

# Cinnabar Global Balanced Fund of Funds (USD)



CINNABAR  
INVESTMENTS

30 June 2022

Minimum Disclosure Document (MDD)

Inception Date: 4 February 2011, Fund Currency: USD  
Investment Advisor: Cinnabar Investment Management (Pty) Ltd  
Morningstar Category: EAA Fund 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	0.8981
Pricing Frequency	Weekly
My Sector Benchmark1	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

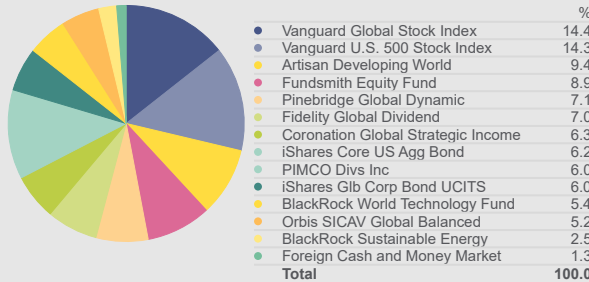
Custodian BNP Paribas Securities Services SCA – Guernsey Branch

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



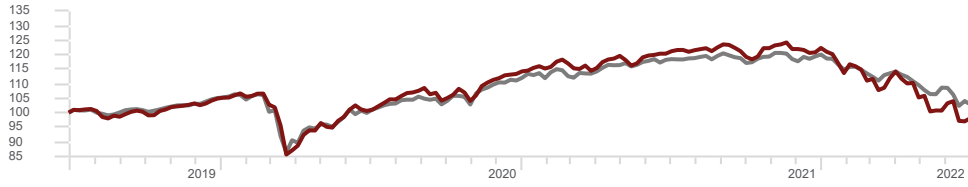
## Top 10 Equity Holdings (%)

Microsoft Corp	2.54
Apple Inc	2.05
Visa Inc	1.07
Amazon.com Inc	1.00
Nvidia Corp	0.88
Meta Platforms Inc	0.75
The Estee Lauder Companies Inc	0.70
Alphabet Inc	0.67
LVMH Moët Hennessy Louis Vuitton SE	0.66
Tesla Inc	0.64

## Cumulative 3 Year Performance Graph

Time Period: 2019/07/01 to 2022/06/30

Currency: US Dollar



— Cinnabar Global Balanced FoF USD 97.78 — EAA Fund USD Moderate Allocation 103.12

	1 M	3 M	6 M	1 Y	3 Y	5 Y	Inception
Cinnabar Global Balanced FoF USD	-2.89	-14.35	-20.03	-19.28	-0.74	0.57	-0.94
EAA Fund USD Moderate Allocation	-5.26	-9.79	-14.08	-12.68	1.03	2.14	2.83

Highest Annual Return (2021) 32.66

Lowest Annual Return (2012) -14.03

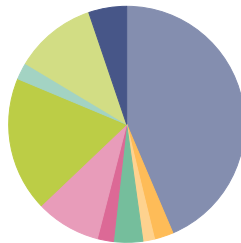
## Risk Measures (3 Years)

Currency: US Dollar

	Std Dev	Max Drawdown	Sharpe Ratio	Sortino Ratio	Up Period Percent
Cinnabar Global Balanced FoF USD	12.92	-21.89	-0.08	-0.09	64.52
EAA Fund USD Moderate Allocation	10.84	-18.85	0.10	0.12	54.84

## Asset Allocation

Portfolio Date: 2022/06/30



	%
US Equity	43.60
UK Equity	2.60
Asia Equity	1.60
China Equity	4.00
Japan Equity	2.20
EU Equity	8.90
US Bond	18.40
China Bond	2.30
Other	11.20
Cash	5.20
<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 Funds USD ended the month behind its peers, contracting by 2.89% for the month. The EAA USD Moderate Allocation peer group was down 5.26%. The major detractors for the month were the two Vanguard funds, Blackrock World Technology, Orbis Global and Fidelity.

United States of America

During the ECB's annual forum, Federal Reserve (Fed) Chair Jerome Powell, noted the US economy is in a good shape and well positioned to withstand tighter monetary policy. The S&P Global US Manufacturing PMI, which reflects activity in the broader economy, stood at 52.7 for June pointing to the slowest growth in factory activity since July 2020. Retail Sales fell by 0.3% in May for the first time this year as high inflation, gasoline prices, and borrowing costs hurt spending on non-essential goods. Consumer prices jumped 1% month-to-month in May with the annual US inflation rate increasing to 8.6% as energy prices rose 34.6%. The annual producer inflation rate edged lower to 10.8%, with producer prices marginally up month-on-month in May. The Fed is committed to control inflation, with the median Fed member now expecting to raise interest rates to 3.8% by next year to combat inflation. US unemployment remains low at 3.6% for May. The Fed forecasts unemployment will need to rise to just above 4% to bring inflation down.

UK

The UK economy continues to expand, albeit at a slower pace. UK Manufacturing PMI fell to a two-year low of 52.8 in June, from 54.6 in May. Consumer confidence remains low as consumers are clearly feeling the squeeze from a negative real wage growth. Consumer confidence fell from -40 in May to -41 in June. Retail sales decreased 0.5% month-on-month and 4.7% year-on-year in May. Consumer prices increased by 0.7% month-on-month while the annual inflation rate was marginally up to 9.1% from 9% in May. The central bank now expects inflation to be over 9% during the next few months and to rise to slightly above 11% in October. Further to this, the central bank raised its commitment to bring inflation back to the 2% target and 'act forcefully' if necessary. A tighter monetary policy to combat the rise in inflation saw the Bank of England raise its main Bank Rate by 25bps to 1.25% during its June meeting. The rise in interest rates will see households having to deal with higher mortgage costs, as about 17% of households have floating rate mortgages, and for those on fixed rate mortgages, about a third are only fixed for two years. So as interest rates rise and some fixed rate mortgage deals expire, mortgage costs are increasing.

Europe

In Europe, June saw Manufacturing PMI fall to 52.1 from 52.1 in May, and consumer confidence decreasing to -23.6, its lowest since April 2020. Meanwhile May figures saw unemployment fall to 6.6% and retail sales increase by 0.2%. The biggest risk to the European economy is the reduction in gas supplies coming from Russia, which has driven prices up significantly. Consumer prices have increased by 0.8% month-on-month for June with the annual inflation rate reaching 8.6%. European Central Bank (ECB) President Christine Lagarde said the ECB will continue its policy normalisation path and will go as far as necessary to bring inflation back to the 2% target. Lagarde confirmed that interest rates will be raised by 25bps during July, the first-rate hike in 11 years. The difference between the rate at which the Italian and German governments can borrow has widened materially, and in response the ECB will come up with an antifragmentation tool to limit the rise in Italian borrowing costs. This will allow for an even transmission of its desired monetary policy across the eurozone.

Japan

In Japan, Manufacturing PMI declined to 52.7 in June from 53.3 a month earlier. Retail Sales increased by 3.6% year-on-year and 0.60% over the previous month in May, boosted by a strength in consumption as the government lifted all COVID-19 restrictions. Japan's trade deficit surged to JPY 2,384.7 billion in May as imports surged. Japan imports about 90% of its energy, mostly priced in US dollars. The average cost to import a ton of liquefied natural gas in JPY was almost 120% higher in May than a year earlier. On the monetary side, the Bank of Japan left its key short-term interest rate unchanged at -0.1%, and that for 10-year bond yields around 0% during its June meeting. Consumer prices increased by 0.20% in May, with the annual inflation rate increasing at 2.5% as food inflation hit its highest in 7 years.

China

In China, local governments sold a record 1.94 trillion-yuan worth of bonds last month, representing a year-on-year increase of 143.27%, according to Great Wall Securities, but analysts still believe Beijing's hopes of meeting its economic growth target of "around 5.5%" this year could still be hampered by the growing burden of its zero-Covid policy. In the indicators, manufacturing PMI climbed to 51.7 in June from 48.1 in May, as COVID-19 lockdown and control measures eased. China's trade surplus jumped to USD 78.76 billion in May as exports increased by 16.9% year-on-year, with imports rising by 4.1% year-on-year. Retail trade declined by 6.7% year-on-year in May while the Consumer Price Index in China decreased 0.20% in the month, leaving the China's annual inflation rate unchanged at 2.1% in May. China's inflation rate is relatively benign compared to Western countries, but there are fears that rising prices for pork, a staple meat that has the heaviest weighting among foodstuffs in China's consumer price index, may drive up inflation.

South Africa

South Africa's local economy bounced back in May after some moderation in the previous month, however the intensified load shedding from Eskom, higher fuel prices, rising inflation and interest rates are some of the negative forces that will play on South Africa's economy. The recent relaxation of the Covid-19 restrictions on gatherings, helped cushion South Africa's economy from these negative forces. More positively, the S&P Global South Africa PMI, which reflects activity in the broader economy, also recovered marginally in May, from 50.3 in April to 50.7, while new car sales rose by 13.8% year-on-year in May. In other indicators, retail sales for April decreased to 0.20% while advancing by 3.4% for the year in April. South Africa's trade surplus broadened to ZAR 28.35 billion in May as exports advanced 17.8% and imports increased at a softer 10.9%. The annual inflation rate broke through the upper limit of the South African Reserve Bank's (SARB) target range of 3%-6%, increasing to 6.5% in May, from 5.9% in April. This is likely to encourage the SARB to increase interest rates when it meets on the 21st of July.

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.