

Flagship IP Worldwide Flexible Fund

Minimum Disclosure Document - 31 August 2020



Navigate Safely Forward

FUND MANAGERS

Pieter Hundersmarck | Kyle Wales

NAV 713.3c

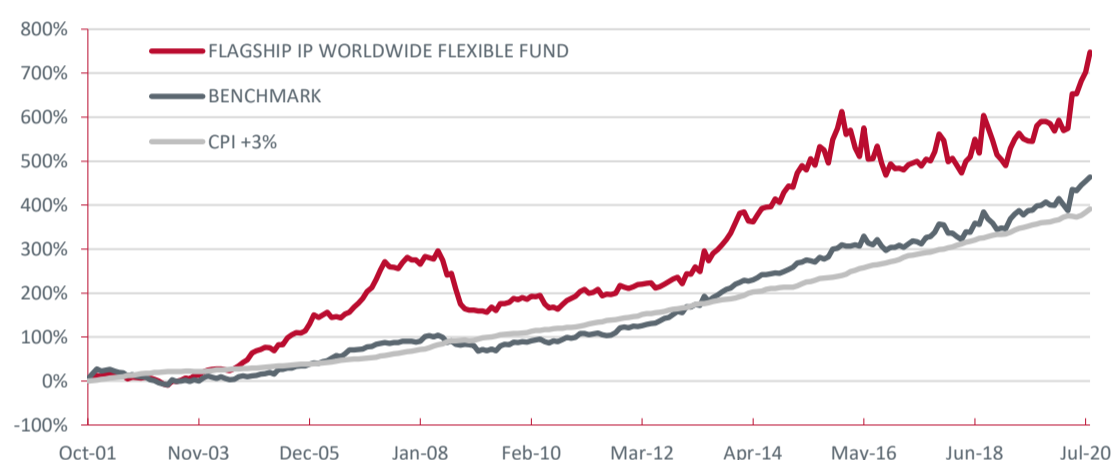
Launch date	05 October 2001	
Fund size	R469m	
NAV - A Class	713.3c	
Benchmark	60% Equity	[30% JSE Allshare, 30% MSCI World - in rands]
	20% Bonds	[10% ALBI, 10% JPMorgan Global Bond Index - in rands]
	20% Cash	[10% Domestic cash, 10% US Overnight call - in rands]

No. of participatory interests	65 739 379
Minimum lump sum investment	R 5 000
Base currency	ZAR
Income declaration - Mar '20	0.00cpu
Income declaration - Sep '19	0.00cpu
Dealing	Daily

FUND OBJECTIVE

To provide long term capital growth from an actively managed portfolio comprising equities, bonds, listed property and cash – both local and foreign. To achieve long term capital growth, the fund will have a bias towards equity (which typically offers the best returns over the long run), but no guidelines have been set for maximum and minimum exposures to any one asset class. Our benchmark is 60% equities, 20% bonds and 20% cash with each category split equally between local and international assets. The fund is classified with ASISA as a Worldwide - Multi Asset - Flexible fund.

PERFORMANCE CHART



FUND EXPOSURES

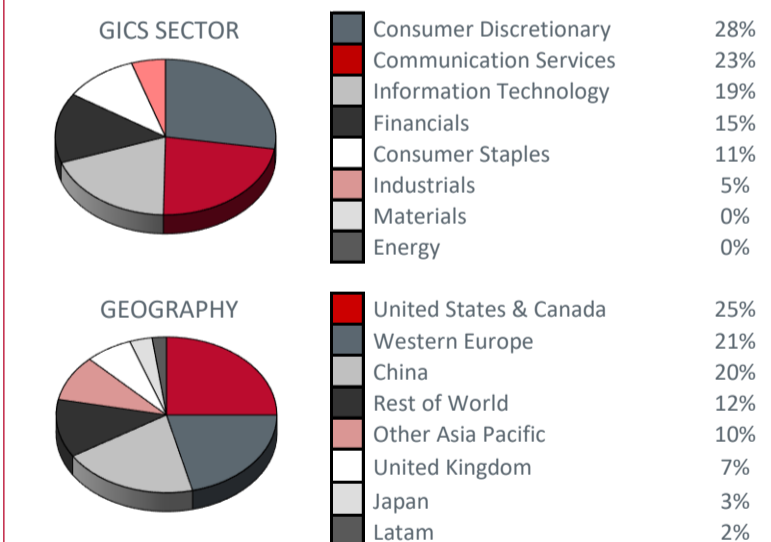
Equity	74.7%
Alibaba	6.4%
Microsoft	5.7%
Netease	5.7%
Zalando	5.7%
Heineken Holding	4.4%
Booking Holdings Inc	4.2%
Facebook	3.8%
Alphabet (Google)	3.4%
Amazon	3.2%
HDFC Bank	3.1%
Other equity holdings	29.0%
Property	1.1%
Hyprop	0.7%
Unibail-Rodamco-Westfield	0.4%
Bonds	0.0%
Offshore	0.0%
Domestic	0.0%
Cash and Strategic Income	15.7%
USD	6.2%
ZAR	7.1%
Other	2.4%
Commodities	8.5%
Gold	8.5%
TOTAL	100.0%

PERFORMANCE AND RISK

Performance (net of fees)	Fund	Benchmark	Inflation
Since inception	762.8%	464.0%	175.8%
Since inception (annualised)	12.1%	9.6%	5.5%
10 Years (annualised)	12.4%	11.5%	5.1%
7 Years (annualised)	11.4%	9.7%	4.8%
5 Years (annualised)	6.3%	8.4%	4.6%
3 Years (annualised)	12.2%	9.6%	4.1%
1 Year	24.6%	13.2%	2.9%
Year-to-date	26.8%	13.0%	2.3%

Risk Measures (since inception)	Fund	Sector
Annualised monthly volatility	14.08	9.69
Sharpe ratio	0.10	0.14
Maximum drawdown	-37.3%	-20.9%
Lowest actual annual return	-16.8%	5 October 2007 to 4 October 2008
Highest actual annual return	+46.5%	5 October 2004 to 4 October 2005

EFFECTIVE EQUITY EXPOSURE



ANNUAL FUND PERFORMANCE

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Fund	1.7%	6.1%	3.5%	43.3%	18.1%	31.2%	-18.2%	2.8%	0.8%	10.8%
Benchmark	0.9%	10.8%	15.8%	25.2%	10.5%	15.8%	-1.5%	8.2%	2.7%	11.3%
Sector	0.3%	9.1%	17.1%	32.5%	10.3%	12.6%	-3.9%	7.8%	-1.5%	13.2%

FEES

	1 Year	3 Year
Total Expense Ratio (incl. VAT)	2.21%	2.21%
Fund management fee (excl. VAT)	1.75%	1.75%
VAT on fund management fee	0.26%	0.26%
Fund expenses (incl. VAT)	0.20%	0.20%
Transaction Costs (incl. VAT)	0.46%	0.64%
Total Investment Charge (incl. VAT)	2.68%	2.85%

FUND COMMENTARY - AUGUST 2020

Your fund ended the month of August up 5.7% and is now +26.8% year-to-date. The top three largest share price moves for the month were Trupanion (+34.5%), Square Enix (+27.8%) and Zalando (+27%). The underperformers for the month were Heineken Holding (-7%), Aviva SA (-5.2%) and Quilter (-2.9%).

We sold mall owner Hammerson to zero as the company embarked on a dilutive equity raise. The investment case has changed substantially from our initial rationale, and we see little in the pricing of the equity raise, or the ultimate benefit to the Company, that entices us as long-term shareholders.

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

MARKET COMMENTARY

International

Equities and selected commodities continued their rise in August. The S&P 500 ended the month at 3,580, its 22nd record close for 2020 while the Nasdaq ended at 12,056, its 43rd record close. The gold price ended the month down 1.7%, but still up nearly 28% year-to-date as fears of monetary debasement, and associated higher inflation, continue to rise.

The S&P 500 trailing 12-month PE Ratio ended the month at 30.3x, nearly double its average of 15.8x. Forward looking estimates for the market as a whole stand at 26.7x. While optically expensive, equities remain the only alternative for market participants to achieve growth and inflation protection.

U.S. government debt is set to exceed the size of the economy in 2021 for the first time since World War II. The U.S. passed the 100% debt-to-GDP mark, measured on a quarterly basis, in the April to June quarter, when government spending surged to combat the new coronavirus and tax revenue plunged.

The US 10-year treasury yield traded at a mere 65bp at month end as the bond market responded to the Fed chairman's promise to keep rates lower for longer.

Financial markets continue to anxiously watch the US presidential race with Biden

still leading the polls, but by an ever decreasing margin.

South Africa

The ZAR:USD ended the month at 16.64, down -16% year-to-date. Against the Euro, the year-to-date decline is more notable at a heady -20.78%. Local economic activity is slowly recovering, but is 'spotty'. While the PMI rose in August, new-vehicle sales dropped more than expected, even as coronavirus lockdown restrictions were eased further.

The fiscal situation continues to deteriorate, with rising debt combined with still-high risk premiums and interest rates bound to keep debt servicing as a share of revenue elevated. The SA 10-year bond (2030) traded at 9.09% at month end. Rating agency Moody's sees "meaningful risk" of SA's fiscal deficit widening due to the government support provided for Eskom and other SOE's.

Equity valuations remain cheap, with the MSCI SA trading on 11.7x 12-month forward consensus multiples (a 16% discount to its 5-year average). Although optically cheap, we continue to believe that local equity earnings revisions, and growth, are subject to enormous uncertainty. South Africa remains unattractive for investment versus other regions.

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 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.

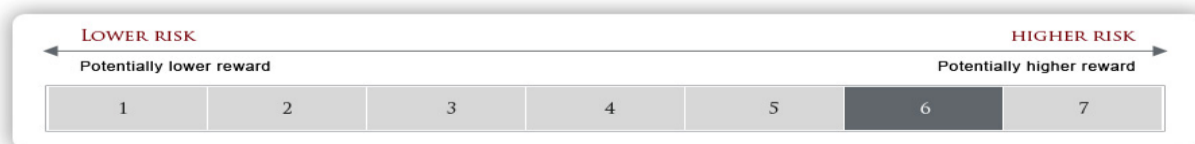
In order to achieve its objective, the investments normally included in the Flagship IP Worldwide Flexible Fund will comprise a combination of local and foreign securities, exchange securities, stock including loan stock, financially sound listed property investments and participatory interests in portfolios 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 1 July 2017 to 30 June 2020 2.21% 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, 2.85% 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 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.

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