SYNOPSIS

PERFORMANCE (TOTAL RETURN)

	Portfolio	Benchmark
Annualised (since 02/09/2002)	13.6%	13.6%
Last 12 months	18.1%	16.4%
Last 3 months	- 1.7%	- 3.4%

PORTFOLIO VALUE

R 3 500.1 million (30/06/2023: R 3 634.2 million)

INVESTMENT OUTLOOK AND PORTFOLIO CONSTRUCTION

World: Risk of economic recession
Financial contagion not priced in
Inflation peaked, but sticky
Interest rates near peak
Government debt a rising concern
Slower earnings growth

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: Equity weight reduced
Low exposure to resources maintained
Physical gold position hedges systemic risks
SA financials trimmed on valuation
Healthcare remains significant given it's defensive characteristics
Naspers/Prosus largest holding on attractive valuation
Listed property focused on discreet opportunities
Meaningful cash position retained

EFFECTIVE ASSET ALLOCATION (previous)

	Portfolio	
	%	%
JSE equities	81	(83)
JSE property	4	(2)
Commodities	1	(1)
Money market	14	(14)
	100	

1. PORTFOLIO PERFORMANCE

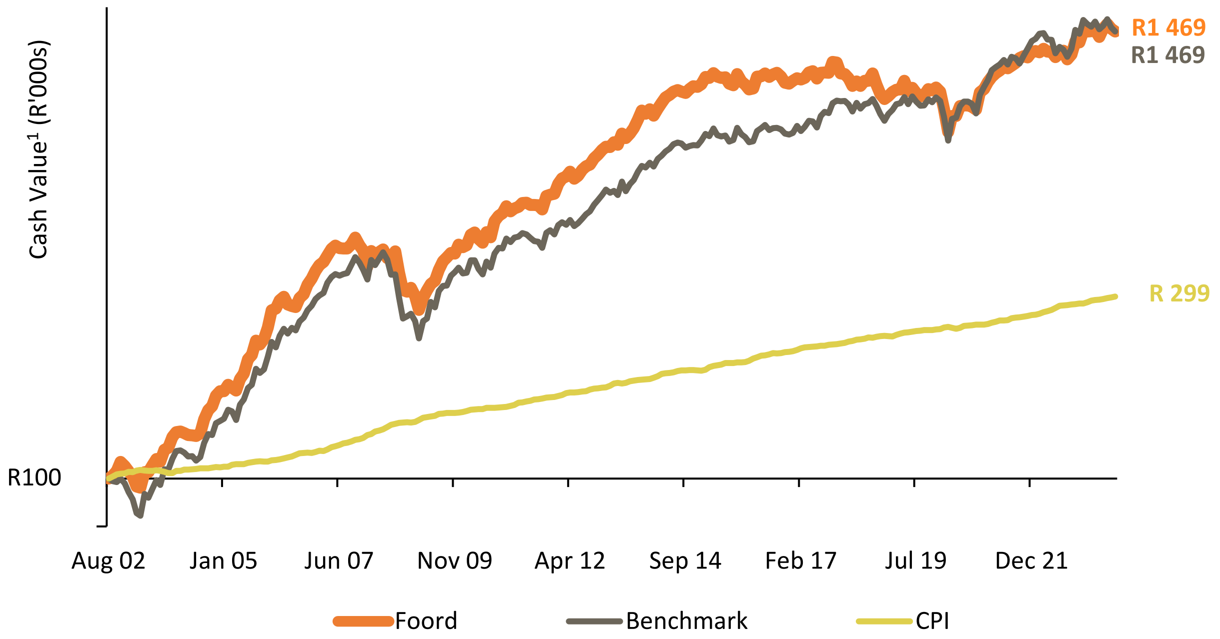
Total performance to 30 September 2023

	Portfolio %	Benchmark* %	Variance %	Peer Group# %
From inception (02/09/2002)	13.6	13.6	0.0	12.2
20 years	13.8	14.6	- 0.8	12.7
15 years	10.1	11.3	- 1.2	9.1
10 years	5.4	8.8	- 3.4	6.5
7 years	4.0	8.8	- 4.8	5.9
5 years	6.6	9.3	- 2.7	7.0
3 years	16.3	15.6	0.7	14.0
1 year	18.1	16.4	1.7	11.6
9 months	6.8	1.3	5.5	0.2
3 months	- 1.7	- 3.4	1.7	-2.0

* Total return of the FTSE/JSE Capped All Share Index (prior to 01/07/2018 FTSE/JSE All Share Index)

(ASISA) South Africa Equity – General (SA only) average

Daily linked time-weighted total rates of return (capital and income) based on unit price. Returns in percent net of management 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)

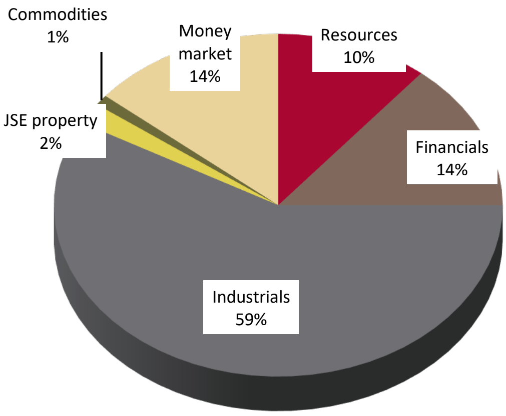
Quarterly performance comment:

- South African equities fell as the local bourse tracked global equity markets lower — the fund outperformed its benchmark on a combination of both sector allocation and security selection
- Within financials, FirstRand was a driver of the underperformance – although FirstRand reported resilient results their outlook was slower than the market expected, however it remains a solid company that we believe in for the long term
- The underweight to the luxury goods sector contributed in relative terms — Richemont saw a steep decline in its share price given a slump in US sales and lingering concerns about the health of the Chinese consumer
- The overweight position in Anheuser-Busch Inbev detracted — despite sales of Bud Light falling in the aftermath of the controversial ad campaign, the investment case remains intact, with emerging markets strength and lower input costs to far outweigh these near term headwinds
- Considering the numerous challenges confronting the SA consumer, exposure to the consumer/services sector detracted — the largest drag in this sector was the overweight position in Italtile, with recent results suggesting that elevated interest rates and higher inflation are squeezing their middle-class customer base
- Sizeable positions in global media giants Naspers / Prosus also detracted from performance — the counters both came under pressure given their stake in Chinese tech giant Tencent, with disappointing economic growth in China eroding investor sentiment
- The underweight position in resource companies contributed given the sector fell in tandem with many commodity prices — underweights particularly to both gold and platinum producers boosted relative returns
- Low exposure to property stocks as well as careful security selection within the sector contributed — property stocks slumped in general but the share prices of Fortress and Stor-Age Property bucked the trend
- A sizeable allocation to cash contributed — aggressive rate hikes over the past 18 months have seen cash rates move higher, enhancing cash returns and reducing the opportunity cost of keeping some powder dry

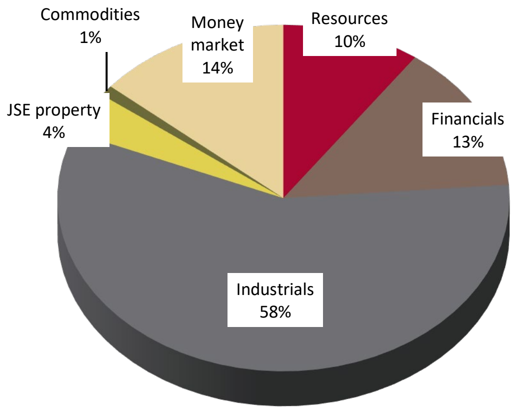
2. PORTFOLIO STRUCTURE

	Portfolio		FTSE/JSE Capped ALSI
	Effective exposure		Weightings
	30/06/2023	30/09/2023	
	%	%	%
JSE equities: resources	10	10	25
JSE equities: financials (ex property)	14	13	21
JSE equities: industrials	59	58	36
JSE property	2	4	3
JSE equities*	85	85	85
Commodities	1	1	
Money market	14	14	
	100	**100**	
Total portfolio	**R 3 634.2m**	**R 3 500.1m**	
*Size distribution of JSE equities	%	%	%
Large capitalisation	69	68	88
Mid capitalisation	16	12	8
Small capitalisation	15	20	4
	100	**100**	**100**

Effective exposure 30/06/2023



Effective exposure 30/09/2023



3. PORTFOLIO CONSTRUCTION

- Equity weight was reduced to 81% given ongoing concerns around the macro environment — despite attractive valuations, ratings for domestically oriented stocks are likely to remain under pressure given low economic growth prospects coupled with higher cost of capital
- Cash position was broadly maintained at 14% — we continue to keep some powder dry to buy when opportunities arise in market sell-offs
- Portfolio investments in global media giants Naspers / Prosus were increased slightly given the dip in share prices — they remain the top positions in the fund due to balance sheet strength, attractive valuations and good long-term earnings prospects given the reopening of China's economy
- Underweight to financial sector was maintained— we remain concerned about economic headwinds and prefer quality banks over life insurance companies given their strong capital levels and positive gearing to a moderately rising interest rate cycle
- Exposure to commodity companies was kept at low levels, but a small physical gold position was maintained — resource companies face increasing risks to global economic activity levels, however gold bullion provides a hedge against economic uncertainty and protection against inflation
- Reduced weighting in consumer discretionary businesses given the likelihood of higher interest rates, inflation and low economic growth weighing on SA consumers — large holdings remain focused in quality defensive South African mid-cap companies such as Spur and Pepkor which are likely to demonstrate resilience in an increasingly difficult economic environment
- Continue to avoid the large, diversified property counters given poor fundamentals for the asset class including high debt levels, excess capacity and continuing uncertainty regarding demand for office and retail space — took advantage of lower prices to increase position in Eastern European property company NEPI Rockcastle
- Our effective asset allocation is:

	Capped ALSI	Portfolio at	
	Current	30/06/2023	30/09/2023
	%	%	%
Precious metals	10	2	1
Commodity cyclicals	19	8	9
Capital goods/construction	1	2	3
Industrials/transport	6	7	5
Overseas companies	9	8	9
Health	2	11	12
Consumer/services	9	12	11
Telecommunications	4	0	0
Media	12	19	18
Financials	24	14	13
Property	4	2	4
Commodities	0	1	1
Money market	0	14	14
	100	**100**	**100**

N BALKIN/N HOSSACK/W MURRAY
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	2,825,467		2,825,467	80.7%
JSE property	151,500		151,500	4.3%
Commodities	44,216		44,216	1.3%
Money market	478,918		478,918	13.7%
Total	**3,500,101**		**3,500,101**	**100.0%**

4.2 Sensitivity report

JSE EQUITIES

Change in portfolio equities	**-20.0%**	**-10.0%**	**-5.0%**	**0.0%**	**5.0%**	**10.0%**	**20.0%**
Resultant equity change *	-565,094	-282,547	-141,273	0	141,273	282,547	565,094
Resultant portfolio value *	2,935,007	3,217,554	3,358,828	3,500,101	3,641,374	3,782,648	4,065,195
Resultant portfolio change (%)	-16.1%	-8.1%	-4.0%	0.0%	4.0%	8.1%	16.1%

JSE PROPERTY

Change in portfolio property	**-20.0%**	**-10.0%**	**-5.0%**	**0.0%**	**5.0%**	**10.0%**	**20.0%**
Resultant property change *	-30,300	-15,150	-7,575	0	7,575	15,150	30,300
Resultant portfolio value *	3,469,801	3,484,951	3,492,526	3,500,101	3,507,676	3,515,251	3,530,401
Resultant portfolio change (%)	-0.9%	-0.4%	-0.2%	0.0%	0.2%	0.4%	0.9%

*[R'000]

5. RESPONSIBLE INVESTMENT SUMMARY

Voting resolutions for Q3 2023	Total count	For	Against	Abstain
Adopt Financials	5	80%	0%	20%
Auditor/Risk/Social/Ethics related	33	91%	9%	0%
Buy Back Shares	10	90%	10%	0%
Director Remuneration	38	97%	3%	0%
Dividend Related	2	100%	0%	0%
Issue Shares	11	18%	73%	9%
Loan / Financial Assistance	9	44%	56%	0%
Other	27	89%	0%	11%
Re Organisation	4	0%	100%	0%
Re/Elect Director	62	97%	3%	0%
Remuneration Policy	19	58%	42%	0%
Share Option Scheme	1	100%	0%	0%
Shares under Director Control	2	0%	100%	0%
Signature of Documents	2	100%	0%	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.

This document is not an advertisement, but is provided exclusively for information purposes and should not be regarded as an offer or solicitation to purchase, sell or otherwise deal with any particular investment. Economic forecasts and predictions are based on Foord's interpretation of current factual information and exploration of economic activity based on expectation for future growth under normal economic conditions, not dissimilar to previous cycles. Forecasts and commentaries are provided for information purposes only and are not guaranteed to occur. While we have taken and will continue to take care that the information contained herein is true and correct, we request that you report any errors to Foord at info@foord.co.za. The document is protected by copyright and may not be altered without prior written consent.

Foord is a member of the Association for Savings and Investment SA.

Foord Asset Management is an authorised Financial Services Provider (FSP: 578).