INVESTMENT OBJECTIVE
The fund aims to provide investors with a net-of-fee return of 4% per annum above the annual change in the South African Consumer Price Index, measured over rolling three-year periods. The portfolio is managed to comply with the statutory investment limits set for retirement funds in South Africa (Regulation 28).

INVESTOR PROFILE
Given the fund’s maximum 60% equity investment restriction, the fund is appropriate for conservative investors who are close to, or typically in, retirement and whose time horizon does not exceed five years. These investors may therefore seek lower levels of investment volatility and risk of short-term loss than those provided by a less conservative balanced fund.

DOMICILE
South Africa

MANAGEMENT COMPANY
Foord Unit Trusts (RF) (Pty) Ltd

FUND MANAGERS
Nick Balkin, Dave Foord, William Fraser and Daryll Owen

INCEPTION DATE
2 January 2014

BASE CURRENCY
South African rands

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

CATEGORY
South African - Multi-Asset - Medium Equity

PORTFOLIO SIZE
R54.7 million

UNIT PRICE (CLASS B3)
1115.85 cents

NUMBER OF UNITS (CLASS B3)
1.0 million

LAST DISTRIBUTIONS
29/02/20: 19.26 cents per unit
31/08/19: 19.57 cents per unit

BENCHMARK
CPI + 4% per annum, which is applied daily using the most recently available inflation data and accordingly will be lagged on average by 5 to 6 weeks.

SIGNIFICANT RESTRICTIONS
Maximum equity exposure of 60%; maximum offshore exposure of 30%; complies with pension fund investment regulations (Reg 28).

INCOME DISTRIBUTIONS
End-February and end-August each year.

INCOME CHARACTERISTICS
Typically more than double that of the FTSE/JSE All Share Index dividend yield. The income yield is affected by the level of performance fees accrued.

PORTFOLIO ORIENTATION
Typically a medium to low weighting in JSE shares and includes exposure to listed property, commodity securities, bonds, money market instruments and foreign assets.

FOREIGN ASSETS
Foreign asset exposure is obtained predominantly via Foord International Fund (a conservative, multi-asset class fund) and Foord Global Equity Fund Luxembourg (a portfolio of global shares and cash). Both funds are sub-funds of Foord SICAV domiciled in Luxembourg, and are priced in US dollars.

RISK OF LOSS
Medium in periods shorter than six months. Low in periods greater than one year.

TIME HORIZON
Shorter than five years.

ASSET ALLOCATION (MAX LIMITS IN BRACKETS*)

<table>
<thead>
<tr>
<th>ASSET ASSET ASSET</th>
<th>SA%</th>
<th>FOREIGN%</th>
<th>TOTAL%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equities</td>
<td>26.6</td>
<td>22.4</td>
<td>49.0</td>
</tr>
<tr>
<td>Listed property</td>
<td>6.4</td>
<td>1.0</td>
<td>7.4</td>
</tr>
<tr>
<td>Corporate bonds</td>
<td>0.0</td>
<td>1.3</td>
<td>1.3</td>
</tr>
<tr>
<td>Government bonds</td>
<td>24.9</td>
<td>1.6</td>
<td>26.5</td>
</tr>
<tr>
<td>Commodities</td>
<td>5.5</td>
<td>1.3</td>
<td>6.8</td>
</tr>
<tr>
<td>Money market</td>
<td>7.0</td>
<td>2.0</td>
<td>9.0</td>
</tr>
<tr>
<td>TOTAL</td>
<td>70.4</td>
<td>29.6</td>
<td>100.0</td>
</tr>
</tbody>
</table>

* Market value breaches (if any) to be rectified within 12 months

CHANGES IN PORTFOLIO COMPOSITION
![Chart showing changes in portfolio composition]

TOP 10 INVESTMENTS

<table>
<thead>
<tr>
<th>SECURITY</th>
<th>ASSET CLASS</th>
<th>MARKET</th>
<th>% OF FUND</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foord International Fund</td>
<td>Foreign assets</td>
<td>LUX</td>
<td>21.3</td>
</tr>
<tr>
<td>RSA 10.5% (R186)</td>
<td>Gov bond</td>
<td>ZAF</td>
<td>14.7</td>
</tr>
<tr>
<td>Foord Global Equity Fund</td>
<td>Foreign assets</td>
<td>SGP</td>
<td>11.4</td>
</tr>
<tr>
<td>Newgold</td>
<td>Commodity</td>
<td>ZAF</td>
<td>5.5</td>
</tr>
<tr>
<td>RSA 8.875% (R2035)</td>
<td>Gov bond</td>
<td>ZAF</td>
<td>5.3</td>
</tr>
<tr>
<td>RSA 8.0% (R2030)</td>
<td>Gov bond</td>
<td>ZAF</td>
<td>3.3</td>
</tr>
<tr>
<td>Anheuser-Busch</td>
<td>Equity</td>
<td>ZAF</td>
<td>3.1</td>
</tr>
<tr>
<td>BHP Group</td>
<td>Equity</td>
<td>ZAF</td>
<td>3.0</td>
</tr>
<tr>
<td>Capital &amp; Counties</td>
<td>Property</td>
<td>ZAF</td>
<td>2.8</td>
</tr>
<tr>
<td>RMB Holdings</td>
<td>Equity</td>
<td>ZAF</td>
<td>2.3</td>
</tr>
</tbody>
</table>

PORTFOLIO PERFORMANCE VS BENCHMARK
![Chart showing portfolio performance vs benchmark]

PORTFOLIO PERFORMANCE (PERIODS GREATER THAN ONE YEAR ARE ANNUALISED 1)

<table>
<thead>
<tr>
<th></th>
<th>CASH VALUE 2</th>
<th>SINCE INCEPTION</th>
<th>LAST 5 YEARS</th>
<th>LAST 3 YEARS</th>
<th>LAST 12 MONTHS</th>
<th>THIS MONTH</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foord 2</td>
<td>R 138 899</td>
<td>5.4%</td>
<td>4.2%</td>
<td>4.0%</td>
<td>-0.5%</td>
<td>-5.3%</td>
</tr>
<tr>
<td>Benchmark 2</td>
<td>R 173 274</td>
<td>9.2%</td>
<td>9.3%</td>
<td>8.4%</td>
<td>8.8%</td>
<td>0.9%</td>
</tr>
<tr>
<td>Foord Highest 2</td>
<td>13.3%</td>
<td>13.3%</td>
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<td>-0.5%</td>
<td>5.3%</td>
<td></td>
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<tr>
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<td>-1.3%</td>
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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 B3, net of fees and expenses
4 Source: Stats SA, performance as calculated by Foord
5 Highest and lowest actual 12 month return achieved in the period

19.57 cents per unit 31/08/19
19.26 cents per unit 29/02/20

R 549.7 million PORTFOLIO SIZE
1.0 million NUMBER OF UNITS (CLASS B3)

19.26 cents per unit 31/08/19
19.57 cents per unit 31/08/19

CASH VALUE
SINCE INCEPTION
LAST 5 YEARS
LAST 3 YEARS
LAST 12 MONTHS
THIS MONTH

Benchmark
Foord

R 138 899
R 173 274

R 139
R 173

R 173
R 139

R 100

Dec 13
Dec 14
Dec 15
Dec 16
Dec 17
Dec 18
Dec 19

R 100

Benchmark
Foord

Foord Unit Trusts (RF) (Pty) Ltd

VAT Registration Number: 4560201594

MANAGEMENT COMPANY

Foord International Fund

Foord Global Equity Fund Luxembourg

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CHANGES IN PORTFOLIO COMPOSITION

![Chart showing changes in portfolio composition]

PORTFOLIO PERFORMANCE VS BENCHMARK

![Chart showing portfolio performance vs benchmark]

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

- Global equities (-13.2% in US dollars) fell on plummeting growth expectations as global Covid-19 pandemic mass shutdowns took effect – emerging markets (-15.4%) underperformed, led by oil exporters Brazil (-38.2%) and Russia (-23.3%) as the Russia-Saudi Arabian oil price war sent oil prices (-55%) to 17-year lows.
- Developed market bond yields and the US 10-year hit fresh lows, the US dollar gained and gold (+1.2%) rose after investors pushed into safe-havens as global risk appetite evaporated – while the major industrial commodity prices fell as global demand expectations declined sharply
- The FTSE/JSE Capped All Share Index (-13.3% in rands) also fell with resources (-12.4%), financials (-29.3%) and industrials (-22.6%) all sharply lower – sectors in which the fund is grossly underweight, SA listed property (-36.6%) and general retailers (-31.8%), capitulated as the market factored in the economic costs of the three-week shutdown
- The All Bond Index (-9.7%) declined on selling pressure as investors scrambled for liquidity with the core holding in the high coupon, shorter duration R186 government bond (-7.5%) faring better – SA government bonds remain an attractive investment given the high yields and absence of near-term inflation pressures in the South African economy
- The rand (-13.9% vs the US dollar) is one of the worst performing currencies this year (-27.4% YTD vs the US dollar) as the global demand shock compounded South Africa’s structural headwinds – Moody’s finally joined Fitch and S&P in downgrading SA debt to sub-investment grade, with all three agencies now on a negative outlook.
- The maximum allocation to foreign assets, derivative protection on US equities, low allocation to SA Inc. companies and the Newgold investment all helped to shield investor capital – the excellent relative performance was achieved without mass-selling of equities, a gamble that precipitates a second binary decision on timing the market low.

**FEE RATES (CLASS B3)**

<table>
<thead>
<tr>
<th>Description</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial, exit and switching fees</td>
<td>0.0%</td>
</tr>
<tr>
<td>Standard annual fee for equalising benchmark</td>
<td>0.4% plus VAT</td>
</tr>
<tr>
<td>Performance fee sharing rate</td>
<td>10% (over- and under-performance)</td>
</tr>
<tr>
<td>Minimum annual fee</td>
<td>0.4% plus VAT; No fees are levied when annual net-of-fee return falls below zero</td>
</tr>
<tr>
<td>Maximum annual fee</td>
<td>Uncapped</td>
</tr>
</tbody>
</table>

**ANNUALISED COST RATIO (CLASS B3)**

<table>
<thead>
<tr>
<th>Description</th>
<th>12 MONTHS</th>
<th>36 MONTHS</th>
</tr>
</thead>
<tbody>
<tr>
<td>TER</td>
<td>0.81%</td>
<td>0.79%</td>
</tr>
<tr>
<td>Performance fees</td>
<td>-0.02%</td>
<td>-0.02%</td>
</tr>
<tr>
<td>Transaction costs*</td>
<td>0.06%</td>
<td>0.05%</td>
</tr>
<tr>
<td>Total cost ratio</td>
<td>0.85%</td>
<td>0.82%</td>
</tr>
</tbody>
</table>

* The quantum of transaction costs is affected by the quantum of the gross in- and outflows over the period presented.

**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.

**PERFORMANCE FEE EXAMPLES FOR FOORD CONSERVATIVE FUND (CLASS B3)**

<table>
<thead>
<tr>
<th>Description</th>
<th>SCENARIO</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A</td>
</tr>
<tr>
<td>Performance fee sharing rate</td>
<td>10.0%</td>
</tr>
<tr>
<td>Benchmark 2-year rolling return</td>
<td>8.0%</td>
</tr>
<tr>
<td>Relative performance</td>
<td>+2.0%</td>
</tr>
<tr>
<td>Daily adjustment to 0.4% annual fee</td>
<td>0.2%</td>
</tr>
<tr>
<td>Annual fee applied (excl. VAT)</td>
<td>0.6%</td>
</tr>
</tbody>
</table>

* Minimum fees apply
** No fees are levied

**IMPORTANT INFORMATION FOR INVESTORS**

Foord Unit Trusts (RF) (Pty) Ltd (Foord Unit Trusts) is an approved CISCA Management Company (#10). 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 (units 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. Distribution 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.

This document is not an advertisement, but is provided exclusively for information purposes and should not be regarded as an offer or solicitation to purchase, sell or otherwise deal with any particular investment. 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 predictions are included for information purposes only and are not guaranteed to occur. While we have taken and will continue to take care that the information contained herein is true and correct, we request that you report any errors to Foord at unittrusts@foord.co.za. The document is protected by copyright and may not be altered without prior written consent.

**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, including trading costs, incurred in any underlying funds. Included in the TER, but separately disclosed, is a performance fee (or credit) resulting from outperformance (or under performance) against the benchmark. A higher TER 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 29 February 2020 was 0.81%.

**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.

Published on 3 April 2020. Additional detailed analysis is published in the Quarterly Portfolio Report available on www.foord.co.za.