

# Flagship IP Global Flexible Equity Fund

Minimum Disclosure Document - 30 August 2024



Navigate Safely Forward

FUND MANAGER **Flagship Asset Management**

## FUND OBJECTIVE

The fund is a global portfolio which aims to achieve long term capital growth by investing predominantly in equity securities and participatory interests in collective investment schemes including exchange traded funds.

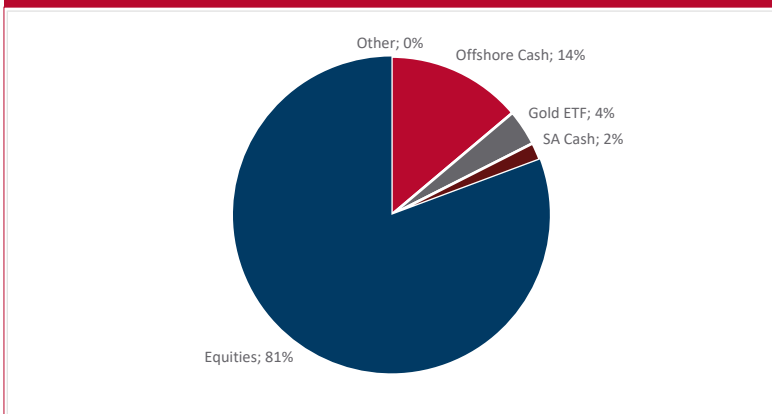
## FUND UNIVERSE

The portfolio will have a minimum of 80% exposure to foreign assets and will typically have significant exposure to foreign equity but will retain the flexibility to completely reduce equity exposure at the discretion of the portfolio manager in response to changing market conditions.

## FUND PERFORMANCE

| Performance (net of fees)    | Fund  | Benchmark | Outperformance |
|------------------------------|-------|-----------|----------------|
| Since inception              | 42,0% | 43,0%     | -0,9%          |
| Since inception (annualised) | 8,0%  | 8,1%      | -0,2%          |
| 3 Year (annualised)          | 4,8%  | 7,7%      | -2,9%          |
| 1 Year                       | 4,4%  | 6,2%      | -1,8%          |
| Year to date                 | 1,8%  | 4,3%      | -2,5%          |

## ASSET ALLOCATION AS AT 30 August 2024



## TOP HOLDINGS AS AT 30 August 2024

CORP AMERICA AIRPORTS SA  
 FOMENTO ECONOMICO MEXICAN  
 SHELL PLC-W/I-ADR  
 AGNICO EAGLE MINES LTD  
 EMBOTELLADORA A ADR  
 SPDR GOLD MINISHARES TRUST  
 BHP GROUP LIMITED-DI  
 META PLATFORMS INC  
 GYM GROUP PLC  
 ANHEUSER-BUSCH INBV SA/NV

## MARKET AND FUND COMMENTARY - August 2024

August was an eventful month for investors, starting with a sharp selloff of global equities due to the publication of disappointing US economic data, together with an interest rate hike by the bank of Japan. This combination led to the unwind of Japan's carry trade causing the VIX index (a measure of S&P 500 volatility) to almost triple in one day, the yen to surge and a big decline in Japanese stocks (MSCI Japan dropping 12% in one day). However, by month end, the market had rebounded as investors began to price in more aggressive policy easing by the Federal Reserve, though with a more defensive sector rotation.

Safe Havens rallied with the Bloomberg Global Aggregate Index ending up 2.8% over the month and gold also rising 2.3% (both in USD). Brent crude was down 2.4% despite the tense situation in the Middle East.

The MSCI ACWI returned 2.5% for the month of August. The ZAR appreciated against the USD, gaining 3%, ending the month at R17.66/USD.

## FUND INFORMATION

|                               |  |
|-------------------------------|--|
| Portfolio Managers:           | David Cook, Jason Cook   |
| Inception Date of Fund:       | 07 February 2020   |
| Inception Date of Class:      | 07 February 2020   |
| Benchmark:                    | Avg. of Global Multi - Asset Flexible Category   |
| Classification:               | Global - Multi Asset - Flexible  |
| Regulation 28 compliant:      | No   |
| Income distribution:          | Semi - Annual  |
| Date of income distributions: | 31 March, 30 September<br>2nd day of the following month or the next business day if the 2nd does not fall on a business day |
| Date of income payment:       | business day   |
| Min. lump sum investment:     | R10,000  |
| Min. monthly investment:      | R1,000   |
| Risk profile:                 | Medium   |
| JSE code:                     | IPEBF  |
| ISIN Number:                  | ZAE000263901   |

## FUND NET ASSET VALUE AND UNITS IN ISSUE

|                              |               |
|------------------------------|---------------|
| Fund NAV                     | 81 655 005,37 |
| Units in Issue               | 62 694 496,80 |
| Class NAV                    | 81 655 005,37 |
| NAV Price as at Month End    | 130,24        |
| Income declaration - Mar '24 | 1,51 cpu      |
| Income declaration - Sep '23 | 3,18 cpu      |

## FEES

|                                | Class A |
|--------------------------------|---------|
| Annual Service fee (excl. VAT) | 0,50%   |
| Performance Fee                | N/A     |

Initial Advice Fee and Ongoing Advisor Fee is negotiable between the Investor and Appointed Financial advisor. This is not part of the normal annual service fee charged by the fund.

## TOTAL EXPENSE RATIO AND TRANSACTION COSTS

|                         | 1 Year |
|-------------------------|--------|
| Total Expense ratio     | 0,72%  |
| Transaction Costs       | 0,05%  |
| Total Investment Charge | 0,78%  |

|                         | 3 Year |
|-------------------------|--------|
| Total Expense ratio     | 0,72%  |
| Transaction Costs       | 0,08%  |
| Total Investment Charge | 0,80%  |

(\*all items include VAT)

Top performers in terms of value contributed for the month were Capricorn Energy, Alamos Gold and Meta platforms, up 18%, 11% and 9% respectively in South African Rands. With no results or operational news out of Capricorn, positive performance can be attributed to execution of the company's share buyback program, as well as improved confidence in their Egypt operations, following their July operational update. Alamos Gold benefitted from a combination of a strong gold price and solid second quarter results (production up 2.2%, all in sustaining costs per ounce remaining roughly the same as the corresponding quarter in 2023). Finally, Meta reported good results and their forward guidance was also above consensus.

In terms of detractors, again in terms of value contributed for the month, were Corporacion America Airports Company ("CAAP") and Fomento Economico Mexicano (FEMSA), down 6% and 7% respectively for the month. CAAP reported second quarter results and, as was predicted in our previous note, the economic situation in Argentina has weighed on air passenger numbers. Pleasingly, although passenger numbers were down 7.8% versus the same quarter in 2023, revenue was only down 1.5%. We still believe the reforms currently being carried out will bear fruit in the medium term and to this end, Argentina recently concluded open skies agreements with multiple countries, which should lead to new international routes. FEMSA was down slightly on the announcement of the acquisition of Delek US with investors cautious on how FEMSA will fair in the US.

Looking ahead, volatile markets look set to continue, with much uncertainty on the path central bank policy rates will take and still relatively expensive valuations on high earnings/profit margins relative to history. Geopolitical tensions, inflation concerns and a potential slowdown in world economies all remain as sources of downside volatility. To this end we have a 16% allocation to cash, as well as an allocation to gold and gold equities. As required by legislation, we confirm that the fund has adhered to its policy objective and strategy.

**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 illustration. 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 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 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 or emailed to [complaints@ipmc.co.za](mailto:complaints@ipmc.co.za).

**Investment Policy**

The Flagship IP Global Flexible Equity 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 and money markets. The portfolio will have an equity exposure (including international equity) between 0% and 100% at all times. Investments to be included in the Flagship IP Global Flexible Equity 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. 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 January 2021 to 31 December 2023 0.82% of the value of the fund was incurred as expenses relating to the administration of the fund. 0.10% of the value of the fund was incurred as costs relating to the buying and selling of the assets underlying the fund. Therefore, 0.72% 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.

**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)

