

INVESTMENT OBJECTIVE

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).

INVESTOR PROFILE

Investors whose risk tolerance is below that of pure equity fund investors and those who require the asset allocation decision to be made for them, within prudential guidelines. Because the fund complies with Regulation 28, it is ideally suited to being a substantial component of any retirement savings portfolio and is especially suitable for retirement funds, pension fund members and holders of contractual savings products. Available as a tax free investment account.

DOMICILE

South Africa

MANAGEMENT COMPANY

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

FUND MANAGERS

Nick Balkin, Dave Foord and William Fraser

INCEPTION DATE

1 September 2002

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 - High Equity

PORTFOLIO SIZE

R25.3 billion

MINIMUM LUMP SUM / MONTHLY

R50 000 / R1 000

UNIT PRICE (CLASS A)

6387.75 cents

NUMBER OF UNITS (CLASS A)

43.4 million

LAST DISTRIBUTIONS

26/02/21: 22.48 cents per unit
31/08/20: 22.51 cents per unit

BENCHMARK

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

SIGNIFICANT RESTRICTIONS

Maximum equity exposure of 75%; maximum offshore exposure of 30%; complies with pension fund investment regulations (Regulation 28).

INCOME DISTRIBUTIONS

End-February and end-August each year.

INCOME CHARACTERISTICS

Medium yield, approximately double that of a general equity fund. Income distributions are reduced by the annual service charge, which varies with the relative performance of the fund against its benchmark.

PORTFOLIO ORIENTATION

Medium to high 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 (FIF) and Foord Global Equity Fund Luxembourg (FGEFL), sub-funds of Foord SICAV domiciled in Luxembourg and Foord Global Equity Fund (FGEF) domiciled in Singapore. FIF is a conservative, multi-asset class fund. FGEF and FGEFL comprise portfolios of global shares and cash. All funds 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

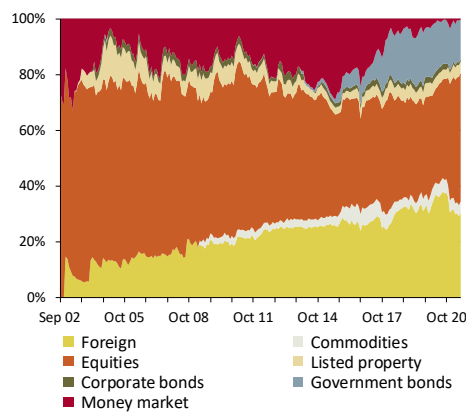
Longer than three years.

ASSET ALLOCATION (MAX LIMITS IN BRACKETS*)

	SA %	FOREIGN %	TOTAL%
Equities	46.1	25.6	71.7 (75)
Listed property	4.1	0.7	4.8 (25)
Corporate bonds	1.0	0.0	1.0 (50)
Government bonds	14.2	0.0	14.2 (100)
Commodities	3.8	0.8	4.6 (10)
Money market	0.2	3.5	3.7 (100)
TOTAL	69.4 (100)	30.6 (30)	100.0

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

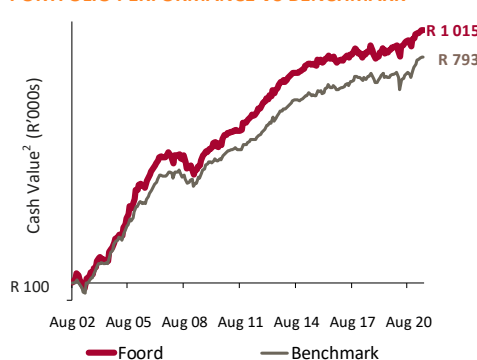
CHANGES IN PORTFOLIO COMPOSITION



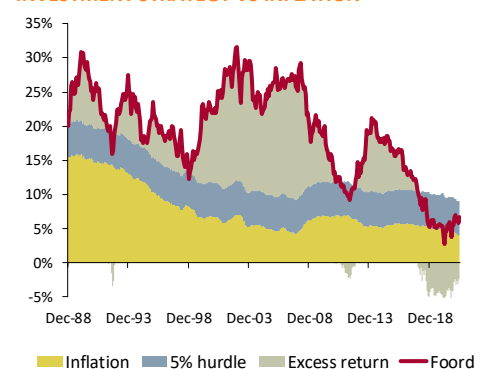
TOP 10 INVESTMENTS

SECURITY	ASSET CLASS	MARKET	% OF FUND
Foord Global Equity Fund	Foreign assets	LUX/SGP	18.0
Foord International Fund	Foreign assets	LUX	12.5
RSA 10.5% (R186)	Gov bond	ZAF	8.9
BHP Group	Equity	ZAF	4.9
Naspers "N"	Equity	ZAF	4.7
NewGold	Commodity	ZAF	3.8
Aspen	Equity	ZAF	3.7
Anheuser-Busch	Equity	ZAF	3.5
CF Richmond	Equity	ZAF	3.4
FirstRand	Equity	ZAF	3.2

PORTFOLIO PERFORMANCE VS BENCHMARK



INVESTMENT STRATEGY VS INFLATION



In managing retirement portfolios, Foord aims to achieve returns that exceed inflation plus 5% per annum over any rolling five-year period. The Investment Strategy vs Inflation chart shows the annualised returns over rolling 5 years achieved by Foord on a composite of similar portfolios since the inception of the strategy on 1 January 1984 (gross of annual fees). This composite return information includes the market value weighted returns of the Foord Balanced Fund unit trust from 1 September 2002. Foord Balanced Fund unit trust is now the single largest portfolio in the composite. The chart illustrates that the actual composite return achieved for investors over any rolling five-year period has only once dipped below the South African inflation rate. It also demonstrates that real returns of 5% per annum are consistently achievable in mandates of this nature when measured over the appropriate long-term period.

PORTFOLIO PERFORMANCE (PERIODS GREATER THAN ONE YEAR ARE ANNUALISED ¹)

	CASH VALUE ²	SINCE INCEPTION	LAST 15 YEARS	LAST 10 YEARS	LAST 7 YEARS	LAST 5 YEARS	LAST 3 YEARS	LAST 12 MONTHS	THIS MONTH
FOORD ^{3,4}	R 1 014 852	13.1%	10.0%	9.7%	5.8%	5.4%	6.6%	11.5%	0.3%
BENCHMARK ^{4,5}	R 792 659	11.6%	9.3%	8.8%	5.9%	5.8%	6.1%	18.2%	-0.1%
FOORD HIGHEST ^{3,4,6}		61.0%	32.3%	27.0%	24.2%	24.2%	24.2%	11.5%	
FOORD LOWEST ^{3,4,6}		-16.8%	-16.8%	-8.1%	-8.1%	-8.1%	-5.1%	11.5%	

¹ Converted to reflect the average yearly return for each period presented

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

³ Class A

⁴ Net of fees and expenses

⁵ Source: Morningstar, performance as calculated by Foord

⁶ Highest and lowest actual 12 month return achieved in the period

COMMENTARY

- Developed (+1.4% in US dollars) and emerging (+1.3%) markets were led higher by US bourses (+2.8%) on strong economic data and vaccination rollouts—after first taking fright when the US Federal Reserve brought forward to 2023 the date by when it expected US interest rates would first rise
- Developed market bond yields declined despite US and Eurozone inflation rising faster than expectations—the Fed attributes the rise in inflation to what it thinks are transitory factors
- Oil (+8.4%) rose above \$70 a barrel for the first time in two years after OPEC+ signalled strong demand amid managed supply—precious metals gold (-6.9%) and silver (-6.7%) and industrial bellwether copper (-7.6%) fell sharply on easing inflation concerns and dollar strength
- The FTSE/JSE Capped All Share Index (-2.5% in rands) was dragged lower by sharp falls in resources (-6.4%) and financials (-3.0%), with only the industrials sector (+0.4%) registering a small gain—lower commodity prices and a rampant COVID-19 third wave weighed on sentiment
- The large allocation to foreign assets contributed most to performance with the rand retracing some of its recent gains—despite some attractive domestic opportunities the managers continue to favour the global investment opportunity set and expect the rand to weaken further through the full investment cycle
- The fund's SA equities were flat, protecting investor capital in a negative month, mostly driven by the under-weight allocation to the weaker resources sector—SA Inc. companies Foschini (+21.8%) and Omnia (+10.8%) were the top contributors on better-than-expected results while Standard Bank (-5.9%) and FirstRand (-4.3%) detracted the most after SA was put into Adjusted Level 4 lockdown
- The All Bond Index (+1.1%) gained as the yield curve flattened with longer dated bonds outperforming—the fund's bond allocation remains concentrated in the 3-7-year maturity bucket but the managers have been investing in longer dated instruments at the margin as relative valuations shift
- The rand (-4.0% vs the US dollar) retraced some its recent gains on dollar strength, lower commodity prices and a rampant COVID-19 third wave—while further short-term strength is possible, the unit remains structurally vulnerable 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
Foord global funds: – Foord International	1.0%
– Foord Global Equity	0.5% plus 15% performance

TOTAL INVESTMENT CHARGE

	12 MONTHS	36 MONTHS
Total expense ratio (TER)	1.64%	1.57%
Manager's charge (basic)	1.00%	1.00%
Performance charge	0.18%	0.14%
Foord global charges	0.27%	0.25%
VAT and sundry costs	0.19%	0.18%
Transaction costs (incl VAT)	0.03%	0.03%
Total investment charge	1.67%	1.60%

FEE STRUCTURE

The annual fee is based on portfolio performance with the daily fee 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. 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 BALANCED FUND (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.

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 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 incurred (excluding trading costs) 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 2.06%.

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 5 July 2021. Additional detailed analysis is published in the Quarterly Portfolio Report available on www.foord.co.za