

# THE TRIATHLON IP FUND

October 2018

## FUND INFORMATION

<b>Inception date</b>	3 June 2011
<b>Sector</b>	South African - Multi Asset - Flexible
<b>Risk profile</b>	Aggressive
<b>Minimum investment</b>	Lump sum: R10 000; Monthly: R1 000
<b>Asset composition</b>	Equity, Fixed Interest and Cash
<b>Benchmark</b>	90% J400 & 10% Cash
<b>Fund Size</b>	R 164,281,598
<b>Income declaration</b>	Bi-annual (Mar / Sep)
<b>Distributions (Class D):</b>	<b>CPU</b>
	Mar 2018 22.05

## OBJECTIVE

The Triathlon IP Fund is a moderate to high risk, flexible fund. The objective of this portfolio is to achieve capital appreciation over the medium to long term. There will be no limitations on the relative exposure of the portfolio to any asset class.

## APPLICATION

The fund is suitable for use by investors with a long term investment horizon who are comfortable with shorter term volatility as well as the risk associated with a fund mandated to achieve real long term growth. Through its flexible mandate, investors are looking to the manager to make tactical asset allocation decisions in the achievement of the mandate.

## DESCRIPTION

The fund will typically be invested in an equity portfolio of high conviction positions. The manager has full flexibility to vary this position through tactical asset allocation to other asset classes.

## FUND MANAGEMENT



**Tony Bell**  
BCom (Hons), MBA  
CIO/Portfolio Manager  
Fund Managers

As with fashion, investment styles come and go. Since the equity meltdown of 2009, investors have sought out any stock that reflected just one thing: growth. As US bond yields rose and as tensions between the US and China escalated in the last several weeks, growth has mattered less. Chinese equities took the brunt of the pain with many key growth stocks down over 30 percent in the month. The renminbi depreciated further as the US slapped tariffs on USD250bn in imports. While some may think that President Trump is playing a good game of chess, he has unquestionably set the world and the US on a much slower growth path for 2019 as regionalism takes over from populism. As growth moves to a slower gear, we have seen stocks such as Coke rise rapidly while Amazon, for example, has fallen 25 percent in a month. The last time we saw something like this was in 2000 when the tech bubble burst. The Fed was raising interest rates driven by a hot economy and rising inflation fears. Tech stocks slumped which triggered a strong run in the much unloved "value stocks" with good balance sheets capable of paying dividends and maintaining earnings. The scope of the adjustment in relative value today reflects a similar dynamic. But late cycle bull markets are defined by narrowing leadership which, over the past nine months has narrowed to tech and healthcare. Buying value and ditching all tech and healthcare may prove to be the right move, but it is a brave one. Amazon and Apple did not exactly produce poor earnings numbers, and both may well surprise to the upside as the next quarter promises to be a strong one. We anticipate that Trump will move towards a rapid resolution of the Chinese trade impasse as approaching mid-term elections without a deal will hurt him politically. Companies such as 3M, Caterpillar and Boeing have already warned that profits are being hurt. Whatever the outcome, volatility and risk have increased but so too has opportunity. Within the context of this background we adjusted the cash balance of your portfolio rather aggressively during the early part of October and re-invested as prices found support towards the closing days.

An analysis of factors affecting the adherence to the policy objective is contained in the fund manager commentary together with performance as reported. A detailed listing of changes from the previous quarter is available on request from [info@miplan.co.za](mailto:info@miplan.co.za) or [clientservices@ipmc.co.za](mailto:clientservices@ipmc.co.za)

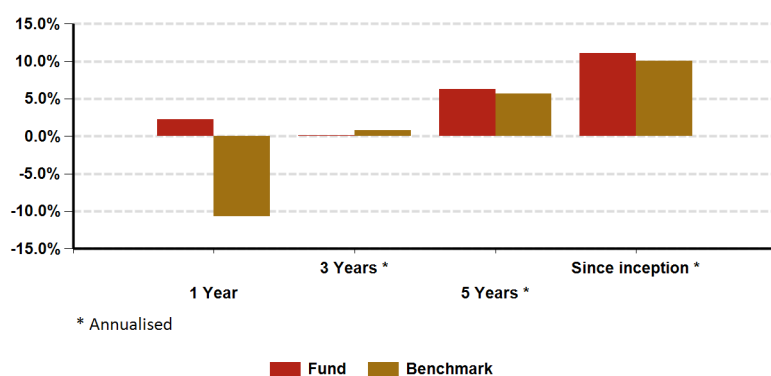
	JSE Code	Annual mngmt fee (excl. VAT)	TER (%)	TC (%)	TIC (%)	NAV	Units in Issue
<b>Class C*</b>	TIFCC	0.75%	1.01	0.49	1.50	1,923	5,664
<b>Class D**</b>	TIPFD	0.65%	0.78	0.33	1.11	1,923	8,535,752

**Total Expense Ratio (TER)** of the value of the financial product was incurred as expenses relating to the administration of the financial product. **Transaction Cost (TC)** of the value of the financial product was incurred as costs relating to the buying and selling of the assets underlying the financial product. **Total Investment Charges (TIC)** of the value of the financial product was incurred as costs relating to the investment of the financial product. Period (annualised) from 01 Jul 2015 to 30 Jun 2018.

\*\*Class D TER: The Total Expense Ratio (TER) and Transaction Costs cannot be accurately determined because of the short life span of the Financial Product. Calculations are based on actual data where possible and best estimates where actual data is not available.

\* 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 Financial Product 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 financial product, the investment decisions of the investment manager and the TER. Inclusive of the TER of 1.01%, a performance fee of 0% of the net asset value of the class of Financial Product was recovered.

## FUND PERFORMANCE



# THE TRIATHLON IP FUND

October 2018

## RISK AND RETURN STATISTICS to 31 October 2018

### PERFORMANCE

	FUND	BMK	RANK	QRTL
1 Year	2.3%	-10.7%	5/59	1
3 Years *	0.1%	0.8%	39/51	4
5 Years *	6.3%	5.7%	13/43	2
Since inception *	11.1%	10.1%		
Information ratio	0.2			
Active returns (since inception)	1.0%			

	Period	Performance
Highest return	2012	28.2%
Lowest return	2016	-3.3%

\* Returns are annualised if period is longer than 12 months.

**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 for a lump-sum investment with income distribution reinvested (after fees and cost).

Source for ranking and quartile: Profile Data and Financial Express. Based on D class.

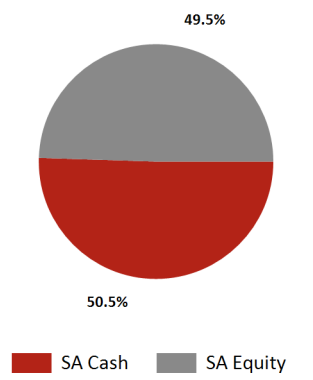
### TOP 10 SA EQUITY HOLDINGS

% OF EQUITY

Portfolio was liquidated on 31 August 2018 and contained only cash at month end.

## PORTFOLIO STRUCTURE as at 31 October 2018

### EFFECTIVE ASSET ALLOCATION



### SA EQUITY SECTOR ALLOCATION

The portfolio was liquidated on 31 August 2018 and contained only cash at month end.

## CONTACT DETAILS

### MI-PLAN and IP Management Company

1st Floor Mariendahl House, Newlands-on-Main, Newlands, 7700 PO Box 23271, Claremont, 7735

Client Service (IP) T +27 21 673 1340 | Miplan +27 21 657 5960

email: [clientservices@ipmc.co.za](mailto:clientservices@ipmc.co.za) [www.MI-PLAN.co.za](http://www.MI-PLAN.co.za)

Financial Fitness Ltd (Reg: 2002/024120/07) is a licensed Financial Services Provider No. 7858

Vunani Fund Managers is a registered Financial Services Provider No. 608

MI-PLAN (Pty) Ltd (Reg. No 2008/001568/07) is a licensed Financial Services Provider No. 9383

IP Management Company (RF) (Pty) Ltd (Reg. No 2007/017601/07)

ASISA A MEMBER OF THE ASSOCIATION FOR SAVINGS & INVESTMENT SA



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.