

## INVESTMENT OBJECTIVE

The fund aims to provide investors with a net-of-fee return of 5% per annum above the annual change in the South African Consumer Price Index, measured over rolling three year periods. Exploiting the benefits of global diversification, the portfolio continually reflects Foord's prevailing best investment view on all available asset classes in South Africa and around the world.

## INVESTOR PROFILE

Investors with a moderate risk profile who require long-term inflation beating total returns from a dynamically managed multi-asset class portfolio. It is appropriate for investors seeking a balanced exposure to domestic and foreign assets, according to Foord's best investment view. Available as a tax free investment account.

## DOMICILE

South Africa

## MANAGEMENT COMPANY

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

## FUND MANAGER

Dave Foord

## INCEPTION DATE

1 April 2008

## 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

Worldwide - Multi-Asset - Flexible

## PORTFOLIO SIZE

R9.9 billion

## MINIMUM LUMP SUM / MONTHLY

R50 000 / R1 000

## UNIT PRICE (CLASS A)

3524.03 cents

## NUMBER OF UNITS (CLASS A)

87.0 million

## LAST DISTRIBUTIONS

26/02/21 : 15.02 cents per unit  
31/08/20 : 13.93 cents per unit

## BENCHMARK

CPI + 5% per annum

## SIGNIFICANT RESTRICTIONS

None. The fund is unconstrained.

## INCOME DISTRIBUTIONS

End-February and end-August each year.

## INCOME CHARACTERISTICS

Low to medium income yield depending on the asset allocation strategy employed as the foreign asset component is invested in roll-up funds which do not distribute their income. Income distributions are reduced by the annual service charge, which varies with the relative performance of the fund against its benchmark.

## PORTFOLIO ORIENTATION

Exploiting the benefits of global diversification, the portfolio continually reflects Foord's prevailing best investment view on all available asset classes in South Africa and around the world.

## FOREIGN ASSETS

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

## RISK OF LOSS

Lower than that of a pure equity fund. High in periods shorter than six months, lower in periods greater than one year.

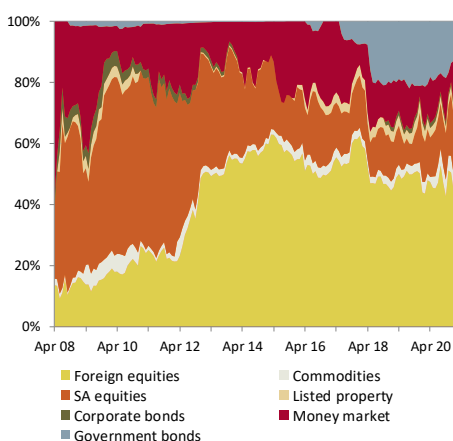
## TIME HORIZON

Longer than three years.

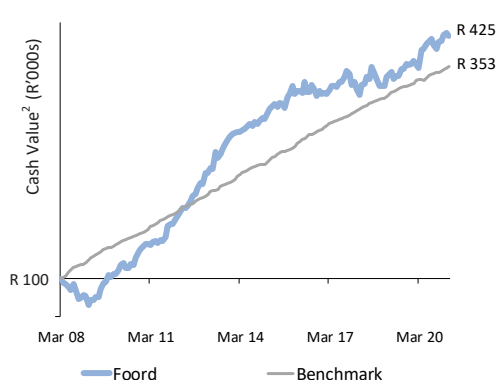
## ASSET ALLOCATION

	SA %	FOREIGN %	TOTAL %
Equities	21.3	45.7	67.0
Listed property	1.7	1.1	2.8
Corporate bonds	0.0	1.0	1.0
Government bonds	12.5	0.0	12.5
Commodities	3.3	1.2	4.5
Money market	9.2	3.0	12.2
<b>TOTAL</b>	<b>48.0</b>	<b>52.0</b>	<b>100.0</b>

## CHANGES IN PORTFOLIO COMPOSITION



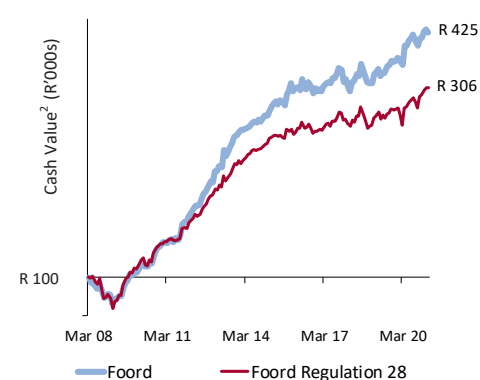
## PORTFOLIO PERFORMANCE VS BENCHMARK



## TOP 10 INVESTMENTS

SECURITY	ASSET CLASS	MARKET	% OF FUND
RSA 10.5% (R186)	Gov bond	ZAF	5.5
RSA 8.0% (R2030)	Gov bond	ZAF	4.1
NewGold	Commodity	ZAF	3.3
Anheuser-Busch	Equity	ZAF	3.0
Aspen	Equity	ZAF	2.9
BHP Group	Equity	ZAF	2.8
Naspers "N"	Equity	ZAF	2.8
Alphabet Inc	Equity	USA	2.7
RSA 9.0% (R2040)	Gov bond	ZAF	2.5
Extended Stay America Inc	Equity	USA	1.9

## INVESTMENT STRATEGY VS REG 28 PORTFOLIOS



Unconstrained investment mandates provide Foord with more investment tools to achieve long-term inflation beating returns and to better manage the risk of loss compared to prudentially compliant (Regulation 28) portfolios. Accordingly, unconstrained mandates are ideal for discretionary savings that are not required to be invested in terms of Regulation 28 limits. The Investment Strategy vs Regulation 28 Portfolios chart compares the investment returns of the unconstrained Foord Flexible Fund of Funds to Regulation 28 mandates managed by Foord (the Foord Balanced Fund returns are net of fees and therefore have been used for direct comparative purposes). The chart shows that the Foord Flexible Fund has outperformed the Foord Balanced Fund by approximately 3% per annum since its inception, illustrating the long-term opportunity cost of investing discretionary savings in a Regulation 28 portfolio.

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

	CASH VALUE <sup>2</sup>	SINCE INCEPTION	LAST 10 YEARS	LAST 7 YEARS	LAST 5 YEARS	LAST 3 YEARS	LAST 12 MONTHS	THIS MONTH
FOORD <sup>3</sup>	R 424 656	11.8%	13.3%	8.5%	6.7%	12.4%	21.4%	-1.8%
BENCHMARK <sup>4</sup>	R 353 173	10.2%	10.0%	9.5%	9.3%	8.9%	7.9%	0.8%
FTSE/JSE All Share <sup>5</sup>	R 332 175	9.7%	10.8%	8.1%	8.2%	9.7%	54.0%	1.6%
FOORD HIGHEST <sup>3,6</sup>		38.8%	38.8%	22.4%	22.4%	22.4%	21.4%	
FOORD LOWEST <sup>3,6</sup>		-12.0%	-6.9%	-6.9%	-6.9%	-1.4%	21.4%	

<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> Source: IRESS MD RSA

<sup>6</sup> Highest and lowest actual 12 month return achieved in the period

**COMMENTARY**

- Global equities (+2.7% in US dollars) rose on expectations for accelerating global growth following vaccine rollouts, further stimulus measures and ongoing accommodative monetary policy—developed market equities (+3.3%) outperformed while the emergence of more virulent COVID-19 strains weighed on emerging markets (-1.5%)
- Developed market bond yields rose again on higher inflation expectations—even as the US Federal Reserve downplayed inflation risks and reiterated its commitment to accommodative policy until unemployment and inflation exceeded its targets
- Within the global funds, US agriculture company FMC (+9.2%), retail pharmacy chain CVS (+10.4%), Scottish energy multi-national SSE (+9.9%), Chinese insurer PICC P&C (+14.8%) and US hospitality play Extended Stay (+23.4%) contributed the most to fund performance—Wharf Real Estate (-4.6%) and US miner Freeport McMoran (-2.9%) detracted while investment in Chinese tech names and the S&P hedges were the biggest detractors this month
- The FTSE/JSE Capped All Share Index (+2.0% in rands) rose on broad-based strength—industrials (+1.9%), financials (+1.7%) and resources (+1.2%) all posted positive returns after Q4 2020 economic growth surprised and on expectations for robust economic growth this year
- The fund's SA equities gained, with Anheuser-Busch InBev (+6.4%), The Foschini Group (+17.0%), Spurcorp (+17.4%) and FirstRand (+4.9%) contributing most—partially offset by BHP Group (-7.4%) and the NewGold ETF (-4.2%) on the stronger rand and weaker commodity prices
- The All Bond Index (-2.5%) declined with the yield curve steepening as longer maturity bond yields followed US Treasury yields higher—the SA listed property sector (+1.2%) rose with fund staple Capital & Counties (-4.2%) retracing after its rapid rise (+26.1%) last month
- The rand (+2.3% vs the US dollar) bucked emerging market currency weakness as Q4 2020 GDP growth surprised—the lack of competitiveness and strained public finances continue to make the currency 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
Maximum annual fee	Uncapped
Foreign assets	The fee accrued in the Foord global funds is rebated in full

**TOTAL INVESTMENT CHARGE**

	12 MONTHS	36 MONTHS
<b>Total expense ratio (TER)</b>	<b>2.14%</b>	<b>1.30%</b>
Manager's charge (basic)	1.00%	1.00%
Performance charge	0.85%	0.11%
Foord global charges	-	-
VAT and sundry costs	0.29%	0.19%
<b>Transaction costs (incl VAT)</b>	<b>0.01%</b>	<b>0.01%</b>
<b>Total investment charge</b>	<b>2.15%</b>	<b>1.31%</b>

**FEE STRUCTURE**

The annual fee is based on portfolio performance fee with the daily fee rates 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.

**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 FLEXIBLE FUND OF FUNDS (CLASS A)**

	SCENARIO			
	A	B	C	D
Foord 1-year rolling return	10.0%	10.0%	10.0%	10.0%
Benchmark 1-year rolling return	8.0%	12.0%	10.0%	16.0%
Relative performance	+2.0%	-2.0%	0.0%	-6.0%
Performance fee sharing rate	10.0%	10.0%	10.0%	10.0%
Daily adjustment to 1% annual fee	+0.2%	-0.2%	0.0%	-0.6%
Annual fee rate applied (excl. VAT)	1.2%	0.8%	1.0%	0.5%*

\* Minimum fees apply

**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 28 February 2021 was 1.92%.

**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 7 April 2021. Additional detailed analysis is published in the Quarterly Portfolio Report available on [www.foord.co.za](http://www.foord.co.za)