



### 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

	Current	Q4 2018
JSE equity securities:	83.8%	83.2%
Other JSE securities:	8.5%	7.9%
Money market:	7.7%	8.9%

### 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

R6.7 billion

### UNIT PRICE (CLASS B2)

7115.78 cents

### NUMBER OF UNITS (CLASS B2)

44.0 million

### LAST DISTRIBUTIONS

28/02/2019: 147.97 cents per unit  
31/08/2018: 93.94 cents per unit

### BENCHMARK

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

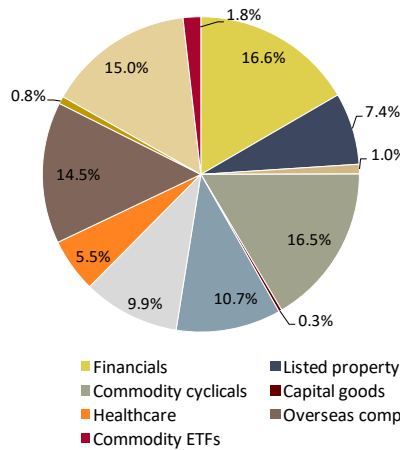
### RISK OF LOSS

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

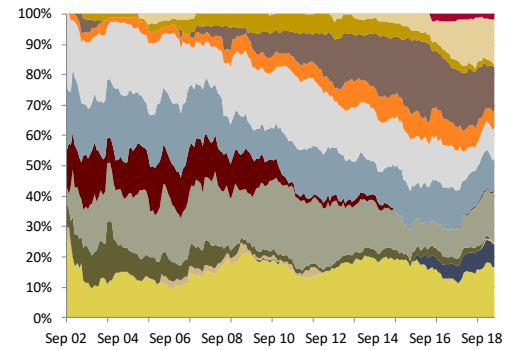
### TIME HORIZON

Longer than five years.

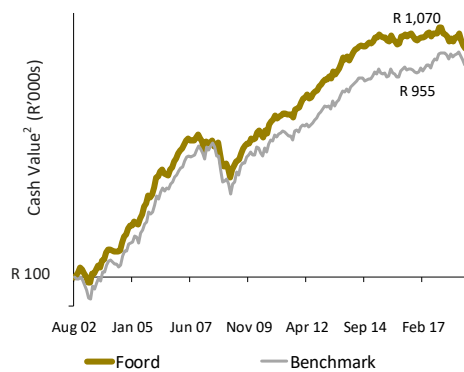
### SECTOR ALLOCATION



### CHANGES IN SECTOR ALLOCATION



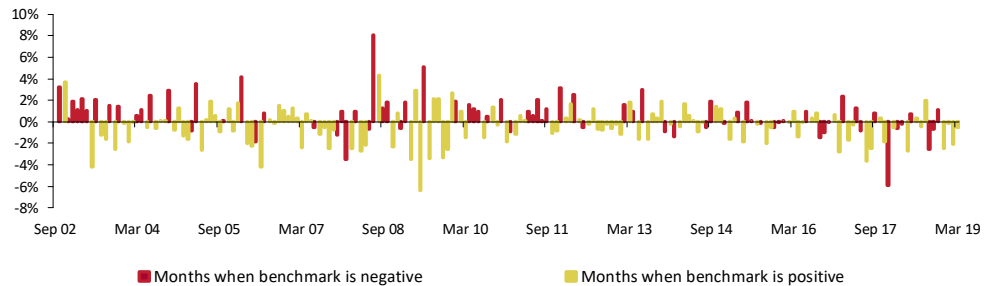
### PORTFOLIO PERFORMANCE VS BENCHMARK



### TOP 10 INVESTMENTS

SECURITY	% OF FUND
Naspers "N"	13.1
BHP Group	8.5
RMB Holdings	7.7
Sasol	6.7
British American Tobacco	5.4
Capital & Counties	4.8
CF Richemont	4.8
Standard Bank	4.2
Aspen	3.7
Anheuser Busch	3.3

### MONTHLY PORTFOLIO PERFORMANCE VS BENCHMARK



In managing South African equity portfolios, Foord aims to construct a diversified portfolio of quality companies bought at reasonable prices to achieve long-term returns with minimum risk of capital loss. The chart above depicts the monthly returns of the portfolio relative to the monthly returns of its benchmark. Bars above the x-axis show months of outperformance against the benchmark, while bars below the x-axis show months of underperformance. Red bars represent months when the benchmark was negative and yellow bars represent months when the benchmark was positive. The chart illustrates that the portfolio has outperformed the benchmark more than 75% of the time when the market was down (red bars above the x-axis). Put differently, the portfolio has achieved after-fee returns in excess of the market, with lower risk of capital loss.

### PORTFOLIO PERFORMANCE (PERIODS GREATER THAN ONE YEAR ARE ANNUALISED <sup>1</sup>)

	CASH VALUE <sup>2</sup>	SINCE INCEPTION	LAST 15 YEARS	LAST 10 YEARS	LAST 7 YEARS	LAST 5 YEARS	LAST 3 YEARS	LAST 12 MONTHS	THIS MONTH
FOORD <sup>3</sup>	R 1 070 252	15.4%	15.0%	13.7%	8.2%	2.1%	-2.1%	-1.8%	0.2%
BENCHMARK <sup>4</sup>	R 955 226	14.6%	15.0%	14.0%	11.0%	6.5%	5.7%	5.2%	0.7%
FOORD HIGHEST <sup>3,5</sup>		75.4%	75.4%	46.1%	33.8%	16.7%	13.9%	-1.8%	
FOORD LOWEST <sup>3,5</sup>		-29.9%	-29.9%	-19.2%	-19.2%	-19.2%	-19.2%	-1.8%	

<sup>1</sup> Converted to reflect the average yearly return for each period presented

<sup>2</sup> Current value of R100 000 notional lump sum invested at inception, distributions reinvested (graphically represented in R'000s above)

<sup>3</sup> Class B2 from 1 March 2012, Class A previously, net of fees and expenses

<sup>4</sup> Source: IRESS MD RSA

<sup>5</sup> Highest and lowest actual 12 month return achieved in the period

**COMMENTARY**

- Global equities (+1.3%) rose for a third straight month despite a deteriorating macroeconomic environment as major central banks turned dovish supporting financial markets and suppressing government bond yields – the US (+1.8%) outperformed emerging markets (+0.8%) with China (+2.4%) and India (+9.2%) the exceptions
- The rand (-3.0%) weakened in line with most emerging market currencies on the back of a stronger US dollar – the rand hedge bias in the portfolio contributed positively to relative returns
- The FTSE/JSE Capped All Share Index (+0.7%) was marginally higher led by resources (+4.7%) as currency weakness outweighed broadly lower commodity prices with only oil (+3.6%) bucking the trend – industrials (+2.9%) were lifted by a small set of large overseas companies whilst financials (-4.0%) were weighed down by banks (-6.0%)
- The portfolio's core resources investments BHP Group (+8.6%) and Sasol (+6.1%) contributed meaningfully – but the general underweight allocation to the sector detracted
- Non-resource rand hedges British American Tobacco (+18.7%), Anheuser-Busch InBev (+10.6%) and Naspers (+9.4%) all outperformed – partially offset by a market derating in Aspen (-33.3%) and EOH (-35.8%)
- The underweight position in financials (-4.0%) and specifically banks (-6.0%) contributed positively – stock selection was also positive with core holding RMB Holdings (-5.2%) falling less than the other big banks
- The diversifying allocation to property and the physical gold ETF were largely neutral for the month – the high average cash weight continues to provide the managers with liquidity in anticipation of attractive buying opportunities

**FEE RATES (CLASS B2)**

Initial, exit and switching fees	0.0%
Standard annual fee for equalling benchmark	0.6% plus VAT
Performance fee sharing rate	15% (over- and under-performance)
Minimum annual fee	0.1% plus VAT
Maximum annual fee	Uncapped

**ANNUALISED COST RATIO (CLASS B2)**

	12 MONTHS	36 MONTHS
TER —Basic	0.71%	0.71%
—Performance	-0.58%	-0.49%
Transaction costs*	0.10%	0.11%
Total cost ratio	0.23%	0.33%

\* 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)**

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

\* Minimum fees apply

**PLEASE CONTACT US FOR MORE INFORMATION REGARDING INVESTMENT TRACK RECORD, FOORD TEAM, CURRENT AND ARCHIVED NEWS ITEMS, INVESTOR TESTIMONIALS, FORMS AND DOCUMENTS. THIS INFORMATION IS PROVIDED FREE OF CHARGE.**

E: [unitrusts@foord.co.za](mailto:unitrusts@foord.co.za) T: +27 (0)21 532 6969 F: +27 (0)21 532 6970 [www.foord.co.za](http://www.foord.co.za)

**IMPORTANT INFORMATION FOR INVESTORS**

Foord Unit Trusts (RF) (Pty) Ltd (Foord Unit Trusts) is an approved CISCA Management Company (#10), regulated by the Financial Services Board. 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](http://www.rmb.co.za).

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 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 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 commentaries are provided 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 [unitrusts@foord.co.za](mailto:unitrusts@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](http://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 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 28 February 2019 was 0.14%.

**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 4 April 2019.