

Cinnabar SCI* Balanced Plus Fund of Funds

Minimum Disclosure Document

As of 31/08/2023



CINNABAR
INVESTMENT MANAGEMENT

MDD Issue Date: 19/09/2023

Fund Objective

The objective of the portfolio is to provide investors with a moderate long term total return.

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, bonds and property and money market instruments. The portfolio's equity exposure will range between 0% and 75% 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	GCBFA
Portfolio Manager	Cinnabar Investment Management Team
ASISA Fund Classification	South African - Multi Asset - High Equity
Risk Profile	Moderate Aggressive
Benchmark	ASISA Category Avg: SA - Multi Asset - High Equity
Fund Size	R 854,007,812
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	June & December
Income Payment Date	1st business day of July & January
Portfolio Valuation Time	17:00
Transaction Cut Off Time	15:00
Daily Price Information	Local media & www.sanlamunittrusts.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	1.15
Total Expense Ratio	1.91
Transaction Cost	0.16
Total Investment Charges	2.07
Performance Fee	—
TER Measurement Period	01 July 2020 - 30 June 2023

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 30 June 2020. No performance fees have been charged since 1 July 2020 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.

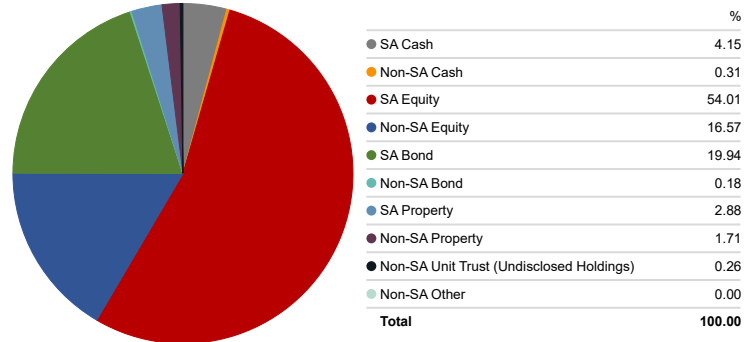
*The Cinnabar Sanlam Collective Investments Balanced Plus Fund of Funds transitioned to Sanlam Collective Investments (RF) (Pty) Ltd on 02 December 2017.

Top Ten Holdings

	(%)
Satrix Top 40 Index Fund	24.77
PortfolioMetrix BCI Equity Fund	20.64
PortfolioMetrix BCI SA Bond Fund	17.97
Satrix MSCI World ETF	15.88
Centaur BCI Flexible Fund	10.03
Satrix MSCI Emerging Markets	4.35
Portfoliomatrix BCI SA Property Fund	3.07
PortfolioMetrix BCI Global Property Fund of Funds	3.04

Asset Allocation

Portfolio Date: 30/06/2023



Annualised Performance (%)

	Fund	Benchmark
1 Year	13.75	12.26
3 Years	10.26	10.61
5 Years	6.74	6.86
Since Inception	6.15	6.57

Cumulative Performance (%)

	Fund	Benchmark
1 Year	13.75	12.26
3 Years	34.03	35.30
5 Years	38.54	39.34
Since Inception	72.07	78.28

Highest and Lowest Annual Returns

Time Period: Since Inception to 31/12/2022

Highest Annual %	20.09
Lowest Annual %	-3.48

Risk Statistics (3 Year Rolling)

Standard Deviation (Volatility)	9.78
Maximum Drawdown	-8.03
Sharpe Ratio	0.53
Information Ratio	-0.12

Distribution History (Cents Per Unit)

30/06/2023	1.97 cpu	30/06/2021	0.77 cpu	30/06/2019	1.92 cpu
31/12/2022	1.07 cpu	31/12/2020	0.57 cpu	31/12/2018	1.77 cpu
30/06/2022	1.73 cpu	30/06/2020	2.33 cpu	30/06/2018	0.58 cpu
31/12/2021	1.22 cpu	31/12/2019	1.73 cpu	01/12/2017	1.22 cpu

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Risk Profile

Moderate Aggressive

Your primary aim is to achieve the required capital growth necessary to realise your long-term goals and objectives. You are prepared to tolerate fluctuations in your returns because you know that the longer-term picture is worth the short term pain, even if that means you lose money sometimes. While diversified across all the major asset classes, your portfolio will be tilted more towards equities because you know they offer the best long-term returns of all the asset classes and thus your wealth will grow over time.

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.* 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.

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Portfolio Manager Comment

Cinnabar Market Update: August 2023

SA Market Drivers

Weak markets globally provided a difficult backdrop for South African assets which have typically played a high beta role within emerging markets. The rand sold off strongly, local equities fell, and local bonds continued to struggle. Resource companies were particularly hard hit led by platinum and gold miners, however there were few hiding places within the local market. Rand weakness flattered offshore asset class performance with global bonds the best performing despite falling in hard currency.

Towards the end of August the BRICS Summit was held in Johannesburg where leaders of the BRICS countries (except Putin) met to discuss the blocs progress and its future. It was announced that six countries will be joining the group from January 2024. These are Argentina, Egypt, Ethiopia, Iran, Saudi Arabia and the United Arab Emirates. Unfortunately, the criteria used to select these six countries has not yet been revealed however it is interesting to note that each of the countries admitted has China as their biggest import partner.

The annual consumer inflation rate fell to 4.7% in July, down from 5.4% in June, the lowest reading since July 2021 and comfortably lower than expectations. The SARB's Monetary Policy Committee (MPC) has stressed that it wants to see inflation sustainably around the midpoint of its target range, around 4.5%, before it contemplates rate cuts. Risks to the upside remain.

As load shedding continues to choke off economic growth, government is experiencing rising costs and risks to revenues which has made market participants particularly nervous of longer dated bonds. Increased issuance risks and lower demand have resulted in a very steep yield curve with yields needing to rise ever higher to attract investment at the longer end of the curve.

Global Market Drivers

There was an uptick in market volatility during August fuelled by increases in the yields of major sovereign bonds, continued Chinese economic weakness and an increase in natural gas prices due to the possibility of strikes at Australian liquefied natural gas plants. Although they recovered towards the end of the month, both bonds and equities sold off globally.

US consumer confidence fell by the most in two years as souring views on the labor market, higher borrowing costs and lingering inflation curbed optimism. The Conference Board's index fell to 106.1 this month from 114 in July. The number was below all estimates in a Bloomberg survey, and the decline reversed most of the advance over the previous two months. The group's measure of current conditions fell to 144.8, the lowest since November. A gauge of expectations — which reflects consumers' six-month outlook — dropped to 80.2, leaving it slightly above June's level.

The ECB had to raise its forecasts of inflation in its latest predictions and measures of core inflation have become sticky. And while it is possible for UK statisticians to construct measures showing underlying inflation beginning to fall, most data points still indicate a post-Brexit entrenched wage spiral. Definitions of price stability don't include services inflation still running at 7.4% in July, with annual wage growth over 8%. This isn't the environment in which it makes sense for Euro central banks to declare victory over inflation.

China's central bank unexpectedly reduced a key interest rate by the most since 2020 to bolster an economy that's facing fresh risks from a worsening property slump and weak consumer spending.

The People's Bank of China lowered the rate on its one-year loans — or medium-term lending facility — by 15 basis points to 2.5%, the second reduction since June. All but one of the 15 analysts surveyed by Bloomberg had predicted the rate would stay unchanged. A short-term policy rate was also cut by 10 basis points. The surprise move came shortly before the release of disappointing economic activity data for July showing growth in consumer spending, industrial output and investment sliding across the board and unemployment picking up. The National Bureau of Statistics said domestic demand remains "insufficient" and the "economy's recovery foundation still needs to be strengthened." China needs to "step up macroeconomic policy adjustment, and focus on expanding domestic demand, lifting confidence and preventing risks," the NBS said in a statement.

Japan's economy expanded at a much faster clip than forecast, as a surge in exports more than offset weaker-than-expected results for both business investment and private consumption. Gross domestic product grew at an annualized pace of 6% in the second quarter, marking the strongest growth since the last quarter of 2020. The figure exceeded economists' forecast of 2.9% growth. Net exports contributed 1.8 percentage points to the expansion versus consensus estimates of 0.9 point. August data added to signs that the world's third largest economy continues to recover from the pandemic. The size of the economy grew to 560.7 trillion yen (\$3.85 trillion), the biggest on record, surpassing its pre-pandemic peak. The result was consistent with views at the International Monetary Fund, which recently bumped up its 2023 growth outlook for Japan to 1.4%. Still, the strong result came with caveats, as much of the growth came from external demand.

Sources: PortfolioMetrix

Portfolio Manager

Cinnabar Investment Management Team

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