

## SYNOPSIS

### PERFORMANCE (TOTAL RETURN)

	<u>Portfolio</u>	<u>Benchmark</u>
Annualised (since 01/04/2008)	10.9%	10.3%
Last 12 months	12.7%	9.0%
Last 3 months	4.5%	2.0%

### PORTFOLIO VALUE

R 9 619.5 million (30/06/2024: R 9 418.8 million)

### INVESTMENT OUTLOOK AND PORTFOLIO CONSTRUCTION

*World:* US economy likely to soften

Inflation decreasing, but outlook uncertain

Interest rates likely to have peaked

Earnings growth decelerating

Geopolitical tensions are 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 likely to have peaked

Rand remains vulnerable to negative surprises

*Portfolio construction:* High equity weight

Preference for global over SA Inc. equities

Favour companies with pricing power and strong balance sheets

Low exposure to expensive US equities

Limited exposure to financials, given economic risk

Low exposure to resources

Favour inflation-linked TIPS over nominal US Treasuries

SA bond allocation at moderate levels

Physical gold position hedges systemic risks

### EFFECTIVE ASSET ALLOCATION (previous)

	<u>Portfolio</u>	
	<u>%</u>	<u>%</u>
JSE equities	26	(28)
Foreign assets	61	(58)
JSE property	1	(1)
Commodities	2	(2)
SA bonds	3	(4)
Money market	7	(7)
	<u>100</u>	

1. PORTFOLIO PERFORMANCE

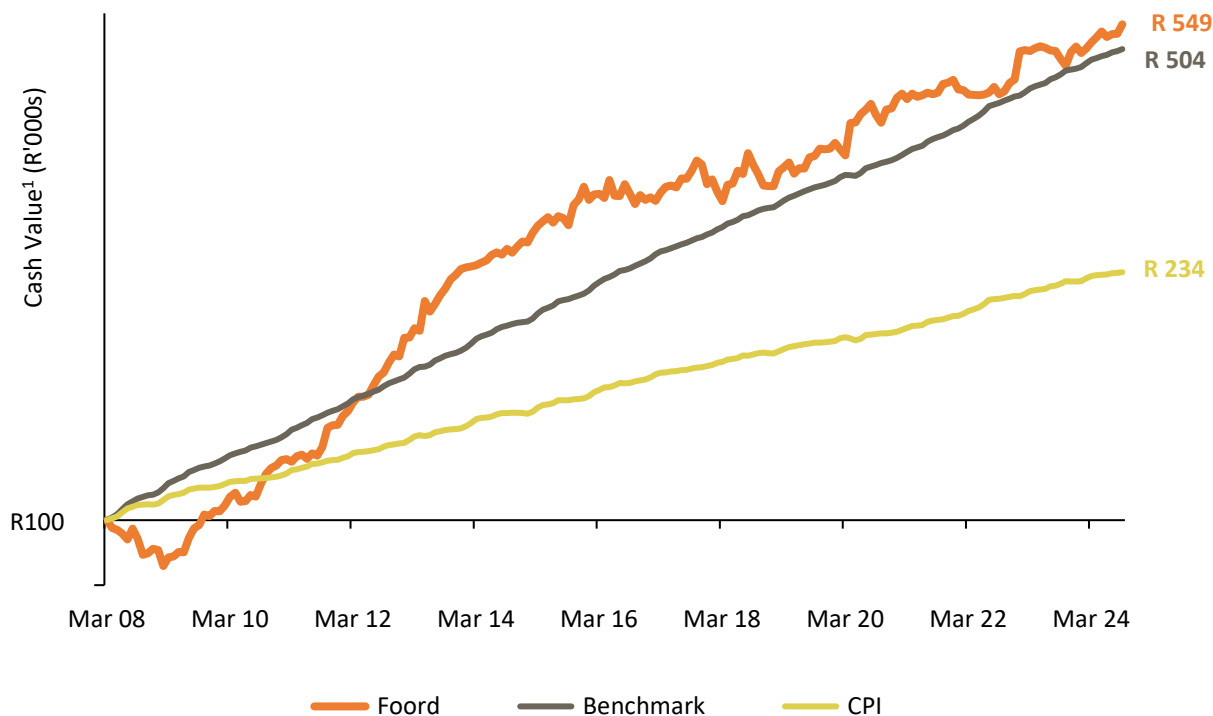
1.1 Total performance to 30 September 2024

	<u>Portfolio</u>	<u>Benchmark*</u>	<u>Variance</u>	<u>Peer Group#</u>
	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>
From inception (01/04/2008)	10.9	10.3	0.6	9.1
15 years	12.1	10.1	2.0	10.5
10 years	8.0	10.0	-2.0	8.4
7 years	7.4	9.8	-2.4	8.5
5 years	9.4	10.0	-0.6	10.2
3 years	8.1	10.6	-2.5	9.1
1 year	12.7	9.0	3.7	16.0
9 months	7.9	6.9	1.0	9.1
3 months	4.5	2.0	2.5	2.7

\* CPI + 5% per annum. CPI estimated for September 2024

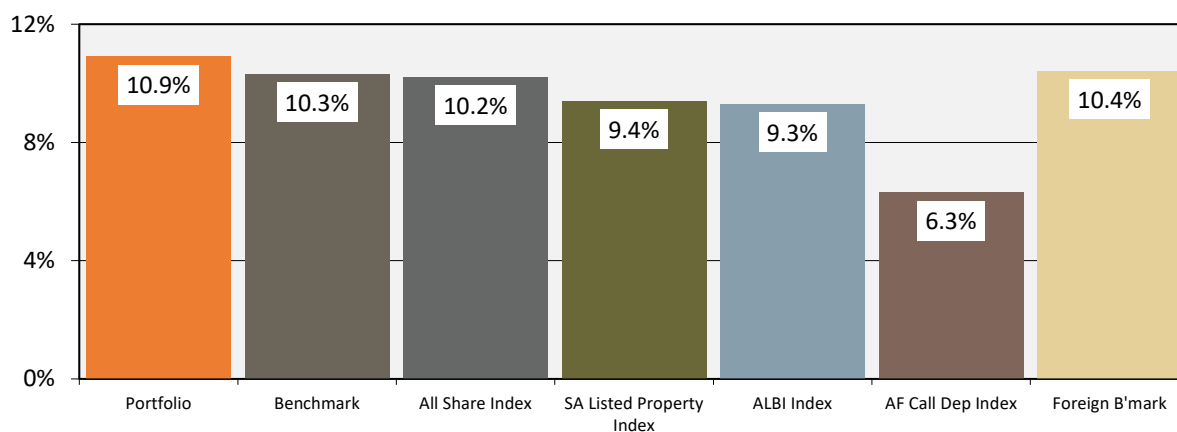
# (ASISA) Worldwide – Multi Asset – Flexible average

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)

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



## 1.2 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>
	%	%	%	%	%	%
1 year	6.8	0.3	0.7	0.6	4.3	12.7
9 months	4.0	0.1	0.3	0.4	3.7	8.5
3 months	2.5	0.1	0.2	0.2	1.8	4.8

\* Bonds and cash combined

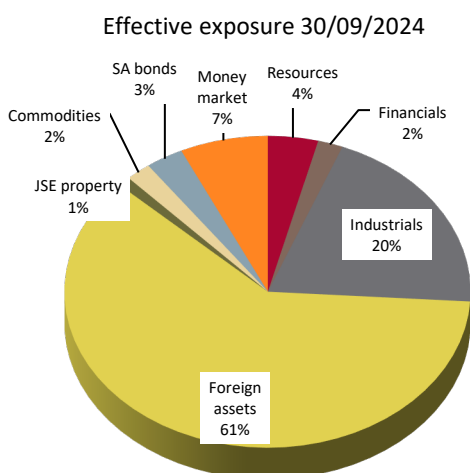
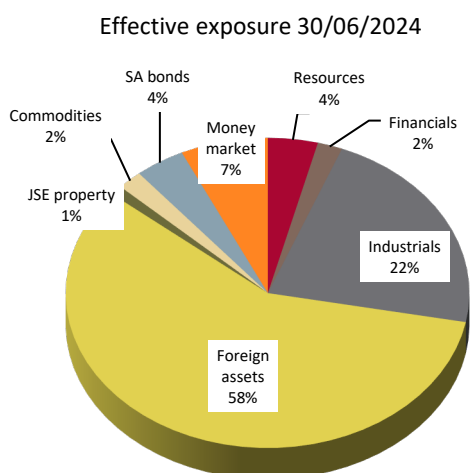
Returns in percent, calculated on a gross basis

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
- SA bonds performed well, 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 significantly 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
- 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 to fund returns — property stocks in South Africa rallied in the third quarter due to lower interest rate expectations, and improved prospects for economic growth following a market-friendly election

2. PORTFOLIO STRUCTURE

Mandate (%)	Portfolio Effective exposure		FTSE/JSE ALSI Weightings
	30/06/2024	30/09/2024	%
	%	%	%
JSE equities: resources	4	4	5
JSE equities: financials (ex property)	2	2	8
JSE equities: industrials	22	20	13
0 - 100 JSE equities*	28	26	26
Foreign assets	58	61	
Foord International Fund	27	27	
Foord Global Equity Fund	32	31	
Currency hedge	-3	0	
Corporate debt	2	3	
0 - 25 JSE property	1	1	
Commodities	2	2	
SA bonds	4	3	
0 - 100 Money market	7	7	
	<b>100</b>	<b>100</b>	
<b>Total portfolio</b>	<b>R 9 418.8m</b>	<b>R 9 619.5m</b>	
*Size distribution of JSE equities	%	%	%
Large capitalisation	67	73	87
Mid capitalisation	12	5	8
Small capitalisation	21	22	5
	<b>100</b>	<b>100</b>	<b>100</b>
<u>Exposure analysis</u>	<u>Domestic</u>	<u>Foreign</u>	<u>Total</u>
	%	%	%
Equities	26	46	72
Listed property	1	2	3
Corporate bonds	0	3	3
Government bonds	3	3	6
Commodities	2	2	4
Money market	7	5	12
	<b>39</b>	<b>61</b>	<b>100</b>



### 3. PORTFOLIO CONSTRUCTION

- The weight in foreign assets remains high at 61% — measured together with non-rand earnings of JSE-listed companies, total foreign economic exposure is significantly higher on a look-through basis
- Exposure to foreign equities rose due to a rally in Chinese stocks, and because the Foord International Fund managers reduced the short S&P 500 hedge given the combination of moderating inflation and a still-robust labour market — however, direct US equity investment remains relatively low due to high valuations that leave little room for error
- The small allocation to foreign government bonds comprises short-duration US Treasuries with a preference for inflation-linked instruments — while listed property is security-specific with an otherwise low weight given unattractive valuations
- Exposure to SA equities remains moderate at 28% — SA weighting is low due to better opportunities in equities outside SA after strong rerating in the quarter
- A small allocation to SA nominal government bonds was maintained given attractive yields — however we continue to avoid SA corporate credit assets where we believe risk is 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
- 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 - 100		
JSE equities	28	26
Foreign assets	58	61
Foord International Fund*	27	27
Foord Global Equity Fund	32	31
Currency hedge	-3	0
Corporate debt	2	3
0 - 25		
JSE property	1	1
Commodities	2	2
SA bonds	4	3
0 - 100		
Money market	7	7
	<b>100</b>	<b>100</b>

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

## 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	2,487,931		2,487,931	25.8%
Foreign assets	5,838,084		5,838,084	60.7%
JSE property	113,406		113,406	1.2%
Commodities	209,511		209,511	2.2%
Other assets	7,472		7,472	0.1%
SA bonds	326,589		326,589	3.4%
Money market	636,494		636,494	6.6%
<b>Total</b>	<b>9,619,487</b>		<b>9,619,487</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 *	-497,586	-248,793	-124,397	0	124,397	248,793	497,586
Resultant portfolio value *	9,121,901	9,370,694	9,495,090	9,619,487	9,743,884	9,868,280	10,117,073
Resultant portfolio change (%)	-5.2%	-2.6%	-1.3%	0.0%	1.3%	2.6%	5.2%

## 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 *	1,167,617	583,808	291,904	0	-291,904	-583,808	-1,167,617
Resultant portfolio value *	10,787,104	10,203,295	9,911,391	9,619,487	9,327,583	9,035,679	8,451,870
Resultant portfolio change (%)	12.1%	6.1%	3.0%	0.0%	-3.0%	-6.1%	-12.1%

## JSE PROPERTY

## Change in portfolio property

	-20.0%	-10.0%	-5.0%	0.0%	5.0%	10.0%	20.0%
Resultant property change *	-22,681	-11,341	-5,670	0	5,670	11,341	22,681
Resultant portfolio value *	9,596,806	9,608,146	9,613,817	9,619,487	9,625,157	9,630,828	9,642,168
Resultant portfolio change (%)	-0.2%	-0.1%	-0.1%	0.0%	0.1%	0.1%	0.2%

## SA BONDS

## Change in yields

	-3.0%	-2.0%	-1.0%	0.0%	1.0%	2.0%	3.0%
Resultant fixed income change *	30,662	19,303	9,132	0	-8,217	-15,630	-22,331
Resultant portfolio value *	9,650,149	9,638,790	9,628,619	9,619,487	9,611,270	9,603,857	9,597,156
Resultant portfolio change (%)	0.3%	0.2%	0.1%	0.0%	-0.1%	-0.2%	-0.2%

\*[R'000]

## 6. RESPONSIBLE INVESTMENT SUMMARY

Voting resolutions for Q3 2024**Foord Absolute Return**

	Total count	For	Against	Abstain
Adopt financials	2	100%	0%	0%
Auditor/risk/social/ethics related	19	95%	5%	0%
Buy back shares	7	100%	0%	0%
Director remuneration	31	100%	0%	0%
Dividend related	2	100%	0%	0%
Issue shares	4	0%	100%	0%
Loan / financial assistance	7	71%	29%	0%
Other	6	67%	33%	0%
Re/elect director	22	91%	9%	0%
Remuneration policy	9	56%	44%	0%
Shares under director control	2	0%	100%	0%
Signature of documents	1	100%	0%	0%

**Foord Global Equity Fund (Luxembourg)**

	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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