

# Flagship IP Global Icon Feeder Fund

Minimum Disclosure Document - 30 September 2021



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NAV 1,056.4c

## FUND MANAGERS

Pieter Hundersmarck | Kyle Wales

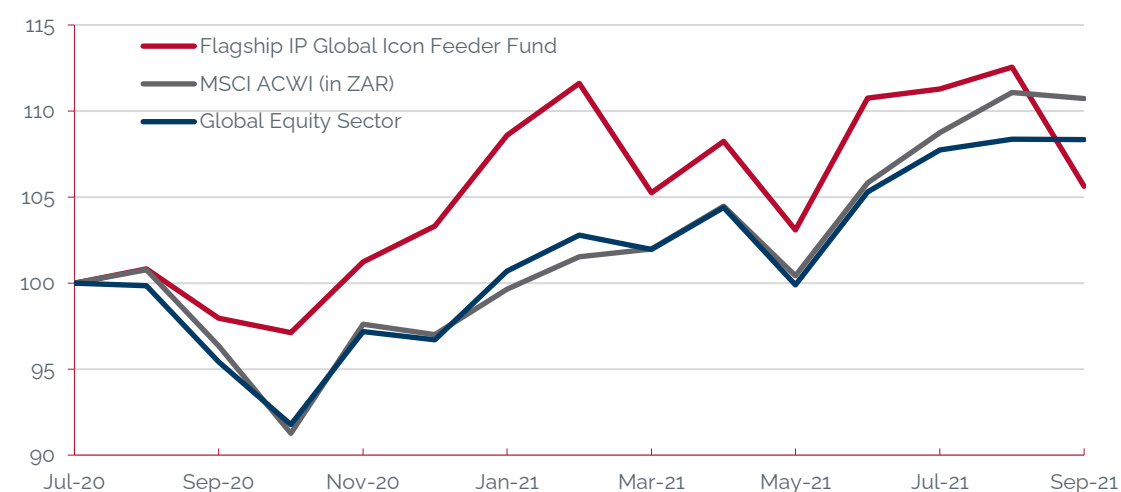
<b>Launch date</b>	06 August 2020
<b>Fund type</b>	Global equity feeder fund
<b>Fund size</b>	R33.8m
<b>NAV - A Class</b>	1 056.4c
<b>Benchmark</b>	MSCI All Country World Index (MSCI ACWI), in rands (net total return USD index, converted into ZAR)

<b>No. of participatory interests</b>	3 202 378
<b>Minimum lump sum investment</b>	R 5 000
<b>Base currency</b>	ZAR
<b>Income declaration - Mar '21</b>	N/A
<b>Income declaration - Sep '21</b>	0.00c
<b>Dealing</b>	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



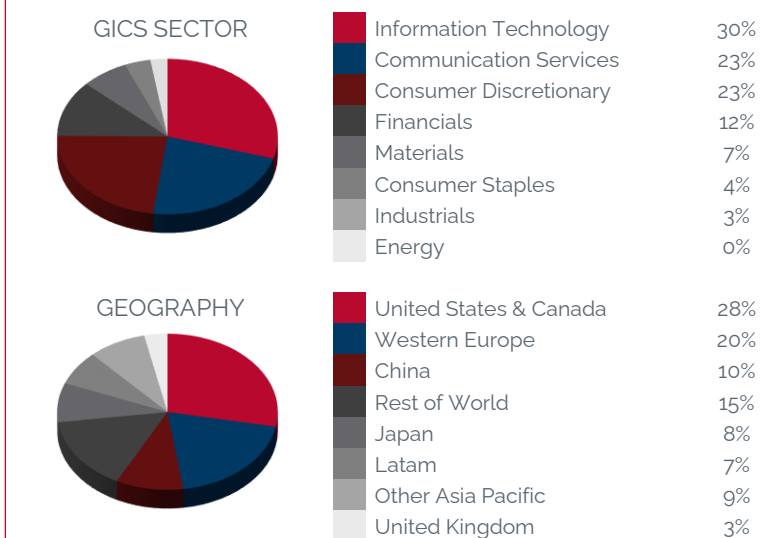
## FUND EXPOSURES

<b>Equity</b>	<b>94.8%</b>
Zalando SE	6.9%
TCS Group Holdings	6.3%
PagSeguro Digital Ltd	5.9%
Capri Holdings	5.7%
Microsoft Corp	5.6%
Facebook	5.5%
Take-Two Interactive Software	5.0%
US Foods Holding Corp	4.0%
Ubisoft Entertainment	3.9%
Endava Plc	3.9%
Other equity holdings	42.1%
<b>Property</b>	<b>1.9%</b>
Hyprop Investments	1.9%
<b>Commodities</b>	<b>0.0%</b>
Gold	0.0%
<b>Cash</b>	<b>3.3%</b>
USD	-1.4%
ZAR	0.2%
Other	4.5%
<b>TOTAL</b>	<b>100.0%</b>

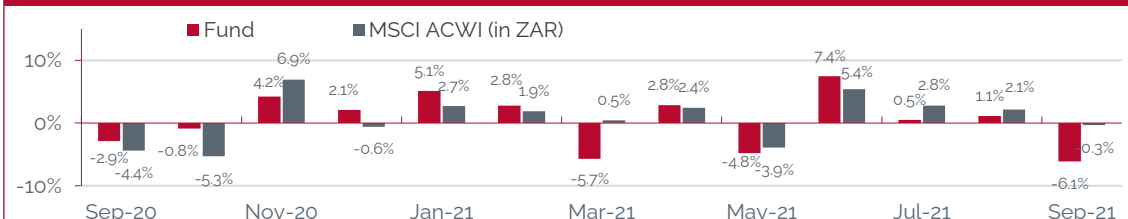
## PERFORMANCE AND RISK

Annualised Performance (for periods > 1 year)	Fund	Benchmark	Sector
Since inception	5.6%	10.7%	8.3%
10 Years			
7 Years			
5 Years			
3 Years			
1 Year	7.8%	14.9%	13.5%
6 Months	0.4%	8.6%	6.3%
Year-to-date	2.2%	14.1%	12.0%

## EFFECTIVE EQUITY EXPOSURE



## MONTHLY RETURNS



## FEES

<b>Total Expense Ratio (incl. VAT)</b>	<b>1.90%</b>
<b>Fund management fee (excl. VAT)</b>	<b>0.35%</b>
<b>VAT on fund management fee</b>	<b>0.05%</b>
<b>Fund expenses (incl. VAT)</b>	<b>1.50%</b>
<b>Transaction Costs (incl. VAT)</b>	<b>0.00%</b>
<b>Total Investment Charge (incl. VAT)</b>	<b>1.90%</b>

## FUND COMMENTARY - SEPTEMBER 2021

The Flagship IP Global Icon Feeder Fund underperformed its benchmark MSCI ACWI (in Rands) over the month. China's regulatory crack-down has had an effect on the share prices of some of the fund's larger holdings (including Alibaba and Netease). During the month we switched our Netease position into JD.com, as we believe regulatory risks are lower with JD.com.

TCS was the largest contributor for the month followed by HUUUGE and Endava. Both HUUUGE and Endava reported results during the month. The largest detractors were Zalando, Pagseguro and Capri.

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

## MARKET COMMENTARY

### International

In September we saw more turbulence than we have seen in a while. Most equity indices performed poorly, with the S&P500 down 4.8% for the month. It was also a weak month for bonds, with the Global Aggregate Bond Index down 1.1%. Commodities, with the exception of oil, also performed poorly.

Concerns around inflation are building. The Fed announced that it may scale back asset purchases as soon as November, and there is support amongst some of its members for increasing interest rates from next year. Flagship's asset allocation funds are well positioned for this type of scenario because we are overweight high-quality equities, the asset class which have provided the best protection against inflation in the past. High quality businesses are able to pass on inflation in the prices they charge their customers.

While the Hang Seng Index actually outperformed the S&P during the month, Chinese equities have significantly underperformed the S&P500 year-to-date as influential regulatory moves continue to hurt. From a sectoral perspective, computer gaming stocks and casino operators came in the firing line of Chinese regulators, while Alibaba was also ordered to separate its lending app from its payments app, and to make its customer data available to third parties through a jointly owned (with the government) credit bureau.

From an investment point of view, it is impossible to ignore China, the world's largest economy by purchasing-power parity, but we have decided to reduce our overall exposure to the country to take these risks into account.

On a more positive note, results of the companies that reported during the month were well ahead of consensus, demonstrating how high quality businesses continue to entrench their 'moats' and grow their markets.

### South Africa

The JSE ALSI weakened by 5.6% in USD during the month, which was a worse showing than that of the S&P500. The rand also ended the month weaker by -3.7% against the USD.

News around local elections dominated headlines as the Constitutional Court ruled that local elections need to be held by 1 November. To the chagrin of some opposition parties, who had hoped to benefit from the ANC's failure to meet the deadline for candidate registrations, the IEC re-opened registrations. South Africa moved to adjusted Alert Level 2 restrictions on 12<sup>th</sup> of September, and the move to adjusted Alert Level 1 restrictions was announced on 30<sup>th</sup> September.

## 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](mailto: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](http://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](mailto: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](mailto: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](mailto: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 Global Icon Feeder Fund is in the Global - Equity - General sector and 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. The fund will, at all times, be fully invested in the master fund and, as such, does not allow for any asset allocation flexibility and will not invest in any financial instruments to implement specific investment views.

## TER and Transaction Costs

From 1 July 2020 to 30 June 2021 1.90% of the value of the fund was incurred as expenses relating to the administration of the fund. 0.00% 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

ICR House • Alphen Park • Main Road • Constantia • 7806 | Private Bag X21 • Constantia • 7848 • South Africa | Telephone +27 (21) 794 3140 • Facsimile +27 (21) 794 3135

Directors: WT Floquet CA (SA) MBA (chairman) | S de V Hudson BA LLB (ceo) | PD Floquet BCom CA (SA) CFA | NRO Brown BCom CA(SA)

[www.flagshipsa.com](http://www.flagshipsa.com) | [info@flagshipsa.com](mailto:info@flagshipsa.com)

