SYNOPSIS

PERFORMANCE (TOTAL RETURN – IN US DOLLARS)

	Fund	Peer Group[1]	US Inflation	MSCI World Equities	World Bonds[2]
Last 3 months	9.0%	7.8%	0.2%	14.0%	2.8%
Last 12 months	7.1%	6.8%	0.9%	15.9%	10.1%
Since inception (10/03/1997)	6.7%	4.1%	2.1%	6.9%	4.6%

Notes:

[1] USD Flexible Allocation Morningstar category average

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

FUND VALUE

$1.5 billion (30/09/2020: $1.4 billion)

INVESTMENT OUTLOOK

Global growth and corporate earnings recovery dependent on pace of vaccine rollout
Resultant growth acceleration may lead to higher inflation and/or rates
Government COVID-19 relief and infrastructure spending to increase markedly
Gold price underpinned by safe-haven appeal
US bourses expensive versus global peers
China to stimulate growth with targeted stimulus
European and Japanese export sector challenges to persist
Geopolitical risks elevated
US tax increases increasingly probable
Growth stocks at extremes vs value stocks

FUND CONSTRUCTION

Equities largest asset class
Low risk, high yield corporate bond investment retained
Global sovereign and corporate debt expensive
US dollar cash position affords optionality
Gold ETF is an uncorrelated hedge

1. PORTFOLIO PERFORMANCE

	Fund	Peer Group[1]	US Inflation	MSCI World Equities	World Bonds[2]
Last 3 months	9.0%	7.8%	0.2%	14.0%	2.8%
Last 12 months	7.1%	6.8%	0.9%	15.9%	10.1%
Last 3 years	4.5%	3.7%	1.7%	10.5%	5.0%
Last 5 years	6.1%	4.9%	1.9%	12.2%	4.8%
Last 10 years	5.5%	2.6%	1.7%	9.9%	2.3%
Last 15 years	6.1%	2.3%	1.9%	7.3%	3.9%
Last 20 years	6.4%	3.4%	2.0%	6.0%	4.6%
Since inception (10/03/1997)	6.7%	4.3%	2.1%	6.9%	4.6%

Notes:

[1] USD Flexible Allocation Morningstar category average

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

Quarterly Performance Comment

- A combination of asset allocation and strong stock selection drove investment returns as the fund's largest asset class, equities (+14.2%), outperformed alternative assets classes — additionally, the fund's equity holdings outperformed the MSCI World Equities

- Within equities, UK utility SSE Plc (+31.3%), contributed the most to performance, while Wheaton Precious Metals (-14.7%), a leading precious metals streamer, detracted

- The fund's credit positions contributed positively to performance, led by NagaCorp (+2.21%), holder of a monopoly casino gaming license in Phnom Penh, Cambodia

- Derivative positions, primarily S&P 500 hedges, and precious metals exposure including gold (-0.5%) detracted

2. PORTFOLIO STRUCTURE

	Fund		MSCI World Equity Index
	30/09/2020	31/12/2020	31/12/2020
	%	%	%
Communication Services	6	9	7
Consumer Discretionary	3	3	9
Consumer Staples	5	6	5
Energy	1	1	2
Financials	7	9	9
Healthcare	15	18	9
Industrials	1	2	8
Information Technology	1	1	16
Materials	14	17	3
Utilities	4	6	2
Equities	57	72	70
Hedged Equities	9	-	-
Properties/ Real Estate	4	5	2
Commodities	8	7	-
Corporate Bonds	6	6	-
Sovereign Bonds	5	-	-
Cash	11	10	-
	100	**100**	72
Total Fund	**$1.4 billion**	**$1.5 billion**	

3. MARKET BACKGROUND AND OUTLOOK

- Global equities (+14.0%) continued rallying through the quarter following positive COVID-19 vaccine trial results and subsequent rollout across multiple countries—despite new waves of COVID-19 infection, optimism is rising that hard-hit sectors will continue seeing normalisation through 2021 and supportive stimulus from governments will drive economic recovery
- US equities (+13.0%) rose as we moved past US election uncertainty and the passing of a new COVID-19 relief bill could mark the start of further stimulus in a Biden administration in 2021, supported by the House and Senate — this will support further consumption and spending rotation into hard-hit sectors including travel, offline-retail and restaurants in later half of 2021 assuming no hiccups in vaccine rollout
- European equities (+15.6%) benefited from positive sentiments around Brexit deal, avoiding potential trade friction and other negative headwinds to the UK economy if it had been a no-deal Brexit — countries with heavy exposure tourism including Spain (+27.7%) and Italy (+22.4%) rebounded strongly on vaccine news and will see further support from EU's US$2.2trillion stimulus plan
- Emerging markets (+19.7%) gained, led by Brazil (+37.0%) and Russia (+21.6%), as risk-on sentiments and rally in commodity prices benefited commodity exporters — China (+11.2%) was a laggard, driven by increased antitrust scrutiny on dominant domestic tech companies and continued US tension with Trump signing bill that could delist Chinese companies from US exchanges
- Sector gains were led by hardest hit cyclicals with financials (+24.0%), energy (+26.7%) and industrials (+15.3%) — while defensive sectors including healthcare (+6.8%) and consumer staples (+6.4%) lagged

3. MARKET BACKGROUND AND OUTLOOK (CONTINUED)

- The US dollar continued to weaken against major currencies including the euro (+4.3%), British pound (+5.7%) and yen (+2.2%) —vaccine developments portend a global economic recovery and market participants rotated away from safety of US assets
- Developed market bond yields diverged — European sovereign yields declined on reaccelerating COVID-19 infections, while US yields rose strongly on a modest improvement in US employment and COVID-19 vaccine approvals

4. FUND CONSTRUCTION

- Equities remain the fund managers' preferred asset class—though expensive, equity valuations are likely to continue to be supported not only by low interest rates but also by the recently passed $900 billion US COVID-19 relief bill
- Asian equities, especially those geared to China, are more attractive than US peers—long-term structural growth of the region exceeds that of western economies and has been further cemented by a superior response to COVID-19 relative to Western peers
- The healthcare sector is the fund's largest sector exposure—structural growth provided by a backdrop of aging global populations will drive healthcare companies' earnings additionally these firms' earnings streams tend to exhibit relative resilience during an economic slowdown
- Global sovereign and corporate credit markets are expensive—the valuations of these asset classes do not accurately reflect the potential risk of inflation meaningfully exceeding what are extremely benign expectations
- The fund's holding in gold and precious metals miners offers diversification amid volatility and geopolitical risk—further gold offers a level of protection against the currency debasement possible with continued excessive government spending
- Cash and term deposits are available to take advantage of market dislocation—held in US dollars and other major developed markets currencies
- Below is our effective asset allocation target—equities remain the most attractive asset class in this low-yield environment

	Foord Target		Fund	
	31/12/2020	30/09/2020	31/12/2020	30/09/2020
	%	%	%	%
Equities including hedged equities	65	65	72	66
Property	3	3	5	4
Commodities	6	6	7	8
Corporate bonds	6	6	6	6
Sovereign bonds	6	6	-	5
Cash	14	14	10	11
	100		100	

5. TOP 5 EQUITY POSITIONS

	% of portfolio
FMC Corp	8.6
SSE Plc	5.6
Nestle	5.6
Roche Holding	4.4
CVS Health Corp	4.2

B ARCESE / D FOORD
JANUARY 2021

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.