

SYNOPSIS**PERFORMANCE (TOTAL RETURN)**

	Portfolio	Benchmark
Annualised (since 02/01/2014)	7.1%	9.2%
Last 12 months	12.7%	9.4%
Last 3 months	- 1.9%	2.8%

PORTFOLIO VALUE

R 1 088.2 million (30/06/2023: R 1 104.4 million)

TRANSACTIONS

Net purchases of JSE equities, foreign assets, JSE property and SA bonds
Purchase of commodities

INVESTMENT OUTLOOK AND PORTFOLIO CONSTRUCTION*World:* Risk of economic recession

Financial contagion not priced in

Inflation has peaked, but remains sticky

Interest rates remain near peak

Government debt a rising concern

Earnings growth decelerating

South Africa: Poor economic growth prospects

Energy crisis abating but still a long term concern

Inflation moderating but with upside risks

Interest rates remain near peak

Rand vulnerable as terms of trade deteriorate

Portfolio construction: Portfolio well-balanced with 39% in equities

Preference for global over local equity

Prefer companies with pricing power and strong balance sheets

Tactical US equities hedge against earnings disappointments

Increase inflation-linked TIPS

Trimmed SA equities after financials rally

SA Inc. counters cheap but not likely to rerate soon

Added to short-dated inflation linked bonds

Physical gold position hedges systemic risks

EFFECTIVE ASSET ALLOCATION (previous)

	Portfolio	
	%	%
JSE equities	21	(20)
Foreign assets	38	(33)
JSE property	4	(2)
Commodities	3	(3)
SA bonds	29	(25)
Money market	5	(17)
	<u>100</u>	

1. PORTFOLIO PERFORMANCE

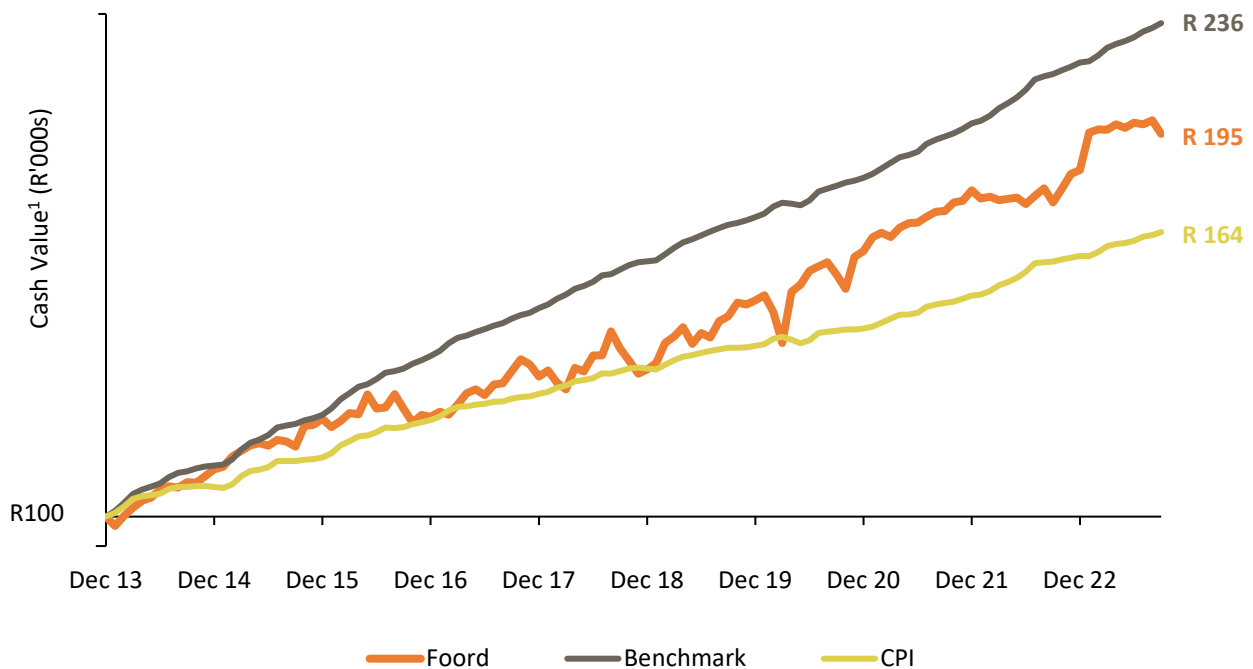
1.1 Total performance to 30 September 2023

	<u>Portfolio</u>	<u>Benchmark*</u>	<u>Variance</u>	<u>Peer Group#</u>
	%	%	%	%
From inception (02/01/2014)	7.1	9.2	- 2.1	6.3
7 years	7.1	9.0	- 1.9	6.1
5 years	7.8	9.0	- 1.2	6.5
3 years	8.5	9.9	- 1.4	9.0
1 year	12.7	9.4	3.4	11.6
9 months	6.5	7.2	- 0.7	5.2
3 months	- 1.9	2.8	- 4.7	-1.4

* CPI + 4% per annum

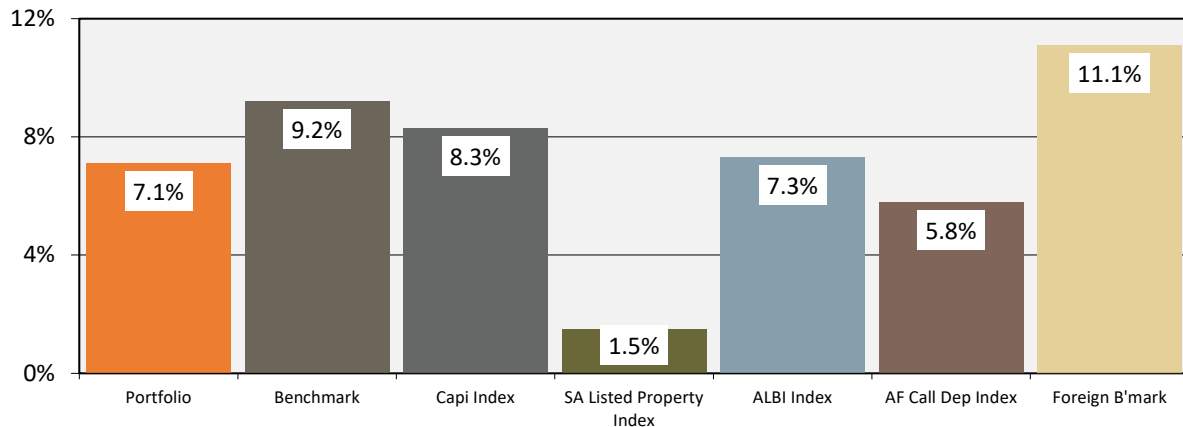
(ASISA) South Africa – Multi Asset – Medium Equity average

Daily linked total rates of return (capital and income) based on unit price. Returns in percent net of service fees and fund expenses. Returns for periods exceeding 12 months are annualised percentages.



¹ Current value of R100 000 notional lump sum invested at inception, distributions reinvested (graphically represented in R'000s above)

Performance - Since inception (p.a.)



1.2 Selection to 30 September 2023

	JSE equities		JSE property		Interest bearing			Foreign assets	
	Portfolio	Capi Index	Portfolio	SA Listed Property Index [#]	Portfolio	ALBI Index	AF Call Dep Index	Portfolio	Benchmark [*]
	%	%	%	%	%	%	%	%	%
From inception (02/01/2014)	5.1	8.3	- 0.3	1.5	7.5	7.3	5.8	10.3	11.1
7 years	4.6	8.5	3.4	- 3.6	7.8	7.3	5.8	10.4	10.0
5 years	6.8	9.3	2.4	- 3.5	7.7	7.1	5.4	10.6	10.1
3 years	17.5	15.6	10.1	16.8	6.8	7.0	5.0	7.1	5.8
1 year	21.3	16.4	39.9	12.9	9.1	7.2	7.3	11.6	18.9
9 months	9.7	1.3	16.9	- 5.4	4.6	1.5	5.7	7.7	17.4
3 months	- 2.7	- 3.4	3.2	- 1.0	1.7	- 0.3	2.0	- 3.2	- 3.3

[#] The FTSE/JSE SA Listed Property Index

^{*} 60% Morgan Stanley World Equity Index in rand and 40% FTSE World Govt Bond Index in rand

Asset class returns are calculated on a gross basis, using the modified dietz methodology (compounded monthly)

1.3 Sector contribution to 30 September 2023

(Returns x weight)

	<u>JSE equities</u>	<u>JSE property</u>	<u>Interest bearing*</u>	<u>Other assets</u>	<u>Foreign assets</u>	<u>Portfolio</u>
	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>
1 year	4.9	1.0	2.9	0.7	4.6	14.1
9 months	2.2	0.3	1.5	0.6	3.2	7.8
3 months	- 0.6	0.1	0.6	- 0.1	- 1.2	- 1.2

* Bonds and cash combined

Returns in percent, calculated on a gross basis

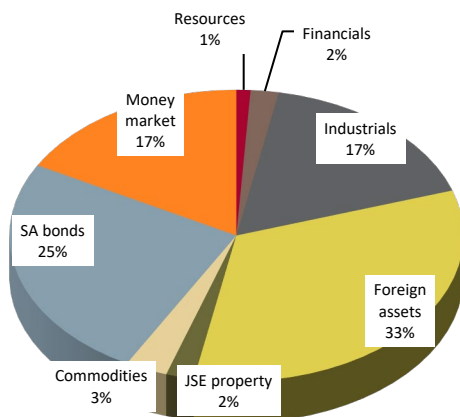
Quarterly performance comment:

- Cash emerged as a top contributor to absolute returns given returns for most other asset classes were in negative territory — aggressive rate hikes over the past 18 months have driven cash rates higher, enhancing returns on cash
- Global equities detracted from returns with markets experiencing significant sell-offs — global equities were lower as hawkish major central banks signaled that interest rates would be higher for longer
- South African equity investments detracted as the local bourse tracked global bourses lower — led by industrial giants Richemont and Naspers/Prosus and resources shares which drifted down with generally lower commodity prices
- SA bonds contributed given Foord's conservative positioning on the front end of the yield curve — bonds with shorter maturities gained on expectations of interest rate cuts while investors demanded higher risk adjusted yields on long-dated bonds
- Although the allocation to listed property remains low, investments in the sector contributed positively to fund returns — with recoveries in both Equities and Stor-Age adding value
- The physical gold investment detracted given the dollar price for bullion drifted lower — the NewGold ETF serves a crucial portfolio diversification purpose as both a hedge against inflation and as an alternative store of value to fiat currency

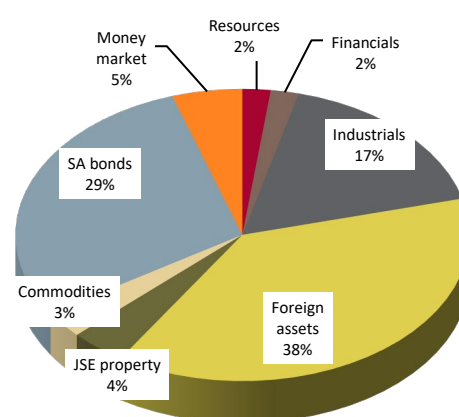
2. PORTFOLIO STRUCTURE

Mandate (%)		Portfolio Effective exposure		FTSE/JSE Capped ALSI Weightings
		30/06/2023	30/09/2023	
		%	%	%
	JSE equities: resources	1	2	6
	JSE equities: financials (ex property)	2	2	5
	JSE equities: industrials	17	17	10
0 - 60	JSE equities*	20	21	21
0 - 45	Foreign assets	33	38	
	Foord International Fund	17	18	
	Foord Global Equity Fund	13	13	
	Currency hedge	0	2	
	Corporate debt	3	5	
0 - 25	JSE property	2	4	
0 - 10	Commodities	3	3	
0 - 100	SA bonds	25	29	
0 - 100	Money market	17	5	
		100	100	
	Total portfolio	R 1 104.4m	R 1 088.2m	
	*Size distribution of JSE equities	%	%	%
	Large capitalisation	65	64	88
	Mid capitalisation	16	13	8
	Small capitalisation	19	23	4
		100	100	100
	<u>Exposure analysis</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
		%	%	%
	Equities	21	18	39
	Listed property	4	1	5
	Corporate bonds	0	4	4
	Government bonds	29	2	31
	Commodities	3	1	4
	Money market	5	12	17
		62	38	100

Effective exposure 30/06/2023



Effective exposure 30/09/2023



3. PORTFOLIO CONSTRUCTION

- The weighting in foreign assets was increased to 38% of total — measured together with non-rand earnings of JSE-listed companies, total foreign economic exposure is significantly higher on a look-through basis
- Foreign equity investments prioritize companies with strong pricing power, offering better capital protection against rising inflation — portfolio hedges are maintained to mitigate potential earnings risks arising from higher interest rates or recession
- The allocation to foreign government bonds remains low and comprises short-duration US Treasuries with a preference for inflation linked instruments — while listed property is stock-specific with an otherwise low weight given unattractive valuations
- Exposure to SA equities was reduced through the trimming of SA Inc counters where prices rallied — despite attractive valuations, ratings for domestically oriented stocks are likely to remain under pressure given low prospects for economic growth coupled with higher cost of capital
- A steepening of the SA yield curve afforded the opportunity to shift exposure further along the curve where higher yields now offer value — the allocation to SA nominal bonds was maintained given attractive yields on SA government bonds, but we continue to avoid SA credit assets where risk is mispriced
- Listed property is limited to a low weighting given poor fundamentals for the asset class, despite optically attractive yields — sector risks include excess capacity, weak rental trend, consumer headwinds, rapidly escalating municipal costs and rising interest rates
- Physical gold ETF position is maintained on supportive fundamentals given the likelihood of nominal interest rates nearing a peak, a weaker US dollar and rising stagflation risks — the position provides attractive portfolio diversifying properties during periods of market stress
- Our effective asset allocation is:

Policy parameters		Portfolio at	
		30/06/2023	30/09/2023
%		%	%
0 - 60	JSE equities	20	21
0 - 45	Foreign assets	33	38
	Foord International Fund*	17	18
	Foord Global Equity Fund	13	13
	Currency hedge	0	2
	Corporate Debt	3	5
0 - 25	JSE property	2	4
0 - 10	Commodities	3	3
0 - 100	SA bonds	25	29
0 - 100	Money market	17	5
		100	100

* Currently 46% in equities, property 4%, commodities 7%, government bonds 9%, corporate bonds 4% and money market 31%

N BALKIN/D FOORD
OCTOBER 2023

4. EFFECTIVE EXPOSURE AND PORTFOLIO SENSITIVITY**4.1 Effective exposure**

Asset class	Market value R'000	Option exposure R'000	Effective exposure R'000	Effective exposure %
JSE equities	230,563		230,563	21.2%
Foreign assets	414,224		414,224	38.1%
JSE property	41,564		41,564	3.8%
Commodities	36,565		36,565	3.4%
Other assets	7,888		7,888	0.7%
SA bonds	312,332		312,332	28.7%
Money market	45,051		45,051	4.1%
Total	1,088,187		1,088,187	100.0%

4.2 Sensitivity reportJSE EQUITIES**Change in portfolio equities**

Resultant equity change *

Resultant portfolio value *

Resultant portfolio change (%)

-20.0%	-10.0%	-5.0%	0.0%	5.0%	10.0%	20.0%
-46,113	-23,056	-11,528	0	11,528	23,056	46,113
1,042,074	1,065,131	1,076,659	1,088,187	1,099,715	1,111,243	1,134,300
-4.2%	-2.1%	-1.1%	0.0%	1.1%	2.1%	4.2%

FOREIGN ASSETS**Change in R/\$ exchange rate****R/\$ exchange rate**

Resultant for. assets change *

Resultant portfolio value *

Resultant portfolio change (%)

-20.0%	-10.0%	-5.0%	0.0%	5.0%	10.0%	20.0%
22.7071	20.8149	19.8687	18.9226	17.9765	17.0303	15.1381
82,845	41,422	20,711	0	-20,711	-41,422	-82,845
1,171,032	1,129,609	1,108,898	1,088,187	1,067,476	1,046,765	1,005,342
7.6%	3.8%	1.9%	0.0%	-1.9%	-3.8%	-7.6%

JSE PROPERTY**Change in portfolio property**

Resultant property change *

Resultant portfolio value *

Resultant portfolio change (%)

-20.0%	-10.0%	-5.0%	0.0%	5.0%	10.0%	20.0%
-8,313	-4,156	-2,078	0	2,078	4,156	8,313
1,079,874	1,084,031	1,086,109	1,088,187	1,090,265	1,092,343	1,096,500
-0.8%	-0.4%	-0.2%	0.0%	0.2%	0.4%	0.8%

SA BONDS**Change in yields**

Resultant fixed income change *

Resultant portfolio value *

Resultant portfolio change (%)

-3.0%	-2.0%	-1.0%	0.0%	1.0%	2.0%	3.0%
49,525	31,440	14,990	0	-13,682	-26,191	-37,646
1,137,712	1,119,627	1,103,177	1,088,187	1,074,505	1,061,996	1,050,541
4.6%	2.9%	1.4%	0.0%	-1.3%	-2.4%	-3.5%

*[R'000]

5. RESPONSIBLE INVESTMENT SUMMARY

Voting resolutions for Q3 2023**Portfolio**

Adopt Financials
 Auditor/Risk/Social/Ethics related
 Buy Back Shares
 Director Remuneration
 Dividend Related
 Issue Shares
 Loan / Financial Assistance
 Other
 Re Organisation
 Re/Elect Director
 Remuneration Policy
 Share Option Scheme
 Shares under Director Control

Total count	For	Against	Abstain
4	75%	0%	25%
20	85%	15%	0%
6	83%	17%	0%
36	97%	3%	0%
2	100%	0%	0%
8	25%	63%	13%
5	40%	60%	0%
16	81%	0%	19%
4	0%	100%	0%
27	96%	4%	0%
8	63%	38%	0%
1	100%	0%	0%
2	0%	100%	0%

Foord Global Equity Fund

Adopt financials
 Auditor/risk/social/ethics related
 Buy back shares
 Dividend related
 Issue shares
 Political expenditure/donation
 Re/elect director or members of supervisory board
 Remuneration policy including directors' remuneration
 Signature of documents/ratification

Total count	For	Against	Abstain
6	100%	0%	0%
5	100%	0%	0%
3	100%	0%	0%
2	100%	0%	0%
1	0%	100%	0%
1	100%	0%	0%
25	100%	0%	0%
9	0%	100%	0%
6	67%	33%	0%

Foord International Fund

Adopt financials
 Auditor/risk/social/ethics related
 Buy back shares
 Dividend related
 Issue shares
 Political expenditure/donation
 Re/elect director or members of supervisory board
 Remuneration policy including directors' remuneration
 Signature of documents/ratification

Total count	For	Against	Abstain
2	100%	0%	0%
6	100%	0%	0%
1	100%	0%	0%
2	100%	0%	0%
2	0%	100%	0%
1	100%	0%	0%
39	100%	0%	0%
4	25%	75%	0%
7	43%	57%	0%

General comments:

- There are few abstentions. We apply our minds to every single resolution put to shareholders. When there is an abstention it would typically be intentional or for strategic reasons
- We typically vote against any resolution that could dilute the interests of existing shareholders. Examples include placing shares under the blanket control of directors, providing loans and financial assistance to associate companies or subsidiaries and blanket authority to issue shares. On the rare occasion, we have voted in favour of such resolutions, we were able to gain the required conviction in the specifics of the strategic rationale for such activities and could gain comfort that such activities are indeed to be used to the reasons stated
- The firm also has a strong philosophy regarding management remuneration models. We believe in rewarding good managers with appropriate cash remuneration on achievement of relevant performance metrics that enhance long-term shareholder value. We are generally not in favour of share option schemes given the inherent asymmetry between risk and reward typical of such schemes. In addition, we do not believe that existing shareholders should be diluted by the issuing of new shares to management as is the case with most option schemes. We are in favour of the alignment created between management and shareholders when management has acquired its stake in the company through open market share trading and paid for out of management's own cash earnings

IMPORTANT INFORMATION FOR INVESTORS:

Collective Investment Schemes in Securities (unit trusts) are generally medium- to long-term investments. The value of participatory interests (units) may go down as well as up and past performance is not necessarily a guide to the future. Performance is calculated for the portfolio. Individual investor performance may differ as a result of the actual investment date, the date of reinvestment and withholding taxes. Performance may be affected by changes in the market or economic conditions and legal, regulatory and tax requirements. Neither Foord nor Foord Unit Trusts provide any guarantee either with respect to the capital or the performance return of the portfolio. Unit trusts are traded at ruling prices and can engage in borrowing. Foord Unit Trusts does not engage in scrip lending. Commission and incentives may be paid and if so, this cost is not borne by the investor. A schedule of fees and charges and maximum commissions is available on request. Distributions may be subject to mandatory withholding taxes. A feeder fund portfolio is a portfolio that, apart from assets in liquid form, consists solely of units in a single portfolio of a single investment scheme. A fund of funds invests only in other Collective Investment Schemes, which may levy their own charges, which could result in a higher fee structure for these portfolios. Foord Unit Trusts is authorised to close the portfolio to new investors in order to manage the portfolio more efficiently in accordance with its mandate.

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