

# Cinnabar Global Balanced Fund of Funds (USD)



CINNABAR  
INVESTMENTS

31 March 2023

Minimum Disclosure Document (MDD)

Inception Date: 4 February 2011, Fund Currency: USD  
Investment Advisor: Cinnabar Investment Management (Pty) Ltd  
Morningstar Category: EAA Fund USD Moderate Allocation  
Class A - ISIN: GG00BMVVDW81, SEDOL: BMVVDW8, BLOOMBERG: CINGLFF GU  
Class B - ISIN: GG00B5742R02, SEDOL: B5742R0, BLOOMBERG: GCIGLFF GU

## Risk Level

1 2 3 4 5 6 **7** 8 9 10

## Fund Information

AUM Class A	4 809 129
AUM Class B	17 281 863
NAV	0.9389
Pricing Frequency	Weekly
Domicile	Guernsey
Initial Subscription Amount (\$)	15 000
Additional Subscription Amount (\$)	2 000
Annual Management Fee - Class A (%)	0.75
Annual Management Fee - Class B (%)	1.5
Total Expense Ratio (TER) - Class A (%)	1.45
Total Expense Ratio (TER) - Class B (%)	3.26
Total Investment Cost (TIC) - Class A (%)	1.46
Total Investment Cost (TIC) - Class B (%)	3.28

Administrator JTC Fund Solutions (Guernsey) Limited, Ground Floor, Dorey Court, Admiral Park, St Peter Port, Guernsey, GY1 2HT

Custodian BNP Paribas Securities Services SCA – Guernsey Branch

Auditors BDO LLP

Benchmark EAA Fund USD Moderate Allocation  
(This benchmark came into effect on the 6th August 2020)

Performance Fee The Fund's performance and benchmark performance will be measured over a rolling 12 month period. Should the Fund's performance exceed the benchmark performance, over the same rolling 12 month period, then a performance fee will become payable. The performance fee will be calculated as 20% of any performance above the benchmark. The performance fee (if any) will be crystallised at each Valuation Point and will normally be paid monthly in arrears.

## Portfolio Holdings

Vanguard Global Stock Index	14.4
Vanguard U.S. 500 Stock Index	14.3
Artisan Developing World	9.4
Fundsmith Equity Fund	8.9
Pinebridge Global Dynamic	7.1
Fidelity Global Dividend	7.0
Coronation Global Strategic Income	6.3
iShares Core US Agg Bond	6.2
PIMCO Divs Inc	6.0
iShares Glb Corp Bond UCITS	6.0
BlackRock World Technology Fund	5.4
Orbis SICAV Global Balanced	5.2
BlackRock Sustainable Energy	2.5
Foreign Cash and Money Market	1.3
<b>Total</b>	<b>100.0</b>

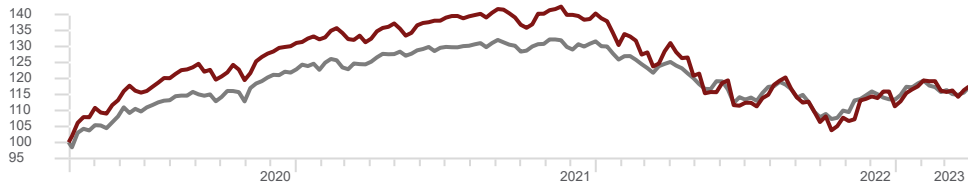
## Top 10 Equity Holdings (%)

Apple Inc	2.39
Microsoft Corp	2.26
Nvidia Corp	1.28
Visa Inc	1.08
Amazon.com Inc	0.83
Alphabet Inc Class A	0.68
Airbnb Inc Ordinary Shares	0.63
Tesla Inc	0.62
MercadoLibre Inc	0.59
Mastercard Inc Class A	0.56

## Cumulative 3 Year Performance Graph

Time Period: 2020/04/01 to 2023/03/31

Currency: US Dollar



— Cinnabar Global Balanced FoF USD 117.55 — EAA Fund USD Moderate Allocation 117.33

	1 M	3 M	6 M	1 Y	3 Y	5 Y	Inception
Cinnabar Global Balanced FoF USD	1.12	5.58	10.50	-10.46	5.54	1.18	-0.52
EAA Fund USD Moderate Allocation	1.29	3.46	8.74	-6.55	5.47	2.09	2.95

Highest Annual Return (2021) 32.66

Lowest Annual Return (2022) -22.37

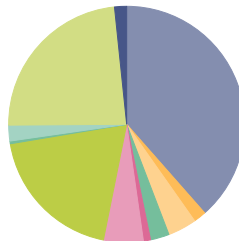
## Risk Measures (3 Years)

Currency: US Dollar

	Std Dev	Max Drawdown	Sharpe Ratio	Sortino Ratio	Up Period Percent
Cinnabar Global Balanced FoF USD	12.49	-27.31	0.34	0.45	63.87
EAA Fund USD Moderate Allocation	8.89	-18.94	0.54	0.82	52.26

## Asset Allocation

Portfolio Date: 2023/03/31



	%
US Equity	38.51
UK Equity	1.73
Asia Equity	3.93
China Equity	2.58
Japan Equity	0.98
EU Equity	5.43
US Bond	19.20
UK Bond	0.37
China Bond	2.16
Other	23.46
Cash	1.65
<b>Total</b>	<b>100.00</b>

## Equity Sectors (%)

<b>Cyclical</b>	<b>30.56</b>
Basic Materials	2.99
Consumer Cyclical	12.06
Financial Services	13.27
Real Estate	2.24
<b>Sensitive</b>	<b>45.80</b>
Communication Services	7.13
Energy	3.48
Industrials	9.10
Technology	26.09
<b>Defensive</b>	<b>23.64</b>
Consumer Defensive	7.95
Healthcare	12.38
Utilities	3.30

## World Equity Regions (%)

North America	72.61
Latin America	1.61
United Kingdom	3.12
Europe Developed	12.83
Europe Emerging	0.01
Africa/Middle East	0.08
Japan	2.90
Australasia	1.03
Asia Developed	2.65
Asia emerging	5.16
<b>Developed Markets</b>	<b>93.21</b>
<b>Emerging Markets</b>	<b>9.79</b>

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### Fund Objective and Strategy

The primary investment objective of the Fund is to achieve enhanced growth of capital over the longer term at the risk of moderate short term volatility of capital values. The Fund is aimed at investors with medium to long term investment horizon.

### Contact Details

Cinnabar Investment Management (Pty) Ltd

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

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

### Disclosures

The Cinnabar Global Balanced Funds of Funds USD (the "Fund") is a cell of The Offshore Mutual Fund PCC Limited (the "Manager") Registration Number 51900. The Company is an open-ended investment company, which was registered with limited liability in Guernsey on 20 May 2010. The Company is an umbrella company constituted as a Protected Cell Company under the Companies Law. The provisions of the Companies Law enable a company to which it applies to create one or more cells for the purpose of segregating and protecting the assets within those cells so that, on the basis that the company complies with the conditions laid down by the Companies Law, liabilities of the company attributable to one cell can only be satisfied out of the assets of that cell and even if those assets are insufficient, recourse cannot be had to the assets of any other cell. The Company is registered with Limited Liability in Guernsey and authorized by the Guernsey Financial Services Commission as a Collective Investment Scheme of Class B. The Fund is approved by the Financial Sector Conduct Authority (FSCA) under the Collective Investment Schemes Control Act, 2002. Cinnabar Investment Management (Pty) Ltd, the Investment Advisor is licensed by the South African Financial Sector Conduct Authority as a financial services provider and its licence number is 45402. By an investment Advisory agreement dated 21 April 2021, between the Company, the Manager and Cinnabar Investment Management (Pty) Ltd (the "Investment Advisory Agreement") the Investment Advisor was appointed as investment advisor of the Fund with effect from 12 March 2021. Investments into the Fund should be a medium to long-term investment. The value of the shares may go down as well as up and past performance is not necessarily a guide to the future. The Fund is traded at ruling prices and can engage in borrowing and scrip lending. Short term borrowing will be allowed to the amount of 10% of the value of the cell and will only be permitted for purposes of the redemption of Participating Shares. The Fund is permitted to invest in foreign securities which, within portfolios, may have additional material risks, such as: Potential constraints on liquidity and the repatriation of funds; Macroeconomic risks; Political risks; Foreign Exchange Risks; Tax Risks; Settlement Risks; and Potential limitations on the availability of market information. The Fund may enter into hedging transactions where it has acquired investments not denominated in its base currency. Currency risk may be hedged, at the discretion of the Manager. The margins and premiums payable for such transactions shall not exceed the Net Asset Value of the Fund. As the Fund is a Fund of Funds, the Fund invests in other funds that levy their own charges, this could result in a higher fee structure for a Fund of Funds. A schedule of fees and charges and maximum commissions is available on request from the Manager. The cell is valued weekly at 23h00, on the business day preceding dealing day. The latest prices may be viewed at [www.cinnabarim.com](http://www.cinnabarim.com). Instructions must reach the Manager before 10h00 of the first business day of the week. The Manager does not provide any guarantee, either with respect to the capital or the return of this cell. Additional information on the portfolio can be obtained, free of charge from [www.cinnabarim.com](http://www.cinnabarim.com) or may be requested from the Manager. The cell complies and is managed within the investment restrictions and guidelines for Foreign Collective Investment Schemes. The Cinnabar Global Balanced Fund of Funds (USD) is approved in terms of Section 65 of the Collective Investment Schemes Control Act, No 45 of 2002 ("the Act"); Notice 2076 of 2003 as amended by notice 1502 of 2005 ("the conditions"). The Total Expense Ratio (TER) is disclosed as the percentage of the average NET Asset Value of the portfolio that was incurred as charges, levies and fees related to the management of the portfolio and underlying portfolios. The TER is calculated quarterly. A higher TER ratio does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TER's. Individual investor returns may differ as a result of fees, actual date(s) of investment, date(s) of reinvestment or income and withholding tax. Annualized returns, also known as Compound Annualized Growth Rates, are calculated from cumulative returns; they provide an indication of the average annual return achieved from an investment that was held for the stated time period. Actual annual figures are available from the Manager on request. Performance figures quoted are from Morningstar, for a lump sum investment, using NAV-NAV prices with income distributions reinvested. The performance is calculated for the portfolio and individual performance may differ. This document should not be seen as an offer to purchase any specific product and is not to be construed as advice. Investors are encouraged to obtain independent professional investment and taxation advice before investing in this fund.

### Fund Manager Commentary

The Cinnabar Global Balanced Fund of Fund USD ended the month behind its peers, gaining 1.12% for the month. The EAA USD Moderate Allocation peer group ended 1.29 higher in March. The major contributors for the month were the Vanguard funds, Artisan and Fundsmith.

#### SA Market Drivers

SA's GDP fell by 1.3% (seasonally adjusted, non-annualised) in the 4th quarter of 2022. The fall was more than expected and broad-based across sectors taking the level of economic activity back to below that experienced prior to the start of Covid. Growth expectations from numerous entities including ratings agencies and the SA Monetary Policy Committee (MPC) were downgraded for 2023 as the well-known constraints to economic growth continue unabated.

Headline inflation in SA rose to 7% in February from 6.9% in January. The market was expecting inflation to come in at 6.8%. Inflation was driven by two key items namely medical insurance costs and a large increase in food inflation which had an annual rate of increase of 14%. Core inflation also increased to 5.2% from 4.9% in January. Cost increases are to a certain extent home grown and are driven by electricity shortages which raise costs of production and supply. The energy crisis in SA is causing a stagflation issue for the country.

Despite a poor economic backdrop, the MPC raised rates by a surprise 50bps (the market was expecting 25bps) as they acknowledged upside risks and stickiness of inflation locally. The repo rate is now 7.75% and the Reserve Bank has raised rates by a cumulative 425bps since November 2021.

The FNB/BER Consumer Confidence Index (CCI) fell to -23 in the first quarter of 2023 and is the third lowest reading since the inception of the index in 1994. The dramatic fall was broad based across all sub-indices and reflects the sombre mood and general level of concern that South Africans are facing around their personal finances and their general perceptions of the local economy.

SA posted a current account deficit for the first time in three years as import prices increased and export volumes and prices fell off. The deficit for Q4 2022 came in at 2.6% of GDP, slightly higher than expected and swung the current account into a deficit of 0.5% of GDP for the 2022 year.

Of the major asset classes, local and global real estate performed the worst with global real estate affected both at an asset level and from a strengthening rand. South African (SA) equities also fell over the month, dragged lower by the financials sector which fell in sympathy with banking stocks globally. SA bonds were the best performing asset class as yields rallied throughout the course of the month supporting bond prices.

#### Global Market Drivers

US banking failures dominated financial market news in March. The impact of this was felt globally as banks' business models, and indeed regulation, were questioned and risk appetite was muted. At the same time, major developed market central banks continued to raise interest rates to further push down inflation. Whilst economic data remained robust and pointed to a strengthening global economy, the fallout from the banking sector issues reduced expectations for future rate rises, which caused bond yields to fall and hence bond prices to rise. Equity market performance was mixed: fragility and a risk-off sentiment broadly resulted in cyclical (and particularly financials) falling, but more growth-oriented stocks bounced as bond yields (and hence the discount rate on their future earnings) fell.

One of the more significant events in the US during the month was the failure of 3 regional financial institutions (Silicon Valley Bank, Signature and Silvergate), sending shockwaves through the financial system globally. This prompted the US federal reserve to launch an emergency scheme to lend banks cash loans in return for government & agency debt.

The Federal Open Markets Committee voted to increase interest rates by 0.25%. Up until the bank failures, markets were expecting a 0.5% increase as whilst headline inflation continued to fall, down to 6% in February from 6.4% in January, core inflation only ticked down slightly from 5.6% to 5.5%. This core reading was the lowest reading in over a year but remains higher than hoped and is still dominated by elevated housing/shelter costs.

Not to be left out, the European Central Bank (ECB) raised rates by 0.5% in March, in-line with what they had said after their previous policy meeting in February. Future rate rises may be smaller, however, given that inflation fell further than expected to 6.9% in the flash March figure, from 8.5% in February. Core inflation, however, remained high and actually rose to 5.7% for March. Nevertheless, unemployment remained at a record-low 6.6% in February and the composite PMI for March rose to 54.1, from 52 in February.

The US bank failures hit bank share prices in mainland Europe, in particular those of Credit Suisse. They had been struggling for a few years and in March needed a state-backed takeover by UBS. The forced sale of Credit Suisse to UBS in Europe, triggered a period of general banking stock volatility during March.

China's economic re-opening remains a dominant theme. Data from China shows strong expectations for future economic activity as the composite PMI for February was 54.2, the strongest level since last June. Also, China hasn't suffered from high inflation like the rest of the world, aided by their zero-COVID policy, headline inflation fell to 1% in February from 2.1% in January.

Sources: PortfolioMetrix Asset Management SA (Pty) Ltd

Portfolio Manager: Cinnabar Investment Management Team

### Benefits of Multi-Managed Portfolios (Fund of Funds)

**In-depth research:** Research team spends hundreds of hours researching managers, ensuring that a thorough due diligence is conducted before any investment into a fund is undertaken.

**Lower risk through diversification:** Different styles of funds with low correlations to each other, which reduces volatility and other risks and hence helps protect investors from capital loss and produces more consistent performance.

**Best of breed:** Investors have access to the best managers in the industry no matter the size of the investment.