

# Cinnabar Sanlam Collective Investments Income Fund of Funds



**CINNABAR**  
INVESTMENT MANAGEMENT

## Minimum Disclosure Document

As of 31/03/2024

MDD Issue Date: 15/04/2024

### 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 107,991,451                                      |
| 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        | 1.32                               |
| Transaction Cost           | 0.01                               |
| Total Investment Charges   | 1.33                               |
| Performance Fee            | —                                  |
| TER Measurement Period     | 01 January 2021 - 31 December 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.

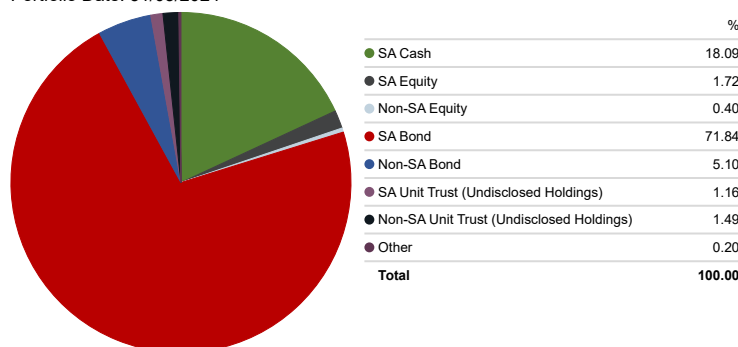
\*The Cinnabar Sanlam Collective Investments Income Fund of Funds transitioned to Sanlam Collective Investments (RF) (Pty) Ltd on 02 December 2017.

### Top Ten Holdings

|   | (%)   |
|---|-------|
| PortfolioMetrix BCI Dynamic Income Fund         | 59.63 |
| Saffron BCI Opportunity Income Fund             | 19.63 |
| Miplan IP Enhanced Income Fund                  | 18.50 |
| Mi Plan IP Enhanced Income Retention Fund B1    | 1.23  |
| Saffron BCI Opportunity Income Retention Fund A | 0.46  |

### Asset Allocation

Portfolio Date: 31/03/2024



### Annualised Performance (%)

|                 | Fund | Benchmark |
|-----------------|------|-----------|
| 1 Year          | 6.64 | 8.95      |
| 3 Years         | 6.79 | 6.39      |
| 5 Years         | 6.50 | 6.11      |
| Since Inception | 6.59 | 6.65      |

### Cumulative Performance (%)

|                 | Fund  | Benchmark |
|-----------------|-------|-----------|
| 1 Year          | 6.64  | 8.95      |
| 3 Years         | 21.78 | 20.43     |
| 5 Years         | 37.03 | 34.56     |
| Since Inception | 85.35 | 86.38     |

### 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) | 3.14  |
| Maximum Drawdown                | -1.57 |
| Sharpe Ratio                    | 0.23  |
| Information Ratio               | 0.12  |

### Distribution History (Cents Per Unit)

| Date       | Cents Per Unit | Date       | Cents Per Unit | Date       | Cents Per Unit |
|------------|----------------|------------|----------------|------------|----------------|
| 31/03/2024 | 2.50           | 31/03/2023 | 2.05           | 31/03/2022 | 1.35           |
| 31/12/2023 | 2.49           | 31/12/2022 | 2.02           | 31/12/2021 | 1.32           |
| 30/09/2023 | 2.36           | 30/09/2022 | 1.50           | 30/09/2021 | 1.19           |
| 30/06/2023 | 2.23           | 30/06/2022 | 1.34           | 30/06/2021 | 1.16           |

Administered by





### 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

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#### Manager Information

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### Portfolio Manager Comment

Cinnabar Market Update: March 2024

#### SA Market Drivers

South African (SA) equity meaningfully outperformed global equity and was the best performing asset class for SA investors. Global asset classes, in general, experienced a currency headwind as the rand found some support and strengthened over the month. Local bonds had a tough month with yields rising right across the curve, particularly in the long end, negatively affecting bond prices. Local property softened whilst global property performed better despite a stronger rand.

The vanilla indices of the JSE, including the All Share Index and the Top 40, were aligned to the shareholder weighted methodology resulting in a harmonisation of the two main indices (SWIX and ALSI). The different methodologies resulted in significantly different stock weights which contributed materially to large differences in performance between the two benchmarks. The main reason for the large difference was the treatment of 'grandfathered' stocks on the JSE that moved their primary listing offshore. Companies like Richemont (amongst others) had a significantly higher weight in the ALSI relative to the SWIX because of this. The harmonisation of these indices is a positive step in simplifying benchmarks and benchmark choice for local equity managers. This will also improve assessment of these managers going forward.

In a macro environment of uncertainty some positive policy moves in South Africa are taking hold. Amongst these was the reappointment of Lesetja Kganyago as SARB governor for another five-year term, reinforcing the independence and continuity of the Reserve Bank.

For a second month in a row inflation in South Africa rose marginally in February with headline inflation moving closer to the upper band of the inflation target with a reading of 5.6% year on year from 5.3% in January. This was considered a surprise by analysts resulting in expectations of interest rates remaining higher for longer in South Africa. After the inflation release the SARB MPC decided to hold the repo rate steady at 8.25%.

#### Global Market Drivers

March saw the end of the last standing negative interest rate, with Japan's central bank raising its policy rate into positive territory. Globally, equity markets continued trending upwards in the face of broadly neutral economic news, as market participants continued to discount the chance of a recession, which also contributed to solid, if unspectacular, fixed income returns. Global inflation continued to fall or hold at current levels, largely in-line with expectations; and business sentiment generally rose. Risks do, however, remain and central banks have been wary of cutting interest rates too soon. The UK, US and Euro Area all maintained current interest rates during the month.

Slightly disappointingly, both headline and core inflation were marginally worse than expected at 3.2% (a rise from 3.1% in January) and 3.8% respectively. But the Federal Reserve's preferred inflation measure (Core PCE – which has a lower weight to housing costs) ticked down to 2.8%, in-line with expectations.

Most notable in Japan was the end of negative interest rates (which rose to 0-0.1%), abandoning yield curve controls, and heavy reductions in asset purchases (no longer buying ETFs and REITs). The increase in rates was the first in 17 years from Japan and somewhat out of sync with the direction of travel from other central banks. In other good news, Q4 GDP growth was revised upwards to 0.1%, from -0.1% meaning that Japan avoided a recession at the end of last year. Also pleasing was the fact that inflation picked-up again in February to 2.8% from 2.2% in January, although this was below expectations of 3%.

The global scene saw interesting central bank action as both Switzerland and Mexico cut rates by 25bps, hope in the UK for a cut increased, and the US held steady but continued to signal three cuts in 2024.

Developed markets outperformed emerging markets with the UK the strongest performing equity region, whilst Pacific ex-Japan the weakest developed equity region. Emerging Europe performed worst in EM after what has been a strong start to the year for the region. Emerging Asia equities performed best led by Taiwan and South Korean equities. China continued to lag and India, a market darling, also took a back seat for the month.

Bond performance was aided by a small fall in yields across the globe (lower yields translate to higher prices). More credit exposed assets delivered better returns with high yield bonds the best performing asset class, followed by investment grade credit. Government bonds were the worst performing fixed income asset class during March.

Real asset performance was strong, listed infrastructure rose the most, but all three real asset classes delivered around 3% in March.

Sources: PortfolioMetrix

#### Portfolio Manager

Cinnabar Investment Management Team