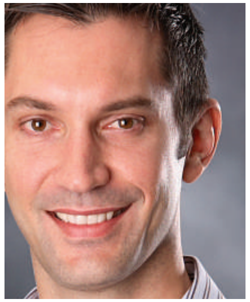


PAUL CLUER
MD: FOORD UNIT TRUSTS

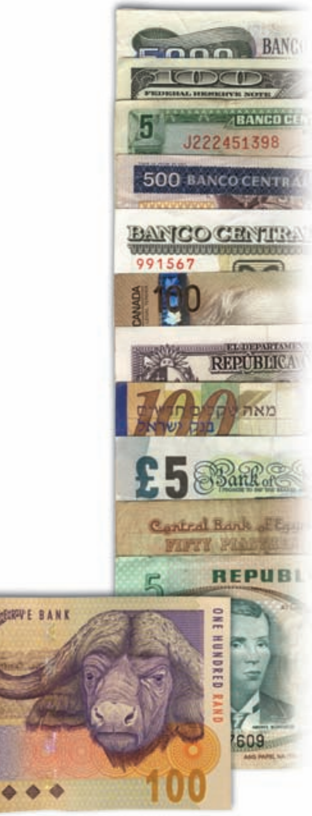
The choice of fund is the most critical decision.

ARE YOU INVESTED IN THE RIGHT FUND?

Being invested in the right fund(s) is a critical decision and one that should not be made lightly. After having made your manager selection, the choice of fund is the most critical decision. Thankfully, you should only have to make this decision once. It is therefore worthwhile committing your emotional efforts to determining your return expectations and risk profile. Paul Cluer provides the guidelines.

Cash: An investment in cash (or money market fund) is not an appropriate long-term investment. Why? While cash typically maintains your buying power over time, interest is fully taxable and on an after-tax basis your returns will not match inflation. A cash investment is only appropriate where you have an investment horizon that you know will be short (twelve to eighteen months maximum).

Split funding: As a rule it is not appropriate to spread your investments across all funds on offer - simply because you can. This demonstrates a lack of a committed effort to determine what is right and appropriate for you on a long-term basis. If you do have investments in more than two of our funds, this is a sign that you should re-evaluate your requirements and your choices.



Equities: In South Africa, equities as an asset class have achieved the highest long-term returns. They will likely repeat this performance in the future. However, the absence of certainty regarding their future returns means that they are the most volatile of asset classes and they can and have produced negative returns over the short- to medium-term. Investors in equity only funds such as the Foord Equity Fund require long time horizons.

Asset allocation funds: For most investors, an asset allocation fund managed by an experienced professional fund manager should be the most appropriate choice. The manager decides in which asset classes (such as shares, bonds, property or cash) to invest and in what countries or currencies depending on their best current investment view. These funds allow for better risk management through diversification and lower risk of loss in the short- to medium-term. In the Foord range, the Foord Flexible Fund of Funds is ideal for individual investors who are aiming to achieve returns of 5% per annum above inflation.

Foreign: In an asset allocation fund such as the Foord Flexible Fund of Funds, the fund manager determines the appropriate foreign exposure in the fund. If you are invested in an asset allocation fund, topping up your own exposure via the Foord International Feeder Fund may well provide you with too much offshore exposure. However, it is entirely appropriate for you to do so where you are invested solely in an SA equity fund such as the Foord Equity Fund.

We encourage you to understand your investment needs and commit to them. Contact me directly should you require further advice.

FOREWORD
ISSUE 7 3RD QUARTER 2008

CHRIS GREYLING
CHAIRMAN: FOORD UNIT TRUSTS

On September 1 the unit trust business celebrated its sixth birthday.

IN THIS ISSUE

NOW WE ARE SIX!

The memorable AA Milne poem *Now We Are Six* springs to mind as I communicate the sixth anniversary of Foord Unit Trusts. On 1 September the unit trust business celebrated its birthday, taking the Foord Equity Fund and Foord Balanced Fund to a six year track record. Both funds continue to perform well against their respective benchmarks and peer groups.

Last quarter, we addressed the underperformance of the Foord Equity Fund relative to the resource heavy FTSE/JSE All Share Index over the year to June. We noted that we had lightened resource exposure and were early into financial shares, which were reflecting excellent value. Almost on cue, July saw the beginning of a major reversal of fortunes for commodities as fears of a global recession intensified and expectations for demand growth retreated.

The JSE resources index subsequently lost 38% of its value over the quarter. Industrial shares ended the quarter flat while financial shares firmed slightly despite an escalation of the credit crunch and high profile global bank failures. On net, the SA equity market lost 21% of its value over the quarter, while the Foord Equity Fund was down only 9%.

And so the bear market in equities continues. However, as set out in the article *Bear This In Mind,* bear markets often present the patient investor with a unique opportunity to buy quality companies at discount prices. In our view, long-term investors should remain invested and allow the portfolio managers the opportunity to navigate these turbulent times.

Finally, thank you to all those Cape Town investors who attended our "Meet the Team" event at Kirstenbosch in early September. The event provided an excellent opportunity to communicate our current investment views, but more importantly to listen to the thoughts and views of investors. Based on the success of the evening we will be looking to expand on this initiative next year.

My next communication will reach you in early January 2009. I will therefore take an early opportunity to wish you all the best for a great festive season.

Best regards,

C Greyling

Chris Greyling

BRUCE ACKERMAN
and
WILLIAM FRASER
PORTFOLIO MANAGERS

IN A NUTSHELL

Bruce Ackerman and William Fraser summarise what has been affecting the markets over the quarter.

International

- Equities plunged as the unprecedented credit crisis escalated - with notable high-profile bank failures, rescues and mergers
- US equities overall performed least badly - notwithstanding the US economy being the chief culprit of current turmoil - as economic growth in Europe and Japan came to a standstill
- Government bond yields fell on safe haven buying despite Central Bank inflation concerns - while yields on corporate bonds rose sharply indicating the severity of the credit squeeze
- The dollar rebounded on buoyant US export growth and because the US economy was adjudged more likely to recover earlier than Europe and Japan - where inadequate stimulatory fiscal and monetary measures had been taken
- Commodity prices, including importantly oil, fell sharply - as a world recession loomed with Chinese demand unlikely to be a sufficient offset

South Africa

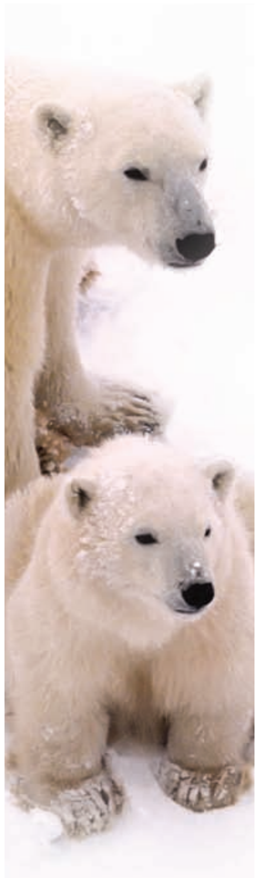
- SA doesn't escape global turmoil and deteriorating sentiment - SA equities and currency declined further
- The previously buoyant resources sector was by far the worst performer - as commodity prices fell sharply on fears of slower global growth - while financials including listed property firmed
- Interest rates on hold as inflation outlook improves pending rebalancing of the inflation basket - local interest rate sensitive shares and bonds outperformed
- Rand weakened - on expectations of a fall in commodity exports exacerbating the trade deficit
- Presidential and cabinet changes "enforced" in September - potential shift in economic policy downplayed in favour of pro-business policies for now

DID YOU KNOW?

The term "credit crunch", also known as a "liquidity crisis" or "credit squeeze", describes a period of reduced availability of loans (or credit). Banks and investors become wary of lending to corporations (and often to other banks) because of the risk of default, including bankruptcies. The crunch often follows a period of inappropriate or careless lending resulting in losses for lenders when the economy slows and bad debts materialise. The problem is exacerbated when otherwise sound banks cannot obtain normal short-term funding to meet their obligations, resulting in their demise.

BRIAN DAVEY
PORTFOLIO MANAGER

Bear markets provide opportunities to buy shares in good companies at great prices.



BEAR THIS IN MIND

As an investor in the equity markets, it is natural to feel elation at rising share prices. We all feel wealthier – at least on paper. As fund managers, we understand that prices fluctuate far more widely than values. Rather than despairing over falling prices, Brian Davey explains why bear markets are not all bad.

As noted in last quarter's *Did You Know*? the term "bear market" describes a period of depressed or falling security prices. Bear markets are characterised by periods of lower global liquidity, rising inflation, rising interest rates, negative earnings news and resulting negative sentiment. They are often cyclical but are typically shorter than the average bull market. It is our view that we are firmly in a bear market and have been so since early in the year.

It is important that our clients understand that bear markets are not all bad for long-term investors. They provide opportunities to buy shares in good companies at great prices and often in large volumes. This is because markets are less efficient during bear phases as many market participants are selling for reasons that are unrelated to valuation, such as to reduce gearing or to raise liquidity. Buyers of shares can therefore pick up bargains.

In our experience, we have found it particularly valuable to identify a bear market early on in its cycle. Early identification provides an opportunity to position client portfolios defensively for the duration of the bear market before restructuring becomes impossible. The restructuring of client portfolios in the early stages of a bear market includes raising an appropriate cash balance to buy equities when they become too cheap.

Aside from the pure defensive positioning of the portfolio it is also important that the securities held will participate in the pick-up when the bear phase ends. It is therefore paramount to ensure that the portfolios hold companies that will not only survive, but which will continue to grow their earnings at above average rates when the economy once more gathers pace.

Financial markets lead the real economy by many months and so the end of the equity bear market will precede an improvement in fundamentals. But investors shouldn't underestimate the power of sentiment, which can be most negative towards the end of the cycle. It is during these final stages of a bear market that the best bargain purchases can be made.

We often remind investors that all bear markets eventually end. Sometimes this is difficult to envisage in the turmoil of market corrections. This bear market, too, will end and likely sooner than most people expect. It is important that you are invested when the turning point comes.

Foord Flexible Fund of Funds

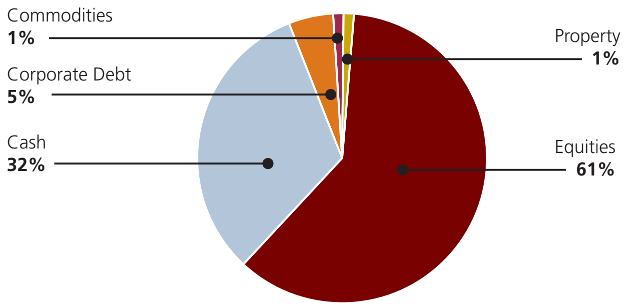
Targeting inflation beating returns over the long-term

September 2008

About the Fund

The objective is to provide investors with a net-of-fee return of 5% per annum above the annual change in the South African Consumer Price Index (CPIX), measured over rolling three year periods. The fund aims to achieve this objective by exploiting the benefits of global diversification in a portfolio that continually reflects Foord Asset Management's prevailing view on all available asset classes, both in South Africa and abroad.

Asset Allocation



Investment Returns

	Last 6 Months	Since Inception
Foord*	-6.2%	-6.2%
Benchmark	11.2%	11.2%

*Net of fees and expenses.

Benchmark:

CPIX + 5% per annum

Regional Equity Exposure

Region	**% of Equities**
South Africa	83
UK	6
USA	5
Europe	4
Japan	1
Asia excl. Japan	1

Fund Details

Inception Date:	1 April 2008
Minimum Lump Sum:	R20 000
Minimum Monthly:	R1 000
Size:	R97.9 million

Foord Balanced Fund

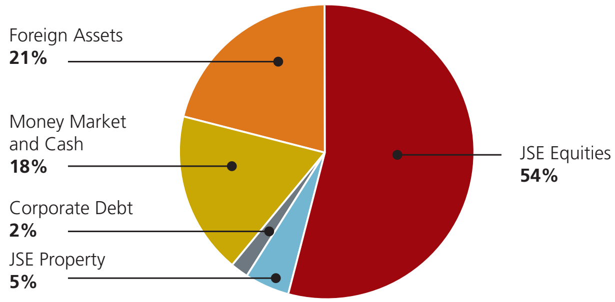
The foundation for long-term growth

September 2008

About the Fund

The fund's investment objective is the steady growth of income and capital, as well as the preservation of real capital (being capital adjusted for the effects of inflation). It aims to exceed the average rate of return achieved in the Domestic Asset Allocation - Prudential Variable Equity unit trust sector. The Foord Balanced Fund is managed to comply with the prudential investment limits set for retirement funds in South Africa (Regulation 28 to the Pension Funds Act).

Asset Allocation



Investment Returns

	Last 6 Months	Last 12 Months	Last 3 Years	Last 5 Years	Since Inception
Foord*	-6.5%	-6.6%	14.6%	22.8%	19.9%
Benchmark	-7.4%	-5.7%	12.0%	19.4%	16.5%

Periods greater than 1 year are annualised. *Net of fees and expenses.

Benchmark:

The market value weighted average total return of the Domestic Asset Allocation Prudential Variable Equity unit trust sector, excluding Foord Balanced Fund.

Top 5 Equity Investments

Investments	**% of Fund**
BHP Billiton	4.6
RMB Holdings	3.7
Sasol	3.6
Absa	3.0
Remgro	2.7

Fund Details

Inception Date:	1 September 2002
Minimum Lump Sum:	R20 000
Minimum Monthly:	R1 000
Size:	R2.01 billion

FUND AWARDS 2008 SOUTH AFRICA WINNER FM Micropal

Foord Equity Fund

Nurturing superior returns

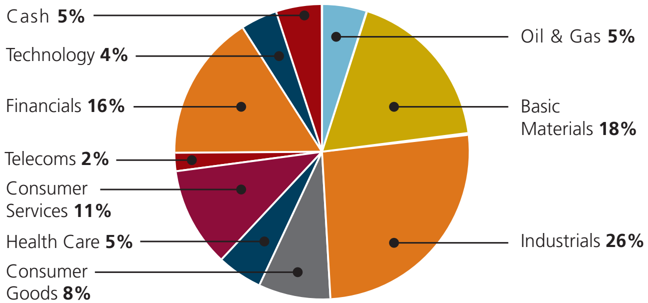
September 2008

About the Fund

The fund's investment objective is to earn a higher total rate of return than that of the South African equity market, as represented by the return of the FTSE/JSE All Share Index including income, without assuming greater risk.

The Foord Equity Fund is ideally suited to investors who require maximum long-term capital growth and who are able to withstand investment volatility in the short to medium-term.

Sector Allocation



Investment Returns

	Last 6 Months	Last 12 Months	Last 3 Years	Last 5 Years	Since Inception
Foord*	-10.4%	-15.7%	14.5%	25.6%	22.5%
Benchmark	-17.9%	-18.0%	15.3%	25.2%	19.5%

Periods greater than 1 year are annualised. *Net of fees and expenses.

Benchmark:

Total return of the FTSE/JSE All Share Index

Top 5 Equity Investments

Investments	**% of Fund**
BHP Billiton	7.7
RMB Holdings	6.2
Sasol	5.5
Remgro	5.1
Aspen Pharmacare	4.4

Fund Details

Inception Date:	1 September 2002
Minimum Lump Sum:	R20 000
Minimum Monthly:	R1 000
Size:	R482.8 million

Foord International Feeder Fund

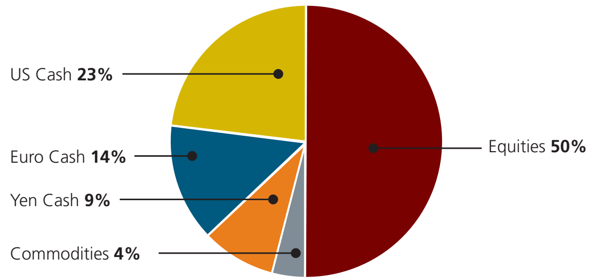
Risk management through global diversification

September 2008

About the Fund

The fund's objective is to provide investors with exposure to a portfolio of international equity and fixed interest securities, constructed with the purpose of maximising return with minimum risk. This is achieved through direct investment into the Foord International Trust, which aims to produce an annualised return over time in excess of 10% in US Dollars, thereby expecting to outperform world equity indices. The fund provides South African investors with an opportunity to diversify their portfolios offshore and to hedge against rand depreciation.

Asset Allocation



Investment Returns (in rands)

	Last 6 Months	Last 12 Months	Since Inception
Foord*	-6.0%	13.5%	17.2%
Benchmark	-17.5%	-14.5%	6.9%
ZAR/USD contribution	1.9%	20.0%	11.9%

Periods greater than 1 year are annualised. *Net of fees and expenses.

Benchmark:

The ZAR equivalent of the MSCI World Equities Index.

Top 5 Equity Investments

(33% of Equities):

Nestle

Diageo

Syngenta

BHP Billiton

LVMH

Fund Details

Inception Date:	1 March 2006
Minimum Lump Sum:	R20 000
Minimum Monthly:	R1 000
Size:	R258.8 million

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