

Flagship IP Worldwide Flexible Fund



MINIMUM DISCLOSURE DOCUMENT

30 November 2018

FUND MANAGERS

Winston Floquet | Paul Floquet CFA

FUND OBJECTIVE

To provide long term capital growth from an actively managed portfolio comprising equities, bonds, property and cash – both local and foreign. No guidelines have been set for maximum and minimum exposures to any one asset class (but our mandate limits offshore exposure to 85%). Our benchmark is 60% equities, 20% bonds and 20% cash with each category split equally between local and international assets. The fund is classified with ASISA as a Worldwide - Multi Asset - Flexible fund. The portfolio uses financial instruments to the extent permitted by legislation.

FUND MANAGER COMMENTARY

International

Markets were exceptionally volatile in November, but the All Country World index nevertheless closed 1.3% higher – thanks to Fed Chairman Jay Powell adopting a more dovish outlook on US interest rates than he had previously indicated.

Growth in the global economy is undoubtedly slowing and is causing concern among investors. However, the fundamental backdrop remains healthy and consensus forecasts suggest only a modest deceleration in economic growth in 2019. The key downside risk is the outcome of the US trade war with China.

It has been a very difficult year for equities with the World index down 10.8% from its January high. Over this period, earnings have soared (especially in the US, up 25%) causing equity valuations to de-rate significantly. The forward p/e multiples in the US, and globally, are now in line with 10 year median valuations (and are the lowest in almost 5 years). While not cheap, equities are certainly not expensive either.

There are, as always, a number of disquieting factors. Slowing earnings growth is one, but of greater concern is the ongoing withdrawal of quantitative easing programs. Replacing the tailwind of quantitative easing (QE) with quantitative tightening (QT) is beginning to weigh on sentiment. How soon this will become a major stumbling block is clearly difficult to determine, but impact it will.

South Africa

The SA market experienced extreme volatility in November: the difference between the high and the low points during the month was a massive 8%! It closed 2.7% down, its lowest level in almost two years.

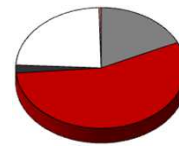
The remarkably firm rand (over 6% stronger) was mostly to blame, but the SARB's repo rate hike also contributed. The currency's strength was in spite of an unchanged dollar and despite the growing cost of South Africa's credit default swap which has been steadily rising throughout 2018.

The Fund

Taking advantage of the sharp October selloff, we raised our equity exposure from 55% to 74%, primarily into Asian and emerging markets. We remain predominately invested offshore (80%). As required by legislation we confirm that the fund has adhered to its policy objective and strategy.

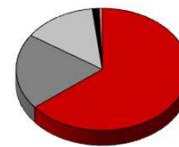
ASSET ALLOCATION

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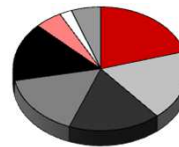
Local net equity	18%
International equity	56%
Physical commodities	0%
Local cash	2%
International cash	24%
Local fixed interest	0%
International property	0%

GEOGRAPHIC BREAKDOWN



United States	64%
South Africa	20%
Asia	14%
Emerging Markets	1%
United Kingdom	1%
Australia	0%
Europe	0%
Global	0%

SECTOR DIVERSIFICATION (% of fund)



Technology	15%
Consumer Discretionary	13%
Healthcare	13%
Regional ETF's	12%
Financials	11%
Media	4%
Diamonds & Gemstones	2%
Other Sectors	4%
Hedge	0%

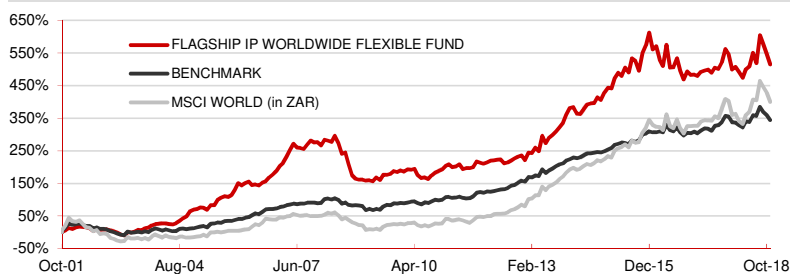
WORLDWIDE EQUITY HOLDINGS

Top 10	Currency	Region	%
iShares US Healthcare Providers	\$	United States	9.1
iShares North America Tech-Soft	\$	United States	6.4
Mastercard	\$	Global	5.0
Visa	\$	Global	4.7
iShares MSCI Japan	¥	Asia	4.6
iShares North America Tech	\$	United States	3.9
China Large Cap	Rmb	Asia	3.8
Naspers	R	Emerging Markets	3.7
MSCI Asia ex-Japan	Asian	Asia	3.3
Reinet Investments	R	Global	2.8
			47.3

FUND PERFORMANCE

	6 Months	1 Year	5 Years	7 Years	10 Years	Since inception
Flagship (FWFF)	0.8%	-5.0%	7.1%	10.1%	8.8%	11.3%
Benchmark	1.2%	-2.5%	7.4%	10.3%	9.3%	9.1%

BENCHMARK: 60% EQUITY 20% BONDS 20% CASH [30% JSE ALLSHARE, 30% MSCI WORLD - in rands] [10% ALL BOND INDEX, 10% JPMORGAN GLOBAL BOND INDEX - in rands] [10% DOMESTIC CASH, 10% US OVERNIGHT CALL - in rands]



Lowest actual annual figure: -16.8% (5 October 2007 to 4 October 2008)
Highest actual annual figure: +46.5% (5 October 2004 to 4 October 2005)

ANNUAL PORTFOLIO PERFORMANCE

	2009	2010	2011	2012	2013	2014	2015	2016	2017
Flagship	10.8%	1.7%	6.1%	3.5%	43.3%	18.1%	31.2%	-18.2%	2.8%
Benchmark	4.3%	0.9%	10.8%	15.8%	25.2%	10.5%	15.8%	-1.5%	8.2%
WW Flexibles	9.3%	0.3%	9.1%	17.1%	32.5%	10.3%	12.6%	-3.9%	7.8%

FUND DETAILS

UNIT PRICE | 516.9c

NAV - A Class	516.9c	Fund size	R374m
Inception date	5 Oct '01	Entry/exit fee	0%
No. of participatory interests	72 509 259	Minimum investment	R 5 000
Annual fee	1.75% (excl. VAT)	Income decl. - Mar '18	0.00cpu
TER *	2.16%	Income decl. - Sep '18	0.00cpu



RAGING BULL WINNER - 2004 | 2005 | 2006 | 2007

The Flagship Worldwide Flexible Fund won the Standard & Poots awards for the best performance in the Worldwide - Multi Asset - Flexible category for the one and three year periods to 31 December 2005 and the three and five year periods to 31 December 2006 and 31 December 2007. The fund also won the Raging Bull award for top performance in its category for the four consecutive three year periods ending 31 December 2004, 2005, 2006, and 2007. Full details of these awards are available from Flagship.

Flagship Asset Management (Pty) Limited

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Issue date: 4 December 2018

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%.
- 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.

Investment Policy

The Flagship IP Worldwide Flexible Fund is a Worldwide-Asset Allocation portfolio in the Flexible Portfolio Sector which invests at least 15% of its assets in South African investment markets and no more than 85% of its assets in approved foreign investment markets, at all times, with specific focus on asset allocation. The primary objective of the Flagship IP Worldwide Flexible Fund is to offer medium to long-term capital growth. The portfolio will invest in a flexible combination of investments in equity, bond, money or property markets to maximise total returns over the long term. The portfolio will be actively managed with exposure to various asset classes being varied to reflect changing economic and market circumstances, in order to maximise returns for investors.

In order to achieve its objective, the investments normally to be included in the Flagship IP Worldwide Flexible Fund will comprise a combination of local and foreign securities, exchange securities, stock including loan stock, financially sound listed property investments and participatory interests in portfolios of collective investment schemes in property shares, assets in liquid form and any other securities which are considered consistent with the portfolio's primary objective and the Act or the Registrar may from time to time allow, all to be acquired at fair market value.

* TER and Transaction Costs

From 1 October 2015 to 30 September 2018 2.16% of the value of the fund was incurred as expenses relating to the administration of the fund. 0.55% of the value of the fund was incurred as costs relating to the buying and selling of the assets underlying the fund. Therefore, 2.71% 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.

Risks

- 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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