

**INVESTMENT OBJECTIVE**

The fund aims to provide investors with a net-of-fee return of 4% per annum above the annual change in the South African Consumer Price Index, measured over rolling three-year periods. The portfolio is managed to comply with the statutory investment limits set for retirement funds in South Africa (Regulation 28).

**INVESTOR PROFILE**

Given the fund's maximum 60% equity investment restriction, the fund is appropriate for conservative investors who are close to, or typically in, retirement and whose time horizon does not exceed five years. These investors may therefore seek lower levels of investment volatility and risk of short-term loss than those provided by a less conservative balanced fund.

**DOMICILE**

South Africa

**MANAGEMENT COMPANY**

Foord Unit Trusts (RF) (Pty) Ltd  
VAT Registration Number: 4560201594

**FUND MANAGERS**

Nick Balkin, Dave Foord, William Fraser and Daryll Owen

**INCEPTION DATE**

2 January 2014

**BASE CURRENCY**

South African rands

**EQUITY INDICATOR** »»»»»»»»»»

Indicates the relative weight of equities in the portfolio. A higher weight could result in increased volatility of returns.

**CATEGORY**

South African - Multi Asset - Medium Equity

**PORTFOLIO SIZE**

R833.1 million

**MINIMUM LUMP SUM / MONTHLY**

R50 000 / R1 000

**UNIT PRICE (CLASS A)**

1297.54 cents

**NUMBER OF UNITS (CLASS A)**

1.4 million

**LAST DISTRIBUTIONS**

31/08/2020: 11.60 cents per unit  
29/02/2020: 13.70 cents per unit

**BENCHMARK**

CPI + 4% per annum

**SIGNIFICANT RESTRICTIONS**

Maximum equity exposure of 60%; maximum offshore exposure of 30%; complies with pension fund investment regulations (Reg 28).

**INCOME DISTRIBUTIONS**

End-February and end-August each year.

**INCOME CHARACTERISTICS**

Typically more than double that of the FTSE/JSE All Share Index dividend yield. The income yield is affected by the level of performance fees accrued.

**PORTFOLIO ORIENTATION**

Typically a medium to low weighting in JSE shares and includes exposure to listed property, commodity securities, bonds, money market instruments and foreign assets.

**FOREIGN ASSETS**

Foreign asset exposure is obtained predominantly via Foord International Fund (a conservative, multi-asset class fund), sub-fund of Foord SICAV domiciled in Luxembourg and Foord Global Equity Fund (a portfolio of global shares and cash), domiciled in Singapore. Both funds are priced in US dollars.

**RISK OF LOSS**

Medium in periods shorter than six months. Low in periods greater than one year.

**TIME HORIZON**

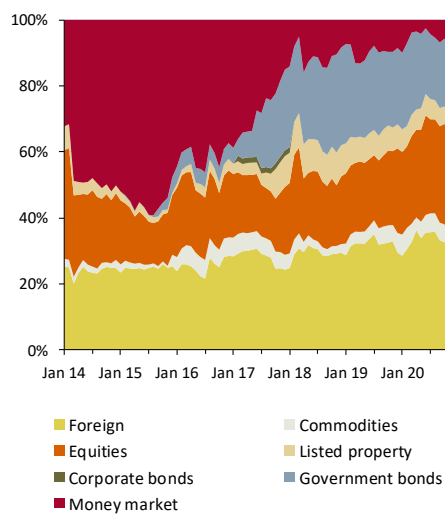
Shorter than five years.

**ASSET ALLOCATION (MAX LIMITS IN BRACKETS\*)**

	SA %	FOREIGN %	TOTAL%
Equities	27.7	23.5	51.2 (60)
Listed property	4.3	0.8	5.1 (25)
Corporate bonds	0.0	0.8	0.8 (50)
Government bonds	15.3	0.0	15.3 (100)
Commodities	3.4	1.1	4.5 (10)
Money market	20.9	2.2	23.1 (100)
<b>TOTAL</b>	<b>71.6 (100)</b>	<b>28.4 (30)</b>	<b>100.0</b>

\* Market value breaches (if any) to be rectified within 12 months

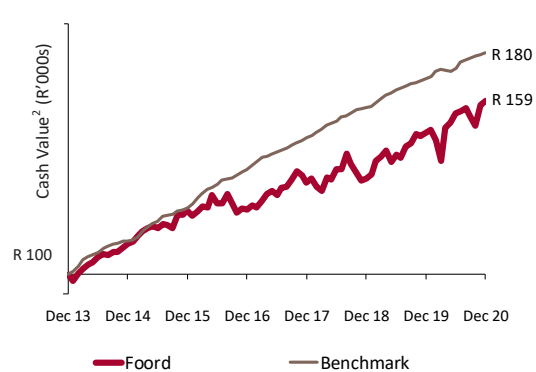
**CHANGES IN PORTFOLIO COMPOSITION**



**TOP 10 INVESTMENTS**

SECURITY	ASSET CLASS	MARKET	% OF FUND
Foord International Fund	Foreign assets	LUX	14.4
Foord Global Equity Fund	Foreign assets	SGP	14.0
RSA 10.5% (R186)	Gov bond	ZAF	6.6
RSA 8.875% (R2035)	Gov bond	ZAF	4.0
NewGold	Commodity	ZAF	3.4
Naspers "N"	Equity	ZAF	3.2
Anheuser-Busch	Equity	ZAF	2.5
BHP Group	Equity	ZAF	2.4
Aspen	Equity	ZAF	2.2
RSA 8.0% (R2030)	Gov bond	ZAF	2.1

**PORTFOLIO PERFORMANCE VS BENCHMARK**



**PORTFOLIO PERFORMANCE (PERIODS GREATER THAN ONE YEAR ARE ANNUALISED <sup>1</sup>)**

	CASH VALUE <sup>2</sup>	SINCE INCEPTION	LAST 7 YEARS	LAST 5 YEARS	LAST 3 YEARS	LAST 12 MONTHS	THIS MONTH
FOORD <sup>3</sup>	R 158 782	6.8%	6.8%	6.0%	7.6%	9.0%	1.0%
BENCHMARK <sup>4</sup>	R 180 470	8.8%	8.8%	8.6%	7.9%	7.1%	0.5%
FOORD HIGHEST <sup>3,5</sup>		13.2%	13.2%	13.2%	13.2%	9.0%	
FOORD LOWEST <sup>3,5</sup>		-1.6%	-1.6%	-1.6%	-1.1%	9.0%	

<sup>1</sup> Converted to reflect the average yearly return for each period presented

<sup>2</sup> Current value of R100 000 notional lump sum invested at inception, distributions reinvested (graphically represented in R'000s above)

<sup>3</sup> Class A, net of fees and expenses

<sup>4</sup> Source: Stats SA, performance as calculated by Foord

<sup>5</sup> Highest and lowest actual 12 month return achieved in the period

**COMMENTARY**

- Global equities (+4.2% in US dollars) again reached new highs on the first COVID-19 vaccine approvals by US, UK, and EU regulators and the passage in the US of a \$900 billion pandemic relief bill—emerging markets (+7.2%) outperformed on the improving global economic sentiment
- European sovereign bond yields trended lower on reaccelerating COVID-19 infections and US yields edged higher on a modest improvement in US employment and COVID-19 vaccine approvals—the US dollar continued to weaken against most major and emerging market currencies
- Industrial commodities including oil (+8.9%), copper (+2.7%) and iron ore (+25.1%) rose on expectations that COVID-19 vaccines may result in higher global growth in 2021—precious metals gold (+6.6%) and silver (19.6%) rebounded after three months of retreat
- The FTSE/JSE Capped All Share Index (+4.9% in rands) was buoyed by the positive global emerging markets sentiment and net foreign buying—resources (+9.5%) and financials (+8.3%) advanced while industrials (-1.0%) lagged
- The fund's JSE equity investments underperformed given the low allocation to listed property (+13.7%) and the resources sector although core holding BHP Group (+9.6%) contributed meaningfully—the investment in FirstRand (+12.2%) was positive while the allocation to large cap rand hedges Anheuser-Busch InBev (-0.1%), Richemont (+1.0%) and British American Tobacco (+2.1%) underperformed on rand strength
- The All Bond Index (+2.4%) advanced as positive emerging markets sentiment resulted in lower long bond yields and a flatter yield curve—the fund's core investment in the 3-7-year sector (+2.5%) again contributed meaningfully to returns and is still the managers' preferred yield curve position
- The rand (+5.0% vs the US dollar) gained on broad-based dollar weakness and positive emerging markets sentiment on COVID-19 vaccine news and expectations for accelerating global economic growth in 2021—despite recent dollar weakness, the rand (-5.0%) is weaker over 2020 and remains vulnerable over the longer term

**FEE RATES (CLASS A)**

Initial, exit and switching fees	0.0%
Standard annual fee for equalling benchmark	1.0% plus VAT
Performance fee sharing rate	10% (over- and under-performance)
Minimum annual fee	0.5% plus VAT; 0% when annual net-of-fee return falls below zero
Maximum annual fee	Uncapped
Foord global funds: – Foord International – Foord Global Equity	1.0% 0.5% plus 15% performance

**TOTAL INVESTMENT CHARGE**

	12 MONTHS	36 MONTHS
<b>Total expense ratio (TER)</b>	<b>1.59%</b>	<b>1.27%</b>
Manager's charge (basic)	1.00%	1.00%
Performance charge	0.09%	-0.15%
Foord global charges	0.31%	0.27%
VAT and sundry costs	0.19%	0.15%
<b>Transaction costs (incl VAT)</b>	<b>0.08%</b>	<b>0.06%</b>
<b>Total investment charge</b>	<b>1.67%</b>	<b>1.33%</b>

**FEE STRUCTURE**

The annual fee is based on portfolio performance with the daily rate being adjusted up or down based on the portfolio's one-year rolling return relative to that of its benchmark and is subject to a minimum fee rate. No fees are levied when the annual net-of-fee portfolio return falls below zero. Fees accrue in the Foord global funds as disclosed.

**PERFORMANCE FEES**

Performance fees align investor and manager return objectives by rewarding the manager for outperformance while penalising the manager for underperformance. Foord's performance fee structure increases or decreases the daily fee levied based on the over- or underperformance of the Foord unit trust portfolios relative to their benchmarks. When the portfolio return exceeds the benchmark return, the daily performance fee rate is increased proportionately. Similarly, underperformance causes the daily performance fee rate to decrease proportionately. Performance fee rates are not capped for the reason that outperformance is generally not earned smoothly.

The annual fee is adjusted up or down daily by the performance fee calculated as the difference between the rolling one-year net-of-fee return and the benchmark return for the same period, multiplied by the performance fee sharing rate.

**PERFORMANCE FEE EXAMPLES FOR FOORD CONSERVATIVE FUND (CLASS A)**

	SCENARIO				
	A	B	C	D	E
Foord 1-year rolling return	10.0%	10.0%	10.0%	2.0%	-2.0%**
Benchmark 1-year rolling return	8.0%	12.0%	10.0%	9.0%	9.0%
Relative performance	+2.0%	-2.0%	0.0%	-7.0%	-11.0%
Performance fee sharing rate	10.0%	10.0%	10.0%	10.0%	0.0%
Daily adjustment to 1% annual fee	+0.2%	-0.2%	0.0%	-0.7%	0.0%
Annual fee rate applied (excl. VAT)	1.2%	0.8%	1.0%	0.5%*	0.0%

\* Minimum fees apply  
\*\* No fees are levied

**PLEASE CONTACT US FOR MORE INFORMATION REGARDING INVESTMENT TRACK RECORD, FOORD TEAM, CURRENT AND ARCHIVED NEWS ITEMS, FORMS AND DOCUMENTS. THIS INFORMATION IS PROVIDED FREE OF CHARGE.**

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**IMPORTANT INFORMATION FOR INVESTORS**

Foord Unit Trusts (RF) (Pty) Ltd (Foord Unit Trusts) is an approved CISCA Management Company (#10), regulated by the Financial Services Board. Portfolios are managed by Foord Asset Management (Pty) Ltd (Foord), an authorised Financial Services Provider (FSP: 578). The custodian/trustee of Foord Unit Trusts is RMB Custody and Trustee Services (a division of FirstRand Bank Limited), contactable on T: 087 736 1732, F: 0860 557 774, [www.rmb.co.za](http://www.rmb.co.za).

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. Foord Unit Trusts does not provide any guarantee either with respect to the capital or the performance return of the investment. 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. Portfolio information is presented using effective exposures. A fund of funds invests only in other Collective Investment Scheme portfolios, which may levy their own charges, which could result in a higher fee structure. A feeder fund is a portfolio that, apart from assets in liquid form, consists solely of units in a single portfolio of a Collective Investment Scheme which could result in a higher fee structure. 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.

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**UNIT PRICE**

Unit trust prices are calculated on a net asset value basis, which is the total value of all assets in the portfolio including any income accruals and less any permissible deductions from the portfolio. Forward pricing is used. Prices are determined at 15h00 each business day and are published daily on [www.foord.co.za](http://www.foord.co.za) and in national newspapers. The cut-off time for instruction is 14h00 each business day.

**TER**

A Total Expense Ratio (TER) is a measure of a portfolio's annual expenses, fees and charges, expressed as a percentage of the average daily value of the portfolio. These expenses include the annual fee, VAT, audit fees, bank charges and costs (excluding trading costs) incurred in any underlying funds. Included in the TER, but separately disclosed, is a performance fee (or credit) resulting from overperformance (or underperformance) against the benchmark. A higher TER ratio does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER cannot be regarded as an indication of future TERs. Performance return information and prices are always stated net of the expenses, fees and charges included in the TER. The TER for the fund's financial year ended 29 February 2020 was 1.46%.

**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.

Foord is a member of the Association for Savings and Investment SA.

This is a Minimum Disclosure Document. Published on 6 January 2021. Additional detailed analysis is published in the Quarterly Portfolio Report available on [www.foord.co.za](http://www.foord.co.za).