

**SYNOPSIS****PERFORMANCE (TOTAL RETURN)**

	<b>Portfolio</b>	<b>Benchmark</b>
Annualised (since 01/09/2002)	12.7%	11.5%
Last 12 months	17.3%	17.8%
Last 3 months	6.9%	5.2%

**PORTFOLIO VALUE**

R 25 362.9 million (30/06/2024: R 24 377.4 million)

**TRANSACTIONS**

Net sales of JSE equities and foreign assets  
 Net purchases of JSE property  
 Sale of commodities  
 Purchases of SA bonds  
 Net withdrawals

**INVESTMENT OUTLOOK AND PORTFOLIO CONSTRUCTION***World:* US economy likely to soften

Inflation decreasing, but outlook uncertain

Interest rates being lowered

Earnings growth decelerating

Geopolitical tensions remain high

*South Africa:* Improved growth from very low base

Energy supply improving but risk of disruption remains

Inflation moderating but with upside risks

Interest rates now being lowered

*Portfolio construction:* Moderate increase in equity weight

Increased allocation to SA equities

Favour companies with pricing power and strong balance sheets

Low exposure to expensive US equities

Low resource weight

Favour inflation-linked TIPS over nominal US Treasuries

Physical gold position hedges global risks

**EFFECTIVE ASSET ALLOCATION (previous)**

	<b>Portfolio</b>	
	<b>%</b>	<b>%</b>
JSE equities	39	(37)
Foreign assets	38	(40)
JSE property	3	(3)
Commodities	4	(4)
SA bonds	10	(10)
Money market	6	(6)
	<u>100</u>	

## 1. PORTFOLIO PERFORMANCE

## 1.1 Total performance to 30 September 2024

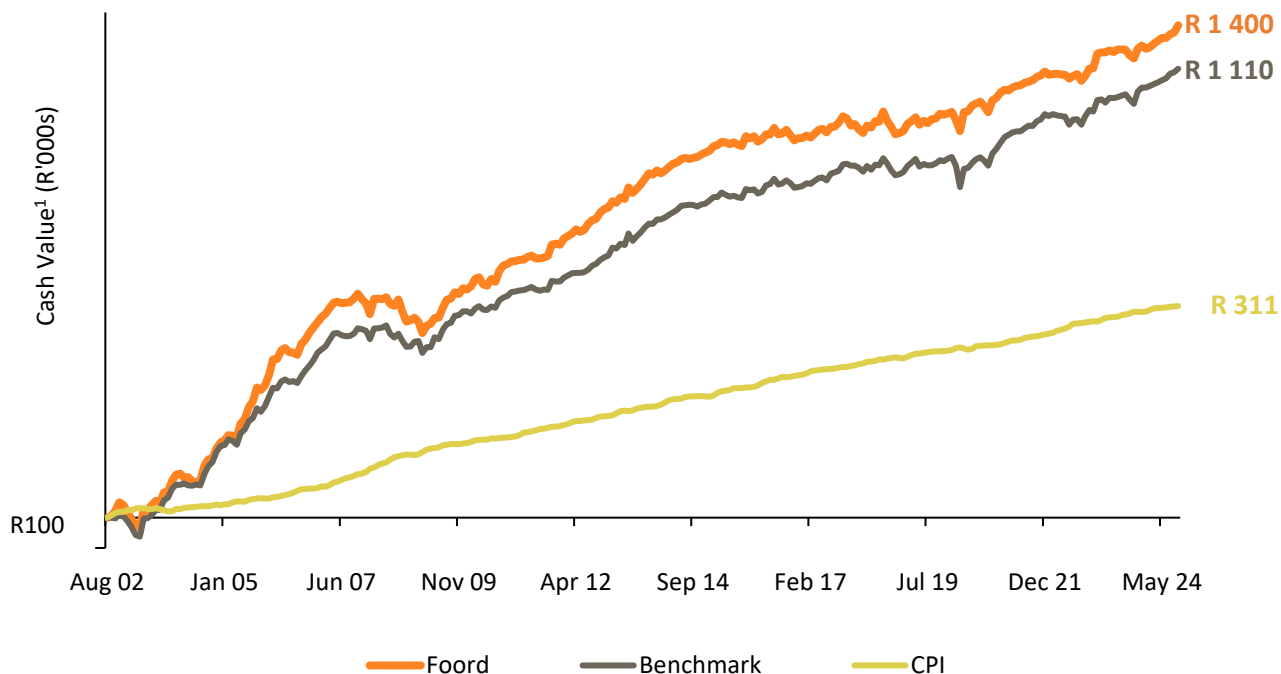
	<u>Portfolio</u>	<u>Benchmark*</u>	<u>Variance</u>	<u>Peer Group#</u>	<u>CPI</u>
	%	%	%	%	%
From inception (01/09/2002)	12.7	11.5	1.2	11.8	5.3
20 years	12.3	11.2	1.1	11.2	5.5
15 years	10.2	9.5	0.7	9.4	5.1
10 years	7.4	7.6	- 0.2	7.5	5.0
7 years	7.7	8.1	- 0.4	7.9	4.8
5 years	10.5	10.7	- 0.2	10.2	5.0
3 years	10.3	10.7	- 0.4	10.3	5.6
1 year	17.3	17.8	- 0.5	18.6	4.0
9 months	11.5	10.7	0.8	11.7	3.2
3 months	6.9	5.2	1.7	5.8	0.8

\* Market value weighted average return of the South Africa – Multi Asset – High Equity unit trust sector (excluding Foord Balanced Fund)

# (ASISA) South Africa – Multi Asset – High Equity average

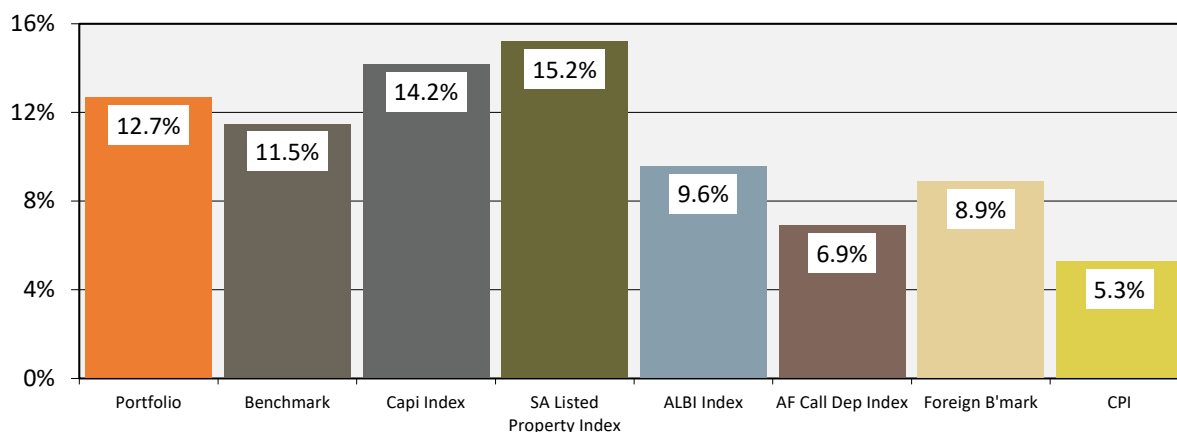
CPI estimated for September 2024

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 exceeding 12 months are annualised percentages.



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

## Performance - Since inception (p.a.)



## 1.2 Selection to 30 September 2024

	JSE equities		JSE property		Interest bearing			Foreign assets	
	Portfolio	Capi Index	Portfolio	SA Listed Property Index <sup>#</sup>	Portfolio	ALBI Index	AF Call Dep Index	Portfolio	Benchmark*
	%	%	%	%	%	%	%	%	%
From inception (01/09/2002)	15.7	14.2	9.4	15.2	9.7	9.6	6.9	9.7	8.9
20 years	15.2	14.2	8.7	13.2	9.4	9.0	6.5	11.6	11.3
15 years	12.2	12.3	6.3	9.3	8.1	9.1	5.9	12.1	12.8
10 years	7.4	9.4	0.6	4.3	8.7	9.0	6.1	9.9	11.1
7 years	8.0	10.4	2.8	0.9	9.1	9.7	6.0	8.9	10.6
5 years	15.2	14.1	3.8	5.4	9.1	9.8	5.7	9.9	10.2
3 years	16.3	14.5	11.8	16.0	8.9	11.1	6.6	7.7	8.8
1 year	30.1	24.0	45.6	51.3	16.7	26.1	8.2	6.0	13.0
9 months	19.8	15.8	22.7	30.0	10.1	16.7	6.1	5.0	5.7
3 months	12.0	9.6	14.5	18.7	5.7	10.5	2.1	2.8	1.2

# The FTSE/JSE SA Listed Property Index

\* 60% Morgan Stanley World Equity Index in rand and 40% FTSE World Govt Bond Index in rand

Asset class returns are calculated on a gross basis, using the modified dietz methodology (compounded monthly)

**1.3 Sector contribution to 30 September 2024**

(Returns x weight)

	<u>JSE equities</u>	<u>JSE property</u>	<u>Interest bearing*</u>	<u>Other assets</u>	<u>Foreign assets</u>	<u>Portfolio</u>
	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>
1 year	10.5	1.3	2.7	1.1	2.6	18.2
9 months	7.1	0.7	1.6	0.7	2.3	12.4
3 months	4.5	0.5	0.9	0.3	1.1	7.3

\* Bonds and cash combined

*Returns in percent, calculated on a gross basis*

Quarterly performance comment:

- South African equity investments were the primary contributors to returns, with JSE-listed share prices gaining almost 10% as the global risk-on stance took hold — industrial and financial shares led the way as the first 100 days of the GNU concluded with reasonable success, although resources fell
- Global assets made a substantial contribution to returns despite rand strength — while US stocks continued to rally on further evidence of a soft landing, Chinese stocks surged by more than 30% on overdue Chinese stimulus to outperform US markets in 2024 for the year to date
- A small allocation to listed property added meaningfully to fund returns — property stocks in South Africa surged in the third quarter due to falling interest rates and improved prospects for economic growth following the formation of a coalition government
- The fund's returns continued to benefit from its allocation to gold — commodities advanced latterly on hopes that Chinese stimulus would buoy demand, while gold again set record highs as the global rate-cutting cycle became assured amid conflict in the Middle East
- SA bonds also contributed meaningfully to returns, with bond markets rallying in tandem with equities — SA bonds advanced by double digits as SARB cautiously started its rate cutting cycle and inflation metrics improved
- Cash continued to enhance absolute returns, but yields have now started to fall in line with the SARB's benchmark repo rate — a marked improvement in the inflation outlook and the start of rate-cutting cycles by major central banks created space for the SARB to cut rates for the first time this quarter since May 2023

2. PORTFOLIO STRUCTURE

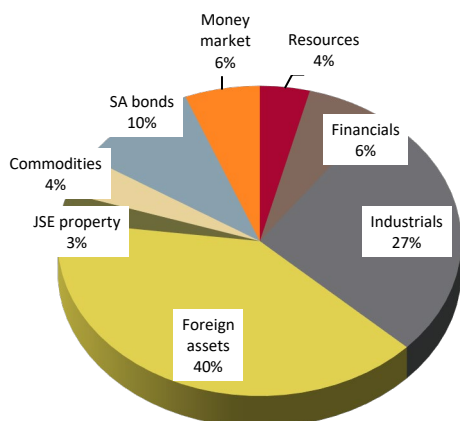
Mandate (%)	Portfolio Effective exposure		FTSE/JSE Capped ALSI Weightings
	30/06/2024	30/09/2024	
	%	%	%
JSE equities: resources	4	4	9
JSE equities: financials (ex property)	6	6	12
JSE equities: industrials	27	29	18
0 - 75 JSE equities*	37	39	39
0 - 45 Foreign assets	40	38	
Foord International Fund	18	17	
Foord Global Equity Fund	19	18	
Corporate debt	3	3	
0 - 25 JSE property	3	3	
0 - 10 Commodities	4	4	
0 - 40 SA bonds	10	10	
0 - 40 Money market	6	6	
	<b>100</b>	<b>100</b>	

**Total portfolio** **R 24 377.4m** **R 25 362.9m**

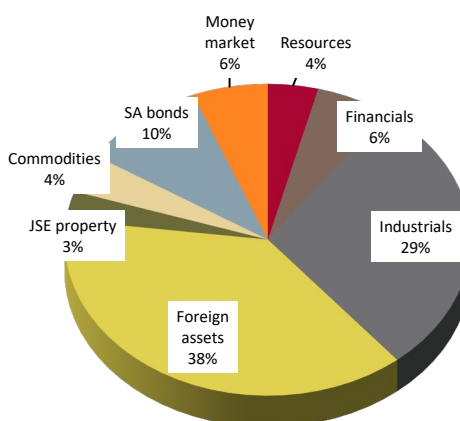
*Size distribution of JSE equities	%	%	%
Large capitalisation	77	76	87
Mid capitalisation	9	9	8
Small capitalisation	14	15	5
	<b>100</b>	<b>100</b>	<b>100</b>

Exposure analysis	Domestic	Foreign	Total
	%	%	%
Equities	39	28	67
Listed property	3	1	4
Corporate bonds	0	3	3
Government bonds	10	2	12
Commodities	4	1	5
Money market	6	3	9
	<b>62</b>	<b>38</b>	<b>100</b>

Effective exposure 30/06/2024



Effective exposure 30/09/2024



### 3. PORTFOLIO CONSTRUCTION

- Exposure to SA equities was increased — prospects for SA Inc companies have improved given political developments, as reflected in price moves, but future outperformance relies on long term structural economic growth
- The weighting in foreign assets fell slightly to 40% of total due mostly to rand strength — measured together with non-rand earnings of JSE-listed companies, total foreign economic exposure is significantly higher on a look-through basis
- Foreign equities are focused on companies with pricing power which are best placed to protect investor capital from higher inflation — direct investment in US equities remains low in relative terms, given potential earnings risks arising from an economic slowdown
- An allocation to SA inflation-linked bonds was maintained given attractive real yields on SA inflation-linked government bonds — we continue to avoid SA credit assets where we believe risk to be mispriced
- Listed property is limited to a low weighting, given poor fundamentals for the asset class, despite optically attractive yields — sector risks include excess capacity, weak rental trend, consumer headwinds and rapidly escalating municipal costs
- The allocation to foreign government bonds remained at low levels, comprising short-duration US Treasuries with a preference for inflation-linked instruments — while listed property remains at very low levels and is stock-specific given sector risks and unattractive valuations
- Physical gold ETF position maintained given supportive fundamentals, a weaker US dollar and the likelihood of nominal interest rates being at a peak — the position provides attractive portfolio diversifying properties during periods of market stress
- Our effective asset allocation is:

Policy parameters	Portfolio at	
	30/06/2024	30/09/2024
%	%	%
0 - 75 JSE equities	37	39
0 - 45 Foreign assets	40	38
Foord International Fund*	18	17
Foord Global Equity Fund	19	18
Corporate Debt	3	3
0 - 25 JSE property	3	3
0 - 10 Commodities	4	4
0 - 40 SA bonds	10	10
0 - 40 Money market	6	6
	<b>100</b>	<b>100</b>

\* Currently 60% in equities, property 5%, commodities 7%, government bonds 10%, corporate bonds 2% and money market 16%

N BALKIN/D FOORD/N HOSSACK  
OCTOBER 2024

## 4. EFFECTIVE EXPOSURE AND PORTFOLIO SENSITIVITY

## 4.1 Effective exposure

Asset class	Market value R'000	Option exposure R'000	Effective exposure R'000	Effective exposure %
JSE equities	9,962,890		9,962,890	39.3%
Foreign assets	9,628,655		9,628,655	37.9%
JSE property	867,938		867,938	3.4%
Commodities	911,608		911,608	3.6%
Other assets	49,800		49,800	0.2%
SA bonds	2,529,024		2,529,024	10.0%
Money market	1,413,017		1,413,017	5.6%
<b>Total</b>	<b>25,362,932</b>		<b>25,362,932</b>	<b>100.0%</b>

## 4.2 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 *	-1,992,578	-996,289	-498,145	0	498,145	996,289	1,992,578
Resultant portfolio value *	23,370,354	24,366,643	24,864,787	25,362,932	25,861,077	26,359,221	27,355,510
Resultant portfolio change (%)	-7.9%	-3.9%	-2.0%	0.0%	2.0%	3.9%	7.9%

## FOREIGN ASSETS

## Change in R/\$ exchange rate

	-20.0%	-10.0%	-5.0%	0.0%	5.0%	10.0%	20.0%
R/\$ exchange rate	20.7224	18.9956	18.1321	17.2687	16.4053	15.5418	13.8150
Resultant for. assets change *	1,925,731	962,866	481,433	0	-481,433	-962,866	-1,925,731
Resultant portfolio value *	27,288,663	26,325,798	25,844,365	25,362,932	24,881,499	24,400,066	23,437,201
Resultant portfolio change (%)	7.6%	3.8%	1.9%	0.0%	-1.9%	-3.8%	-7.6%

## JSE PROPERTY

## Change in portfolio property

	-20.0%	-10.0%	-5.0%	0.0%	5.0%	10.0%	20.0%
Resultant property change *	-173,587	-86,794	-43,397	0	43,397	86,794	173,587
Resultant portfolio value *	25,189,345	25,276,138	25,319,535	25,362,932	25,406,329	25,449,726	25,536,519
Resultant portfolio change (%)	-0.7%	-0.3%	-0.2%	0.0%	0.2%	0.3%	0.7%

## SA BONDS

## Change in yields

	-3.0%	-2.0%	-1.0%	0.0%	1.0%	2.0%	3.0%
Resultant fixed income change *	291,359	184,882	88,102	0	-80,326	-153,674	-220,751
Resultant portfolio value *	25,654,291	25,547,814	25,451,034	25,362,932	25,282,606	25,209,258	25,142,181
Resultant portfolio change (%)	1.1%	0.7%	0.3%	0.0%	-0.3%	-0.6%	-0.9%

\*[R'000]

## 5. RESPONSIBLE INVESTMENT SUMMARY

Voting resolutions for Q3 2024

Portfolio	Total count	For	Against	Abstain
Adopt Financials	4	100%	0%	0%
Auditor/Risk/Social/Ethics related	37	97%	3%	0%
Buy Back Shares	10	100%	0%	0%
Director Remuneration	34	100%	0%	0%
Dividend Related	2	100%	0%	0%
Issue Shares	8	0%	100%	0%
Loan / Financial Assistance	11	36%	64%	0%
Other	6	67%	33%	0%
Re/Elect Director	33	94%	6%	0%
Remuneration Policy	15	53%	47%	0%
Shares under Director Control	4	0%	100%	0%
Signature of Documents	3	100%	0%	0%

Foord Global Equity Fund	Total count	For	Against	Abstain
Adopt financials	8	100%	0%	0%
Auditor/risk/social/ethics related	13	92%	8%	0%
Buy back shares	2	100%	0%	0%
Dividend related	3	100%	0%	0%
Issue shares	3	0%	100%	0%
Re/elect director or members of supervisory board	46	100%	0%	0%
Remuneration policy including directors' remuneration	15	27%	73%	0%
Signature of documents/ratification	14	93%	7%	0%

Foord International Fund	Total count	For	Against	Abstain
Adopt financials	2	100%	0%	0%
Auditor/risk/social/ethics related	4	100%	0%	0%
Buy back shares	2	100%	0%	0%
Dividend related	2	50%	50%	0%
Issue shares	2	0%	100%	0%
Re/elect director or members of supervisory board	30	100%	0%	0%
Remuneration policy including directors' remuneration	5	40%	60%	0%
Signature of documents/ratification	6	50%	50%	0%
Others	1	100%	0%	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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FOR MORE DETAILED INFORMATION**

**E: [info@foord.co.za](mailto:info@foord.co.za) T: +27 (0)21 532 6988 F: +27 (0)21 532 6999**

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