

Flagship IP Flexible Value Fund

Minimum Disclosure Document - 28 February 2025



Navigate Safely Forward

FUND MANAGER

Niall Brown

NAV 7 533.3c

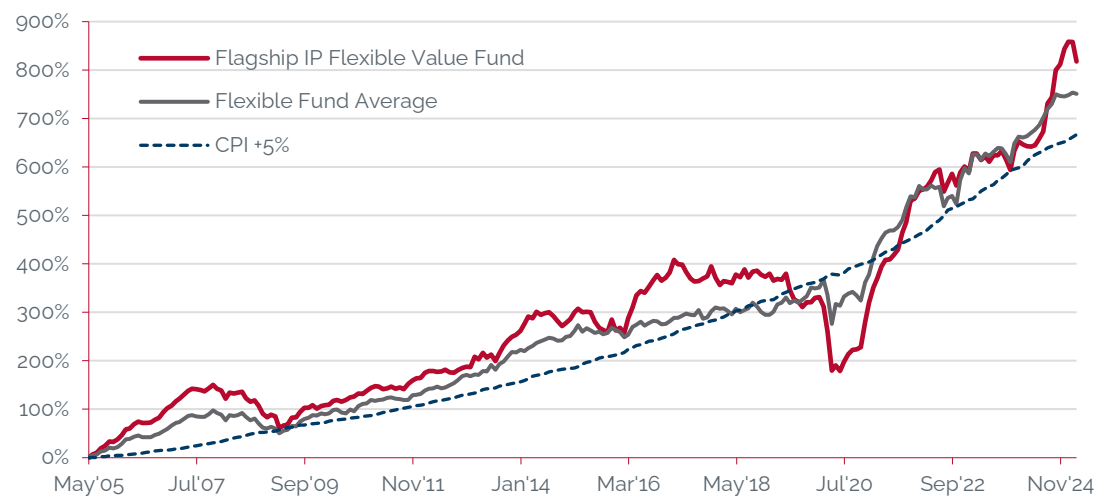
Launch date	04 May 2005
Fund size	R495m
NAV - A Class	7 533.3c
Sector	South African - Multi Asset - Flexible
Benchmark	Multi-Asset Flexible Sector Average

No. of participatory interests	6 547 847
Minimum lump sum investment	R 10 000
Base currency	ZAR
Income declaration - Mar '24	131.29cpu
Dealing	Daily

FUND OBJECTIVE

The Flagship IP Flexible Value Fund aims to outperform both the JSE All Share Index and competing funds over the medium to long term. We rely on fundamental research to identify investments which are trading at a discount to their intrinsic value and to determine which asset classes are the most attractive. The fund will typically have a very different equity profile from that of the All Share Index. Risk is reduced through the fund's value oriented approach.

PERFORMANCE CHART



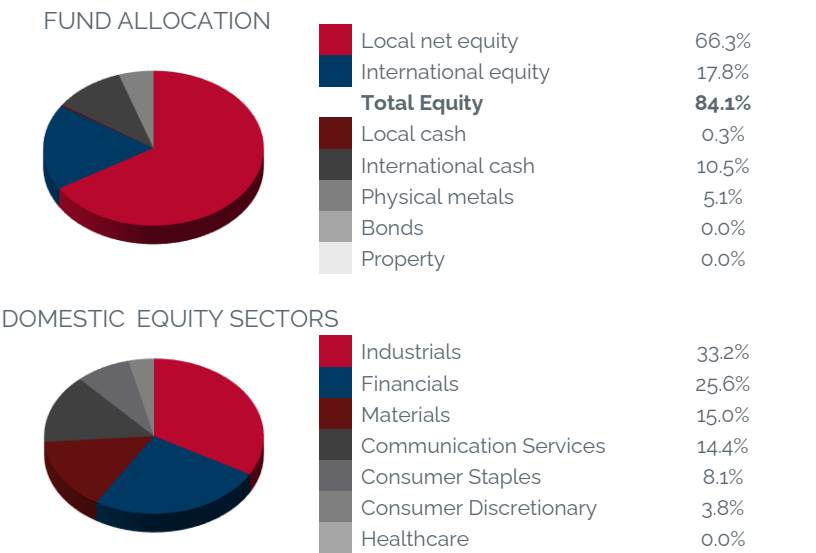
FUND EXPOSURES

Domestic Equity	66.3%
Caxton	7.2%
Brait	6.6%
York Timbers	5.2%
Ethos Capital	5.1%
Reinet	4.3%
HCI	4.2%
Novus	3.7%
Master Drilling	3.5%
Invicta	3.4%
Glencore	3.1%
Other domestic holdings	20.0%
Offshore Equity	17.8%
Contrarius Global Equity Fund	15.3%
Alibaba	2.5%
Bonds	0.0%
Domestic	0.0%
Property	0.0%
Domestic	0.0%
Cash and Strategic Income	10.8%
Domestic	0.3%
Offshore	10.5%
Commodities	5.1%
Platinum	3.9%
Gold	1.2%
TOTAL	100.0%

PERFORMANCE AND RISK

Performance (net of fees)	Fund	Benchmark	Outperformance
Since inception	818.3%	750.9%	67.4%
Since inception (annualised)	11.8%	11.4%	0.4%
10 Years (annualised)	8.5%	7.2%	1.3%
7 Years (annualised)	10.3%	8.6%	1.7%
5 Years (annualised)	20.5%	11.9%	8.6%
3 Years (annualised)	11.7%	9.4%	2.3%
1 Year	22.6%	14.8%	7.8%
Year-to-date	-4.2%	0.3%	-4.5%
Risk Measures (since inception)			
Annualised monthly volatility	13.2	9.7	
Sharpe ratio	0.11	0.14	
Maximum drawdown	-47.5%	-24.6%	
Lowest actual annual return	-28.0%	4 May 2008 to 3 May 2009	
Highest actual annual return	75.4%	4 May 2005 to 3 May 2006	

ASSET ALLOCATION



ANNUAL FUND PERFORMANCE

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Fund	6.7%	-4.6%	30.9%	-5.4%	5.1%	-10.0%	-2.6%	55.0%	6.1%	9.1%	27.3%
Sector	10.5%	7.7%	2.0%	9.2%	-3.7%	8.5%	3.9%	22.1%	0.3%	11.6%	14.4%

FEES

	1 Year	3 Year
Total Expense Ratio (incl. VAT)	1.68%	1.69%
Fund management fee (excl. VAT)	1.25%	1.25%
VAT on fund management fee	0.19%	0.19%
Fund expenses (incl. VAT)	0.24%	0.25%
Transaction Costs (incl. VAT)	0.20%	0.23%
Total Investment Charge (incl. VAT)	1.88%	1.92%

FUND COMMENTARY - FEBRUARY 2025

The fund had a disappointing month falling 4.2%. Last month we commented on the fact that we had been buying Glencore and HCI. We continued to do so in February as the shares of both companies weakened further; by 9 and 10% respectively. Certain other fund holdings drifted lower on a lack of investor interest rather than any poor news flow, while the one real disappointment was Aveng, which fell sharply after announcing unexpected losses on two large contracts in its Australian infrastructure business. On the plus side, Alibaba gained 33% as Chinese technology shares, particularly those with a strong AI element to their business, attracted investor support.

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

MARKET COMMENTARY

After a strong start to the year, US markets pulled back in February. The S&P 500 declined by 1.3%, while the tech-heavy Nasdaq declined by 3.9% as growth stocks retreated from their highs after Nvidia results failed to impress the market. The small cap Russell 2000 had a particularly bad month, declining by 5.4%. UK and European markets continued their strong performance for the year. London's FTSE 100 was up 2%, while the Euro Stoxx 50 increased by 3.3%. Asian markets experienced very different outcomes, as Japan's Nikkei 225 decreased by 6%, while Hong Kong's Hang Seng gained an enormous 13.4% during the month.

US economic data was a mixed bag. Both normal and core CPI, which excludes food and energy, were higher than expected, with the Fed noting they are in no hurry to further reduce rates. On top of this, average hourly earnings data also came in stronger than forecast, potentially leading to further upward pressure on prices. Looming Trump administration tariffs may also add to this. The result is US 5–10-year inflation expectations at 3.5%, the highest number recorded since April 1995.

On the flipside, services PMI numbers came in well below estimates, dropping into contractionary territory. Walmart, a proxy for the strength of US consumers, delivered weak guidance, leading to more concerns about the real strength of US consumers. All of these factors combined were reflected in the consumer confidence index, which dropped nearly 7% in January. Notably, this is the largest decline since 2021, as Americans increasingly worry about their financial prospects.

The main news items this month undoubtedly came from a geopolitical perspective. As the world marked three years since Russia's invasion of Ukraine, there were profound shifts in long-standing diplomatic ties. Trump, diverging from past approaches, held direct talks with Putin on potential ways to end the conflict, sidelining Ukraine and European allies. The US also refused to back UN resolutions condemning Russian aggression. US Vice President Vance then made more enemies than friends in Europe, as he slammed leaders for pressuring free speech and ignoring the will of voters. At month-end, a heated meeting between Trump and Ukraine's Zelensky laid bare the deterioration of their relationship, and odds are now increasing that the US will withdraw all support for the Ukrainian war effort. The EU will need to step up to try and fill the void, as they face a number of tough questions regarding security over the coming months.

Local markets delivered a mixed bag: the JSE All Share was flat; Financials rose 1%; and Resources fell 7%. Inflation rose 3.2% YoY in January, slightly higher than in December, and the SARB has maintained its hawkish outlook, indicating limited scope for monetary easing. Domestic news was headlined by the postponement of the budget speech due to the ANC's proposed 2% VAT hike. While the immediate market impact appeared negative, with bond yields rising and the ZAR weakening, the main takeaways would seem to be positive. In previous administrations, this budget would simply have been rubber stamped and implemented. The 2nd largest partner in the GNU, the DA, refused to vote for the proposal, hopefully indicating that there is finally some form of accountability in government.

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 ipmc_clientservices@fundrock.com. 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 ipmc_complaints@fundrock.com.

Investment Policy

The Flagship IP Flexible Value Fund is an asset allocation portfolio. The manager, in selecting securities for the portfolio, will seek to follow an investment policy which will secure for investors an optimum overall return, that is to say the steady growth of income and the preservation of capital in real terms. In order to achieve these main objectives the investments to be acquired for the Flagship IP Flexible Value Fund, shall comprise a mix of securities, which may include ordinary shares, preference shares, debentures, fixed interest instruments, gilts and money market instruments as defined in the Act and the Deed, all to be acquired at a fair market value. The portfolio may also include participatory interests or any other form of participation in portfolios of collective investment schemes or other similar schemes. Where the aforementioned schemes are operated in territories other than in South Africa, participatory interests or any other form of participation in these schemes will be included in the portfolio only where the regulatory environment is to the satisfaction of the manager and trustee and is of sufficient standard to provide investor protection at least equivalent to that in South Africa. The portfolio is permitted to invest in financial instruments in line with the conditions by the Registrar from time to time.

Performance Fees

Performance Fee benchmark:	Median of the Domestic Asset Allocation Flexible Unit Trust Sector				
Base Fees:	1.25% per annum	Fee at Benchmark:	1.25% per annum	Fee Hurdle:	Average of the South African Multi-Asset Flexible Unit Trust Sector
Sharing Ratio:	10%	Minimum Fee:	1.25% per annum	Maximum Fee:	No maximum
Fee Example:	0.1% for each 1% outperformance of portfolio benchmark on a high water mark basis				
Method of Calculating:	If the fund underperforms the Fee Hurdle, then only the base fee is accrued until the high water mark is again reached.				
The Performance Fee Frequently Asked Questions (FAQ) document may be found on www.ipmc.co.za					

TER and Transaction Costs

From 1 January 2022 to 31 December 2024, 1.69% of the value of the fund was incurred as expenses relating to the administration of the fund. 0.23% of the value of the fund was incurred as costs relating to the buying and selling of the assets underlying the fund. Therefore 1.92% of the value of the fund was incurred as costs relating to the investment of the fund. Inclusive in the TER of 1.69%, a performance fee of 0% of the Net Asset Value of the class of Financial Product was recovered. 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 is likely to have a very different equity profile to that of the All Share Index. Risk is reduced through the fund's value-orientated approach and a larger-than-average number of holdings.



- 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 | info@flagshipsa.com

