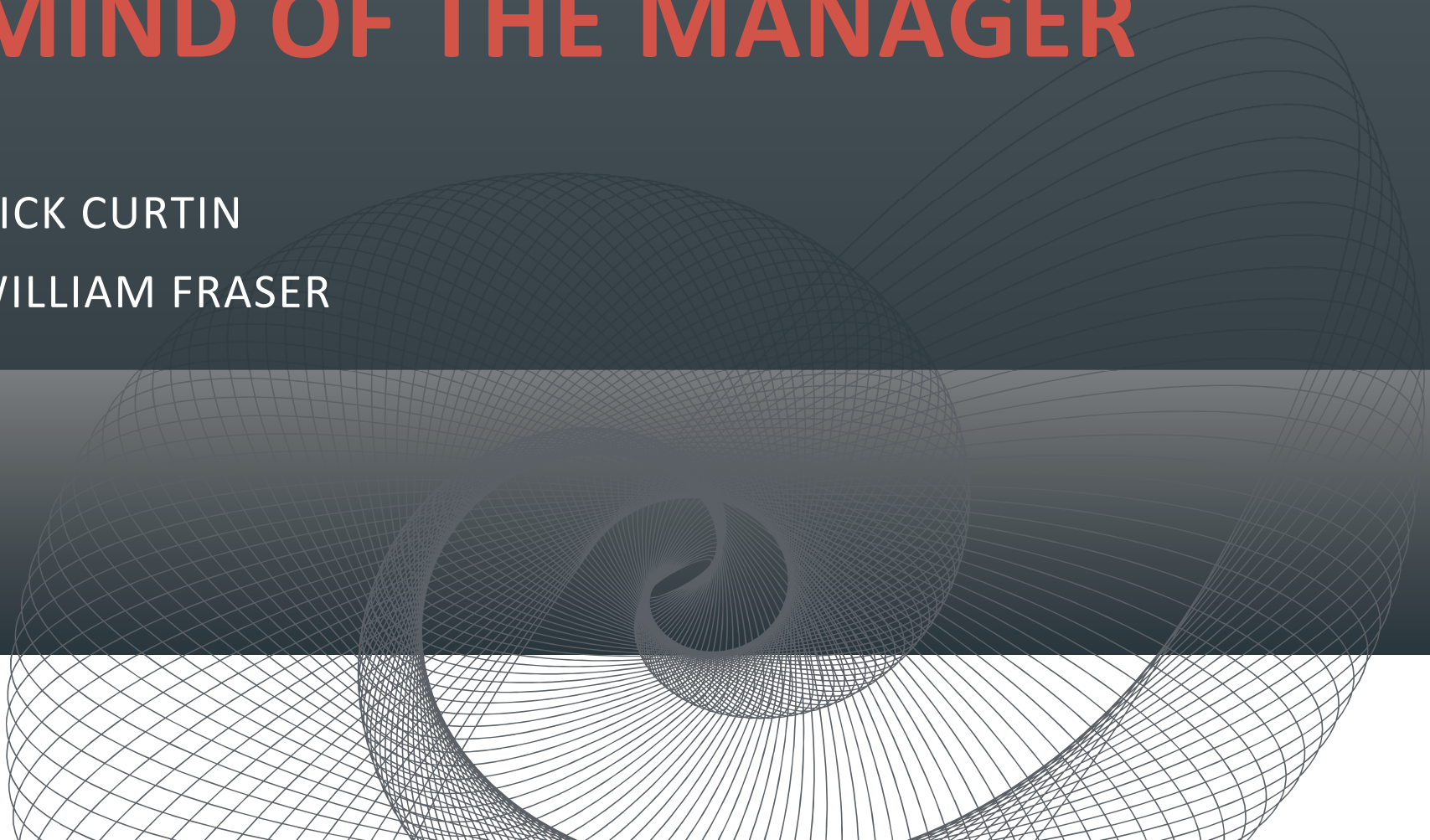


MIND OF THE MANAGER

NICK CURTIN

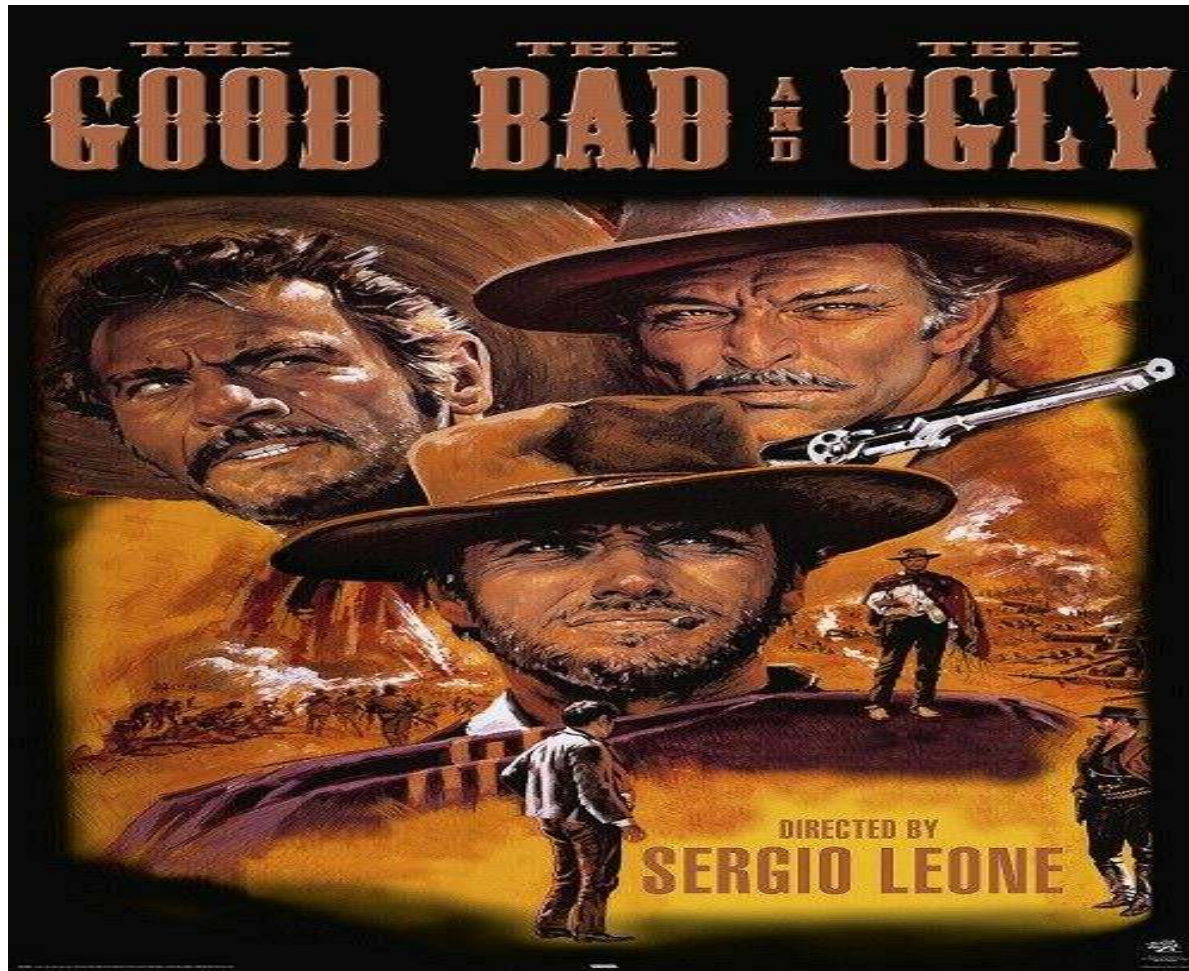
WILLIAM FRASER



THE GOOD, THE BAD AND THE UGLY

NICK CURTIN





FOORD

RELATIVE PERFORMANCE CYCLES



Foord relative to sector averages

	4.5 years to Mar 2006	2.3 years to May 2008	7.6 years to Dec 2015	2.2 years to Mar 2018	1.5 years to 30 Sep 2019
	BULL	LATE BULL	BEAR + BULL	LATE BULL	BEAR?
Foord Balanced	25.3%	0.9%	31.3%	-5.6%	3.5%
Foord Flexible		-4.2% *	106.9%	-4.1%	0.3%
Foord Conservative			1.1% #	-2.0%	5.2%
Nedgroup Stable		2.2% **	35.5%	-4.3%	2.4%

NOTES:

Class A returns relative to sector average

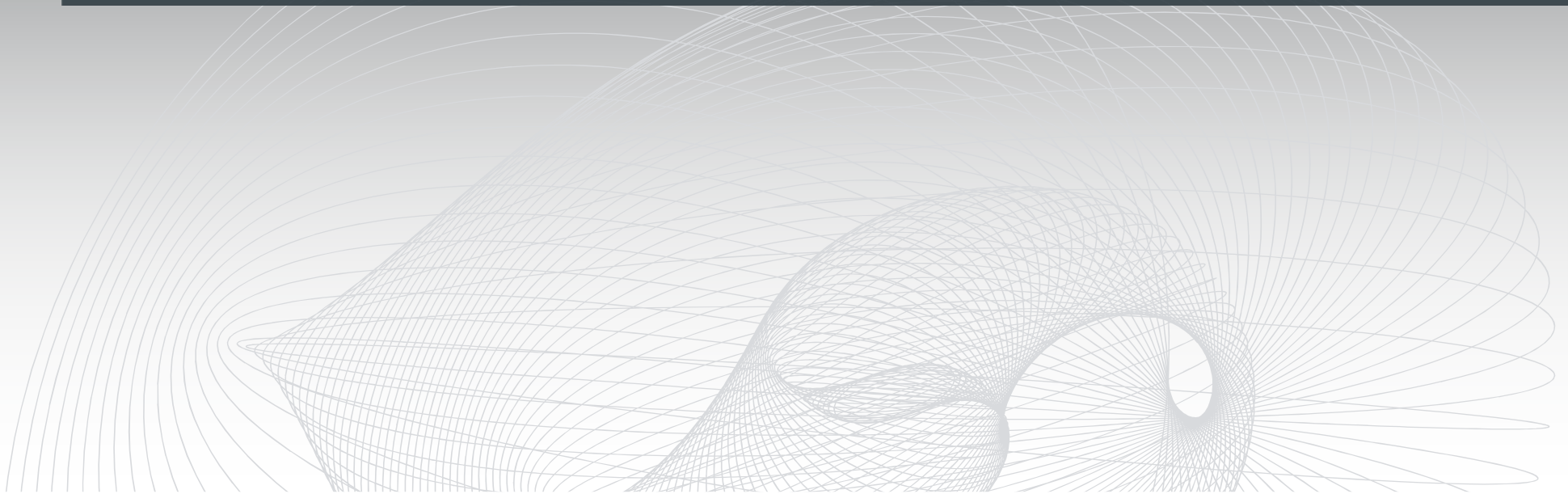
* 2 months to May 2008

** 7 months to May 2008

2 years to Dec 2015

Foord Equity	56.3%	-29.6%	69.7%	-17.5%	-4.6%
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WHAT DID WE SAY? HOW DID IT PAN OUT?



THE UGLY

Permanent capital loss

FO *RD*



STEINHOFF
INTERNATIONAL HOLDINGS N.V.

THE UGLY (?)

Certainly not pretty

FO*RD*

EOH

GOOD COMPANIES, SHORT-TERM BAD

Detractors (Jan 2016 to Sep 2019)

FOORD

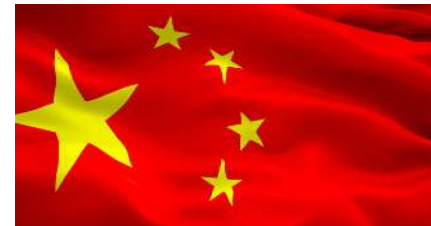
capco

aspEN
HOLDINGS



BRITISH AMERICAN
TOBACCO
SOUTH AFRICA

ABInBev



sasol

OMNIA



MANY ALREADY COMING GOOD



	% of Portfolio	2018 Return	2019 Return
BHP Group	4.6	+28.1%	+18.3%
RMB Holdings	3.4	+5.4%	-0.1%
Capital & Counties	3.4	-18.9%	+4.5%
CF Richemont	3.3	-14.1%	+22.4%
British American Tobacco	2.8	-41.2%	+23.9%
Naspers "N"	2.6	-16.0%	+26.2%
Sasol	2.5	+2.3%	-39.1%
Standard Bank	2.5	-4.1%	+3.3%
Aspen	1.9	-50.4%	-36.2%
Bidcorp	1.6	-9.6%	+23.9%
Anheuser-Busch	1.4	-28.0%	+52.8%

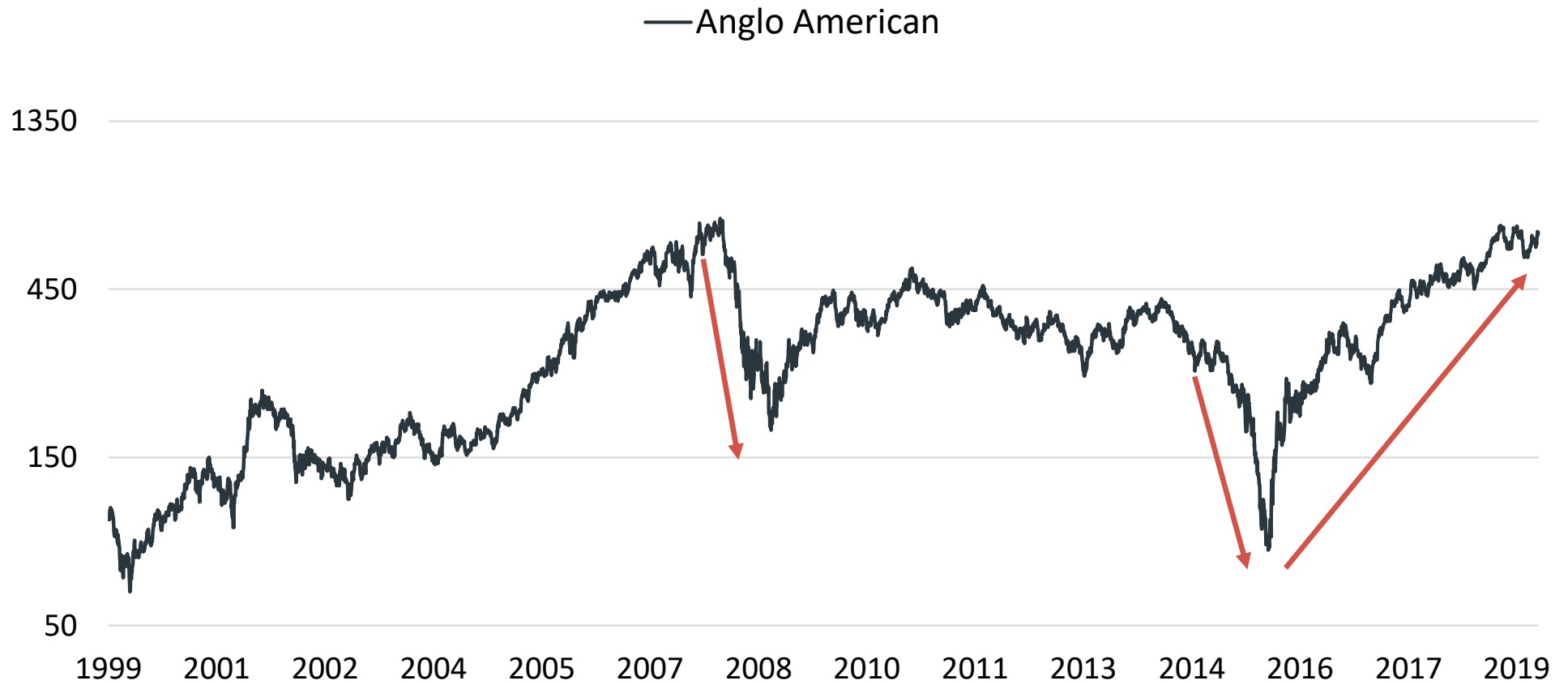
SHORT-TERM BAD, LONG-TERM GOOD

FO *RD*

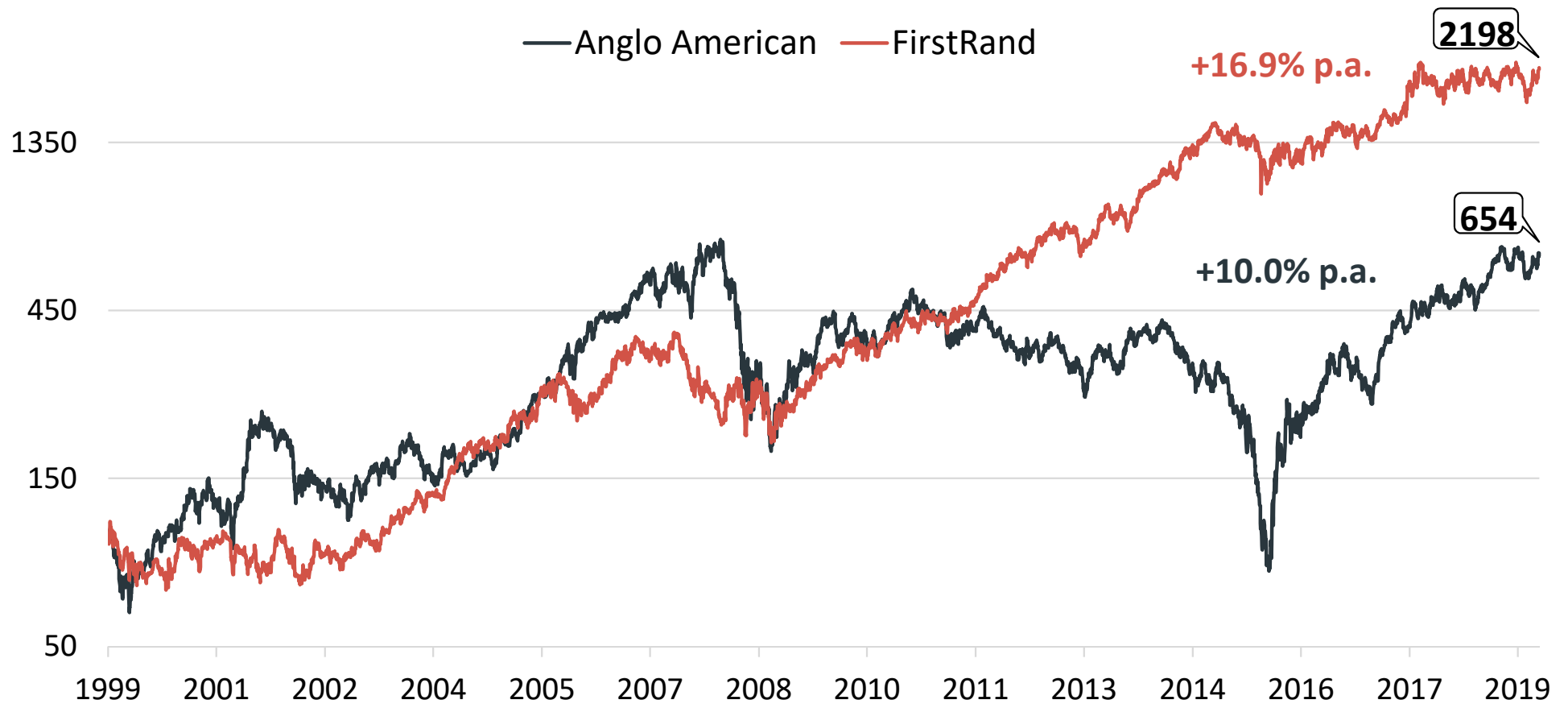


RESOURCES SECTOR IS RISKY

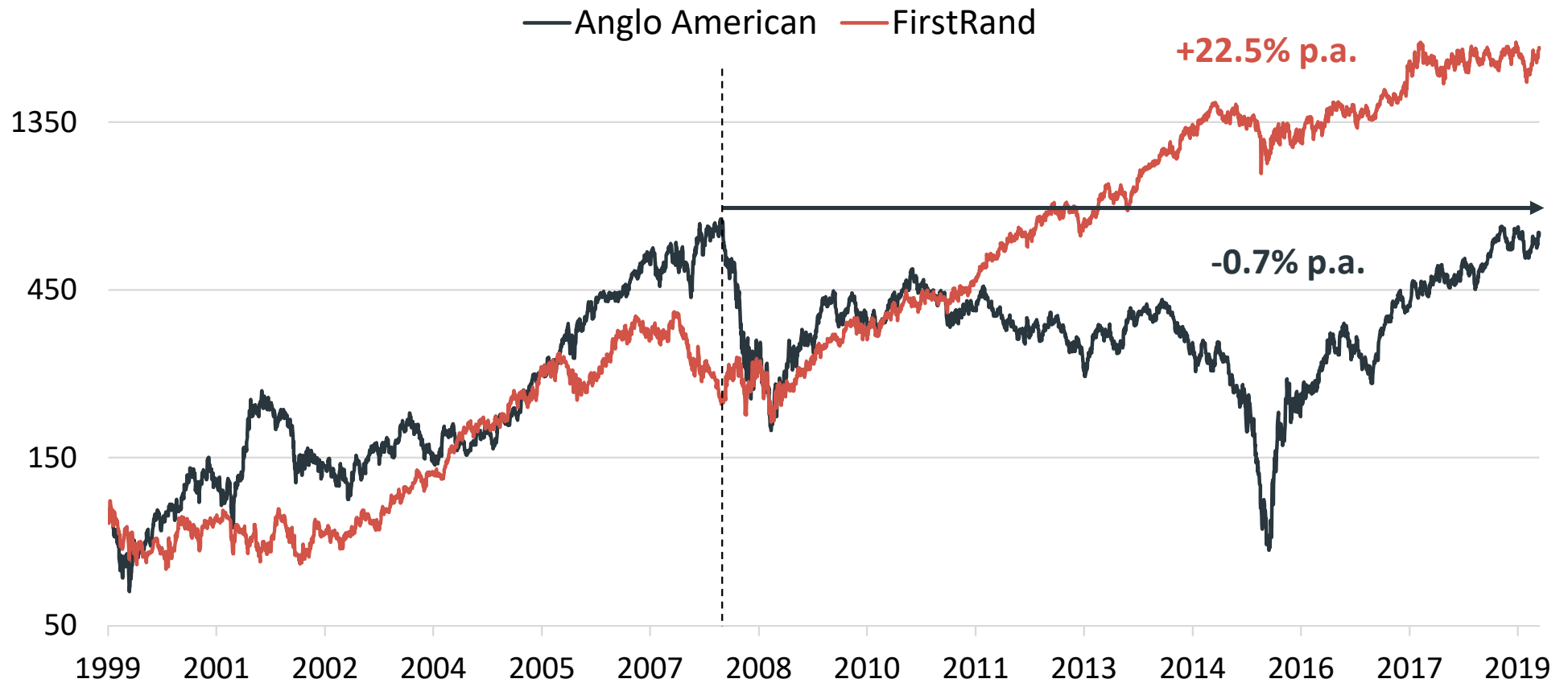
Cyclicality bites hard



SHORT-TERM PAIN, LONG-TERM GAIN

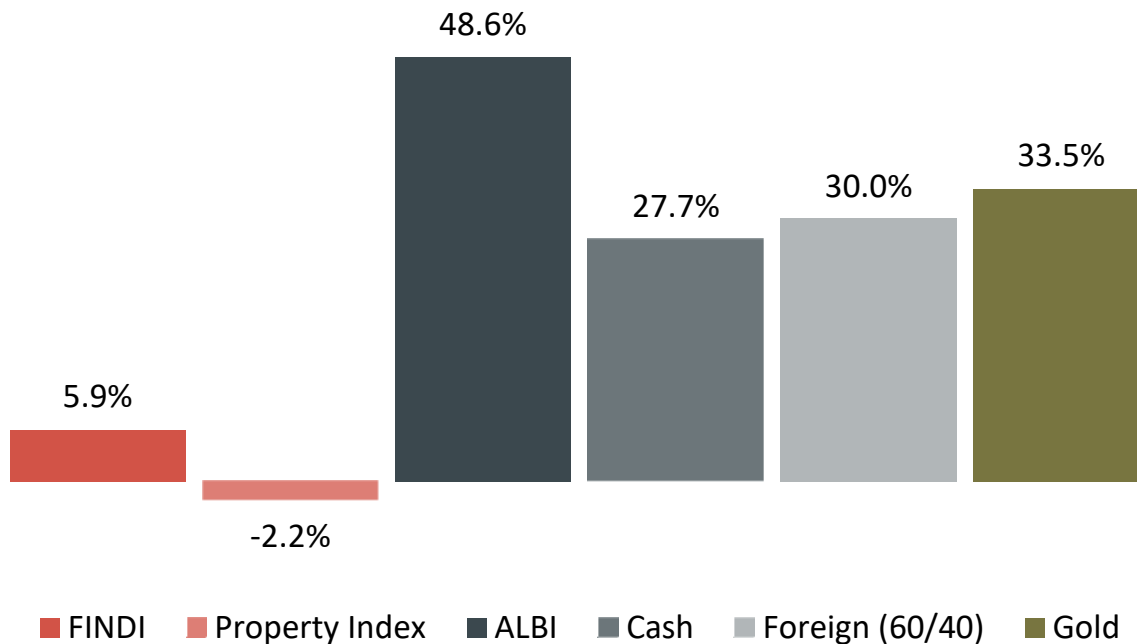


SHORT-TERM PAIN, LONG-TERM GAIN



THE GOOD

Asset allocation has been spot on













- Low SA equities ✓
- Low SA Inc. ✓
- Low SA property ✓
- Max foreign ✓
- High SA bonds and cash ✓
- Physical gold ✓

NOTE: Gross (not annualised) asset class index returns for the period 1/1/2016 to 30/9/2019

THE GOOD

Good stock selection (Jan 2016 – Sep 2019)

FOORD

 bhpbilliton	+ 103%	 (A)	+ 59%
 AngloAmerican KUMBA IRON ORE	+ 969%		+ 65%
 NORTHAM PLATINUM LIMITED	+ 123%		+ 103%
 RMB HOLDINGS	+ 68%		+ 44%
 Standard Bank	+ 96%		+ 67%

THE GOOD

We did well to avoid...

FORD



- 90%



- 47%



- 90%



- 63%



- 44%



- 12%



- 80%



- 44%



- 94%



- 30%



- 40%



- 36%

IT'S THE LONG-TERM THAT COUNTS

Still tops, despite weak 2016-2018



To 30 September 2019	2019	Rank	3 years	Rank	10 years	Rank
Foord Balanced	8.0%	58/192	3.0%	117/156	10.1%	14/50
Foord Flexible	10.9%	40/74	4.4%	34/59	13.5%	3/15
Foord Conservative*	9.7%	9/90	5.5%	16/76	-	-
Nedgroup Stable	9.4%	11/150	6.0%	43/126	9.6%	1/52
Foord Domestic Balanced**	5.5%	4/10	2.5%	7/9	11.4%	1/8
Foord Equity	0.6%	116/156	-3.6%	122/128	10.2%	22/63

NOTES:

Class A returns. Morningstar ranks.

* Foord Conservative 5 year return 6.0% and rank 13/56

** Foord Domestic Balanced composite return and rank as per Willis Towers Watson Manager Meeting Survey September 2019

THE MEXICAN STANDOFF

The original

FO*RD*



THE MEXICAN STANDOFF

With a modern twist

FOORD



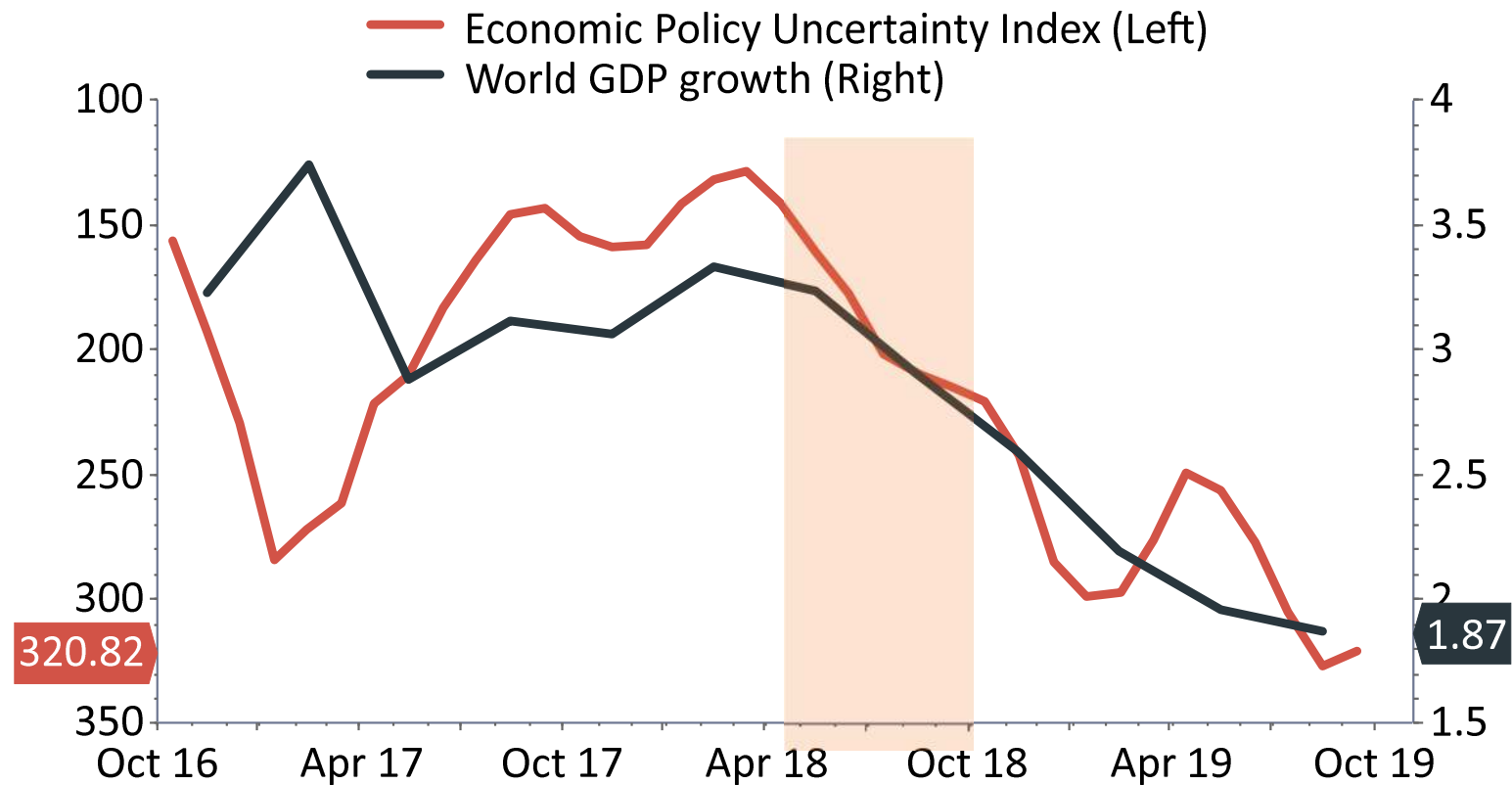
GLOBAL OUTLOOK: RISKS ABOUND

WILLIAM FRASER



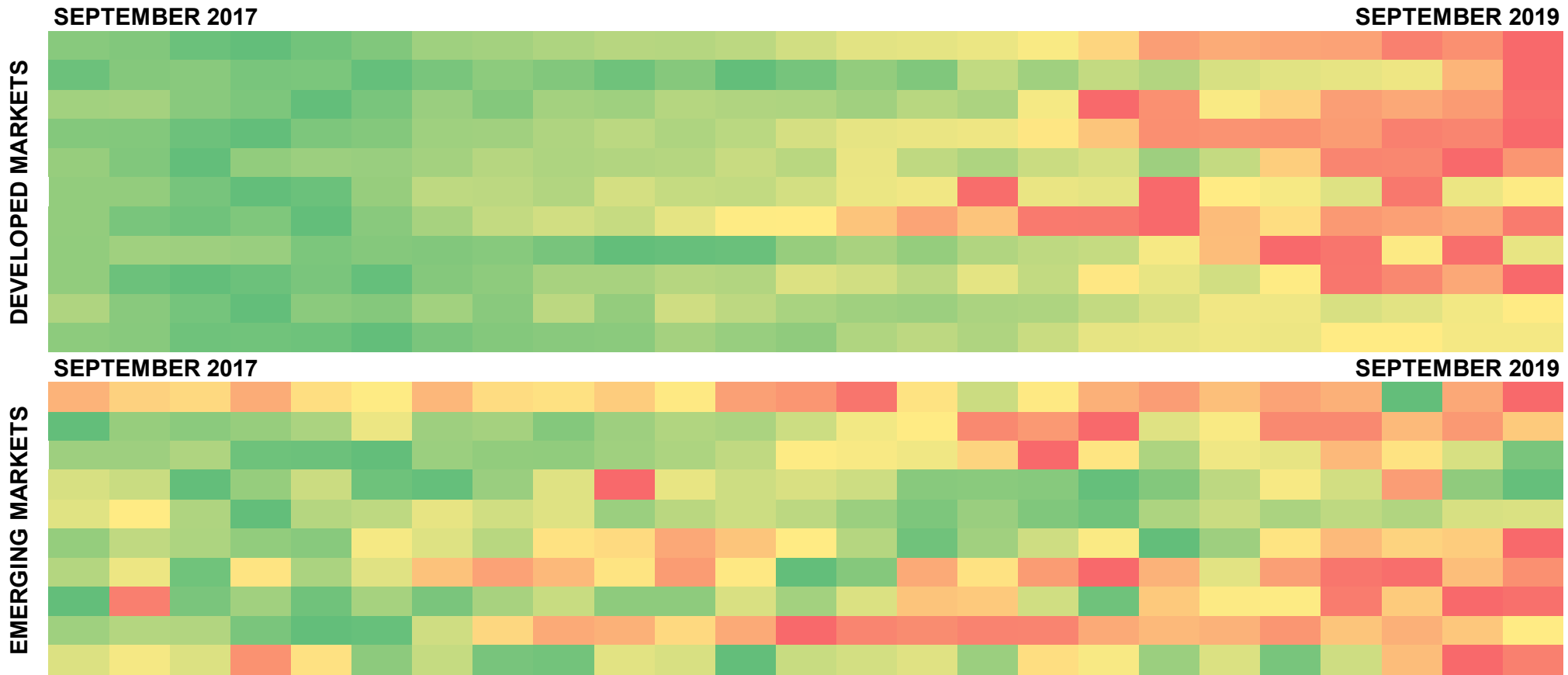
SLOWING GLOBAL GROWTH

Policy uncertainty impairs demand



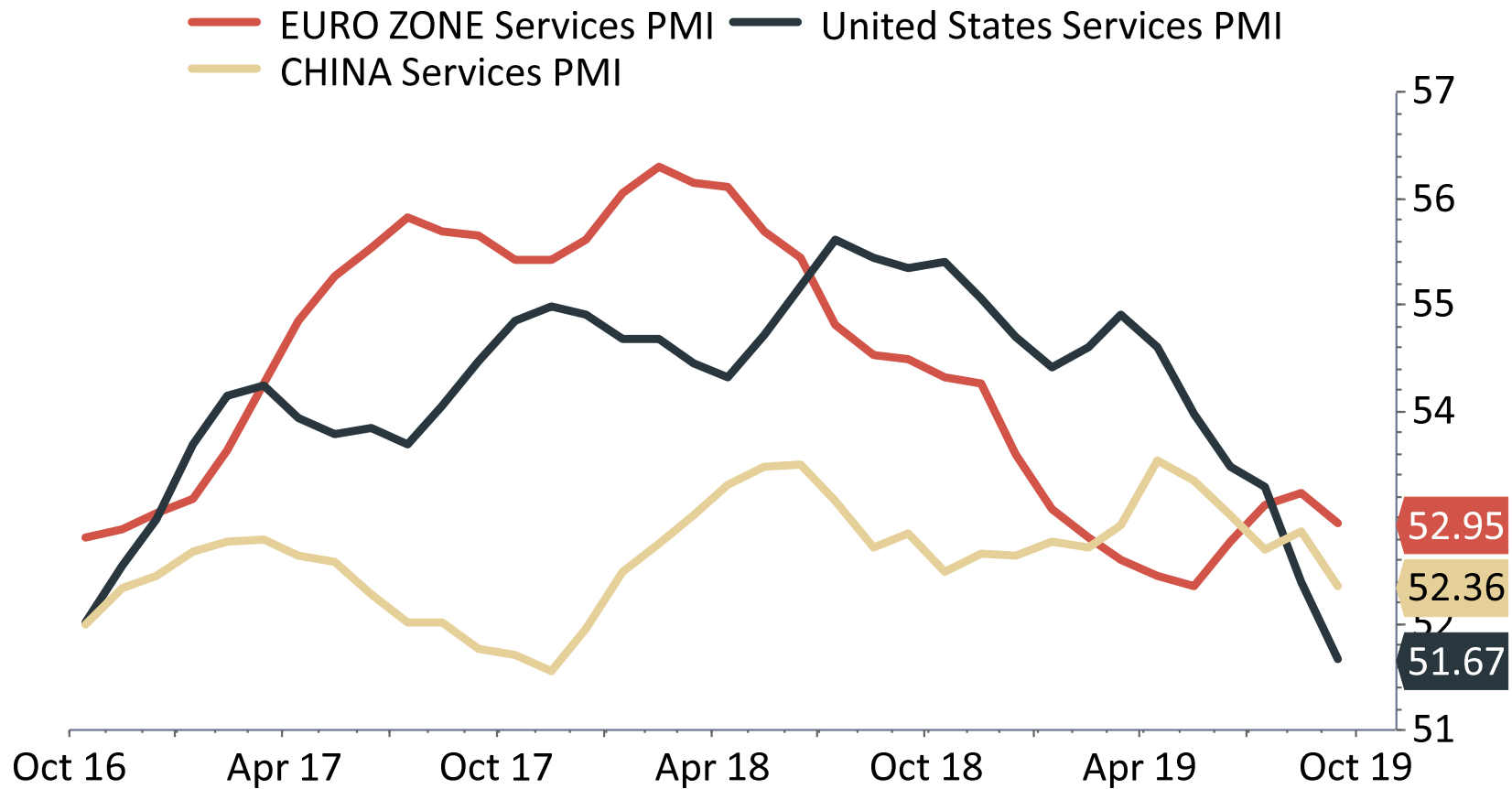
MANUFACTURING HEATMAP

PMIs mostly contracting



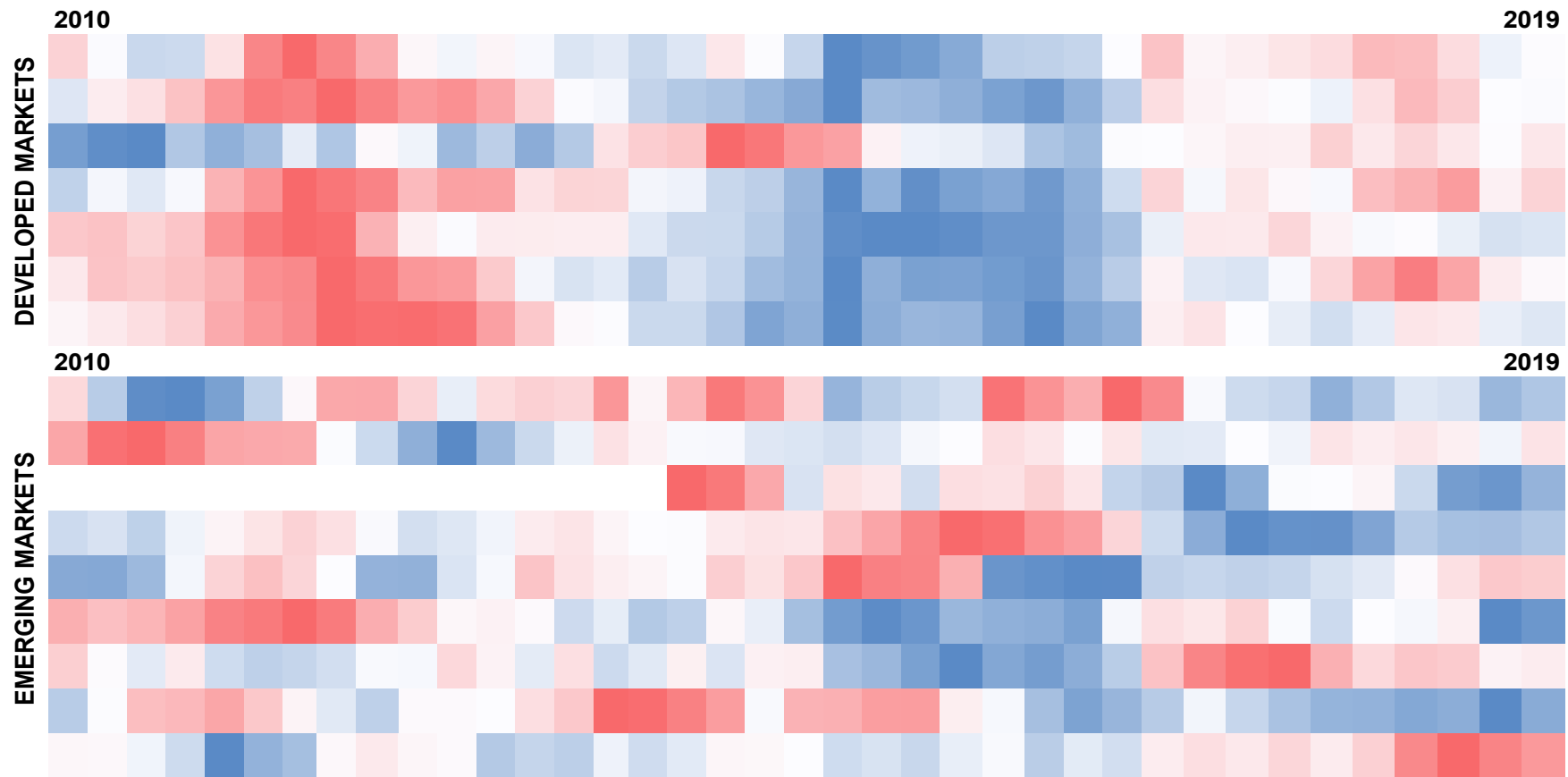
SERVICES SECTORS

Also trending lower



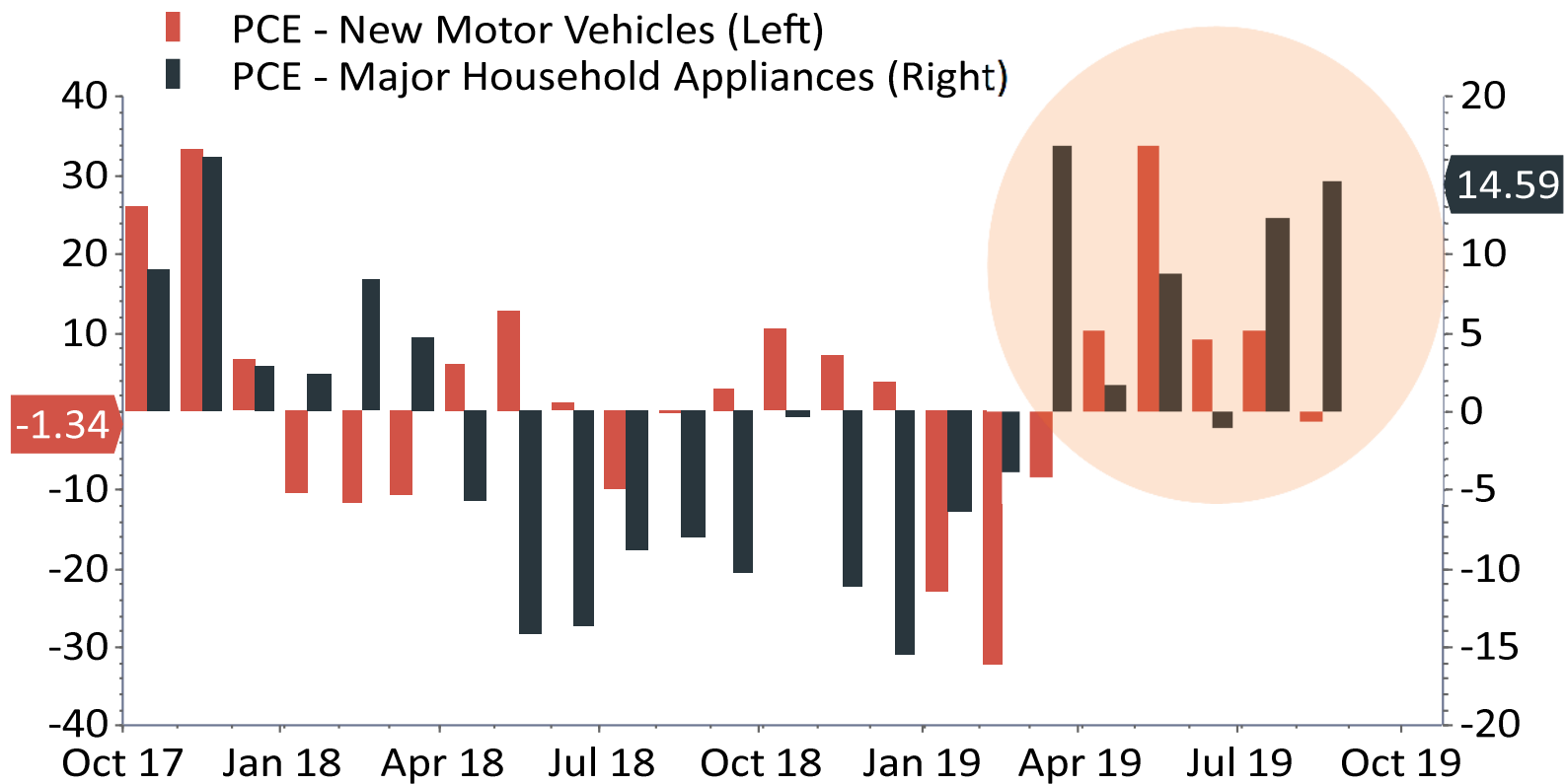
INFLATION HEATMAP

Environment increasingly benign



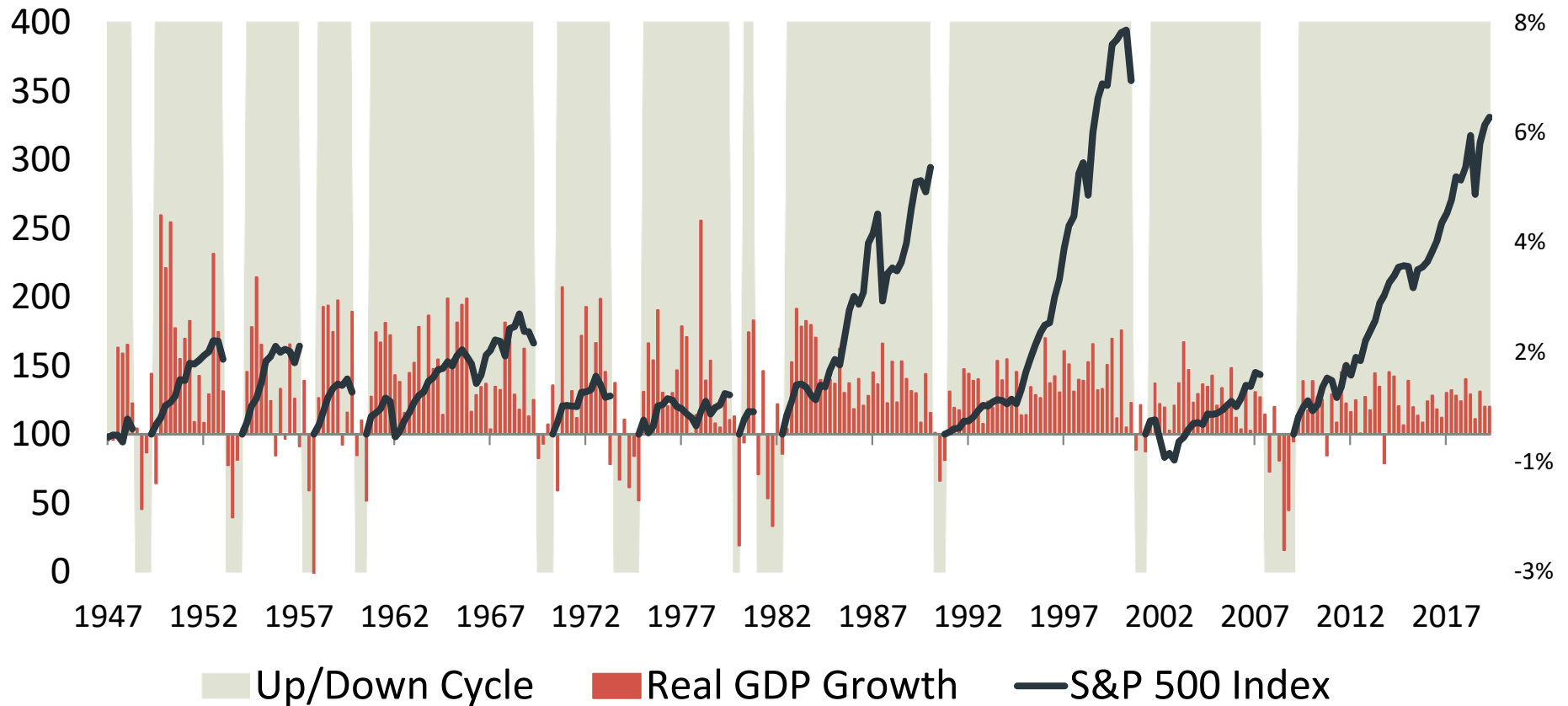
LOWER US INTEREST RATES

Are making a difference



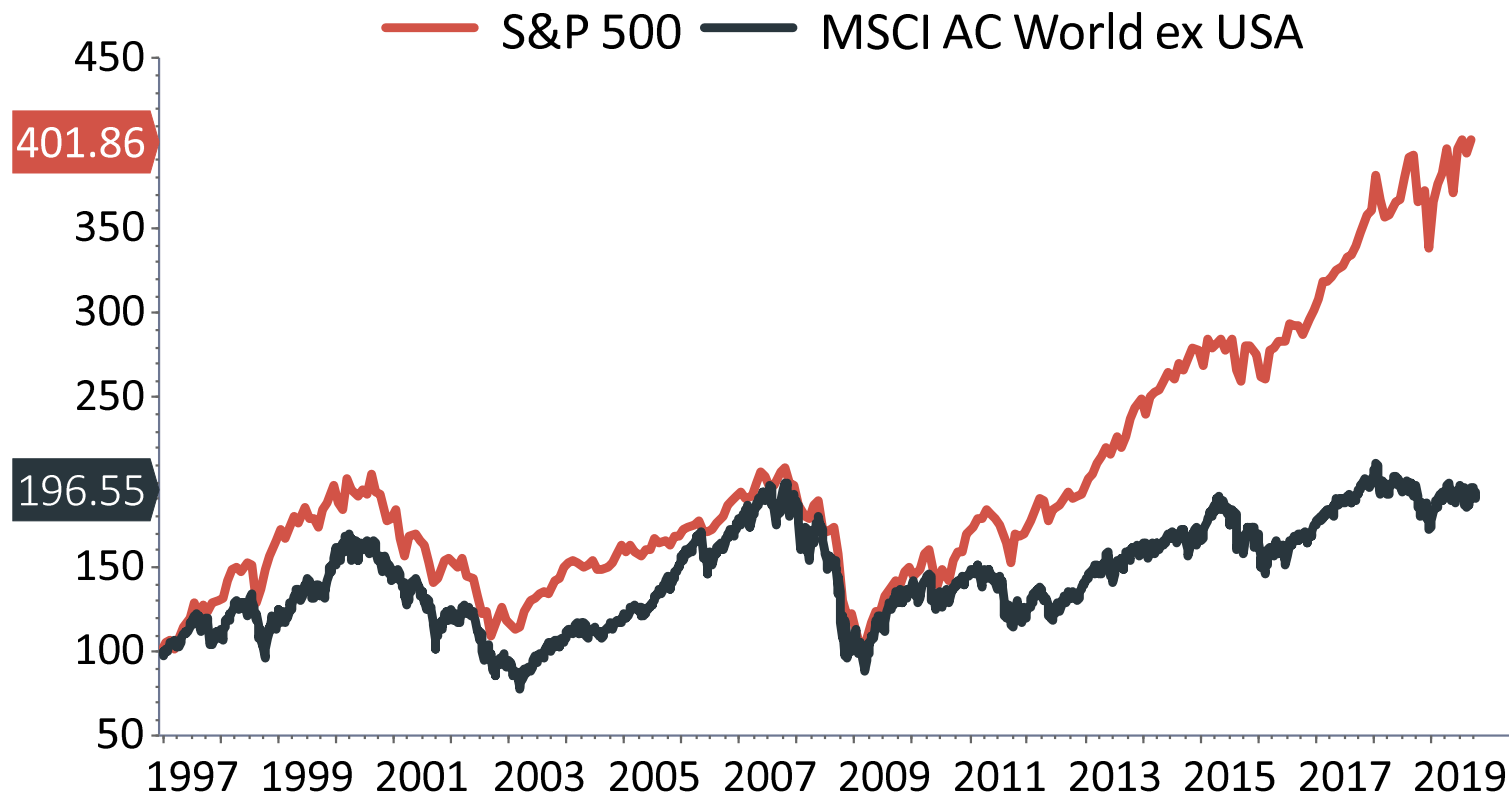
LONGEST US ECONOMIC EXPANSION

In the 9th innings?



S&P 500 VS GLOBAL BOURSES

200% outperformance in 10 years



S&P 500 VS GLOBAL BOURSES

Valuations more attractive ex USA



	PE	20 Year average PE	Div Yield	20 Year average DY	10 Year Annualised Earnings
S&P 500	16.8	15.6	2.1%	2.1%	14.6%
ACWI ex US	13.3	13.9	3.5%	3.1%	3.8%
% of S&P 500	79%	89%	169%	150%	

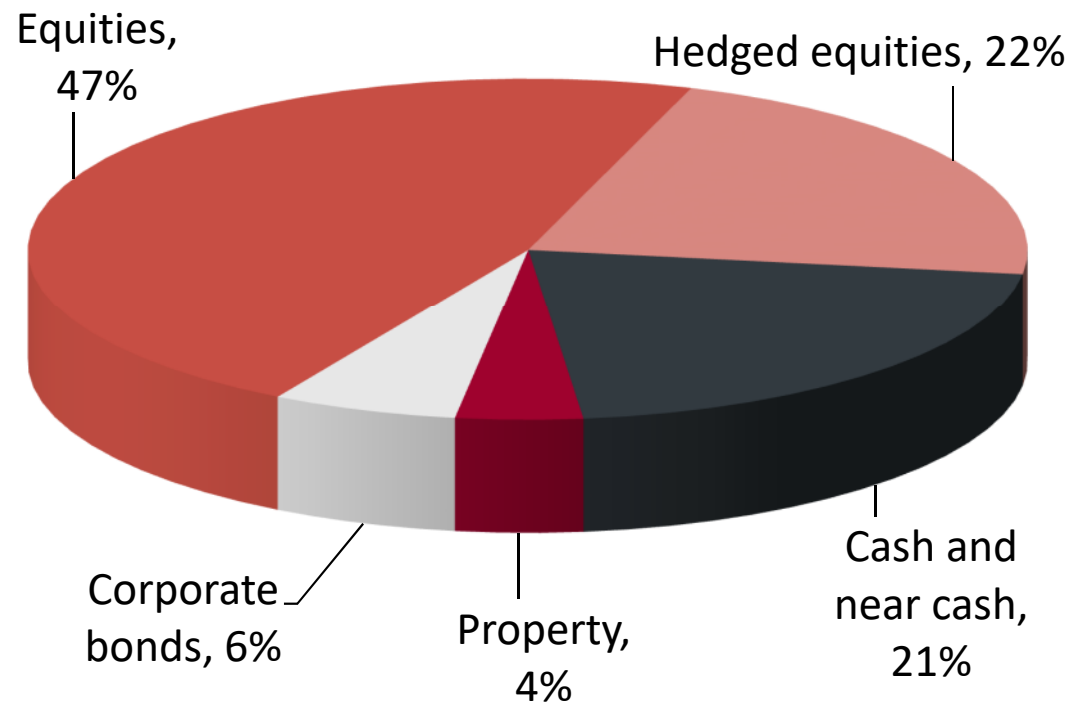
A NEW DECADE

New opportunities and new risks



FOORD INTERNATIONAL FUND

Liquidity and downside protection



FOORD GLOBAL EQUITY FUND

Top holdings – attractive valuations

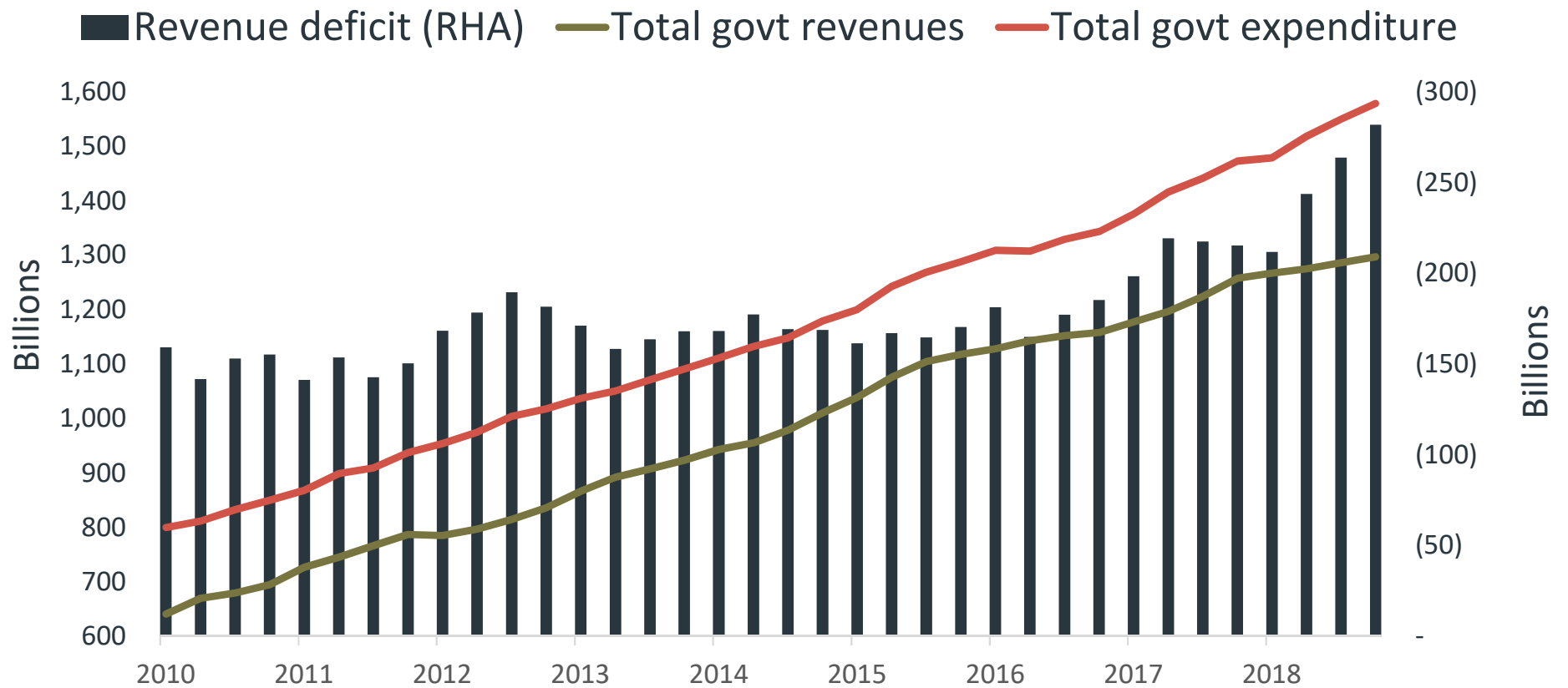


	3 Year Earnings CAGR*	3 Year Forward PE	10 Year Average PE
CVS Health	5.4%	7.7	13.2
JD.COM	49.5%	11.6	
Alphabet	15.7%	16.5	19.8
KasikornBank	9.8%	6.8	10.7
Activision Blizzard	15.3%	15.7	17.7
Tencent Holdings	16.4%	19.4	29.3
Bayer	12.4%	7.0	12.9
Nutrien	15.9%	11.9	17.5
Wheaton Precious Metals	14.5%	32.2	24.9
AIA Group	20.2%	11.8	17.0

* EPS Outlook – FACTSET Consensus

BELEAGUERED SA ECONOMY

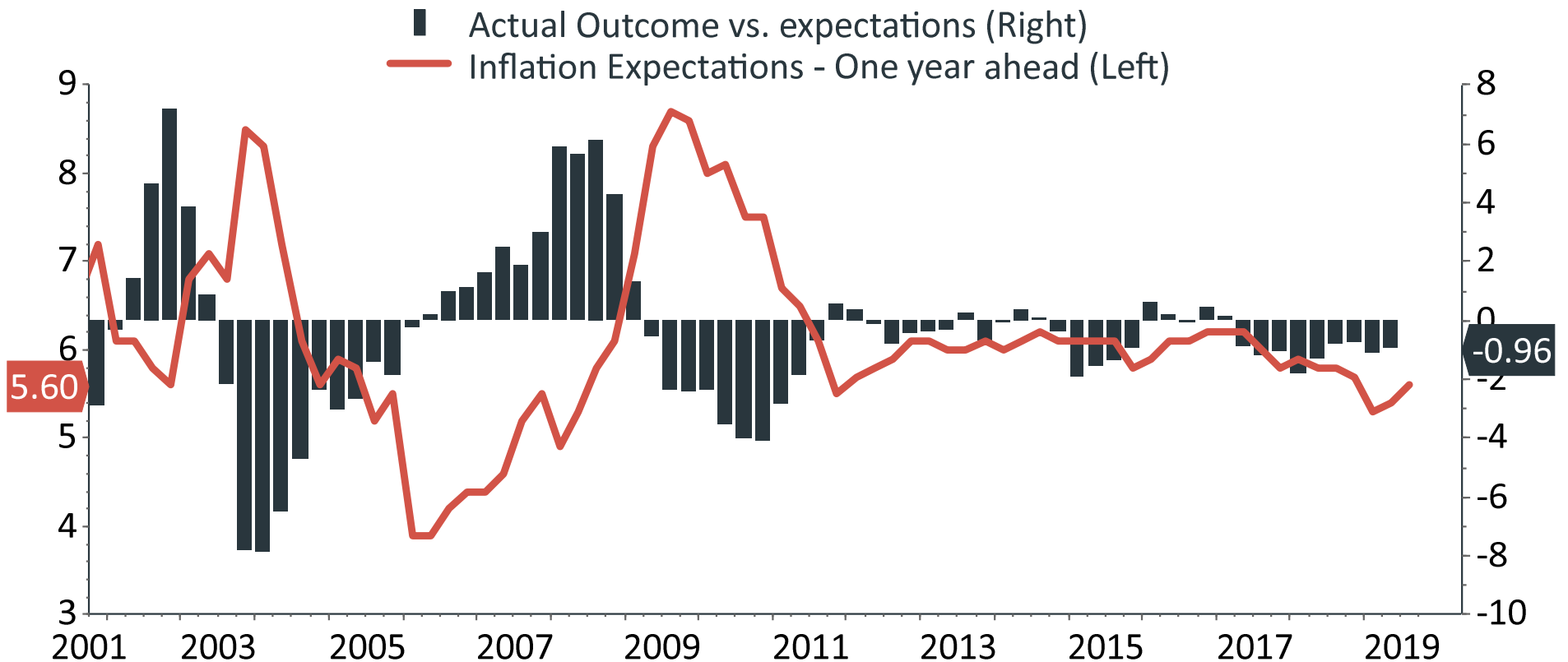
At a major crossroads



SA INFLATION



Benign medium-term outlook



SCENARIOS FOR SOUTH AFRICA

Four possible outcomes



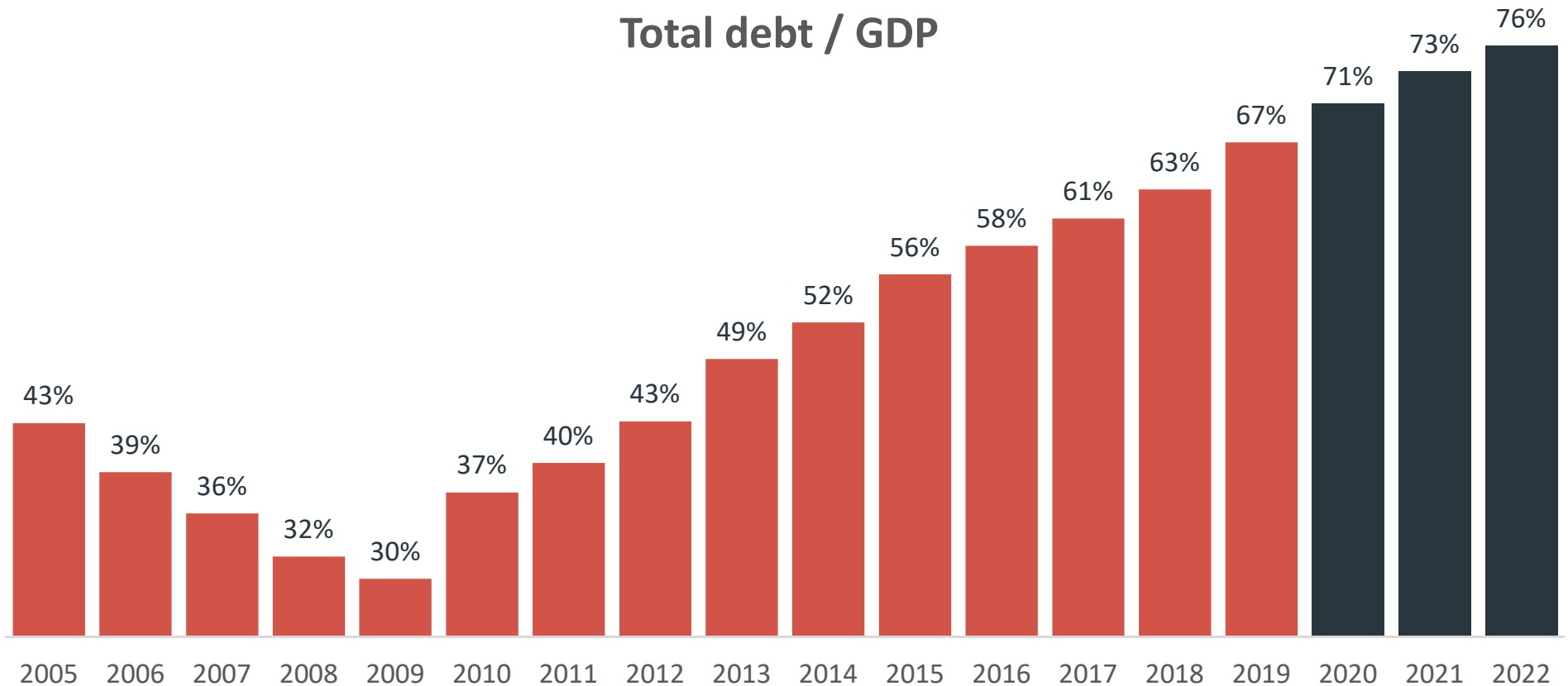
1. More of the same
2. US-led global recession
3. Reform and reset
4. Failed state

1. MORE OF THE SAME

Unavoidably junk



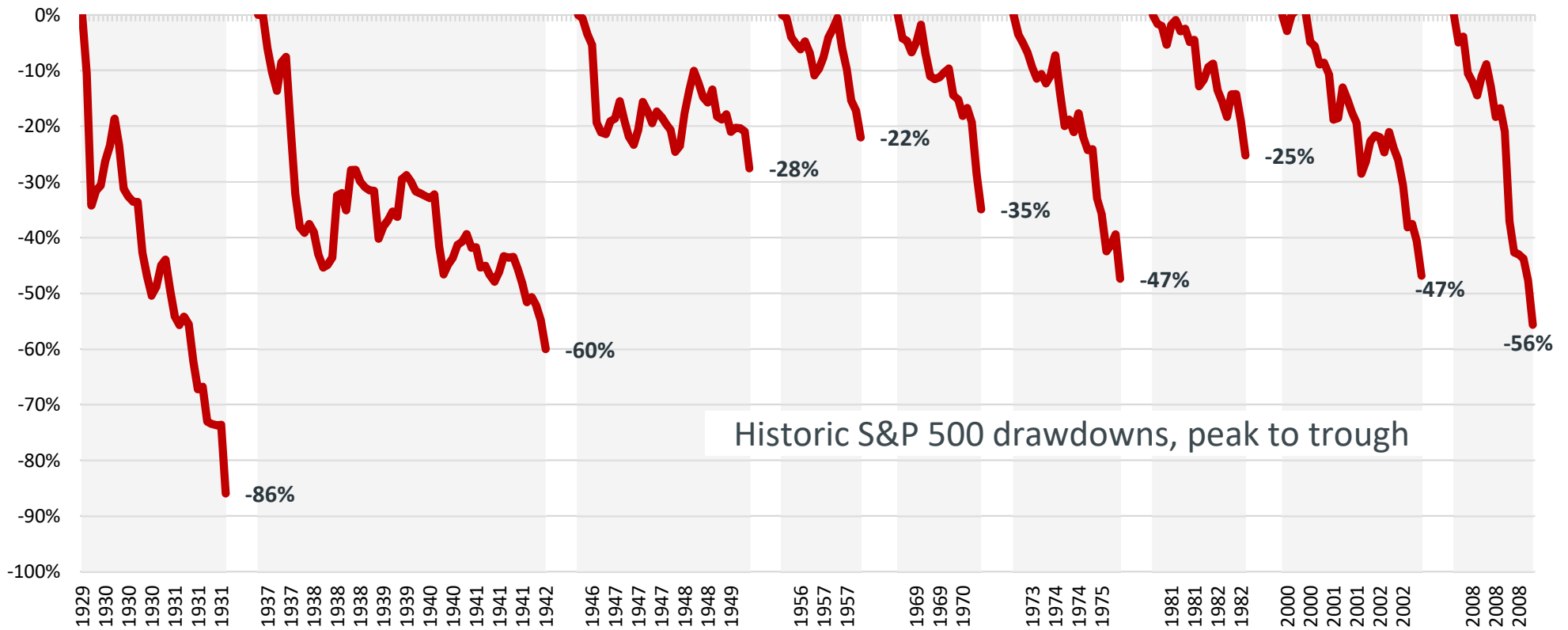
Total debt / GDP



2. US-LED GLOBAL RECESSION

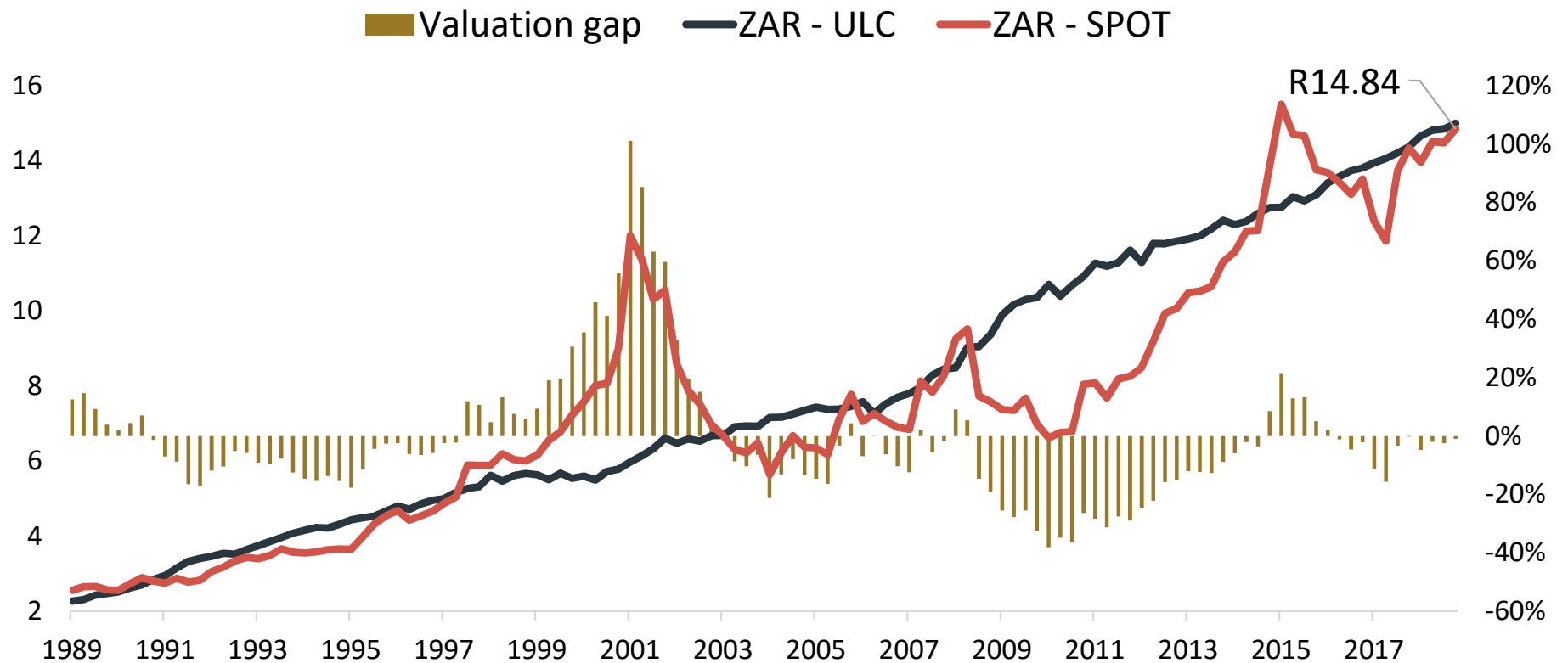


Underappreciated risk – rising probability



3. REFORM AND RESET

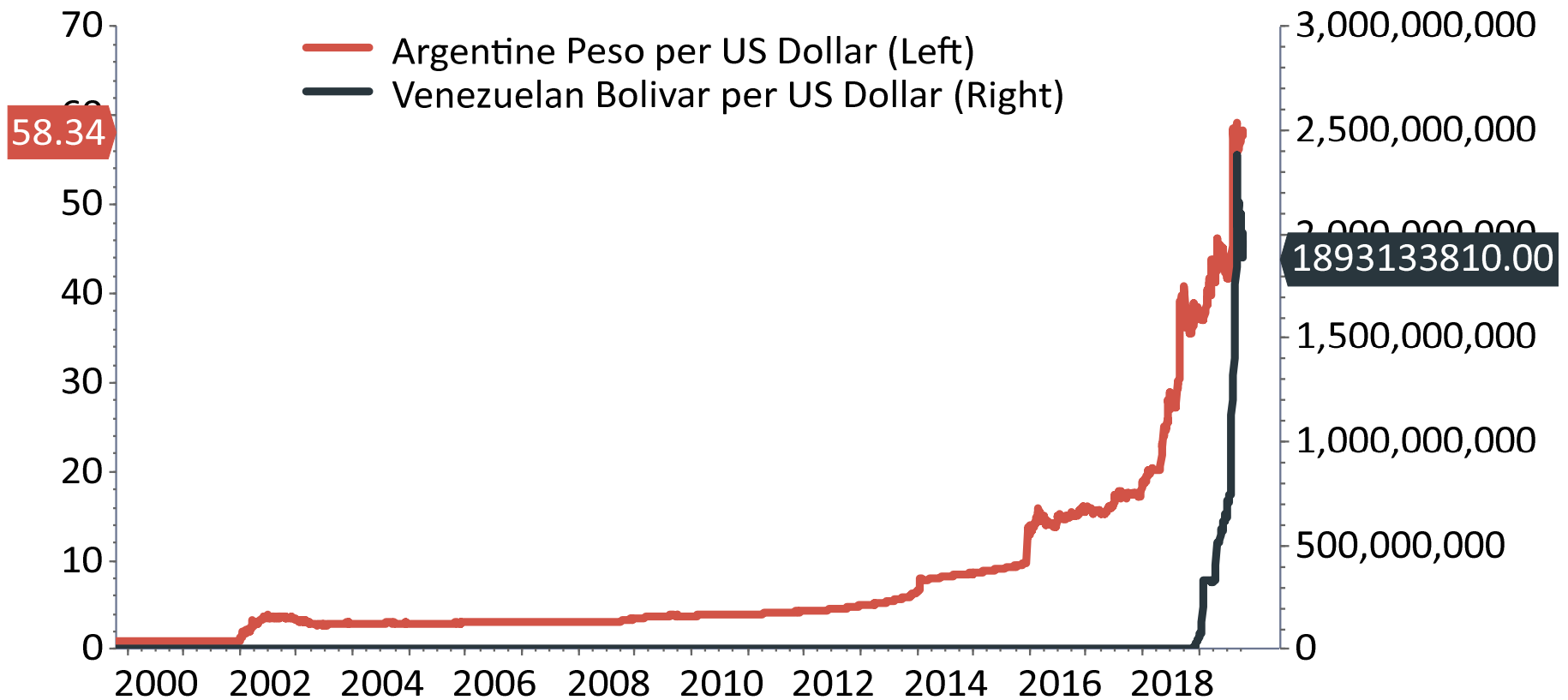
Future gain but near-term pain



4. FAILED STATE



Low probability now – rising over 10 years



FOORD STRATEGIES

Most outcomes covered (✓)



		More of the same	US-led global recession	Reform and reset	Failed state
SA Inc. equity	13%	Low allocation ✓	Low allocation ✓	Low allocation X	X
SA rand hedge equity	22%	O/W foreign earnings ✓	Currency; EPS quality ✓	Currency headwind X	
Global equity	24%	Currency benefit ✓	PUT options; quality ✓	Currency headwind X	
Gold	5%	Currency ✓	Safe haven ✓	Currency headwind X	
Mid duration bonds	24%	High coupon, low CPI ✓	Lower yields and CPI, liquid ✓	Lower yields and CPI ✓	
SA long duration + calls	~5%	Option exposure X	Options exposure X	Curve flattens ✓	
SA listed property	5%	Specialised + UK ✓	Low allocation ✓	Lower yields Lower vacancies ✓	
Cash	7%	Liquidity; + real yield ✓	Top 4 banks No credit ✓	Drag on returns Liquidity = optionality ✓	

SOURCES

This document contains past performance information.

Performance is calculated on a NAV to NAV basis, fund returns are presented net of fees and other fund level expenses for the most expensive retail class. Income is reinvested on the ex-dividend date. Individual investor performance may differ as a result of the actual investment date, the date of reinvestment of income and withholding taxes. Periods greater than one year are annualised to show the average twelve month return. Actual annual figures are available on request.

External sources used:

- Yale/Shiller
- Bank of America
- National Treasury
- SA Reserve Bank
- Foord Forecasts
- Fund returns: Performances calculated by Foord
- Images: Google

THANK YOU

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