

INVESTMENT OBJECTIVE

The fund aims to earn a higher total rate of return than that of the South African equity market, as represented by the return of the FTSE/JSE Capped All Share Index including income, without assuming greater risk.

INVESTOR PROFILE

Investors requiring long-term growth and who are able to withstand investment volatility in the short to medium term. 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 Nancy Hossack

INCEPTION DATE

1 September 2002

BASE CURRENCY

South African rands

ASSET ALLOCATION

	Current	Q2 2021
JSE equity securities:	94.7%	95.5%
Other JSE securities:	2.8%	3.6%
Money market:	2.5%	0.9%

EQUITY INDICATOR >>>>>>>>

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

CATEGORY

South African - Equity - General

PORTFOLIO SIZE

R4.0 billion

MINIMUM LUMP SUM / MONTHLY

R50 000 / R1 000

UNIT PRICE (CLASS A)

7976.21 cents

NUMBER OF UNITS (CLASS A)

6.9 million

LAST DISTRIBUTIONS

26/02/2021: 41.34 cents per unit
31/08/2020: 57.09 cents per unit

BENCHMARK

Total return of the FTSE/JSE Capped All Share Index (prior to 1 July 2018 FTSE/JSE All Share Index).

SIGNIFICANT RESTRICTIONS

SA equity exposure between 80% and 100%, with balance invested in cash and other JSE listed securities.

INCOME DISTRIBUTIONS

End-March and end-September each year.

INCOME CHARACTERISTICS

Low gross yield, similar to FTSE/JSE Capped All Share Index dividend yield. Income distributions are reduced by the annual service charge, which varies with the relative performance of the fund against its benchmark.

PORTFOLIO ORIENTATION

A portfolio of quality JSE shares that present compelling long-term investment value.

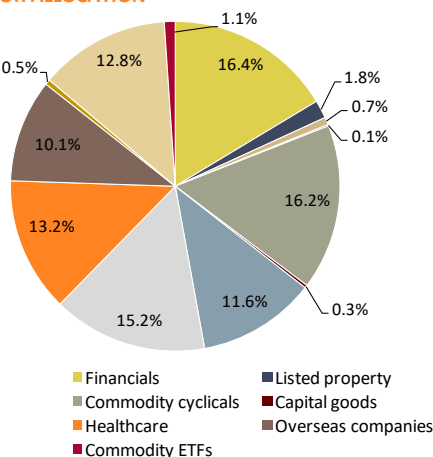
RISK OF LOSS

High in periods shorter than one year. Lower in periods greater than three years.

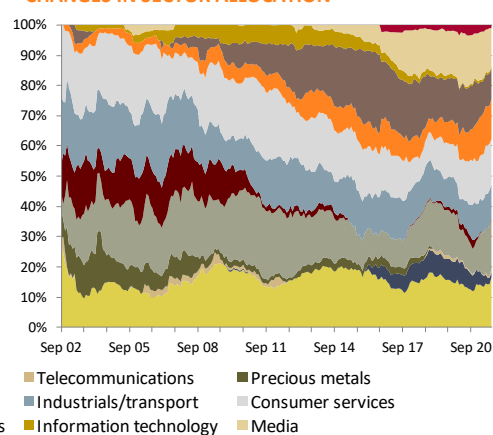
TIME HORIZON

Longer than five years.

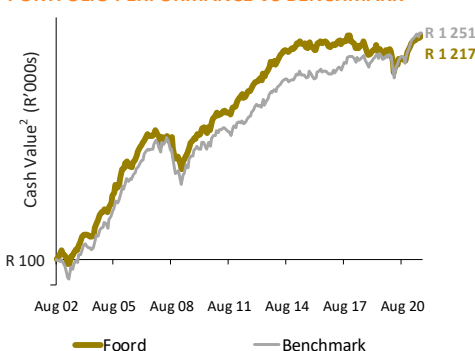
SECTOR ALLOCATION



CHANGES IN SECTOR ALLOCATION



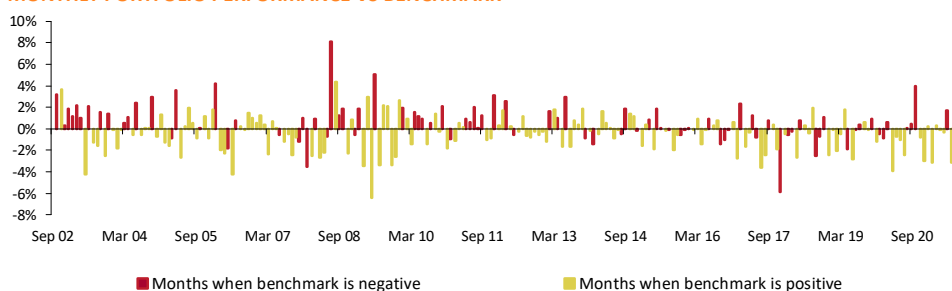
PORTFOLIO PERFORMANCE VS BENCHMARK



TOP 10 INVESTMENTS

SECURITY	% OF FUND
Naspers "N"	9.0
BHP Group	8.0
Aspen	6.9
FirstRand	5.9
Standard Bank	5.1
Anglo American	4.8
CF Richemont	4.4
Anheuser-Busch	3.6
Prosus "N"	3.5
Sasol	3.0

MONTHLY PORTFOLIO PERFORMANCE VS BENCHMARK



In managing South African equity portfolios, Foord aims to construct a diversified portfolio of quality companies bought at reasonable prices to achieve long-term returns with minimum risk of capital loss. The chart above depicts the monthly returns of the portfolio relative to the monthly returns of its benchmark. Bars above the x-axis show months of outperformance against the benchmark, while bars below the x-axis show months of underperformance. Red bars represent months when the benchmark was negative and yellow bars represent months when the benchmark was positive. The chart illustrates that the portfolio has outperformed the benchmark 70% of the time when the market was down (red bars above the x-axis).

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	R 1 217 039	14.0%	9.9%	8.9%	2.5%	1.2%	2.1%	29.3%	1.8%
BENCHMARK ⁴	R 1 250 909	14.2%	11.1%	11.6%	7.6%	8.7%	8.5%	29.9%	-0.9%
FOORD HIGHEST ^{3,5}		75.4%	47.6%	42.4%	42.4%	42.4%	42.4%	29.3%	
FOORD LOWEST ^{3,5}		-29.9%	-29.9%	-22.5%	-22.5%	-22.5%	-22.5%	29.3%	

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, net of fees and expenses

⁴ Source: IRESS MD RSA

⁵ Highest and lowest actual 12 month return achieved in the period

COMMENTARY

- Global equities (+2.5% in US dollars) gained as US bourses again scaled all-time highs despite growing uncertainty around rising COVID-19 delta variant cases—surprise second-quarter earnings, dovish Fed comments at the Jackson Hole symposium and relatively unattractive credit and property valuations continue to support equities
- Industrial commodities iron ore (-24.9%), oil (-4.4%), and copper (-2.7%) fell after a massive run up over the last year—precious metals platinum (-3.3%), palladium (-7.0%) and silver (-6.0%) also gave up some recent gains while safe-haven gold (+0.1%) bucked the commodity complex trend
- The FTSE/JSE Capped All Share Index (-0.9% in rands) fell on sharply lower resources (-4.8%) and industrials (-4.5%) indices—largely offset by a surging financials sector (+12.8%) as market rotation into SA Inc. counters continued
- The fund's outperformance was driven by the large underweight allocation to precious metals miners with sector heavyweight Impala Platinum (-17.0%) sharply weaker on tumbling PGM prices—fund investments in the healthcare sector were positive, as pharmaceutical company Aspen (+8.6%) and hospital counters Netcare (+10.4%) and Mediclinic (+10.4%) rallied
- Banks were particularly strong as the third wave continued to wane and expectations for better domestic economic conditions attracted marginal buyers—core holdings in Standard Bank (+20.4%) and Firstrand (+13.9%) surged
- Index heavyweight MTN (+27.3%) was the largest detractor from relative returns after its results surprised the market, aided by an expected repatriation of dividends from its Nigeria operations—largest fund holding Naspers (-12.0%) fell on a combination of Chinese regulatory interventions affecting major asset Tencent and Naspers' cross-holding transactions with Dutch associate Prosus (-2.7%)
- The rand (+0.5% vs the US dollar) breached R15.0/\$ on broad-based dollar strength as markets [incorrectly] anticipated the US Federal Reserve would signal the timing of its next interest rate rising cycle—but the currency recovered on improved debt/GDP and fiscal deficit ratios after Stats SA estimated SA GDP to be 11% larger than previously reported

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	15% (over- and under-performance)
Minimum annual fee	0.5% plus VAT
Maximum annual fee	Uncapped

TOTAL INVESTMENT CHARGE

	12 MONTHS	36 MONTHS
Total expense ratio (TER)	0.65%	0.62%
Manager's charge (basic)	1.00%	1.00%
Performance charge	-0.45%	-0.48%
Foord global charges	-	-
VAT and sundry costs	0.10%	0.10%
Transaction costs (incl VAT)	0.15%	0.13%
Total investment charge	0.80%	0.75%

FEE STRUCTURE

The annual fee is based on portfolio performance fee 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 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, which may vary from fund to fund.

PERFORMANCE FEE EXAMPLES FOR FOORD EQUITY 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	15.0%	15.0%	15.0%	15.0%
Daily adjustment to 1% annual fee	+0.3%	-0.3%	0.0%	-0.9%
Annual fee rate applied (excl. VAT)	1.3%	0.7%	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 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 (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 0.62%.

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