

# Flagship IP Global Icon Feeder Fund

Minimum Disclosure Document - 30 September 2024



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## FUND MANAGERS

Philip Short B.Sc (Maths), CFA | James Hayward B.Eng, CFA

NAV 861.5c

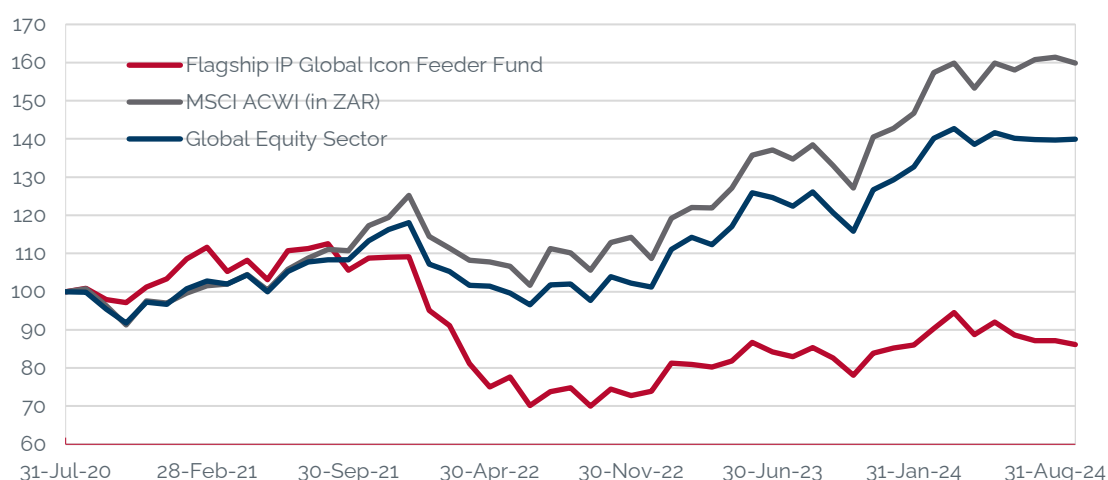
Launch date	06 August 2020
Fund type	Global equity feeder fund
Fund size	R61.5m
NAV - A Class	861.5c
Benchmark	MSCI All Country World Index (MSCI ACWI), in rands (net total return USD index, converted into ZAR)

No. of participatory interests	7 120 174
Minimum lump sum investment	R 5 000
Base currency	ZAR
Income declaration - Mar'24	0.00c
Dealing	Daily

## FUND OBJECTIVE

The Fund invests directly into the Flagship Global Icon Fund IC Limited, registered in Guernsey. That fund seeks to provide long-term capital appreciation by investing in high-quality companies that the Fund Manager believes will generate superior returns over the long-term. Such companies typically have a franchise in the form of a hard-to-replicate intangible asset (such as a brand, culture or intellectual property) that leads to an enduring competitive advantage and a dominant market position.

## PERFORMANCE CHART



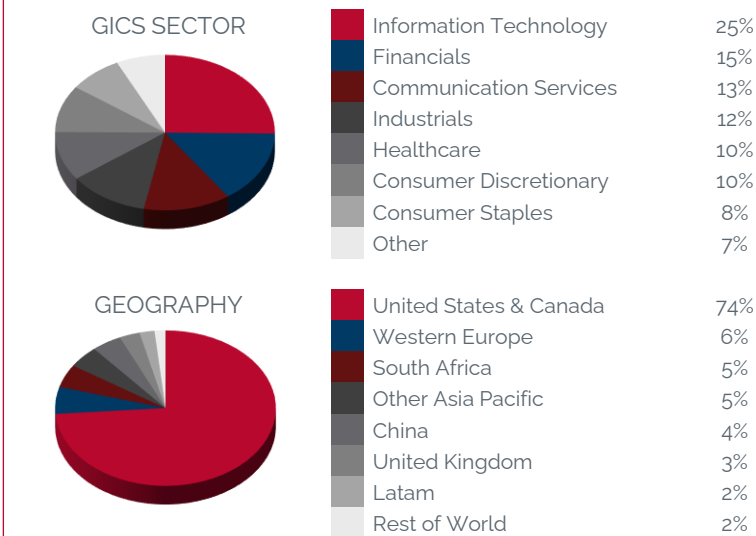
## FUND EXPOSURES

<b>Equity</b>	<b>98.1%</b>
Blue Label Telecoms	4.6%
Nvidia Corp	2.8%
Eli Lilly	2.7%
Sprouts Farmers Market Inc	2.6%
Royal Caribbean Group	2.5%
Apple	2.4%
Newmont Corp	2.3%
Euronext	2.2%
Rolls Royce Holdings	2.2%
Dominion Energy	2.2%
Other equity holdings	71.6%
<b>Cash</b>	<b>1.9%</b>
USD	0.3%
ZAR	0.3%
Other	1.3%
<b>TOTAL</b>	<b>100.0%</b>

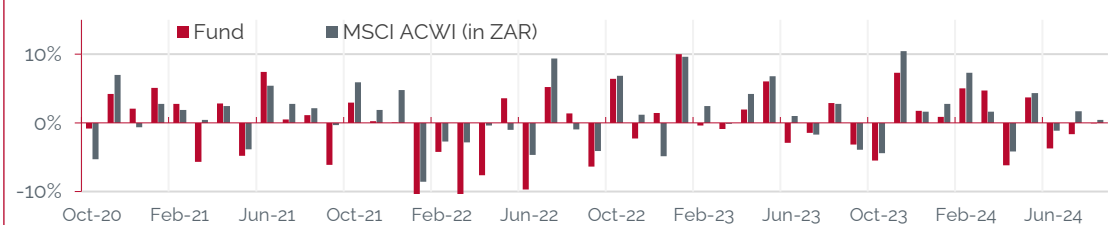
## PERFORMANCE AND RISK

Annualised Performance (for periods > 1 year)	Fund	Benchmark	Sector
Since inception	-3.5%	12.0%	8.4%
10 Years			
7 Years			
5 Years			
3 Years	-6.6%	13.0%	8.9%
1 Year	4.2%	20.2%	15.9%
Year-to-date	1.0%	12.0%	8.2%
6 Months	-8.9%	0.0%	-2.0%

## EFFECTIVE EQUITY EXPOSURE



## MONTHLY RETURNS



## FEES

	Retail	Institutional
Total Expense Ratio (incl. VAT)	1.97%	1.74%
Fund management fee (excl. VAT)	0.35%	0.15%
VAT on fund management fee	0.05%	0.02%
Fund expenses (incl. VAT)	1.57%	1.57%
Transaction Costs (incl. VAT)	0.00%	0.00%
<b>Total Investment Charge (incl. VAT)</b>	<b>1.97%</b>	<b>1.74%</b>

## FUND COMMENTARY - SEPTEMBER 2024

The Flagship IP Global Icon Feeder Fund returned -1.1% vs -1.1% for the MSCI ACWI (both in ZAR), during another volatile month for global markets.

The biggest contributors for the month were Applovin, Blue Label Telecoms, Oracle, while the main detractors were Eli Lilly, Novo Nordisk and Kaspri (which declined sharply after a hedge fund published a short seller report).

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

## MARKET COMMENTARY

The September effect refers to equity markets historically delivering weak returns during September. Not this time. The S&P 500 hit its 42<sup>nd</sup> record high of the year, and the Dow Jones its 32<sup>nd</sup>. Performance was mainly driven by the soft-landing narrative, as inflation numbers continued to decline, the Federal Reserve cut interest rates by 50 basis points, and the US economy's growth numbers remaining resilient.

The S&P 500 increased 2.1% and the Nasdaq rose 2.8%. This puts the year-to-date (YTD) return of both indices north of 20%. The ACWI also had a good month, closing 2.4% higher, and is now 19.1% in the green YTD. The real party, however, was in China. The Hang Seng index gained a massive 18.3%, while the Shanghai composite gained 17.6% - its biggest monthly gain since the 2015 Chinese stock bubble.

These markets were driven by the largest interventions, from both a fiscal and monetary policy perspective, that the market has seen in years. The measures, aimed at boosting its slowing economy, include: reduced interest rates; lower reserve requirements for banks; injections into the financial and property sectors; as well as once-off cash handouts to qualifying citizens. The effect was dramatic, with the Shanghai Index at one stage rising 8% in a single day, to record its best trading day since 2008.

Tensions in the Middle East are reaching fever pitch following Israel's assassination of Hezbollah leader, Hassan Nasrallah, in an underground bunker in Beirut. Israel has now eliminated a large contingent of the leadership structures of both Hezbollah and Hamas. Predictably, this led to a response from Iran, as they sent a barrage of over 200 ballistic missiles into Israel. Israel has vowed a response, and the situation is currently the most volatile it has been in many years. Somewhat surprisingly, the effect on the price of crude oil was muted, in fact dropping nearly 9% during the month despite a small gain towards the end. This most likely due to Saudi Arabia stating their intention to reclaim market share, rather than targeting a specific oil price - essentially flooding the market with oil. Other risk assets like gold did respond as expected, rising 5.2% to reach new highs during the month.

Locally, investors and consumers again had much to cheer about as the JSE All Share increased 4.1%, with the industrials and resources indices delivering strong performances. The Rand also continued to strengthen, gaining 3.1% against the USD, now up 6% YTD. Consumers also got some reprieve on their debt payments as the SARB lowered the repo rate by 0.25% to 8%. Given that inflation is currently approaching the SARB's midpoint target of 4.5%, and the fact that real rates are sitting at close to 18-year highs, the Reserve Bank still has plenty of room for cuts over the course of the next year.

## 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 annually on 31 March.
- 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](mailto:clientservices@ipmc.co.za) or call us on 021 673-1340
- Fund prices are published daily and available in newspapers, on Bloomberg (Class A: BBG00XGC3Y32 | Class B: BBG00XGC5D09), 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 Icon Feeder Fund is in the Global - Equity - General sector and invests directly into the Flagship Global Icon Fund IC Limited, registered in Guernsey. That fund seeks to provide long-term capital appreciation by investing in high-quality companies that the Fund Manager believes will generate superior returns over the long-term. Such companies typically have a franchise in the form of a hard-to-replicate intangible asset (such as a brand, culture or intellectual property) that leads to an enduring competitive advantage and a dominant market position. The fund will, at all times, be fully invested in the master fund and, as such, does not allow for any asset allocation flexibility and will not invest in any financial instruments to implement specific investment views.

## TER and Transaction Costs

From 1 July 2021 to 30 June 2024 1.97% of the value of the fund was incurred as expenses relating to the administration of the fund. 0.00% of the value of the fund was incurred as costs relating to the buying and selling of the assets underlying the fund. Therefore, 1.97% 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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