

**MARKETING COMMUNICATION**
**SYNOPSIS**
**PORTFOLIO PERFORMANCE**

	<b>Fund<sup>1</sup></b>	<b>Peer Group<sup>2</sup></b>	<b>US Inflation</b>	<b>MSCI World Equities</b>	<b>World Bonds<sup>3</sup></b>
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Last 3 months	-9.9	4.9	0.6	-0.2	-5.4
Last 1 year	-1.7	14.2	2.5	18.7	-2.9
Last 3 years	-1.2	2.7	4.1	6.3	-5.8
Last 5 years	1.3	4.6	4.1	11.2	-3.1
Last 10 years	3.1	3.5	3.0	9.9	-0.6
Last 20 years	4.8	2.9	2.5	8.0	1.2
Since inception	5.7	4.1	2.5	7.4	3.0

<sup>1</sup> Based on Class R performance return. The fund was launched on 2 April 2013 by contributions in-kind from the net assets of Foord International Trust ("FIT"), which was incepted on 10 March 1997. Investment returns prior to 2 April 2013 are those of the FIT's track record.

<sup>2</sup> USD Flexible Allocation Morningstar category average

<sup>3</sup> FTSE World Government Bond Index. Source: Bloomberg L.P.

Returns for periods greater than one year are annualised.

**FUND VALUE**

\$1.2 billion (30/09/2024: \$1.3 billion)

**INVESTMENT OUTLOOK**

US equity valuations in 98<sup>th</sup> percentile; forward earnings expectations elevated

Disinflation continues driven by a further respite in shelter inflation

The Federal Reserve extends its easing cycle with additional cuts back half weighted

Geopolitics to remain a key determinant of asset class returns

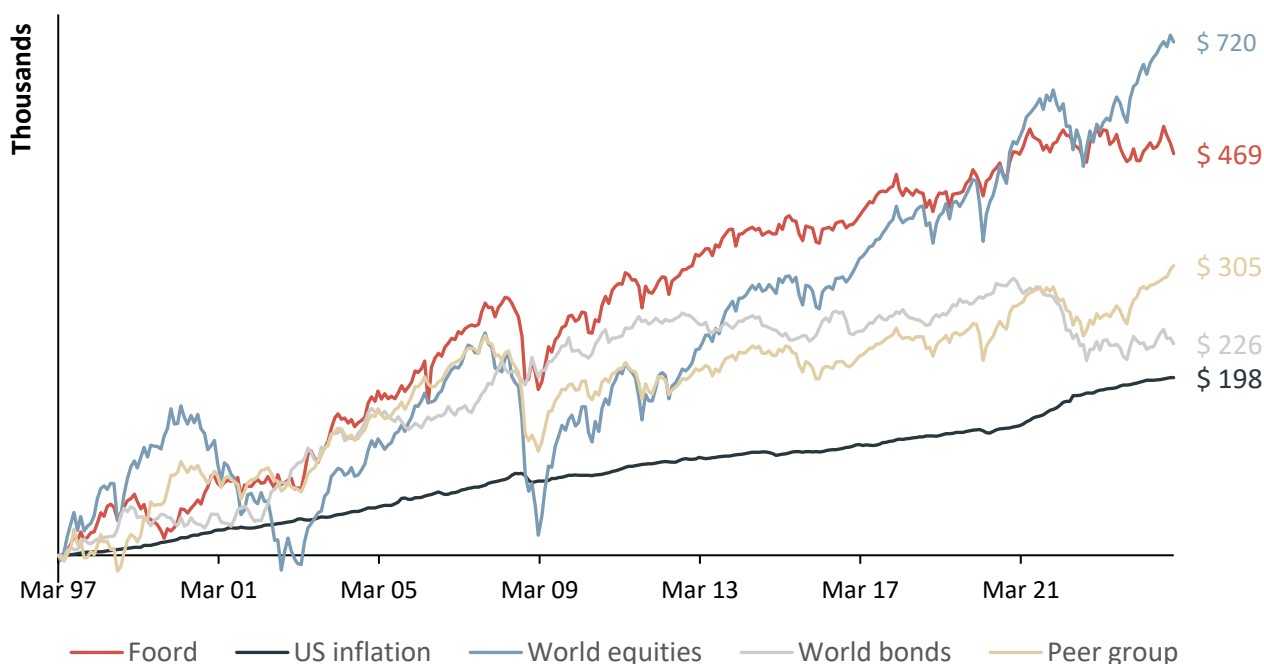
Chinese equities presenting compelling opportunities aided by stimulus measures targeting domestic demand

Gold maintains its safe-haven appeal amid geopolitical uncertainties and market volatility

Precious metals buoyed by defensive characteristics and a 2H resumption of interest rate cuts

Maintain preference for defensive, high-quality, dividend-paying equities and high-grade credit

## PORTFOLIO PERFORMANCE



## PERFORMANCE COMMENTARY (PERCENTAGE RETURNS IN US DOLLAR UNLESS OTHERWISE STATED)

- Global developed market equities (-0.1%) declined – the Federal Reserve's 25bps November rate cut met market expectations but provided limited support given the accompanying hawkish commentary. US equities (+2.4%) rose on the back of continued strength in the magnificent seven (+15.2%) – excluding this group US equities declined slightly (-0.4%)
- Chinese equities (-7.7%) declined – underwhelming policy announcements from China's National People's Congress coupled with concerns over Trump's proposed tariff hikes on Chinese exports, weighed heavily on sentiment. Despite the RMB 10 trillion local government debt stimulus, the dearth of any meaningful consumption-driven measures failed to satisfy investors
- The fund declined 9.7% – the decline was driven by the managers' allocation to and selection within equities (-12.2%) while selection within the fund's fixed income allocation (-2.1%) contributed positively
- Key contributors to fund performance included Arcadium Lithium (+80.0%) and ICBC (+12.3%) – shares of Arcadium Lithium, a leading global lithium miner, surged after Rio Tinto's \$6.7 billion acquisition bid while shares of ICBC (+12.3%), the Industrial and Commercial Bank of China were buoyed by falling government bond yields boosting the appeal of dividend-paying equities
- Key detractors to fund performance included SSE Plc (-20.4%) and Wharf Real Estate Investment (-27.8%) – shares of SSE Plc, the UK's largest regulated electric utility, fell on delays in offshore wind projects while shares of Wharf, a Hong Kong owner/operator of A-class shopping malls, fell as previously mentioned tepid consumer focused stimulus measures weighed on Chinese consumption driven equities
- The fund's equity hedges, held largely through short futures positions, detracted modestly – the fund's managers remain cautious as high earnings expectations confront equity valuations in the 98<sup>th</sup> percentile when compared to their two-decade history

**PORTFOLIO STRUCTURE<sup>1</sup>**

<b>ASSET ALLOCATION (%)</b>			<b>Changes since last quarter</b>
Equities		65 ▲	5.2
Cash		12 ▼	(4.1)
Government bonds		8 ▼	(1.6)
Commodities		7 ▲	0.4
Real estate		4 ▼	(0.6)
Corporate Bonds		4 ▲	1.0

**TOP 10 INVESTMENTS**

SECURITY	ASSET CLASS	LISTING	% OF FUND
SSE PLC	Equity	GBR	5.7
ETFs Physical Gold	Commodity	GBR	5.6
Wheaton Precious Metal	Equity	USA	4.3
Air Products & Chemicals	Equity	USA	3.7
Freeport-McMoran Inc	Equity	USA	3.5
Alibaba Group Holding	Equity	HKG	3.3
Wharf REIT	Real estate	HKG	3.1
Nestle	Equity	CHE	3.0
FMC Corp	Equity	USA	2.7
JD.Com	Equity	HKG	2.6

**GEOGRAPHIC GROSS EXPOSURE ANALYSIS**

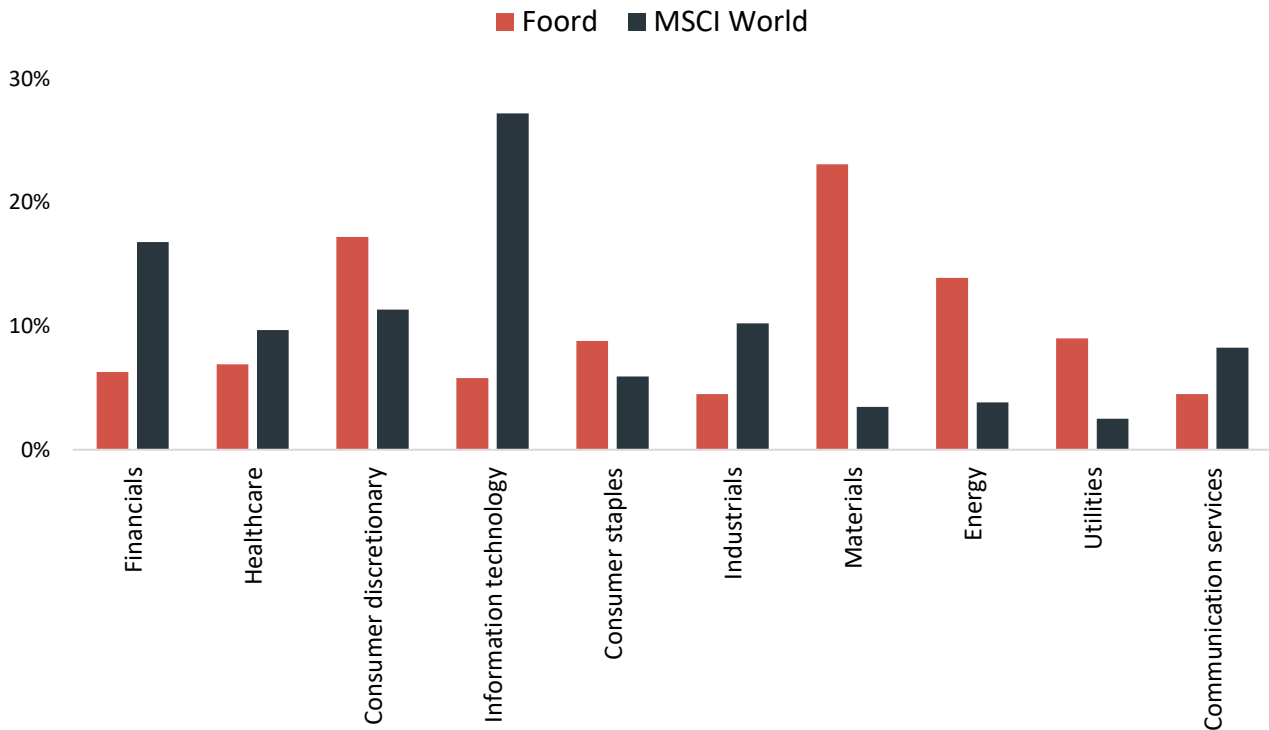
REGION (%)	TOTAL		
		EQUITY	CASH
North America	42	27	5
Europe	26	19	-
Pacific	13	9	-
Emerging Asia	18	18	-
Africa & Middle East	1	-	-
<b>TOTAL</b>	<b>100</b>	<b>73</b>	<b>5</b>

<sup>1</sup> Figures may vary and total may not cast perfectly due to rounding

**PORTFOLIO STRUCTURE (CONTINUED)**

EQUITY SECTOR ALLOCATION (%)		Changes since last quarter	
Materials	15	▼	(0.5)
Consumer discretionary	11	▲	1.8
Energy	9	▲	0.8
Utilities	6	▼	(0.4)
Consumer staples	6	▲	0.2
Healthcare	5	▲	0.5
Financials	4	▲	0.4
Information technology	4	▲	0.9
Communication services	3	▲	0.5
Industrials	3	▲	1.0
	<u>66</u>		

**EQUITY SECTOR WEIGHTING RELATIVE TO MSCI WORLD INDEX**



## FUND CONSTRUCTION

- The fund's equity exposure was little changed – within equities allocation to the consumer discretionary and industrials sectors increased while exposure to the materials sector decreased
- The fund's fixed income weight decreased marginally during the quarter – as discussed, bond prices decreased globally on the back of US economic and labour market resilience and accompanying hawkish commentary from the Fed. Though growth has remained robust, it is likely investors have now more than priced this hawkish sentiment into fixed income markets
- Despite the significant backup in interest rates during the quarter, the fund's gold position held up well - Gold remains a reliable hedge against geopolitical uncertainty and market volatility, offering uncorrelated drivers of return
- The materials and energy sectors constitute one quarter of the fund's holdings and one-third of the fund's equity exposure. Despite their cyclical nature, these holdings are well-positioned to benefit from longer-term structural growth driven by underinvestment in traditional energy resources and select industrial metals, which is expected to create favourable supply and demand dynamics
- Utilities, including top fund holding SSE Plc, are also among the fund's largest sector allocations — investors underappreciate the growth tailwinds now evident in select regulated utilities due to the electrification of large portions of the global economy, including transportation
- The fund remains well positioned to benefit from recent policy shifts in China which are expected to improve consumer sentiment and drive spending. The fund's allocation to China decreased modestly as the fund's managers trimmed positions on the back of recent gains
- Albeit reduced, the fund maintains a short futures position to further hedge the conservative equity allocation – in the pursuit of the fund's dual mandate to protect investor capital and to safely grow returns meaningfully ahead of inflation over time, the managers' caution toward overvalued US markets and conviction in undervalued, high-quality Chinese stocks is expected to deliver long-term value. This approach ensures a balance between growth and risk mitigation as we move through 2025
- Cash and cash equivalents were maintained at healthy levels – the fund remains well-positioned to capitalize on anticipated market volatility and future investment opportunities

## VOTING RESOLUTIONS

We apply our minds to every single resolution put to shareholders. We do not abstain unless it would be for strategic or tactical 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, authorising loans and financial assistance to directors, 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.

	Total vote	For (%)	Against (%)	Abstain (%)
Shares buyback	2	100	-	-
Dividend related	1	100	-	-
Re/Elect director or members of supervisory board	16	100	-	-
Remuneration policy including directors' remuneration	7	43	57	-
Signature of documents/ Ratification	6	100	-	-

B ARCESE / D FOORD  
December 2024

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Economic forecasts and predictions are based on Foord’s interpretation of current factual information, and exploration of economic activity based on expectation for future growth under normal economic conditions, not dissimilar to previous cycles. Forecasts and commentaries are provided for information purposes only and are not guaranteed to occur.

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**MORE ABOUT THE FUND**

Foord SICAV—Foord International Fund is authorised in Luxembourg and regulated by the Commission de Surveillance du Secteur Financier (CSSF). For regulatory matters, please contact the Management Company, Lemanik Asset Management S.A. on T: +352 26 39 60, F: +352 26 39 60 02 or E: [info@lemanik.lu](mailto:info@lemanik.lu). A summary of investor rights, available in English, is available on [www.foord.com](http://www.foord.com). The Management Company or Foord may terminate the arrangements made for marketing of collective investment undertakings in accordance with Article 93a of Directive 2009/65/EC and Article 32a Directive 2011/611/EU.

Foord does not guarantee the capital invested or the performance of the investment. The portfolio includes qualifying investments listed on regulated exchanges outside the fund's domicile that carry risks as described in the prospectus, including the possibility of non-recoverable withholding taxes and non-repatriation of funds. Investment values and some costs may fluctuate because of factors including but not limited to currency exchange rates that can be affected by a wide range of economic factors.

The fund is a medium-low-risk fund; rated 3 out of 7 using the Synthetic Risk and Reward Indicator (SRRI) calculation methodology guided by the European Commission. It is actively managed and not constrained by the benchmark in its portfolio positioning. As an Article 8 fund under SFDR, it will not make any taxonomy-aligned environmentally sustainable investments but will promote environmental or social characteristics or a combination of them provided that companies in which the investments are made follow good governance practices. It may borrow up to 10% of the NAV and does not engage in scrip lending. Since inception, no subscription fees or realisation fees were charged. No dividends or distributions were declared or made. Shares will be issued or realised on a forward pricing basis only on Valuation Day (as defined in the prospectus) and calculated based on the net asset value (“NAV”) represented by one share. Prices are published on [www.foord.com](http://www.foord.com) within 2 business days after the relevant Valuation Day. All dealing application requests must be received before 16h00 (Central European time) on each Valuation Day. A schedule of fees and charges and maximum commissions is disclosed in the prospectus or PRIIP KID and available on request.

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