



# 2021 Annual Report

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To Unit Trust Investors  
for the year ended 28 February 2021

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Note: It is a statutory requirement to make the Abridged Annual Financial Statements available to investors in collective investment scheme portfolios. Please take special note that the information relates to the Scheme's financial year ended 28 February 2021. The delay in distribution is a result of the time needed to complete the audit of the unabridged financial statements.

The report therefore does not contain the most recently available performance information and exposures, which are available on [www.foord.co.za](http://www.foord.co.za).

# Chairman's Report

PAUL CLUER Chairman



This annual report covers a most extraordinary year in modern history and in financial markets. The COVID-19 pandemic wreaked havoc on the global way of life and continues to do so in many parts of the world. Too many of us suffered the loss of loved ones and we pass on our heartfelt condolences to those who may be grieving. However, the co-ordinated global monetary and fiscal response and vaccination progress were kind to financial markets, pushing key bourses to record highs. Those who remained invested accordingly achieved meaningful inflation-beating returns.

## MARKET REVIEW

Unexpected shocks to the global economy inevitably cause volatility across asset classes. Within a month of COVID-19 spreading from China to the West, global equity markets, including the JSE, collapsed by around a third on expectations for severe economic contraction. In the event, the IMF estimates the global economy to have contracted by 4.4% in 2020, with South Africa's GDP having declined by a staggering 7.0%.

The US government responded quickly, pumping \$2 trillion directly into the hands of American consumers. It announced another \$900 billion stimulus package in December and then new President Biden passed a third, \$1.9 trillion package in early 2021. The EU delivered close to \$1 trillion to support its economies, while the Japanese and Chinese authorities also gave significant aid to business and consumers. Indeed, most countries did something. This global stimulus dwarfed all earlier intervention, including that of the 2008/2009 Global Financial Crisis.

The massive fiscal and monetary spending by the world's leading economies ignited a price rally on world stock and bond markets. By year-end most global equity markets had rallied to recoup earlier losses, with some achieving all-time highs. Interest rates are at multi-decade lows, the global economy is showing signs of a sustained recovery and some asset classes have performed exceptionally over the year.

The FTSE/JSE Capped All Share Index also recovered from its March 2020 lows, gaining 32.3% over the funds' financial year ended 28 February 2021. Index heavyweights Naspers and Prosus (which make up almost 20% of the index) pulled up the bourse, as did the resources sector, as commodity prices recovered. However, SA-centric sectors such as financials, retailers and listed property declined over the year, reflecting the lockdown's massive economic effect on the SA economy.

SA bonds were amongst the best performing asset classes, shrugging off the March 2020 junk-status ratings downgrade. The All Bond Index posted a gain of 8.3% as borrowing costs trended lower after the SA Reserve Bank lowered the repo rate to a record low 3.5%.

Currencies were also volatile. The rand collapsed 36% against the US dollar to R19.11/\$ before recovering to close 3.6% stronger at R15.13/\$ as investors sought out emerging markets and high-yielding debt. The dollar was weaker against the other majors on the massive increase in US money supply.

The Foord unit trusts performed credibly, with investors in the multi-asset funds enjoying inflation-beating returns, despite enduring a massive economic recession. Risk management leading into the pandemic-induced recession and a good weighting to growth assets as markets later rallied, were instrumental to these good outcomes. The Foord global funds performed very well, with the Foord Global Equity Fund recording meaningful outperformance of its benchmark and the Foord International Fund achieving inflation-beating returns within the constraints of its conservative, absolute-return mandate.

## INVESTMENT STRATEGY

The Foord funds generally have a majority weight to share investments, given the improving macro-economic conditions, but the managers are alert to the prevailing COVID-19 and geopolitical risks and high market valuations abroad. The scale

# Chairman's Report

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of government stimulus also introduces significant downside risk as governments cannot indefinitely sustain such high levels of debt. We remain vigilant against global debt, valuation and inflation threats.

The managers have accumulated niche "SA Inc." names at attractive valuations, but still favour JSE-listed global businesses, given the higher risks in the SA economy and more attractive global opportunity set. Foord's multi-asset class portfolios maintain a meaningful investment in medium-duration SA government debt, purchased at attractive yields above 9%. The portfolios exhibit high levels of liquidity and optionality.

## ESG AND SUSTAINABLE INVESTMENT

Foord has a well-established Environmental, Social and Governance (ESG) and investment-stewardship ethos. As long-term investors, the enduring sustainability of income streams is fundamental to Foord's investment philosophy. Foord's investment team considers sustainability factors in its formal macro view, economic and earnings forecasts, probability analysis and top-down asset allocation. It also uses sustainability factors as a subjective measure to rank attractively priced companies or when evaluating management of investee companies.

Given the growing importance of ESG and sustainable investment to investors, we have included a summary of Foord's voting record for the local and global suite of Foord funds. I hope that readers take some benefit from the information. An annual stewardship report is also published on Foord's website.

## CHANGES AT FOORD

As reported in last year's annual report, portfolio manager Daryll Owen retired after the 2021 financial year-end, and Prakash Desai replaced Adam Cowell as Foord Unit Trusts independent non-executive director and audit chair in 2020. Within the investment team, Nancy Hossack was included as a multiple-counsellor portfolio manager for SA equity investment strategies, which include the Foord Equity Fund unit trust. Pravashan Murugasan assumed the role of Head of Equity, which oversees the SA equity research efforts and other critical aspects of investment team management, including the recruitment and training of aspiring investment analysts. Foord Singapore appointed the talented JC Xue to co-manage the Foord Global Equity Fund.

Shareholders restructured the Foord Asset Management group during the year to add an empowerment partner. Control still vests with Dave Foord, with past and current executives owning a meaningful stake in the business. There were no changes to the licensed entities of Foord Asset Management and Foord

Unit Trusts, with the exception that the group's reporting date has changed from 28 February to 31 March annually. The year-ends of the unit trust portfolios will also be 31 March, and bi-annual distributions will be 30 September and 31 March. This will benefit provisional taxpaying investors, who will no longer have to estimate investment income for their second provisional tax returns due by end February annually.

## TEACH YOUR CHILD TO INVEST

Foord's principal financial literacy initiative is *TEACH YOUR CHILD TO INVEST*. The programme aims to teach children (and their parents) the importance of investing for the long term via a series of children's books about Anele, the squirrel, and her forest friends. The series explores concepts such as saving, time, patience, income generation, compounding, diversification and risk. We are proud to have now published the second book in the series, *Little by little*. Read more about the initiative off the homepage of [www.foord.co.za](http://www.foord.co.za).

## INTERNATIONAL FEEDER FUNDS

The Foord international feeder funds remain closed to new investment. We are working with the SA Reserve Bank and other financial services groups to reopen the funds. However, the US dollar-denominated Foord global funds are open for investors contributing US dollars or other hard currency. Investors can use their annual individual offshore investment allowance of up to R10 million and the discretionary allowance of R1 million for this purpose.

## CONCLUDING REMARKS

I thank all Foord investors for their continued support and for staying invested through the market tumult. Those investors who did so over the past year were well rewarded. The adage, "it's time in the market, not timing the market, that counts" again rings true.

Yours faithfully,

**PAUL CLUER** Chairman

# Performance Review

Some basic investment principles have served Foord's investors well over the past year. Firstly, diversification allowed the multi-asset class funds to spread investment risk across a range of asset classes, geographies, sectors and currencies. This contributed to the excellent performance of the Foord Conservative, Foord Balanced and Foord Flexible Fund compared to peers and the opportunity set. Secondly, patience and not panicking at the point of greatest COVID-19 pessimism allowed the funds to participate in the full recovery of equity markets. Finally, sticking to the strategy to favour better-quality companies, with more reliable earnings streams and management teams capable of navigating difficult economic conditions, helped avoid the biggest lockdown losers.

The tactically underweight resources position continued to drag on SA equity performance over the period. Exposure to the sector is primarily via the highest quality diversified miner, BHP Group, but the managers diversified commodity and counter-specific risk by adding Anglo American, increasing exposure to consumer metals like copper, which should remain elevated given the scarcity of supply against increased demand.

Returns on Foord's South African multi-asset funds ranked near the top of their respective peer groups during the COVID-19 pandemic rout earlier in the year, as might be expected from Foord during especially troubled markets. The funds carried that momentum through the rest of the year and are well positioned to produce inflation-beating returns through the ensuing market cycle.

Foord's unconstrained best-investment-view fund, the Foord Flexible Fund of Funds, returned 21.1% after fees and expenses against its real-return benchmark return of 8.3%. The SA Consumer Price Index (CPI) averaged 2.9% for the year. The fund manager maintained the fund's high average foreign asset weight of 61% during the period, which contributed a stellar 16.4% to fund returns notwithstanding relative rand strength.

The Foord Balanced Fund returned a pleasing 17.6% for the year net of fees and expenses, 1.0% ahead of the market-value-weighted peer group return and well ahead of inflation for the year. SA equities contributed most to performance led by industrials and resources—core holdings BHP Group (+83.9%), Naspers (+47.4%) and Aspen (+43.8%) gained most, partially offset by declining financials RMB Holdings (-34.3%) and Standard Bank (-4.5%) as well as Sasol's intra-period retracement. Foreign assets in total, held through the Foord International Fund and Foord Global Equity Fund, were the second largest contributor to performance, despite the rand gaining on dollar weakness.

The Foord Conservative Fund returned a credible 14.7% return net of fees and expenses, reflecting the fund's lower equity mandate in a year when equities were the standout contributors to performance. The performance of the fund has been especially pleasing over the past two years of market turmoil, underscoring its ability to preserve capital and generate consistent low-risk returns during times of extreme market stress.

The JSE-only Foord Equity Fund posted a return of 21.5% after fees and expenses, lagging the resource-heavy FTSE/JSE Capped All Share Index benchmark by 10.8%. Holdings in the media, commodity cyclical and industrials/transport sectors were the largest contributors to absolute performance, with key counters BHP Group (+87.0%), Naspers (+48.8%), Prosus (+74.6%) and Richemont (+46.0%) being the top performers for the fund. The largest detractor from relative performance was the underweight allocation to commodity cyclical and zero holding in precious metals miners—although BHP Group is the second largest holding in the fund. Anglo American continued to outperform, given its platinum mining exposure.

The Foord International Feeder Fund and Foord Global Equity Feeder Fund yielded rand returns of 6.5% and 34.8% respectively, net of fees and expenses. The conservatively managed, absolute-return oriented Foord International Fund (+11.7% in US dollars) protected capital during the pandemic tumult and outpaced US inflation by 10.5% over the year. The newer Foord Global Equity Fund (+42.7% in US dollars) produced an exceptional score for the year, 12.5% ahead of its benchmark and 14.3% ahead of its peer group. The resultant returns in the feeder funds were pared slightly on conversion to a stronger rand.

The exposure to the US and China, which averaged 60% of the global equity portfolio over the year, was telling as these two markets led the global financial markets recovery. Despite being the epicentre of the COVID-19 outbreak, the Chinese market rallied on receding pandemic fears to gain 43.3% by year end. Mainstay Chinese holdings JD.Com and Tencent contributed a quarter of the Foord Global Equity Fund's returns for the year, while American miner Freeport-McMoran also contributed positively with a 270% share price gain off a low base.

# Fund Returns

Class A units, net of fees

	Year to 28 Feb 2021	Year to 29 Feb 2020	10 Years to 28 Feb 2021	Inception to 28 Feb 2021
<b>FOORD FLEXIBLE FUND OF FUNDS</b>	21.1%	7.8%	13.4%	12.0%
Benchmark: CPI + 5% per annum	8.3%	9.4%	10.1%	10.2%
ASISA Worldwide — Multi-Asset — Flexible sector rank	18/83	33/74	4/14	1/12
Inception date: 1 April 2008				
<b>FOORD BALANCED FUND</b>	17.6%	2.0%	9.5%	13.2%
Benchmark: Market value weighted peer group excluding Foord	16.6%	0.2%	8.6%	11.7%
ASISA SA — Multi-Asset — High Equity sector rank	71/198	63/196	15/57	5/17
Inception date: 1 September 2002				
<b>FOORD CONSERVATIVE FUND</b>	14.7%	5.6%		7.1%
Benchmark: CPI + 4% per annum	7.3%	8.4%		8.9%
ASISA SA — Multi-Asset — Medium Equity sector rank	26/92	6/93		10/48
Inception date: 2 January 2014				
<b>FOORD EQUITY FUND</b>	21.5%	-11.1%	8.2%	13.9%
Benchmark: FTSE/JSE Capped All Share Index	32.3%	-7.3%	10.6%	14.2%
ASISA SA — Equity — General sector rank (JSE-only funds)	55/89	63/91	11/28	3/17
Inception date: 1 September 2002				
<b>FOORD INTERNATIONAL FEEDER FUND</b>	6.5%	17.0%	12.9%	11.2%
Benchmark: US inflation in ZAR	-2.3%	13.7%	9.9%	8.1%
ASISA Global — Multi-Asset — Flexible sector rank	26/33	11/30	5/11	2/6
Inception date: 1 March 2006				
<b>FOORD GLOBAL EQUITY FEEDER FUND</b>	34.8%	15.7%		13.3%
Benchmark: MSCI All Country World Total Return Index in ZAR	25.8%	16.5%		15.0%
ASISA Global — Equity — General sector rank	7/71	27/62		11/29
Inception date: 2 May 2014				



# Market Review

## ASSET CLASS RETURNS

One year to 28 February 2021

(USD total returns unless otherwise stated)	Year to 28 Feb 2021 %	Year to 29 Feb 2020 %
<b>SHARES</b>		
FTSE/JSE Capped All Share Index (in ZAR)	32.3	(7.3)
FTSE/JSE All Share Index (in USD)	37.9	(15.2)
MSCI World Index (developed markets)	30.0	5.2
MSCI Emerging Markets Index	36.5	(1.5)
S&P 500 Index (US)	31.3	8.2
FTSE 100 Index (UK)	10.9	(6.5)
Euro Stoxx 50 Index (Eurozone)	23.9	0.9
MSCI China Index	43.3	3.5
<b>COMMODITIES</b>		
Gold	8.2	23.7
Copper	64.6	(14.7)
Oil (Brent Crude)	29.7	(25.2)
<b>PROPERTY</b>		
SA Listed Property (in ZAR)	(15.8)	(19.1)
<b>BONDS</b>		
SA All Bond Index (in ZAR)	8.3	8.9
SA cash (in ZAR)	4.4	7.2
FTSE World Government Bond Index	3.4	8.2
<b>CURRENCIES</b>		
US dollar per rand (\$/R)	3.6	(10.1)
Euro per US dollar (€/€)	(8.6)	3.1
<b>INFLATION</b>		
SA Consumer Price Index (in ZAR)	2.9	4.6

Source: Factset Research Systems Inc, Bloomberg Inc and IRESS Ltd

# Market Background

## WORLD

The 2020 economic recession was milder than first expected, given China's rapid recovery and the significant central bank monetary and government fiscal support in the developed western countries—after contracting 3.6% in 2020, the IMF has raised its forecasts for global economic growth to 6.6% for 2021, moderating to 4.4% next year

New US President Biden hammered through a massive \$1.9 trillion pandemic relief bill and announced an additional \$2.0 trillion infrastructure plan—higher budget deficits and rising sovereign debt to GDP ratios should result in structurally lower economic growth as investment spending is curtailed by rising debt-repayment obligations

Developed market equities achieved all-time highs on expectations that vaccine rollouts and the massive fiscal and monetary stimulus would accelerate global growth—aggregate equity market valuations are looking stretched, with markets precariously poised should there be any negative earnings surprises

Longer dated developed market bond yields were sharply higher—on rising inflation expectations, given the likely rapid economic recovery as the vaccine rollout allows economies to properly open and on the massive increases in money supply

The multi-decade epoch of falling inflation and interest rates, as well as rising sovereign debt levels, might be approaching an inflection point—with meaningful consequences for normative asset class returns in the coming years

The US dollar was weaker on the sheer scale of US monetary stimulus and as the eleventh-hour Brexit trade deal buoyed the euro and pound—dollar weakness should persist as the Democrats implement their economic agenda and investors move out of safe havens ahead of economic recovery following the vaccine roll-outs

Industrial commodity prices surged as market sentiment for economic recovery in 2021 gained momentum—the weaker dollar should provide further support for commodity prices, with growing inflation risks in the long term expected to keep precious metals prices elevated

## SOUTH AFRICA

GDP growth rebounded latterly, but the SA economy contracted by a staggering 7.0% in real terms last year—reflective of the harsh lockdowns and government's inconsistent state of disaster policies

Despite a sharper recovery than expected and commodity-rally-driven trade surpluses, the economy still faces several structural headwinds—hampered by policy inertia in a local government election year and a vaccine programme that has yet to commence outside of a large-scale J&J study

The annual budget speech was more positive than previously expected, with several improvements from the numbers outlined in October's Medium-Term Budget Policy Statement—but the government's ability to meet its fiscal consolidation targets relies heavily on the outcome of the politically difficult public sector wage negotiations

The JSE outperformed emerging market peers, led higher by resources stocks on a sustained commodities rally and by industrial counters on hopes for robust 2021 growth—resources companies are likely close to peak earnings, and while there are some opportunities in select SA Inc. businesses, the JSE-listed international companies still offer the most attractive risk/reward opportunities

In its latest unanimous decision, SARB's MPC kept the repo rate unchanged at 3.5% despite expectations for inflation to rise soon—due to base effects, higher food inflation, and oil prices and general insurance premium increases, offset by lower medical inflation and a general lack of pricing power, given weak demand in the economy

Longer dated SA bond yields tracked global yields higher, especially in the "belly" of the curve—the current yield curve seems to be exceptionally steep given benign inflation expectations, but correctly reflects the risk of a potential fiscal cliff if expenditure cuts do not materialise

The rand was volatile, selling off heavily during the pandemic market rout but later advancing against the US dollar—bucking general emerging market currency weakness on surprisingly robust recovery and improved terms of trade, on the back of the commodity price rally



# ESG and Sustainable Investment Report

Resolutions voted on across the Foord Unit Trusts Scheme for the financial year ended 28 February 2021:

RESOLUTION CATEGORY	Number	For %	Against %	Abstain %
Adopt Financials	23	100	0	0
Auditor/Risk/Social/Ethics related	226	92	8	0
Buy Back Shares	51	96	4	0
Director Remuneration	214	97	3	0
Disapply Preemptive Rights	2	0	100	0
Dividend Related	8	100	0	0
Issue Shares	43	16	84	0
Loan/Financial Assistance	62	44	56	0
Other	62	79	21	0
Political Expenditure/Donation	2	0	100	0
Re/Elect Director	283	99	1	0
Remuneration Policy	101	34	66	0
Share Option Scheme	3	67	33	0
Shares under Director Control	18	6	94	0
Signature of Documents	15	100	0	0
	1 113			

Resolutions voted on across the Foord global funds for the financial year ended 28 February 2021:

Adopt Financials	14	100	0	0
Auditor/Risk/Social/Ethics related	95	87	7	6
Buy Back Shares	24	75	25	0
Dividend Related	21	100	0	0
Issue Shares	56	18	79	3
Loan/Financial Assistance	2	0	100	0
Political Expenditure/Donation	3	0	100	0
Re/Elect Director or members of supervisory board	493	99	1	0
Remuneration Policy including directors' remuneration	87	33	63	4
Shares under Director Control	1	100	0	0
Signature of Documents/Ratification	5	100	0	0
Others	76	63	25	12
	877			

# ESG and Sustainable Investment Report

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## General comments:

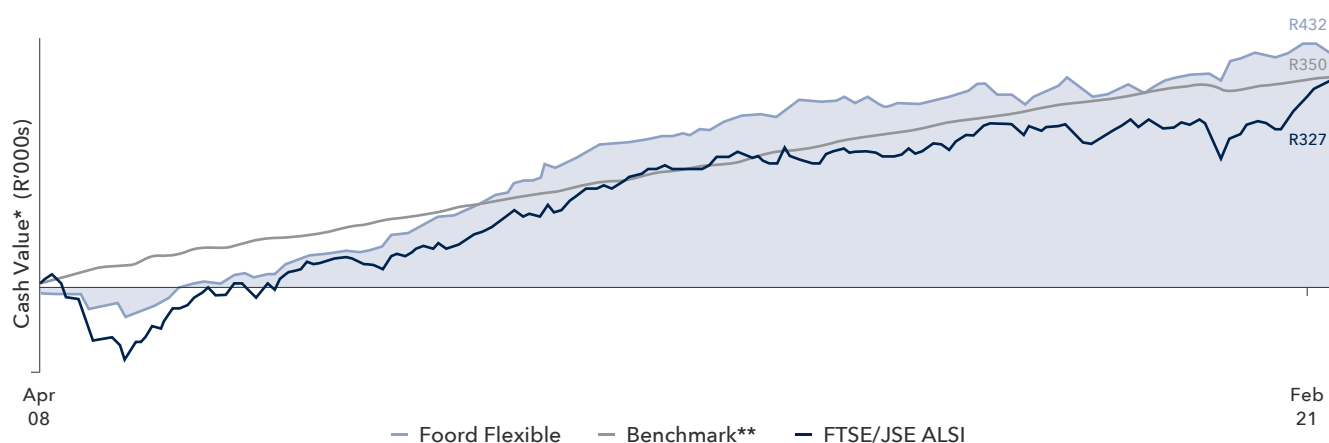
- There are few abstentions. We apply our minds to every single resolution put to shareholders. When there is an abstention, it would typically be intentional or for strategic reasons.
- We typically vote against any resolution that could dilute the interests of existing shareholders. Examples include 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 for 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, paid for out of management's own cash earnings.

# Foord Flexible Fund of Funds

The fund aims to provide investors with long-term real returns exceeding 5% per annum. It exploits the benefits of global diversification in a portfolio that continually reflects Foord's prevailing view on all available asset classes, in South Africa and abroad. The fund is suitable for discretionary investors with a moderate risk profile who require long-term inflation-beating total returns from a dynamically managed multi-asset class portfolio.

The fund is unconstrained in terms of asset class and geographic location. This flexibility allows the fund manager the freedom to invest according to Foord's best investment view. The fund is structured as a fund of funds to allow its exposure to the Foord International and Foord Global Equity Funds to each exceed 20% if deemed necessary. No additional charges or layering of fees applies.

## PERFORMANCE



\* Current value of R100 000 notional lump sum invested in Class A units at inception, distributions reinvested (graphically represented in R'000s above), net of fees and expenses

\*\* Benchmark: CPI + 5% per annum, which is applied daily using the most recently available inflation data and accordingly will be lagged on average by 5 to 6 weeks

## ASSET ALLOCATION

At 28 February 2021

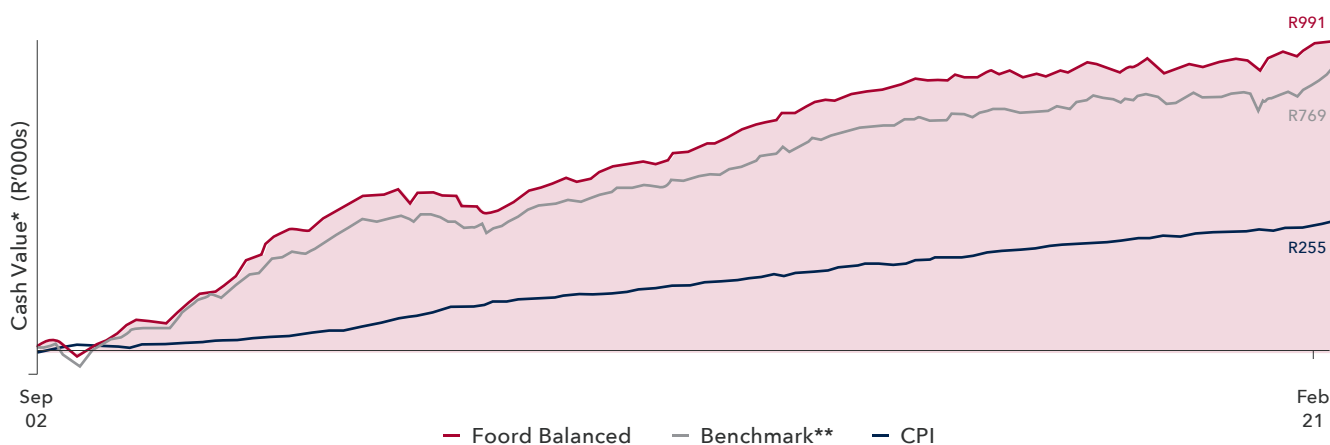
	Domestic %	Foreign %	Total %
Equities	19.8	47.1	66.9
Listed property	1.7	1.3	3.0
Corporate bonds	0.0	1.2	1.2
Government bonds	12.3	0.0	12.3
Commodities	3.3	1.5	4.8
Money market	4.0	7.8	11.8
Total	41.1	58.9	100.0

# Foord Balanced Fund

The fund aims to grow retirement fund savings by meaningful, inflation-beating margins over the long term. The fund is managed to comply with the prudential investment limits set for South African retirement funds (Regulation 28 to the Pension Funds Act). It is therefore suitable for investors saving via retirement funds or other contractual savings products.

The portfolio typically exhibits a medium to high average weighting to JSE shares but can also include exposure to bonds, money market instruments, listed property, commodity securities and foreign assets. Appropriate asset allocation is a critical component of the investment strategy and plays a key role in the management of investment risk. Regulation 28 limits the fund's maximum net equity exposure to 75% and foreign asset exposure to 30% of the portfolio.

## PERFORMANCE



\* Current value of R100 000 notional lump sum invested in Class A units at inception, distributions reinvested (graphically represented in R'000s above), net of fees and expenses

\*\* Benchmark: The market value weighted average total return of the South African - Multi-Asset - High Equity unit trust sector, excluding Foord Balanced Fund

## ASSET ALLOCATION

At 28 February 2021

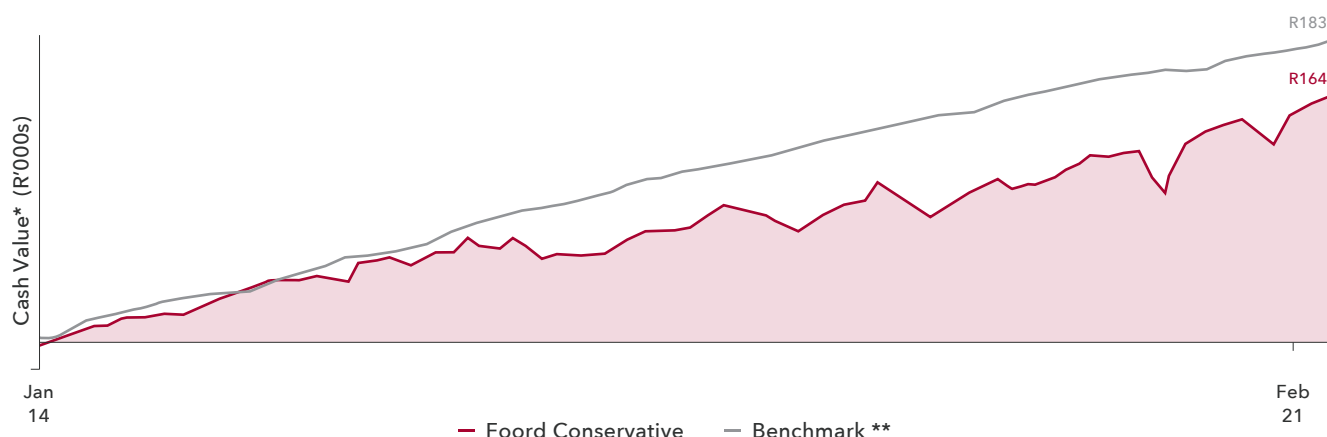
	Domestic %	Foreign %	Total %
Equities	43.4	24.1	67.5
Listed property	4.5	0.7	5.2
Corporate bonds	1.0	1.8	2.8
Government bonds	14.8	0.0	14.8
Commodities	4.1	0.8	4.9
Money market	0.6	4.2	4.8
Total	68.4	31.6	100.0

# Foord Conservative Fund

The fund seeks to provide investors with a net-of-fee return of 4% per annum above the annual change in the SA Consumer Price Index from a conservatively positioned multi-asset portfolio. It is managed to comply with the prudential investment limits set for South African retirement funds (Regulation 28 to the Pension Funds Act). The fund is suitable for conservative investors who are typically in, or close to, retirement with a time horizon of less than three years.

The fund restricts exposure to share investments to a maximum 60% of portfolio (down from the 75% maximum limit of typical balanced funds). The remaining assets must be invested in listed property, government and corporate bonds, commodities and cash. Prudential regulations allow 30% of the fund to be invested abroad.

## PERFORMANCE



\* Current value of R100 000 notional lump sum invested in Class A units at inception, distributions reinvested (graphically represented in R'000s above), net of fees and expenses

\*\* Benchmark: CPI + 4% per annum, which is applied daily using the most recently available inflation data and accordingly will be lagged on average by 5 to 6 weeks

## ASSET ALLOCATION

At 28 February 2021

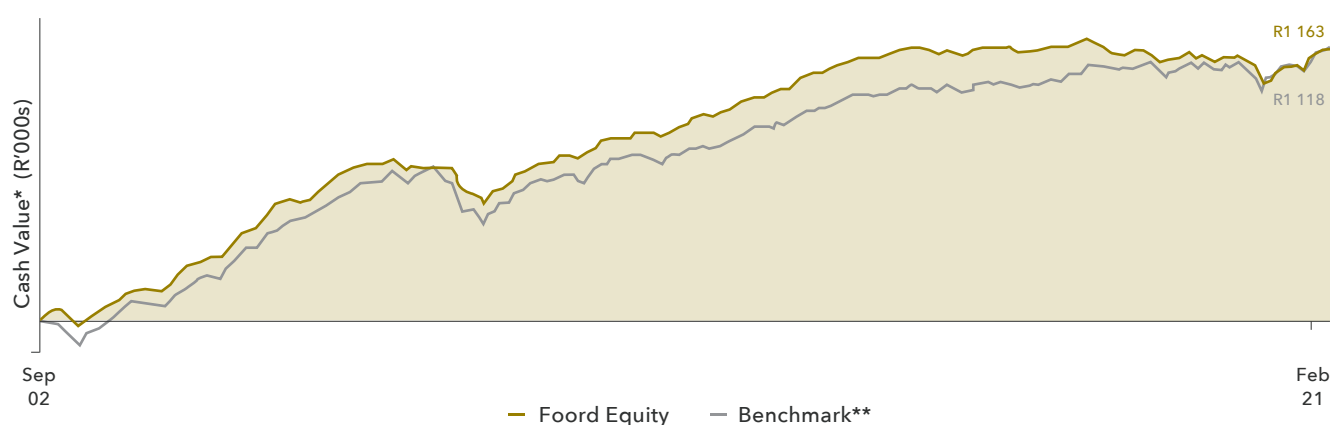
	Domestic %	Foreign %	Total %
Equities	28.8	22.6	51.4
Listed property	4.5	0.8	5.3
Corporate bonds	0.0	0.9	0.9
Government bonds	23.1	0.0	23.1
Commodities	3.8	1.0	4.8
Money market	10.5	4.0	14.5
Total	70.7	29.3	100.0

# Foord Equity Fund

The fund aims to outperform the South African equity market without assuming greater risk. The fund is suitable for investors with time horizons exceeding five years, requiring maximum long-term capital growth, and who can withstand investment volatility in the short to medium term.

The Foord Equity Fund is a general equity fund investing in specially selected instruments across the spectrum of the JSE stock exchange. The strategy does not permit the inclusion of foreign assets into the fund.

## PERFORMANCE



\* Current value of R100 000 notional lump sum invested in Class A units at inception, distributions reinvested (graphically represented in R'000s above), net of fees and expenses

\*\* Benchmark: Total return of the FTSE/JSE Capped All Share Index

## ASSET ALLOCATION

	28 Feb 2021 %	29 Feb 2020 %
Equities	92.4	83.5
Listed property	4.5	6.6
Commodities	2.3	2.1
Money market	0.8	7.8
Total	100.0	100.0

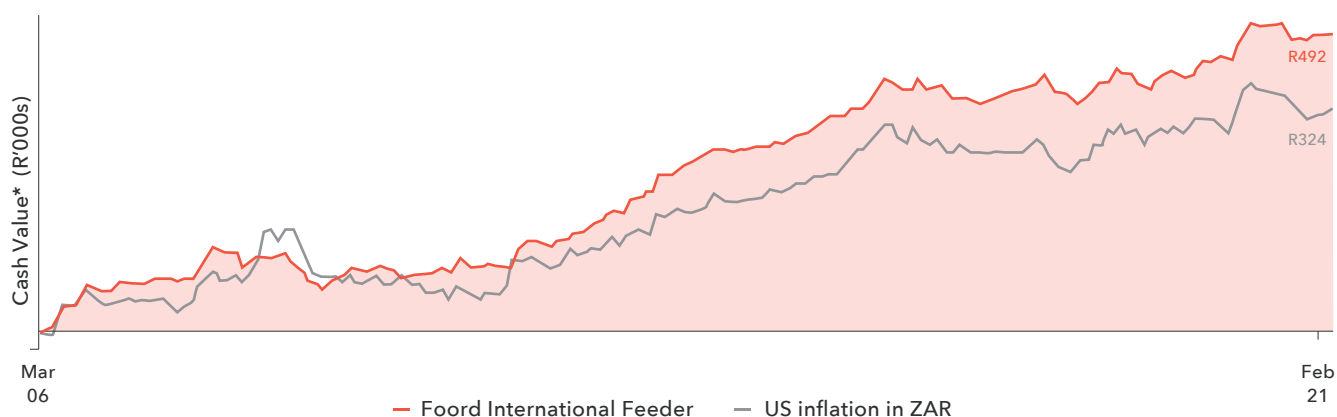


# Foord International Feeder Fund

(CLOSED TO NEW INVESTMENT)

The fund aims to achieve meaningful inflation-beating US dollar returns over rolling five-year periods from a conservatively managed portfolio of global equities, interest-bearing securities and cash, reflecting Foord's prevailing best investment view. The feeder fund invests directly into the Luxembourg-domiciled Foord International Fund and is suitable for South African investors who seek to diversify their portfolios offshore and to hedge against rand depreciation.

## PERFORMANCE



\* Current value of R100 000 notional lump sum invested in Class A units at inception, distributions reinvested (graphically represented in R'000s above), net of fees and expenses

## ASSET ALLOCATION

At 28 February 2021

	Developed Markets %	Emerging Markets %	Total %
Equities	59.9	7.9	67.8
Hedged equities	4.1	0.0	4.1
Real estate	5.3	0.0	5.3
Government bonds	0.0	0.0	0.0
Corporate bonds	0.0	5.9	5.9
Commodities	7.1	0.0	7.1
Money market	9.8	0.0	9.8
Total	86.2	13.8	100.0

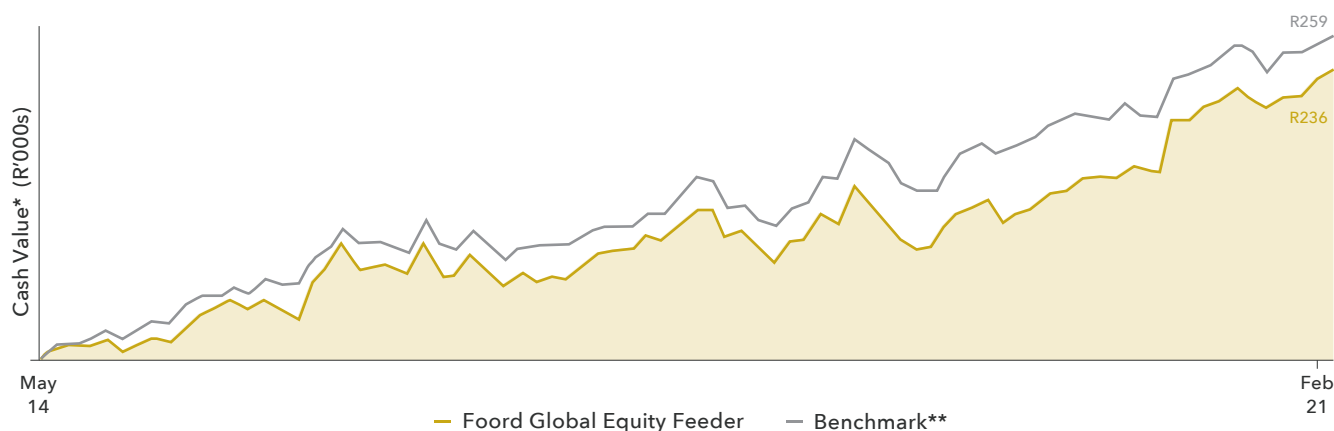
# Foord Global Equity Feeder Fund

(CLOSED TO NEW INVESTMENT)

The fund aims to outperform the MSCI All Country World Index without assuming greater risk. The fund is suitable for South African investors who can withstand a high level of volatility and who seek to diversify their equity portfolios offshore and to hedge against rand depreciation.

The feeder fund invests directly into the Foord Global Equity Fund, a retail unit trust fund domiciled in Singapore. As its name suggests, the Foord Global Equity Fund is a global fund. The investment team can thus research all geographies for companies that offer prospects for sustainable earnings growth and portfolio diversification.

## PERFORMANCE



\* Current value of R100 000 notional lump sum invested in Class A units at inception, distributions reinvested (graphically represented in R'000s above), net of fees and expenses

\*\* Benchmark: The ZAR equivalent of MSCI All Country World Total Return Index

## ASSET ALLOCATION

At 28 February 2021

	Developed Markets %	Emerging Markets %	Total %
Equities	65.8	20.8	86.6
Hedged equities	5.3	0.0	5.3
Real estate	0.4	0.0	0.4
Money market	7.7	0.0	7.7
Total	76.1	23.9	100.0

# Directors' Responsibility and Approval of the Abridged Annual Financial Statements

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The directors of Foord Unit Trusts (RF) (Pty) Limited are responsible for the preparation of the abridged annual financial statements and related financial information included in this annual report.

The abridged annual financial statements and supplementary information of the Foord Flexible Fund of Funds, Foord Balanced Fund, Foord Conservative Fund, Foord Equity Fund, Foord International Feeder Fund and Foord Global Equity Feeder Fund for the year ended 28 February 2021 were approved by the Board of Directors of Foord Unit Trusts (RF) (Pty) Limited on 21 May 2021 and are hereby signed on its behalf by:

PE CLUER Chairman

WL FRASER Director

## Trustee Report on the Foord Unit Trust Scheme

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As Trustees to the Foord Unit Trust Scheme ("the Scheme"), we are required in terms of the Collective Investment Schemes Control Act, 2002 (Act No.45 of 2002) ("the Act") to report to participatory interest holders on the administration of the Scheme during each annual accounting period.

We advise that for the period 1 March 2020 to 28 February 2021 we reasonably believe that the Manager has administered the Scheme in accordance with:

- i) the limitations imposed on the investment and borrowing powers of the manager by the Act; and
- ii) the provisions of the Act and the relevant deeds.

We confirm that, according to the records available to us, there were no material instances of compliance contraventions and therefore no consequent losses incurred by the Portfolio in the year.

Yours faithfully

NELIA DE BEER

Head: Trustee Services  
Rand Merchant Bank  
A division of FirstRand Bank Limited

21 May 2021

RUAN VAN DYK

Quality Assurance Manager: Trustee Services  
Rand Merchant Bank  
A division of FirstRand Bank Limited

# Statements of Financial Position

As at 28 February 2021

	FOORD FLEXIBLE FUND OF FUNDS		FOORD BALANCED FUND		FOORD CONSERVATIVE FUND		FOORD EQUITY FUND		FOORD INTERNATIONAL FEEDER FUND		FOORD GLOBAL EQUITY FEEDER FUND	
	2021 R'm	2020 R'm	2021 R'm	2020 R'm	2021 R'm	2020 R'm	2021 R'm	2020 R'm	2021 R'm	2020 R'm	2021 R'm	2020 R'm
<b>ASSETS</b>												
Investment portfolio at market value	9,985	8,249	26,221	25,333	862	590	3,919	3,756	3,597	3,584	77	63
Accounts receivable	93	177	96	145	2	1	23	33	10	-	-	-
Total assets	10,078	8,426	26,317	25,478	864	591	3,942	3,789	3,607	3,584	77	63
<b>LIABILITIES</b>												
Accounts payable	14	9	58	36	2	4	3	15	8	1	-	-
Distributions payable	55	81	144	315	8	8	29	69	-	-	-	-
Total liabilities	69	90	202	351	10	12	32	84	8	1	-	-
Net assets attributable to unitholders	10,009	8,336	26,115	25,127	854	579	3,910	3,705	3,599	3,583	77	63

# Statements of Comprehensive Income

For the year ended 28 February 2021

	FOORD FLEXIBLE FUND OF FUNDS		FOORD BALANCED FUND		FOORD CONSERVATIVE FUND		FOORD EQUITY FUND		FOORD INTERNATIONAL FEEDER FUND		FOORD GLOBAL EQUITY FEEDER FUND	
	2021 R'm	2020 R'm	2021 R'm	2020 R'm	2021 R'm	2020 R'm	2021 R'm	2020 R'm	2021 R'm	2020 R'm	2021 R'm	2020 R'm
<b>NET INVESTMENT INCOME</b>	<b>187</b>	<b>190</b>	<b>651</b>	<b>950</b>	<b>18</b>	<b>25</b>	<b>78</b>	<b>177</b>	<b>4</b>	<b>6</b>	<b>-</b>	<b>-</b>
Dividends	45	39	223	397	5	9	74	181	-	-	-	-
Interest	142	151	440	618	13	19	8	28	-	3	-	-
Income adjustments	-	-	(12)	(65)	-	(3)	(4)	(32)	4	3	-	-
<b>DEDUCTIONS</b>	<b>(83)</b>	<b>(20)</b>	<b>(356)</b>	<b>(266)</b>	<b>(5)</b>	<b>(5)</b>	<b>(9)</b>	<b>(13)</b>	<b>(7)</b>	<b>(7)</b>	<b>-</b>	<b>-</b>
Service charge	(82)	(19)	(352)	(262)	(5)	(5)	(8)	(12)	(7)	(7)	-	-
Other expenses	(1)	(1)	(4)	(4)	-	-	(1)	(1)	-	-	-	-
<b>Net income</b>	<b>104</b>	<b>170</b>	<b>295</b>	<b>684</b>	<b>13</b>	<b>20</b>	<b>69</b>	<b>164</b>	<b>(3)</b>	<b>(1)</b>	<b>-</b>	<b>-</b>
Income distributions	(104)	(170)	(298)	(684)	(13)	(20)	(69)	(164)	-	-	-	-
Accumulated deficit at beginning of year	-	-	-	-	-	-	-	-	(17)	(16)	(1)	(1)
Accumulated deficit at year end	-	-	(3)	-	-	-	-	-	(20)	(17)	(1)	(1)

# Total Cost Ratio

The Total Cost Ratio for any portfolio is the sum of its Total Expense Ratio (TER) and Transaction Cost Ratio (TCR).

A 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 service charge, VAT, audit fees, trustee fees, bank charges and costs incurred in any underlying funds. Included in the TER, but separately disclosed, is a performance fee charge (or credit) resulting from over-performance (or under-performance) against the benchmark. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER is not an indication of future TERs.

The TCR comprises expenses such as brokerage, VAT, Securities Transfer Tax, Investor Protection Levies and STRATE contract fees incurred when buying and selling investments, expressed as a percentage of the average daily value of the portfolio. These costs are excluded from the TER measure. The quantum of transaction costs is affected by the quantum of the fund's gross inflows and outflows that are required to be invested or disinvested from the portfolio.

	2021				2020			
	TER	Performance fees in TER	TCR	Total Cost Ratio*	TER	Performance fees in TER	TCR	Total Cost Ratio*
Foord Flexible Fund of Funds	1.91%	0.75%	0.01%	1.93%	1.03%	-0.20%	0.01%	1.04%
Foord Balanced Fund	2.07%	0.64%	0.05%	2.11%	1.60%	0.15%	0.03%	1.63%
Foord Conservative Fund	1.52%	0.07%	0.08%	1.60%	1.46%	-0.03%	0.04%	1.50%
Foord Equity Fund	0.62%	-0.55%	0.16%	0.78%	0.59%	-0.57%	0.11%	0.70%
Foord International Feeder Fund	1.51%	N/A	0.00%	1.51%	1.84%	N/A	0.00%	1.84%
Foord Global Equity Feeder Fund	2.43%	N/A	0.00%	2.43%	1.58%	N/A	0.00%	1.58%

\* Class A units

Note: May not cross-cast due to rounding differences



# Distribution Information

CENTS PER PARTICIPATORY INTEREST			
	Dividend Component*	Interest Component*	Total
<b>FOORD FLEXIBLE FUND OF FUNDS — Class A</b>			
No. 24: 6 months to 28 February 2021	4.41	10.61	15.02
No. 23: 6 months to 31 August 2020	2.59	11.33	13.92
No. 22: 6 months to 29 February 2020	5.37	21.64	27.01
No. 21: 6 months to 31 August 2019	6.43	23.39	29.82
<b>FOORD BALANCED FUND — Class A</b>			
No. 35: 6 months to 28 February 2021	7.17	15.31	22.48
No. 34: 6 months to 31 August 2020	7.88	14.63	22.51
No. 33: 6 months to 29 February 2020	21.81	34.46	56.27
No. 32: 6 months to 31 August 2019	22.26	36.19	58.45
<b>FOORD CONSERVATIVE FUND — Class A</b>			
No. 15: 6 months to 28 February 2021	2.60	7.25	9.85
No. 14: 6 months to 31 August 2020	3.52	8.08	11.60
No. 13: 6 months to 29 February 2020	4.36	9.34	13.70
No. 12: 6 months to 31 August 2019	5.71	11.59	17.30
<b>FOORD EQUITY FUND — Class A</b>			
No. 35: 6 months to 28 February 2021	38.74	2.60	41.34
No. 34: 6 months to 31 August 2020	49.60	7.49	57.09
No. 33: 6 months to 29 February 2020	88.17	13.53	101.70
No. 32: 6 months to 31 August 2019	83.90	14.45	98.35
<b>FOORD INTERNATIONAL FEEDER FUND — Class A**</b>			
<b>FOORD GLOBAL EQUITY FEEDER FUND — Class A**</b>			

\* Gross of any applicable South African dividends and interest withholding taxes.

\*\* There were no distributions in the current or previous reporting periods as the Foord international unit trusts do not distribute their income (it is rolled up into the unit price of the funds). As a result, the feeder fund had insufficient income after deducting expenses and the losses are carried forward to the following period.

# Company Information

Registration number:	2001/029793/07
Address of registered office:	8 Forest Mews, Forest Drive, Pinelands, 7405
Ultimate holding company:	Foord Group Holdings (Pty) Ltd
Directorate:	Paul Cluer (Executive, Chairman) Diane Behr (Executive) Don Bowden (Independent) Prakash Desai (Independent; Chairman – Audit Committee) (Appointed 6 August 2020) William Fraser (Executive) Mark Hodges (Non-executive)
Investment manager:	Foord Asset Management (Pty) Ltd (FSP: 578)
Trustee:	Rand Merchant Bank, a division of FirstRand Bank Limited
Auditor:	KPMG Inc.
Administrator:	Silica Administration Services (Pty) Ltd

## CONTACT US

Foord Unit Trusts:	021 532 6969
Email:	unittrusts@foord.co.za
Website:	www.foord.co.za
Physical address:	8 Forest Mews, Forest Drive, Pinelands, 7405
Postal address:	96 Forest Drive, Pinelands, 7405

## DISCLOSURES

Foord Unit Trusts (RF) (Pty) Ltd (Foord Unit Trusts) is an approved CISCA Management Company (#10). 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 portfolios. 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. A feeder fund portfolio 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. 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. 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.

This document is not an advertisement, but is provided exclusively for information purposes and should not be regarded as advice, an offer or solicitation to purchase, sell or otherwise deal with any particular investment. Minimum disclosure documents (fact sheets), prepared monthly, are available on [www.foord.co.za](http://www.foord.co.za) or on request. Economic forecasts and predictions are based on Foord's 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. While we have taken and will continue to take care that the information contained herein is true and correct, we request that you report any errors to Foord at [unittrusts@foord.co.za](mailto:unittrusts@foord.co.za). The document is protected by copyright and may not be altered without prior written consent.

## UNIT PRICE

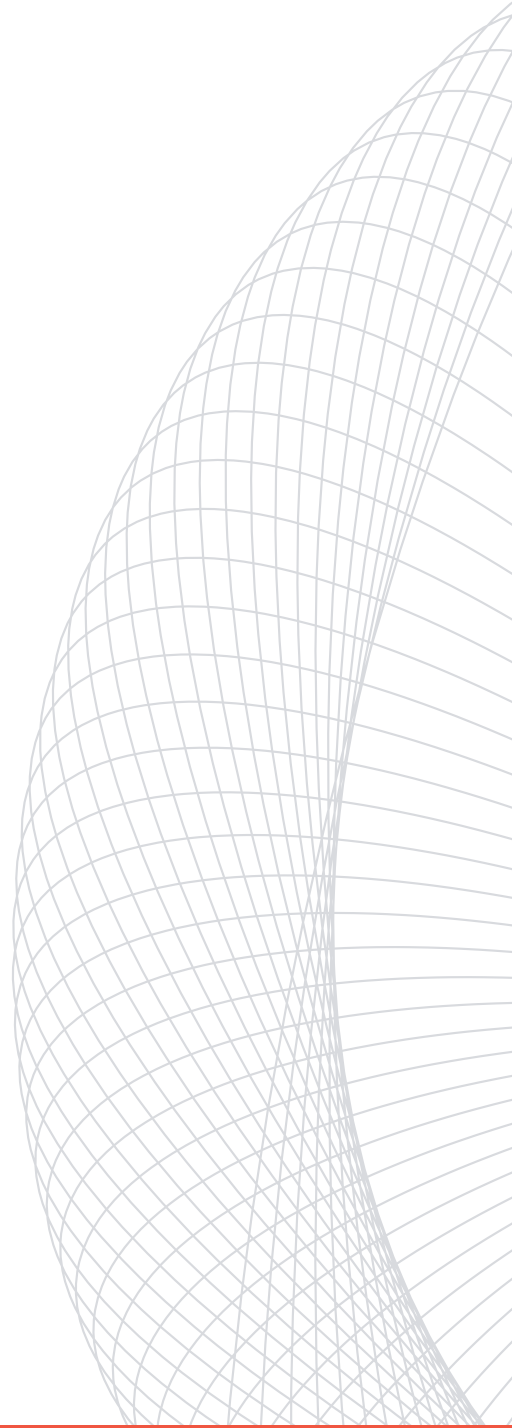
Unit trust prices are calculated on a net asset value basis, which is the total value of all assets in the portfolio including any income accruals and less any permissible deductions from the portfolio. Forward pricing is used. Prices are determined at 15h00 each business day and are published daily 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.

## 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.

## UNABRIDGED AUDITED FINANCIAL STATEMENTS

Copies of the unabridged audited financial statements of Foord Unit Trusts (RF) (Pty) Ltd and the Foord Unit Trust Scheme are available to investors for review at the registered office of the company by prior arrangement.



[www.foord.co.za](http://www.foord.co.za)  
[unittrusts@foord.co.za](mailto:unittrusts@foord.co.za)