

Flagship IP Worldwide Flexible Fund of Funds

Minimum Disclosure Document - 31 January 2020



FUND MANAGERS

Flagship Global Investment Team

NAV 815.0c

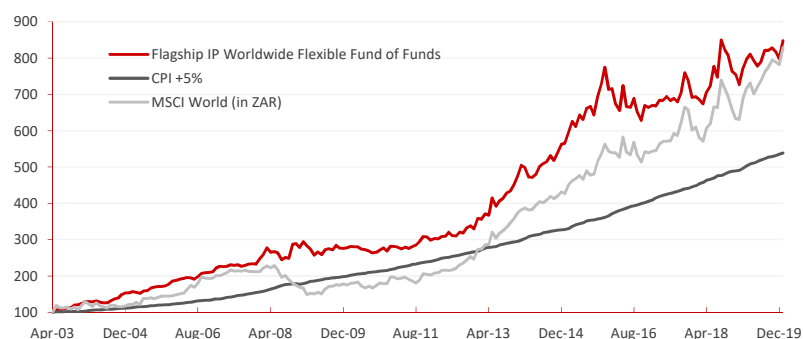
Launch date	03 April 2003
Fund size	R250m
NAV - A Class	815.0c
Benchmark	CPI +5%
Dealing	Daily

No. of participatory interests	30 641 416
Minimum investment	R 5 000
Base currency	ZAR
Income declaration - Mar '19	0.00cpu
Income declaration - Sep '19	0.00cpu

FUND OBJECTIVE

The objective of the Flagship IP Worldwide Flexible Fund of Funds is to deliver long term capital growth by investing in a focused portfolio of stringently selected global equity fund managers. Investments, on a see-through basis, will be diversified across geographic regions, in both developed and emerging markets, and diversifies single manager and single style risk associated with investing through one asset manager only. The fund may invest across all asset classes, but, through the cycle, equity exposure will be maintained at around 80%, with the objective to outperform the MSCI World Index (in rands) over the long term (5 years). Our formal benchmark is CPI +5% and the fund is classified in the Worldwide - Multi Asset - Flexible sector.

PERFORMANCE CHART



FUND EXPOSURES

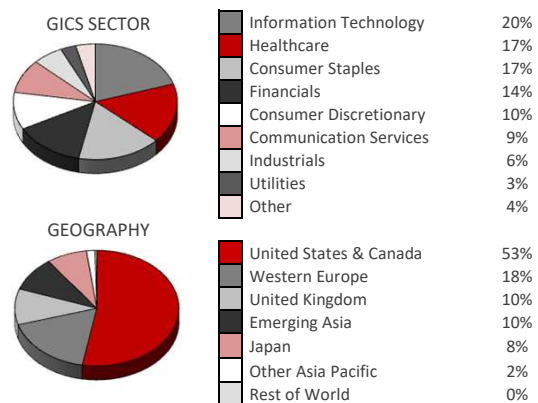
Global Equity Funds	58.1%
Mondrian Global Equity Fund	
Fund Managers: Clive Gillmore, Elizabeth Desmond, Aileen Gan, Andrew Miller	
Benchmark: MSCI World Index (Net)	
Sands Capital Global Growth Fund	
Fund Managers: David Levanson, Sunil Thakor, T. Perry Williams	
Benchmark: MSCI World Index	
Lindsell Train Global Equity Fund	
Fund Managers: Michael Lindsell, Nick Train, James Bullock	
Benchmark: MSCI World Index (Developed Markets)	
GQG Partners Global Equity Fund	
Fund Manager: Rajiv Jain	
Benchmark: MSCI World Index	
Exchange Traded Funds	20.1%
TOTAL EQUITY EXPOSURE	78.2%
Strategic Income	20.9%
Domestic	2.4%
Foreign	18.5%
Cash	0.9%
Domestic	0.3%
Foreign	0.6%
Commodities	0.0%
Gold	0.0%
TOTAL PORTFOLIO	100.0%

PERFORMANCE AND RISK

Performance (net of fees)	Fund	Benchmark	Inflation
Since inception	781.3%	434.9%	132.6%
Since inception (annualised)	13.8%	10.5%	5.1%
10 Years (annualised)	11.8%	10.5%	5.1%
7 Years (annualised)	13.1%	10.5%	5.1%
5 Years (annualised)	8.4%	10.4%	5.0%
3 Years (annualised)	8.2%	9.7%	4.1%
1 Year	16.6%	9.3%	3.9%
Year-to-date	6.2%	0.7%	0.0%

Risk Measures (since inception)	Fund	Benchmark	Inflation
Annualised monthly volatility	13.0	2.9	2.0
Sharpe ratio	0.13	0.37	0.21
Maximum drawdown	-20.2%	-0.8%	-1.8%
Lowest actual annual return	-0.1%	2 April 2010 to 1 April 2011	
Highest actual annual return	+30.1%	2 April 2003 to 1 April 2004	

EFFECTIVE EQUITY EXPOSURE



ANNUAL FUND PERFORMANCE

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Fund	1.1%	-2.4%	11.1%	10.4%	44.7%	18.0%	37.8%	-14.2%	4.0%	4.9%	5.9%
CPI +5%	11.6%	8.6%	11.5%	11.0%	10.7%	11.2%	10.1%	12.0%	10.0%	9.8%	8.8%

FEES

	1 Year	3 Year
Total Expense Ratio (incl. VAT)	2.11%	2.17%
Fund management fee (excl. VAT)	1.50%	1.50%
VAT on fund management fee	0.23%	0.23%
Fund expenses (incl. VAT)	0.39%	0.45%
Transaction Costs (incl. VAT)	0.44%	0.64%
Total Investment Charge (incl. VAT)	2.55%	2.81%

FUND COMMENTARY - JANUARY 2020

The fund returned +6.2% for the month, outperforming its benchmark (CPI +5%) which was up 0.7%. Strong performance from GQG and Sands, was offset by weaker returns from Lindsell Train and Mondrian, but rand weakness provided the greatest contribution to the overall portfolio performance.

In accordance with our practice of highlighting one of your portfolio's core fund holdings, the Flagship global team has followed GQG's CIO, Rajiv Jain, since he ran the Vontobel emerging markets and global funds, where he had an excellent track record. His 'forward-looking quality valuation' philosophy generates high-conviction, concentrated portfolios which resonates deeply with Flagship. Jain's screening regimen has led him to consistently find out-performing investments at various points in the cycle. The role that GQG Partners Global Equity Fund plays in your fund is a differentiated, value-orientated portfolio that straddles the midline between growth and value styles. The fund has beaten its benchmark by 4.4% (annualised) over 5 years, and by 4.5% (annualised) since October 2014.

As required by legislation, we confirm that the fund has adhered to its policy objective and strategy.

MARKET COMMENTARY

International

2020 has started eventfully: US and Iranian tensions flared with the killing of Qassim Soleimani; the Coronavirus outbreak in China has shaken confidence; and Britain has (finally) exited the European Union. Markets sputtered, with the oil price down 15% in January, its biggest monthly move since 1991. Global stock market volatility edged higher, and the MSCI ACWI index returned -1.1% after being nearly 2.5% up at one point.

Equity valuations, as measured by the PE ratio, continue to reflect optimism in the future. We enter the year with the historical S&P 500 PE ratio standing at 24.3x (versus its long term average of 15.8x) and the cyclically adjusted PE ratio standing at 30.8x (against its long-term average of 16.7x). It has been higher on only 3 occasions in the past century. Our crystal ball is no more prescient than anyone else's, but we are certain that this level of valuation will not persist indefinitely.

We continue to find the quality, growth prospects and, most importantly, the valuation of our fund holdings much more appealing than that of the 2,800

stocks that comprise the MSCI All Country World Index. As 2020 evolves we will take comfort knowing our valuation-based approach will allow us to adapt to changing market environments, economic conditions, political leanings and leadership. Despite all these variables, most businesses have a value that can be determined with careful consideration, and the mispricing of global stock markets will continue to afford us opportunities to buy and sell businesses at appropriate levels.

South Africa

Local equities weakened, with the JSE All Share Index ending down 1.7% for the month. The Rand shed nearly 7% in January, bringing its 12 month return to -11%. Despite poor macroeconomic and political news flow, high real interest rates have continued to provide support for South African bonds, with real yields of nearly 6%. The local economy continues to suffer, with confidence indicators at multi-year lows.

Risk Considerations and Important Information

- Collective Investment Schemes in Securities (unit trusts) are generally medium to long term investments.
- The value of participatory interests (units) may go down as well as up and past performance is not necessarily a guide to the future. The manager does not provide any guarantee either with respect to the capital or the return of a portfolio.
- Unit trusts are traded at ruling prices and can engage in scrip lending subject to the limits and conditions imposed by the Act.
- The manager may borrow up to 10% of the market value of the collective investment scheme portfolio to ensure liquidity.
- Unit trust prices are calculated on a net asset value basis, which is the total value of all assets in the portfolio including any income accruals and less any permissible deductions (brokerage, Uncertificated Securities Tax, VAT, auditor's fees, bank charges, trustee and custodian fees and the annual management fee) from the portfolio, divided by the number of units in issue.
- A schedule of fees, charges and maximum commissions is available on request. Commission and incentives may be paid, and if so, are included in the overall costs.
- The unit trust portfolios are priced daily at 15h00 (quarter end 17h00), using forward pricing. Dealing cut-off time is 14h30 daily.
- Units will be repurchased by the manager at the ruling price calculated in accordance with the requirements of the Act and the relevant deeds and paid to the investor only. Subject to occurrences beyond the control of Flagship Asset Management (FAM), transaction requests received by FAM before 14h30 will be actioned at that day's price. Monies from the repurchase of units will not be paid to third party bank accounts.
- FAM reserves the right to repurchase unit balances with a market value less than the minimum monthly investment amount and close the investment account. Investors will be notified beforehand should this be contemplated.
- Portfolio performance is calculated on a NAV to NAV basis and does not take any initial fees into account. Figures quoted are from Reuters and Moneymate for a lump sum using NAV-NAV prices with income distributions reinvested. Income is reinvested on the ex-dividend date. Actual investment performance will differ based on the initial fees applicable, the actual investment date and the date of reinvestment of income. Investment performance calculations are available for verification upon request.
- Income distributions for the fund occur bi-annually on 31 March and 30 September.
- Annualised returns are period returns re-scaled to a period of 1 year. This allows investors to compare returns of different assets that they have owned for different lengths of time. Actual annual figures are available to investors upon request.
- SARS requires us to pay over Dividend Withholding Tax (DWT) on your behalf where applicable. We will deduct this tax before we pay any dividends to you or reinvest into your account. Unless we receive information from you indicating otherwise, we will be obliged to withhold the default DWT of 20%.
- The EAC is a standard industry measure which has been introduced to allow you to compare the charges you incur and their impact on the investment returns over specific periods. Please visit <http://www.ipmc.co.za/effectiveannual-cost> to address the EAC illustrator. You can request an EAC calculation from clientservices@ipmc.co.za or call us on 021 673-1340
- Fund prices are published daily and available in newspapers countrywide, as well as on our website, www.flagshipsa.com. Also available on our website is additional information on the unit trust portfolio, including our [Application Form](#). FAM reserves the right to only process instructions that are submitted on FAM standard transaction forms.
- Flagship Asset Management (Pty) Ltd is an authorised financial services provider (FSP 577). Trustees / custodians for the scheme are Standard Bank of South Africa Ltd – contact compliance-IP@standardbank.co.za. IP Management Company Reg. No. 2007/01760/07 is the authorised manager of the scheme – contact 021 673 1340 or clientservice@ipmc.co.za. IP Management Company (RF) (Pty) Ltd is a member of the Association for Savings & Investment SA (ASISA).
- The Manager retains full legal responsibility of the Fund, regardless of co-naming arrangements.
- Additional information including the annual report of the Manager and detailed holdings of the portfolio as at the last quarter end are available, free of charge, from info@flagshipsa.com.
- A statement of changes in the composition of the portfolio during the reporting period is available on request.
- Complaints should be in writing and clearly marked for the attention of the Compliance Officer and should be mailed to Private Bag X21, Constantia, 7848.

Investment Policy

The Flagship IP Worldwide Flexible Fund of Funds is a Worldwide-Asset Allocation portfolio in the Flexible Portfolio Sector. The primary objective of the portfolio is to offer medium to long-term capital growth. The portfolio will invest in a range of participatory interests in equity, bond, money or property markets, in portfolios of collective investment schemes.

In order to achieve its objective, the investments normally to be included in the Flagship IP Worldwide Flexible Fund of Funds will, apart from assets in liquid form, consist of participatory interests of portfolios of collective investment schemes or other similar schemes, in equity, bond, money or property markets, registered in the Republic of South Africa, or of portfolios of collective investment schemes or other similar schemes operated in territories with a regulatory environment which is to the satisfaction of the Manager and the Trustee, and comply with the requirements of the Act and any regulations thereto.

TER and Transaction Costs

From 1 October 2016 to 30 September 2019 2.17% of the value of the fund was incurred as expenses relating to the administration of the fund. 0.64% of the value of the fund was incurred as costs relating to the buying and selling of the assets underlying the fund. Therefore, 2.81% of the value of the fund was incurred as costs relating to the investment of the fund. 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 Costs are a necessary cost in administering the fund and impacts fund 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 fund, the investment decisions of the investment manager and the TER.

Fund Risk Profile

- The investment philosophy is medium to long term in nature but with a conservative bias. The use of several managers diversifies the single-manager and single-style risk associated with investing through one asset manager only. Asset allocation is adjusted according to changes in market conditions..



- Shares are potentially volatile investments and there is a risk of capital loss over the short term.
- Foreign securities may have additional material risks, depending on the specific risks affecting that country, 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.
- Fluctuations or movements in exchange rates may cause the value of underlying international investments to go up or down.

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