

# IP Flexible Growth Fund

## (B2 Class) Minimum Disclosure Document

May 2022



### Fund Objectives, Investment Process & Policy

The IP Flexible Growth Fund aims to achieve total returns in excess on CPI +5% over rolling 5 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. The portfolio may also include participatory interests or any other form of participation in portfolios of collective investment schemes or other similar schemes in the Republic of South Africa. The Manager will be permitted to invest between 0% and 40% of the portfolio in offshore investments as legislation permits. There will be no other geographical restrictions or limitations on the relative exposure to any asset class.

The Fund is suitable for long term investors with a moderate to high 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



### Asset Allocation



SA Equity	42.56%
Global Equity	27.18%
SA Cash	13.47%
SA Bonds	8.56%
SA Property	4.63%
Global Cash	3.06%
Global Bonds	0.46%
Global Property	0.08%

### Top Portfolio Holdings

Standard Bank Current Account	10.32%
Fairtree Equity Prescient Fund - A2	9.14%
Satrix Capped Swix All Share Index Fund	8.21%
Prudential Dividend Maximiser Fund F	8.15%
PR Allan Gray Equity Fund C	8.11%
Firststrand Quanto Etn ON I	7.79%
Investec Global Franchise Feeder Fund H	7.19%
Rezco Value Trend C1	5.88%
PR Coronation Top 20 Fund Class P	5.32%
NewFunds GOVI ETF	5.07%

### Fund Performance

Performance data will reflect from 31 March 2023 - once the fund has a one year track record.

### Fund Information

#### Fund managers



Roeloff Horne  
Director & Head of SA  
Portfolio Management

Latest price	B2 323.20 cents
Fund size	R 378 m
Number of units	B2 114 944 977.69
ASISA category	Worldwide Multi-Asset Flexible
Regulation 28 compliant	No
Benchmark	CPI + 5%
Inception	01 March 2022
Min lump sum investment	B2 R10,000
Min monthly investment	B2 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	0.53% (excl. VAT)

### Total Expense Ratio (TER)<sup>1</sup>, Transaction Costs (TC) and Total Investment Cost (TIC) (01 Apr 2019 to 31 Mar 2022)

	B2
TER*	1.89%
TC	0.41%
TIC (incl. VAT)	2.30%

\*Our fee has decreased from 1.50% + VAT to 0.68% + VAT for the A Class and 0.75% + VAT for the B2 to 0.525% + VAT for the B2 Class of the IP Flexible Growth fund. Our expectation is therefore that the TER will decrease.

Due to regulatory requirements we are compelled to report the TER clients in the old fund experienced. The new fund composition – as explained in commentary on the back page- will be at a lower cost. Regulation does not allow us to quote the TER estimate, despite the fact that the fund is newly launched in March 2022.

### Annualised<sup>2</sup> Performance (B2 Class)

Performance data will reflect from 31 March 2023 - once the fund has a one year track record.

### Fund References

ISIN	B2 ZAE000159141
Bloomberg	MTNFLB2:SJ
JSE	SEFB2

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## Quarterly Market Commentary (as at 31 March 2022)

### Actions over the past quarter

This fund was launched on 1 March and have replaced the IP Flexible Fund of Funds. The new fund is now classified as a 'Standard Portfolio'. This means that the fund can only invest up to 80% in Collective Investments (Unit Trusts or ETFs), while 20% of the portfolio can hold direct equity, bond securities, exchange traded notes and cash. This provides us as managers with more investment choice and the opportunity to lower the underlying fees of the fund. The fund can also invest up to 40% in offshore assets.

The components in the fund are spread as follows as at 31 March 2022:

Your portfolio currently holds the following funds as components of your portfolio:

SA & Global Equity Funds:

- Allan Gray Equity (SA & Global Valuation- based manager)
- Coronation Top 20 and IP High Conviction Equity (SA High Conviction Equity Funds)
- Fairtree Equity Prescient (SA Equity momentum manager)
- M&G Dividend Maximiser (SA & Global dividend focused manager)
- Satrix Capped ALSI ETF (our preferred SA equity benchmark ETF)

Global Equity Funds

- NinetyOne Global Franchise (A manager focused on investing in quality global companies)
- ABSA Global Multifactor Volatility Managed ETF (a structured note to expose us to the IShares MSCI World Multifactor ETF while algorithms manage the effective equity exposure between 0-100%)
- FNB ETN - IShares Clean Energy ETN (USD exposure to Global Clean Energy companies)
- FNB ETN - Microsoft (USD exposure to Microsoft share price)
- Coronation Global Emerging Markets Flexible Fund (active emerging market equity manager)

SA Property Fund

- Coronation Property is our preferred SA Property equity manager

SA Bond Funds

- Sasfin Flexible Income (an active SA bond fund manager)
- NewFunds GOVI ETF (exposure to the SA All Bond Index)

Commodity exposure

- NewGold ETF (exposure to USD spot Gold price)
- 1Invest Rhodium ETF (exposure to USD Rhodium spot price)
- NewPalladium ETF (exposure to USD Palladium spot price)

SA & Global Multi- Asset Managers

- Rezco Value Trend (Skilled SA Multi Asset Boutique Manager)
- Coronation Optimum Growth (Reputable Global Multi Asset Manager)

With our asset allocation skill set and manager selection process, we believe that this fund will provide consistent inflation beating returns (targeting CPI + 5% p.a. net of fees) over rolling 4–5-year periods

### Fund Distributions (cents per unit)

	B2
30 Sept 2021	2.78
31 March 2022	1.39

### 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%; Lisp 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

IP Management Company (RF) Pty Limited  
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#### Fund Management Company

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<sup>1</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 calculator. You can request an EAC calculation from [clientservices@ipmc.co.za](mailto:clientservices@ipmc.co.za) or call us on 021 673-1340. <sup>2</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 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](mailto: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 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.

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ASISA Member of the Association for Savings & Investment SA

IP  
management  
company