SYNOPSIS

PERFORMANCE (TOTAL RETURN)

	Portfolio	Benchmark
Annualised (since 01/04/2008)	11.0%	10.3%
Last 12 months	1.6%	11.1%
Last 3 months	- 4.9%	3.0%

PORTFOLIO VALUE

R 9 671.6 million (31/12/2021: R 10 396.9 million)

INVESTMENT OUTLOOK AND PORTFOLIO CONSTRUCTION

World: Slowing economic growth
Rising inflation expectations
Rising interest rates
Less accommodative monetary and fiscal policy
Earnings growth to moderate
Select commodities remain well bid

South Africa: Mediocre economic growth
Poor economic policy to continue
Unemployment crisis to persist
Rising inflation
Rising interest rates
Improved terms of trade short-lived
Rand strength likely to fade

Portfolio construction: Prefer foreign companies with pricing power
Asian bourses attractive versus global peers
SA equity has earnings momentum and high dividend yields
SA bonds offer attractive real yields
Listed property focused on niche areas
Gold offers uncorrelated returns and inflation protection
Diversified dollar cash into higher yielding 2-year US Treasuries

EFFECTIVE ASSET ALLOCATION (previous)

	Foord target		Portfolio	
	%	%	%	%
JSE equities	30	(30)	37	(35)
Foreign assets	50	(50)	51	(51)
JSE property	1	(1)	2	(2)
Commodities	4	(4)	4	(4)
SA bonds	12	(12)	4	(5)
Money market	3	(3)	2	(3)
	100		100	

1. PORTFOLIO PERFORMANCE

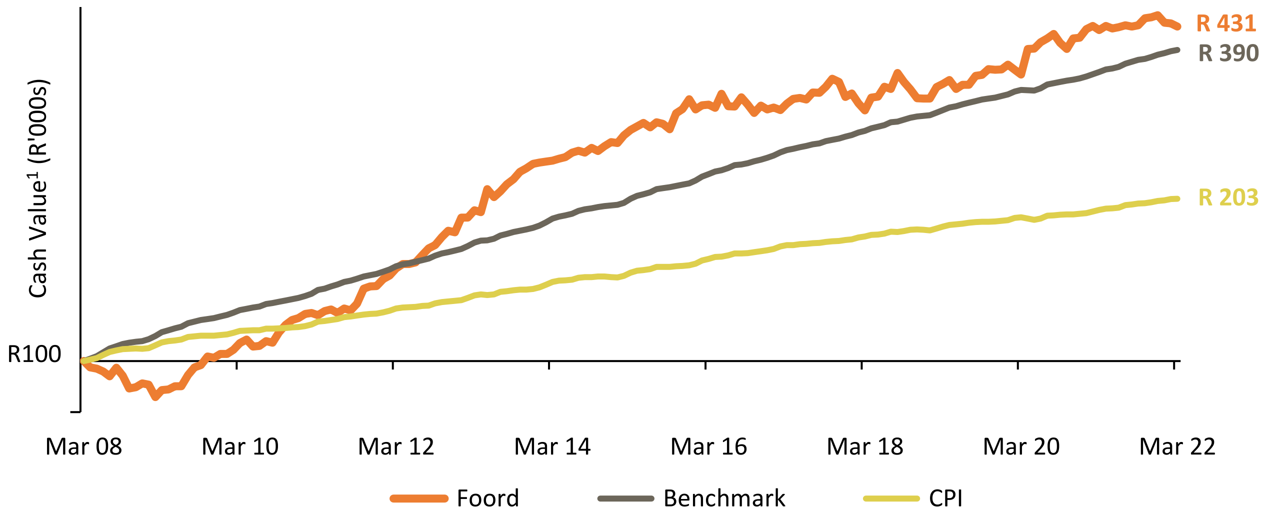
1.1 Total performance to 31 March 2022

	Portfolio	Benchmark*	Variance	Peer Group#
	%	%	%	%
From inception (01/04/2008)	11.0	10.3	0.7	8.9
10 years	11.1	10.0	1.1	10.5
7 years	6.7	9.9	- 3.2	6.8
5 years	7.0	9.3	- 2.3	7.6
3 years	8.7	9.5	- 0.8	8.7
1 year	1.6	11.1	- 9.5	4.6
3 months	- 4.9	3.0	- 7.9	-8.4

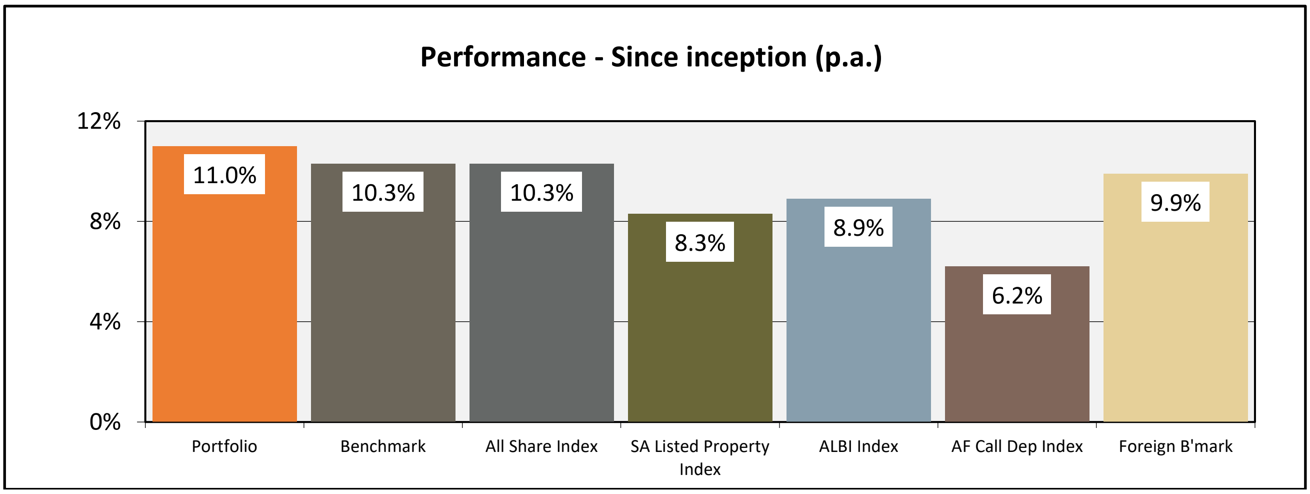
* CPI + 5% per annum. CPI estimated for March 2022

(ASISA) Worldwide – Multi Asset – Flexible average

Daily linked total rates of return (capital and income) based on unit price. Returns in percent net of service fees and fund expenses. Returns for periods 1 year and above are annualised percentages.



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



1.2 Sector contribution to 31 March 2022

(Returns x weight)

	JSE equities %	JSE property %	Interest bearing* %	Other assets %	Foreign assets %	Portfolio %
1 year	1.6	0.1	0.8	0.4	- 0.9	2.0
3 months	- 1.1	- 0.1	0.1	- 0.1	- 3.5	- 4.7

* Bonds and cash combined

Returns in percent, calculated on a gross basis

Quarterly performance comment:

- SA bonds contributed positively as the SA yield curve flattened with long rates ticking down and short rates moving up as SARB raised interest rates — investments in the preferred, medium-duration R186 bond gained, but underperformed longer dated securities
- SA equities detracted from performance, despite strong returns from resource company BHP and leading bank FirstRand — the allocation to Aspen and Anheuser-Busch Inbev detracted on rand strength and rising input costs for the latter while Naspers and Prosus also detracted on weakness in principal asset, Chinese tech giant Tencent
- Foreign assets detracted most from fund returns on lower global equity markets and rand strength — but the Foord international funds outperformed on strong contributions from materials company Freeport-McMoran, agrochemicals companies FMC and Bayer and precious metals streamer Wheaton, while risk management hedges on the S&P 500 protected investor capital in the falling market
- The physical gold position detracted on the lower rand gold price with rand strength more than offsetting the higher dollar price for bullion — the NewGold ETF serves a crucial portfolio diversification purpose as both a hedge against inflation and as an alternative store of value to fiat currency
- The low listed property position added value as the sector weakened in aggregate on mounting domestic consumer risks on the back of rising inflation and interest rates — core holding in London property company Capital & Counties detracted on the stronger rand

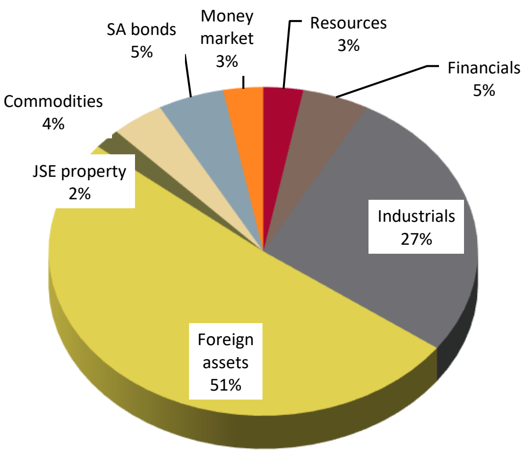
2. PORTFOLIO STRUCTURE

Mandate (%)		Portfolio Effective exposure 31/12/2021	Portfolio Effective exposure 31/03/2022	FTSE/JSE ALSI Weightings
		%	%	%
	JSE equities: resources	3	4	12
	JSE equities: financials (ex property)	5	5	8
	JSE equities: industrials	27	28	17
0 - 100	JSE equities*	35	37	37
	Foreign assets	51	51	
	Foord International Fund	22	23	
	Foord Global Equity Fund	29	28	
0 - 25	JSE property	2	2	
	Commodities	4	4	
	SA bonds	5	4	
0 - 100	Money market	3	2	
		100	**100**	
	Total portfolio	**R 10 396.9m**	**R 9 671.6m**	

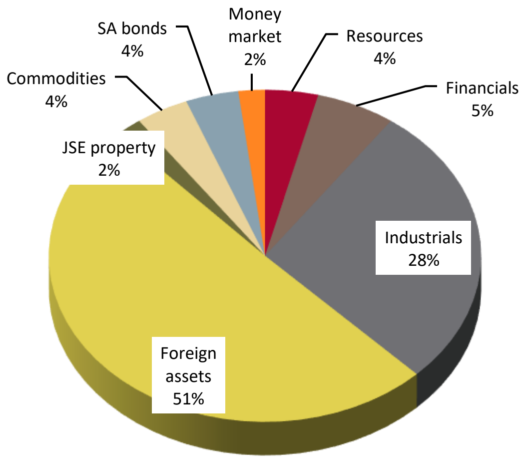
	31/12/2021	31/03/2022	FTSE/JSE ALSI
*Size distribution of JSE equities	%	%	%
Large capitalisation	67	56	88
Mid capitalisation	23	34	9
Small capitalisation	10	10	3
	100	**100**	**100**

Exposure analysis	Domestic	Foreign	Total
	%	%	%
Equities	37	38	75
Listed property	2	1	3
Government bonds	4	1	5
Commodities	4	2	6
Money market	2	9	11
	49	**51**	**100**

Effective exposure 31/12/2021



Effective exposure 31/03/2022



3. MARKET BACKGROUND AND OUTLOOK

3.1 World

- The fast pace of global economic growth slowed as the base effect of post-lockdown economic re-openings started to fade — risks of sharper economic slowdown are rising given the likely accelerated pace of interest rate increases required to reign in spiking inflation
- The Fed raised rates by 0.25% and indicated that the termination of its bond buying program and additional rate increases would happen quicker than previously guided — persistent US and global inflation and the US Federal Reserve forecasting up to eight interest rate increases for 2022 are headwinds for economic growth and financial markets
- Russia's invasion of Ukraine, the size of which has not been seen in mainland Europe since the WWII, unsettled markets and sparked a sharp rise in energy and soft commodity prices — although uncertain how long hostilities might last, the timing of higher fuel and food prices adds momentum to already rising inflation
- Equities retreated on the Fed's more hawkish tone, compounded latterly by the outbreak of war in eastern Europe and strict COVID-19 lockdowns in China on surging infections — equity valuations in aggregate do not yet reflect rising risks of economic slowdown, faster than expected interest rate increases and a potential slowdown in corporate earnings momentum
- Emerging markets underperformed, dragged down by China on COVID-19 lockdowns and ongoing regulatory headwinds and Russia being removed from global indices at a zero value — commodity exporters Brazil, Mexico, Chile and South Africa all rose on the Russia/Ukraine war related spike in most commodity prices
- Developed market bond yields rose as markets began to digest the likelihood of more persistent inflation pressures than previously thought given higher US wages and rampant energy and food prices — possible economic slowdown from inflation-induced demand destruction, spreading COVID-19 Chinese lockdowns as well as any cessation in Russia/Ukraine hostilities could take some heat out of the inflation surge
- The US dollar rose against all the majors in anticipation of higher US interest rates as the Fed turned decidedly hawkish — the greenback's global reserve currency safe-haven status should provide further support given the rising uncertainties
- Precious metals gold and silver prices rallied on the eruption of geopolitical risk and the prospect of stubbornly higher inflation — these yield-free assets continue to prove their worth as important diversifiers and alternative stores of value during periods of elevated market stress

3.2 South Africa

- The economy continued to recover from the 2020 recession, with corporates reaping the benefits of significant cost control and austerity measures implemented to survive the downturn — economic growth should fall back to more lacklustre levels reflecting the structural growth impediments as base effects fade and consumers face rising inflation and interest rate headwinds
- The rise in commodity prices continued to flatter the country's terms of trade with another current account surplus likely in 2022 — the boon to export revenues should be offset to some extent by rising import volumes and sharply higher import price inflation
- National fiscus projections improved with windfall tax receipts and mining royalties on the stronger than expected economic recovery and the export commodity price boom — sovereign debt stabilisation in the next two years is looking more plausible if National Treasury can maintain its commitment to spending discipline

3.2 South Africa (Continued)

- Energy supply remains a significant constraint to economic growth as electricity generation is expected to remain in structural deficit for the next 12 to 18 months — additional Renewables IPP commitments and regulatory amendments raising the license requirement for self-generation to 100MW are positive, but implementation has been tardy
- Inflation accelerated as the economy recovered, but has been muted by the stronger rand given the country's high propensity to import inflation — sharply higher global fuel and soft commodity prices should add to inflation pressures in the months ahead, putting pressure on South African consumers
- As expected, SARB raised interest rates another 25 basis points although two of the five MPC members favoured a 50 basis point hike — the more hawkish tone suggests that SARB is willing to move more aggressively should inflation surprise to the upside or if global central banks raise rates faster than expected, which reduces the risk of inflation moving outside the target band for a sustainable period
- South Africa was the standout emerging markets equity performer in US dollars as resources benefited from the commodity price rally and domestic financial and industrial shares delivered earnings beats on undemanding valuations — despite some base effects starting to fade, valuations are still reasonable in certain sectors which should be able to deliver reasonable earnings growth in the years ahead
- The rand strengthened against major currencies as the country's bonds offer global investors attractive real yields and a relative emerging market safe-haven given the geopolitical disruption in eastern Europe and financial market headwinds in China — but prospects of structurally anaemic growth, sliding global competitiveness and extreme levels of unemployment keep the currency vulnerable over longer time horizons

4. PORTFOLIO CONSTRUCTION

- The weight to foreign assets is maintained given the much larger opportunity set, appealing earnings growth and attractive valuations in certain sectors — but with a reduced exposure to global equities through tactical short futures on the expensive US S&P 500 index
- The large healthcare sector allocation is maintained — structural growth provided by a backdrop of ageing global populations will drive healthcare companies' earnings which tend to exhibit relative resilience during an economic slowdown
- Select Chinese equities are among the most attractive globally coupled with some of the highest earnings growth rates in the technology, consumer discretionary and financials sectors — notwithstanding short term headwinds, the structural growth of the country's middle class provides tailwinds for the fund's best-in-class holdings within these sectors
- The meaningful allocation to the materials sector is the result of bottom-up opportunities — in addition to our stock specific theses, these securities also offer a strong hedge against inflation
- Marginally higher SA equity weight on market performance and additional purchases of Naspers and Prosus on share price weakness — notwithstanding the near-term headwinds, it remains one of the most compelling opportunities on the JSE given balance sheet strength, valuation and discount, good long-term earnings prospects and recent management communication of the intention to unlock value within the next 2 years
- SA bond position retained despite higher near-term inflation and rising interest rates given attractive real yields and significantly improved fiscal position — record revenue collection from materially higher corporate taxes and mining royalties reduces the need for increased debt funding and lowers the risk of sovereign rating downgrades
- Low listed property position unchanged given the risks facing the sector — core allocation to London listed property company Capital and Counties and Hong Kong listed Wharf Real Estate is retained

4. PORTFOLIO CONSTRUCTION (Continued)

- Cash allocation slightly reduced following rotation of some US dollar cash into higher yielding 2-year US Treasuries — in South Africa, shorter dated government bond yields are well above inflation, and risk of capital loss is low due to short maturity profile and improving government fiscal metrics
- Our effective asset allocation target is:

Policy parameters		Foord target		Portfolio at	
		Current	Previous	31/03/2022	31/12/2021
%		%	%	%	%
0 - 100	JSE equities	30	30	37	35
	Foreign assets	50	50	51	51
	Foord International Fund*	20	20	23	22
	Foord Global Equity Fund	30	30	28	29
0 - 25	JSE property	1	1	2	2
	Commodities	4	4	4	4
	SA bonds	12	12	4	5
0 - 100	Money market	3	3	2	3
		100	**100**	**100**	**100**

* Currently 53% in equities, property 4%, commodities 7%, government bonds 4% and money market 32%

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APRIL 2022

5. EFFECTIVE EXPOSURE AND PORTFOLIO SENSITIVITY

5.1 Effective exposure

Asset class	Market value R'000	Option exposure R'000	Effective exposure R'000	Effective exposure %
JSE equities	3,605,204		3,605,204	37.3%
Foreign assets	4,969,218		4,969,218	51.4%
JSE property	155,460		155,460	1.6%
Commodities	387,209		387,209	4.0%
SA bonds	420,226		420,226	4.3%
Money market	134,280		134,280	1.4%
Total	**9,671,597**		**9,671,597**	**100.0%**

5.2 Sensitivity report

JSE EQUITIES

Change in portfolio equities	**-20.0%**	**-10.0%**	**-5.0%**	**0.0%**	**5.0%**	**10.0%**	**20.0%**
Resultant equity change *	-721,041	-360,520	-180,260	0	180,260	360,520	721,041
Resultant portfolio value *	8,950,556	9,311,077	9,491,337	9,671,597	9,851,857	10,032,117	10,392,638
Resultant portfolio change (%)	-7.5%	-3.7%	-1.9%	0.0%	1.9%	3.7%	7.5%

FOREIGN ASSETS

Change in R/$ exchange rate	**-20.0%**	**-10.0%**	**-5.0%**	**0.0%**	**5.0%**	**10.0%**	**20.0%**
R/$ exchange rate	**17.5338**	**16.0727**	**15.3421**	**14.6115**	**13.8809**	**13.1504**	**11.6892**
Resultant for. assets change *	993,844	496,922	248,461	0	-248,461	-496,922	-993,844
Resultant portfolio value *	10,665,441	10,168,519	9,920,058	9,671,597	9,423,136	9,174,675	8,677,753
Resultant portfolio change (%)	10.3%	5.1%	2.6%	0.0%	-2.6%	-5.1%	-10.3%

JSE PROPERTY

Change in portfolio property	**-20.0%**	**-10.0%**	**-5.0%**	**0.0%**	**5.0%**	**10.0%**	**20.0%**
Resultant property change *	-31,092	-15,546	-7,773	0	7,773	15,546	31,092
Resultant portfolio value *	9,640,505	9,656,051	9,663,824	9,671,597	9,679,370	9,687,143	9,702,689
Resultant portfolio change (%)	-0.3%	-0.2%	-0.1%	0.0%	0.1%	0.2%	0.3%

SA BONDS

Change in yields	**-3.0%**	**-2.0%**	**-1.0%**	**0.0%**	**1.0%**	**2.0%**	**3.0%**
Resultant fixed income change *	73,977	47,176	22,599	0	-20,831	-40,077	-57,900
Resultant portfolio value *	9,745,574	9,718,773	9,694,196	9,671,597	9,650,766	9,631,520	9,613,697
Resultant portfolio change (%)	0.8%	0.5%	0.2%	0.0%	-0.2%	-0.4%	-0.6%

*[R'000]

6. RESPONSIBLE INVESTMENT SUMMARY

Voting resolutions for Q1 2022

Foord Absolute Return	Total count	For	Against	Abstain
Adopt financials	1	100%	0%	0%
Auditor/risk/social/ethics related	12	100%	0%	0%
Buy back shares	2	100%	0%	0%
Director remuneration	6	100%	0%	0%
Issue shares	2	0%	100%	0%
Loan / financial assistance	1	0%	100%	0%
Other	9	100%	0%	0%
Re/elect director	7	100%	0%	0%
Remuneration policy	4	75%	25%	0%
Shares under director control	1	0%	100%	0%

Foord Global Equity Fund (Luxembourg)	Total count	For	Against	Abstain
Adopt financials	1	100%	0%	0%
Auditor/risk/social/ethics related	5	100%	0%	0%
Issue shares	3	100%	0%	0%
Re/elect director or members of supervisory board	21	100%	0%	0%
Remuneration policy including directors’ remuneration	3	0%	100%	0%

Foord International Fund	Total count	For	Against	Abstain
Adopt financials	1	100%	0%	0%
Auditor/risk/social/ethics related	3	100%	0%	0%
Re/elect director or members of supervisory board	7	100%	0%	0%
Remuneration policy including directors’ remuneration	1	0%	100%	0%

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 to 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 and paid for out of management’s own cash earnings

IMPORTANT INFORMATION FOR INVESTORS:
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. Neither Foord nor Foord Unit Trusts provide any guarantee either with respect to the capital or the performance return of the portfolio. 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 single investment scheme. A fund of funds invests only in other Collective Investment Schemes, which may levy their own charges, which could result in a higher fee structure for these portfolios. 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.

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.

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