

Cinnabar Sanlam Collective Investments Income Fund of Funds

Minimum Disclosure Document

As of 30/06/2024



CINNABAR
INVESTMENT MANAGEMENT

MDD Issue Date: 15/07/2024

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 106,850,392
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	1.30
Transaction Cost	0.01
Total Investment Charges	1.31
Performance Fee	—
TER Measurement Period	01 April 2021 - 31 March 2024

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.

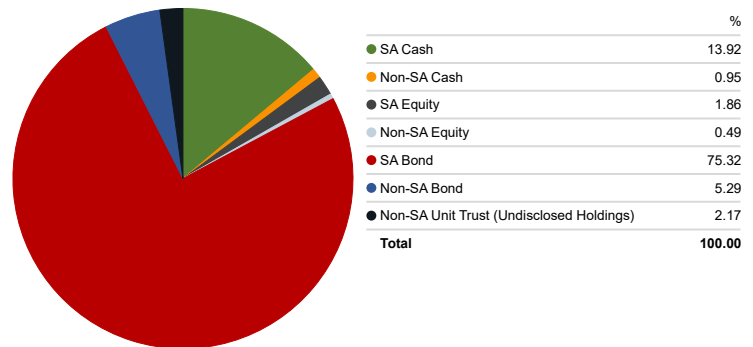
Effective 1 October 2024, Sanlam Collective Investments will charge a monthly administration fee of R20 excluding VAT on retail investors whose total investment value is less than R50,000.

Top Ten Holdings

	(%)
PortfolioMetrix BCI Dynamic Income Fund	59.89
Saffron BCI Opportunity Income Fund	19.15
Miplan IP Enhanced Income Fund	18.37
Mi Plan IP Enhanced Income Retention Fund B1	1.25
Saffron BCI Opportunity Income Retention Fund A	0.47

Asset Allocation

Portfolio Date: 30/06/2024



Annualised Performance (%)

	Fund	Benchmark
1 Year	11.14	9.08
3 Years	7.85	6.82
5 Years	7.12	6.19
Since Inception	6.96	6.71

Cumulative Performance (%)

	Fund	Benchmark
1 Year	11.14	9.08
3 Years	25.46	21.90
5 Years	41.08	35.07
Since Inception	94.87	90.45

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)	3.45
Maximum Drawdown	-1.57
Sharpe Ratio	0.40
Information Ratio	0.28

Distribution History (Cents Per Unit)

30/06/2024	2.33 cpu	30/06/2023	2.23 cpu	30/06/2022	1.34 cpu
31/03/2024	2.50 cpu	31/03/2023	2.05 cpu	31/03/2022	1.35 cpu
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

Administered by





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As of 30/06/2024

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.

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Portfolio Manager Comment

Cinnabar Market Update: June 2024

SA Market Drivers

It was an exceptionally favourable month for South African asset classes, marked by the strengthening of the rand, a rally in bond yields, and strong performance in local equities, particularly in financials and property stocks. This was driven by optimism from election results whereby the ANC lost its majority, and a government of national unity was formed. The local market was one of the top performing emerging markets over the month meaningfully outperforming the broader EM indices which in turn outperformed developed markets. Due to a stronger rand, global asset classes underperformed despite reasonable returns in hard currency.

They say a week in politics is a lifetime and this certainly played out over the month. Elections on 29 May were followed by major changes in the South African political landscape with the ANC losing its majority and the likes of the MK party taking their place as a serious political player in the country. The usual political antics played out over the month with speculation of potential coalition partners for the ANC. However, a government of national unity was formed and the resultant cabinet announcement at the end of the month was seen as positive by the market. This is the first step in a new positive direction, however, the road to be travelled will undoubtedly be a bumpy one.

SA posted its first primary budget surplus (revenue exceeding non-interest expenditure) in over 15 years of R31bn or 0.4% of GDP. This was mainly a result of government holding firm on not continuing to fund debt-laden state companies unless they meet certain strict criteria. Although only one data point, it is a step in the right direction as the country tries to stabilise its debt metrics (debt-to-GDP is currently at 74% [EM average: 59%]).

Electricity generation continues to pick up after the lows of last year with both Eskom and the private sector adding to generation. Although demand is still weak, this is net positive for the economy and inflation. SA has not had loadshedding since 26 March 2024. Prior to elections, this was seen as an election ploy with rumours of excessive diesel burning and loadshedding to return soon after. However, this has not been the case and data shows diesel use actually subsiding.

Global Market Drivers

June saw mixed results across markets, with varying returns in both bond markets and equity regions. Generally, bond yields fell slightly, supporting fixed income prices, as inflation moderated across most regions, most notably in the UK where inflation dropped to the Bank of England's target of 2.0% for the first time since 2021. The European Central Bank (ECB) cut interest rates as expected, however the timing of the first rate cut from the Bank of England and US Federal Reserve remain uncertain – although markets still expect them to occur this year. UK and European equities fell, as a surprise snap general election was called in France – causing some uncertainty in European markets. US equities performed strongly as did emerging market equities following the results of the Indian general election and Chinese data that again surprised to the upside.

June saw the first presidential debate in the US ahead of November's election which was widely acknowledged not to have gone well for Biden. Betting markets swiftly adjusted to the possibility of Biden stepping down from the race and being replaced, likely by Kamala Harris. The stakes are high for the US, and Democrats are concerned that the current president may not be fit to compete for re-election, let alone serve a second term.

The European Central Bank (ECB) cut interest rates by 0.25% after having held rates steady for nine months. It believes now is an appropriate time to moderate the degree of monetary policy restriction given cooling inflation and the underlying dynamics of prices. The move signals the likely divergence in interest rate policy in the developed world given the structural differences in growth across economies.

French President Emmanuel Macron called a snap election after his party suffered losses to Marine Le Pen's National Rally party in the EU elections. This backfired as markets sold off over worries that the National Rally, who have a number of market-unfriendly policies, will actually win these elections.

Emerging market equities were the best performing asset class, bouncing back from a challenging May, closely followed by US equities. Last month's best performer, Europe ex-UK was the weakest performing equity region, with UK equities also falling. In emerging markets, strong performance was achieved across the broader market despite significant weakness out of Latin America as its two dominant countries, Brazil and Mexico, fell sharply.

The mixed performance from bonds was more a result of currency movement than yield movement. Generally, developed market bond yields fell over the month which is supportive of bond prices. However, the US dollar strengthened hurting the performance of the unhedged index returns used in this report. Corporate bond spreads hung around 1% and high yield spreads slightly below 4%. EM bond spreads sold off resulting in negative price return.

Real asset performance was again mixed, with reasonable returns from listed real estate, although infrastructure and commodities both fell.

Sources: *PortfolioMetrix*

Portfolio Manager

Cinnabar Investment Management Team