanga, the largest in South Africa and the first wind project in the province. André de Ruyter will be released "with immediate effect" following a special board meeting, more than a month ahead of his scheduled end date of March 31. Eskom appoints CFO Calib Cassim as interim CEO.

Portfolio Manager

Cinnabar Investment Management Team

Despite record levels of loadshedding, the International Monetary Fund (IMF) expects South Africa's economy will grow by 1.2% this year. The central bank cut its economic growth forecast for 2023 to 0.3% from 1.1%. Its projection assumes loadshedding, will shave 2% off output growth. South Africa's electricity crisis is costing the economy as much as R899 million per day, according to central bank estimates. Standard Bank sees South Africa's 2023 GDP growth at 1.3%; down from previous forecast of 1.5%.

The South African Reserve Bank last month raised its 2023 forecast for food-price inflation to 7.3% from 6.2%, with Governor Lesetja Kganyago warning that it could continue to surprise on the upside. Poultry, egg and agriculture industry bodies have said the power cuts are adding to the costs of food production. South Africa's annual inflation rate cools to 6.9% in January, in line with expectations.

An index tracking expected business conditions in South Africa's manufacturing industry rose to an 11-month high in January, with purchasing managers expecting improved global economic conditions to outweigh the effects of intense power outages and other domestic headwinds. The gauge, which measures expected business conditions in six months' time, rose to 63.8 from 54.9 in December, Absa Group said.

South Africa's unemployment rate fell to its lowest level in almost two years in the fourth quarter, an outcome that may be short-lived as record power cuts discourage investment and stifle economic growth. The official jobless rate decreased to 32.7% in the three months through December from 32.9% in the previous quarter, according to Statistics South Africa.

Financial watchdog, the Financial Action Task Force (FATF), puts South Africa on its grey list for failure to tackle illicit financial flows.

Global Market Drivers

The US trade deficit widened to a record last year on a surge in imports as American companies scrambled early on to ensure they had enough merchandise on hand to meet demand. US consumer sentiment climbed to a more than one-year high in early February as more upbeat views of current conditions outweighed lingering concerns about the outlook. Nonfarm payrolls increased 517,000 last month after an upwardly revised 260,000 gain in December. The unemployment rate dropped to 3.4%, the lowest since May 1969 and average hourly earnings grew at steady clip.

US real GDP grew at an annualised rate of 2.9% in 2022 Q4 and is now only slightly below the pre-pandemic path. US consumer confidence unexpectedly declined in February, as rising prices and deepening concerns about the outlook outweighed the near-term strength of the labour market. Inflation is proving to be stickier than many anticipated, and the US Federal Reserve (Fed) is expected to raise interest rates higher. Not only are the higher prices eroding Americans' purchasing power, but an aggressive Fed policy, risks tipping the economy into recession.

The Fed raised rates by 25 bps as expected, and Jerome Powell said at least a "couple" more increases will be needed to cool inflation sufficiently. In other parts, the Bank of Japan will likely have a gradual approach to raising rates and won't be too focused on reducing the side effects of monetary easing. The stronger readings from the euro zone's second- and fourth-biggest economies will cement the half-point rate move the European Central Bank, is planning for March and bolster those officials who say more big moves are needed beyond that to get inflation under control.

Eurozone inflation softens to 8.5% in February, above expectations of 8.2%. UK inflation slows more than expected on cheaper fuel. China's muted inflation gain leaves door open for rate cuts. Brazil's inflation cools as central bank sticks with high rate.

Japan's labour market is changing. Prime Minister Kishida has urged companies to boost wages, offering tax incentives to companies that comply. Japan nominates Kazuo Ueda to Head Bank of Japan amid pressure for policy shift. Japan's Q4 growth of 0.6% misses estimates of 2.0%

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