

# Cinnabar Global Balanced Fund of Funds (USD)



CINNABAR  
INVESTMENTS

31 May 2022

Minimum Disclosure Document (MDD)

Inception Date: 4 February 2011, Fund Currency: USD  
Investment Advisor: Cinnabar Investment Management (Pty) Ltd  
Morningstar Category: GIFS USD Moderate Allocation  
Class A - ISIN: GG00BMVVDW81, SEDOL: BMVVDW8, BLOOMBERG: CINGLFF GU  
Class B - ISIN: GG00B5742R02, SEDOL: B5742R0, BLOOMBERG: GCIGLFF GU

## Risk Level

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

## Fund Information

Fund Size - Class A (\$)	3 999 549
Fund Size - Class B (\$)	18 492 293
NAV	0.9248
Pricing Frequency	Weekly
Domicile	Guernsey
Initial Subscription Amount (\$)	15 000
Additional Subscription Amount (\$)	2 000
Annual Management Fee - Class A (%)	0.75
Annual Management Fee - Class B (%)	1.5
Total Expense Ratio (TER) - Class A (%)	1.45
Total Expense Ratio (TER) - Class B (%)	3.26
Total Investment Cost (TIC) - Class A (%)	1.46
Total Investment Cost (TIC) - Class B (%)	3.28

**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

	%
Vanguard U.S. 500 Stock Index	15.0
Vanguard Global Stock Index	14.9
Fundsmith Equity Fund	8.9
Artisan Developing World	8.7
Fidelity Global Dividend	6.8
Pinebridge Global Dynamic	6.6
Coronation Global Strategic Income	5.7
PIMCO Divs Inc	5.7
iShares Core US Agg Bond	5.8
iShares Glb Corp Bond UCITS	5.6
Orbis SICAV Global Balanced	5.4
BlackRock World Technology Fund	5.8
BlackRock Sustainable Energy	2.6
Foreign Cash and Money Market	2.6
<b>Total</b>	<b>100.0</b>

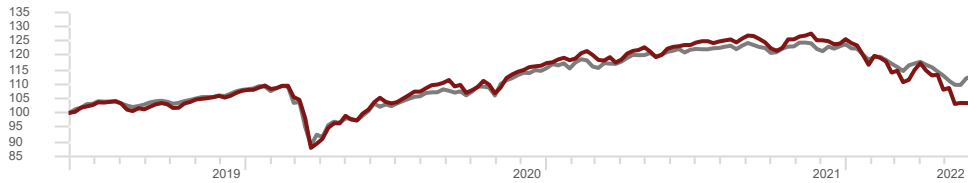
## Top 10 Equity Holdings (%)

Microsoft Corp	2.55
Apple Inc	2.13
Visa Inc	1.07
Amazon.com Inc	0.89
Nvidia Corp	0.87
Meta Platforms Inc	0.78
PayPal Holdings Inc	0.74
Tesla Inc	0.72
Alphabet Inc	0.66
The Estee Lauder Companies Inc	0.66

## Cumulative 3 Year Performance Graph

Time Period: 2019/06/01 to 2022/05/31

Currency: US Dollar



— Cinnabar Global Balanced FoF USD 103.40 — GIFS USD Moderate Allocation 112.28

	1 M	3 M	6 M	1 Y	3 Y	5 Y	Inception
Cinnabar Global Balanced FoF USD	-4.29	-9.29	-17.39	-15.41	1.12	1.23	-0.69
GIFS USD Moderate Allocation	-0.57	-4.29	-7.59	-7.34	3.94	3.04	2.97

Highest Annual Return (2021) 32.66

Lowest Annual Return (2012) -14.03

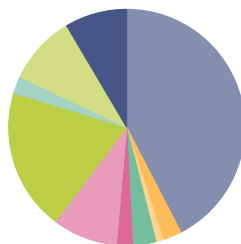
## Risk Measures (3 Years)

Currency: US Dollar

	Std Dev	Max Drawdown	Sharpe Ratio	Sortino Ratio	Up Period Percent
Cinnabar Global Balanced FoF USD	12.26	-19.76	0.11	0.13	66.03
GIFS USD Moderate Allocation	10.24	-18.86	0.36	0.47	58.33

## Asset Allocation

Portfolio Date: 2022/04/30



US Equity	42.40
UK Equity	2.60
Asia Equity	1.00
China Equity	3.20
Japan Equity	2.20
EU Equity	8.90
US Bond	19.40
China Bond	2.30
Other	9.50
Cash	8.50
<b>Total</b>	<b>100.00</b>

## Equity Sectors (%)

<b>Cyclical</b>	<b>29.40</b>
Basic Materials	2.67
Consumer Cyclical	11.59
Financial Services	13.38
Real Estate	1.75
<b>Sensitive</b>	<b>44.47</b>
Communication Services	11.26
Energy	2.36
Industrials	8.39
Technology	22.46
<b>Defensive</b>	<b>26.13</b>
Consumer Defensive	10.48
Healthcare	12.72

## World Equity Regions (%)

North America	62.62
Latin America	1.38
United Kingdom	5.94
Europe Developed	14.95
Europe Emerging	0.26
Africa/Middle East	0.21
Japan	3.45
Australasia	0.75
Asia Developed	3.89
Asia emerging	6.57
<b>Developed Markets</b>	<b>89.25</b>
<b>Emerging Markets</b>	<b>10.75</b>

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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

Cinnabar Investment Management (Pty) Ltd

Email: [info@cinnabarim.com](mailto:info@cinnabarim.com)

Website: [www.cinnabarim.com](http://www.cinnabarim.com)

### Disclosures

The Cinnabar Global Balanced Funds of Funds USD (the "Fund") 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 Fund is approved by the Financial Sector Conduct Authority (FSCA) under the Collective Investment Schemes Control Act, 2002. Cinnabar Investment Management (Pty) Ltd, the Investment Advisor is licensed by the South African Financial Sector Conduct Authority as a financial services provider and its licence number is 45402. By an investment Advisory agreement dated 21 April 2021, between the Company, the Manager and Cinnabar Investment Management (Pty) Ltd (the "Investment Advisory Agreement") the Investment Advisor was appointed as investment advisor of the Fund with effect from 12 March 2021. Investments into the Fund 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. The Fund is traded at ruling prices and can engage in borrowing and scrip lending. 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 is permitted to invest in foreign securities which, within portfolios, may have additional material risks, such as: Potential constraints on liquidity and the repatriation of funds; Macroeconomic risks; Political risks; Foreign Exchange Risks; Tax Risks; Settlement Risks; and Potential limitations on the availability of market information. 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. As the Fund is a Fund of Funds, the Fund invests in other funds that levy their own charges, this could result in a higher fee structure for a Fund of Funds. 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.cinnabarim.com](http://www.cinnabarim.com). 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.cinnabarim.com](http://www.cinnabarim.com) 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 ended the month behind its peers, contracting by 4.29% for the month. The EAA USD Moderate Allocation peer group was down 0.57%. The major detractors for the month were the two, Artisan Developing World, FundsSmith Equity, PIMCO and PineBridge.

#### United States of America

The US economy contracted by an annualized 1.5% in Q1. PMI numbers remain positive as manufacturing PMI for the US unexpectedly rose to 56.1 in May from 55.4 in April. Retail sales in the United States rose 0.9% month-on-month in April as consumers continued to spend despite elevated levels of inflation, which trickled down to 8.3% in April from 8.5% in March, the first drop in the consumer price index in eight months. The Federal Reserve (Fed) increased its target by 50bps to a target range of 0.75%-1% in May, aiming to tackle soaring inflation. The central bank added that ongoing increases in the target range would be appropriate, with Fed Chair Powell pointing to 50bps hikes in the next couple of meetings. The US economy added a better-than-expected 390 000 new jobs in May. The unemployment rate remained at 3.6% for the third consecutive month, while the labour force participation rate edged up to 62.3% in May from 62.2% in the previous month.

#### UK

Britain's economy shrank by 0.1% in March but expanded by 0.8% in Q1. Labour markets continue to tighten. UK unemployment fell to its lowest level since 1974, to 3.7% in Q1, which supported the acceleration in wage growth, but real wages remain negative with high inflation. The annual inflation rate in the UK jumped to 9% in April, prompted, according to the governor of the Bank of England (BOE), by rises in food prices, although energy costs account for much of the increase. Policymakers suggested that inflation could hit 10.25% in Q3 and said there was a "material deterioration in the outlook" for economic growth. The UK government imposed a 25% windfall tax on the profits of oil and gas producers, which will be used to help households struggling amid the "cost-of-living" crisis. The BOE lifted its main rate to 1% from 0.75%, the highest level since 2009 and the fourth consecutive rise.

#### Europe

The European economy expanded 0.3% in Q1. The economic outlook for the Euro Area is subdued as the war in Ukraine continues with no sign of resolution. Retail sales in the Euro Area decreased 1.3% month-over-month in April, a sign rising prices are starting to weigh on consumer affordability. The Euro Area recorded a €16.4 billion trade gap in March as the war in Ukraine amplified an existing energy crisis in Europe, sending energy prices even higher. Imports soared 35.4%, while exports increased at a softer 14%. The annual inflation rate in the Euro Area increased to 8.1% in May. European Central Bank (ECB) policymakers expressed concerns over the high inflation. ECB president Christine Lagarde indicated the first-rate hike in July or September, along with an end to asset purchases early in Q3 and an exit from negative rates by the end of Q3. The unemployment rate in the Euro Area was unchanged at a record low of 6.8% in April. European consumer confidence, while still low, improved by 0.9 points in May from the previous month.

#### Japan

Early data shows Japan's economy shrinking by 0.2% quarter-on-quarter in Q1, amid a resurgence in COVID-19 cases and multiple headwinds abroad. Manufacturing PMI was little-changed at a three-month low of 53.3 in May, down from 53.6 a month earlier. Household spending fell faster than expected in April, contracting 1.7% from a year earlier. The yen's sharp decline and surging commodity prices pushed up retail costs, hitting consumer confidence and heightening pressures on the battered economy. Unemployment decreased marginally to its lowest level since March 2020, falling to 2.5% in April. Japan's consumer prices rose by 2.5% year-on-year, after a 1.2% gain a month earlier. The latest figure also marked the 8th straight month of annual inflation, with food prices rising at the fastest pace in 7 years. "Unlike other central banks, the bank has not faced the trade-off between economic stability and price stability," Bank of Japan (BOJ) Gov. Haruhiko Kuroda said. Under its yield curve control program, the BOJ sets short-term interest rates at -0.1% while guiding 10-year Japanese government bond yields to around 0%.

#### China

China's General Manufacturing PMI increased to 49.1 in May from 46 a month earlier. PMI remains below the 50 level mark, at a contractionary level, as China grapples with the Omicron variant. April saw China's trade surplus surge to USD 51.12 billion as exports rose while imports remained unchanged. Prolonged COVID-19 restrictions following widespread outbreaks in some key cities had a negative impact on urban unemployment, which increased to 6.1% in April. Retail trade declined by 11.1% year-on-year in April as consumption deteriorated. China's consumer price index saw a marginal increase of 0.40% for April, with the annual inflation rate reaching 2.1%. On the political front, officials announced a gradual general reopening during June. China's State Council released a set of 33 measures to stimulate the economy, including an increase of \$120 million in the credit quota for policy banks to support infrastructure construction.

#### South Africa

South Africa's economy reached its size before the coronavirus pandemic struck, after South Africa's gross domestic product expanded 1.9% in Q1, compared with 1.4% in the previous quarter. South Africa's unemployment rate eased to 34.5% in Q1, down from a record high of 35.3% in the prior period. However, it's expected that the unemployment rate will remain stubbornly elevated for the foreseeable future, only dropping to around 33.1% at the end of Q3. The S&P Global South Africa PMI rose to 50.7 in May from 50.3 in the prior month, indicating a slightly greater improvement in the health of the private sector economy. In April, South Africa's trade surplus shrank to ZAR 15.49 billion as exports slipped by 19.1% from a month earlier. The Consumer Price Index in South Africa increased 0.60%, keeping the annual inflation rate at 5.9%. According to a recent economic survey by Bloomberg South Africa, inflation is expected to remain elevated, peaking at 6% year-on-year in Q2 before pulling back to 5.8% in Q3. The South African Reserve Bank raised its benchmark repo rate by 50 bps to 4.75% at its May meeting, which was widely expected.

Sources: Trading Economics, Bloomberg, Fidelity, JP Morgan, Office for National Statistics, Cinnabar Investment Management

### 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.