

# GCI Global Fund of Funds



CINNABAR  
BUILDING WEALTH LEGACIES

30 April 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	11 123 790
NAV	0.8854
Minimum Additional Subscription Amount	2 000
Domicile	Guernsey
My Minimum Monthly Investment	2 000
Annual Service Fee (%)	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 1/3 USD Libor 1 Month  
1/3 MSCI World Index USD TR  
1/3 BofAML Gbl Govt Bond II 1-3 TR USD

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	16.0	
Vanguard Global Stock Index	16.9	
Vanguard U.S. 500 Stock Index	14.2	
Pinebridge Global Dynamic	10.1	
Fidelity Global Dividend	10.2	
Orbis SICAV Global Balanced	9.3	
Fundsmith Equity Fund	6.3	
iShares Core US Agg Bond	5.4	
iShares Gbl Corp Bond UCITS	5.1	
Nedgroup Global Cautious Fund	4.2	
Other	2.3	
<b>Total</b>	<b>100.0</b>	

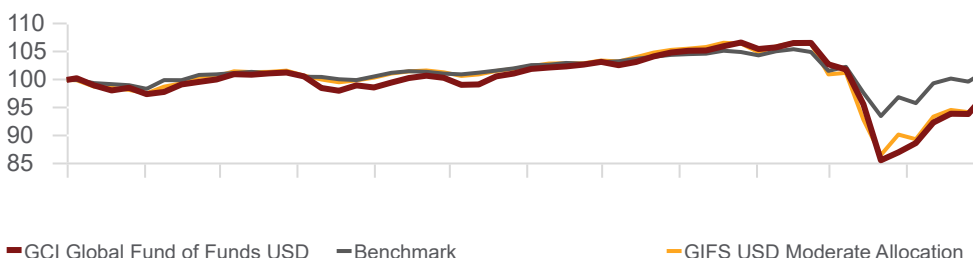
## Top 10 Equity Holdings (%)

Microsoft Corp	1.93
Apple Inc	1.44
Amazon.com Inc	1.04
Facebook Inc A	0.80
Johnson & Johnson	0.72
AbbVie Inc	0.66
Cisco Systems Inc	0.66
Unilever PLC	0.64
Intel Corp	0.62
Visa Inc Class A	0.60

## Cumulative 1 Year Performance Graph

Time Period: 2019/05/01 to 2020/04/30

Currency: US Dollar



	1 M	3 M	6 M	1 Y	3 Y	5 Y	Inception
GCI Global Fund of Funds USD	10.85	-8.58	-5.39	-3.52	0.94	0.13	-1.31
Benchmark	3.81	-3.22	-1.30	1.04	3.33	2.90	2.83
GIFS USD Moderate Allocation	5.69	-8.57	-6.26	-4.04	0.95	0.75	2.17

Highest Annual Return

18.12	18.12	18.12
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Lowest Annual Return

-11.08	-11.08	-14.03
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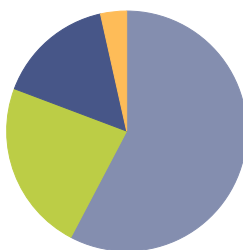
## Risk Measures (Last 12 Months)

Currency: US Dollar

	Std Dev	Max Drawdown	Sharpe Ratio	Sortino Ratio	Up Period Percent
GCI Global Fund of Funds USD	14.85	-19.76	-0.48	-0.54	66.67
Benchmark	9.56	-11.34	-0.15	-0.20	56.86
GIFS USD Moderate Allocation	14.35	-18.86	-0.46	-0.53	60.78

## Asset Allocation

Portfolio Date: 2020/04/30



	%
Equities	57.70
Bonds	23.04
Cash	15.76
Other	3.50
<b>Total</b>	<b>100.00</b>

## Equity Sectors (%)

<b>Cyclical</b>	<b>35.03</b>
Basic Materials	2.76
Consumer Cyclical	8.67
Financial Services	14.77
Real Estate	8.83

<b>Sensitive</b>	<b>37.29</b>
Communication Services	2.75
Energy	6.59
Industrials	9.24
Technology	18.71

<b>Defensive</b>	<b>27.69</b>
Consumer Defensive	9.22
Healthcare	14.95

## 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

<b>Developed Markets</b>	<b>98.61</b>
<b>Emerging Markets</b>	<b>1.39</b>

# GCI Global Fund of Funds (USD)



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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 GCI Global Fund 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 GCI Global 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 GCI Global 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](http://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](http://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 GCI Global 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. 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 GCI Global Fund of Fund USD bounced back in April with a very strong return of 10.85% vs the benchmark return of 3.81% and the GIFS USD Moderate Allocation peer group average returning 5.69%. The fund is ahead of peers over 1 year and inline with peers over 3 years. Performance for the month was driven by the two Vanguard equity trackers and Fundsmith Equity.

### Market Commentary

**United States:** The American economy shrank by 4.8% on an annualised basis in the first quarter, the worst decline since the fourth quarter of 2008. With the labour force participation rate registering a drop to 60.2% in April from 62.7% in the prior month, first-time filings for unemployment insurance were 3.84 million for the week ending 25th April. This takes the rolling six-week unemployment figure to 30.3 million. The US unemployment rate advanced to 14.7% in April up from 4.4% in March. Social distancing and soaring unemployment will suppress consumer spending, which is the main growth engine for GDP growth in the US. With "the great lockdown" in effect, both exports and imports had their lowest reading since early 2009 as US trade deficit widened to \$44.4 billion in March of 2020. Retail sales suffered its most significant decline on record plunging 8.4% in March. The IHS Markit US Manufacturing PMI was revised lower to 36.1 in April 2020. The economy is entering a severe recession amid the Covid-19 economic shock; however, the fiscal and monetary stimulus should help cushion the blow.

**United Kingdom:** The most recent economic data points to a deep recession as the nationwide lockdown depresses domestic demand, and similar measures abroad hurt exports. Manufacturing optimism in the UK has tumbled to its worst quarterly reading since the records began in the 1950s. The CBI Business Optimism quarterly gauge fell to -87 in the second quarter from +23 in the previous quarter. The IHS Markit/CIPS UK Manufacturing PMI suffered its steepest month of contraction since 1992, declining to 32.6 in April. As the country remains in coronavirus lockdown, consumer confidence dropped to -33 in late April, retail sales decreased to 5.80% in March, and unemployment edged up to 4% in the three months to February. Annual inflation eased to 1.5% in March from 1.7% in February; this doesn't bode well for the monetary transmission mechanism as money needs to change hands, increase demand and ultimately increase inflation. The Bank of England voted unanimously to maintain the critical bank rate at a record low of 0.1% on 7th May. Policymakers also left the bond-buying program at £645 billion, although two members voted for a £100 billion increase, in a further sign that fresh stimulus may be underway.

**Europe:** The eurozone economy shrank by 3.8% in the first quarter, its sharpest pace on record. The European Commission says the economy will experience a recession of historic proportions and has forecasted GDP to contract by 7.7% this year, then to rebound by 6.3% in 2021. Consumer and business confidence have tumbled during April. Consumer confidence decreased to -22.7, its lowest level since March 2009, while business confidence contracted to -1.81 points from -0.28 points in March. Predictions show the annual inflation rate slowing to 0.4% in April from 0.7% in March. The ECB left its key interest rates unchanged but lowered the interest rate on an emergency loan program for banks and offered a new series of non-targeted pandemic emergency longer-term refinancing operations to provide additional liquidity to banks. ECB President, Christine Lagarde, stated that eurozone governments might need to borrow an additional EUR1.50tn this year to keep their economies afloat amid the coronavirus pandemic. This support by the ECB has helped sentiment, and there are signs that France, Italy, and Spain are easing their lockdowns.

**China:** After spending two months in lockdown during the first quarter of this year, the Chinese economy contracted by a seasonally adjusted 9.8% on quarter in the three months to March, following a 1.5% growth in the previous quarter. Year-on-year, this translates to a contraction of 6.8% for the first quarter of 2020, the first contraction since 1992. This steep contraction reflects the severe damage caused by the COVID-19 outbreak, which forced authorities to shut down all non-essential business activity. The Caixin China General Manufacturing PMI dropped to 49.4 in April from 50.1 in the previous month. Exports unexpectedly rose for the first time in four months; however, the trade surplus widened to USD 45.34 billion in April as imports experienced its most significant drop in four years. Much like the rest of the world, China has adopted monetary and fiscal stimulus to cushion the fall, with the People's Bank of China lowering its benchmark interest rates by 20 bps to a record low of 3.85% on 20th April. Furthermore, the central bank has also increased liquidity by pumping another \$14 billion into the financial system.

**Global:** In January, the IMF forecasted a global GDP expansion of 3.3% this year. Less than five months later, the IMF has warned the COVID-19 outbreak will see global GDP decreasing by 3%, sighting a collapse in economic activity that will mark the steepest downturn since the Great Depression of the 1930s. The assumption here is that COVID-19 and restrictions on daily life will peak in the second quarter, but if not the world economy will shrink by a further 3%. In aid of the world economy, the IMF would look at supplying immediate debt service relief to 25 member countries under its Catastrophe Containment and Relief Trust. Separately, the G20 suspended debt payments totalling around \$12 billion for the 77 poorest countries in the world, most of which are in Africa.

## Benefits of Multi-Managed Portfolios (FoFs)

**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.