

**SYNOPSIS****PERFORMANCE (TOTAL RETURN)**

	<b><u>Portfolio</u></b>	<b><u>Benchmark</u></b>
Annualised (since 01/04/2008)	10.7%	10.4%
Last 12 months	12.8%	10.4%
Last 3 months	- 3.8%	3.0%

**PORTFOLIO VALUE**

R 9 543.0 million (30/06/2023: R 10 013.9 million)

**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:* High equity at 64%

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)**

	<b><u>Portfolio</u></b>	
	<b><u>%</u></b>	<b><u>%</u></b>
JSE equities	25	(27)
Foreign assets	58	(59)
JSE property	1	(1)
Commodities	2	(2)
SA bonds	5	(3)
Money market	9	(8)
	<u>100</u>	

## 1. PORTFOLIO PERFORMANCE

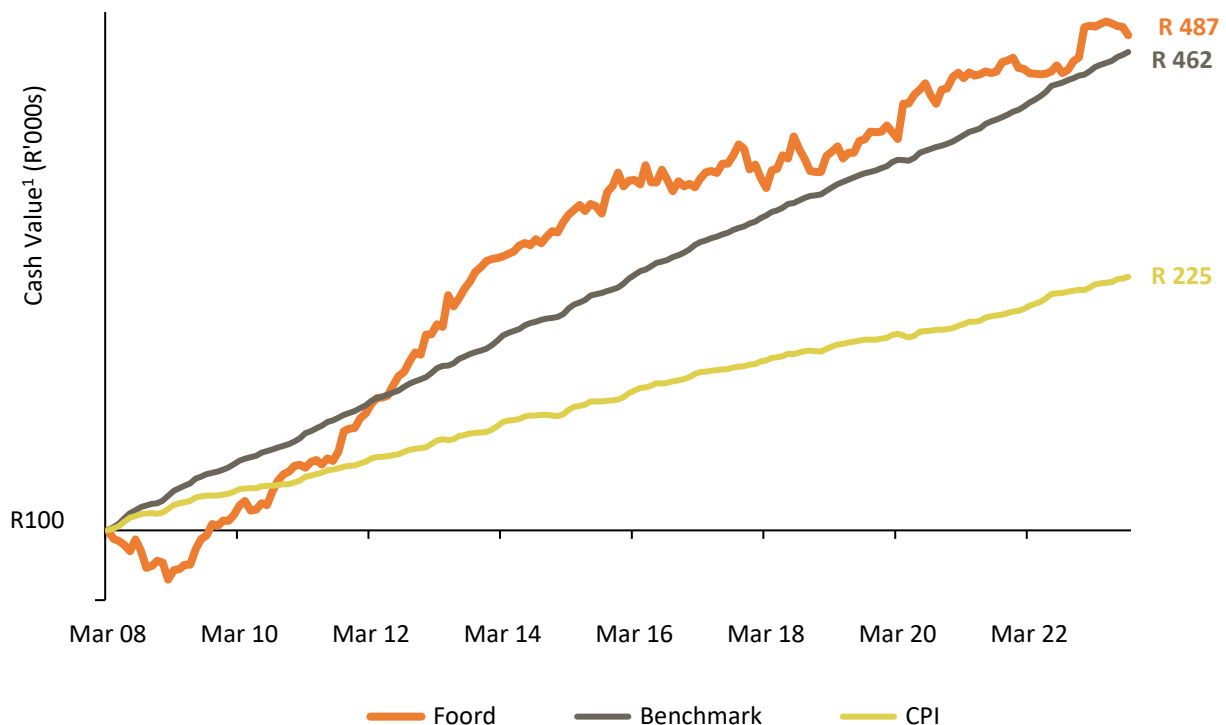
## 1.1 Total performance to 30 September 2023

	<u>Portfolio</u>	<u>Benchmark*</u>	<u>Variance</u>	<u>Peer Group#</u>
	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>
From inception (01/04/2008)	10.7	10.4	0.3	8.8
15 years	11.6	10.2	1.4	9.6
10 years	8.2	10.1	- 1.9	8.6
7 years	6.8	10.0	- 3.2	7.4
5 years	7.5	10.0	- 2.5	7.9
3 years	6.6	10.9	- 4.3	8.4
1 year	12.8	10.4	2.4	17.8
9 months	7.3	8.0	- 0.7	12.5
3 months	- 3.8	3.0	- 6.8	- 1.9

\* CPI + 5% per annum

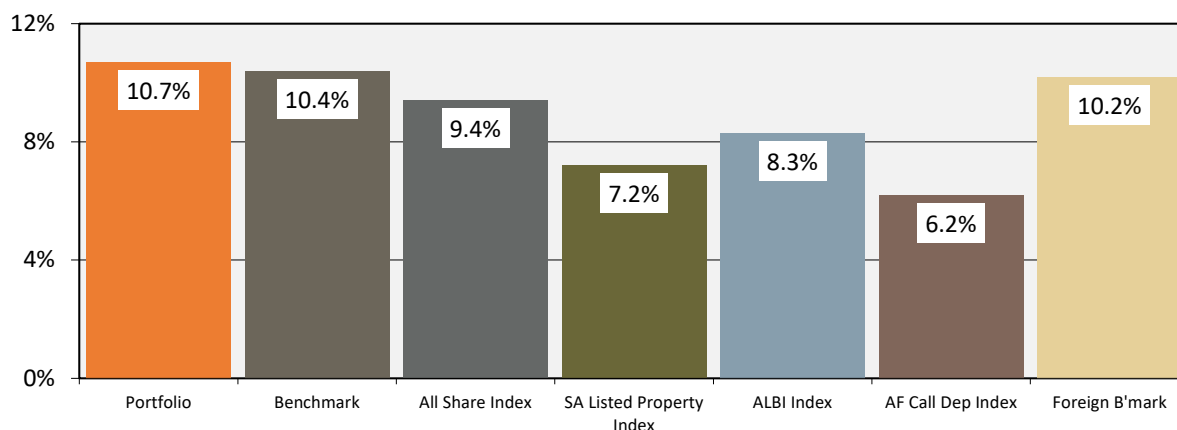
# (ASISA) Worldwide – Multi Asset – Flexible average

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 1 year and above are annualised percentages.



<sup>1</sup> 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 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	5.4	0.3	0.3	0.4	7.3	13.7
9 months	2.4	0.3	0.2	0.3	5.0	8.2
3 months	-0.8	0.0	0.1	0.0	-2.1	-2.8

\* Bonds and cash combined

Returns in percent, calculated on a gross basis

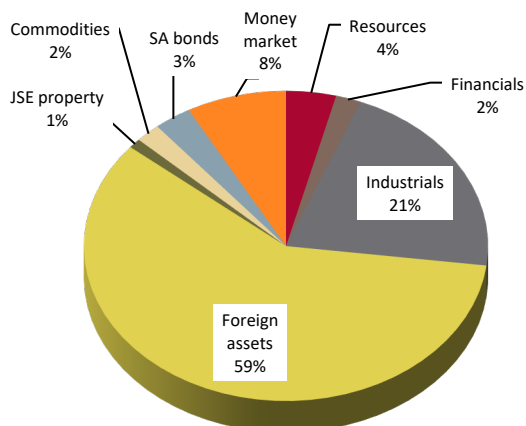
Quarterly performance comment:

- 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 Fortress 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

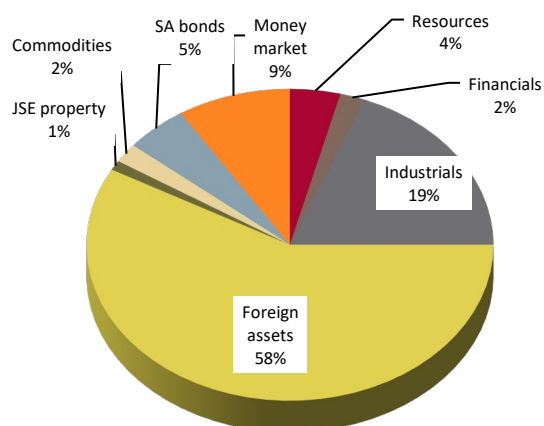
## 2. PORTFOLIO STRUCTURE

Mandate (%)		Portfolio Effective exposure		FTSE/JSE ALSI Weightings
		30/06/2023	30/09/2023	
		%	%	%
0 - 100	JSE equities: resources	4	4	8
	JSE equities: financials (ex property)	2	2	6
	JSE equities: industrials	21	19	11
	JSE equities*	27	25	25
	Foreign assets	59	58	
	Foord International Fund	28	28	
	Foord Global Equity Fund	32	30	
	Currency hedge	-4	-4	
	Corporate debt	3	4	
0 - 25	JSE property	1	1	
	Commodities	2	2	
	SA bonds	3	5	
0 - 100	Money market	8	9	
		<b>100</b>	<b>100</b>	
<b>Total portfolio</b>		<b>R 10 013.9m</b>	<b>R 9 543.0m</b>	
*Size distribution of JSE equities		%	%	%
	Large capitalisation	64	61	88
	Mid capitalisation	21	19	8
	Small capitalisation	15	20	4
		<b>100</b>	<b>100</b>	<b>100</b>
<u>Exposure analysis</u>		<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
		%	%	%
Equities		25	39	64
Listed property		1	1	2
Corporate bonds		0	4	4
Government bonds		5	2	7
Commodities		2	2	4
Money market		9	10	19
		<b>42</b>	<b>58</b>	<b>100</b>

Effective exposure 30/06/2023



Effective exposure 30/09/2023



### 3. PORTFOLIO CONSTRUCTION

- The weight in foreign assets remains high but fell slightly to 58% due to the underperformance of the foreign component relative to SA — measured together with non-rand earnings of JSE-listed companies, total foreign economic exposure is significantly higher on a look-through basis
- Foreign equities are focused on companies with pricing power which are best placed to protect investor capital from higher inflation — but portfolio hedges are retained given the downside risk to earnings from higher interest rates or recession
- The small allocation to foreign government bonds is comprised of short-duration US Treasuries with a preference for inflation linked instruments — while listed property is security-specific with an otherwise low weight given unattractive valuations
- SA equity weight was reduced through the trimming of SA Inc counters — despite attractive valuations, ratings for domestically-oriented stocks are likely to remain depressed given low prospects for economic growth coupled with the higher cost of capital
- A steepening of the SA yield curve afforded the opportunity to shift local bond exposure further along the curve where higher yields now offer some value — the allocation to SA nominal bonds remains low given the country's elevated fiscal and political risks, with SA credit assets being avoided
- Listed property is constrained 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 - 100	JSE equities	27	25
	Foreign assets	59	58
	Foord International Fund*	28	28
	Foord Global Equity Fund	32	30
	Currency hedge	-4	-4
	Corporate debt	3	4
0 - 25	JSE property	1	1
	Commodities	2	2
	SA bonds	3	5
0 - 100	Money market	8	9
		<b>100</b>	<b>100</b>

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

D FOORD/N BALKIN  
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	2,417,044		2,417,044	25.3%
Foreign assets	5,533,196		5,533,196	58.0%
JSE property	89,276		89,276	0.9%
Commodities	163,362		163,362	1.7%
Other assets	5,964		5,964	0.1%
SA bonds	494,871		494,871	5.2%
Money market	839,320		839,320	8.8%
<b>Total</b>	<b>9,543,033</b>		<b>9,543,033</b>	<b>100.0%</b>

**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 *	-483,409	-241,704	-120,852	0	120,852	241,704	483,409
Resultant portfolio value *	9,059,624	9,301,329	9,422,181	9,543,033	9,663,885	9,784,737	10,026,442
Resultant portfolio change (%)	-5.1%	-2.5%	-1.3%	0.0%	1.3%	2.5%	5.1%

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

	-20.0%	-10.0%	-5.0%	0.0%	5.0%	10.0%	20.0%
<b>R/\$ exchange rate</b>	<b>22.7071</b>	<b>20.8149</b>	<b>19.8687</b>	<b>18.9226</b>	<b>17.9765</b>	<b>17.0303</b>	<b>15.1381</b>
Resultant for. assets change *	1,106,639	553,320	276,660	0	-276,660	-553,320	-1,106,639
Resultant portfolio value *	10,649,672	10,096,353	9,819,693	9,543,033	9,266,373	8,989,713	8,436,394
Resultant portfolio change (%)	11.6%	5.8%	2.9%	0.0%	-2.9%	-5.8%	-11.6%

JSE PROPERTY**Change in portfolio property**

	-20.0%	-10.0%	-5.0%	0.0%	5.0%	10.0%	20.0%
Resultant property change *	-17,855	-8,928	-4,464	0	4,464	8,928	17,855
Resultant portfolio value *	9,525,178	9,534,105	9,538,569	9,543,033	9,547,497	9,551,961	9,560,888
Resultant portfolio change (%)	-0.2%	-0.1%	0.0%	0.0%	0.0%	0.1%	0.2%

SA BONDS**Change in yields**

	-3.0%	-2.0%	-1.0%	0.0%	1.0%	2.0%	3.0%
Resultant fixed income change *	98,648	62,083	29,359	0	-26,406	-50,214	-71,731
Resultant portfolio value *	9,641,681	9,605,116	9,572,392	9,543,033	9,516,627	9,492,819	9,471,302
Resultant portfolio change (%)	1.0%	0.7%	0.3%	0.0%	-0.3%	-0.5%	-0.8%

\*[R'000]

**6. RESPONSIBLE INVESTMENT SUMMARY****Voting resolutions for Q3 2023****Foord Absolute Return**

Adopt financials  
 Auditor/risk/social/ethics related  
 Buy back shares  
 Director remuneration  
 Dividend related  
 Issue shares  
 Loan / financial assistance  
 Other  
 Re/elect director  
 Remuneration policy  
 Shares under director control

Total count	For	Against	Abstain
2	50%	0%	50%
9	67%	33%	0%
7	86%	14%	0%
45	98%	2%	0%
2	100%	0%	0%
6	33%	50%	17%
4	50%	50%	0%
17	82%	0%	18%
17	100%	0%	0%
4	25%	75%	0%
2	0%	13%	4%

**Foord Global Equity Fund (Luxembourg)**

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.

**FOREIGN INVESTMENT RISK:**

The portfolio may include underlying foreign investments. Fluctuations or movements in exchange rates may cause the value of underlying foreign investments to go up or down. The underlying foreign investments may be adversely affected by political instability as well as exchange controls, changes in taxation, foreign investment policies, restrictions on repatriation of investments and other restrictions and controls that may be imposed by the relevant authorities in the relevant countries.

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](mailto: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).

---

**PLEASE REFER TO THE MINIMUM DISCLOSURE DOCUMENT (FACT SHEET) CARRIED ON [WWW.FOORD.CO.ZA](http://WWW.FOORD.CO.ZA)  
FOR MORE DETAILED INFORMATION**

**E: [info@foord.co.za](mailto:info@foord.co.za) T: +27 (0)21 532 6988 F: +27 (0)21 532 6999**

---