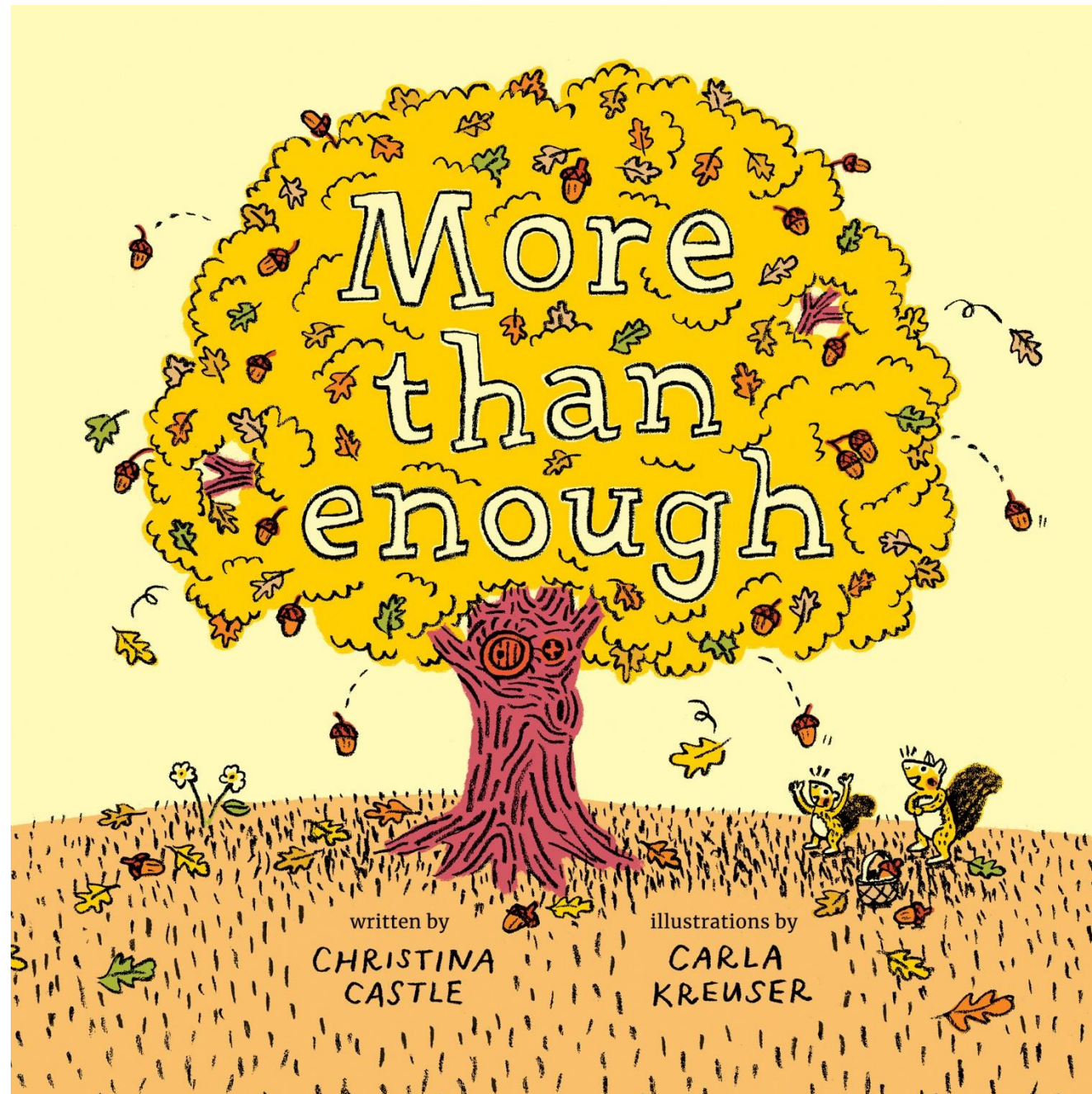


# MEET THE TEAM 2019

PAUL CLUER

MIKE TOWNSHEND

PRAVARSHAN MURUGASEN



written by  
CHRISTINA  
CASTLE

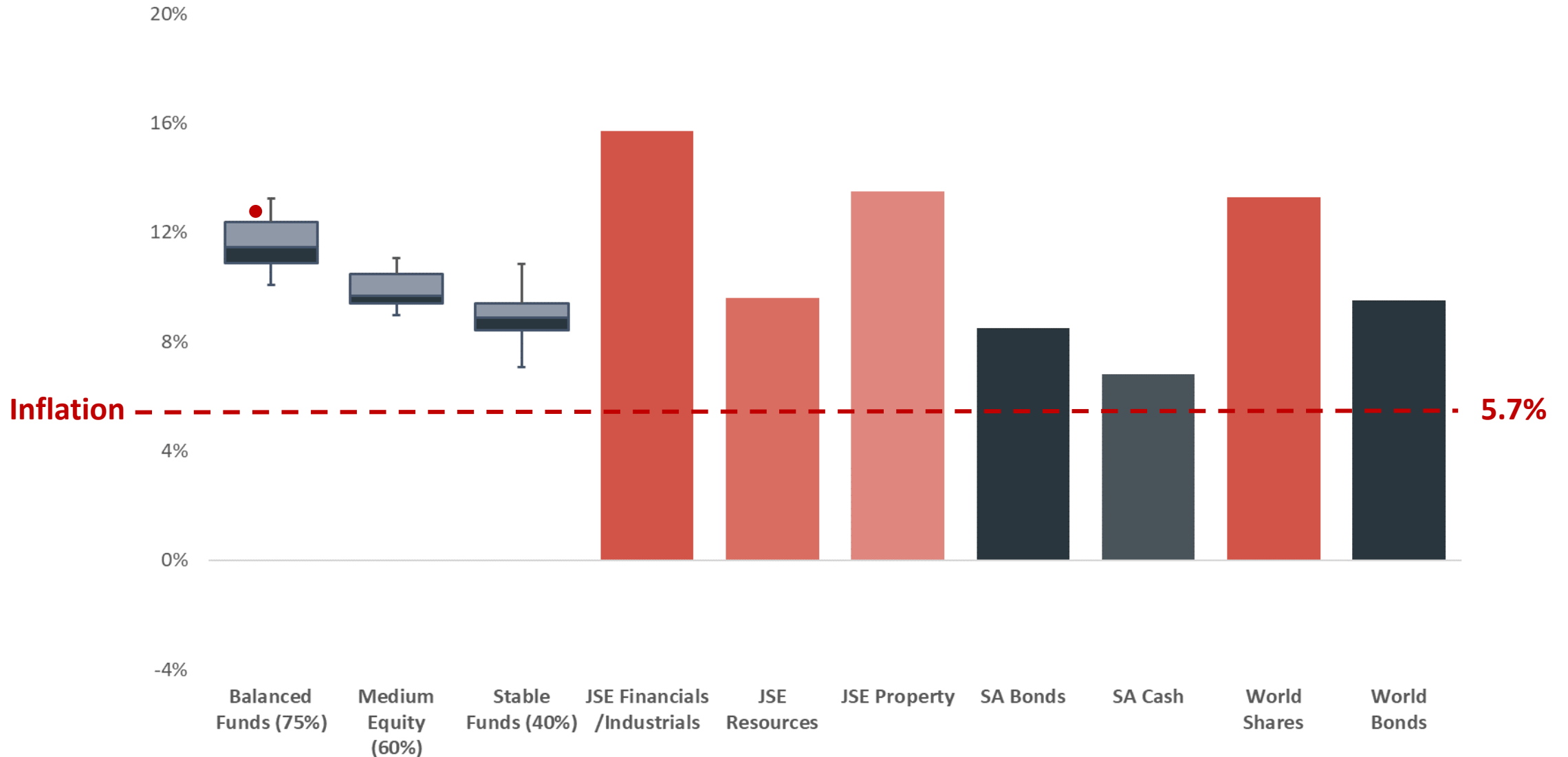
illustrations by  
CARLA  
KREUSER

# REG 28 PORTFOLIOS



## Meaningful long-term inflation-beating returns

Annualised 15-year returns to 31 October 2019

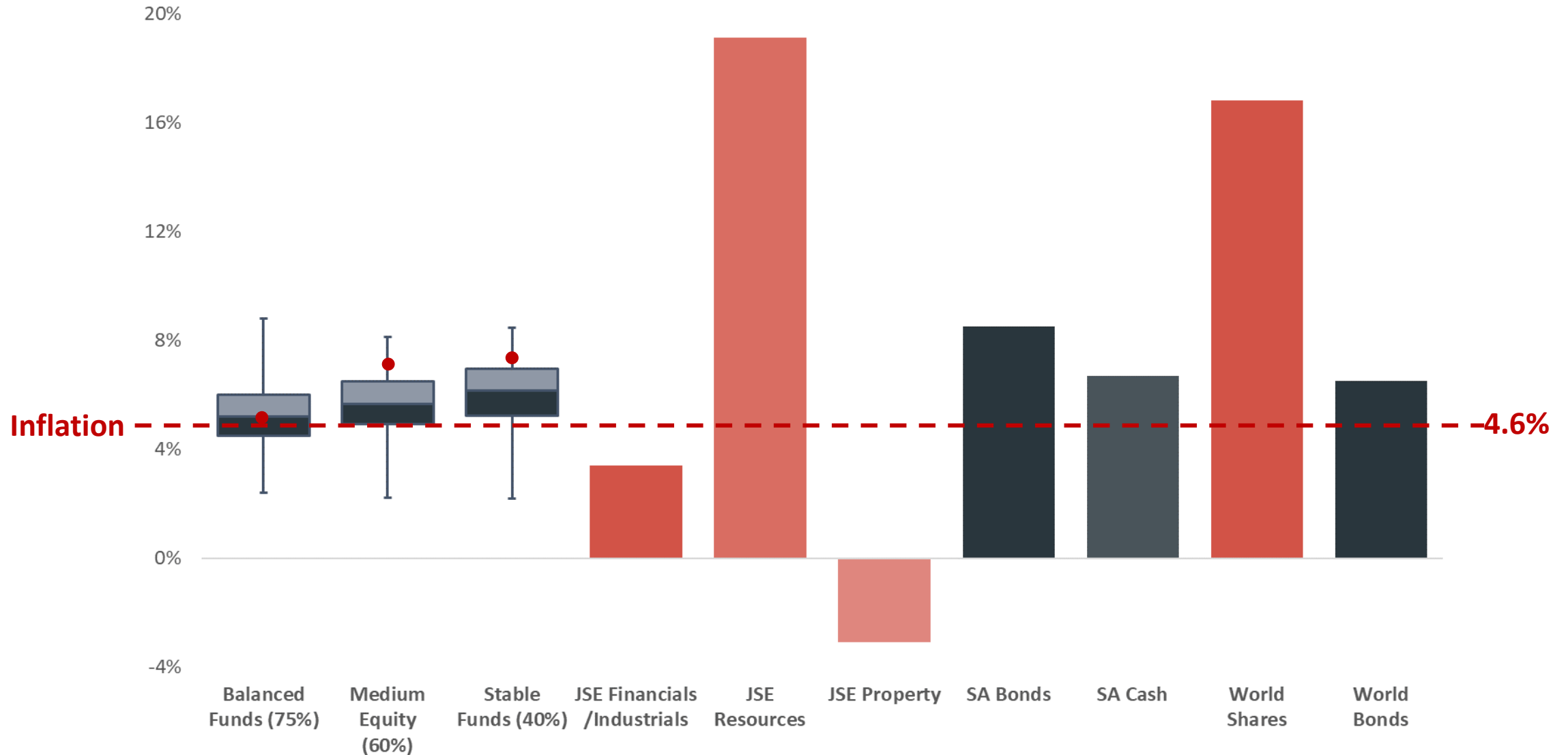


# REG 28 PORTFOLIOS



## Lagging cash in the short term

Annualised 3-year returns to 31 October 2019



# RESOURCES CAN BE RISKY

Cyclicality bites hard



—Anglo American

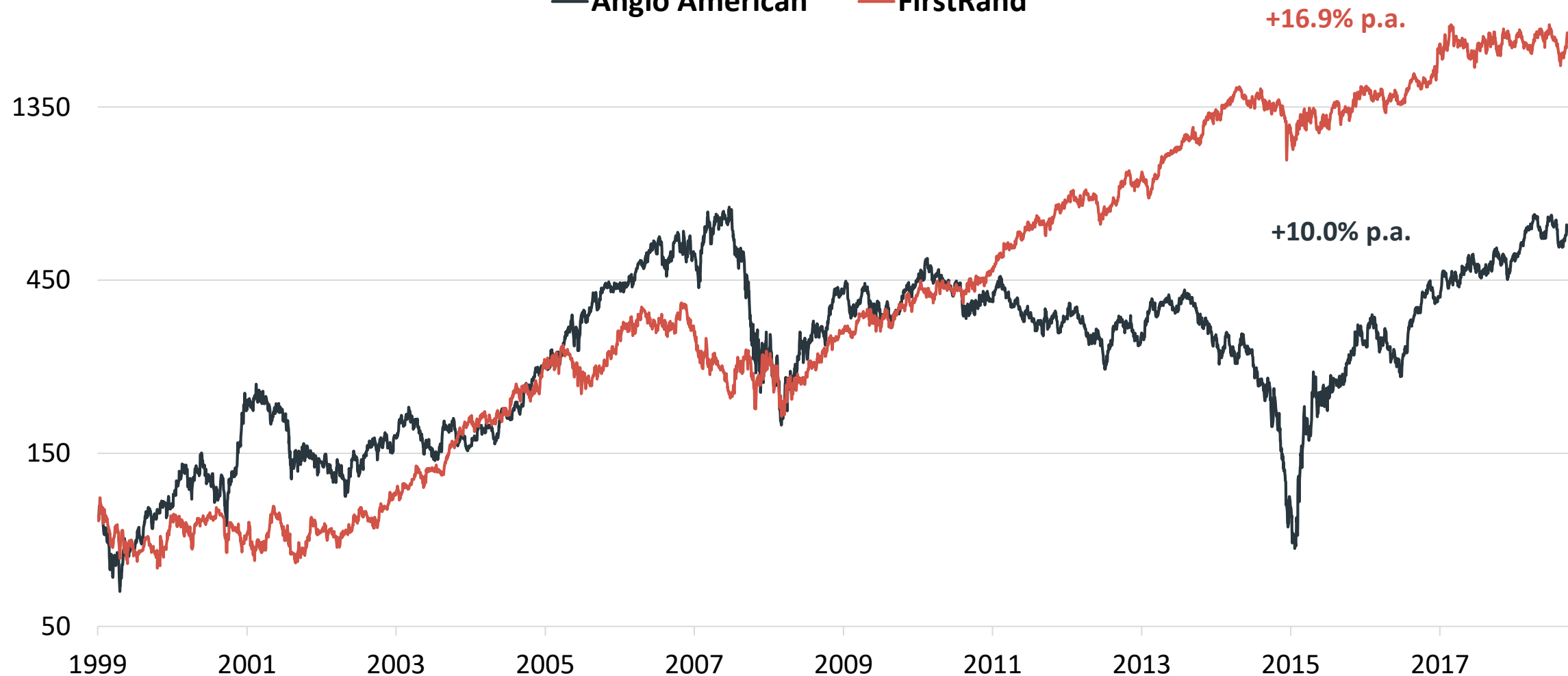


# RESOURCES CAN BE RISKY

Short-term pain, long-term gain



— Anglo American    — FirstRand

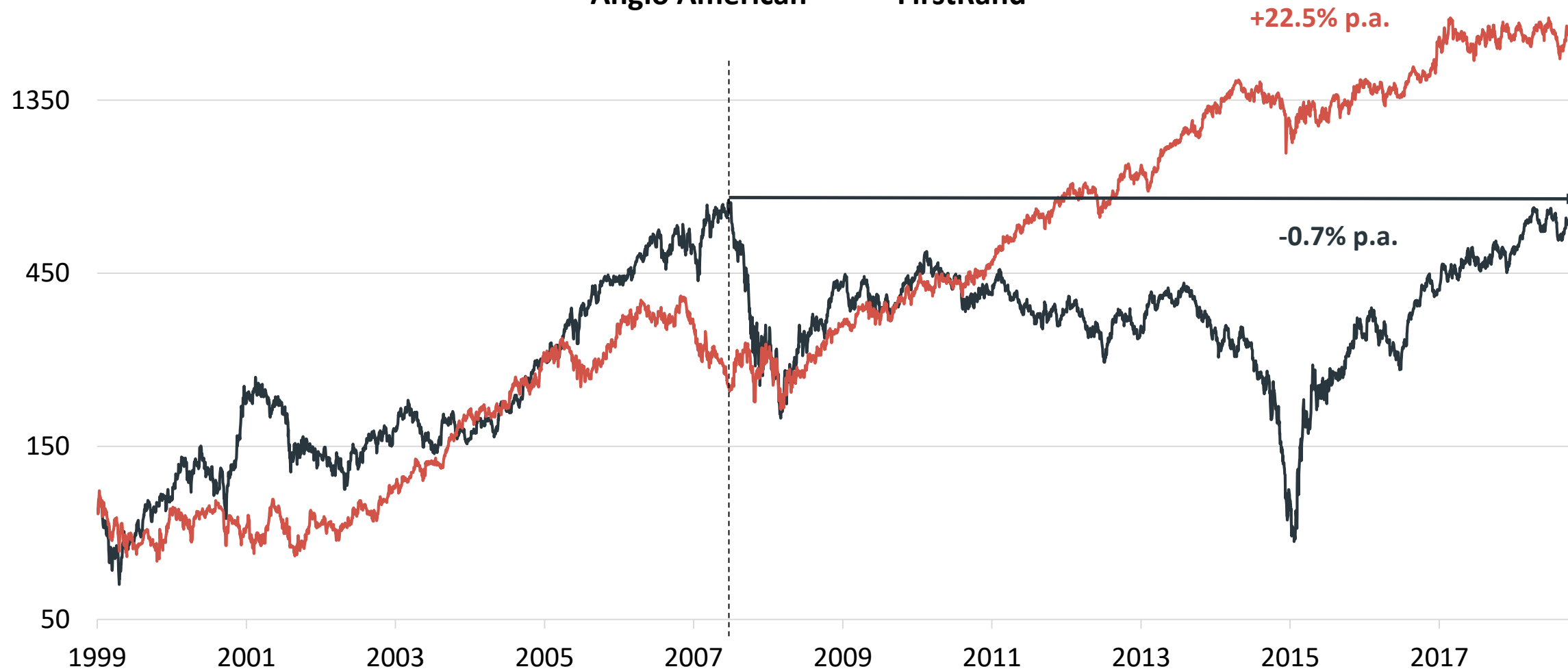


# RESOURCES CAN BE RISKY

Anglos still below 2008 highs



— Anglo American    — FirstRand



# LOOKING BACK: 2016 – 2019

## Asset allocation mostly correct



Low SA Inc. share weight



Low SA property weight



Max foreign assets, mostly shares



High SA bonds and cash



Physical gold diversifier



Underweight SA resources shares



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



# HEADWINDS NOW TAILWINDS



## 2018 detractors are rebounding

	% of Portfolio	2018 Return	2019 Return
BHP Group	4.6	+28.1%	+16.8%
RMB Holdings	3.4	+5.4%	+5.5%
<b>Capital &amp; Counties</b>	<b>3.4</b>	<b>-18.9%</b>	<b>+18.8%</b>
<b>CF Richemont</b>	<b>3.3</b>	<b>-14.1%</b>	<b>+29.9%</b>
<b>British American Tobacco</b>	<b>2.8</b>	<b>-41.2%</b>	<b>+19.1%</b>
<b>Naspers "N"</b>	<b>2.6</b>	<b>-16.0%</b>	<b>+18.0%</b>
Sasol	2.5	+2.3%	-34.1%
Standard Bank	2.5	-4.1%	+2.6%
Aspen	1.9	-50.4%	-21.7%
<b>Bidcorp</b>	<b>1.6</b>	<b>-9.6%</b>	<b>+35.4%</b>
<b>Anheuser-Busch</b>	<b>1.4</b>	<b>-28.0%</b>	<b>+29.6%</b>

# AVOIDING THE LOSERS

We did well to avoid...

FOORD



- 90%



- 56%



- 90%

Tiger Brands



- 50%



- 90%



-50%



- 74%



-36%

WOOLWORTHS



- 63%



- 50%

# IT'S THE LONG-TERM THAT COUNTS

Still tops, despite weak 2016 – 2018



To 31 October 2019	2019	Rank	3 years	Rank	10 years	Rank
<b>Foord Flexible</b>	13.8%	40/74	6.6%	32/59	13.4%	3/15
<b>Foord Balanced</b>	10.7%	37/192	4.9%	95/156	10.3%	12/50
<b>Foord Conservative*</b>	12.4%	4/90	7.2%	7/76		
<b>Nedgroup Stable</b>	11.3%	6/150	7.3%	22/126	9.5%	1/52
<b>Foord Equity</b>	4.3%		-1.3%		10.4%	

NOTES:

Class A returns. Morningstar ranks (provisional data to 31 October 2019).

\* Foord Conservative 5 year return 6.5% and rank 10/56

# FOORD GLOBAL FUNDS

In US dollars



To 31 October 2019	2019	Rank	3 years	Rank	10 years	Rank
<b>Foord International</b>	<b>11.2%</b>	<b>93/209</b>	<b>5.6%</b>	<b>46/143</b>	<b>5.5%</b>	<b>6/34</b>
<b>Foord Global Equity</b>	<b>18.2%</b>	<b>752/1696</b>	<b>9.1%</b>	<b>568/1287</b>	<b>6.7%*</b>	<b>637/864</b>
<b>US inflation</b>	<b>1.2%</b>		<b>2.0%</b>		<b>1.7%</b>	
<b>MSCI All World Equities</b>	<b>19.4%</b>		<b>11.3%</b>		<b>10.4%</b>	

NOTES:

Foord International Class R, Foord Global Equity Fund Class B returns. Morningstar ranks (provisional data to 31 October 2019).

\* Since inception 1 April 2012

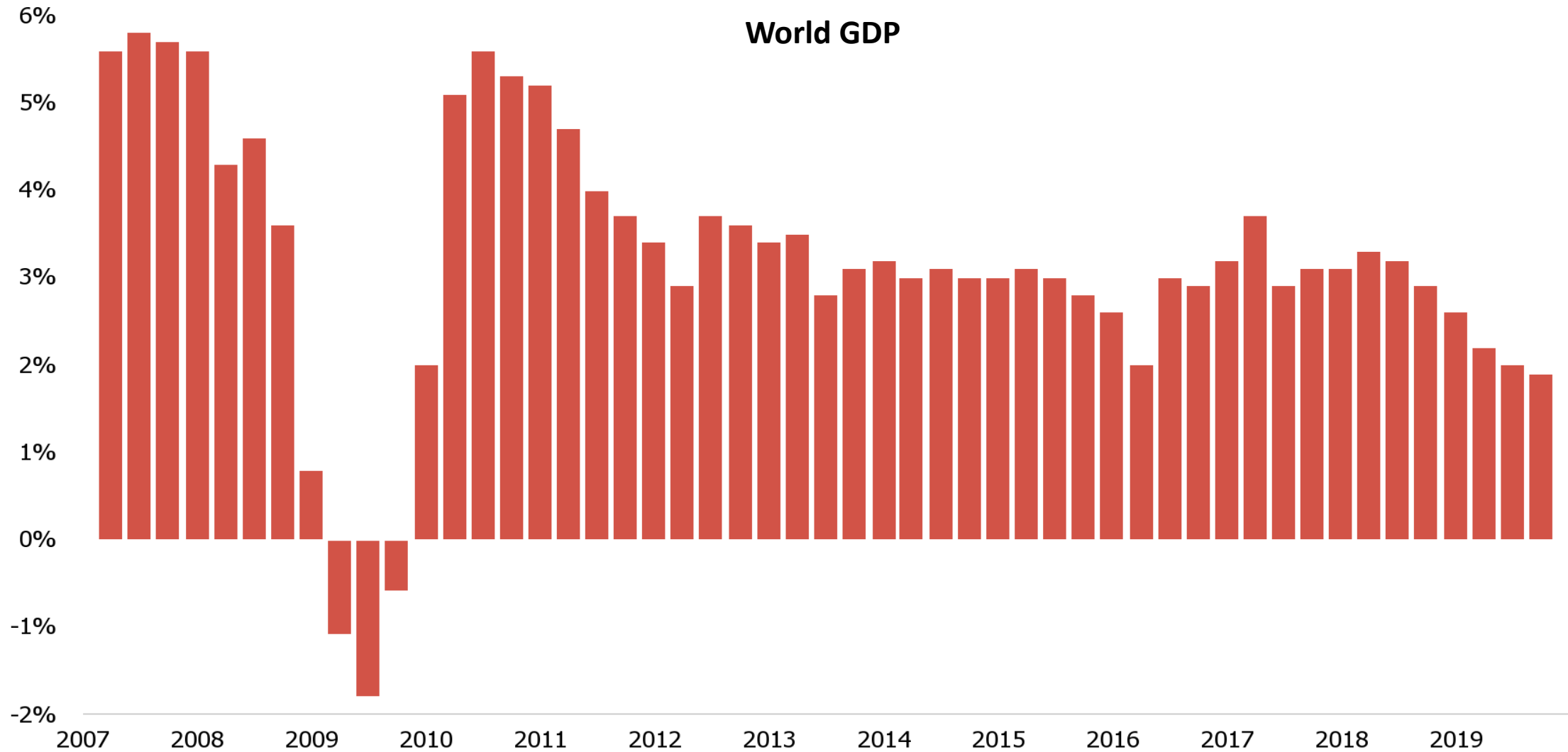
# GLOBAL OUTLOOK: RISKS ABOUND

MIKE TOWNSHEND



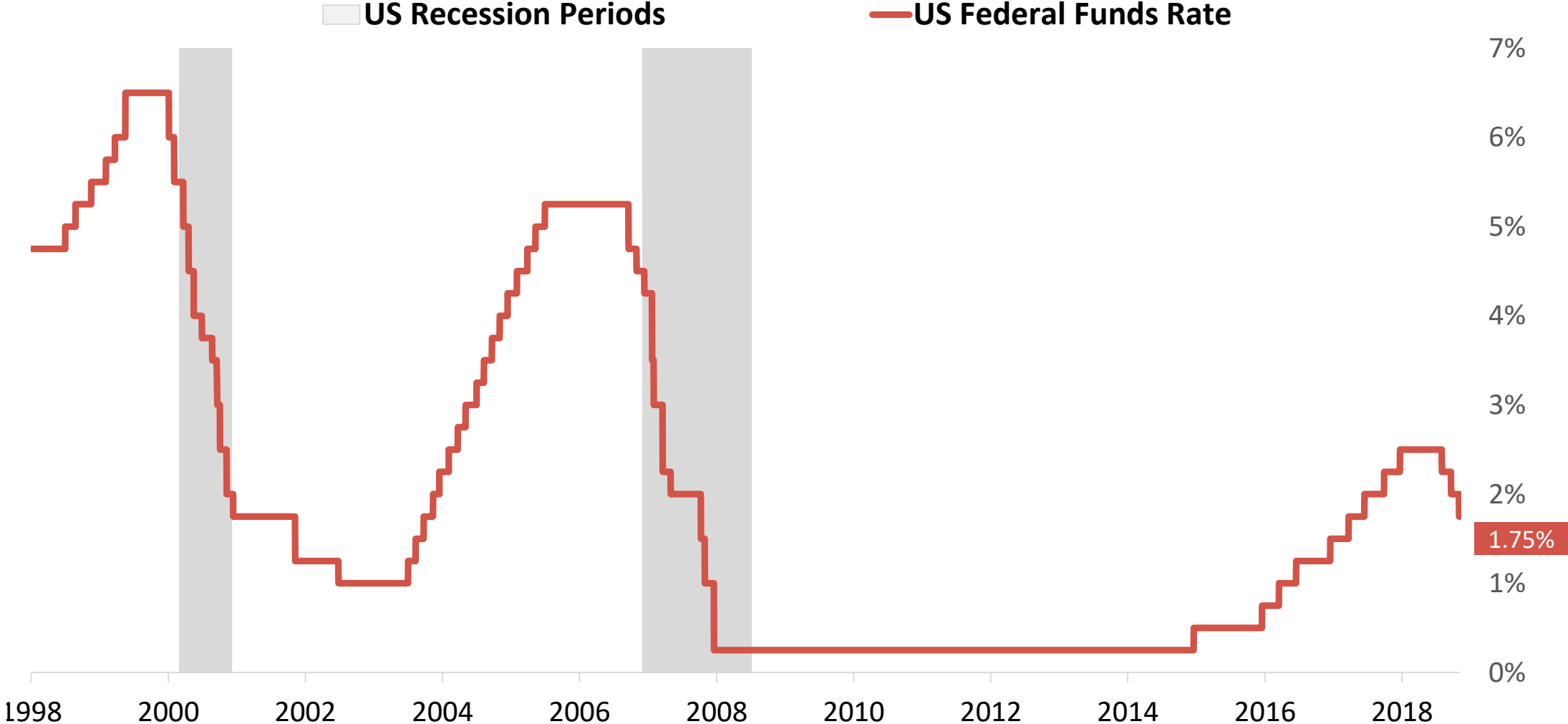
# GLOBAL GROWTH IS SLOWING

Policy uncertainty weighs on demand



# US INTEREST RATE CUTS

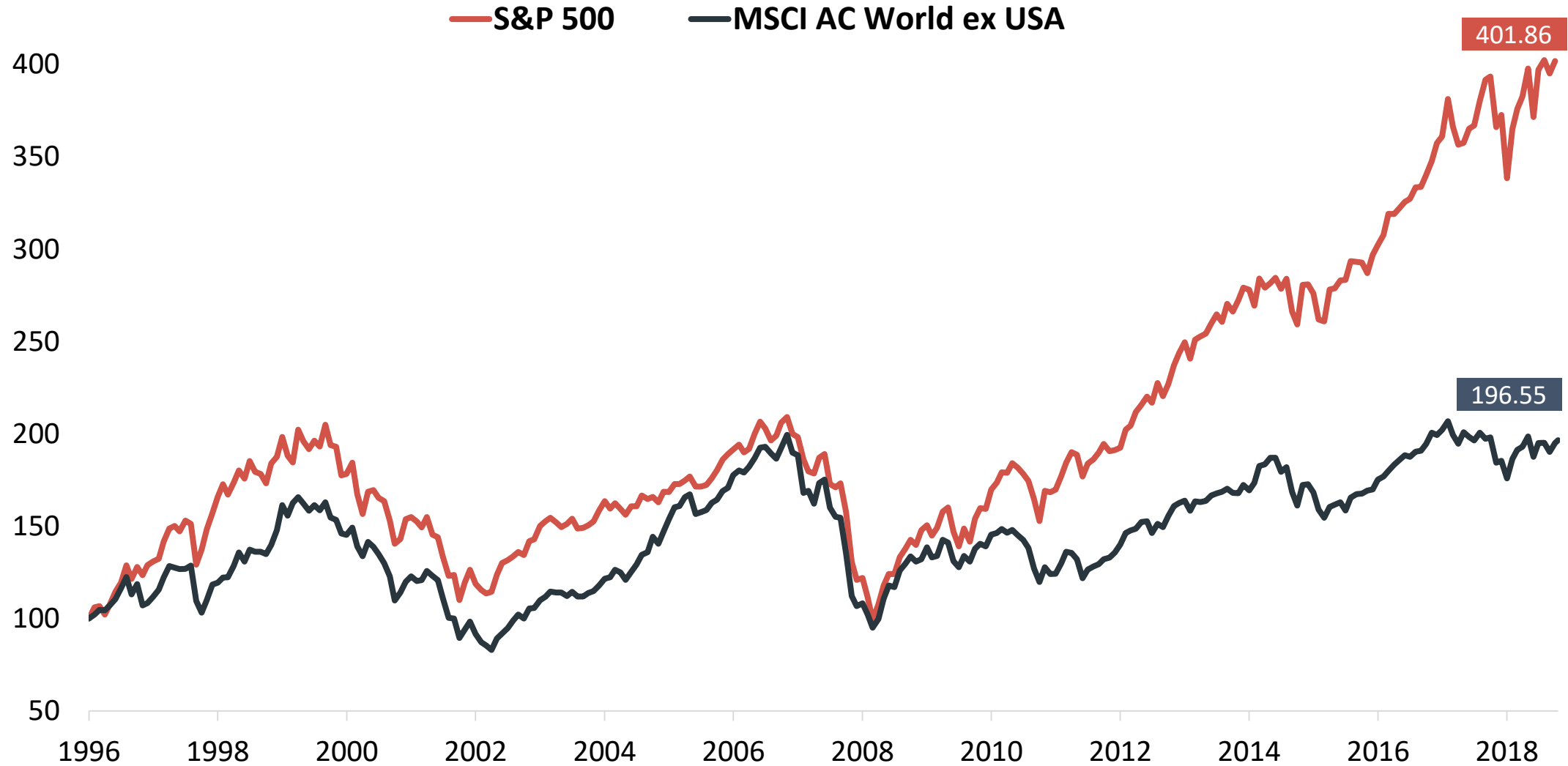
Starting to boost US consumption



# S&P 500 VS GLOBAL BOURSES



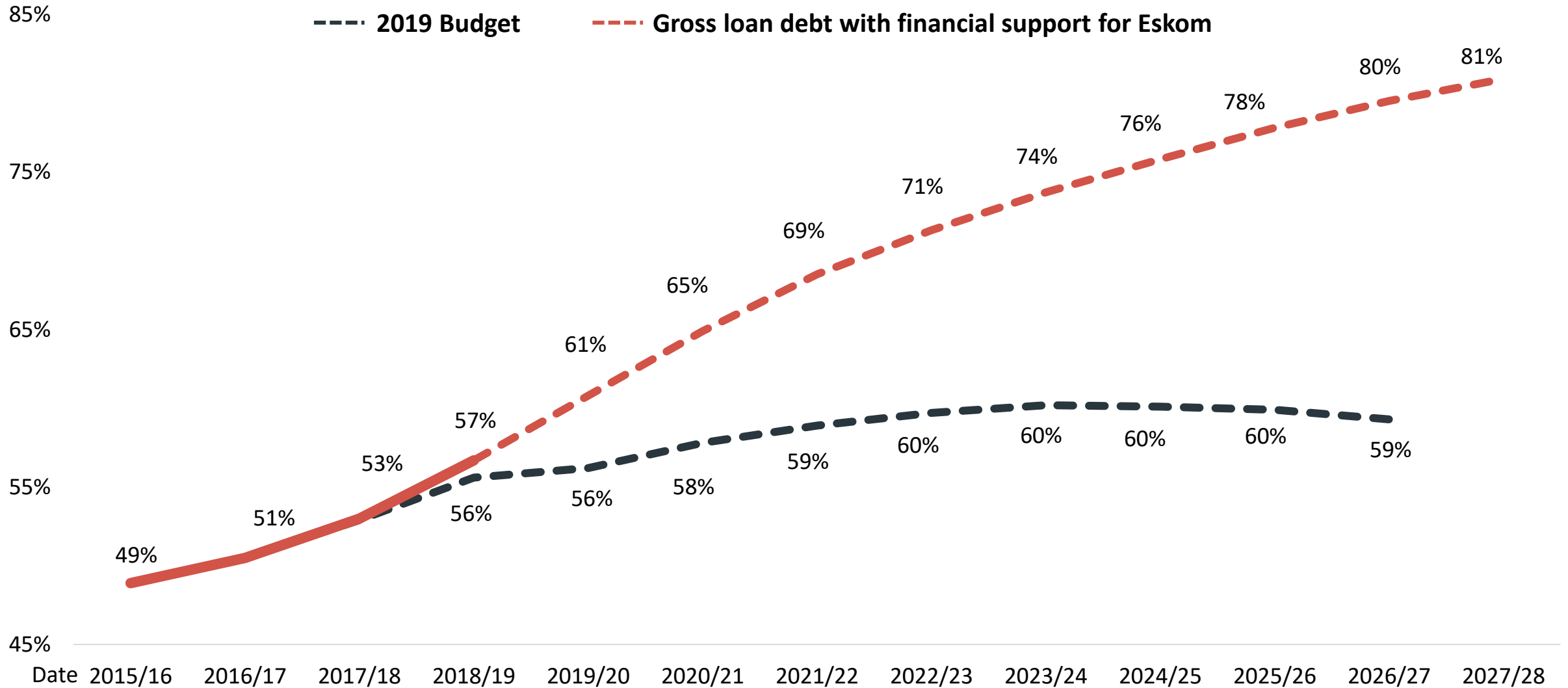
200% outperformance in 10 years





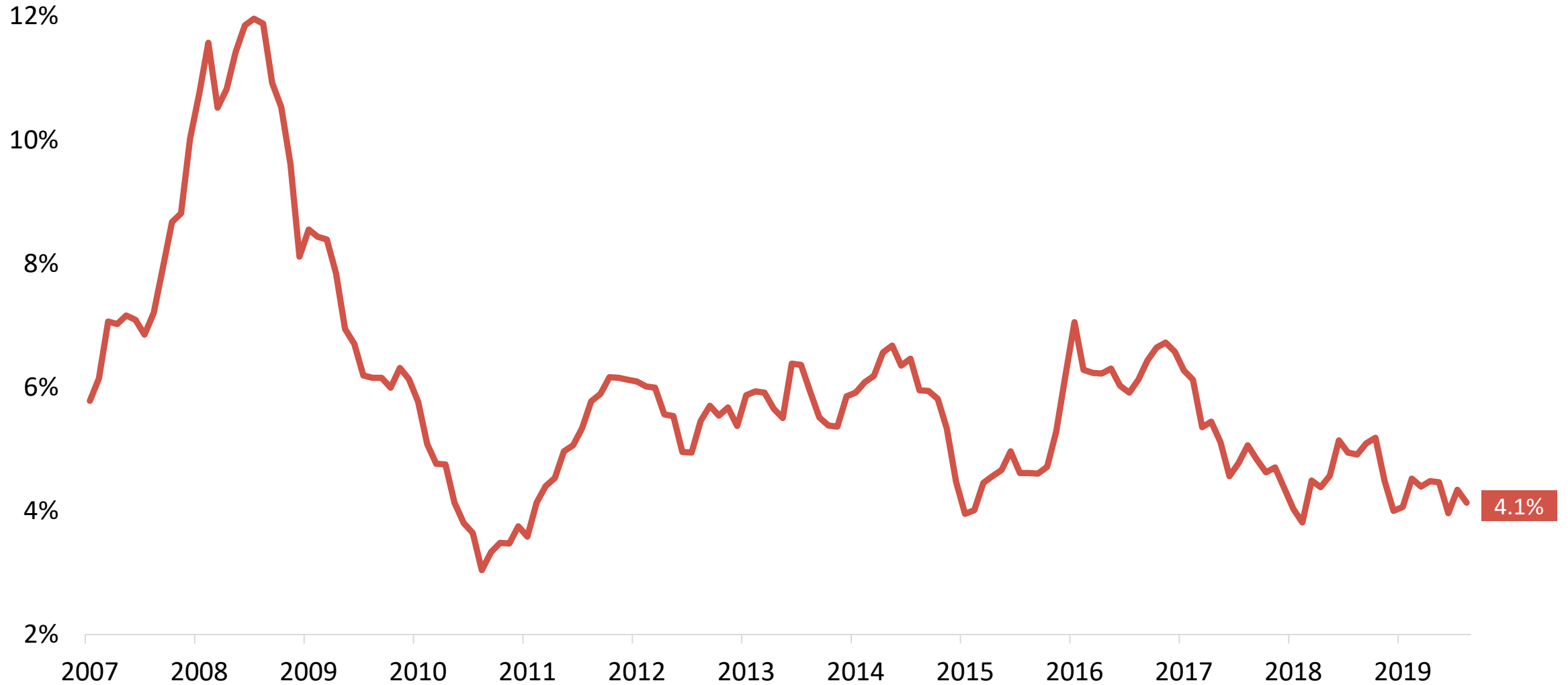
# BELEAGUERED SA ECONOMY

## Debt / GDP at a major crossroads



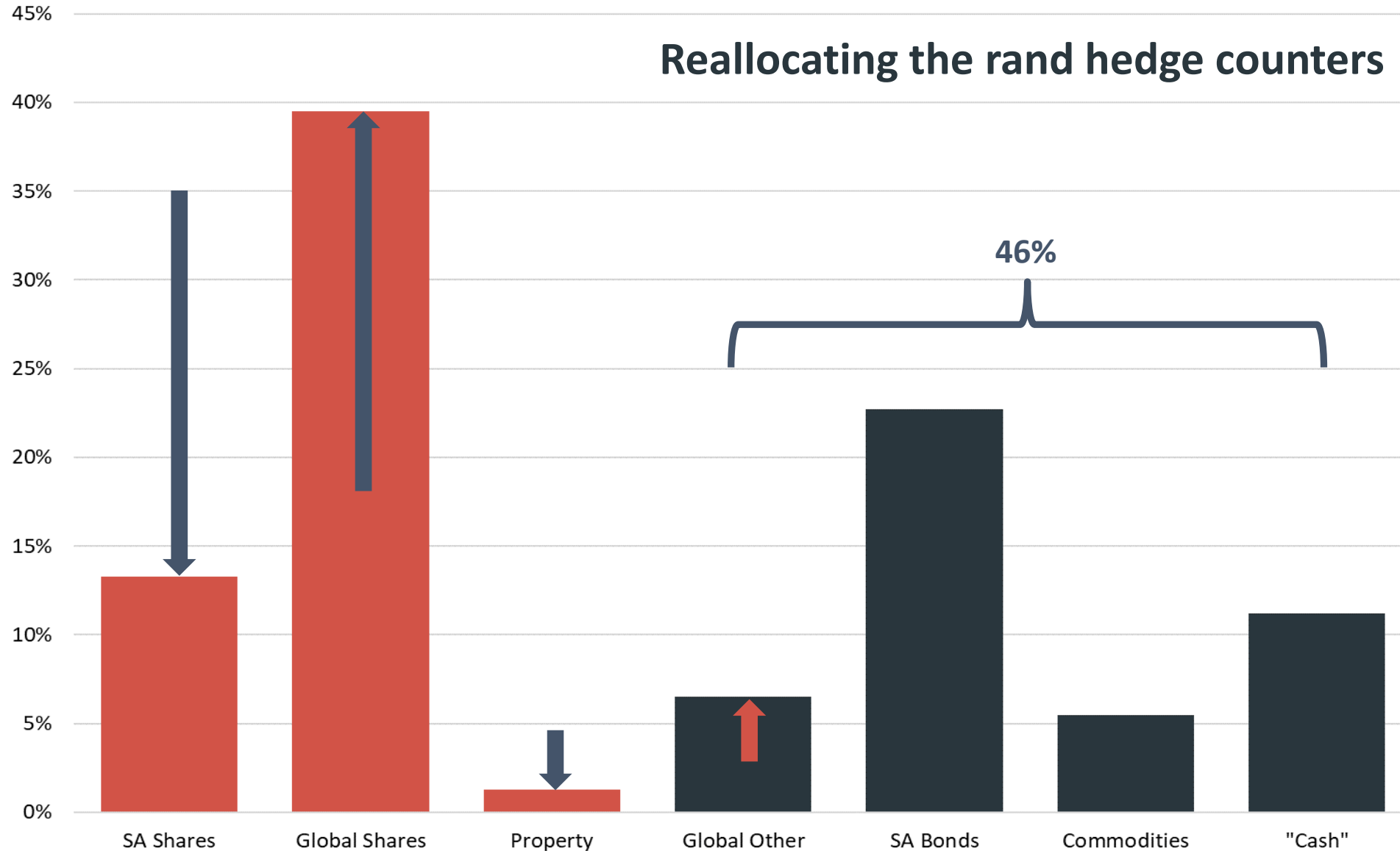
# SA ECONOMIC PROSPECTS

## Benign inflation environment



# FOORD BALANCED FUND

Asset allocation responding to changing risk environment



# 1. FAILED STATE

Low probability now – rising over 10 years



## 2. SA REFORM AND RESET

Future gain but near-term pain

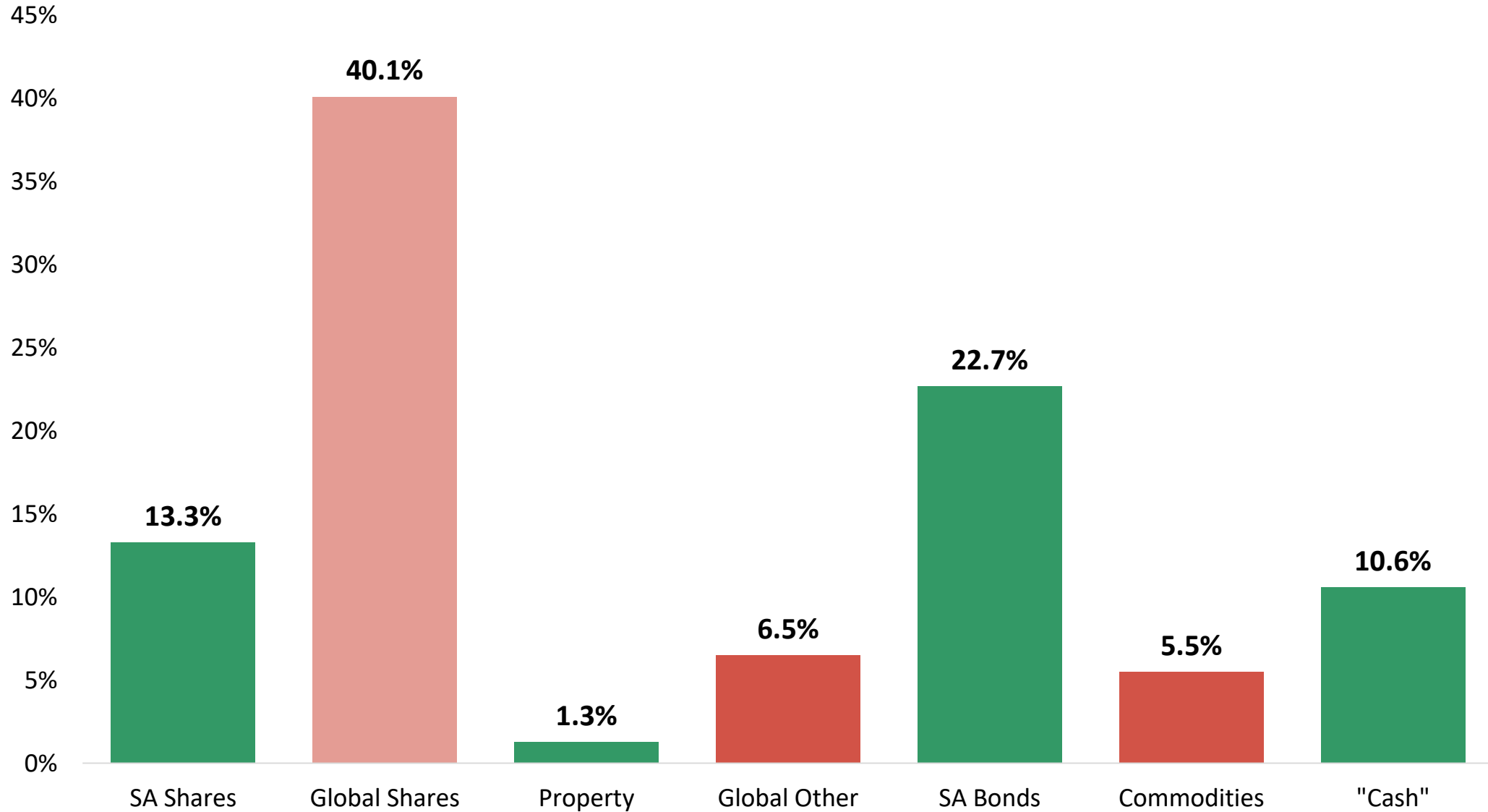
SA GDP



## 2. SA REFORM AND RESET



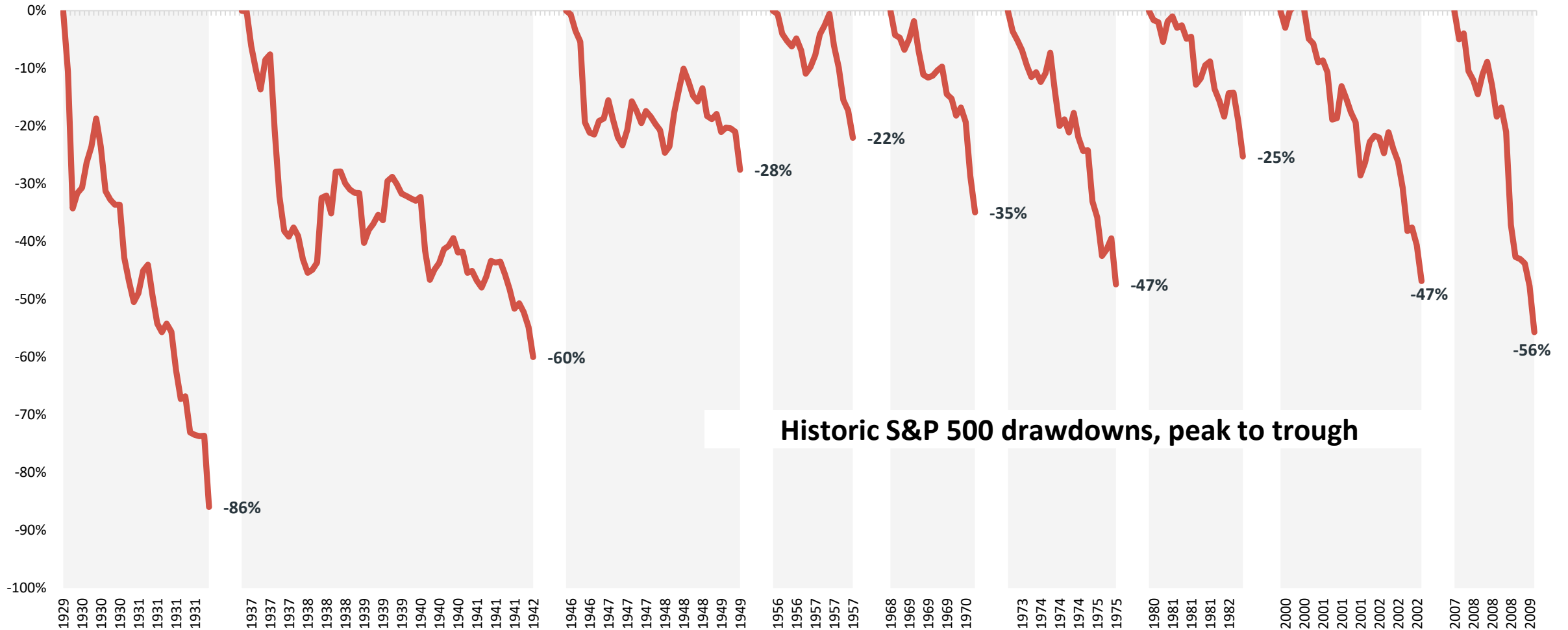
### Foord Balanced Fund outcomes



# 3. US-LED GLOBAL RECESSION



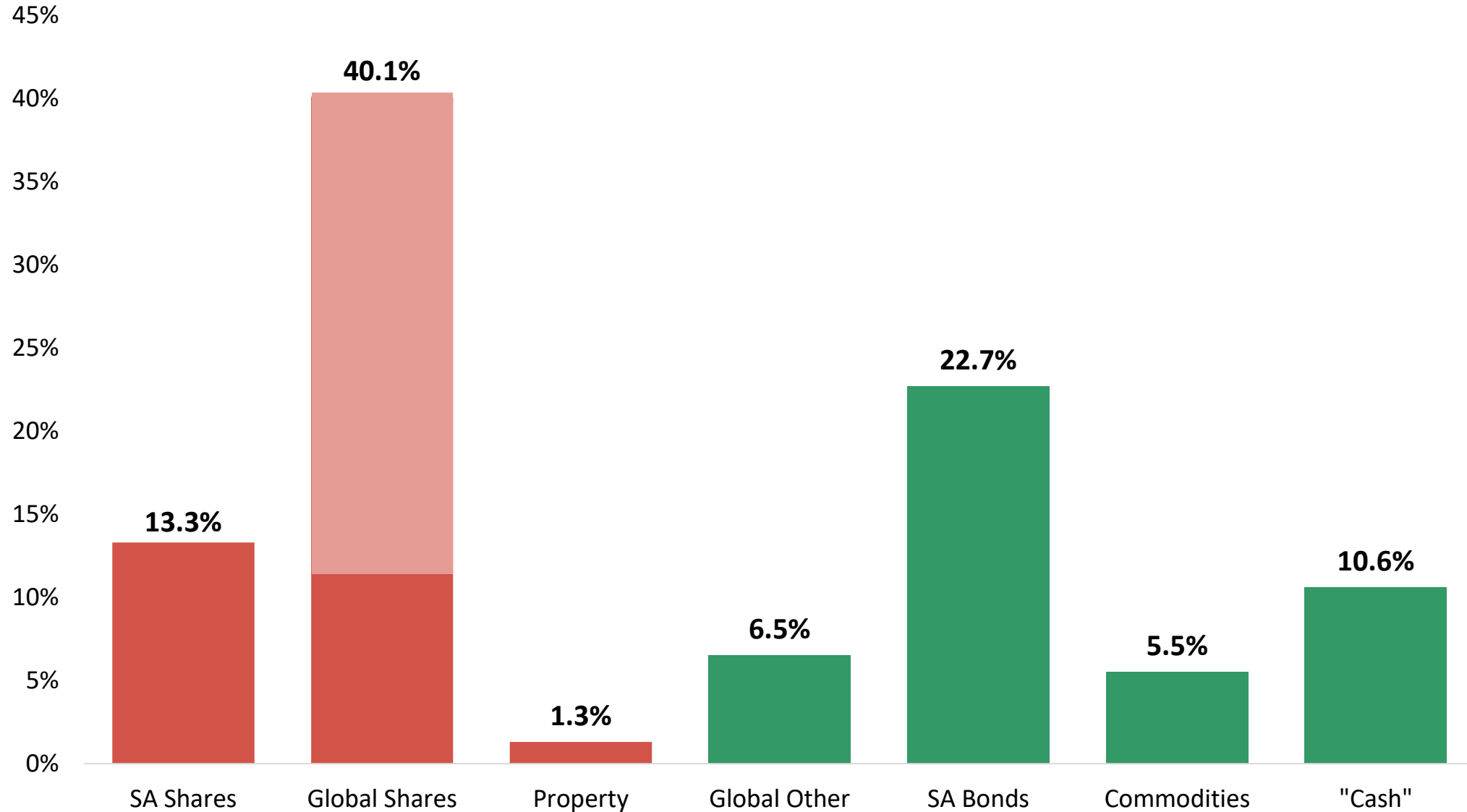
Underappreciated risk – rising probability



# 3. US-LED GLOBAL RECESSION



## Foord Balanced Fund outcomes



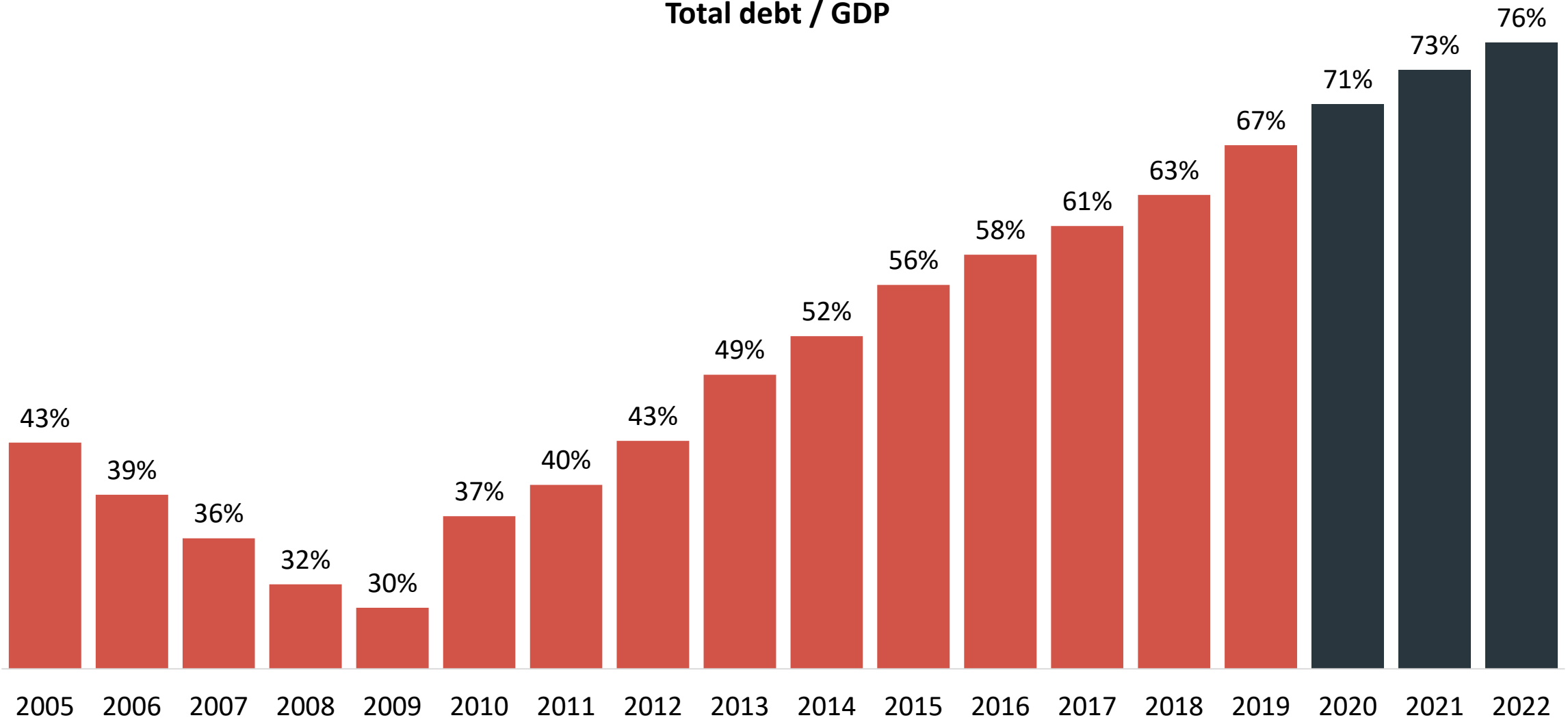


# 4. MORE OF THE SAME

Unavoidably junk

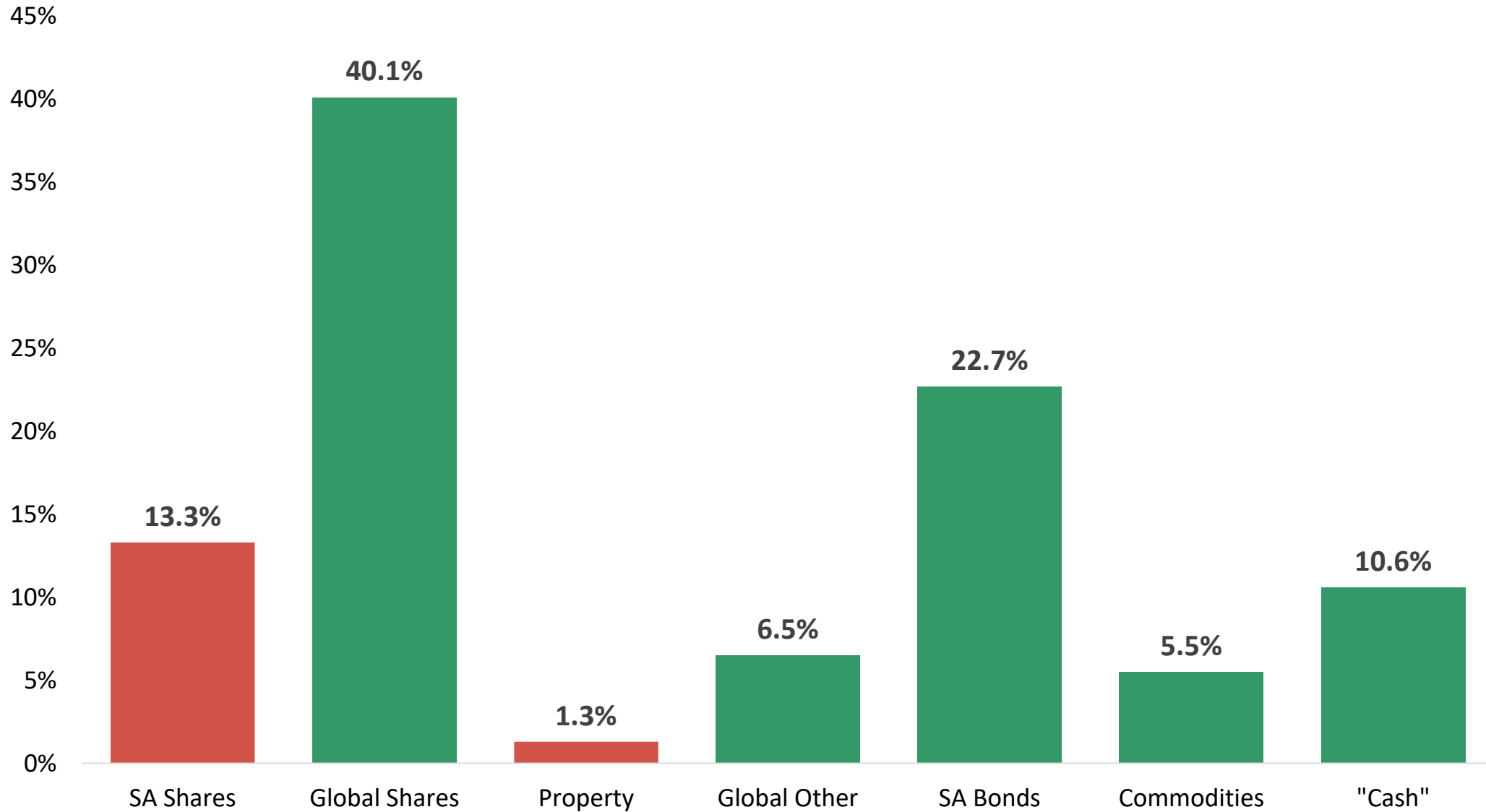


Total debt / GDP



# 4. MORE OF THE SAME

## Foord Balanced Fund outcomes



**FINTECH**

PRAVARSHAN MURUGASEN

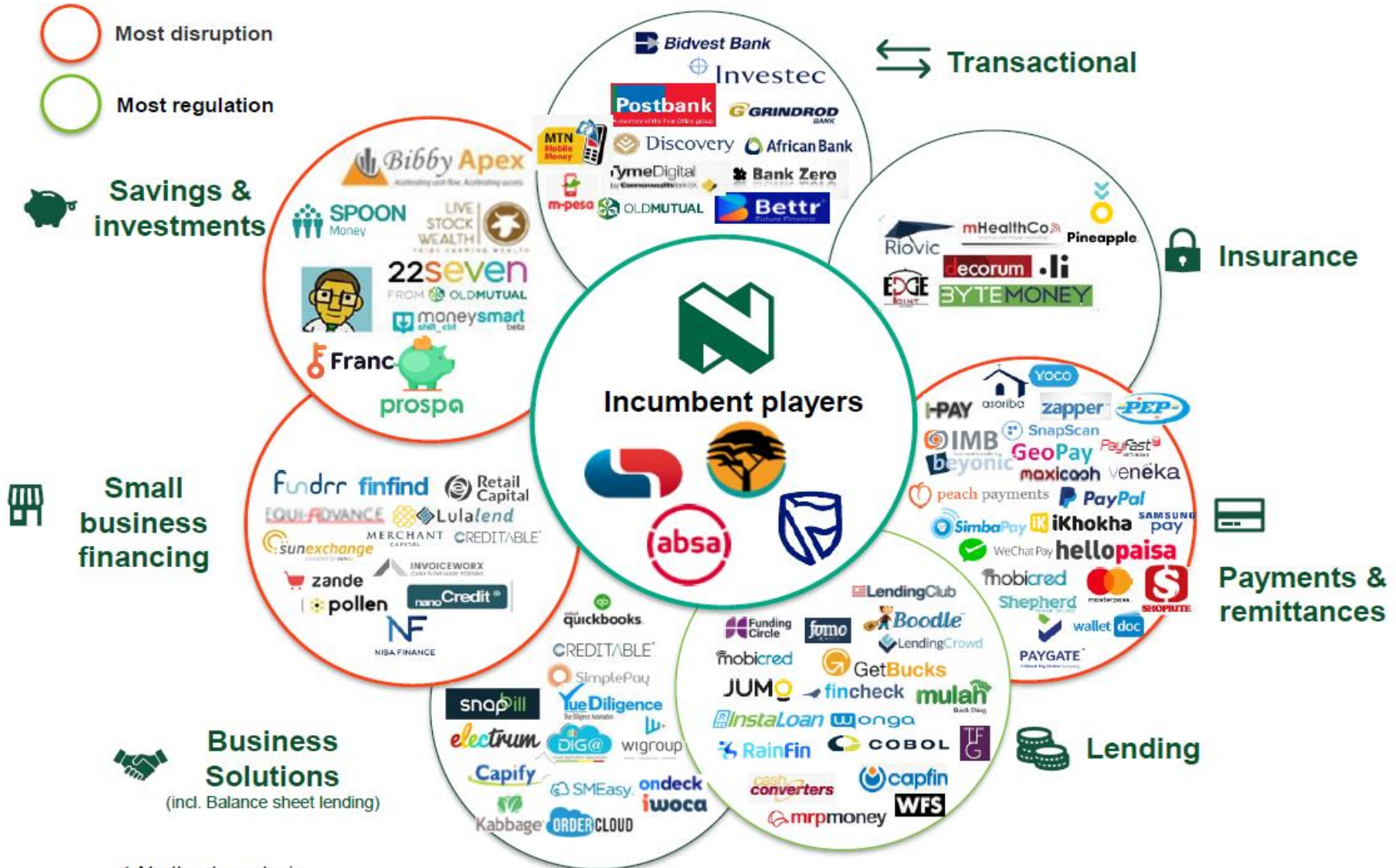


- A) “The digitization of processes within, and services offered by, financial services providers”.
- B) “The disruption of traditional financial services such as payments, lending and insurance by digitally enabled startups”.
- C) “The confluence of innovative technology and established financial services to create value for unserved and underserved consumers”.

- Pravarshan Murugasen, 2019

# FINTECH

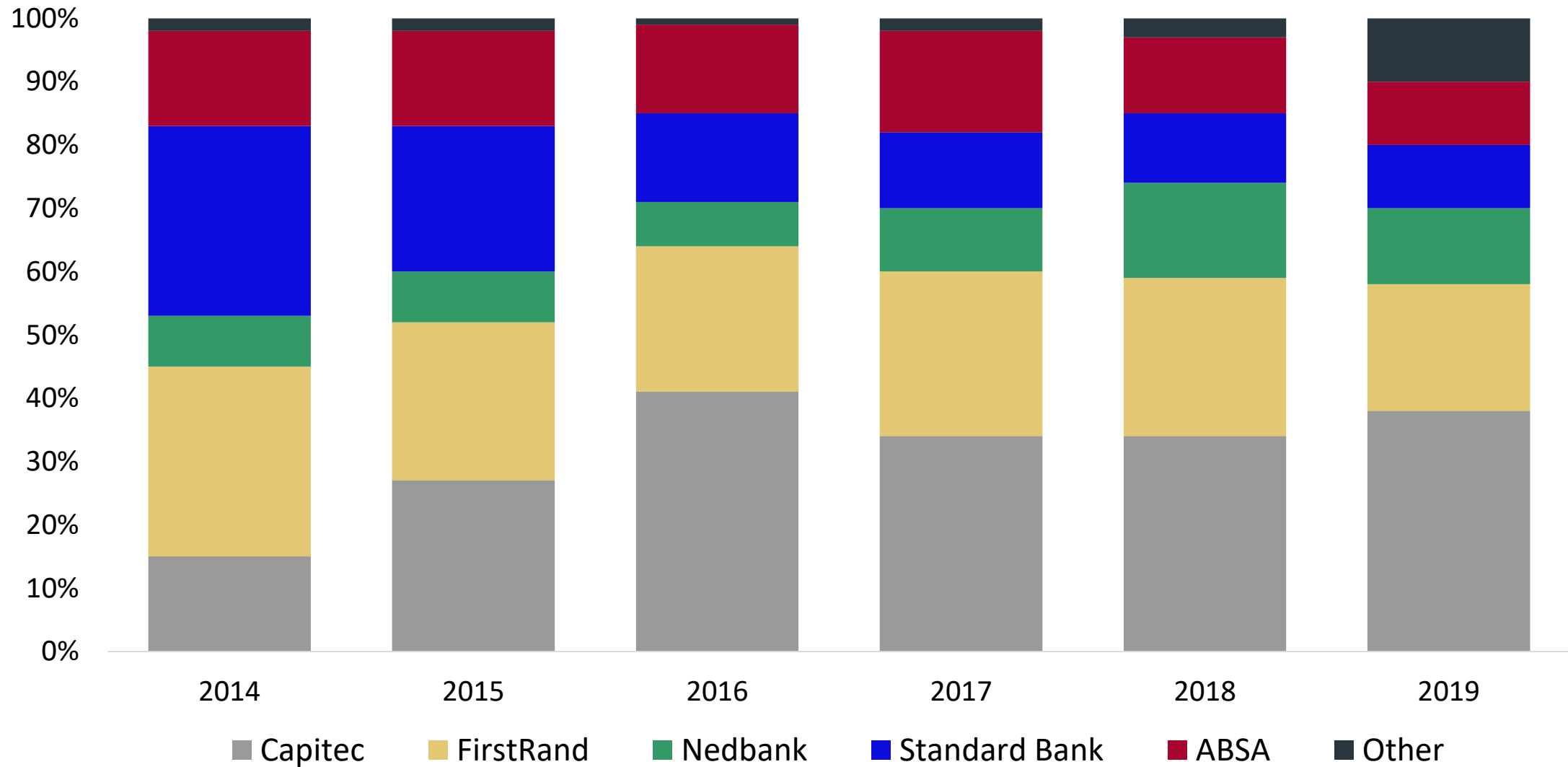
## Attack on the banks



1 Nedbank analysis

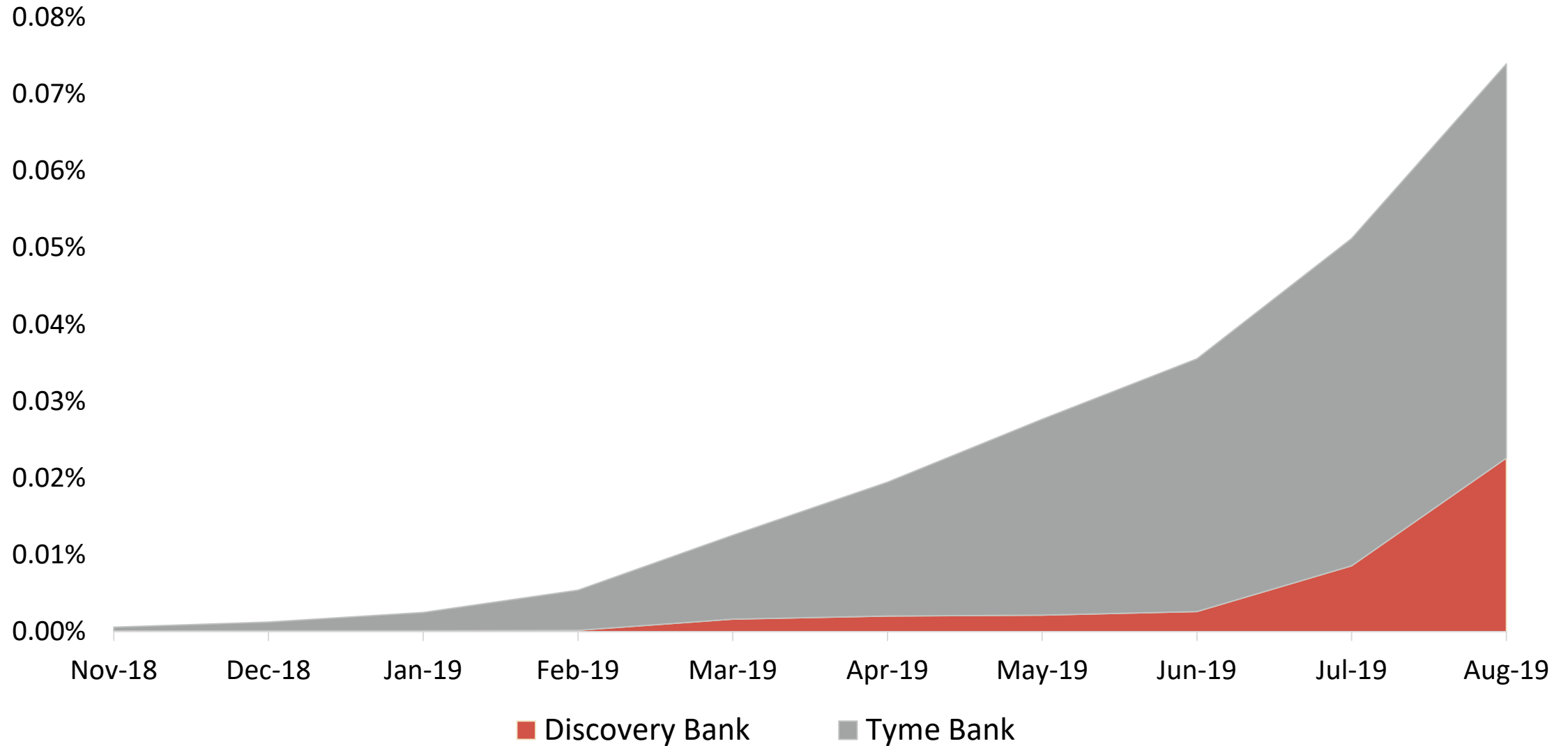
# CHANGE MAY BE COMING

## Mobile banking app downloads



# CHALLENGER BANKS

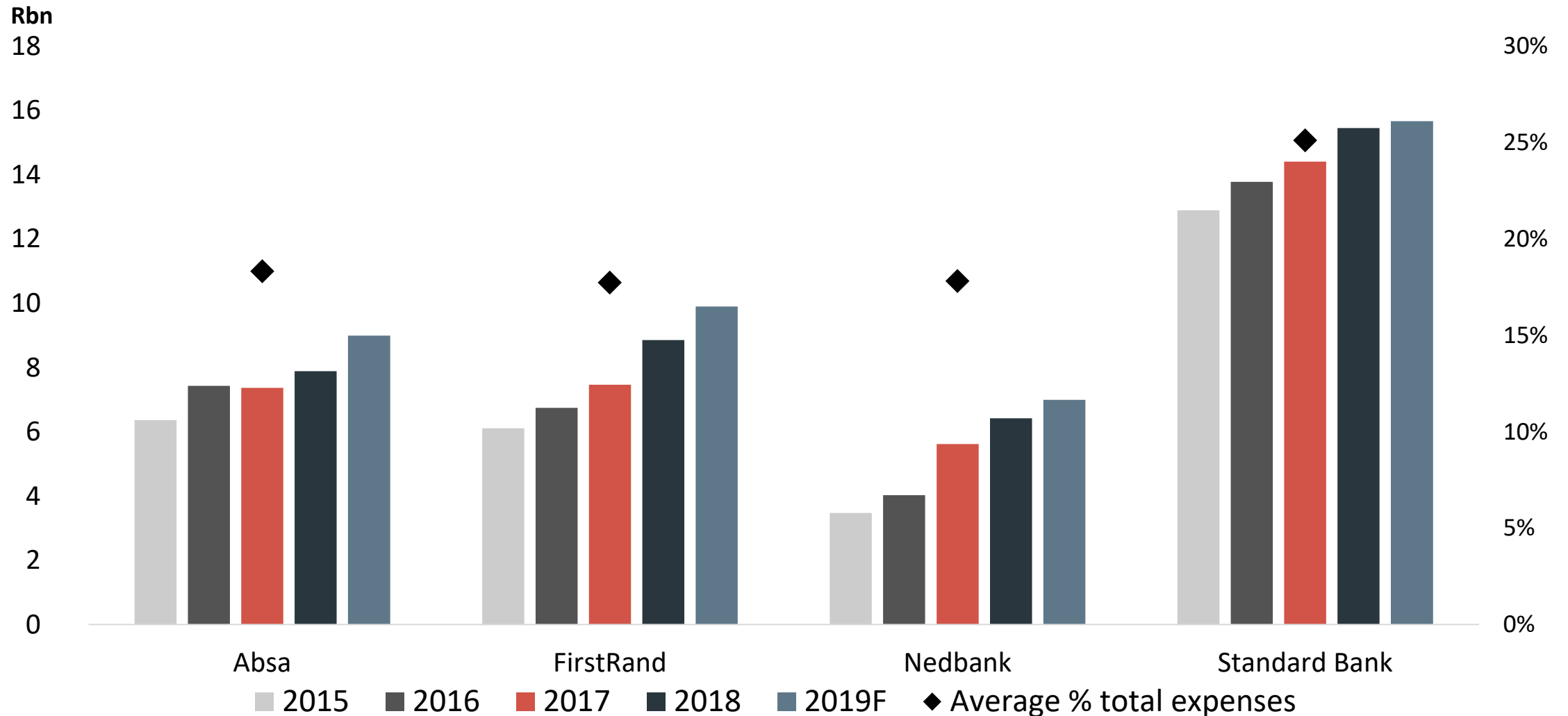
Off to a slow start in winning retail deposits



# THE EMPIRES STRIKE BACK



## Annual IT expenditure





# TRADITIONAL FINANCIAL ADVISORS

Provide tailored solutions



# RISE OF THE ROBO ADVISORS

Cute and friendly?

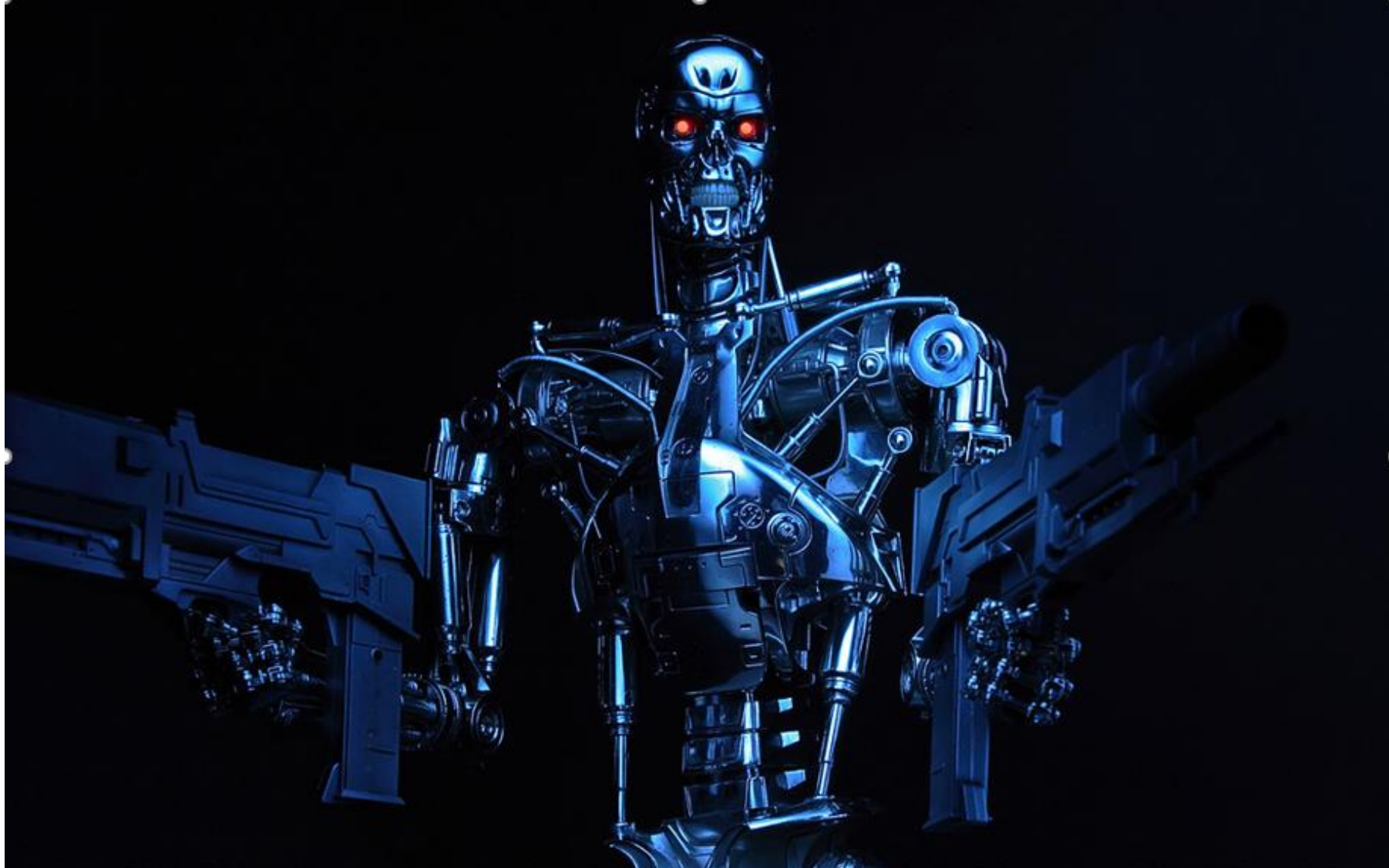
FO*RD*



# RISE OF THE ROBO ADVISORS

Or taking over the world?

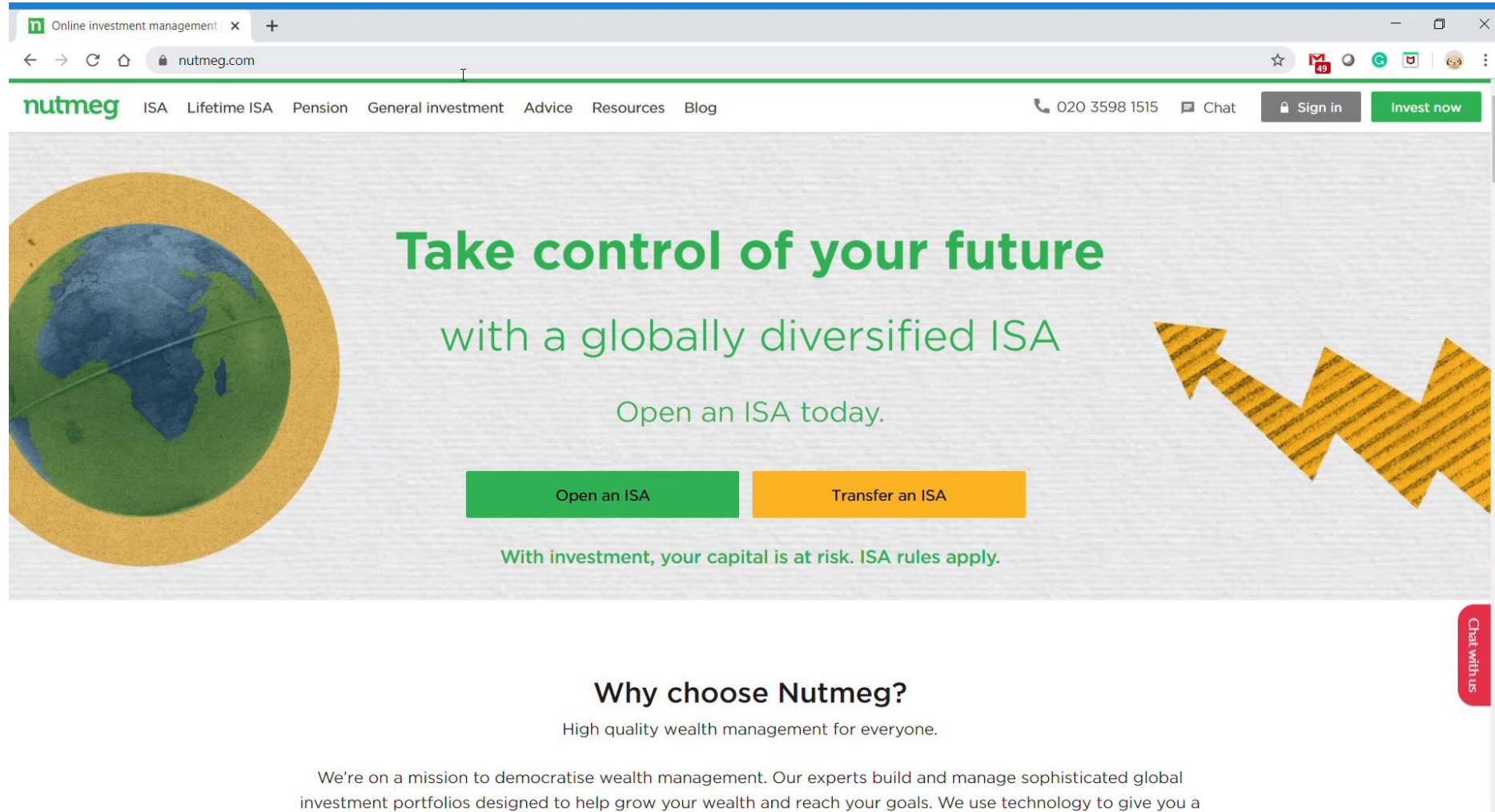
FOORD





# ROBO ADVISORS

## How do they work?



The screenshot shows the Nutmeg website homepage. The browser address bar displays "nutmeg.com". The navigation menu includes "ISA", "Lifetime ISA", "Pension", "General investment", "Advice", "Resources", and "Blog". Contact information "020 3598 1515" and a "Chat" button are visible. A "Sign in" button and an "Invest now" button are also present. The main content area features a globe on the left and a yellow upward-trending arrow on the right. The headline reads "Take control of your future with a globally diversified ISA" and "Open an ISA today." Below this are two buttons: "Open an ISA" (green) and "Transfer an ISA" (orange). A disclaimer at the bottom states "With investment, your capital is at risk. ISA rules apply." A red "Chat with us" button is located in the bottom right corner of the page.

### Why choose Nutmeg?

High quality wealth management for everyone.

We're on a mission to democratise wealth management. Our experts build and manage sophisticated global investment portfolios designed to help grow your wealth and reach your goals. We use technology to give you a

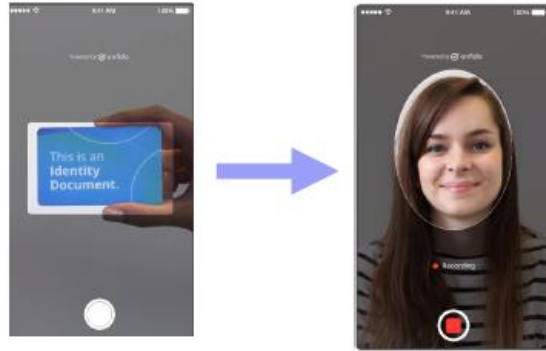
# FALL OF THE ROBO ADVISORS?

Partnerships mutually beneficial



# INSURETECH

## Changing the risk profile



# FASTER AND CHEAPER FOR CONSUMERS

But core concept unchanged

# Naked

Digital distribution

Automation

Innovative product

Hollard



**Pineapple.**

# indie

Digital distribution

Automation

Innovative product

Sanlam

Digital distribution

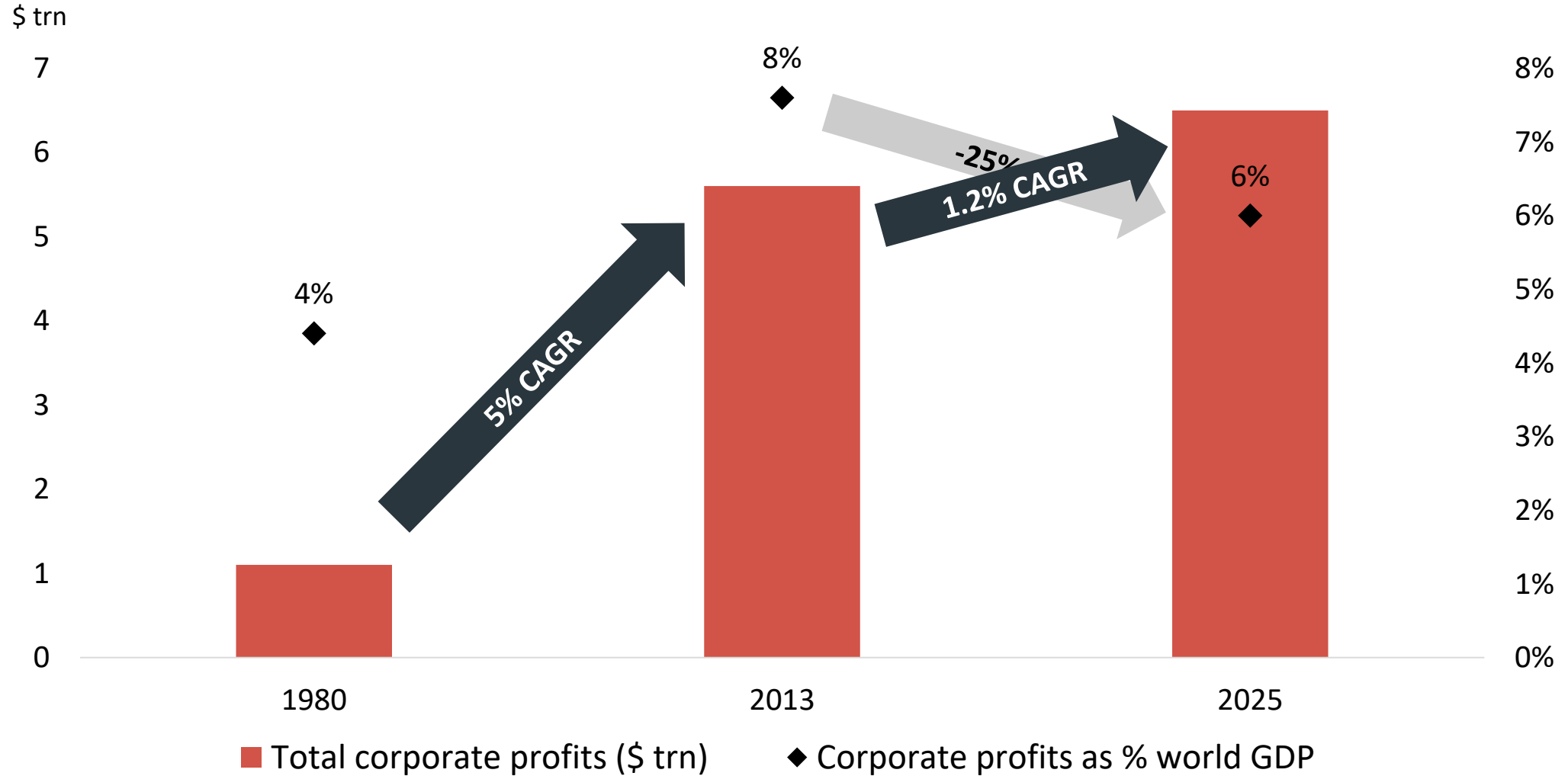
Automation

Innovative product

hannover re

# WHAT ARE THE IMPLICATIONS?

## Profit pools shrinking





# CONSUMERS ARE THE ULTIMATE WINNERS

Banks and insurers are not dead yet

FOoRD



## 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:

- Factset, Bloomberg L.P. and IRESS MD RSA, Morningstar
- Fund information: Calculated by Foord
- UBS Evidence Lab, Sensor Tower
- Brainsworld.co.za
- Flickr.com
- Express.co.uk
- Extremetech.com
- CBInsight

# THANK YOU

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