Cinnabar SCI* Flexible Fund of Funds

Minimum Disclosure Document

As of 2020/10/31

CINNABAR
INVESTMENT MANAGEMENT

MDD Issue Date: **2020/11/18**

Fund Objective

The objective of the portfolio is to provide investors with consistent low volatile performance and real capital growth.

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, bonds and property and money market instruments. 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	GCFF
Portfolio Manager	Cinnabar Investment Management Team
ASISA Fund Classification	South African - Multi Asset - Flexible
Risk Profile	Aggressive
Benchmark	ASISA Category Avg: SA - Multi Asset - Flexible
Fund Size	R 155 635 344
Portfolio Launch Date*	2005/08/22
Fee Class Launch Date*	2005/08/22
Minimum Lump Sum Investment	R 10 000
Minimum Monthly Investment	R 500
Income Declaration Date	June & December
Income Payment Date	1st business day of July & January
Portfolio Valuation Time	17:00
Transaction Cut Off Time	15:00
Daily Price Information	Local media
Repurchase Period	2-3 business days

Fees (Incl. VAT)

Fees (Incl. VAT)	A-Class (%)
Maximum Initial Advice Fee	3,45
Maximum Annual Advice Fee	—
Manager Annual Fee	1,15
Total Expense Ratio	2,05
Transaction Cost	0,20
Total Investment Charges	2,25
Performance Fee	0,14
TER Measurement Period	01 July 2017 - 30 June 2020

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 Performance Fees on Cinnabar Funds were stopped on 1 July 2020.

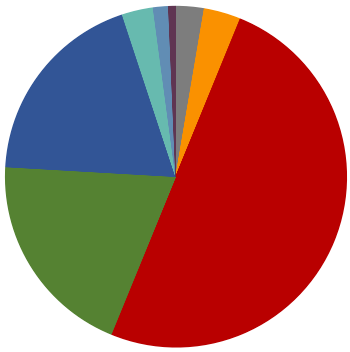
*The Cinnabar Sanlam Collective Investments Flexible Fund of Funds transitioned to Sanlam Collective Investments (RF) (Pty) Ltd on 02 December 2017.

Top Ten Holdings

Top Ten Holdings	(%)
Satrix Top 40 Index Fund	25,50
Satrix World Equity Tracker Fund	11,26
Northstar SCI Managed Fund	10,60
Laurium Flexible Prescient Fund	10,49
Kagiso Balanced Fund	9,63
Satrix Bond Index Fund	9,12
Ninety One Opportunity Fund	8,85
Coronation Balanced Plus Fund	5,45
Coronation Equity Fund Class B	5,36
Coronation Global Strategic USD Income Fund	3,02

Asset Allocation

Portfolio Date: 2020/09/30



	%
SA Cash	2,68
Non-SA Cash	3,50
SA Equity	50,00
Non-SA Equity	19,73
SA Bond	19,02
Non-SA Bond	2,96
SA Property	1,44
Other	0,67
Total	**100,00**

Annualised Performance (%)

	Fund	Benchmark
1 Year	-4,45	-2,17
3 Years	-1,26	-0,51
5 Years	2,06	1,45
10 Years	5,10	6,98
Since Inception	7,62	8,87

Cumulative Performance (%)

	Fund	Benchmark
1 Year	-4,45	-2,17
3 Years	-3,73	-1,53
5 Years	10,75	7,48
10 Years	64,38	96,45
Since Inception	205,01	263,34

Highest and Lowest Annual Returns

Time Period: Since Inception to 2019/12/31

Highest Annual %	22,83
Lowest Annual %	-6,15

Risk Statistics (3 Year Rolling)

Standard Deviation (Volatility)	11,88
Maximum Drawdown	-16,65
Sharpe Ratio	-0,61
Information Ratio	-0,25

Distribution History (Cents Per Unit)

2020/06/30	3.22 cpu	2018/06/30	0.19 cpu	2016/06/30	2.06 cpu
2019/12/31	2.45 cpu	2017/12/01	1.76 cpu	2015/11/30	0.83 cpu
2019/06/30	2.87 cpu	2017/06/30	1.95 cpu	2014/06/30	0.60 cpu
2018/12/31	2.36 cpu	2016/12/31	2.12 cpu		

Administered by

Sanlam

Cinnabar SCI* Flexible Fund of Funds

Minimum Disclosure Document

As of 2020/10/31

CINNABAR
INVESTMENT MANAGEMENT

Risk Profile

Aggressive

You can afford to take on a higher level of risk (i.e., have a greater exposure to equities) because of your investment time horizon and/or your appetite for risk. You know that in taking the risk, you need to be patient if you want to achieve the results. So you are willing to invest for the long-term and are prepared to tolerate some volatility in the short term, in anticipation of the higher returns you expect to receive in five years or beyond.

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 buyunits. 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 ofprofessional 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

Cinnabar Investment Management (Pty) Ltd
(FSP) License No. 45402
Physical Address: 346 Ontdekkers Road, Florida, Roodepoort, 1709
Postal Address: 346 Ontdekkers Road, Florida, Roodepoort, 1709
Tel: +27 (11) 768 1022
Email: info@cinnabarim.co.za
Website: www.cinnabarim.co.za

Manager Information
Sanlam Collective Investments (RF) (Pty) Ltd
Physical Address: 2 Strand Road, Bellville, 7530
Postal Address: P.O. Box 30, Sanlamhof, Bellville, 7532
Tel: +27 (21) 916 1800
Email: service@sanlaminvestments.com
Website: www.sanlamunittrusts.co.za

Trustee Information
Standard Bank of South Africa Ltd
Tel: +27 (21) 441 4100
Email: compliance-sanlam@standardbank.co.za

Administered by

Sanlam

Cinnabar SCI* Flexible Fund of Funds

Minimum Disclosure Document

As of 2020/10/31

CINNABAR
INVESTMENT MANAGEMENT

Portfolio Manager Comment

Market Update

Cinnabar Monthly Insight: October 2020

Leading up to the US elections on the 3rd of November, markets continued to whipsaw with the US S&P 500 suffering its largest weekly drop (-6%) since March. When the news media decided that Joe Biden had won the election, the markets reacted extremely favourably recording the most significant surge following an election in history. On closer inspection, investors' positive sentiment is less buoyed by a Democratic US President, than it is relieved that a "Blue Wave" did not swamp the Senate. The split Congress will make it difficult for the Biden administration to push through higher taxes and toughen regulations on Big Tech, which the market appreciated.

At the time of writing, global markets are soaring further with the breaking news of Pfizer's positive update on its vaccine trial. It is incredible to note that Joe Biden has still not officially won the election because President Trump has not conceded. It is not hard to assume that if and when he does concede, this will also be favourable for markets. However, an official result may still be days or weeks away because of court challenges and recounts. All this favours continued volatility, particularly as COVID infections continue to surge – the virus didn't stop like the rest of the world to watch the election results.

No matter the volatility, we continue to favour equities mainly due to TINA – There Is No Alternative, particularly in the global environment. Our positioning through the election has been moderately overweight equities and US equities. As the economic recovery continues and with more positive news of vaccines, together with more certainty on US politics, we are incredibly optimistic for 2021 and beyond.

Market Update

United States of America
US GDP rose at an annualised rate of 33.1% in Q3 following a contraction of 31.4% in Q2. The main growth driver came from personal spending, up 1.4% month-over-month in September, helped by checks and weekly unemployment benefits from the federal CARES Act. Overall US income increased 0.9% for September, whilst retails sales jumped 1.9% month-over-month. Annual inflation rate in the US edged up to 1.4% in September, which has been rising consistently since hitting 0.1% in May. The Federal Reserve left the target range for its federal funds rate unchanged at 0-0.25%. It said it would increase its holdings of Treasury securities and agency mortgage-backed securities over the coming months. This will help sustain smooth market functioning and foster accommodative financial conditions, supporting the flow of credit to households and businesses. Looking ahead, the Fed reiterated its commitment to keep rates at record low levels until labour market conditions reach levels consistent with maximum employment and inflation rises to 2%. Meanwhile, at the time of writing, the US election intensifies as Biden edges closer to a presidential victory. Under a Biden administration, economic growth could benefit from increased spending on infrastructure and social security.

UK
The UK economy is likely to gain back some lost ground in Q3 following the contraction of Q2. GDP rose solidly in July and August, while retail sales increased by 4.7% in September. However, Manufacturing PMI decreased to 53.7% in October from 54.1 in September, suggesting the recovery lost momentum due to the reimplementation of restrictions. The UK unemployment rate increased to 4.5% in the three months to August, and the annual inflation rate rose to 0.5% with the Bank of England expecting an increase to 0.6% in Q4. The Bank of England left its Bank Rate at a record low of 0.1% on the 5th of November and increased the size of its bond-buying program by a larger-than-expected £150 billion, bringing the total to £875 billion. Moody's cut Britain's sovereign debt credit rating by a notch to Aa3, citing the 'diminishing' quality of the UK's 'legislative and executive institutions' as one factor behind the decision. On the political front, talks between the UK and EU over a post-Brexit trade agreement stalled in early November. Prime Minister Boris Johnson suggested that the EU was unwilling to seriously consider his preferred option of a comprehensive free trade agreement, which is based on the bloc's existing arrangement with Canada.

Europe
The European economy is expected to rebound in Q3 following its decline in Q2; however, the pace of the recovery slowed towards the end of the quarter. The need for further stimulus was seen in the GDP data, as economic activity was 12.7% higher in Q3, not enough though to reverse the declines in the first half of the year. A resurgence of the pandemic in recent weeks has prompted the European Commission to lower its GDP forecast for 2021, which was expecting the EU to grow by 4.2% in 2021. The European Central Bank (ECB) left policy unchanged, even though ECB President Christine Lagarde appeared to signal easing ahead, saying that "the Governing Council will recalibrate its instruments, as appropriate, to respond to the unfolding situation". The main refinancing rate was held at 0% while the deposit rate remained at a record low -0.5%. Also, the ECB will continue its purchases under the pandemic emergency purchase programme (PEPP) with a total envelope of €1.35 trillion.

Japan
Economic recovery is improving; however, consumers are still pessimistic, and according to the latest Tankan business confidence survey for Q3, business confidence shares the same sentiment, remaining profoundly negative. As the pandemic weighs on service sector output, the central bank has revised its GDP projection for the current fiscal year ending in March 2021 to a contraction of 5.5% from an estimate of a 4.7% decline made in July. The Bank of Japan (BoJ) left its key short-term interest rate unchanged at -0.1% and kept the target for the 10-year Japanese government bond yield at around 0% during its October meeting. The unemployment rate remained at 3% for September, while retail sales plunged 8.7% year-on-year. Turning to Q4, the economy began the period on a muted footing, with the au Jibun Bank Japan Manufacturing PMI higher at 48.7 in October but remaining deep in contractionary territory. Japan's leading economic indicator came it at 88.4 in August, its highest reading since February, following the reopening of business units.

China
One area of the world which is returning to pre-Covid levels of activity is China. China's trade surplus narrowed to USD 37.0 billion in September; exports increased by 9.9% while imports rose 13.2%. Retail trade rose by 3.3% year-on-year in September, suggests that consumers were gradually returning to the shops, boosting private consumption. Unemployment in China came in at 5.4% for September with General Manufacturing PMI rising to 53.6 in October. China's economy grew by 4.9% in the third quarter an improvement on the second quarter's 3.2%. The economy is forecasted to grow by 2% this year despite the sharp contraction in activity at the start of the year. The People's Bank of China left both its one-year loan prime rate (3.85%) and its equivalent five-year rate (4.65%) unchanged at its monthly review. This suggests that officials remain comfortable for now with the degree to which monetary policy is supporting domestic activity.

South Africa
Despite South Africa's manufacturing PMI rising to 60.9 in October, well above the 50 mark, which is an indicator for an economic expansion, the economic scenario remains bleak. Retail trade went down 4.2% from a year earlier in August, the inflation rate slowed to 3%, and the business confidence index remained unchanged at 85.7. Turning our focus to the medium-term budget policy statement presented by Finance Minister Tito Mboweni, the minister spoke about the increase in the probability of a debt trap. Government debt continues to surge with gross debt set to peak at 95.3% of GDP in 2025-26. Treasury estimates tax increases of R5 billion in 2021-22, while tax collection is seen at R8.7 billion less than the June projection. Treasury will look to decrease spending, equating to a saving of R300 billion over three years. South African Airways gets another R10.5 billion to help it restart; however, support for Eskom is reduced to R4.2 billion over the medium term. The expected economic contraction for this year is 7.8% with a 3.3% expansion in 2021 and 1.7% in 2022.

Sources: Trading Economics, Bloomberg, Office for National Statistics, Bank of England, Cinnabar Investment Management

Portfolio Manager
Cinnabar Investment Management Team