

Flagship IP Balanced Fund

Minimum Disclosure Document - 30 June 2024



Navigate Safely Forward

NAV 289.4c

FUND MANAGER

Paul Floquet CA(SA), CFA

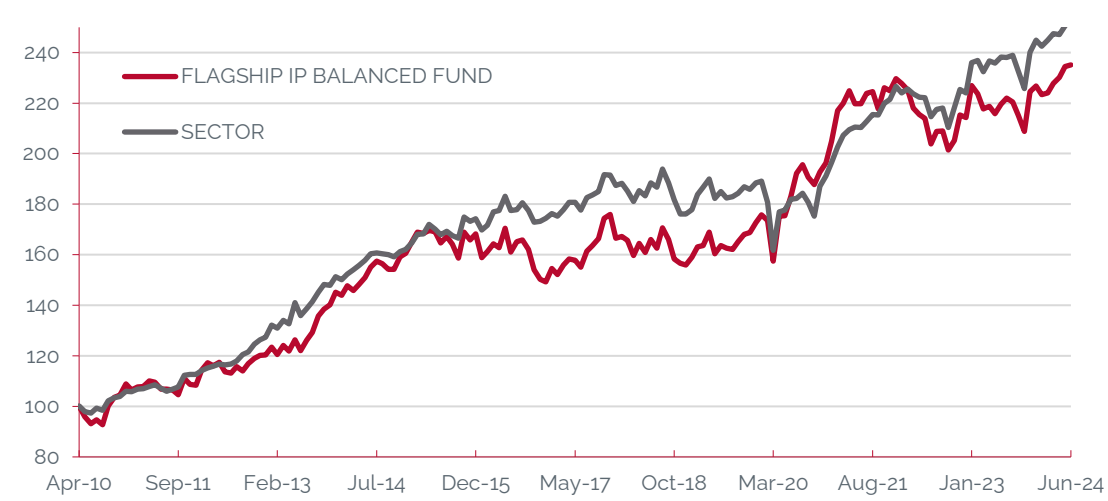
Launch date	19 April 2010
Fund size	R223m
NAV - A Class	289.4c
Benchmark	Sector Average [Multi Asset - High Equity Index]
Fund Classification	Multi Asset - High Equity

No. of participatory interests	76 865 450
Minimum lump sum investment	R 5 000
Base currency	ZAR
Mar'24 income decl. [CLASS A]	0.73cpu
Sep'23 income decl. [CLASS A]	3.22cpu

FUND OBJECTIVE

The objective of the Flagship IP Balanced Fund is to seek steady growth of both capital and income through investments in a broad range of asset classes in a balanced manner. This Regulation 28 managed fund is classified as South African - Multi Asset - High Equity and aims to maximize returns over the medium to long term utilising flexible asset allocation strategies taking active decisions in accordance with current and projected economic and market conditions. The fund invests in equities, bonds, property and money market and is restricted to maximum limits in accordance with prudential regulations which, inter alia, provide that equity, held both locally and abroad, will not exceed 75% of the fund and offshore investment is restricted to 30% of the fund. Out-performance is targeted through aggressive asset allocation and focused stock selection based on in-house proprietary models and extensive internal and external research. The portfolio uses financial instruments only to the extent permitted by legislation.

PERFORMANCE CHART



FUND EXPOSURES

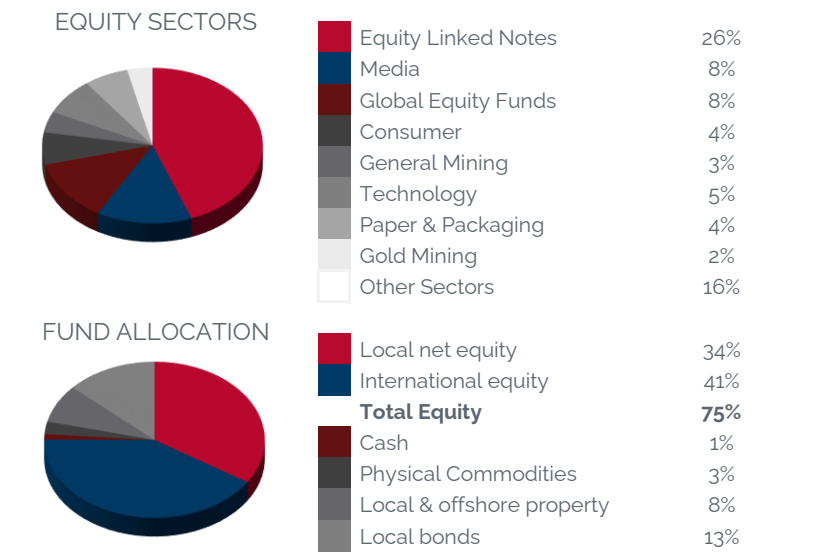
Domestic Direct Equity	34.1%
Prosus	5.1%
Naspers	3.2%
MTN	2.2%
Shoprite	2.2%
Sappi	2.0%
Mondi Plc	1.9%
Sasol	1.9%
Other domestic holdings	15.7%
International Direct Equity	7.1%
Tencent	2.4%
Amazon	2.2%
Other international holdings	2.5%
Global Equity Funds	7.6%
Flagship Global Icon Fund A	7.6%
Capital Protected Exchange Traded Notes	26.3%
Environmental World Index Digital Plus	7.9%
S&P500 Digital Plus	7.2%
MSCI Emerging Markets Digital Plus ETN	5.7%
Rand Euro Stoxx 50 Autocall	5.6%
Property	7.9%
Direct Property Holdings - Sirius, Nepi Rockcastle	4.6%
Offshore - Clearance Camino Fund	3.3%
Physical Commodities	2.6%
Platinum	2.1%
Rhodium	0.5%
Domestic Bonds	13.3%
Domestic Cash	0.9%
International Cash	0.2%
TOTAL	100.0%

PERFORMANCE AND RISK

Performance (net of fees)	Fund	Benchmark	Outperformance
Since inception	135.1%	153.2%	-18.0%
Since inception (annualised)	6.2%	6.8%	-0.6%
10 Years (annualised)	4.3%	4.7%	-0.4%
7 Years (annualised)	6.1%	5.2%	0.9%
5 Years (annualised)	7.5%	6.5%	1.0%
3 Years (annualised)	2.3%	6.4%	-4.1%
1 Year	7.1%	6.3%	0.8%
Year-to-date	3.7%	3.4%	0.3%

Risk Measures (since inception)	Fund	Benchmark
Annualised monthly volatility	11.4	8.6
Sharpe ratio	0.06	0.11
Maximum drawdown	-20.5%	-22.3%
Lowest actual annual return	+1.9%	19 April 2012 to 18 April 2013
Highest actual annual return	+28.1%	19 April 2020 to 18 April 2021

ASSET ALLOCATION



ANNUAL FUND PERFORMANCE

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Fund	10.5%	4.9%	-11.3%	11.6%	-6.3%	10.7%	13.6%	17.0%	-6.7%	5.8%
Sector	7.2%	7.5%	-0.1%	7.5%	-6.0%	6.9%	1.5%	18.6%	-1.1%	9.3%

FEES

	1 Year	3 Year
Total Expense Ratio (incl. VAT)	2.13%	2.19%
Fund management fee (excl. VAT)	1.75%	1.75%
VAT on fund management fee	0.26%	0.26%
Fund expenses (incl. VAT)	0.12%	0.18%
Transaction Costs (incl. VAT)	0.20%	0.22%
Total Investment Charge (incl. VAT)	2.33%	2.41%

FUND COMMENTARY - JUNE 2024

The Flagship IP Balanced Fund returned 0.3% over the month, behind the fund's sector average benchmark of 1.1% and well below the JSE Allshare's 3.9% return. SA markets sagged initially in June after the ANC's weak performance at the 29 May national election raised fears that it would team up with the far-left EFF or MK party, but rallied sharply after the ANC announced it would form a Government of National Unity with the DA and a host of others. The fund benefitted from the surge in SA Inc counters with Financials up 14.5% (fund holdings Capitec +21.7%, Firststrand +18.3% and Standard Bank +16.5%) and General Retailers up 17.1% (Shoprite +12.8%, Clicks +9.9%). Performance was hampered by declines in the Resources index which fell 3.6% (Sappi -10.6%, Glencore -9.5%) and Technology -4.1% (Naspers -4.9%), together with another month of declines in the fund's China holdings (Invesco Golden Dragon ETF -13.8%, JD.com -13.7%). As required by legislation, we confirm that the fund has adhered to its policy objective and strategy.

MARKET COMMENTARY

Global equity markets delivered vastly different results to close out the first half of the year. In the US, all rooms were sea-facing as the S&P 500 returned 3.6% for the month, largely driven by constituents that also form part of the tech-heavy Nasdaq composite which returned 6% for the month. Year-to-date (YTD), the S&P 500 has now returned 15.3%, while the Nasdaq composite returned 18.6%. In the shadow of this tech-driven performance, we find the small cap Russell 2000 index, which was down 0.9% for the month, and is barely in the green, YTD. In the UK, the FTSE 100 dropped 1.7% for the month, while the Euro Stoxx 50 declined by almost 3%. YTD, both indices have returned in the region of 7%. In the East, the Hang Seng Index continues to be volatile. After a strong recovery the previous month, June saw it giving back 1.1%, which now puts the YTD performance at 6.2%.

Despite the robust stock market performance in the US, there are certainly some warning lights flickering. One of these is the weak breadth of the market rally. YTD, Nvidia (+166%) accounted for 6% of the S&P 500's 15% return, with the S&P 499 returned only 9%. Remove the rest of the Magnificent 7, and the return of the S&P 493 drops to 6% YTD. The second concern is consumer weakness – retail sales came in softer than expected in May, confirmed by profit warnings from several consumer driven sectors. Footwear and apparel giant Nike a clear example of this, falling 20% after providing weak guidance.

Headlines in June were dominated by politics. A major political swing was confirmed in the UK, as the Conservative Party lost to Labour, after 14 years in power. In France, after a dominant showing by Marine le Pen's "Far right" National Rally in the first round of elections, circumstances changed dramatically in the second round, with a swing back to the centre and far left, leaving no party with an overall majority. In the US, a Republican (i.e., Donald Trump) victory is now looking likely after Joe Biden performed terribly in the first presidential debate. This raised the alarm in Democratic circles, as voters now believe his cognitive state is clearly not fit for someone occupying the most powerful office in the world.

Locally, news flow was dominated by the bickering and bumping of heads between the DA and the ANC as President Ramaphosa tried to get his cabinet for the Government of National Unity up and running. After much debate, and the DA threatening to pull out of the agreement, a deal was finally struck which led to optimism in local markets, evident in the double-upgrade South Africa received from JP Morgan. Responding to improved sentiment, the JSE Allshare Index staged an impressive rally, returning 4.1% over the month, while the JSE Financials index surged an eye-popping 17.5%. This strong performance, if not given back, should lead to increased weighting in emerging market indices, which should lead to increased flows from international investors.

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 up 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 or emailed to complaints@ipmc.co.za.

Investment Policy

The Flagship IP Balanced Fund is to be a domestic, asset-allocation, prudential variable portfolio. The primary objective of the fund is to seek steady but stable growth of both capital and income through investments in a broad range of asset classes in a balanced manner. In order to achieve its objective, the investments normally to be included will comprise a combination of securities in the equity, bond, property and money markets. The portfolio will have an equity exposure (including international equity) between 0% and 75% at all times. Investments to be included in the Flagship IP Balanced Fund will comprise a combination of securities and assets in liquid form which are considered consistent with the portfolio's primary objective and that the Act or the Registrar may from time to time allow, all to be acquired at fair market value. The portfolio may also include participatory interests or any other form of participation in portfolios of collective investment schemes registered in South Africa or operated in territories with a regulatory environment which is to the satisfaction of the Manager and the Trustee and as legislation permits. Nothing contained in the investment policy shall preclude the manager from varying the ratio of the aforementioned securities relative to each other (except as required by the Act), or the assets themselves, to maximise capital growth and investment potential, should changing economic factors or market conditions so demand. Provided also that nothing contained in the investment policy shall preclude the Manager from retaining cash in the portfolio and / or placing cash on deposit in terms of the deed. Provided further that the Manager shall ensure that the portfolio includes securities and assets in liquid form, of at least the aggregate value required, from time to time, by the Act. The Manager will be permitted to invest on behalf of the portfolio in offshore investments as legislation permits. The Manager will be permitted to invest on behalf of the portfolio in financial instruments as legislation permits. The portfolio will be managed so as to comply with prudential requirements with which a pension fund investment strategy must comply in terms of applicable legislation. For the purpose of this portfolio, the manager shall reserve the right to close the portfolio to new investors on a date determined by the manager. This will be done in order to be able to manage the fund in accordance with its mandate. The manager may, once a portfolio has been closed, open that portfolio again to new investors on a date determined by the manager.

TER and Transaction Costs

From 1 April 2021 to 31 March 2024 2.19% of the value of the fund was incurred as expenses relating to the administration of the fund. 0.22% of the value of the fund was incurred as costs relating to the buying and selling of the assets underlying the fund. Therefore, 2.41% 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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