SYNOPSIS

PERFORMANCE (TOTAL RETURN)

	Portfolio	Benchmark
Annualised (since 01/04/2008)	12.0%	10.8%
Last 12 months	20.4%	9.0%
Last 3 months	15.2%	2.5%

PORTFOLIO VALUE

R 9 163.9 million (31/03/2020: R 8 152.5 million)

INVESTMENT OUTLOOK AND PORTFOLIO CONSTRUCTION

World: Economic recovery to be slow and volatile
Unprecedented monetary and fiscal support
High debt impairs potential global output
Elevated market volatility
Risk of corporate insolvencies rising
Geopolitical risks rise

Weaker dollar supports higher gold price
South Africa: Severe GDP contraction
Massive fiscal package balloons debt burden
Inflation outlook remains benign
Possibility of further interest rate cuts
Bond yield curve shifts lower but steepens

Portfolio construction: Focus on capital preservation and high liquidity
Foreign assets retained and quality equities preferred
Remain underweight US and cyclical businesses
Low "SA Inc." weight on continued weakness – quality global businesses preferred
Avoid SA retail and commercial property counters
Gold is an attractive, uncorrelated investment
Meaningful bond allocation captures high real yield opportunity

EFFECTIVE ASSET ALLOCATION (previous)

	Foord target		Portfolio	
	%	%	%	%
JSE equities	15	(15)	15	(14)
Foreign assets	60	(60)	61	(62)
JSE property	2	(2)	2	(2)
Commodities	1	(1)	2	(1)
SA bonds	20	(20)	18	(19)
Money market	2	(2)	2	(2)
	160		100	

(ASI1. PORTFOLIO PERFORMANCE

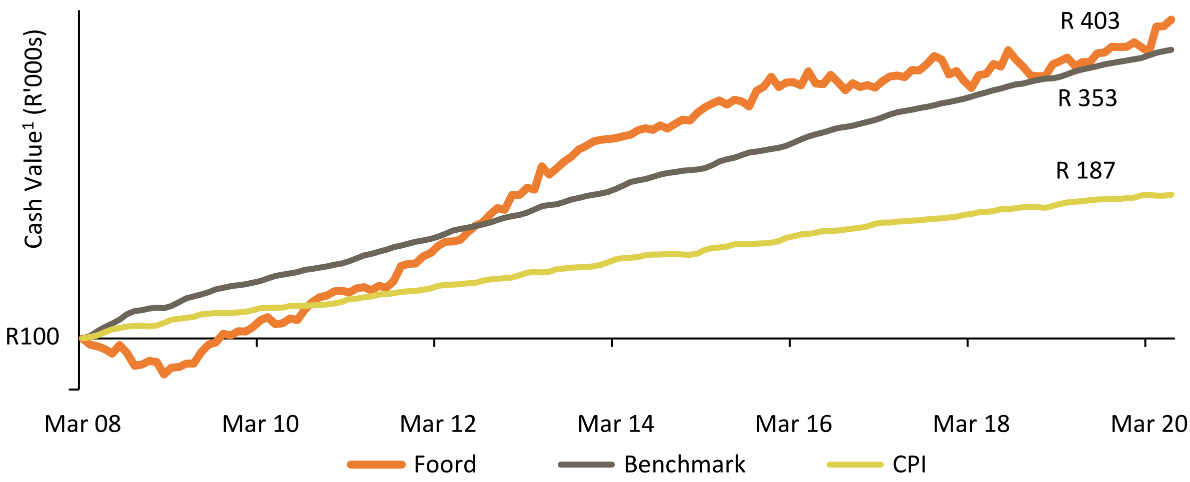
1.1 Total Performance to 30 June 2020

	Portfolio	Benchmark*	Variance	Peer Group#
	%	%	%	%
From inception (01/04/2008)	12.0	10.8	1.2	8.3
10 years	14.2	10.3	3.9	11.1
7 years	10.2	10.2	0.0	9.0
5 years	7.7	10.0	- 2.3	5.9
3 years	8.7	9.3	- 0.6	7.2
1 year	20.4	9.0	11.4	11.1
6 months	12.6	4.8	7.8	6.7
3 months	15.2	2.5	12.7	13.1

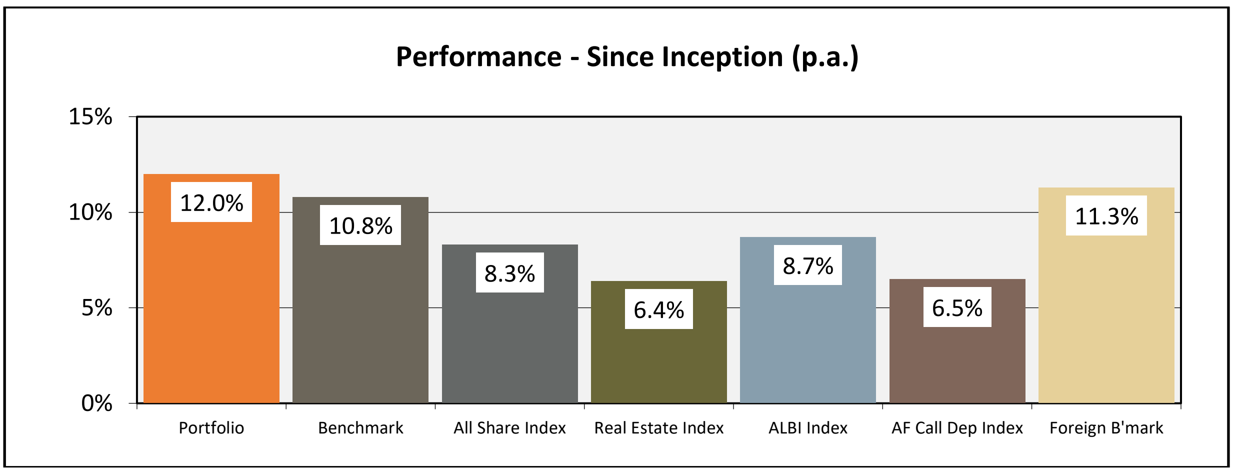
* CPI + 5% per annum, which is applied daily using the most recently available inflation data. After quarter-end, May CPI data was released showing that inflation had moderated to 2.1% year-on-year.

(ASISA) Worldwide – Multi Asset - Flexible

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)



1.2 Sector Contribution to 30 June 2020

(Returns x weight)

	JSE equities %	JSE property %	Interest bearing* %	Other assets %	Foreign assets %	Portfolio %
1 year	- 1.3	- 0.4	1.3	0.6	21.1	21.3
6 months	- 0.9	- 0.9	0.6	0.5	14.0	13.3
3 months	3.7	- 0.3	2.2	- 0.1	10.0	15.5

* Bonds and cash combined

Returns in percent, calculated on a gross basis

Quarterly performance comment:

- The balanced asset allocation continued to deliver credible returns for investors — the full weight in foreign assets contributed most despite the stronger rand and the S&P 500 hedges weighing in a rising market
- Underlying global equity stock selection continued to power returns ahead of the rising market index — with very strong performance from core holdings in FMC Corp, JD.Com and Wheaton Precious Metals
- JSE-listed equities also made a positive contribution — bolstered by good returns from core holdings Aspen, Prosus and BHP Group
- The allocation to short duration South African government bonds also contributed positively — yields fell on improved emerging market risk appetite and sharply lower short-term interest rates
- The diversifying physical gold position also contributed positively — the dollar price of the metal rose significantly more than the rand strengthened
- The largest detractor was the holding in London-listed property company Capital & Counties which fell on continued pandemic disruption to retail economic activity in its core Covent Garden estate — while another JSE-listed UK property stock Intu Properties (not held) fell into administration

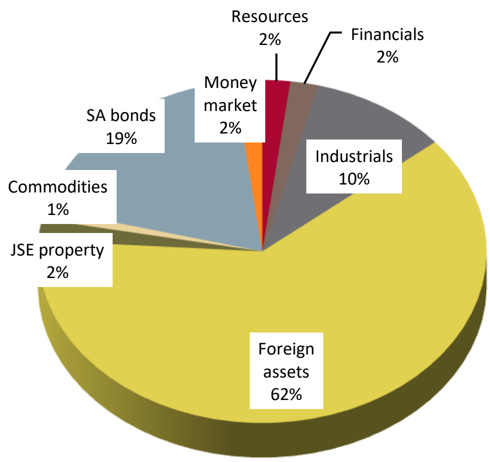
2. PORTFOLIO STRUCTURE

Mandate (%)		Portfolio Effective exposure 31/03/2020	Portfolio Effective exposure 30/06/2020	FTSE/JSE ALSI Weightings
		%	%	%
	JSE equities: resources	2	3	5
	JSE equities: financials (ex property)	2	1	2
	JSE equities: industrials	10	11	8
0 - 100	JSE equities*	14	15	15
	Foreign assets	62	61	
	Foord International Fund	26	24	
	Foord Global Equity Fund	36	37	
0 - 25	JSE property	2	2	
	Commodities	1	2	
	SA bonds	19	18	
0 - 100	Money market	2	2	
		100	**100**	
	Total portfolio	**R 8 152.5m**	**R 9 163.9m**	

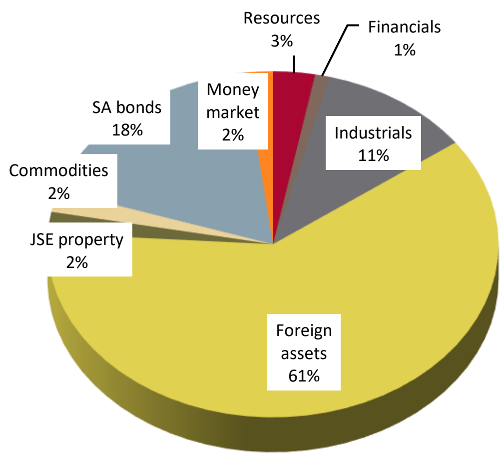
	31/03/2020	30/06/2020	FTSE/JSE ALSI
*Size distribution of JSE equities	%	%	%
Large capitalisation	78	73	91
Mid capitalisation	5	5	7
Small capitalisation	17	22	2
	100	**100**	**100**

Exposure analysis	Domestic	Foreign	Total
	%	%	%
Equities	15	45	60
Listed property	2	1	3
Corporate bonds	0	2	2
Government bonds	18	1	19
Commodities	2	2	4
Money market	2	10	12
	39	**61**	**100**

Effective exposure 31/03/2020



Effective exposure 30/06/2020



3. MARKET BACKGROUND AND OUTLOOK

3.1 World

- The global economy plunged into the deepest recession since the 1929 Great Depression on national lockdowns to contain the COVID-19 pandemic — third-quarter growth prospects have improved on re-opening measures, but remain vulnerable to second-wave infections
- Authorities across nations unleashed unprecedented monetary and fiscal stimulus through loan guarantees, short-term liquidity provisions and income support — the resultant debt bloat should impair potential global output for many years
- Unemployment rates spiked as employers furloughed staff and household savings rates soared as they curtailed discretionary spending amid plummeting consumer confidence — a stark warning that economic recovery will be slow and volatile if a vaccine is not quickly produced
- Equity markets rallied strongly, led higher by technology, consumer discretionary and materials even as forward consensus earnings expectations are discounted for 2020 through to 2022 — forward valuations imply elevated risk of share price declines and low future returns if demand remains subdued and liquidity conditions worsen
- Most developed market government bond yields fell marginally despite new stimulus, while high-yield corporate and sovereign bonds largely recovered from the March sell-off — emergency liquidity measures have thus far averted mass insolvencies, but hasty withdrawal of bank liquidity is a risk to corporate solvency
- Industrial metals bounced, gold rallied and WTI oil doubled on the improved outlook and US dollar weakness — the ballooning US Federal Reserve balance sheet and surge in money supply is negative for the US dollar but positive for gold

3.2 South Africa

- The beleaguered SA economy contracted for the third successive quarter in Q1 (before the brunt of COVID-19 lockdowns), with fixed investment and inventory drawdowns the biggest detractors — consensus expectations are for a minimum 25% contraction (annualised) in Q2 and 7% for 2020
- A massive fiscal relief package exceeding R500 billion should buffer the economy from further employment losses and business closures — but government's debt binge will require a greater reduction in government expenditure over the next three years at least
- Government expects debt-to-GDP to exceed 80% by next March and reach 87% by 2024 where after it will decline — admitting it needs a US$4.2 billion low-interest, rapid financing instrument from the IMF
- The JSE rallied in tandem with global markets, led by a 41% surge in resource stocks — financial counters were laggards, weighed down by the banking sector on prospects for lower interest margins and higher impairments
- SA government bond yields fell on improving global risk appetite and short rates falling more than expected, although the yield curve remains extremely steep — longer dated yields reflect market anxiety for higher inflation and risk of default if government's debt sustainability proposals fail
- Low inflation prompted SARB's Monetary Policy Committee to reduce interest rates to 3.75% in May — the benign inflation outlook should give SARB comfort to keep rates at these historically low levels or reduce them more if inflation expectations moderate further
- The rand retraced some of its Q1 losses but is vulnerable to a setback in global risk appetite —improved terms of trade contributed to SA's first quarterly current account surplus since 2002

4. PORTFOLIO CONSTRUCTION

- The portfolio remains defensively positioned with the emphasis on capital preservation – a lower-than-normal weight to quality SA listed businesses, higher position in global businesses we expect will survive and thrive in an uncertain future and meaningful weight to high-yielding, short-duration SA sovereign debt
- Despite the recent surge in share prices, the deteriorating global environment, weak SA economy and policy uncertainty are risks to SA corporate earnings – the JSE equity investments thus favour global businesses with more certain non-rand earnings and future growth prospects not reliant on continuous fiscal stimulus
- Foreign assets are retained with a preference for global equities over bonds and cash – equity investment is tilted away from the more expensive US markets towards higher growth and better-valued emerging market businesses likely to benefit from long-term structural changes
- Continue to avoid retail and commercial property counters where structural challenges remain a risk to distributions and capital values
- Gold through listed ETF investments acts as a safe-haven asset at times of economic and market stress, and protection against continuous fiat currency manipulation
- Medium-term SA government bond investments are a meaningful component of the portfolio – offering abnormally high real yields, and attractive fixed coupons in a falling interest rate environment
- Our effective asset allocation target is:

Policy parameters %		Foord target Current %	Foord target Previous %	Portfolio at 30/06/2020 %	Portfolio at 31/03/2020 %
0 - 100	JSE equities	15	15	15	14
	Foreign assets	60	60	61	62
	Foord International Fund*	25	25	24	26
	Foord Global Equity Fund	35	35	37	36
0 - 25	JSE property	2	2	2	2
	Commodities	1	1	2	1
	SA bonds	20	20	18	19
0 - 100	Money market	2	2	2	2
		100	**100**	**100**	**100**

* Currently 56% in equities, hedged equities 8%, property 4%, commodities 7%, government bonds 5%, corporate bonds 6% and cash 14%

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JULY 2020

5. EFFECTIVE EXPOSURE AND PORTFOLIO SENSITIVITY

5.1 Effective Exposure

Asset class	Market value R'000	Option exposure R'000	Effective exposure R'000	Effective exposure %
JSE equities	1,395,344		1,395,344	15.2%
Foreign assets	5,620,874		5,620,874	61.3%
JSE property	148,313		148,313	1.6%
Commodities	218,288		218,288	2.4%
SA bonds	1,625,940	1,270	1,627,210	17.8%
Money market	155,097	-1,270	153,827	1.7%
Total	**9,163,856**		**9,163,856**	**100.0%**

5.2 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 *	-279,069	-139,534	-69,767	0	69,767	139,534	279,069
Resultant portfolio value *	8,884,787	9,024,322	9,094,089	9,163,856	9,233,623	9,303,390	9,442,925
Resultant portfolio change (%)	-3.0%	-1.5%	-0.8%	0.0%	0.8%	1.5%	3.0%

FOREIGN ASSETS

Change in R/$ exchange rate	**-20.0%**	**-10.0%**	**-5.0%**	**0.0%**	**5.0%**	**10.0%**	**20.0%**
R/$ exchange rate	**20.8214**	**19.0863**	**18.2188**	**17.3512**	**16.4836**	**15.6161**	**13.8810**
Resultant for. assets change *	1,124,175	562,087	281,044	0	-281,044	-562,087	-1,124,175
Resultant portfolio value *	10,288,031	9,725,943	9,444,900	9,163,856	8,882,812	8,601,769	8,039,681
Resultant portfolio change (%)	12.3%	6.1%	3.1%	0.0%	-3.1%	-6.1%	-12.3%

JSE PROPERTY

Change in portfolio property	**-20.0%**	**-10.0%**	**-5.0%**	**0.0%**	**5.0%**	**10.0%**	**20.0%**
Resultant property change *	-29,663	-14,831	-7,416	0	7,416	14,831	29,663
Resultant portfolio value *	9,134,193	9,149,025	9,156,440	9,163,856	9,171,272	9,178,687	9,193,519
Resultant portfolio change (%)	-0.3%	-0.2%	-0.1%	0.0%	0.1%	0.2%	0.3%

SA BONDS

Change in yields	**-3.0%**	**-2.0%**	**-1.0%**	**0.0%**	**1.0%**	**2.0%**	**3.0%**
Resultant fixed income change *	324,236	205,586	97,983	0	-89,549	-171,659	-247,171
Resultant portfolio value *	9,488,092	9,369,442	9,261,839	9,163,856	9,074,307	8,992,197	8,916,685
Resultant portfolio change (%)	3.5%	2.2%	1.1%	0.0%	-1.0%	-1.9%	-2.7%

*[R'000]

6. RESPONSIBLE INVESTMENT SUMMARY

Voting resolutions for Q2 2020

Foord Absolute Return	Total Count	For	Against	Abstain
Adopt Financials	3	100%	0%	0%
Auditor/Risk/Social/Ethics related	7	86%	14%	0%
Buy Back Shares	2	100%	0%	0%
Director Remuneration	10	80%	20%	0%
Dividend Related	2	100%	0%	0%
Issue Shares	1	100%	0%	0%
Loan / Financial Assistance	2	50%	50%	0%
Other	9	78%	22%	0%
Re/Elect Director	15	100%	0%	0%
Remuneration Policy	3	67%	33%	0%

Foord Global Equity Fund (Luxembourg)	Total Count	For	Against	Abstain
Adopt Financials	9	100%	0%	0%
Auditor/Risk/Social/Ethics related	62	86%	8%	6%
Buy Back Shares	16	69%	31%	0%
Dividend Related	12	100%	0%	0%
Issue Shares	40	18%	80%	2%
Others	35	57%	37%	6%
Political Expenditure/Donation	2	0%	100%	0%
Re/Elect Director	335	99%	1%	0%
Remuneration Policy including directors' remuneration	57	23%	72%	5%
Shares under Director Control	1	100%	0%	0%
Signature of Documents/Ratification	2	100%	0%	0%

Foord International Fund	Total Count	For	Against	Abstain
Adopt Financials	6	100%	0%	0%
Auditor/Risk/Social/Ethics related	40	90%	5%	5%
Buy Back Shares	10	70%	30%	0%
Dividend Related	9	100%	0%	0%
Issue Shares	26	19%	77%	4%
Others	42	52%	31%	17%
Re/Elect Director	229	99%	0%	1%
Remuneration Policy including directors' remuneration	37	32%	68%	0%
Shares under Director Control	1	100%	0%	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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