



## Fund Objective

The fund is diversified across geographic regions, asset classes and fund managers. Its objective is to provide investors with real medium to long-term capital growth from a portfolio that maintains a moderate risk profile.

## Fund Strategy

The fund is managed conservatively with an emphasis on capital preservation. The strategy is to blend the asset allocation with our macro views while taking advantage of irrational pricing across all markets and to select the best funds to enhance our views.

## Investor Profile

The fund is best suited to investors with a moderate risk profile who require a balanced local and global investment exposure with a conservative bias and capital preservation.

## Manager Commentary

The Fund continues to be managed conservatively with an emphasis on capital preservation. The Prosperity Fund finished the year with a strong performance as it returned to outperforming the benchmark since inception. Investments in gold and the Satrix 40 at strategic times drove the good performance in the 4th quarter. Tactically, we switched our government bond investments into more stable high-yielding income funds.

We maintain our view that global equity market valuations are still stretched as global interest rates continue to rise and economic growth slows. However, we see pockets of value in certain emerging markets including South Africa. As global market uncertainties persist, the Rand will remain vulnerable to fluctuations. With likely volatile markets ahead, the Fund is poised to take advantage of irrational pricing opportunities.

## Fund Information

|                               |   |
|-------------------------------|---|
| Portfolio Manager:            | Nick Brummer and Rod Lowe   |
| Inception Date of Fund:       | 19-Sept-2014  |
| Inception Date of Class:      | 19-Sept-2014  |
| Benchmark:                    | Composite benchmark: 36% JSE All share Index, 24% MSCI World Index , 12% All Bond index, 8% JP Morgan Bond Index , 12% AF Money Market, 8% US Overnight Call rate |
| Classification:               | Worldwide - Multi Asset - Flexible  |
| Regulation 28 compliant:      | No  |
| Income distribution:          | Semi-Annual   |
| Date of income distributions: | 31 March, 30 September  |
| Date of income payment:       | 15th day of the following month or the next business day if the 15th does not fall on a business day  |
| Min. lump sum investment:     | R10,000   |
| Min. monthly investment:      | R1,000  |
| Risk profile:                 | Moderate  |
| JSE code:                     | PIWCA   |
| ISIN Number:                  | ZAE000195517  |

## Portfolio Income in Cents Per Unit (cpu)

|                     | September 2018 | March 2018 |
|---------------------|----------------|------------|
| Income Distribution | 19.8828        | 18.6042    |

## Fund Net Asset Value (NAV) and Units in Issue

|                           |                |
|---------------------------|----------------|
| Fund NAV                  | R 269 413 809  |
|                           | <b>Class A</b> |
| Units in Issue            | 22 310 511     |
| Class NAV                 | R 269 413 809  |
| NAV Price as at Month End | 1207.56        |

## Total Expense Ratio (TER) and Transaction Costs (TC): Oct 2015 — Sept 2018 ( 3 Yrs Rolling %)

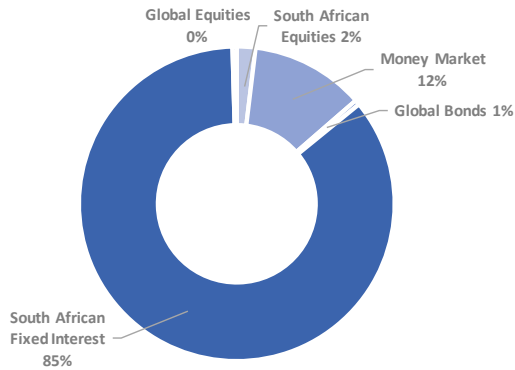
| TER and TC Breakdown          | Class A |
|-------------------------------|---------|
| Total Expense Ratio (TER)     | 2.52%   |
| Annual Service Fee            | 0.85%   |
| Performance Fees              | 0.49%   |
| Other costs excluding TC      | 0.85%   |
| VAT                           | 0.33%   |
| Transaction Costs (incl. VAT) | 0.39%   |
| Total Investment Charge (TIC) | 2.91%   |

## Fee Structure

|                           |   |
|---------------------------|---|
| Performance Fee Benchmark | Composite benchmark: 36% JSE All share Index, 24% MSCI World Index - in Rands, 12% All Bond index, 8% JP Morgan Bond Index - in Rands, 12% Alexander Forbes , Money Market, 8% US Overnight Call rate -in Rands |
| Base Fees                 | 0.85%   |
| Fee at Benchmark          | 0.85%   |
| Fee Hurdle                | Benchmark   |
| Sharing Ratio             | 20.00%  |
| Minimum Fee               | 0.85%   |
| Maximum Fee               | 2.50%   |
| Fee Example               | 20% of outperformance against the benchmark on a high watermark basis, which is the highest outperformance point of fees yet charged.   |



**Asset Allocation as at 31 December 2018**



Data Source : INET/IRESS

**Asset Classes as at 31 December 2018**

|          | Local (%) | Offshore (%) | Total (%) |
|----------|-----------|--------------|-----------|
| Equities | 1.91%     | 0.44%        | 2.35%     |
| Bonds    | 85.46%    | 0.51%        | 85.97%    |
| Cash     | 11.68%    | 0.00%        | 11.68%    |
| Total    | 99.05%    | 0.95%        | 100%      |

**\*Performance—Net of Fees**

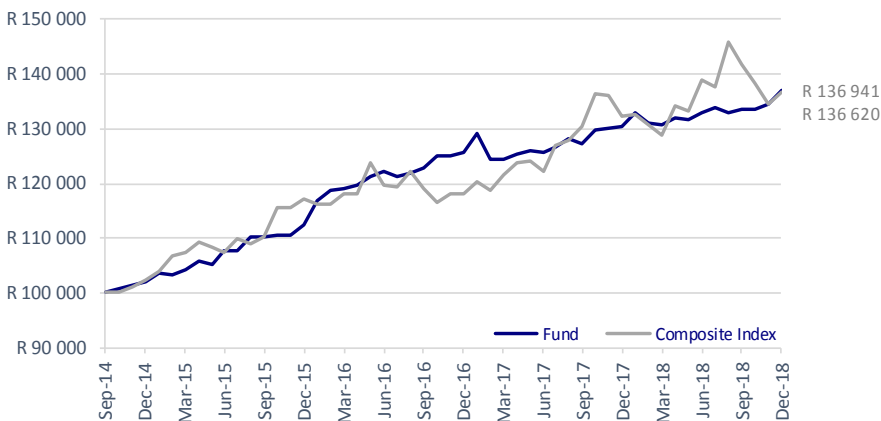
\* Returns History above one year are annualised

| Cumulative (%) | 1 Month | 3 Months | 6 Months | YTD   | 1 Year | 2 Years | 3 Years | 5 Years | Since Inception |
|----------------|---------|----------|----------|-------|--------|---------|---------|---------|-----------------|
| Fund           | 1.73%   | 2.65%    | 2.98%    | 5.09% | 5.09%  | 8.89%   | 21.75%  | n/a     | 36.94%          |
| Benchmark      | 1.49%   | -3.56%   | -1.65%   | 3.33% | 3.33%  | 15.61%  | 16.69%  | n/a     | 36.62%          |

| Annualised (%) | 1 Month | 3 Months | 6 Months | YTD   | 1 Year | 2 Years | 3 Years | 5 Years | Since Inception |
|----------------|---------|----------|----------|-------|--------|---------|---------|---------|-----------------|
| Fund           | 1.73%   | 2.65%    | 2.98%    | 5.09% | 5.09%  | 4.35%   | 6.78%   | n/a     | 7.68%           |
| Benchmark      | 1.49%   | -3.56%   | -1.65%   | 3.33% | 3.33%  | 7.52%   | 5.28%   | n/a     | 7.62%           |

| Monthly Performance | Year | Jan   | Feb    | Mar    | Apr   | May    | Jun   | Jul    | Aug    | Sep    | Oct    | Nov    | Dec   | YTD   |
|---------------------|------|-------|--------|--------|-------|--------|-------|--------|--------|--------|--------|--------|-------|-------|
| Fund                | 2018 | 2.11% | -1.54% | -0.12% | 0.88% | -0.27% | 1.01% | 0.57%  | -0.60% | 0.36%  | 0.04%  | 0.86%  | 1.73% | 5.09% |
| Benchmark           | 2018 | 0.19% | -1.36% | -1.35% | 4.21% | -0.74% | 4.19% | -0.89% | 5.83%  | -2.78% | -2.30% | -2.74% | 1.49% | 3.33% |

**Growth of a R 100 000 Invested since Inception**



**Historical Hi / Lo Annual Return**

|                                  |        |
|----------------------------------|--------|
| Highest Annual Return (May-2016) | 15.30% |
| Lowest Annual Return (Jun-2017)  | 2.76%  |



## Contact Information

|                     |   |
|---------------------|---|
| Investment manager  | Flagship Asset Management Pty Ltd   |
| FSP                 | 577   |
| Address             | Investonline, Ground Floor, South Wing, Great Westerford<br>240 Main Road, Newlands, 7700 |
| Contact number      | (021) 001-2323  |
| Fax number          | (086) 586 0315  |
| Email address       | invest@investonline.co.za   |
| Website             | www.investonline.co.za  |
| Custodian / Trustee | The Standard Bank of South Africa Limited   |
| Management Company  | IP Management Company (RF) (Pty) Ltd  |
| Address             | 1st Floor Mariendahl House,<br>Newlands on Main, Newlands,<br>Cape Town 7700              |
| Contact number      | (021) 673-1340  |
| Email address       | clientservices@ipmc.co.za   |

## Disclaimer and Disclosures

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. Transaction cut off time is 14:30 daily. Each portfolio may be closed for new investments. Valuation time is 15:00 (17h00 at quarter end) and 20:00 for fund of funds and certain funds with significant investments in CIS. Prices are published daily and available 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. A statement of changes in the composition of the portfolio during the reporting period is available on request. The performance is calculated for the portfolio. The individual investor performance may differ as a result of initial fees, the actual investment date, the date of reinvestment and dividend withholding tax. The fund is invested in portfolios of collective investment schemes that levy their own charges, and which could result in a higher fee structure for the fund of funds.

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.

The total expense ratio (TER) was incurred as expenses relating to the administration of the financial product. Transaction costs (TC) relate to the buying and selling of the 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 TER's. Transaction Costs are a necessary cost in administering the financial product and impacts the financial product returns. It should not be considered in isolation as returns may be impacted by many other factors over time such as market returns, the type of financial product, the investment decisions of the investment manager and the TER.

Annualised returns is the weighted average compound growth rate over the performance period measured. Fund returns shown are based on NAV-NAV unit pricings calculated from INET / IRESS for a lump-sum returns is the weighted average compound growth rate over the performance period measured. Fund returns shown are based on NAV-NAV unit pricings calculated from INET / IRESS for a lump-sum investment with income distribution reinvested (after fees and cost). Performance numbers and graphs are sourced from Global Investment Reporting (Pty) Ltd.

### The Effective Annual Cost (EAC)

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 address the EAC illustrator.