

# IP Worldwide Flexible Fund of Funds

## (A & B2 Class) Minimum Disclosure Document

May 2019



### Fund Objectives, Investment Process & Policy

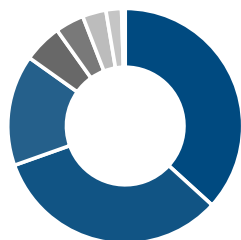
The IP Worldwide Flexible Fund of Funds is a flexible worldwide Fund of Funds. The investment objective of the Fund is to maximize long-term total returns. It will invest in a broad range of participatory interests and other forms of participation in schemes covering a broad range of investment philosophies in order to achieve a portfolio that reflects the investment objectives of the Fund. The Fund aims to outperform CPI+6% p.a. over a rolling 5 - year period by investing in SA and international assets. The Fund invests in SA and international equities, bonds, listed property and money market unit trusts and aims to limit volatility to between 12 - 15% p.a. standard deviation. This Fund is suitable for moderately aggressive investors, with a bias towards investments with high growth potential, which are globally diversified. The Fund has a predetermined risk budget per asset class to allow the Managers 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



### Asset Allocation



SA Equity	36.75%
Global Equity	32.83%
Global Cash	15.26%
Global Bonds	5.31%
SA Cash	3.96%
Global Property	3.25%
SA Fixed Interest	2.14%
SA Property	0.50%

### Top Portfolio Holdings

IP High Conviction Equity Fund	25.13%	Standard Bank Group Ltd	2.78%
IP Foreign Flexible Feeder Fund	20.05%	Naspers	2.59%
MitonOptimal International Managed Flexible Fund	16.06%	Anglo American Plc	2.37%
IP Active Beta Fund Class	10.13%	ABSA Group Ltd	2.15%
Bank of New York Mellon	7.02%	BHP Group Plc	2.07%
PSG Equity	5.56%	Sasol Ltd	1.89%
Prescient China Balanced Feeder Fund	3.55%	Old Mutual Ltd	1.52%
Gryphon All Share Tracker Fund	3.24%	Mondi Plc	1.22%
Laurium Prescient Equity	3.23%	Barloworld Ltd	1.16%
Coronation Global Emerging Markets Flexible [ZAR] Fund	2.33%	Foschini Group Ltd	1.12%

### Top Securities

### Fund Information

#### Fund managers



Roeloff Horne  
Director & Head of SA  
Portfolio Management



Scott Campbell  
Group MD & Chief  
Investment Officer

#### Latest price

A 224.90 cents

B2 225.56 cents

#### Fund size<sup>1</sup>

R 234 m

#### Number of units

A 3 454 630.36

B2 100 381 021.50

#### ASISA category

Worldwide Multi Asset - Flexible

#### Regulation 28 compliant

No

#### Benchmark

CPI + 6% p.a

#### Inception

A 01 October 2008

B2 03 October 2011

#### Min lump sum investment

R 10 000

#### Min monthly investment

A R500

#### 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

A 1.00% p.a.

B2 0.75% p.a.

#### Max initial adviser fee

2.00% (excl. VAT)

#### Annual management fee

A 1.00% (excl. VAT)

B2 0.75% (excl. VAT)

### Total Expense Ratio (TER)<sup>2</sup>, Transaction Costs (TC) and Total Investment Cost (TIC) (01 Apr 2016 to 31 Mar 2019)

	A	B2
TER*	2.42%	2.13%
TC	0.24%	0.24%
TIC (incl. VAT)	2.66%	2.37%

\*Includes the annual management fee of 1.00% for Class A and 0.75% for Class B2 (VAT exclusive).

### Annualised<sup>2</sup> Performance

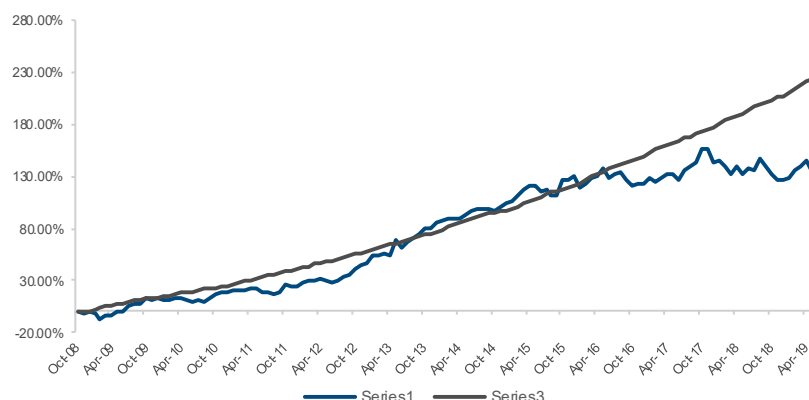
Highest % (31 May 2013) 30.15%

Lowest % (30 November 2018) -11.85

### Fund References

	A	B2
ISIN	ZAE000140927	ZAE000159174
Bloomberg	MITWWFA:SJ	MITWWFB:SJ
JSE	SEWFF	SEOB2

### Fund Performance



Source: IRESS

ASISA Member of the Association for Savings & Investment SA

Annualised Returns <sup>3</sup>	YTD	1-Year	3-Year	5-Year	Since inception 01-10-2008
IP WW Flexible FoF	3.38%	103%	-0.49%	4.00%	10.99%
Benchmark	4.89%	10.90%	11.19%	11.44%	15.42%
Cumulative Returns	YTD	1-Year	3-Year	5-Year	Since inception 01-10-2008
IP WW Flexible FoF	3.38%	103%	-147%	2168%	134.41%
Benchmark	4.89%	10.90%	37.48%	71.86%	222.61%

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



**Quarterly Market Commentary** (as at 31 March 2019)

The Fund recovered well this quarter after the previous quarter's disappointing performance when 2018 ended dismally for investors and global stocks booked the worst year since the financial crisis and the worst December since 1931. The JSE All Share Index also recorded its worst calendar year return since 2008 despite a surprisingly good December. Fortunately, mainly due to adapted rhetoric on US interest rates by the US Fed, capital markets recovered in the first quarter of 2019.

The main reasons for the behavior of equity markets across the globe can be attributed to a combination of the following factors:

- the fear of continued Global Trade War between the US and China; it appears that a deal between the 2 countries are imminent. The recent equity recovery indicates that some good news is expected.
- continued interest rate hikes in the US: which have now been tempered by a more 'dovish' Fed being increasingly data dependent, mild inflation and slower US and global growth which have weakened the case for more rate hikes;
- China has announced over \$370bn in tax cuts and infrastructure spending to stimulate their economy;
- the European Central Bank's Mario Draghi said it would be open to resuming quantitative easing if needed.

Because of the extent of the poor returns suffered by nearly all investors, many equity market valuations are now at attractive levels relative to their long-term history. The facts are that although corporate earnings in the US have contracted, it is still healthy. Global economic growth also contracted lower, but is expected to grow by 3% p.a. The sentiment toward equity markets can shift quickly if or when the US and China agree to a trade truce and Brexit talks are finalized favourably in Europe. If this happens, Emerging Market (EM) currencies and equities should benefit.

The JSE also recovered in the first quarter on the back of a global risk on recovery in equity markets. The SA economy experienced a renewed Eskom shock as power outages surprised in the 2nd week of February. The SA Economy is on tenterhooks as we await the outcome of an election in May. We expect ongoing volatility over this period, as the market is waiting to see if/how the Ramaphosa government will continue to address state capture, corruption, SOE re-structuring and potential new stimulus for the SA economy. The SA equity market remains cheap (dividend yields of more than 4.2% p.a. and valuations are attractive), which means that any form of improved sentiment (locally and globally) can provide us with double digit returns in 2019 and into the long term. We feel the pain of the disappointing returns in 2018 with our clients, as we remain invested alongside them for the long term.

**Activity in the past quarter- IP Worldwide Flexible FOF**

- We reduced SA Equity exposure during a 1st quarter rally by reducing PSG Equity as it under-performed dramatically the past 5-6 months. We added to our existing offshore exposure proportionately.
- Our purchases/sales are made after careful deliberation of the long-term fair value of each asset class, index or security.

**Fund Distributions (cents per unit)**

	A	B2
31 Mar 2017	0.00	0.00
30 Sep 2017	0.08	1.13
31 Mar 2018	0.00	0.00
30 Sep 2018	0.02	0.70
31 Mar 2019	0.00	0.00

**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 (RF) (Pty) Ltd: Up to 0.15% p.a.; MitonOptimal South Africa: between 0.55% and 0.60%; Lsp Fee: 0.25%; Total Service Fee: 1.00% 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**

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**Fund Management Company**

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<sup>1</sup>Fund size is of the A Class launched on 01/10/2008 and the B2 Cass launched on 03/10/2011 combined. <sup>2</sup>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.ipmc.co.za/> effective-annual-cost to access 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. <sup>3</sup>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 are traded 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 guarantee 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-Naming arrangements. Each portfolio may be closed for new investments. Transaction cut-off time is 14:30 daily. Valuation time is 20h00 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 (RF) Pty Ltd is the authorised Manager of the Scheme – contact 021 673 1340 or [clientservices@ipmc.co.za](mailto:clientservices@ipmc.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@ipmc.co.za](mailto:clientservices@ipmc.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 Services Board, 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 calculate 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.