

Cinnabar SCI* Income Fund of Funds

Minimum Disclosure Document

As of 31/12/2023



CINNABAR
INVESTMENT MANAGEMENT

MDD Issue Date: 17/01/2024

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 111,387,790 |
| 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 | 1.36 |
| Transaction Cost | 0.01 |
| Total Investment Charges | 1.37 |
| Performance Fee | — |
| TER Measurement Period | 01 October 2020 - 30 September 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 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.

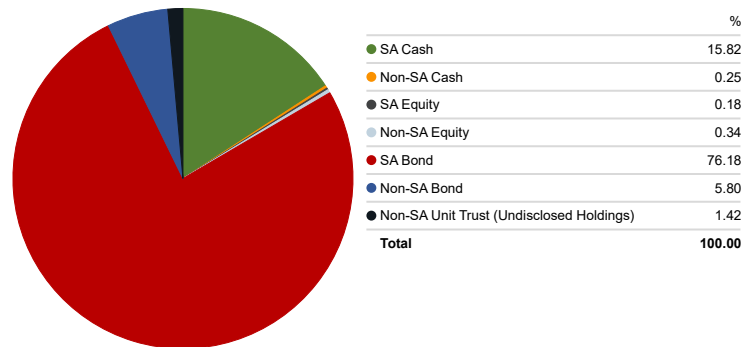
*The Cinnabar Sanlam Collective Investments Income Fund of Funds transitioned to Sanlam Collective Investments (RF) (Pty) Ltd on 02 December 2017.

Top Ten Holdings

| | (%) |
|---|-------|
| PortfolioMetrix BCI Dynamic Income Fund | 59.56 |
| Saffron BCI Opportunity Income Fund | 19.97 |
| Miplan IP Enhanced Income Fund | 19.76 |

Asset Allocation

Portfolio Date: 31/12/2023



Annualised Performance (%)

| | Fund | Benchmark |
|-----------------|------|-----------|
| 1 Year | 9.51 | 8.61 |
| 3 Years | 7.24 | 5.96 |
| 5 Years | 7.03 | 6.03 |
| Since Inception | 6.81 | 6.59 |

Cumulative Performance (%)

| | Fund | Benchmark |
|-----------------|-------|-----------|
| 1 Year | 9.51 | 8.61 |
| 3 Years | 23.31 | 18.96 |
| 5 Years | 40.41 | 34.03 |
| Since Inception | 86.07 | 82.40 |

Highest and Lowest Annual Returns

Time Period: Since Inception to 31/12/2023

| | |
|------------------|------|
| Highest Annual % | 9.51 |
| Lowest Annual % | 5.45 |

Risk Statistics (3 Year Rolling)

| | |
|---------------------------------|-------|
| Standard Deviation (Volatility) | 2.96 |
| Maximum Drawdown | -1.57 |
| Sharpe Ratio | 0.52 |
| Information Ratio | 0.42 |

Distribution History (Cents Per Unit)

| | | | | | |
|------------|----------|------------|----------|------------|----------|
| 31/12/2023 | 2.49 cpu | 31/12/2022 | 2.02 cpu | 31/12/2021 | 1.32 cpu |
| 30/09/2023 | 2.36 cpu | 30/09/2022 | 1.50 cpu | 30/09/2021 | 1.19 cpu |
| 30/06/2023 | 2.23 cpu | 30/06/2022 | 1.34 cpu | 30/06/2021 | 1.16 cpu |
| 31/03/2023 | 2.05 cpu | 31/03/2022 | 1.35 cpu | 31/03/2021 | 1.11 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: December 2023

SA Market Drivers

South African markets enjoyed a strong finish to the year benefitting from the positive investor sentiment globally. Local property had a particularly good month falling just short of double digit returns for the month followed closely by global property. Local equity and local bonds both outperformed global equities in rands which was negatively affected by a generally stronger ZAR. The local equity market was driven by financials and smaller cap companies (mid and small caps).

South Africa's economy contracted in the third quarter of 2023 by 0.2% q-o-q. This was marginally lower than expected and came off the back of tepid growth of 0.5% in the second quarter. Agriculture, construction, mining and manufacturing had the biggest falls in output. Given that these sectors employ a large amount of the workforce (particularly unskilled), their poor performance raises concern for the risk of job losses and what that might mean for an already very high unemployment rate. Reasons for poor growth are well known however, contributing factors to poor performance from agriculture came from avian flu and floods in the Western Cape.

After three consecutive months of increasing annual inflation rates, the figure for November fell from 5.9% to 5.5%. The main contributor to the downward trajectory came from lower fuel prices which outweighed still-rising food costs. Core inflation (excludes food and fuel) rose slightly to 4.5% from 4.4% in October.

The current account deficit for South Africa narrowed in the third quarter from R185.2bn to R19.3bn. This equates to a fall in the current account deficit as a percentage of GDP to 0.3% from 2.7%. The largest contributor to the decline was a sharp fall in import volumes due to weak demand and logistics bottlenecks. This was the largest drop in imports since June 2020 when countries worldwide were in the grip of covid lockdowns.

Global Market Drivers

The last month of the year saw a 'Santa rally' across markets as investors became increasingly certain of forthcoming interest rate cuts. Three of the major developed economic areas (UK, US and euro area) all had positive news on this front, either lower than expected inflation numbers, or central banks signalling the end of the rate hiking cycle and the green shoots of monetary policy easing on the horizon. This provided a boost to asset prices across developed and emerging markets with bond yields falling, and thus bond prices rising, in anticipation of lower interest rates. Equities were buoyed by lower expected funding costs and a further uplift in positive sentiment.

In the US, communication from the Federal Open Market Committee (FOMC) members was the biggest market-moving news during December. The FOMC maintained rates between 5.25-5.5%, but in the meeting minutes and press conference referenced that US rates had peaked, and the committee expected three rate cuts during 2024 (markets expect this to be closer to seven rate cuts). This, alongside broadly positive data releases during December, boosted market sentiment.

Headline inflation dipped marginally to 3.1% in November (from 3.2% in October), in-line with expectations; whilst Core PCE (Personal Consumption expenditures), the FOMC's favoured inflation measure, dropped to 3.2%, slightly below expectations. In labour markets, conditions improved slightly as unemployment fell to 3.7% in November (below expectations of 3.9%) and 199,000 new jobs were created in November. Composite PMI nudged up to 51 in December, from 50.7 in November with a small tick-up in services more than making up for a fall in manufacturing activity.

In Emerging Markets, there were mixed messages on data releases for the region's powerhouse, China. Composite PMI jumped up to 51.6 again in November following a one-month stagnation stint (50.0) during October. But deflation remained, falling further to -0.5% in November, from -0.2% in October. Property investment concerns continued with investment almost 10% down year on year.

Developed equities continued its dominance over emerging market equities. In developed markets, Pacific ex-Japan equities were the weakest performing equity region, closely followed by UK equities, although both were still solidly positive. Europe ex-UK equities were the best performing equity region. Within emerging markets, Asia underperformed materially mainly driven by poor performance out of China.

Bonds rallied strongly in November as future interest rate expectations fell, driven by lower-than-expected inflation. Emerging market debt rebounded sharply after a weak October and even Government bonds (a perpetual underperformer since 2020), rallied strongly during the month.

Property had a very strong month and was the best performing real asset class, whilst commodities suffered, mainly driven by lower energy prices which were the result of lower natural gas demand and higher oil supply. Listed infrastructure also had a good month benefitting from lower rates.

Sources: *PortfolioMetrix*

Portfolio Manager

Cinnabar Investment Management Team