

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

	<b>Portfolio</b>	<b>Benchmark</b>
Annualised (since 01/09/2002)	12.6%	11.4%
Last 12 months	13.0%	13.6%
Last 3 months	5.2%	6.4%

**PORTFOLIO VALUE**

R 24 956.9 million (30/09/2023: R 24 176.8 million)

**TRANSACTIONS**

Net sales of JSE equities, property and SA bonds  
 Sale of commodities  
 Net withdrawals

**INVESTMENT OUTLOOK AND PORTFOLIO CONSTRUCTION***World:* US economy likely to soften

Inflation decreasing, but outlook uncertain

Interest rates likely to have peaked

Earnings growth decelerating

Geopolitical tensions are high

*South Africa:* Poor economic growth prospects

Energy crisis a persistent headwind

Inflation moderating but with upside risks

Interest rates remain near peak

Rand remains vulnerable ahead of Budget Speech

*Portfolio construction:* High equity weight

Preference for global over local equity

Prefer companies with pricing power and strong balance sheets

Low exposure to expensive US equities

Prefer inflation-linked TIPS over nominal US Treasuries

Preference for quality overseas companies listed locally

Limited exposure to financials given economic risk

Low exposure to resources maintained

SA bond allocation at moderate levels

Physical gold position hedges systemic risks

**EFFECTIVE ASSET ALLOCATION (previous)**

	<b>Portfolio</b>	
	<b>%</b>	<b>%</b>
JSE equities	36	(35)
Foreign assets	40	(40)
JSE property	3	(3)
Commodities	4	(4)
SA bonds	12	(12)
Money market	5	(6)
	<u>100</u>	

## 1. PORTFOLIO PERFORMANCE

## 1.1 Total performance to 31 December 2023

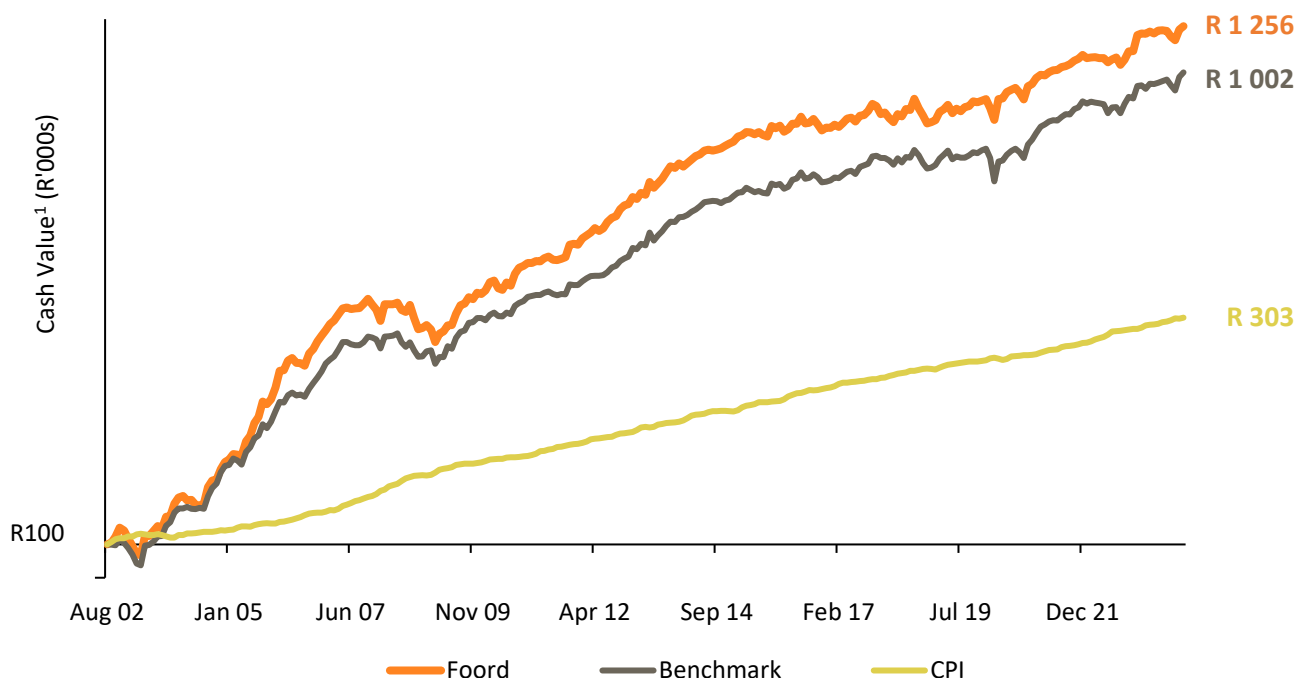
	<b>Portfolio</b>	<b>Benchmark*</b>	<b>Variance</b>	<b>Peer Group#</b>	<b>CPI</b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
From inception (01/09/2002)	12.6	11.4	1.2	11.7	5.3
20 years	12.4	11.3	1.1	11.4	5.5
15 years	10.2	9.5	0.7	9.4	5.3
10 years	6.9	7.3	- 0.4	7.1	5.2
7 years	7.3	7.8	- 0.5	7.4	5.0
5 years	9.8	9.7	0.1	9.3	5.1
3 years	9.9	11.6	- 1.7	10.6	6.2
1 year	13.0	13.6	- 0.6	12.4	5.6
3 months	5.2	6.4	- 1.2	6.2	1.3

\* Market value weighted average return of the South Africa – Multi Asset – High Equity unit trust sector (excluding Foord Balanced Fund)

# (ASISA) South Africa – Multi Asset – High Equity average

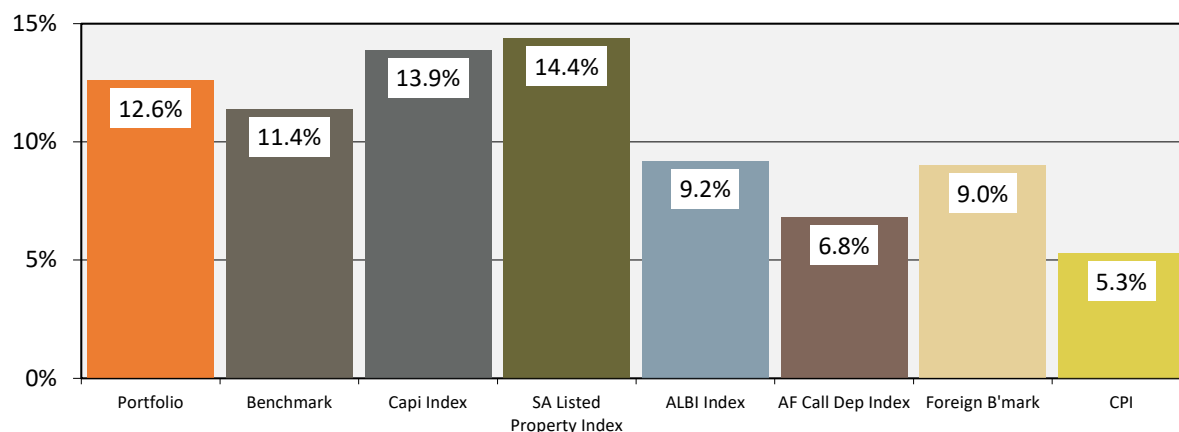
CPI estimated for December 2023

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.



<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 Selection to 31 December 2023

	JSE equities		JSE property		Interest bearing			Foreign assets	
	Portfolio	Capi Index	Portfolio	SA Listed Property Index <sup>#</sup>	Portfolio	ALBI Index	AF Call Dep Index	Portfolio	Benchmark <sup>*</sup>
	%	%	%	%	%	%	%	%	%
From inception (01/09/2002)	15.3	13.9	8.7	14.4	9.5	9.2	6.8	9.8	9.0
20 years	15.2	14.3	8.6	12.8	9.2	8.5	6.5	11.0	11.0
15 years	12.4	12.5	5.4	8.0	8.0	7.9	5.9	10.9	11.7
10 years	6.5	8.8	-0.4	3.0	8.1	8.0	5.9	9.9	11.6
7 years	6.4	9.7	0.1	-1.7	8.6	8.4	5.8	10.5	11.4
5 years	11.1	11.9	0.8	0.2	8.7	8.2	5.5	12.4	13.0
3 years	16.5	14.3	10.3	14.9	6.6	7.4	5.4	6.8	9.6
1 year	18.7	8.4	43.9	10.1	10.3	9.7	7.8	9.0	25.5
3 months	8.6	7.0	18.7	16.4	5.9	8.1	2.0	0.9	6.9

# 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 31 December 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	6.9	1.0	1.8	0.8	3.6	14.1
3 months	3.1	0.5	1.0	0.3	0.3	5.2

\* Bonds and cash combined

*Returns in percent, calculated on a gross basis*

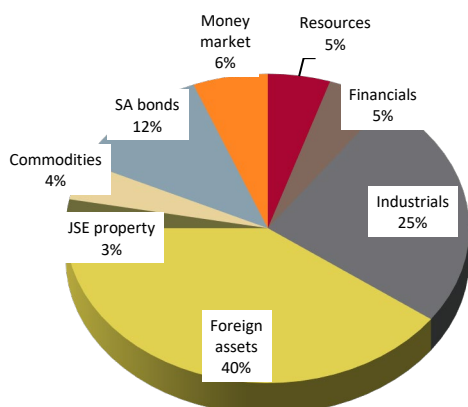
Quarterly performance comment:

- South African equity investments contributed as the local bourse tracked global bourses higher, achieving almost all its annual gain in the fourth quarter — led higher by financials, while resources lagged and industrials were led lower by a sharp fall in index heavyweights Naspers/Prosus
- SA bonds contributed given the rally in the local bond market which recouped two prior quarters of losses — yields fell across the curve, with those on longer dated bonds falling most
- The physical gold investment contributed given a rally in the dollar price for bullion — interest rate sensitive precious metals including gold and platinum rallied and industrial commodities including copper advanced on prospects of a soft economic landing
- Global equities contributed to returns as developed market equities surged and the S&P500 neared all-time highs after the US Federal Reserve signaled it would cut rates in 2024 — but Chinese stocks fell again on sentiment and restrictive gaming proposals
- Cash was also a contributor to absolute returns — yields remain attractive given tight monetary policy to constrain inflation
- Although the allocation to listed property remains low, investments in the sector contributed positively to fund returns — with holdings in Shaftesbury Capital, NEPI Rockcastle and Equites adding value

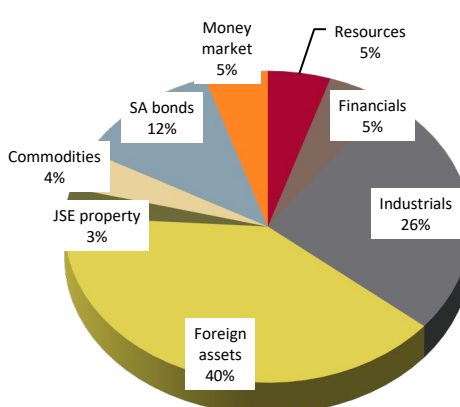
## 2. PORTFOLIO STRUCTURE

Mandate (%)	Portfolio Effective exposure		FTSE/JSE Capped ALSI Weightings
	30/09/2023	31/12/2023	
	%	%	%
JSE equities: resources	5	5	10
JSE equities: financials (ex property)	5	5	10
JSE equities: industrials	25	26	16
0 - 75 JSE equities*	35	36	36
0 - 45 Foreign assets	40	40	
Foord International Fund	18	18	
Foord Global Equity Fund	18	19	
Currency hedge	-1	-1	
Corporate debt	5	4	
0 - 25 JSE property	3	3	
0 - 10 Commodities	4	4	
0 - 40 SA bonds	12	12	
0 - 40 Money market	6	5	
	<b>100</b>	<b>100</b>	
<b>Total portfolio</b>	<b>R 24 176.8m</b>	<b>R 24 956.9m</b>	
*Size distribution of JSE equities	%	%	%
Large capitalisation	77	77	88
Mid capitalisation	13	12	8
Small capitalisation	10	11	4
	<b>100</b>	<b>100</b>	<b>100</b>
<u>Exposure analysis</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
	%	%	%
Equities	36	30	66
Listed property	3	1	4
Corporate bonds	0	3	3
Government bonds	12	2	14
Commodities	4	1	5
Money market	5	3	8
	<b>60</b>	<b>40</b>	<b>100</b>

Effective exposure 30/09/2023



Effective exposure 31/12/2023



### 3. PORTFOLIO CONSTRUCTION

- The weighting in foreign assets was maintained at 40% of total — measured together with non-rand earnings of JSE-listed companies, total foreign economic exposure is significantly higher on a look-through basis
- Exposure to foreign equities rose given the market rally and because the managers of the underlying Foord International Fund tactically lapsed the short S&P500 hedge ahead of the December US equity market surge — with the fund's effective foreign cash position lower as a result
- Foreign equity investments prioritise companies with strong pricing power, offering better capital protection against rising inflation — allocation to US equities remains low, given potential earnings risks arising from an economic slowdown
- 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 rose slightly, given the JSE's strong rally in tandem with global markets — despite attractive valuations, ratings for SA Inc. stocks are likely to remain under pressure, given low prospects for economic growth coupled with higher cost of capital
- A moderate allocation to SA nominal bonds was maintained, given attractive yields on SA government bonds — 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	
		30/09/2023	31/12/2023
		%	%
0 - 75	JSE equities	35	36
0 - 45	Foreign assets	40	40
	Foord International Fund*	18	18
	Foord Global Equity Fund	18	19
	Currency hedge	-1	-1
	Corporate Debt	5	4
0 - 25	JSE property	3	3
0 - 10	Commodities	4	4
0 - 40	SA bonds	12	12
0 - 40	Money market	6	5
		<b>100</b>	<b>100</b>

\* Currently 69% in equities, property 3%, commodities 7%, government bonds 13%, corporate bonds 5% and money market 3%

## 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	8,902,004		8,902,004	35.7%
Foreign assets	9,918,745		9,918,745	39.8%
JSE property	775,705		775,705	3.1%
Commodities	931,865		931,865	3.7%
Other assets	53,662		53,662	0.2%
SA bonds	3,146,350		3,146,350	12.6%
Money market	1,228,606		1,228,606	4.9%
<b>Total</b>	<b>24,956,937</b>		<b>24,956,937</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 *	-1,780,401	-890,200	-445,100	0	445,100	890,200	1,780,401
Resultant portfolio value *	23,176,536	24,066,737	24,511,837	24,956,937	25,402,037	25,847,137	26,737,338
Resultant portfolio change (%)	-7.1%	-3.6%	-1.8%	0.0%	1.8%	3.6%	7.1%

## FOREIGN ASSETS

## Change in R/\$ exchange rate

	-20.0%	-10.0%	-5.0%	0.0%	5.0%	10.0%	20.0%
R/\$ exchange rate	22.0345	20.1983	19.2802	18.3621	17.4440	16.5259	14.6897
Resultant for. assets change *	1,983,749	991,874	495,937	0	-495,937	-991,874	-1,983,749
Resultant portfolio value *	26,940,686	25,948,811	25,452,874	24,956,937	24,461,000	23,965,063	22,973,188
Resultant portfolio change (%)	7.9%	4.0%	2.0%	0.0%	-2.0%	-4.0%	-7.9%

## JSE PROPERTY

## Change in portfolio property

	-20.0%	-10.0%	-5.0%	0.0%	5.0%	10.0%	20.0%
Resultant property change *	-155,141	-77,570	-38,785	0	38,785	77,570	155,141
Resultant portfolio value *	24,801,796	24,879,367	24,918,152	24,956,937	24,995,722	25,034,507	25,112,078
Resultant portfolio change (%)	-0.6%	-0.3%	-0.2%	0.0%	0.2%	0.3%	0.6%

## SA BONDS

## Change in yields

	-3.0%	-2.0%	-1.0%	0.0%	1.0%	2.0%	3.0%
Resultant fixed income change *	502,085	318,259	151,510	0	-137,891	-263,592	-378,364
Resultant portfolio value *	25,459,022	25,275,196	25,108,447	24,956,937	24,819,046	24,693,345	24,578,573
Resultant portfolio change (%)	2.0%	1.3%	0.6%	0.0%	-0.6%	-1.1%	-1.5%

\*[R'000]

## 5. RESPONSIBLE INVESTMENT SUMMARY

Voting resolutions for Q4 2023

Portfolio	Total count	For	Against	Abstain
Adopt Financials	3	67%	33%	0%
Auditor/Risk/Social/Ethics related	43	95%	5%	0%
Buy Back Shares	8	100%	0%	0%
Director Remuneration	64	100%	0%	0%
Dividend Related	1	100%	0%	0%
Issue Shares	8	0%	100%	0%
Loan / Financial Assistance	7	0%	100%	0%
Other	6	100%	0%	0%
Re/Elect Director	35	97%	3%	0%
Remuneration Policy	18	72%	28%	0%
Shares under Director Control	3	0%	100%	0%
Signature of Documents	2	100%	0%	0%

Foord Global Equity Fund	Total count	For	Against	Abstain
Auditor/risk/social/ethics related	10	10%	90%	0%
Re/elect director or members of supervisory board	13	100%	0%	0%
Remuneration policy including directors' remuneration	2	50%	50%	0%
Signature of documents/ratification	7	100%	0%	0%

Foord International Fund	Total count	For	Against	Abstain
Auditor/risk/social/ethics related	10	10%	90%	0%
Political expenditure/donation	1	100%	0%	0%
Re/elect director or members of supervisory board	13	100%	0%	0%
Remuneration policy including directors' remuneration	4	25%	75%	0%
Signature of documents/ratification	6	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.

**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.

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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**

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