

# Cinnabar Global Balanced Fund of Funds (USD)



CINNABAR  
INVESTMENTS

31 August 2023

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

AUM Class A	4 805 494
AUM Class B	18 365 273
NAV	0.9897
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** EAA Fund 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 Global Stock Index	22.4
PortfolioMetrix Global Equity	20.6
Vanguard U.S. 500 Stock Index	15.4
iShares Core US Agg Bond	11.1
iShares Glb Corp Bond UCITS	7.6
PIMCO Divs Inc	5.8
Coronation Global Strategic Income	5.4
Artisan Developing World	3.0
BlackRock World Technology Fund	1.7
USD Cash	7.0
<b>Total</b>	<b>100.0</b>

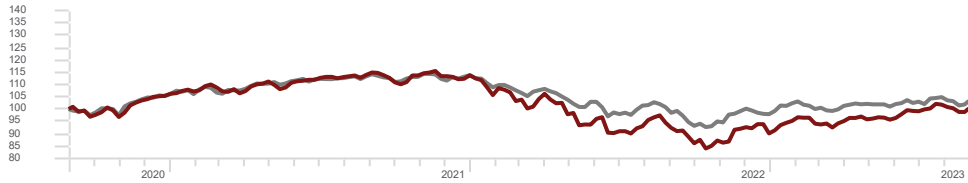
## Top 10 Equity Holdings (%)

Apple Inc	2.80
Microsoft Corp	2.35
Nvidia Corp	1.71
Amazon.com Inc	0.97
Alphabet Inc Class A	0.73
Tesla Inc	0.72
Meta Platforms Inc Class A	0.68
Visa Inc	0.65
Alphabet Inc Class C	0.56
Airbnb Inc Ordinary Shares Class A	0.47

## Cumulative 3 Year Performance Graph

Time Period: 2020/09/01 to 2023/08/31

Currency: US Dollar



— Cinnabar Global Balanced FoF USD 100.22 — EAA Fund USD Moderate Allocation 103.30

	1 M	3 M	6 M	1 Y	3 Y	5 Y	Inception
Cinnabar Global Balanced FoF USD	-1.52	4.04	6.59	8.57	0.07	1.51	-0.08
EAA Fund USD Moderate Allocation	-1.63	2.27	3.31	4.27	1.09	2.23	3.01

Highest Annual Return (2021) 32.66

Lowest Annual Return (2022) -22.37

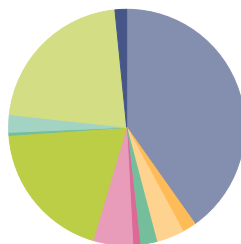
## Risk Measures (3 Years)

Currency: US Dollar

	Std Dev	Max Drawdown	Sharpe Ratio	Sortino Ratio	Up Period Percent
Cinnabar Global Balanced FoF USD	12.01	-27.31	-0.14	-0.18	60.65
EAA Fund USD Moderate Allocation	8.31	-18.94	-0.07	-0.09	50.32

## Asset Allocation

Portfolio Date: 2023/06/30



	%
US Equity	40.20
UK Equity	1.90
Asia Equity	3.80
China Equity	2.30
Japan Equity	0.97
EU Equity	5.44
US Bond	19.30
UK Bond	0.41
China Bond	2.40
Other	21.69
Cash	1.59
<b>Total</b>	<b>100.00</b>

## Equity Sectors (%)

<b>Cyclical</b>	<b>29.23</b>
Basic Materials	2.87
Consumer Cyclical	12.00
Financial Services	11.97
Real Estate	2.38
<b>Sensitive</b>	<b>49.20</b>
Communication Services	7.78
Energy	3.34
Industrials	8.25
Technology	29.83
<b>Defensive</b>	<b>21.57</b>
Consumer Defensive	6.45
Healthcare	12.11
Utilities	3.01

## World Equity Regions (%)

North America	75.83
Latin America	1.38
United Kingdom	2.40
Europe Developed	10.39
Europe Emerging	0.00
Africa/Middle East	0.08
Japan	3.10
Australasia	1.05
Asia Developed	2.05
Asia emerging	3.73
<b>Developed Markets</b>	<b>94.89</b>
<b>Emerging Markets</b>	<b>5.11</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

Tel: 010 025 9931

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 detracted less than peers ending the month down 1.52%. The EAA USD Moderate Allocation peer group ended the month down 1.63%. The major detractors were the two Vanguard funds and the Artisan Developing World fund.

#### SA Market Drivers

Weak markets globally provided a difficult backdrop for South African assets which have typically played a high beta role within emerging markets. The rand sold off strongly, local equities fell, and local bonds continued to struggle. Resource companies were particularly hard hit led by platinum and gold miners, however there were few hiding places within the local market. Rand weakness flattered offshore asset class performance with global bonds the best performing despite falling in hard currency.

Towards the end of August the BRICS Summit was held in Johannesburg where leaders of the BRICS countries (except Putin) met to discuss the blocs progress and its future. It was announced that six countries will be joining the group from January 2024. These are Argentina, Egypt, Ethiopia, Iran, Saudi Arabia and the United Arab Emirates. Unfortunately, the criteria used to select these six countries has not yet been revealed however it is interesting to note that each of the countries admitted has China as their biggest import partner.

The annual consumer inflation rate fell to 4.7% in July, down from 5.4% in June, the lowest reading since July 2021 and comfortably lower than expectations. The SARB's Monetary Policy Committee (MPC) has stressed that it wants to see inflation sustainably around the midpoint of its target range, around 4.5%, before it contemplates rate cuts. Risks to the upside remain.

As load shedding continues to choke off economic growth, government is experiencing rising costs and risks to revenues which has made market participants particularly nervy of longer dated bonds. Increased issuance risks and lower demand have resulted in a very steep yield curve with yields needing to rise ever higher to attract investment at the longer end of the curve.

#### Global Market Drivers

There was an uptick in market volatility during August fuelled by increases in the yields of major sovereign bonds, continued Chinese economic weakness and an increase in natural gas prices due to the possibility of strikes at Australian liquefied natural gas plants. Although they recovered towards the end of the month, both bonds and equities sold off globally.

US consumer confidence fell by the most in two years as souring views on the labor market, higher borrowing costs and lingering inflation curbed optimism. The Conference Board's index fell to 106.1 this month from 114 in July. The number was below all estimates in a Bloomberg survey, and the decline reversed most of the advance over the previous two months. The group's measure of current conditions fell to 144.8, the lowest since November. A gauge of expectations — which reflects consumers' six-month outlook — dropped to 80.2, leaving it slightly above June's level.

The ECB had to raise its forecasts of inflation in its latest predictions and measures of core inflation have become sticky. And while it is possible for UK statisticians to construct measures showing underlying inflation beginning to fall, most data points still indicate a post-Brexit entrenched wage spiral. Definitions of price stability don't include services inflation still running at 7.4% in July, with annual wage growth over 8%. This isn't the environment in which it makes sense for Euro central banks to declare victory over inflation.

China's central bank unexpectedly reduced a key interest rate by the most since 2020 to bolster an economy that's facing fresh risks from a worsening property slump and weak consumer spending.

The People's Bank of China lowered the rate on its one-year loans — or medium-term lending facility — by 15 basis points to 2.5%, the second reduction since June. All but one of the 15 analysts surveyed by Bloomberg had predicted the rate would stay unchanged. A short-term policy rate was also cut by 10 basis points. The surprise move came shortly before the release of disappointing economic activity data for July showing growth in consumer spending, industrial output and investment sliding across the board and unemployment picking up. The National Bureau of Statistics said domestic demand remains "insufficient" and the "economy's recovery foundation still needs to be strengthened." China needs to "step up macroeconomic policy adjustment, and focus on expanding domestic demand, lifting confidence and preventing risks," the NBS said in a statement.

Japan's economy expanded at a much faster clip than forecast, as a surge in exports more than offset weaker-than-expected results for both business investment and private consumption. Gross domestic product grew at an annualized pace of 6% in the second quarter, marking the strongest growth since the last quarter of 2020. The figure exceeded economists' forecast of 2.9% growth. Net exports contributed 1.8 percentage points to the expansion versus consensus estimates of 0.9 point. August data added to signs that the world's third largest economy continues to recover from the pandemic. The size of the economy grew to 560.7 trillion yen (\$3.85 trillion), the biggest on record, surpassing its pre-pandemic peak. The result was consistent with views at the International Monetary Fund, which recently bumped up its 2023 growth outlook for Japan to 1.4%. Still, the strong result came with caveats, as much of the growth came from external demand.

Sources: PortfolioMetrix Asset Management SA (Pty) Ltd

Portfolio Manager: Cinnabar Investment Management Team

### 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.