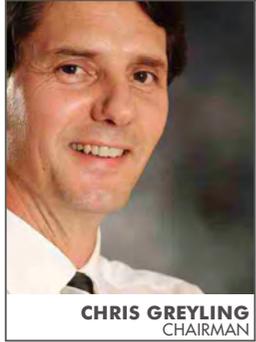


SERVICE EXCELLENCE IS ABOUT DETAIL



CHRIS GREYLING
CHAIRMAN

To Foord Asset Management, service excellence relates to both professional client service and investment excellence. Administration support is paramount in order to ensure that clients remain informed about their investments. It is worthwhile noting that Foord Unit Trusts has been recognised by FinSwitch time and again for consistency in prompt and accurate daily reporting of its unit prices. Investors therefore have access to accurate unit prices as reported in the daily press and on the Foord website. The website also provides clients with an updated portfolio value. The unit price values and holdings provide the basis for the production of a Consolidated Investment Report, which is distributed to clients on a quarterly basis. The accompanying fact sheets in turn provide detail about the portfolios' holdings, allocations and returns. We endeavour to distribute these within two working days of month end. Again, these fact sheets can be located on the Foord website.

As for investments, detailed research is critical in order to identify unlocked value. Testimony to this is the fact that Foord Unit Trusts has again been recognised for excellent investment performance. In February, the Foord Balanced Fund was awarded a Raging Bull Award for the top balanced fund in the Prudential Medium Equity Sector over 3 years. In March, at an award ceremony hosted by Standard & Poors Funds Services and Novare, Foord Unit Trusts won the award for the top Smaller Companies over three years. The company is proud to be recognised in this way in that it reflects the commitment to consistent long-term performance.

I would also like to make use of the opportunity to congratulate Paul Cluer who was recently appointed as the new Managing Director of Foord Unit Trusts. See *Introducing our new MD*.

Unit trusts are increasingly becoming the investment vehicle of choice for many investors. Coupled with this is the expectation that the investing public will seek out quality investment managers. A successful company in this context needs to comprise a professional team who is willing and able to deliver on Service Excellence. I believe that it is evident from the administration and investment performance of Foord Unit Trusts that the team consists of those kinds of people.

Please visit our website at www.foord.co.za for your on-line portfolio value and an introduction to the Foord Team.

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- * Total Expense Ratio (TERs) Explained
- * Rewards, not awards

INVESTING IN EDUCATION

By **BOB KERNOHAN** BUSINESS EDITOR, EP HERALD

A new chair at Rhodes University's economics department, funded by a former student, which will provide courses from masters degree level to community investment advice, has been inaugurated at the Grahamstown campus. Department head Professor Herman Nel said the new Foord Chair in Investments – funded by graduate David Foord, who runs a multi-billion rand specialist funds management company in Cape Town – would be multi-faceted.

"It is to promote the study and understanding of investments and investment management," said Nel. "This is a critical area not only in terms of economic growth and development in the economy at large, but also for individuals, families and communities who need to use investments and the financial markets for personal finance and wealth creation." The first appointee to the chair is Prof Pierre Faure, who has been lecturing at the university for six years after decades of experience in banking, economic analysis and financial markets.

"The chair will primarily be responsible for specialist teaching, supervision and research in the existing Masters in Financial Markets degree at Rhodes," Faure said. But a secondary focus would be on "fostering a more broad-based community awareness. Short courses in the basics of investments are planned to target both the university at large and the general public. Topics covered in these community-linked courses will include risk versus return and the different asset classes available to people as investment vehicles, including shares. In this way the chair and the economic department intend to add a new dimension to the university's existing community support, outreach and empowerment services."

Foord said that as a Rhodes graduate, he had an affinity to the university, but had also looked at the quality and objectives of the university before deciding on funding the new chair. "All of those involved want to continue providing education at the highest level, but also to extend our interest into the community and provide basic knowledge about savings and investments. Steps are being taken in many spheres to correct basic poverty, and now we want to go one step further in our formative society by educating people on the need for investment."

Foord said he also regarded funding the new chair as an investment in the future. He said that, rather than endorse a bursary or bursaries from which only a few would benefit, his company had decided on establishing the investments chair as it would provide education for many people.



DAVE FOORD
FOUNDER, CEO, OLD RHODIAN

"The chair will primarily be responsible for specialist teaching, supervision and research in the existing Masters in Financial Markets degree at Rhodes,"

PIERRE FAURE
FOORD CHAIR OF INVESTMENTS

*Great oaks
from
small acorns
grow.*



INTRODUCING OUR NEW MD

By **CHRIS GREYLING** CHAIRMAN

Paul Cluer has been with the Foord Group since February 2004 and he has been closely involved with the unit trust business during the past three years. Paul's new position affords him the opportunity to spearhead the business into an era that the company believes will be characterised by the growing stature and dominance of unit trust investments over traditional ways of investing. He takes over from Mark Hodges, a long-standing director and portfolio manager at Foord Asset Management. Mark successfully led the unit trust company during its early years. I would like to extend a special word of gratitude to Mark for the diligent and professional manner in which he has conducted himself and the business at all times. Mark remains a member of the board and we are looking forward to his continued contribution. 🍌



PAUL CLUER
MANAGING DIRECTOR, FUTL

TOTAL EXPENSE RATIOS EXPLAINED

The Association of Collective Investment Schemes recently adopted the concept of Total Expense Ratios (or TERs) which have been used internationally for quite some time. As from April this year, members will be required to calculate TERs and present the results to investors and potential investors. Foord Unit Trusts decided to lead the unit trust industry and disclosed the TERs on its fact sheets from January this year. TERs are retrospectively calculated expenses, presented as an annual percentage of the market value of a unit trust portfolio. Put simply, the TER is a measure of a fund's annual cost ratio. An important aspect of the TER disclosure is that it highlights the performance fee component of the annual service charge.

The TER formula takes into account the permissible deductions, being annual service fees (which may be performance related), bank charges, trustee fees, auditor's fees and any charges that may be incurred in underlying portfolios (where the fund holds other collective investments). The expenses included in the TER calculation are not new; a fund's annual financial statements reflect these and the charges are disclosed in the fund fact sheets. TERs go that one-step further in quantifying these expenses to investors in a single number, so that the impact of these costs on returns is clearer.

Investors are encouraged to compare TERs amongst funds and to question management companies on the calculation and rate. However, it is important to remember that a higher TER ratio does not necessarily imply a poor return. Conversely, a low TER does not imply a good return. Finally, TERs are backward-looking and may not be indicative of future cost ratios. 🍌

Foord Unit Trusts decided to lead the unit trust industry and disclosed the TERs on its fact sheets from January this year.

REWARDS, NOT AWARDS

Foord Unit Trusts was awarded the Best Smaller Group Award for the 3 year period ended 31 December 2006 and was runner up for the same award over 1 year. At a function held at the Mount Nelson last month, Foord Unit Trusts was recognised for the risk-adjusted returns achieved by its suite of qualifying unit trust funds. Foord manages the Foord Equity Fund and Foord Balanced Fund (and more recently, the Foord International Feeder Fund). In the 3 year category, Foord was placed first ahead of Allan Gray and PSG Collective Investments. In total, 14 management companies contested the category.

The group awards are the highlight of the award ceremony, as they recognise the achievements of the management companies across their entire qualifying fund range. Some management companies offer in excess of forty or fifty unit trust portfolios. It is therefore difficult for these companies not to be recognised for at least one fund each year in the sector awards. By contrast, the group awards take cognisance of both performing as well as under performing funds. A group award therefore recognises the achievements of the investment philosophy across a range of unit trust funds.

Foord Unit Trusts is pleased to have delivered top ranking returns to unit holders in both of its flagship portfolios. The Foord Balanced Fund was also recognised for its returns over a 1 year period, receiving the runner up award in the Domestic Asset Allocation Prudential Medium Equity Sector. In February, the Balanced Fund collected the Raging Bull award for the best fund in that sector for the 3 years ended 31 December 2006. These achievements build on success in 2005, when the Foord Equity Fund and the Foord Balanced Fund each received an S&P award for best in sector for the 2005 year. 🍌

UNDER CONSTRUCTION



Our tree house will be undergoing some exciting new refurbishments this winter, so forgive us if we don't invite you round as often. We just want to spare you the noise and dust.

But when summer comes around our doors will be wide open...

We can't wait! 🍌



MARK HODGES
DIRECTOR, FUTL, FAM(PTY)LTD

While we are proud of our achievements... our real reward is the pleasure we receive from seriously growing our clients' assets.



BEST
SMALLER GROUP
OVER 3 YEARS

MEMBER OF THE ACI

The greatest forests begin with a single acorn.

