

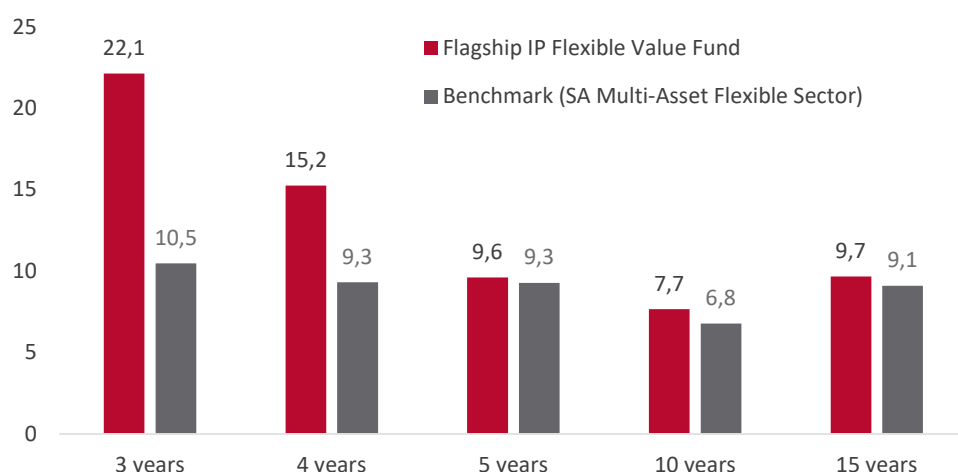


## Niall Brown's Hat-trick

The Flagship IP Flexible Value Fund, one of Flagship's longest running domestic specialist funds, was awarded its third Raging Bull award at this year's ceremony in March. The fund, which was launched just shy of 19 years ago, has been run by veteran portfolio manager Niall Brown since inception.

Over the 3 years to the end of December 2023, the Flagship IP Flexible Value Fund returned an annualized 22%, compared to its benchmark of 11%, representing an exceptional 10.5% annual outperformance. The fund has been awarded the 'best performing South African multi-asset flexible fund' in 2018, 2022 and 2023.

**Chart 1: Annualised Returns (%) from December 2008 to December 2023**



The focus of the Flagship IP Flexible Value Fund reflects Citywire A-rated Niall Brown's investment preferences. The advantage of a flexible portfolio is that the manager has the freedom to look at a range of potential sources of return. Those managers who identify the best opportunities most consistently will thrive.

Niall describes himself as a value investor, who uses standard value measures like price-to-earnings and price-to-cashflow ratios in making his investment decisions. "I'm a contrarian investor who looks to capitalise on investors emotions; particularly where fear and greed drive prices to extremes. Prices can also be driven too low by sheer neglect, rather than panic selling, as is currently the case with many good quality, smaller companies."

The fund's central theme has been buying small and mid-cap undervalued domestic, primarily industrial companies. "Nothing in the property sector. Minimal exposure to financial companies. No banks or insurers. Within that theme, I like to buy companies where management behave like owners. No massive salaries or share awards. I also have a fairly long-term bearish view of the rand, so the rand hedge theme is there too. Most of the time, I'm searching for seriously undervalued businesses," Niall says. The fund's offshore exposure is gained almost entirely through the Contrarius Global Equity Fund, run by the highly regarded value manager Stephen Mildenhall, former CIO of Allan Gray.

Niall has over 40 years' experience in investments. He was a director and head of research at HSBC Securities and subsequently served as Chief Investment Officer of HSBC Asset Management, where he also managed the small cap Nedbank Entrepreneur Fund. After an 18-year career at HSBC, where he worked alongside Ninety One's John Biccard, Niall left in December 2000 to form Osborne Capital, a niche fund management business, which ultimately merged with Flagship in 2011.

Most of the time, I'm searching for seriously undervalued businesses.