

SYNOPSIS

PERFORMANCE (TOTAL RETURN)

	<u>Portfolio</u>	<u>Benchmark</u>
Annualised (since 01/04/2008)	10.8%	10.4%
Last 12 months	3.0%	10.3%
Last 3 months	1.4%	3.0%

PORTFOLIO VALUE

R 9 612.7 million (31/12/2023: R 9 703.8 million)

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 likely to have peaked

Rand remains vulnerable ahead of elections

Portfolio construction: High equity weight

Preference for global over local equity

Favour companies with pricing power and strong balance sheets

Low exposure to expensive US equities

Favour 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

SA bond allocation at moderate levels

Physical gold position hedges systemic risks

EFFECTIVE ASSET ALLOCATION (previous)

	<u>Portfolio</u>	
	<u>%</u>	<u>%</u>
JSE equities	27	(28)
Foreign assets	54	(58)
JSE property	1	(1)
Commodities	2	(2)
SA bonds	7	(5)
Money market	9	(6)
	<u>100</u>	

1. PORTFOLIO PERFORMANCE

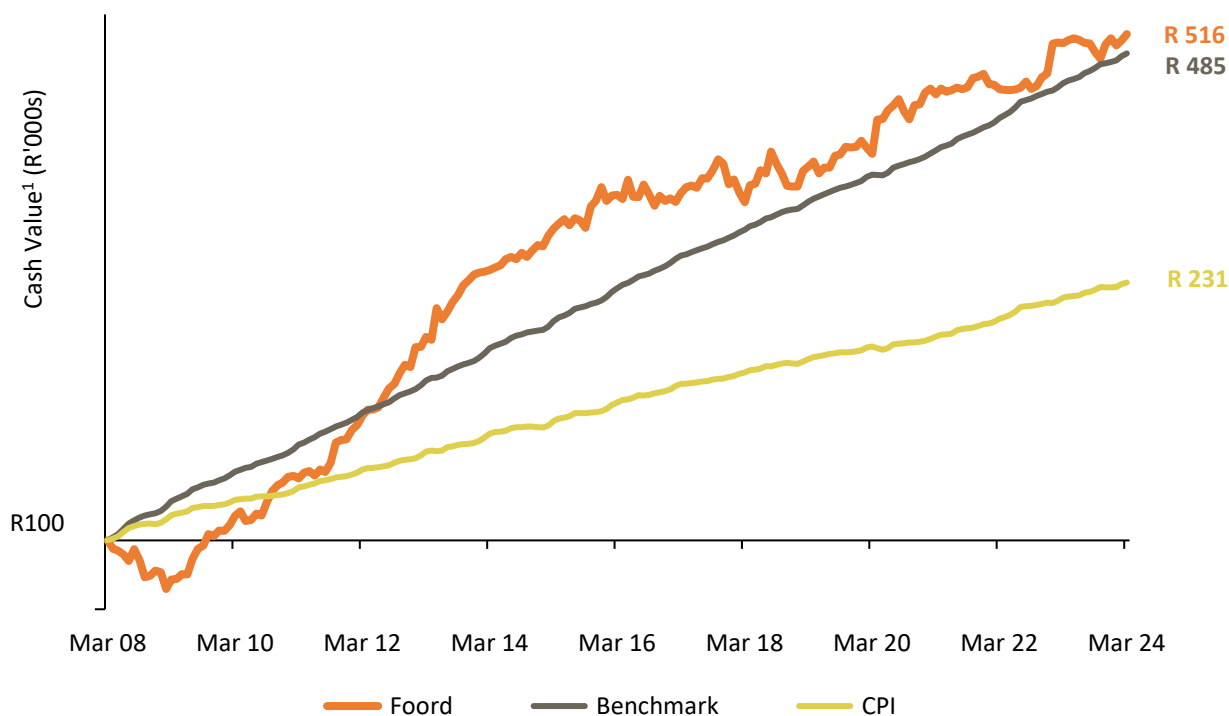
1.1 Total performance to 31 March 2024

	<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)	10.8	10.4	0.4	9.2
15 years	12.5	10.2	2.3	11.0
10 years	7.9	10.0	-2.1	8.8
7 years	7.6	9.8	-2.2	8.9
5 years	8.9	10.1	-1.2	10.3
3 years	6.7	11.1	-4.3	9.9
1 year	3.0	10.3	-7.3	17.6
3 months	1.4	3.0	-1.6	5.5

* CPI + 5% per annum

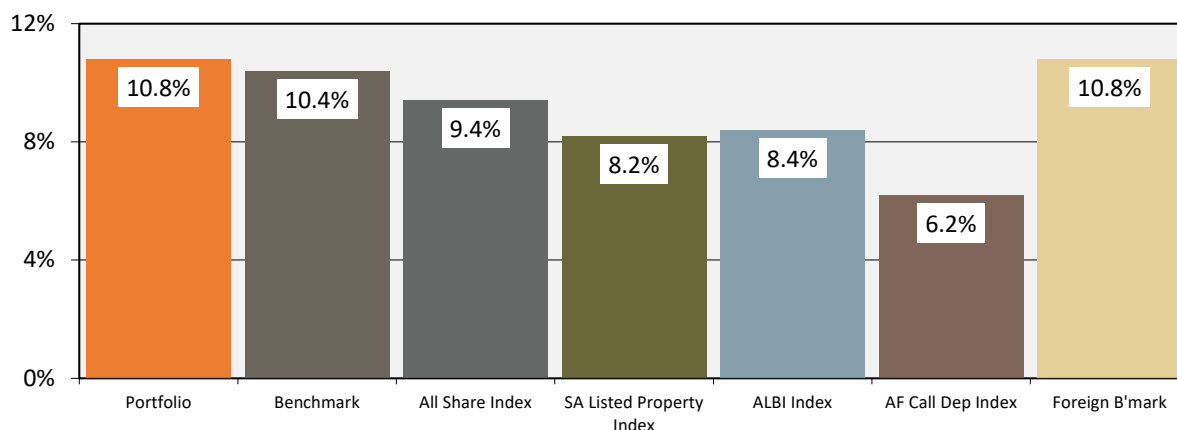
(ASISA) Worldwide – Multi Asset – Flexible average

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.



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 Sector contribution to 31 March 2024

(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>
	%	%	%	%	%	%
1 year	0.4	0.4	0.5	0.4	1.6	3.3
3 months	-0.7	0.1	-0.1	0.2	2.2	1.7

* Bonds and cash combined

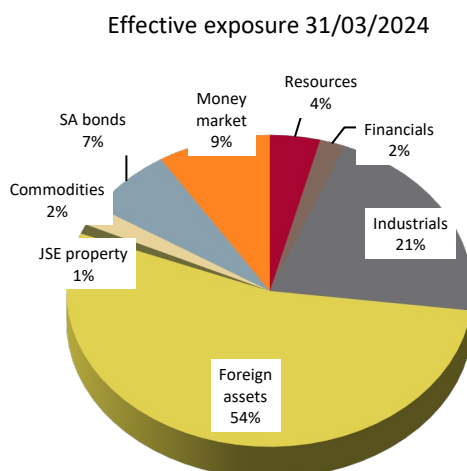
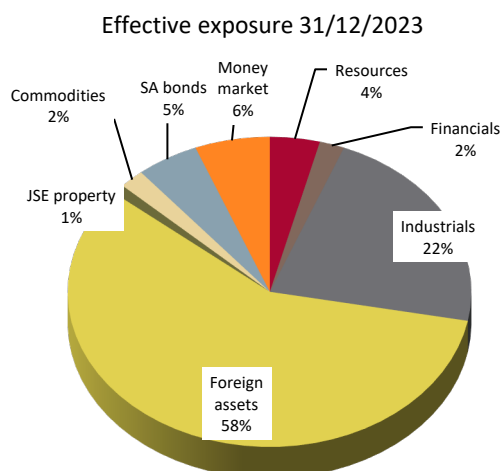
Returns in percent, calculated on a gross basis

Quarterly performance comment:

- South African equity investments detracted as the local bourse fell — weighed down by financial counters and by resources shares, which fell heavily before experiencing a reprieve in March
- Global equities contributed to returns as the US-led global share market rally continued apace on hopes that interest rates would soon fall — emerging markets lagged, with Chinese equities falling further and the Hang Seng Index plunging 25-year lows
- SA bonds detracted from returns given increasing bond yields — South African bonds tracked global bond yields higher after a slew of adverse US inflation surprises caused investors to pare expectations for interest rate cuts
- The physical gold investment contributed given a rally in the dollar price for bullion — gold bullion surged 9% in March to hit new all-time highs on geopolitical tension and Chinese central bank buying
- Although the allocation to listed property remains low, investments in the sector contributed positively to fund returns — with global names Shaftesbury Capital and NEPI Rockcastle adding the most value
- Cash was also a contributor to absolute returns — yields remain attractive given tight monetary policy to constrain inflation
- US dollar exposure contributed to returns — the US dollar was stronger against the majors and most other currencies, including the rand given expectations that US rates would stay higher for longer on robust growth and sticky inflation

2. PORTFOLIO STRUCTURE

Mandate (%)	Portfolio Effective exposure		FTSE/JSE ALSI Weightings
	31/12/2023	31/03/2024	
	%	%	%
JSE equities: resources	4	4	7
JSE equities: financials (ex property)	2	2	7
JSE equities: industrials	22	21	13
0 - 100 JSE equities*	28	27	27
Foreign assets	58	54	
Foord International Fund	28	27	
Foord Global Equity Fund	31	32	
Currency hedge	-3	-7	
Corporate debt	2	2	
0 - 25 JSE property	1	1	
Commodities	2	2	
SA bonds	5	7	
0 - 100 Money market	6	9	
	100	100	
Total portfolio	R 9 703.8m	R 9 612.7m	
*Size distribution of JSE equities	%	%	%
Large capitalisation	63	65	87
Mid capitalisation	18	16	8
Small capitalisation	19	19	5
	100	100	100
<u>Exposure analysis</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
	%	%	%
Equities	27	43	70
Listed property	1	1	2
Corporate bonds	0	3	3
Government bonds	7	4	11
Commodities	2	2	4
Money market	9	1	10
	46	54	100



3. PORTFOLIO CONSTRUCTION

- The majority of the fund is invested directly in foreign assets at 54% — 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 reduced to 43% as the managers of the underlying Foord International Fund reinstated a short S&P500 hedge given highly elevated US equity valuations — with the fund's effective foreign cash position also higher as a result
- Foreign equities are focused on companies with pricing power which are best placed to protect investor capital from higher inflation — direct investment in US equities remains low in relative terms, given potential earnings risks arising from an economic slowdown
- The small allocation to foreign government bonds comprises 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
- Exposure to SA equities remains moderate at 27% — 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
- Allocation to SA nominal government bonds increased slightly given attractive yields — however we continue to avoid SA corporate credit assets where we believe 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 was increased slightly on supportive fundamentals, given the likelihood of nominal interest rates at 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		
	<u>31/12/2023</u>	<u>31/03/2024</u>	
%	%	%	
0 - 100	JSE equities	28	27
	Foreign assets	58	54
	Foord International Fund*	28	27
	Foord Global Equity Fund	31	32
	Currency hedge	-3	-7
	Corporate debt	2	2
0 - 25	JSE property	1	1
	Commodities	2	2
	SA bonds	5	7
0 - 100	Money market	6	9
		100	100

* Currently 49% in equities, property 4%, commodities 7%, government bonds 13%, corporate bonds 2% and money market 25%

D FOORD/N BALKIN
APRIL 2024

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	2,628,118		2,628,118	27.3%
Foreign assets	5,203,235		5,203,235	54.1%
JSE property	112,963		112,963	1.2%
Commodities	195,407		195,407	2.0%
Other assets	7,110		7,110	0.1%
SA bonds	611,007		611,007	6.4%
Money market	854,864		854,864	8.9%
Total	9,612,704		9,612,704	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 *	-525,624	-262,812	-131,406	0	131,406	262,812	525,624
Resultant portfolio value *	9,087,080	9,349,892	9,481,298	9,612,704	9,744,110	9,875,516	10,138,328
Resultant portfolio change (%)	-5.5%	-2.7%	-1.4%	0.0%	1.4%	2.7%	5.5%

FOREIGN ASSETS

Change in R/\$ exchange rate

R/\$ exchange rate

	-20.0%	-10.0%	-5.0%	0.0%	5.0%	10.0%	20.0%
Resultant for. assets change *	1,040,647	520,324	260,162	0	-260,162	-520,324	-1,040,647
Resultant portfolio value *	10,653,351	10,133,028	9,872,866	9,612,704	9,352,542	9,092,380	8,572,057
Resultant portfolio change (%)	10.8%	5.4%	2.7%	0.0%	-2.7%	-5.4%	-10.8%

JSE PROPERTY

Change in portfolio property

	-20.0%	-10.0%	-5.0%	0.0%	5.0%	10.0%	20.0%
Resultant property change *	-22,593	-11,296	-5,648	0	5,648	11,296	22,593
Resultant portfolio value *	9,590,111	9,601,408	9,607,056	9,612,704	9,618,352	9,624,000	9,635,297
Resultant portfolio change (%)	-0.2%	-0.1%	-0.1%	0.0%	0.1%	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 *	94,508	59,399	28,053	0	-25,166	-47,796	-68,195
Resultant portfolio value *	9,707,212	9,672,103	9,640,757	9,612,704	9,587,538	9,564,908	9,544,509
Resultant portfolio change (%)	1.0%	0.6%	0.3%	0.0%	-0.3%	-0.5%	-0.7%

*[R'000]

6. RESPONSIBLE INVESTMENT SUMMARY

Voting resolutions for Q1 2024**Foord Absolute Return**

	Total count	For	Against	Abstain
Auditor/risk/social/ethics related	15	100%	0%	0%
Buy back shares	2	100%	0%	0%
Director remuneration	15	100%	0%	0%
Issue shares	2	0%	100%	0%
Loan / financial assistance	4	50%	50%	0%
Other	1	100%	0%	0%
Re/elect director	16	100%	0%	0%
Remuneration policy	6	83%	17%	0%

Foord Global Equity Fund (Luxembourg)

	Total count	For	Against	Abstain
Adopt financials	3	100%	0%	0%
Auditor/risk/social/ethics related	6	100%	0%	0%
Dividend related	1	100%	0%	0%
Re/elect director or members of supervisory board	36	100%	0%	0%
Remuneration policy including directors' remuneration	7	14%	86%	0%
Signature of documents/ratification	2	100%	0%	0%

Foord International Fund

	Total count	For	Against	Abstain
Adopt financials	3	100%	0%	0%
Auditor/risk/social/ethics related	2	100%	0%	0%
Dividend related	1	100%	0%	0%
Loan/financial assistance	1	0%	100%	0%
Re/elect director or members of supervisory board	20	100%	0%	0%
Remuneration policy including directors' remuneration	4	25%	75%	0%
Signature of documents/ratification	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.

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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