

# Flagship IP Flexible Value Fund

Minimum Disclosure Document - 31 July 2025



Navigate Safely Forward

## FUND MANAGER

Niall Brown

NAV 7 945.6c

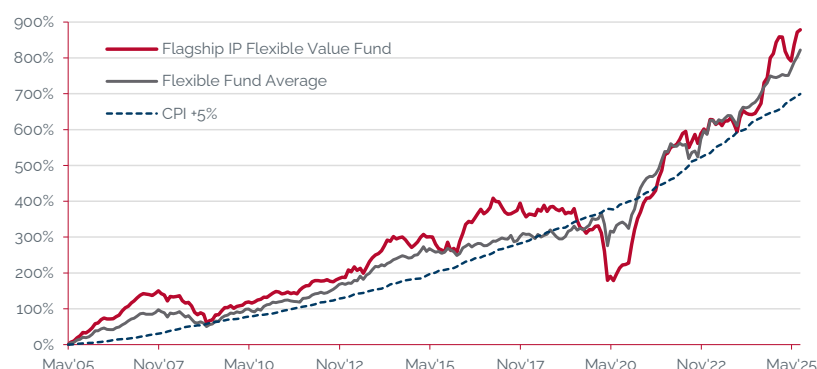
Launch date	04 May 2005
Fund size	R508m
NAV - A Class	7 945.6c
Sector	South African - Multi Asset - Flexible
Benchmark	Multi-Asset Flexible Sector Average

No. of participatory interests	6 382 467
Minimum lump sum investment	R 10 000
Base currency	ZAR
Income declaration - Mar '25	75.95cpu
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

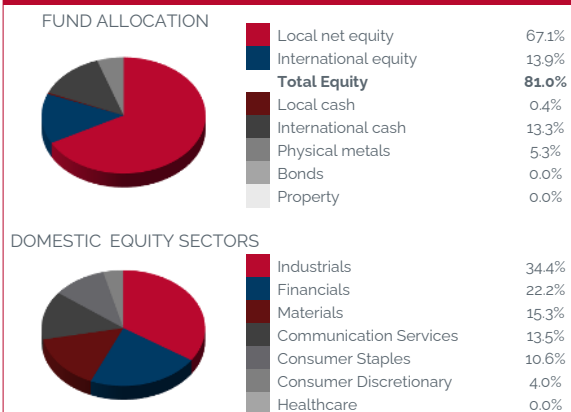
<b>Domestic Equity</b>	<b>67.1%</b>
Caxton	6.7%
Ethos Capital	5.7%
Reinet	5.1%
HCI	5.1%
York Timbers	5.0%
Brait	4.6%
Master Drilling	3.7%
Novus	3.4%
Glencore	3.4%
Invicta	3.3%
Other domestic holdings	21.1%
<b>Offshore Equity</b>	<b>13.9%</b>
Contrarius Global Equity Fund	11.8%
Alibaba	2.1%
<b>Bonds</b>	<b>0.0%</b>
Domestic	0.0%
<b>Property</b>	<b>0.0%</b>
Domestic	0.0%
<b>Cash and Strategic Income</b>	<b>13.7%</b>
Domestic	0.4%
Offshore	13.3%
<b>Commodities</b>	<b>5.3%</b>
Platinum	5.1%
Gold	0.1%
<b>TOTAL</b>	<b>100.0%</b>

## PERFORMANCE AND RISK

Performance (net of fees)	Fund	Benchmark	Outperformance
Since inception	878.6%	822.2%	56.4%
Since inception (annualised)	11.9%	11.6%	0.3%
10 Years (annualised)	10.3%	8.1%	2.2%
7 Years (annualised)	11.0%	9.9%	1.1%
5 Years (annualised)	25.5%	13.5%	12.0%
3 Years (annualised)	13.6%	13.2%	0.4%
1 Year	17.8%	15.6%	2.2%
Year-to-date	2.1%	10.0%	-7.9%

Risk Measures (since inception)	Fund	Benchmark
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)	1.73%	1.78%
Fund management fee (excl. VAT)	1.25%	1.25%
VAT on fund management fee	0.19%	0.19%
Fund expenses (incl. VAT)	0.29%	0.34%
Transaction Costs (incl. VAT)	0.20%	0.23%
Total Investment Charge (incl. VAT)	1.93%	2.01%

## FUND COMMENTARY - JULY 2025

The highly respected US investment house, GMO, consider Value stocks to be extremely cheap. In fact, cheaper than they have been relative to quality/growth stocks for 97% of the time over the last 40 years. The only time that value stocks were even cheaper in relative terms was during the 1999/2000 dotcom bubble. They go on to say that Value trades at similar discounts outside the US, with even more attractive overall valuations and, furthermore, that "deep value" represents one of the most compelling valuation dislocations that they have seen in decades. Strong words indeed! We share that view and your fund is positioned accordingly. After a very strong five years to December 2024, the fund has lagged this year, but we remain confident that the deep value within the portfolio will provide meaningful long term real returns.

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

## MARKET COMMENTARY

Most global indices started Q3 in the same way they ended Q2 – in the green. In the US, the S&P gained 2.2%, while the Nasdaq improved by 3.7%. London's FTSE 100 rallied 4.3%, while the Euro Stoxx 50 only managed to eke out a 0.3% gain. In the East, Japan's Nikkei rose 1.4%, while Hong Kong's Hang Seng Index ended the month 3.1% higher.

July was another eventful month, with a barrage of often contradictory economic indicators. A large portion of S&P 500 companies reported, with a vast majority beating estimates. The US consumer also appears resilient, as retail sales continue to surprise on the upside. These positive datapoints led markets to new highs, and Nvidia became the first company ever to reach a \$4 trillion valuation, followed by Microsoft less than 2 weeks later.

There are, however, some darker clouds on the horizon: ISM manufacturing PMI's came in below 50 (contractionary) for the 4<sup>th</sup> month in a row; Trump tariffs returned (even though mostly at lower rates than before); and political interference at the Fed remains front and centre. The big shocks came from PCE and jobs data, with PCE (the Fed's preferred inflation gauge) coming in at 2.8% YoY, remaining stubbornly higher than the 2% target. Jobs data for July proved to be much weaker than anticipated, and there were also major downward revisions to May and June data. Following this report, the odds of a September rate cut shot from below 50% to north of 80%. Due to a weakening

job market, the Fed faces a tricky period, and there are signs that inflation is starting to trickle down to the consumer – the definition of stagflation.

From a geopolitical standpoint, the month saw light being cast on Gaza, and increased pressure on Israel to provide safe access to humanitarian aid as the crisis deepened. France went one step further, indicating it would recognize Palestine as a state at the upcoming UN General Assembly in September. Russia's continued invasion of Ukraine also hit a bump, as Trump grows increasingly irritated with Putin. Aside from more weapons, the US is on the verge of secondary tariffs on Russia's trading partners (India, for one), potentially isolating their economies. There were also reports that Trump asked Zelensky whether Ukraine could, if provided with long-range missiles, hit Moscow or St Petersburg. Worrying signs indeed.

Domestically, the JSE All Share experienced another green month, ending 2.3% higher. However, the USD regained some strength during the month, gaining 2.9% against the ZAR, erasing the ALSI returns when measured in dollars.

South Africa remains in Trump's firing line. Given what are described as SA's 'anti-American policies', we were slapped with a 30% tariff rate. There was some consoling news, though, as the SARB relented in its restrictive policy stance, lowering borrowing rates by 25 basis points.

## 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 [ipmc\\_clientservices@fundrock.com](mailto:ipmc_clientservices@fundrock.com) or call us on 021 879 9973/9.
- Fund prices are published daily and available in newspapers countrywide, 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 (RF) Pty Ltd (Reg. No. 2007/01760/07) is the authorised manager of the scheme – contact 021 879 9937/9 or [ipmc\\_clientservices@fundrock.com](mailto:ipmc_clientservices@fundrock.com), with its registered office at 4th Floor, Catnia Building, Bella Rosa Village, Bella Rosa Street, Belville, Cape Town, 7530, South Africa.
- 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 or emailed to [ipmc\\_complaints@fundrock.com](mailto: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

<b>Performance Fee benchmark:</b>	<b>Median of the Domestic Asset Allocation Flexible Unit Trust Sector</b>				
<b>Base Fees:</b>	1.25% per annum	<b>Fee at Benchmark:</b>	1.25% per annum	<b>Fee Hurdle:</b>	Average of the South African Multi-Asset Flexible Unit Trust Sector
<b>Sharing Ratio:</b>	10%	<b>Minimum Fee:</b>	1.25% per annum	<b>Maximum Fee:</b>	No maximum
<b>Fee Example:</b>	0.1% for each 1% outperformance of portfolio benchmark on a high water mark basis				
<b>Method of Calculating:</b>	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 <a href="http://www.ipmc.co.za">www.ipmc.co.za</a>					

## TER and Transaction Costs

From 1 April 2022 to 31 March 2025, 1.78% 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 2.01% of the value of the fund was incurred as costs relating to the investment of the fund. Inclusive in the TER of 1.78%, 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](http://www.flagshipsa.com) | [info@flagshipsa.com](mailto:info@flagshipsa.com)

