SYNOPSIS

PERFORMANCE (TOTAL RETURN – IN US DOLLARS)

	Fund	Peer Group	US Inflation	MSCI World Equities	World Bonds
Last 3 months	9.8%	9.7%	-0.8%	19.4%	2.1%
Last 12 months	8.9%	-0.7%	0.2%	2.8%	4.7%
Since inception (10/03/1997)	6.4%	3.9%	2.0%	6.1%	4.4%

Notes:

[1] USD Flexible Allocation Morningstar category average

[2] FTSE World Government Bond Index. Source: Bloomberg L.P.

FUND VALUE

$1.5 billion (31/03/2020: $1.4 billion)

INVESTMENT OUTLOOK

Global growth and corporate earnings at material risk
Central bank accommodation drives interest rates toward/through the zero bound
Government fiscal spending to increase markedly
High yield corporate bonds at increasing risk of default
Gold price to be supported by safe-haven appeal
US bourses expensive versus global peers
China to stimulate growth with targeted stimulus
Europe and Japan export sector challenges to persist as global trade decelerates
Geopolitical risks meaningfully increased
Growth stocks at extremes relative to value stocks

FUND CONSTRUCTION

Moderate equity allocation
Low risk, high yield corporate bond investment
Global sovereign and corporate debt remain expensive
Cash position offers optionality
Gold ETF is an uncorrelated hedge
S&P 500 put options protect downside risks

1. PORTFOLIO PERFORMANCE

	Fund	Peer Group[1]	US Inflation	MSCI World Equities	World Bonds[2]
Last 3 months	9.8%	9.7%	-0.8%	19.4%	2.1%
Last 12 months	8.9%	-0.7%	0.2%	2.8%	4.7%
Last 3 years	3.8%	1.6%	1.6%	6.7%	4.0%
Last 5 years	3.5%	1.3%	1.5%	6.9%	3.7%
Last 10 years	6.2%	2.5%	1.6%	9.9%	2.4%
Last 15 years	5.8%	2.0%	1.9%	6.5%	3.3%
Last 20 years	6.6%	2.5%	2.0%	4.3%	4.4%
Since inception (10/03/1997)	6.4%	3.9%	2.0%	6.1%	4.4%

Notes:

[1] USD Flexible Allocation Morningstar category average

[2] FTSE World Government Bond Index. Source: Bloomberg L.P.

Quarterly Performance Comment

- Asset allocation was beneficial as the fund's largest asset class, equities (+19.4%), contributed positively to fund performance
- The fund's gold ETF (+9.8%) and a position in precious metals miner Wheaton Precious Metals (+60.0%) contributed positively to performance — precious metals often act as a safe haven during times of market stress and volatility
- US-based agricultural chemicals company and the fund's largest holding FMC Corp (+22.3%) contributed most to performance while Chinese holdings including the International and Commercial Bank of China (-6.1%) and PICC Property & Casualty Insurance (-8.1%) detracted
- The fund's hedges — S&P 500 put options and short futures positions — in aggregate detracted (-3.1%) from fund performance

2. PORTFOLIO STRUCTURE

	Fund 31/03/2020 %	Fund 30/06/2020 %	MSCI World Equity Index 30/06/2020 %
Communication Services	6	6	5
Consumer Discretionary	4	3	6
Consumer Staples	5	5	5
Energy	1	1	2
Financials	9	7	7
Healthcare	15	15	8
Industrials	2	2	6
Information Technology	1	1	12
Materials	12	12	3
Utilities	4	4	2
Equities	59	56	56
Hedged Equities	5	8	-
Properties/ Real Estate	4	4	3
Commodities	6	7	-
Corporate Bonds	6	6	-
Sovereign Bonds	7	5	-
Cash	13	14	-
	100	**100**	59
Total Fund	**$1.4 billion**	**$1.5 billion**	

3. MARKET BACKGROUND

- Global equities (+19.4%) rebounded quickly — on optimism of economies reopening, encouraging early signs of vaccine development and supportive government and central bank policies that bolstered liquidity
- US equities (+21.6%) posted the best quarter since 1998 as the US Federal Reserve kept rates unchanged at near zero and committed to do “whatever” it to support the economic recovery — with slim chance of rate hikes through 2022, risk assets continued to rally despite a second wave of COVID-19 infections
- European equities (+15.3%) also rebounded, led by Germany (+26.5%), the Netherlands (+24.8%), Italy (+16.1%) and France (+16.1%) — despite more stringent lockdowns and tighter controls than the US, the Eurozone manufacturing sector continues to expand from the April lows as economies reopen
- Emerging markets (+18.1%) rose — South Africa (+27.1%), Indonesia (+24.0%), Brazil (+22.8%) and Russia (+18.7%) outperformed as prices of crude oil (+81%), iron ore (+17%) and copper (+25.9%) rallied
- All sectors gained with the consumer discretionary (+29.9%) and materials (+25.9%) sectors rebounding most, while beneficiaries of shutdowns, the information technology (+31.2%) and communication services (+19.0%) sectors, also advanced strongly — non-cyclical sectors utilities (+6.2%) and consumer staples (+8.7%) underperformed lagged
- The US dollar weakened against major currencies — including the euro (+2.4%), Australian dollar (+12.5%), the yen (+0.1%) and Swiss franc (2.1%)
- Global sovereign and corporate bond yields remain at record lows — the commencement of the US Fed’s bond buying program has served to further supress yields while buoying equity returns

4. FUND CONSTRUCTION

- Equities remain the managers' preferred asset class and are the fund's largest exposure – long-term equity valuations are likely to continue to be supported by declining interest rates and overly accommodative central banks
- Asian equities, in particular those geared to China, remain more attractive than US peers – the structural growth of China's middle class provides strong tailwinds for the fund's best-in-class holdings within these sectors
- The managers retain a low relative weighting to US equities with some hedged equity to the S&P 500 index – expensive valuations, contracting growth differentials between US/non-US markets, and apparent policy failures in the US government's response to COVID-19 make markets outside of the US more attractive
- The healthcare sector is the fund's largest sector exposure – during an economic slowdown, healthcare companies whose earnings exhibit relative resilience tend to thrive
- Global sovereigns are expensive and do not reflect the level of risk borne by investors – global corporates, though more attractive than sovereigns are not yet at the level worth assuming the associated credit risk
- The fund's holding in gold and precious metals miners offers diversification amid volatility and geopolitical risk – further declining sovereign bond yields have served to materially decrease the opportunity cost of holding this non-interest-bearing asset
- Cash and term deposits, mostly in US dollar, is available to take advantage of market dislocation
- Below is our effective asset allocation target – while equities remain the most attractive asset class in this low-yield environment a significant portion of the equity exposure remains hedged against further market declines

	Foord Target		Fund	
	30/06/2020	31/03/2020	30/06/2020	31/03/2020
	%	%	%	%
Equities including Hedged Equities	65	65	64	64
Properties	3	3	4	4
Commodities	6	6	7	6
Corporate Bonds	6	6	6	6
Sovereign Bonds	6	6	5	7
Cash	14	14	14	13
	100		100	

5. TOP 5 EQUITY POSITIONS

	% of portfolio
FMC Corp	8.6
Nestle	5.5
SSE Plc	4.7
Roche Holding	4.5
CVS Health Corp	4.1

B ARCESE / D FOORD
JULY 2020

Disclaimer:
Foord International Fund, a sub-fund of Foord SICAV ("the Fund") is authorised in Luxembourg and regulated by the Commission de Surveillance du Secteur Financier (CSSF). The Fund was launched on 2 April 2013 by a contribution in kind of the net assets of Foord International Trust ("FIT"), a Guernsey collective investment scheme, which was created in 1997. Investment returns from 10 March 1997 to 31 March 2013 are those of the Foord International Trust, as further set out in the Key Investor Information Document. For regulatory matters, please contact the Management Company, Lemanik Asset Management S.A. on T: +352 26 39 60, F: +352 26 39 60 02 or E: info@lemanik.lu

This document is not an advertisement but is provided exclusively for information purposes and should not be regarded as an offer or solicitation to purchase, sell or otherwise deal with any particular investment. The Fund is only suitable for investors who require UCITS accredited fund with exposure to a balanced but conservatively managed portfolio of global equities, warrants, exchange traded funds, UCITS and other UCIs, interest bearing securities and cash instruments. Collective investment scheme investments are generally medium to long term investments and are subject to investment risks, including the possible loss of the principal amount invested. Investment values and income therefrom may fall or rise. Foord does not guarantee either the capital or the performance return of the investment. The portfolio may include underlying foreign investments. The underlying foreign investments may be adversely affected by fluctuations in exchange rates, 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. The Fund can engage in borrowing. The Fund does not engage in scrip lending. Investors should read the Prospectus and Key Investor Information Documents ("KIIDs"), which are available at www.foord.com or on request, and seek relevant professional advice, before making any investment decision. Portfolio information is presented using effective exposures.

Performance, net of fees, is calculated for the portfolio on a single pricing basis (i.e. NAV to NAV rolling monthly basis). Since the date of inception, there were no dividends or distributions declared or made by the Fund. Individual investor performance may differ as a result of the actual investment date, the date of investment of income and withholding taxes, where applicable. Past performance of the Fund is not indicative of its future performance.

Shares will be issued at a price based on the net asset value determined as at the relevant Valuation Day (as defined in the prospectus). Shares in the Fund are traded at ruling prices. Applications must be received before 16h00 (Central European time) on each Valuation day. A schedule of fees and charges and maximum commissions is available, free of charge, on request. Please contact Foord for more information including forms and documents.

The NAV per share is available at the registered office of the Company. The NAV per share is also published on www.foord.com within 2 South African business days after the relevant Dealing Day.

Economic forecasts and predictions are based on our interpretation of current factual information, and exploration of economic activity based on expectation for future growth under normal economic conditions, not dissimilar to previous cycles. Forecasts and commentaries are provided for information purposes only and are not guaranteed to occur. The information contained herein may contain general, summary discussions of certain tax, regulatory, accounting and/or legal issues. Any such discussions and issues may be generic and may not be applicable to, or complete for, the recipient. While we have taken and will continue to take care that the information contained herein is true and correct, we do not guarantee the accuracy, timeliness or completeness of the information provided, and therefore disclaim any liability, damage (whether direct or consequential) or expense of any nature whatsoever which may be suffered as a result of or which may be attributable, directly or indirectly, to the use of or reliance upon the information. The document is protected by copyright and may not be altered without prior written consent from the Investment Manager.