

Cinnabar SCI* Income Fund of Funds

Minimum Disclosure Document

As of 30/09/2022



CINNABAR
INVESTMENT MANAGEMENT

MDD Issue Date: 23/10/2022

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 98,020,573
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.sanlamunitrusts.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	1.54
Transaction Cost	0.01
Total Investment Charges	1.55
Performance Fee	—
TER Measurement Period	01 July 2019 - 30 June 2022

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.

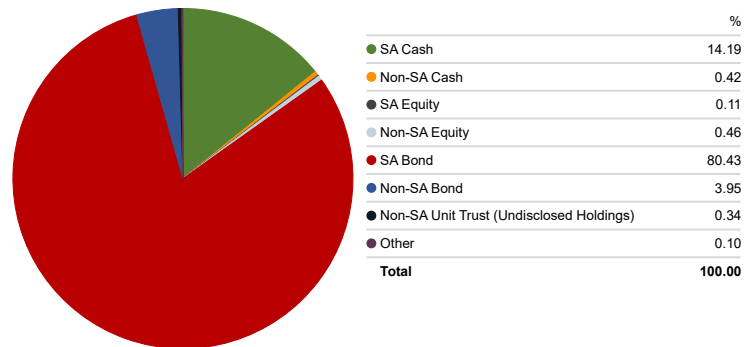
*The Cinnabar Sanlam Collective Investments Income Fund of Funds transitioned to Sanlam Collective Investments (RF) (Pty) Ltd on 02 December 2017.

Top Ten Holdings

	(%)
PortfolioMetrix BCI Dynamic Income Fund	59.39
Miplan IP Enhanced Income Fund	19.72
Saffron SCI Opportunity Income Fund	19.70

Asset Allocation

Portfolio Date: 30/09/2022



Annualised Performance (%)

	Fund	Benchmark
1 Year	3.99	4.68
3 Years	5.14	4.78
5 Years	5.93	5.79
Since Inception	6.21	6.33

Cumulative Performance (%)

	Fund	Benchmark
1 Year	3.99	4.68
3 Years	16.25	15.05
5 Years	33.39	32.51
Since Inception	63.62	65.12

Highest and Lowest Annual Returns

Time Period: Since Inception to 31/12/2021

Highest Annual %	8.13
Lowest Annual %	5.45

Risk Statistics (3 Year Rolling)

Standard Deviation (Volatility)	1.76
Maximum Drawdown	-1.70
Sharpe Ratio	0.16
Information Ratio	0.18

Distribution History (Cents Per Unit)

30/09/2022	1.50 cpu	30/09/2021	1.19 cpu	30/09/2020	1.27 cpu
30/06/2022	1.34 cpu	30/06/2021	1.16 cpu	30/06/2020	1.66 cpu
31/03/2022	1.35 cpu	31/03/2021	1.11 cpu	31/03/2020	1.69 cpu
31/12/2021	1.32 cpu	31/12/2020	1.24 cpu	31/12/2019	1.76 cpu

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Risk Profile

Cautious

You are cautious about taking on risk (i.e. have a limited exposure to equities in your portfolio). 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 interest-bearing 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: September 2022

United States of America

The US economy contracted an annualized 0.6% in Q2 the second consecutive quarter of negative growth implying the economy has entered a technical recession. Economic data published in September showed a minor change in Manufacturing PMI which remained steady at 52, similar to the previous month 51.5 in August. The US struggled to create jobs during September as the labour force participation rate remained steady at 62.3% in September, and similarly the unemployment rate was only 0.2% down at 3.5%. August data showed the US trade deficit continued to narrow by a further \$3 billion to a 10-month low of \$67.4 billion with total exports down slightly by 0.2% and a decrease in total imports by 1.1%. Inflation seems to have passed its peak as CPI increased 8.2% year-on-year in October, down from 9.1% in June and the annual producer inflation slowing to 7.2% during the same time. On the monetary front the Federal Reserve's (the Fed's) rate-setting committee remains committed to curbing inflation, with the Fed policy reinforcing an intended continuation of the restrictive path to bring inflation down meaningfully keeping successive 75bps hikes on the table.

UK

In the UK, the economy's annual GDP growth rate was 4.4% in June, down from 10.9%. The central bank expects a recession to start in the fourth quarter. Over the month of August, the trade deficit increased by GBP 1.6 billion to GBP 7.1 billion. British economy contracted by 0.6% in June following growth of 0.4% in May. Business confidence improved in September from -34 to -21 points, but remained negative. Linked to this retail sales in the United Kingdom decreased and were down 1.6% in August with consumer confidence dropping from -44 to -49 points, with UK consumers find themselves more pessimistic on the state of the economy, exceeding the previous months record low. Manufacturing PMI was stable but remained below 50 (the key level separating expansion and contraction) at 48.4 points from 47.3 points in August. Inflation continues to persist, improving slightly in August (9.9%) compared to the previous month of 10.1% year on year in July, its highest level in 40 years. The Bank of England raised its policy rate further from 1.75% to 2.25% in September and warned of further tightening to contain inflation.

Europe

Eurozone second-quarter GDP surprised on the upside, growing 0.7% quarter on quarter and 4.1% year-on-year in Q2. The unemployment rates remained constant at 6.6%, while the inflation rate crept higher from 9.1% to 10% in September despite ECB attempt to manage inflation through interest rate hikes, which moved from 0.5% to 1.25% in September. With an imminent recession looming, triggered by a further squeeze higher in natural gas prices and declining Russian supply, the ECB must choose between fulfilling its inflation mandate and imposing an additional economic cost to the eurozone. Producer prices jumped a further 5% in August. Trade deficits increased significantly from Euro 33.9 bn to Euro 50.9 bn. Understandable manufacturing and services PMI levels remained contractionary with levels dropping slightly in September to 48.4 and 48.8 points respectively. Business confidence remained positive (albeit only slightly) at 0.81 points, while consumer confidence remained negative and declined from -25 to -28.8 points in September. The growth outlook looks timid for the coming year on the back of persistent inflation, rising interest rates and stubbornly high energy prices.

Japan

Japan's economy expanded more than initially estimated in the three months through June, recovering the ground it lost during the pandemic. Gross domestic product grew 0.9% quarter-on-quarter and at an annualized 3.5% for Q2. The au Jibun Bank Japan Manufacturing PMI continued to decrease slightly to 50.8 from 51.5 in August and 52.1 in July. The Japan trade balance shifted to a deficit from a year earlier. The latest result marked the 13th straight month of trade shortfall. Inflation increased further from 2.6% to 3% in August (12th straight month marking an increase), with the BOJ leaving interest rates remaining unchanged and negative (-0.1%), the lone example globally of an unchanged interest rate in light of increasing inflation. Nonetheless, business confidence remained positive (8 points, from 9 points in August), manufacturing and services PMI levels remained expansionary at 50.8 and 52.2 points respectively. Consumer confidence remained positive, but declined slightly from 32.5 in August to 30.8 in September and aligned to this retail sales improved both month on month and year on year by 1.4% and 4.1% respectively (both improvements from previous data points of 0.8% and 2.4%).

China

From its zero-Covid policy and heavy-handed regulations to deteriorating international relations in a weakened global environment, China faces significant headwinds. China's economy continues to struggle, with GDP falling to negative levels in June at -2.6%, with the annual growth rate just remaining positive at 0.4%. China's General Manufacturing PMI declined further to 48.1 in September confirming its first contraction since May after the August PMI dropped to 49.5. Services PMI also declined from 55 points to 49.3 in September. China's trade surplus unexpectedly dropped to a three-month low in August (USD 79.4 bn from USD 101 bn) while retail sales turned negative from 2.7% year-on-year in July to -0.05% in August. Consumer confidence remained stable at 87 points in August (87.9 points in July), mostly on the back of the government lifting COVID-19 pandemic restrictions. China's annual inflation rate rose further to 2.8% in August from 2.5% in June, the fastest rise in consumer prices since July 2020. In August China cut a key policy interest rate by 10 basis points, the first cut since January, in an attempt to give the economy some stimulus. Interest rates remain at 3.65% as at October 2022.

South Africa

In South Africa, we face the usual opposing forces of constraints relating to energy supply and infrastructure, but the benefits of a stable monetary policy and well managed inflation

risks. Unfortunately GDP shrank by 0.7% over the second quarter in the three months to June. Year-on-year, however the economy expanded by a mere 0.2% in the second quarter. Unemployment remains a persistent issue and remains stable around 34% (33.9% in Q2, down from 34.5% in Q1 and a record high of 35.3% in Q4 of 2021). The seasonally adjusted Absa Purchasing Managers' Index declined from 52.1 points in August to 48.2 in September, with the re-introduction of load-shedding. Consumers confidence remains negative, with a slight improvement of 5 points to -20 in Q3. Business confidence remained positive, but took a slightly more pessimistic stance with the index falling to 39 in Q3 from 42. The annual inflation rate improved slightly dropping from a 13-year high of 7.8% in July to 7.6% in August. This does remain above the upper limit of the South African Reserve Bank's target range of 3%-6% and thus an interest rate increase from 5.55 to 6.25% was effected in September.

Sources: Trading Economics, Bloomberg, BER, JP Morgan, Moneyweb, Cinnabar Investment Management

Portfolio Manager

Cinnabar Investment Management Team