INVESTMENT OBJECTIVE
The fund aims to earn a higher total rate of return than that of the South African equity market, as represented by the return of the FTSE/JSE Capped All Share Index including income, without assuming greater risk.

INVESTOR PROFILE
Investors requiring long-term growth and who are able to withstand investment volatility in the short to medium term. Available as a tax free investment account.

DOMICILE
South Africa

MANAGEMENT COMPANY
Foord Unit Trusts (RF) (Pty) Ltd
VAT Registration Number: 4560201594

FUND MANAGERS
Nick Balkin, Dave Foord and Daryll Owen

INCEPTION DATE
1 September 2002 / 1 March 2012

BASE CURRENCY
South African rands

ASSET ALLOCATION
JSE equity securities: Current Q2 2020 84.0% 85.1% Other JSE securities: 9.0% 8.4% Money market: 7.0% 6.5%

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

CATEGORY
South African - Equity - General

PORTFOLIO SIZE
R3.7 billion

UNIT PRICE (CLASS B2)
6282.53 cents

NUMBER OF UNITS (CLASS B2)
35.7 million

LAST DISTRIBUTIONS
29/02/2020: 117.64 cents per unit 31/08/2019: 114.79 cents per unit

BENCHMARK
Total return of the FTSE/JSE Capped All Share Index (prior to 1 July 2018 FTSE/JSE Capped All Share Index).

SIGNIFICANT RESTRICTIONS
SA equity exposure between 80% and 100%, with balance invested in cash and other JSE listed securities.

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

INCOME CHARACTERISTICS
Low gross yield, similar to FTSE/JSE Capped All Share Index dividend yield. Income distributions are reduced by the annual service charge, which varies with the relative performance of the fund against its benchmark.

PORTFOLIO ORIENTATION
A portfolio of quality JSE shares that present compelling long-term investment value.

RISK OF LOSS
High in periods shorter than one year. Lower in periods greater than three years.

TIME HORIZON
Longer than five years.
COMMENTARY

- Global equities (+5.3% in US dollars) rose on decent earnings, pharmaceutical companies reporting promising early COVID-19 vaccine trial results and further massive fiscal stimulus announcements in the US and Europe (+5.9%) outperformed on dollar weakness while the US (+5.9%) and Europe (+3.9%) also rose despite rising second wave pandemic infection rates clouding the economic outlook.
- Most commodities including copper (+6.8%) and oil (+5.2%) gained, supported by the US and European stimulus announcements—the US dollar index (-4.4%) had its worst month since 2010 prompting technical break-outs in gold (+9.5%) and silver (+34.9%).
- The FTSE/JSE Capped All Share Index (+2.9% in rand) was led higher by resources (+9.0%) with financials (+0.4%) flat and industrials (-1.3%) weaker—despite more attractive valuations, the dire economy continues to weigh heavily on South African companies.
- No holdings in the gold (+23.2%) and platinum (+20.1%) miners detracted as the sectors rallied on commodity price gains, despite the multitude of risks facing the SA mining sector—but the fund’s holdings of NewGold (+9.1%) and non-resource rand hedge Anheuser-Busch Inbev (+10.3%) gained.
- The rand (+1.6%) appreciated on positive emerging market sentiment and dollar weakness but has declined 17.9% against the greenback this year—the fund maintains the bias to non-resource rand hedges given South Africa’s structural economic weaknesses and vulnerable currency in the long-term.
- The high cash position due to the defensive fund structure detracted—good diversification, optionality and high levels of liquidity position the portfolio exceptionally well for the current environment.

FOORD EQUITY FUND (CLASS B2)

FEE RATES (CLASS B2)

<table>
<thead>
<tr>
<th>FEE ITEM</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 equalling benchmark</td>
<td>0.6% + VAT</td>
</tr>
<tr>
<td>Performance fee sharing rate</td>
<td>15%  (over- and under-performance)</td>
</tr>
<tr>
<td>Minimum annual fee</td>
<td>0.1% + VAT</td>
</tr>
<tr>
<td>Maximum annual fee</td>
<td>Uncapped</td>
</tr>
</tbody>
</table>

ANNUALISED COST RATIO (CLASS B2)

<table>
<thead>
<tr>
<th>RATIO</th>
<th>12 MONTHS</th>
<th>36 MONTHS</th>
</tr>
</thead>
<tbody>
<tr>
<td>TER Basic</td>
<td>0.71%</td>
<td>0.70%</td>
</tr>
<tr>
<td>TER Performance</td>
<td>-0.55%</td>
<td>-0.56%</td>
</tr>
<tr>
<td>Transaction costs*</td>
<td>0.13%</td>
<td>0.11%</td>
</tr>
<tr>
<td>Total cost ratio</td>
<td>0.29%</td>
<td>0.25%</td>
</tr>
</tbody>
</table>

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

FEE STRUCTURE

The annual fee is based on portfolio performance fee with the daily fee rate being adjusted up or down based on the portfolio’s one-year rolling return relative to that of its benchmark and subject to a minimum fee rate.

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, which may vary from fund to fund.

PERFORMANCE FEE EXAMPLES FOR FOORD EQUITY FUND (CLASS B2)

<table>
<thead>
<tr>
<th>SCENARIO</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foord 1-year rolling return</td>
<td>10.0%</td>
<td>10.0%</td>
<td>10.0%</td>
<td>10.0%</td>
</tr>
<tr>
<td>Benchmark 1-year rolling return</td>
<td>8.0%</td>
<td>12.0%</td>
<td>10.0%</td>
<td>16.0%</td>
</tr>
<tr>
<td>Relative performance</td>
<td>+2.0%</td>
<td>-2.0%</td>
<td>0.0%</td>
<td>-6.0%</td>
</tr>
<tr>
<td>Performance fee sharing rate</td>
<td>15.0%</td>
<td>15.0%</td>
<td>15.0%</td>
<td>15.0%</td>
</tr>
<tr>
<td>Daily adjustment to 0.6% annual fee</td>
<td>+0.3%</td>
<td>-0.3%</td>
<td>0.0%</td>
<td>-0.9%</td>
</tr>
<tr>
<td>Annual fee rate applied (excl. VAT)</td>
<td>0.9%</td>
<td>0.3%</td>
<td>0.6%</td>
<td>0.1%*</td>
</tr>
</tbody>
</table>

* Minimum fees apply

Please contact us for more information regarding investment track record, Foord team, current and archived news items, forms and documents. This information is provided free of charge.

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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. 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 swap trading. Commission and incentives may be paid and if so, this cost is not borne by the investor. A schedule of fees and charges is available on request. Distributions may be subject to mandatory withholding taxes. Portfolio performance 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.

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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 overperformance (or underperformance) against the benchmark. A higher TER ratio does not necessarily imply a poor return, nor does a low TER imply a good return. The TER for the fund’s financial year ended 29 February 2020 was 0.13%.

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 5 August 2020.