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## **Independent Auditor's Limited Assurance Report of Foord Unit Trusts (RF) (Pty) Ltd (the "Manager")**

We have undertaken our limited assurance engagement to determine whether the attached Schedule IB '*Assets of the Fund held in compliance with Regulation 28*' at 29 February 2020 (the "Schedule") has been prepared in terms of the requirements of Regulation 28 of the Pension Funds Act of South Africa (the "Regulation") by Foord Balanced Fund (the "Portfolio"), as set out on pages 4 to 7. Our engagement arises from our appointment as auditor of the Foord Unit Trusts (RF) (Pty) Ltd and is for the purpose of assisting the Portfolio's unitholders to prepare the unitholder's Schedule IB '*Assets of the Fund held in compliance with Regulation 28*' in terms of the requirements of Regulation 28(8)(b)(i).

### ***The Responsibility of the Directors of the Manager***

The Directors of the Manager are responsible for the preparation of the Schedule in terms of the requirements of the Regulation, and for such internal control as the Manager determines is necessary to enable the preparation of the Schedule that is free from material misstatements, whether due to fraud or error.

### ***Our Independence and Quality Control***

We have complied with the independence and other ethical requirements of Sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)* and parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes), which are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (including International Independence Standards)* respectively.

KPMG INC.



KPMG applies the International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### ***Auditor's Responsibility***

Our responsibility is to express a limited assurance conclusion on whether, based on the procedures we have performed and the evidence we have obtained, the Schedule has been prepared in terms of the requirements of the Regulation.

We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historic Financial Information (ISAE) 3000 (Revised)* issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain limited assurance on whether the Schedule has been prepared in terms of the requirements of Regulation 28 of the Pension Funds Act of South Africa.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. The procedures we performed were based on our professional judgement and includes inquiries, observation of processes followed, inspection of documents, analytical procedures, evaluating reporting policies and agreeing or reconciling with underlying records.

We completed our audit of the financial statements of the Manager for the year ended 29 February 2020, prepared in accordance with International Financial Reporting Standards, on which we issued an unmodified opinion on 1 June 2020. Our audit was performed in accordance with International Standards on Auditing and not for the purpose of expressing an opinion on the Manager's internal controls. Where appropriate, we have drawn on evidence obtained regarding instances of non-compliance with the Regulation identified during the course of our audit that might materially affect the financial statements, and have performed such additional procedures as we considered necessary.

The procedures performed included:

- Re-computing the Schedule's arithmetical accuracy;
- Reviewing the appropriateness of the classification of a sample of the underlying assets;
- Agreeing a sample of the fair values on the Schedule to the investment administration system; and
- Inspecting whether any instances of non-compliance with the Regulations were correctly disclosed on the Schedule.



The procedures performed in a limited assurance engagement vary in nature and timing, and are less in extent than for a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement.

Accordingly, we do not express a reasonable assurance opinion about whether the Schedule has been prepared in terms of the requirements of the Regulation.

We believe that the evidence obtained as part of our limited assurance engagement is sufficient and appropriate to provide a basis for our limited assurance conclusion expressed below.

### **Limited Assurance Conclusion**

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Schedule IB 'Assets of the Fund held in compliance with Regulation 28' at 29 February 2020 by the Foord Balanced Fund, has not been prepared in terms of the requirements of Regulation 28 of the Pension Funds Act of South Africa.

### **Emphasis of Matter**

We draw attention to Page 7 to Schedule IB which indicates that the aggregate exposure to foreign assets, expressed as a percentage of total assets exceeded the maximum allowable percentage prescribed by Regulation 28(3)(i). As explained in Page 7 to the Schedule this limit was exceeded due to market movements and not as a result of discretionary transacting by the Fund. Our opinion is not modified in respect of this matter.

### **Restriction on Use and Distribution**

This report is prepared in terms of the requirements of Regulation 28(8)(b)(i)(aa) and is intended only for the Manager and Portfolio's unitholders for the purpose indicated in the first paragraph. Consequently, the Schedule and our report may not be suitable for another purpose and is not to be used for any other purpose nor distributed to any other parties.

KPMG Inc

Per MJ Coelho  
Chartered Accountant (SA)  
Registered Auditor  
Director

12 June 2020

**Schedule IB (Foord Balanced Fund)**

Assets held in compliance with Regulation 28 as at 29 February 2020

		Fair value	
		R	
A Total assets of the fund		25 411 569 253	
Categories of kinds of assets	%	Fair value R	Fair value %
1	<b>CASH</b>	2 047 722 360	8,06%
1.1	<b>Local notes, deposits, money market instruments issued by a South African Bank, margin accounts, settlement accounts with an exchange and Islamic liquidity management financial instruments</b>	629 804 386	2,48%
(a)	Notes and coins, any balance or deposit in an account held with a South African bank -per issuer/entity	544 093 947	2,14%
	FIRST RAND BANK LIMITED	544 093 947	2,14%
(b)	A money market instrument issued by a South African bank including an Islamic liquidity management financial instrument -per issuer/entity	67 350 539	0,27%
	NEDGROUP INVESTMENTS CORPORATE MONEY MARKET FUND	67 350 539	0,27%
(c)	Any positive net balance in a margin account with an exchange -per issuer/entity	18 359 899	0,07%
	JSE LIMITED	18 359 899	0,07%
(d)	Any positive net balance in a settlement account with an exchange, operated for the buying and selling of assets -per issuer/entity	-	0,00%
1.2	<b>Foreign balances or deposits, money market instruments issued by a foreign bank including Islamic liquidity management financial instruments</b>	1 417 917 974	5,58%
(a)	Any balance or deposit held with a foreign bank -per issuer/entity	1 417 917 974	5,58%
	Foord Global Equity Fund: Cash Effect	237 622 970	0,94%
	Foord Global Equity Fund Lx: Cash Effect	149 956 509	0,59%
	Foord Int. Fund (Lux): Cash Effect	1 015 394 976	4,00%
	JP Morgan	14 943 520	0,06%
(b)	Any balance or deposit held with an African bank -per issuer/entity	-	0,00%
(c)	A money market instrument issued by a foreign bank including an Islamic liquidity management	-	0,00%
2	<b>DEBT INSTRUMENTS INCLUDING ISLAMIC DEBT INSTRUMENTS</b>	6 125 576 546	24,11%
2.1	<b>Inside the Republic</b>	5 323 880 111	20,95%
(a)	Debt instruments issued by, and loans to, the government of the Republic, and any debt or loan guaranteed by the Republic	4 791 048 267	18,85%
(b)	Debt instruments issued or guaranteed by the government of a foreign country -per issuer	-	-
(c)	Debt instruments issued or guaranteed by a South African Bank against its balance sheet:-	532 831 844	2,10%
(c)(i)	Listed on an exchange with an issuer market capitalisation of R20 billion or more, or an amount or conditions as prescribed -per issuer	532 831 844	2,10%
	NEDBANK LIMITED	280 459 854	1,10%
	STANDARD BANK OF SOUTH AFRICA	252 371 990	0,99%
(c)(ii)	Listed on an exchange with an issuer market capitalisation of between R2 billion and R20 billion, or an amount or conditions as prescribed -per issuer	-	0,00%
(c)(iii)	Listed on an exchange with an issuer market capitalisation of less than R2 billion, or an amount or conditions as prescribed -per issuer	-	0,00%
(c)(iv)	Not listed on an exchange -per issuer	-	0,00%
(d)	Debt instruments issued or guaranteed by an entity that has equity listed on an exchange, or debt instruments issued or guaranteed by a public entity under the Public Finance Management Act, 1999 (Act No. 1 of 1999) as prescribed:-	-	0,00%
(d)(i)	Listed on an exchange -per issuer	-	0,00%
(d)(ii)	Not listed on an exchange -per issuer	-	0,00%
(e)	Other debt instruments:-	-	0,00%
(e)(i)	Listed on an exchange - per instrument	-	0,00%
(e)(ii)	Not listed on an exchange -per instrument	-	0,00%

2.2	<b>Outside the Republic</b>			801 696 434	3,15%
(a)	Debt instruments issued by, and loans to, the government of the Republic, and any debt or loan guaranteed by the Republic	SARB max limits		243 694 794	0,96%
(b)	Debt instruments issued or guaranteed by the government of a foreign country	SARB max limits		243 694 794	0,96%
	-per issuer	10%			
	Food Int. Fund (Lux) B : Gov. Bond Effect			243 694 794	0,96%
(c)	Debt instruments issued or guaranteed by a South African Bank against its balance sheet:-	SARB max limits		-	0,00%
(c)(i)	Listed on an exchange with an issuer market capitalisation of R20 billion or more, or an amount or conditions as prescribed	SARB max limits		-	0,00%
	-per issuer	25%			
(c)(ii)	Listed on an exchange with an issuer market capitalisation of between R2 billion and R20 billion, or an amount or conditions as prescribed	SARB max limits		-	0,00%
	-per issuer	15%			
(c)(iii)	Listed on an exchange with an issuer market capitalisation of less than R2 billion, or an amount or conditions as prescribed	SARB max limits		-	0,00%
	-per issuer	10%			
(c)(iv)	Not listed on an exchange	SARB max limits		-	0,00%
	- per issuer	5%			
(d)	Debt instruments issued or guaranteed by an entity that has equity listed on an exchange	SARB max limits		558 001 640	2,20%
(d)(i)	Listed on an exchange	SARB max limits		558 001 640	2,20%
	-per issuer	10%			
	Nagacorp 9.375% 21/05/2021			329 076 227	1,29%
	Food Int. Fund (Lux) B : Corp. Bond Effect			228 925 413	0,90%
(d)(ii)	Not listed on an exchange	25%		-	0,00%
	-per issuer	5%			
(e)	Other debt instruments:-	25%		-	0,00%
(e)(i)	Listed on an exchange	25%		-	0,00%
	- per instrument	5%			
(e)(ii)	Not listed on an exchange	15%		-	0,00%
	-per instrument	5%			
		15%			
3	<b>EQUITIES</b>			14 380 099 525	56,59%
3.1	Inside the Republic	75%		8 527 116 235	33,56%
(a)	Preference and ordinary shares in companies, excluding shares in property companies, listed on an	75%		8 527 116 235	33,56%
(a)(i)	Issuer market capitalisation of R20 billion or more, or an amount or conditions as prescribed	75%		7 987 954 074	31,43%
	-per issuer	15%			
	Anheuser-Busch InBev			678 986 114	2,67%
	Aspen			650 444 700	2,56%
	AVI			159 342 137	0,63%
	BHP			1 042 605 013	4,10%
	Bidcorp			336 882 459	1,33%
	British American Tobacco			572 673 109	2,25%
	Bidvest			106 240 320	0,42%
	Richemont			685 277 865	2,70%
	Distell			74 625 000	0,29%
	Mr Price			80 940 905	0,32%
	Naspers "N"			614 437 281	2,42%
	Pepkor			25 411 937	0,10%
	Prosus "N"			406 735 530	1,60%
	PSG			69 332 350	0,27%
	RMB Holdings			783 402 653	3,08%
	Standard Bank Group			587 551 388	2,31%
	Santam			168 170 000	0,66%
	Sasol			539 469 902	2,12%
	Spar Group			301 556 148	1,19%
	Vodacom			71 915 664	0,28%
	All Share Index March 2020			31 953 600	0,13%
(a)(ii)	Issuer market capitalisation of between R2 billion and R20 billion, or an amount or conditions as prescribed	75%		491 120 136	1,93%
	-per issuer	10%			
	Afrox			25 945 773	0,10%
	Coronation Fund Managers			35 391 848	0,14%
	KAP			56 542 097	0,22%
	Metair			151 309 356	0,60%
	Omnia			221 931 062	0,87%
(a)(iii)	Issuer market capitalisation of less than R2 billion, or an amount or conditions as prescribed	75%		48 042 025	0,19%
	-per issuer	5%			
	EOH			9 220 057	0,04%
	Invicta			38 821 969	0,15%
(b)	Preference and ordinary shares in companies, excluding shares in property companies, not listed on an exchange	10%		-	0,00%
	-per issuer	2,5%			

3.2	Outside the Republic		SARB max limits	5 852 983 290	23,03%
(a)	Preference and ordinary shares in companies, excluding shares in property companies, listed on an exchange:-		SARB max limits	5 852 983 290	23,03%
(a)(i)	Issuer market capitalisation of R20 billion or more, or an amount or conditions as prescribed		SARB max limits	5 852 983 290	23,03%
	-per issuer		15%		
		Foord Global Equity Fund: Equity Effect		2 397 589 065	9,44%
		Foord Global Equity Fund Lx: Equity Effect		1 635 067 959	6,43%
		Foord Int. Fund (Lux): Equity Effect		1 820 326 266	7,16%
(a)(ii)	Issuer market capitalisation of between R2 billion and R20 billion, or an amount or conditions as prescribed		SARB max limits		
	-per issuer		10%		
(a)(iii)	Issuer market capitalisation of less than R2 billion, or an amount or conditions as prescribed		SARB max limits		
	-per issuer		5%		
(b)	Preference and ordinary shares in companies, excluding shares in property companies, not listed on an exchange		SARB max limits		
	-per issuer		2,5%		
4	<b>IMMOVABLE PROPERTY</b>			1 304 849 251	5,13%
4.1	Inside the Republic	25%		1 111 843 040	4,38%
(a)	Preference shares, ordinary shares and linked units comprising shares linked to debentures in property companies, or units in a Collective Investment Scheme in Property, listed on an exchange	25%			
(a)(i)	Issuer market capitalisation of R10 billion or more, or an amount or conditions as prescribed	25%		1 111 843 040	4,38%
	-per issuer	15%		927 494 230	3,65%
		Capital & Counties Properties		844 105 885	3,32%
		Fortress		83 388 345	0,33%
(a)(ii)	Issuer market capitalisation of between R3 billion and R10 billion, or an amount or conditions as prescribed	25%		184 348 810	0,73%
	-per issuer	10%			
		Emira Property		43 702 069	0,17%
		Equites Property		130 865 394	0,51%
		Stor-Age Property		9 781 348	0,04%
(a)(iii)	Issuer market capitalisation of less than R3 billion or an amount or conditions as prescribed	25%			0,00%
	-per issuer	5%			
(b)	Immovable property, preference and ordinary shares in property companies, and linked units comprising shares linked to debentures in property companies, not listed on an exchange	15%			0,00%
	- per issuer	5%			
4.2	Outside the Republic		SARB max limits	193 006 211	0,76%
(a)	Preference shares, ordinary shares and linked units comprising shares linked to debentures in property companies, or units in a Collective Investment Scheme in Property, listed on an exchange		SARB max limits	193 006 211	0,76%
(a)(i)	Issuer market capitalisation of R10 billion or more, or an amount or conditions as prescribed		SARB max limits		0,00%
	-per issuer		15%		
(a)(ii)	Issuer market capitalisation of between R3 billion and R10 billion, or an amount or conditions as prescribed		SARB max limits		0,00%
	-per issuer		10%		
(a)(iii)	Issuer market capitalisation of less than R3 billion or an amount or conditions as prescribed		SARB max limits	193 006 211	0,76%
	-per issuer		5%		
		Foord Global Equity Fund Lux: Property Effect		21 680 459	0,09%
		Foord Global Equity Fund: Property Effect		34 708 973	0,14%
		Foord Int. Fund (Lux) B : Property Effect		136 616 779	0,54%
(b)	Immovable property, preference and ordinary shares in property companies, and linked units comprising shares linked to debentures in property companies, not listed on an exchange		SARB max limits		0,00%
	- per issuer		5%		
5	<b>COMMODITIES</b>			1 553 321 571	6,11%
5.1	Inside the Republic			1 305 934 431	5,14%
(a)	Kruger Rands and other commodities on an exchange, including exchange traded commodities	10%		1 305 934 431	5,14%
(a)(i)	Gold (including Kruger Rands)	10%		1 305 934 431	5,14%
(a)(ii)	Other commodities	5%			0,00%
	-each other commodity				
5.2	Outside the Republic			247 387 140	0,97%
(a)	Gold and other commodities on an exchange, including exchange traded commodities	10%		247 387 140	0,97%
(a)(i)	Gold	10%		247 387 140	0,97%
(a)(ii)	Other commodities	10%			0,00%
	-each commodity				
6	<b>INVESTMENTS IN THE BUSINESS OF A PARTICIPATING EMPLOYER INSIDE THE REPUBLIC IN TERMS OF:-</b>				
(a)	Section 19(4) of the Pension Funds Act	5%			
(b)	To the extent it has been allowed by an exemption in terms of section 19(4A) of the Pension Funds Act	10%			
7	<b>HOUSING LOANS GRANTED TO MEMBERS IN ACCORDANCE WITH THE PROVISIONS OF SECTION 19(5)</b>	95%			

8 HEDGE FUNDS, PRIVATE EQUITY FUNDS AND ANY OTHER ASSET NOT REFERRED TO IN THIS SCHEDULE				
8,1	Inside the Republic	15%	-	0,00%
(a)	Hedge fund	10%	-	0,00%
(a)(i)	Funds of hedge funds	5%	-	0,00%
(a)(ii)	Hedge funds	2,5%	-	0,00%
(b)	Private equity funds	10%	-	0,00%
(b)(i)	Funds of private equity funds	5%	-	0,00%
(b)(ii)	Private equity funds	2,5%	-	0,00%
(c)	Other assets not referred to in this schedule and excluding a hedge fund or private equity fund	2,5%	-	0,00%
8,2	Outside the Republic	15%	-	0,00%
(a)	Hedge fund	10%	-	0,00%
(a)(i)	Funds of hedge funds	5%	-	0,00%
(a)(ii)	Hedge funds	2,5%	-	0,00%
(b)	Private equity funds	10%	-	0,00%
(b)(i)	Funds of private equity funds	5%	-	0,00%
(b)(ii)	Private equity funds	2,5%	-	0,00%
(c)	Other assets not referred to in this schedule and excluding a hedge fund or private equity fund	2,5%	-	0,00%
9 Fair value of assets to be excluded in terms of sub-regulation (8)(b) of Regulation 28				
9,1	Inside the Republic			
9,2	Outside the Republic	SARB max limits		
<b>TOTAL (equal to the fair value of assets)</b>			<b>25 411 569 253</b>	<b>100% RC</b>
<b>Investments outside the Republic</b>				
		<b>Fair value</b>	<b>Fair Value</b>	
		<b>R</b>	<b>Percentage</b>	
	Foreign balances or deposits, money market instruments issued by a foreign bank including Islamic liquidity management financial instruments	1 417 917 974	5,58%	
	Debt instruments including Islamic debt instruments	801 696 434	0,96%	
	Equities	5 852 983 290	23,03%	
	Immovable property	193 006 211	0,76%	
	Commodities outside the Republic	247 387 140	0,97%	
	Hedge Funds, private equity funds and any other assets not referred to in this schedule	-	0,00%	
	Fair value of assets to be excluded in terms of sub-regulation (8)(b) of Regulation 28			
	<b>TOTAL</b>	<b>8 512 991 049</b>	<b>31,30%</b>	
<b>Asset Limits in terms of sub regulation 3(f)</b>				
	Item 2.1(e)(ii)	-	0,00%	
	Item 3.1(b)	-	0,00%	
	Item 4.1(b)	-	0,00%	
	Item 8	-	0,00%	
	<b>TOTAL</b>	<b>-</b>	<b>0,00%</b>	
<b>Asset Limits in terms of sub regulation 3.1(g)</b>				
	Item 3.1(b)	-	0,00%	
	Item 8.1(b)	-	-	
	<b>TOTAL</b>	<b>0</b>	<b>0</b>	
<b>Breaches in terms of Regulation 28</b>				
No breaches were noted. Market movements caused the market value of foreign assets to exceed 30% of the portfolio as follows:				
<b>Date investment limit exceeded</b>	<b>Date resolved</b>			
23-May-19	24-May-19			
27-May-19	03-Jun-19			
04-Jun-19	31-Dec-19			
02-Jan-20	excess remains			