

Cinnabar Sanlam Collective Investments Income Fund of Funds

Minimum Disclosure Document

As of 31/10/2024



CINNABAR
INVESTMENT MANAGEMENT

MDD Issue Date: 15/11/2024

Fund Objective

The objective of the portfolio is to provide investors with a high level of income combined with capital preservation.

Fund Strategy

Investments to be included in the portfolio will, apart from assets in liquid form, consist solely of participatory interests in portfolios of collective investment schemes registered in the Republic of South Africa. The portfolio will consist of a mix of collective investment scheme portfolios investing in equity, fixed interest instruments (including, but not limited to, bonds, corporate bonds, inflation linked bonds, convertible bonds, cash deposits and money market instruments), debentures, preference shares and property securities as well as any other income enhancing securities which are consistent with the portfolio's primary objective and that the Act may allow from time to time. The portfolio's equity exposure will be limited to a maximum of 10% of the portfolio's net asset value. The Fund is Regulation 28 compliant. The portfolio will also be allowed to invest in listed and unlisted financial instruments (derivatives) as allowed by the Act from time to time. The Manager shall be permitted to invest on behalf of the portfolio in offshore investments as legislation permits.

Fund Information

Ticker	GCIFA
Portfolio Manager	Cinnabar Investment Management Team
ASISA Fund Classification	South African - Multi Asset - Income
Risk Profile	Cautious
Benchmark	110% of STeFI Call Rate
Fund Size	R 105,249,268
Portfolio Launch Date*	29/07/2014
Fee Class Launch Date*	29/07/2014
Minimum Lump Sum Investment	R 10,000
Minimum Monthly Investment	R 500
Income Declaration Date	March, June, September & December
Income Payment Date	1st business day of April, July, October & January
Portfolio Valuation Time	17:00
Transaction Cut Off Time	15:00
Daily Price Information	Local media & www.sanlamunittrusts.co.za
Repurchase Period	2-3 business days

Fees (Incl. VAT)	A-Class (%)
Maximum Initial Advice Fee	3.45
Maximum Annual Advice Fee	—
Manager Annual Fee	0.63
Total Expense Ratio	1.29
Transaction Cost	0.01
Total Investment Charges	1.30
Performance Fee	—
TER Measurement Period	01 July 2021 - 30 June 2024

Total Expense Ratio (TER) is the percentage value of the Financial Product that was incurred as expenses relating to the administration of the Financial Product. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER may not necessarily be an accurate indication of future TER's.

Transaction Cost (TC) is the percentage value of the Financial Product that was incurred as costs relating to the buying and selling of the assets underlying the Financial Product. Transaction Costs are a necessary cost in administering the Financial Product and impacts Financial Product returns. It should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of Financial Product, the investment decisions of the investment manager and the TER.

Total Investment Charges (TER + TC) is the total percentage value of the Financial Product that was incurred as costs relating to the investment of the Financial Product.

The historic total TER above is calculated based on 3 years of historic data, and includes Performance Fees until 31 July 2019. No performance fees have been charged since 1 August 2019 so the historic total TER will fall into line with the current effective TER as the historic data is removed from the calculation over time.

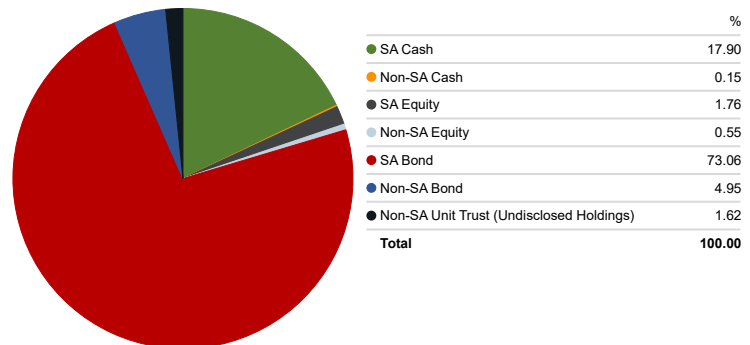
Effective 1 December 2024, SCI will charge a monthly administration fee of R23 (VAT Inclusive) on retail investors whose total investment value is less than R50 000. Clients with an active recurring monthly debit order will not be levied this fee.

Top Ten Holdings

	(%)
PortfolioMetrix BCI Dynamic Income Fund	59.67
Saffron BCI Opportunity Income Fund	19.34
Miplan IP Enhanced Income Fund	17.62
Mi Plan IP Enhanced Income Retention Fund B1	1.27
Saffron BCI Opportunity Income Retention Fund A	0.48

Asset Allocation

Portfolio Date: 30/09/2024



Annualised Performance (%)

	Fund	Benchmark
1 Year	14.65	9.07
3 Years	9.33	7.40
5 Years	7.76	6.31
Since Inception	7.29	6.78

Cumulative Performance (%)

	Fund	Benchmark
1 Year	14.65	9.07
3 Years	30.71	23.90
5 Years	45.33	35.81
Since Inception	105.74	96.07

Highest and Lowest Annual Returns

Time Period: Since Inception to 31/12/2023

Highest Annual %	9.51
Lowest Annual %	5.45

Risk Statistics (3 Year Rolling)

Standard Deviation (Volatility)	3.78
Maximum Drawdown	-1.57
Sharpe Ratio	0.60
Information Ratio	0.49

Distribution History (Cents Per Unit)

30/09/2024	2.42 cpu	30/09/2023	2.36 cpu	30/09/2022	1.50 cpu
30/06/2024	2.33 cpu	30/06/2023	2.23 cpu	30/06/2022	1.34 cpu
31/03/2024	2.50 cpu	31/03/2023	2.05 cpu	31/03/2022	1.35 cpu
31/12/2023	2.49 cpu	31/12/2022	2.02 cpu	31/12/2021	1.32 cpu

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CINNABAR
INVESTMENT MANAGEMENT

Risk Profile

Cautious

You prefer a low-risk profile with limited equity exposure for capital preservation and consistent income growth. You want your capital to be safe and prefer fairly stable income and/or income growth. Even knowing that equities are a riskier asset class, you are comfortable to have some exposure, albeit limited, to them because you know they will add that little extra to your portfolio.

Glossary Terms

Annualised Returns

Annualised return is the weighted average compound growth rate over the period measured.

Asset Allocation

Asset allocation is the percentage holding in different asset classes (i.e. equities, bonds, property, etc.). It is used to determine the level of diversification in a portfolio.

Capital Volatility

Volatility is a measure of 'risk' and refers to the extent to which the price of an investment or capital value fluctuates over a certain period of time. Funds with high volatility usually offer the potential for higher returns over the longer term than low volatility funds.

Cumulative Returns

Cumulative return is the total growth experienced over the period measured.

Derivatives

Derivatives are instruments generally used as an instrument to protect against risk (capital losses), but can also be used for speculative purposes. Examples are futures, options and swaps.

Distributions

The income that is generated from an investment and given to investors through monthly, quarterly, biannual or annual distribution pay-outs.

Diversification

This is a strategy designed to reduce risk within a portfolio by combining a variety of investments (or asset classes) such as equities, bonds, cash or property, which are unlikely to all move in the same direction at the same time. This is designed to reduce the risk (and protect against capital losses) within a portfolio. Diversification allows for more consistent performance under a wide range of economic conditions as it smoothes out the impact of negative market events. The positive performance of some investments or asset classes should neutralize the negative performance of others.

Financial Instruments

Derivatives also known as financial instruments (such as a future, option, or warrants) whose value derives from and is dependent on the change in value of an underlying asset (such as a commodity, currency, or security) to protect against risk (capital losses).

Fund Objective

The fund objective is the portfolio's core goal.

Fund Strategy

The fund strategy is the way that the fund is managed to achieve the fund objective.

Information Ratio

The Information Ratio measures the market risk-adjusted performance of an investment or portfolio. The greater a portfolio's Information Ratio, the better its risk-adjusted performance has been compared to the market in general.

Collective Investment Schemes

Collective Investment Schemes (CIS) (also called unit trusts) are portfolios of assets such as equities, bonds, cash and listed property, in which investors can buy units. They allow private investors to pool their money together into a single fund, thus spreading their risk across a range of investments, getting the benefit of professional fund management, and reducing their costs.

LISP (Linked Investment Service Provider)

A Linked Investment Service Provider is a financial institution which packages, distributes and administers a broad range of unit trust investments.

Market Capitalization

Market capitalization is the total value of the issued shares of a publicly traded company; it is calculated by multiplying the share price by the number of shares in issue.

Maximum Drawdown

The maximum drawdown measures the highest peak to trough loss experienced by the fund.

Participatory Interests

When you buy a unit trust, your money is pooled with that of many other investors. The total value of the pool of invested money in a unit trust fund is split into equal portions called participatory interests or units. When you invest your money in a unit trust, you buy a portion of the participatory interests in the total unit trust portfolio. Participatory interests are therefore the number of units that you have in a particular unit trust portfolio.

Sharpe Ratio

The Sharpe Ratio measures total risk-adjusted performance of an investment or portfolio. It measures the amount of risk associated with the returns generated by the portfolio and indicates whether a portfolio's returns are due to excessive risk or not. The greater a portfolio's Sharpe ratio, the better its risk-adjusted performance has been (i.e. a higher return with a contained risk profile, where the portfolio manager is not taking excessive risk to achieve those returns).

Standard Deviation

The standard deviation is a widely used risk measure of the return dispersion relative to the mean. It is also referred to as volatility.

Additional Information

All reasonable steps have been taken to ensure the information on this MDD is accurate. The information to follow does not constitute financial advice as contemplated in terms of the Financial Advisory and Intermediary Services Act. Use or rely on this information at your own risk. Independent professional financial advice should always be sought before making an investment decision. The Sanlam Group is a full member of the Association for Savings and Investment SA. Collective investment schemes are generally medium- to long-term investments. Please note that past performances are not necessarily a guide to future performances, and that the value of investments / units / unit trusts may go down as well as up. A schedule of fees and charges and maximum commissions is available on request from the Manager, Sanlam Collective Investments (RF) Pty Ltd, a registered and approved Manager in Collective Investment Schemes in Securities. Additional information of the proposed investment, including brochures, application forms and annual or quarterly reports, can be obtained on request from the Manager, free of charge. Collective investments are traded at ruling prices and can engage in borrowing and scrip lending. Collective investments are calculated on a net asset value basis, which is the total market value of all assets in the portfolio including any income accruals and less any deductible expenses such as audit fees, brokerage and service fees. Actual investment performance of the portfolio and the investor will differ depending on the initial fees applicable, the actual investment date, and the date of reinvestment of income as well as dividend withholding tax. Forward pricing is used. The Manager does not provide any guarantee either with respect to the capital or the return of a portfolio. The performance of the portfolio depends on the underlying assets and variable market factors. Performance is based on NAV to NAV calculations with income reinvestments done on the ex-div date. Lump sum investment performances are quoted. The portfolio may invest in participatory interests of other unit trust portfolios. These underlying funds levy their own fees, and may result in a higher fee structure for our portfolio. All the portfolio options presented are approved collective investment schemes in terms of Collective Investment Schemes Control Act, No 45 of 2002 ("CISCA"). The Manager may borrow up to 10% the market value of the portfolio to bridge insufficient liquidity. The fund may from time to time invest in foreign countries and therefore it may have risks regarding liquidity, the repatriation of funds, political and macroeconomic situations, foreign exchange, tax, settlement, and the availability of information. Investments in foreign instruments are also subject to fluctuations in exchange rates which may cause the value of the fund to go up or down. The fund may invest in financial instruments (derivatives) for efficient portfolio management purposes. *A fund of funds portfolio is a portfolio that invests in portfolios of collective investment schemes that levy their own charges, which could result in a higher fee structure for the fund of funds.* Income funds derive their income primarily from interestbearing instruments. The Manager has the right to close any portfolios to new investors to manage them more efficiently in accordance with their mandates. Management of the portfolio is outsourced to Cinnabar Investment Management (Pty) Ltd, (FSP) Licence No. 45402, an Authorised Financial Services Provider under the Financial Advisory and Intermediary Services Act, 2002. Sanlam Collective Investments (RF) (Pty) Ltd retains full legal responsibility for the co-named portfolio. Standard Bank of South Africa Ltd is the appointed trustee of the Sanlam Collective Investments scheme. Sources of Performance and Risk Data: Morningstar Direct, INET BFA and Bloomberg. The risk free asset assumed for the calculation of Sharpe ratios: STEFI Composite Index. The highest and lowest 12-month returns are based on a calendar year period over 10 years or since inception where the performance history does not exist for 10 years. Obtain a personalised cost estimate before investing by visiting www.sanlamunittrustsmdd.co.za and using our Effective Annual Cost (EAC) calculator. Alternatively, contact us at 0860 100 266.

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Portfolio Manager Comment

Cinnabar Market Update: October 2024

Market Update

In October, South Africa's economy reflected cautious optimism, with inflation slowing to its lowest since early 2021, driven by falling fuel prices and stable food costs. This trend has led to expectations of a rate cut from the South African Reserve Bank, while modest retail sales growth and easing price pressures provide additional support for a favourable economic outlook. Globally, economic conditions were mixed. The U.S. economy grew steadily but faced uncertainty following Donald Trump's election win, which stirred market concerns about potential policy shifts. The UK's recent budget led to a surprise increase in projected government spending, impacting bond markets, while the Eurozone and Japan saw modest growth, tempered by regional concerns. China's growth lagged behind targets, and renewed U.S.-China trade tensions weighed on sentiment. Overall, global markets remained sensitive to economic policy developments and geopolitical changes, shaping an uncertain but cautiously hopeful outlook.

SA Market Drivers

South Africa's economic landscape in October reflected cautious optimism. In September, South Africa's Consumer Price Index (CPI) decelerated to 3.8%, dipping below 4% for the first time since March 2021. This significant disinflation was attributed to plunging fuel prices along with stable food prices. The current and projected inflation figures have led to speculation about the size of the South African Reserve Bank's (SARB) next rate cut in November, particularly whether a significant 50bp cut is warranted. Retail sales rose by 3.2% year-on-year in August, signalling modest consumer spending. The Producer Price Index (PPI) data indicated a year-on-year increase of 1% for September, reaching its lowest level in four years and marking the 13th consecutive month of decline. This instructive data confirms that overall price pressures continue to ease, contributing to the deflationary trend observed in the CPI. The decline in the PPI figure was primarily driven by lower global oil prices and a stronger rand, both of which have uncertain outlooks and represent significant risks. The trade surplus widened to ZAR 12.8 billion in September, driven by robust exports of precious metals and stones. The S&P Global South Africa PMI recorded 50.6 in October, indicating continued, albeit slower, private-sector expansion. The JSE All Share Index exhibited mixed performance, with Industrials and Financials gaining on stable electricity supply and improving sentiment. However, Resources lagged due to declining platinum and iron ore prices. Bonds benefited from stable inflation, with easing yields reflecting investor confidence. Retail-focused REITs performed well in the property market, but high commercial vacancy rates remain a concern.

The Medium-Term Budget Policy Statement (MTBPS) marked the first fiscal policy statement since the formation of the Government of National Unity (GNU). Initially, markets responded negatively to this risk event. However, the downturn quickly normalised, leaving no lasting impression on the markets. The MTBPS projected a GDP growth of 1.1% for 2024 and underscored the need for private-sector involvement to drive job creation and stabilise public finances. However, lower-than-expected tax revenue and disputes over public service wage negotiations have raised fiscal sustainability concerns. South Africa's upcoming presidency of the G20 presents an opportunity to advocate for an African-focused agenda, while domestically, a focus on macroeconomic stability and inclusive growth is central to the government's economic strategy.

Global Market Drivers

The U.S. economy grew at an annualised 2.8% in Q3 2024, driven by consumer spending and robust business investments. Inflation slowed for a sixth consecutive month to 2.4% in September, while unemployment held steady at 4.1% in October. In October, expectations for US rate cuts diminished. At the month's start, there was a 35% chance of a 0.5% rate cut in November, which fell to 0% by the end. Contributing factors included the potential Trump presidency and higher-than-expected inflation data. This has led markets to predict that rates will remain elevated for longer, permeating through to global bond markets as well. Retail sales grew by 0.4% month-on-month, and consumer confidence index (CCI) increased, with the CCI reaching 108.7 in October. U.S. equities dipped, with the S&P 500 falling 0.3%. Treasury yields rose, driving a 1.5% decline in the Bloomberg U.S. Aggregate Bond Index. Commodities faced challenges, with oil prices falling below \$85 per barrel, while gold remained stable. Real estate softened as higher interest rates weighed on valuations. The dollar strengthened against major currencies due to robust economic data. In October, markets began to indicate a potential Trump victory, although uncertainty remained. Notably, there was an increase in US bond yields over the month, partly due to expectations that a Trump presidency might lead to higher US inflation if he implemented his tariff policies, thereby necessitating higher interest rates. As of the time of writing, Donald Trump has won the US election. Additionally, US voters have given the Republican party control of the Senate and a projected majority in the House – giving them greater control over policy changes. Markets are watching his administration's approach to infrastructure projects and geopolitical strategies.

The UK economy maintained steady growth, with GDP rising 0.5% quarter-on-quarter in Q2 2024. Inflation eased to 1.7%, and unemployment rose to 4.3% from July to September. Retail sales grew by 0.3% in September, signalling resilient consumer demand. The FTSE 100 declined by 0.75%, with energy stocks underperforming. Gilts saw rising yields amid concerns over fiscal policies, while the real estate sector experienced cooling. Debates over increased public spending sparked concerns about debt sustainability, influencing market sentiment. These fiscal discussions will likely shape investor confidence in the coming months. At the end of October, Rachel Reeves delivered her first budget. There were a few surprises with a large focus on raising more government revenue. But the biggest surprise was that expected government spending was much higher than had been projected, thus UK government bond (gilt) issuance will be higher, and this caused gilt prices to fall steeply at the end of the month.

Eurozone GDP grew by 0.9% year-on-year in Q3 2024, while inflation increased to 2% in October. The unemployment rate held steady at 6.3% in September, reflecting stable labour market conditions. European equities slipped, with the MSCI Europe ex-UK Index

down 0.5%. Rising yields weighed on fixed-income markets, while the real estate sector saw limited activity. Commodities struggled, with declining oil prices affecting energy stocks. Concerns over trade disruptions following Donald Trump's re-election added uncertainty. EU tensions regarding fiscal policies and energy independence also weighed on regional markets.

China's GDP grew by 4.6% year-on-year in Q3 2024, missing expectations. Inflation rate stood at 0.3% in October, and urban unemployment improved to 5.1%. Chinese equities fell, reflecting concerns over the real estate sector and economic stability. Government bonds were stable, while industrial metals like copper saw price declines. The yuan depreciated against the dollar due to monetary easing. Trump's re-election raised fears of renewed U.S.-China trade tensions. Domestically, China continued efforts to stabilize its real estate market and boost consumer confidence.

Japan's economy grew at an annualised 1.2% in Q3 2024, supported by strong exports. Inflation fell to 2.5% in September, and unemployment was low at 2.4% for September. The Nikkei 225 rose 1.2%, driven by gains in export-oriented industries. Government bonds saw modest losses as yields rose, while the real estate market remained stable. The yen's depreciation supported export competitiveness but raised import costs. The ruling coalition suffered a major defeat in Japan's lower house elections, creating political uncertainty and potential changes in economic policies.

Sources: Portfoliometrix, Trading Economics, S&P Global, J.P. Morgan Market Insights, Morningstar Commentary, PwC South Africa Economic Outlook, Schroders Monthly Markets Review, Reuters, Financial Times, Wall Street Journal, ITV News

Portfolio Manager

Cinnabar Investment Management Team