IP Flexible Fund of Funds (A & B Class) Minimum Disclosure Document
October 2020

Fund Objectives, Investment Process & Policy

The IP Flexible Fund of Funds is a flexible Fund of Funds. The primary investment objective of this Fund is to provide the investor with consistent low volatility performance and real capital growth. It will invest in a broad range of participatory interests and other forms of participation in collective investment schemes (CISs) or similar schemes. The Fund aims to achieve total returns in excess of CPI +5% over rolling 4-year periods, providing investors with medium to long-term capital growth from a diversified portfolio of equities, bonds, listed property and money market instruments, both locally and offshore. This Fund is suitable for long term investors, with a moderate risk tolerance, who want reasonable but relatively stable growth. The Fund has a predetermined risk budget per asset class to allow the Manager to vary exposure between asset classes, whilst respecting the Fund’s strategic asset allocation benchmarks. The Managers consider tactical asset allocations between asset classes and sectors after a team process has determined a risk score by considering the global and local leading economic indicators, asset class valuations, fundamental research, independent liquidity analysis and technical analysis.

Investor Profile

Low Risk  Low to Moderate Risk  Moderate Risk  Moderate to High Risk  High Risk

SA Equity 41.30%  SA Bonds 24.91%  Global Equity 18.27%  SA Cash 7.42%  Global Bonds 4.88%  Global Cash 1.94%  Global Property 0.74%  SA Property 0.54%

Asset Allocation

Top Portfolio Holdings

IP Prudential Equity Fund 37.40%  IP High Conviction Equity Fund 26.48%  IP Active Beta Fund Class A 14.98%  IP International Managed Flexible Fund 14.32%  Newfunds GOVI ETF 5.64%

Top Securities

Naspers LTD-N SHS 5.66%  Prosus NV 2.87%  BHP Group PLC 2.60%  Anglo American PLC 2.48%  Sibanye Stillwater LTD 2.44%  British American Tobacco PLC 2.18%  Gold Fields LTD 1.84%  Impala Platinum Holdings LTD 1.55%  Standard Bank Group LTD 1.16%  Raubex Group LTD 1.10%

Fund Information

Fund managers

Roelof Horn Director & Head of SA Portfolio Management

Latest price

A 273.38 cents  B 273.70 cents

Fund size

R 71 m

Number of units

A 5 915 128.73  B 19 901 608.45

ASISA category

SA Multi Asset - Flexible

Regulation 28 compliant

No

Benchmark

CPI + 5%

Inception

A 11 February 2005  B 03 October 2011

Min lump sum investment

A R10,000  B R10,000

Min monthly investment

A R1,000

Dates of income declarations

31 Mar / 30 Sept

Date of income payment

15th day of the following month or next business day if the 15th does not fall on a business day

Portfolio Fees

Max initial manager fee 0.00%  Max initial adviser fee 2.00% (excl. VAT)  Annual management fee 1.50% (excl. VAT)

Total Expense Ratio (TER)\(^2\), Transaction Costs (TC) and Total Investment Cost (TIC) (01 Apr 2017 to 31 Mar 2020)

\(\text{TER}^2\)

A 2.78%  B 1.92%

TC

0.24%  0.24%

TIC (incl. VAT)

3.02%  2.16%

\(\text{TER}^2\) includes the annual management fee of 1.50% (VAT exclusive).

Annualised\(^2\) Performance (A Class)

Highest % (30 April 2006) 39.99%  Lowest % (28 February 2009) -20.71%

Fund References

ISIN

A ZAE000140893  B ZAE000159141

Bloomberg

SENFEA:SJ  SEFF

JSE

MTNFLB2:SJ  SEFB2

Fund Performance

Annualised Returns\(^2\)

\(\text{YTD}\) 1-Year 3-Year 5-Year

\(\text{IP Flexible Fund}\)

-3.43% -3.34% -2.45% 0.28% 7.45%

\(\text{Benchmark}\)

6.95% 8.28% 9.29% 9.95% 10.91%

Cumulative Returns\(^2\)

\(\text{YTD}\) 1-Year 3-Year 5-Year

\(\text{IP Flexible Fund}\)

-3.43% -3.34% -7.9% 140% 208.23%

\(\text{Benchmark}\)

6.95% 8.28% 30.52% 60.68% 406.64%

Fund returns shown are based on NAV-NAV unit prices calculated from IRESS for a lump-sum investment with income distribution reinvested (after fees and cost).

Source: IRESS

Member of the Association for Savings & Investment SA
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Quarterly Market Commentary (as at 30 September 2020)

A global economic recovery is underway following the initial shock of the coronavirus pandemic, aided by very aggressive stimulus. However, the threat of further restrictions on activity continues to pose a risk to this recovery as we head into the final quarter of the year, with talk of a 'second wave' of the coronavirus pandemic gathering momentum.

Cheap liquidity conditions and accommodative policy are expected to remain a prominent feature of the global monetary environment for the next 6-9 months, or at least until there are meaningful signs of an improvement in the outlook for global growth. While the sheer magnitude of monetary stimulus has supported a recovery, the threat of further COVID-lockdowns and fear surrounding the pandemic remain – offsetting the benefits of the monetary injection. There are also upside risks from inflation stemming from the rapid expansion of money supply in the likes of the US. 'Looser-for-longer' monetary policy is expected to remain the stance of most global central banks heading into 2021 as policymakers attempt to engineer an economic recovery.


The selected sectors (in local and global markets) that will continue to benefit from the current COVID-19 infection scenario – IT/Health Care/Consumer Staples and Resources/Spot Commodities.

Taking a 12-month view, many factors support exposure to selected risk assets:

- Increasing global liquidity
- Low interest rates/developed market bond yield
- Economic recovery in US & China and when it is behind us, conclusion on US elections, a Brexit agreement as well as a stable COVID-19 scenario
- A potential change in SA political rhetoric; curbing corruption and implementation of economic stimulus

It remains important to actively manage risks and opportunities – especially the opportunity to invest in cheap, beaten down SA Incorporated sectors and global value stocks when economic fundamentals improve – in our funds and portfolios.

Portfolio actions over the quarter

- We increased exposure to the IP High Conviction Equity fund as the house view fund is overweight SA Resources which is our favourite SA Equity sector
- Reduced SA Bond exposure by reducing NEWFUNDS GOVI ETF after a recovery rally

Fund Distributions (cents per unit)

<table>
<thead>
<tr>
<th>Date</th>
<th>A</th>
<th>B</th>
</tr>
</thead>
<tbody>
<tr>
<td>31 Mar 2020</td>
<td>0.15</td>
<td>1.38</td>
</tr>
<tr>
<td>30 Sep 2020</td>
<td>3.02</td>
<td>4.23</td>
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FAIS Conflict of Interest Disclosure

With multi-asset portfolios the investment manager, MitonOptimal South Africa (Pty) Ltd employs an investment strategy where specific collective investment schemes across a range of asset classes are selected and grouped together. This enable the management of the units in those portfolios in a cost and tax efficient manner. The investment manager re-invests 100% of all rebates received from the underlying managers. No other FSP receives a distribution fee from the investment manager. If another intermediary FSP is used, it is their responsibility to disclose any additional fees to you as the investor. The following fees are paid out of the portfolio's service charge and range as follows (excl VAT):

- IP Management Company (RP) (Pty) Ltd: Up to 0.15% p.a.; MitonOptimal South Africa: between 0.55% and 0.60%; Lip Fees: 0.25%; Total Service Fees: 1.50% p.a. Excluding VAT.

Foreign Disclosure

The portfolio may include foreign investments and the following additional risks may apply: liquidity constraints when selling foreign investments and risk of non-settlement of trades; macroeconomic and political risks associated with the country in which the investment is made; risk of loss on foreign exchange transactions and investment valuation due to fluctuating exchange rates; risk of foreign tax being applicable; potential limitations on availability of market information which could affect the valuation and liquidity of an investment. All of these risks could affect the valuation of an investment in the fund.

Contact Information

Management Company
IP Management Company (RP) Pty Limited
1st Floor, Mariendahl House, Newlands on Main, Main Road, Newlands, 7700, PO Box 23271, Claremont, 7735
+27 21 673 1340
+27 086 557 4848

Fund Management Company
MitonOptimal South Africa (Pty) Limited
2nd Floor, Suite 202, South Wing, Great Westerford, 240 Main Road, Rondebosch, 7700.
+27 (0) 21 689 3579
+27 (0) 21 686 6944
e: mail@mitonoptimal.com
w: www.mitonoptimal.com

1Fund size is of the A Class launched on 11/02/2005 and the B Class launched on 03/10/2011 combined. Please note: The Total Expense Ratio (TER) of the value of the financial product was incurred as expenses relating to the administration of the financial product. The Transaction Costs (TC) relate to the buying and selling of assets underlying the financial product. Total Investment Charge (TIC) is the value of the financial product incurred as costs relating to the investment of the financial product. 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 TERs. Transaction costs are a necessary cost in administering the Financial Product and impacts Financial Product returns. It should not be considered in isolation as returns may be impacted by many factors over time including market returns, the type of financial product, the investment decisions of the investment manager and the TER. 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.ipmco.za/ effective-annual-cost-to-access the EAC calculator. You can request an EAC calculation from clientservices@ipmco.co.za or call us on 021 673-1340. The average return on an investment each year over a given time period. Collective Investment Schemes are generally medium to long term investments. The value of participatory interests or the investment may go down as well as up. Past performance is not necessarily a guide to future performance. Collective investment schemes invest at ruling prices and can engage in borrowing and scrip lending. A schedule of fees and charges and maximum commissions is available on request from the manager. The manager does not provide any guarantees either with respect to the capital or the return of a portfolio. The Fund is invested in portfolios of other Collective Investment Schemes that levy their own charges, which could result in a higher fee structure for the Fund of Funds. The Manager retains full legal responsibility for the Fund, regardless of Co-Management arrangements. Each portfolio may be closed for new investments. Transaction cut-off time is 14:30 daily. Valuation time is 20:00 for Fund of Funds. Prices are published and calculated daily, they are available in newspapers countrywide, as well as on request from the Manager. IP Management Company (RP) Pty Ltd is the authorised Manager of the Scheme – contact 021 673 1340 or clientservices@ipmco.co.za. Standard Bank is the trustee / custodian – contact compliance-IP@standardbank.co.za. Additional information including application forms, the annual report of the Manager and detailed holdings of the portfolio as at the last quarter end are available, free of charge, from clientservices@ipmco.co.za. IP Management Company is a member of ASISA. MitonOptimal South Africa (Pty) Limited is the Fund Manager and is regulated by the Financial Sector Conduct Authority, FSP 28160. We advise that you consult a Qualified Independent Financial Advisor to ensure that the Fund is appropriate in terms of the investor’s risk tolerance and appetite. Collective Investment Schemes’ prices are calculated on a net asset value basis and auditor’s fees, bank charges and trustee fees are levied against the portfolio. Graphs and performance figures are sourced from IRESS for lump sum investments including income distribution, at NAV to NAV basis and do not take any initial fees into account. Income is reinvested on the ex-dividend date. Performance shown is for the portfolio. Individual investor performance may differ due to initial fees, actual investment date, re-investment date and withholding taxes. MitonOptimal South Africa (Pty) Limited is authorised to act as a Fund Manager in terms of FAIS. Fund of Funds invest in portfolios of other Collective Investment Schemes that levy their own charges, which could result in a higher fee structure for the fund of funds.