

Flagship IP Global Icon Feeder Fund

Minimum Disclosure Document - 30 September 2020



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FUND MANAGERS

Pieter Hundersmarck | Kyle Wales

NAV 979.5c

Launch date	06 August 2020
Fund type	Global equity feeder fund
Fund size	R6.7m
NAV - A Class	979.5c
Benchmark	MSCI All Country World Index (MSCI ACWI), in rands (net total return USD index, converted into ZAR)

No. of participatory interests	689 469
Minimum lump sum investment	R 5 000
Base currency	ZAR
Income declaration - Mar '20	N/A
Income declaration - Sep '20	TBC
Dealing	Daily

FUND OBJECTIVE

The fund invests directly into the Flagship Global Icon Fund IC Limited, registered in Guernsey. That fund seeks to provide long-term capital appreciation by investing in high-quality companies that the Fund Manager believes will generate superior returns over the long-term. Such companies typically have a franchise in the form of a hard-to-replicate intangible asset (such as a brand, culture or intellectual property) that leads to an enduring competitive advantage and a dominant market position.

PERFORMANCE CHART

To comply with regulatory requirements, performance is not provided until the fund has been operational for a period of at least six months.

FUND EXPOSURES

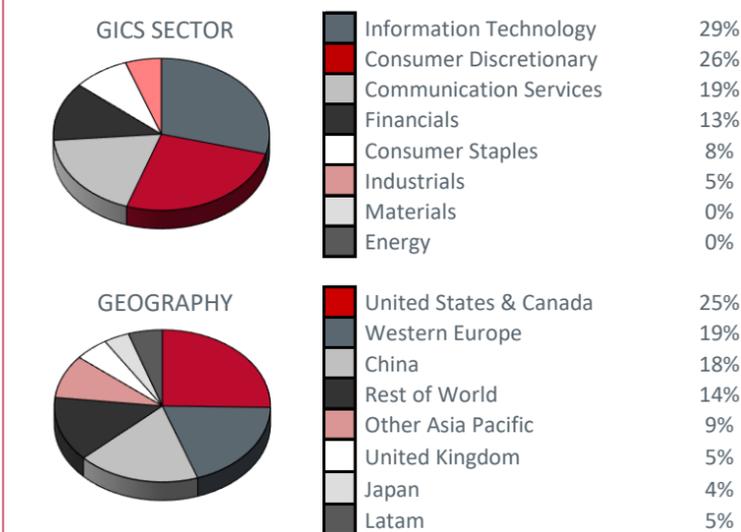
Equity	87.5%
Zalando SE	6.2%
Alibaba	6.0%
Netease Inc	5.3%
Microsoft Corp	5.3%
Booking Holdings Inc	3.9%
Heineken Holding NV	4.1%
Facebook	4.2%
Global Payments	4.1%
Amazon	3.9%
Endava Plc	3.0%
Other equity holdings	41.5%
Commodities	9.5%
Gold	9.5%
Cash	2.9%
USD	2.8%
ZAR	0.1%
Other	0.0%
TOTAL - LOOK THROUGH	100.0%
Fund Holding	99.9%
Flagship Global Icon Fund	99.9%
Cash	0.1%
USD	0.0%
ZAR	0.1%
TOTAL - ACTUAL	100.0%

PERFORMANCE AND RISK

Annualised Performance (for periods > 1 year)	Fund	Benchmark	USD Cash
Since inception			
10 Years			
7 Years			
5 Years			
3 Years			
2 Years			
1 Year			
Year-to-date			

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EFFECTIVE EQUITY EXPOSURE



ANNUAL FUND PERFORMANCE

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FEES

Total Expense Ratio (incl. VAT)	1.70%
Fund management fee (excl. VAT)	0.35%
VAT on fund management fee	0.05%
Fund expenses (incl. VAT)	1.30%
Transaction Costs (incl. VAT)	0.20%
Total Investment Charge (incl. VAT)	1.90%

Note that as the fund has been operational for less than 1 year, the TER provided is an estimate.

FUND COMMENTARY - SEPTEMBER 2020

The fund delivered a return of -2.9% for the month which was slightly ahead of its benchmark, the MSCI ACWI, which delivered a return of -4.4%. The rand strengthened by 1.1% during the month, acting as a headwind to performance. Netease and Facebook were two of our laggards for the month, but have performed well year-to-date, so some consolidation should be expected. Our largest contributors for the month were Trupanion, Zalando and Cartrack.

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

MARKET COMMENTARY

International

The S&P 500 Index weakened in September but has still delivered a positive return year-to-date, despite Covid. By comparison, most other stock indices have delivered negative returns year-to-date.

The campaign trail in the US is starting to take centre stage and promises to be an 'entertaining' affair. The first of 3 presidential debates between Trump and Biden descended into (not unexpected) chaos, with the candidates interrupting each other frequently, including petty name calling. That Trump refused to condemn white supremacist groups – and the recent revelation that he only paid US\$750 in taxes in both 2016 and 2017 – may have put him on the back foot.

The clock is also ticking on the 31st of October deadline for a post-Brexit trade deal being negotiated between the UK and EU. Many political pundits are now placing a low probability on a deal being reached, mainly as a result of the UK signalling that it intends to renege on commitments made in its Brexit Withdrawal Treaty and, in so doing, undermining the goodwill of the EU. Predictably, this has been negative for the pound, which depreciated 3.45% against the US dollar during the month, and has also depreciated against the US dollar year-to-date.

We're noticing a worrying trend emerging, of people and parties wilfully ignoring terms of contracts entered into – with seeming impunity. This is evident both with the Brexit Withdrawal Treaty and LVMH's deal to acquire Tiffany. LVMH is alleged to have colluded with the French Foreign Ministry to ensure the completion of the transaction would only happen outside the deal's 'drop-dead' date.

Elsewhere, the relationship between China and the US continues to sour, although Trump has given his support to the sale of a minority stake in TikTok's global operations to Oracle, which will avoid the app being banned in the US. Japan has also elected a new prime minister to replace Shinzo Abe.

South Africa

South Africa's Covid alert level was reduced to level 1 on the 21st of September. Perhaps now the long road to getting our economy growing again, and restoring investor confidence, can commence. The JSE ALSI is now only down 2.4% year-to-date, boosted by Naspers and rand-hedge stocks. Domestic focused companies have fared far worse with the JSE Financial Index, which includes the large banks, having fallen a massive 32.7%. Tentative steps towards tackling corruption are being made, although with every step we take forward, we seem to take one back.

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, on Bloomberg (Class A: BBG00XGC3Y32 | Class B: BBG00XGC5D09), 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 is a Worldwide-Asset Allocation portfolio in the Flexible Portfolio Sector which invests at least 15% of its assets in South African investment markets and no more than 85% of its assets in approved foreign investment markets, at all times, with specific focus on asset allocation. The primary objective of the Flagship IP Worldwide Flexible Fund is to offer medium to long-term capital growth. The portfolio will invest in a flexible combination of investments in equity, bond, money or property markets to maximise total returns over the long term. The portfolio will be actively managed with exposure to various asset classes being varied to reflect changing economic and market circumstances, in order to maximise returns for investors.

In order to achieve its objective, the investments normally included in the Flagship IP Worldwide Flexible Fund will comprise a combination of local and foreign securities, exchange securities, stock including loan stock, financially sound listed property investments and participatory interests in portfolios of collective investment schemes in property shares, assets in liquid form and any other securities which are considered consistent with the portfolio's primary objective and the Act or the Registrar may from time to time allow, all to be acquired at fair market value. To the extent permitted by legislation, the fund may use exchange traded funds and financial instruments to implement specific investment views.

TER and Transaction Costs

From 30 July 2020 to 31 August 2020 1.70% of the value of the fund was incurred as expenses relating to the administration of the fund. 0.20% of the value of the fund was incurred as costs relating to the buying and selling of the assets underlying the fund. Therefore, 1.90% 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. Note that as the fund has been operational for less than 1 year, the TER provided is an estimate.

Fund Risk Profile

- The fund managers seek to reduce risk by investing in a range of assets diversified across sectors and geographies, with the flexibility to vary exposures as market circumstances dictate.



- 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.

Flagship Asset Management (Pty) Limited

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