

Cinnabar Global Balanced Fund of Funds (USD)



CINNABAR
INVESTMENTS

31 August 2020

Minimum Disclosure Document (MDD)

Inception Date: 4 February 2011, Fund Currency: USD
Investment Advisor: Cinnabar Investments
ISIN: GG00B5742R02, SEDOL: B5742R0, BLOOMBERG: GCIGLFF GU
Morningstar Category: GIFS USD Moderate Allocation

Risk Level

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

Fund Information

Fund Size (\$)	12 642 456
NAV	0.9875
Minimum Additional Subscription Amount (\$)	2 000
Domicile	Guernsey
My Minimum Monthly Investment (\$)	2 000
Annual Management Fee - Class A (%)	0.75
Annual Management Fee - Class B (%)	1.5
Total Expense Ratio (TER) (%)	2.54
Pricing Frequency	Weekly
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	GIFS 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

		%
Coronation Global Strategic Income	7.9	
PIMCO Divs Inc	8.0	
Vanguard Global Stock Index	17.4	
Vanguard U.S. 500 Stock Index	14.7	
Pinebridge Global Dynamic	10.4	
Fidelity Global Dividend	10.2	
Orbis SICAV Global Balanced	6.3	
Fundsmith Equity Fund	10.3	
iShares Core US Agg Bond	4.8	
iShares Glb Corp Bond UCITS	4.8	
Other	5.2	
Total	100.0	

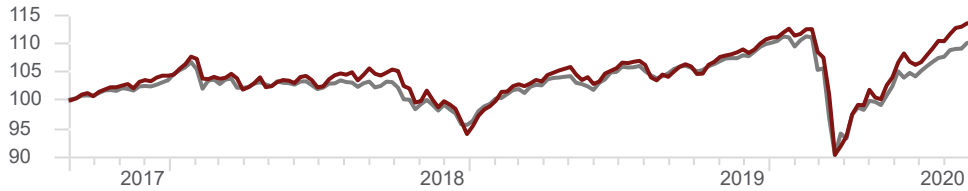
Top 10 Equity Holdings (%)

Microsoft Corp	1.96
Apple Inc	1.45
Amazon.com Inc	1.19
Facebook Inc A	0.86
Johnson & Johnson	0.80
AbbVie Inc	0.75
Cisco Systems Inc	0.65
Unilever PLC	0.65
Intel Corp	0.64
Visa Inc Class A	0.61

Cumulative 3 Year Performance Graph

Time Period: 2017/09/01 to 2020/08/31

Currency: US Dollar



—Cinnabar Global Balanced FoF USD 113.62 —GIFS USD Moderate Allocation 110.16

	1 M	3 M	6 M	1 Y	3 Y	5 Y	Inception
Cinnabar Global Balanced FoF USD	2.86	9.18	4.68	9.08	4.35	3.69	-0.13
GIFS USD Moderate Allocation	2.27	7.46	4.54	5.14	3.28	4.05	3.12

Highest Annual Return

18.12	18.12	18.12
-11.08	-11.08	-14.03

Lowest Annual Return

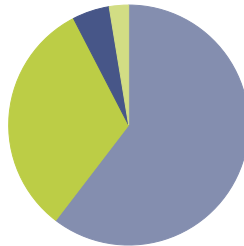
Risk Measures (3 Years)

Currency: US Dollar

	Std Dev	Max Drawdown	Sharpe Ratio	Sortino Ratio	Up Period Percent
Cinnabar Global Balanced FoF USD	10.56	-19.76	0.30	0.36	66.03
GIFS USD Moderate Allocation	9.60	-18.86	0.21	0.25	62.82

Asset Allocation

Portfolio Date: 2020/08/31



	%
Equities	60.40
Bonds	32.00
Cash	5.00
Other	2.60
Total	100.00

Equity Sectors (%)

Cyclical	35.03
Basic Materials	2.76
Consumer Cyclical	8.67
Financial Services	14.77
Real Estate	8.83
Sensitive	37.29
Communication Services	2.75
Energy	6.59
Industrials	9.24
Technology	18.71
Defensive	27.69
Consumer Defensive	9.22
Healthcare	14.95
Utilities	3.52

World Equity Regions (%)

North America	65.77
Latin America	0.31
United Kingdom	9.01
Europe Developed	13.89
Europe Emerging	0.02
Africa/Middle East	0.24
Japan	5.53
Australasia	1.39
Asia Developed	3.02
Asia emerging	0.82
Developed Markets	98.61
Emerging Markets	1.39

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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

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Disclosures

The Cinnabar Global Balanced Funds of Funds (USD) 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 Cinnabar Global Balanced Fund of Funds (USD) is approved by the Financial Services Board under the Collective Investment Schemes Control Act, 2002. Cinnabar Investments, the Investment Advisor is licensed by the Financial Services Commission (FSC) in Mauritius with a Global Business Licence (Category 1 - authorised to conduct business outside Mauritius) and its licence number is C112011454 is responsible for managing the assets of this portfolio. Investments into the Cinnabar Global Balanced Fund of Funds (USD) 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. 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 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. 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.cinnabar.mu. 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.cinnabar.mu 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 gained 2.86% for August, ahead of peers. The GIFS USD Moderate Allocation peer group average ended the month up 2.26%. performance was driven by the two Vanguard funds. The top performers for the month were Vanguard Global Stock Index adding 1.17%, Vanguard U.S. 500 Stock Index Fund contributing 1% and Pinebridge Global Dynamic providing 0.43%. Detractors for the month were the iShares Global Corp Bond UCITS ETF USD (Dist) fund and iShares Core Us Aggr Bond fund each detracting -0.04%.

United States of America

During a speech at the online Jackson Hole Symposium, Federal Reserve chairman Jerome Powell announced the Fed's shift towards a new strategy for monetary policy with 'average' inflation at its core. This shift will allow inflation to moderately overshoot the target of 2% for some time. The central bank also modified its employment mandate, focusing on "assessments of the shortfalls of employment from its maximum level". This means the Fed will be less inclined to hike rates when unemployment falls, so long as inflation doesn't increase as well. GDP contracted at the fastest pace on record in Q2 following a plunge in domestic demand amid Covid-19 containment measures. In the indicators, unemployment dropped from 11.1% to 10.2% during July; however, the labour force participation rate edged lower from 61.5% to 61.4% as fewer people are actively looking for work. Personal income rose 0.4% while personal spending increased 1.9% month on month in July. US retail sales rose 1.2% while existing homes sales spiked 24.7% in July. Looking at August, US manufacturing activity hit its highest level in 19 months while services were at their highest level in 17 months.

UK

The prolonged domestic lockdown has led to a collapse in private consumption and investment, plunging Britain's economy into recession in the second quarter, as GDP contracted by a record 20.4% compared with the previous three months. The pandemic hasn't been easy on Global economies, and the UK has been no different. In the first half of this year, the British economy was hit twice as hard as America's and fared worse than Germany, Italy, and France. Policymakers said Britain's economy would take longer to recover than initially thought and warned about the risks of cutting interest rates below zero. At its most recent meeting, the Bank of England voted unanimously to keep the key bank rate at 0.1%, and the size of its bond-buying program at £745 billion. On the plus side, UK unemployment came in below market expectations, unchanged at 3.9% for the second quarter. Annual inflation rate in the UK jumped to 1% in July from 0.6% while consumer confidence remains neutral.

Europe

The European economy entered a recession with its most significant contraction on record, shrinking 12.1% in the second quarter. The IHS Markit Eurozone Manufacturing PMI dented hopes of a V-shaped recovery as the composite reading came in at 51.7, little-changed from the previous month. Although economic sentiment continued to climb in July and August, up 5.3 points in August, consumer confidence sagged amid a resurgence in coronavirus infections across the region. The Euro Area employment suffered its worst-ever fall with unemployment rising to 7.9%, its highest jobless rate since November 2018. On 25 August, the European Commission presented proposals to the Council to provide EUR 87.3 billion in financing to 16 EU member states under the "SURE" instrument to help preserve jobs from now on.

Japan

The Japanese economy continues to struggle after being battered in quarter two, which saw its economy shrinking by 7.8% quarter on quarter in the three months to June. The lifting of the state of emergency in late May bodes well for a recovery in quarter three. Recent data suggest a reasonably mild rebound: Manufacturing PMI increased to 47.2 from 45.2 in July and Consumer price inflation came in marginally higher to 0.3% in July from 0.1% in June. However, the index for leading economic indicators in Japan, which is a gauge of the economy a few months ahead, declined to 84.4 in June. Unemployment edged up 2.9% in July and consumers are feeling less confident. On the political front, Prime Minister Shinzo Abe is set to resign due to ongoing health problems once the ruling Liberal Democratic party selects a new leader. No significant changes in economic policy are expected in the short term.

China

China's economic trend has remained intact following the substantial rebound in quarter two, benefiting from reopening of the global economy. Markit manufacturing PMI for China rose from 51.2 in June to 52.8 in July and maintained at 52.8 in August; it's highest reading since 2011. Further to this, Chinese industrial profits rose 19.6% year-on-year in July, picking up from an increase of 11.5% in June, suggesting that the Chinese manufacturing sector continues to recover from the initial impact of the pandemic. Policy officials seem to be comfortable with the degree to which monetary policy is supporting domestic activity, with the People's Bank of China leaving its one-year loan prime rate unchanged at 3.85% and the equivalent five-year rate at 4.65%. Indicators making a less of a positive impact included retail sales declining 1.1% in July, a reflection of social distancing measures. Unemployment remained unchanged at 5.70%, and inflation rose to 2.7% in July.

Sources: WSI, Focus Economics, Trading Economics, MoneyWeb

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.