



INVESTMENT OBJECTIVE

The fund aims to achieve the steady growth of income and capital as well as the preservation of real capital (capital is adjusted for inflation). The portfolio is managed to comply with the statutory investment limits set for retirement funds in South Africa (Regulation 28).

INVESTOR PROFILE

Investors whose risk tolerance is below that of pure equity fund investors and those who require the asset allocation decision to be made for them, within prudential guidelines. Because the fund complies with Regulation 28, it is ideally suited to being a substantial component of any retirement savings portfolio and is especially suitable for retirement funds, pension fund members and holders of contractual savings products. Available as a tax free investment account.

DOMICILE

South Africa

MANAGEMENT COMPANY

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

FUND MANAGERS

Dave Foord, William Fraser and Daryll Owen

INCEPTION DATE

1 September 2002

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 - High Equity

PORTFOLIO SIZE

R44.4 billion

MINIMUM LUMP SUM / MONTHLY

R50 000 / R1 000

UNIT PRICE (CLASS R)

5716.58 cents

NUMBER OF UNITS (CLASS R)

128.0 million

LAST DISTRIBUTIONS

31/08/17: 60.21 cents per unit
28/02/17: 60.81 cents per unit

BENCHMARK

The market value weighted average total return of the South African - Multi-Asset - High Equity unit trust sector, excluding Foord Balanced Fund.

SIGNIFICANT RESTRICTIONS

Maximum equity exposure of 75%; maximum offshore exposure of 25%; complies with pension fund investment regulations (Regulation 28).

INCOME DISTRIBUTIONS

End-February and end-August each year.

INCOME CHARACTERISTICS

Medium yield, approximately double that of a general equity fund. Income distributions are reduced by the annual service charge, which varies with the relative performance of the fund against its benchmark.

PORTFOLIO ORIENTATION

Medium to high 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

Lower than that of a pure equity fund. High in periods shorter than six months, lower in periods greater than one year.

TIME HORIZON

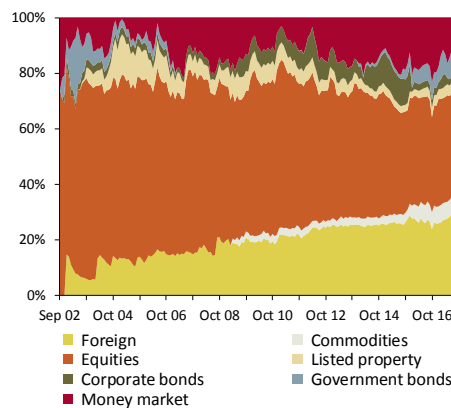
Longer than three years.

ASSET ALLOCATION (MAX LIMITS IN BRACKETS*)

	DOMESTIC %	FOREIGN %	TOTAL%
Equities	37.6	22.2	59.8
Listed property	4.0	0.4	4.4
Corporate bonds	1.8	0.0	1.8
Government bonds	13.7	0.0	13.7
Commodities	5.6	0.4	6.0
Money market	11.9	2.4	14.3
TOTAL	74.6 (100)	25.4 (25)	100.0

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

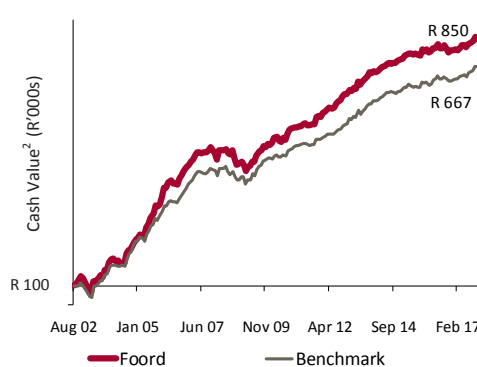
CHANGES IN PORTFOLIO COMPOSITION



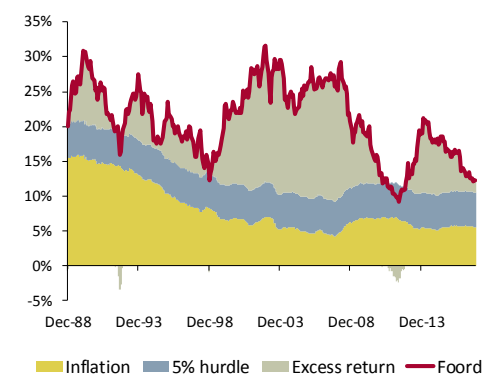
TOP 10 INVESTMENTS

SECURITY	ASSET CLASS	MARKET	% OF FUND
Foord Global Equity Fund	Foreign assets	LUX	14.2
RSA 10.5% (R186)	Gov bonds	ZAF	13.2
Foord International Fund	Foreign assets	LUX	11.2
Newgold	Commodity	ZAF	5.4
British American Tobacco	Equity	ZAF	5.3
CF Richemont	Equity	ZAF	5.2
Aspen	Equity	ZAF	3.8
BHP Billiton	Equity	ZAF	3.5
Capital & Counties	Property	ZAF	3.1
Sasol	Equity	ZAF	3.1

PORTFOLIO PERFORMANCE VS BENCHMARK



INVESTMENT STRATEGY VS INFLATION



In managing retirement portfolios, Foord aims to achieve returns that exceed inflation plus 5% per annum over any rolling five-year period. The Investment Strategy vs. Inflation chart shows the annualised returns over rolling 5 years achieved by Foord on a composite of similar portfolios since the inception of the strategy on 1 January 1984 (gross of annual fees). This composite return information includes the market value weighted returns of the Foord Balanced Fund unit trust from 1 September 2002. Foord Balanced Fund unit trust is now the single largest portfolio in the composite. The chart illustrates that the actual composite return achieved for investors over any rolling five-year period has never dipped below the South African inflation rate. It also demonstrates that real returns of 5% per annum are consistently achievable in mandates of this nature when measured over the appropriate long-term period.

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

	CASH VALUE ²	SINCE INCEPTION	LAST 15 YEARS	LAST 10 YEARS	LAST 7 YEARS	LAST 5 YEARS	LAST 3 YEARS	LAST 12 MONTHS	THIS MONTH
FOORD ^{3,4}	R 850 040	15.1%	14.7%	10.2%	11.8%	10.2%	6.6%	11.0%	-1.1%
BENCHMARK ^{4,5}	R 667 246	13.2%	13.3%	9.3%	10.7%	10.5%	7.6%	13.5%	0.4%
FOORD HIGHEST ^{3,4,6}		61.0%	61.0%	28.5%	27.0%	22.0%	13.8%	11.0%	
FOORD LOWEST ^{3,4,6}		-16.8%	-16.8%	-16.8%	-2.2%	-2.2%	-2.2%	11.0%	

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 R

⁴ Net of fees and expenses

⁵ Source: Morningstar, performance as calculated by Foord

⁶ Highest and lowest actual 12 month return achieved in the period

COMMENTARY

- US equities (+3.0%) continued to lead global developed markets (+2.2%) higher with corporate earnings growth affirming synchronised global economic growth – market sentiment also reacted positively to the House passing Republican-sponsored US tax reform proposals
- The FTSE/JSE All Share Index (+1.5%) gained, led by financials (+4.4%) while industrials (+1.4%) and resources (-1.6%) underperformed – holdings in FirstRand (+10.0%), Naspers (+7.0%) and Mr Price (+18.7%) contributed meaningfully to portfolio returns
- Global developed market bond yields were little changed – benign inflation prints have kept monetary policy sufficiently loose to support ongoing expansion despite the length of the current expansionary cycle
- SA bond yields moved slightly higher and the ALBI (-1.0%) fell after S&P downgraded South Africa's foreign and local credit rating and Moody's placed it on negative watch – the downgrades having already largely been priced-in following October's bleak Medium-term Budget Policy Statement
- Global hard commodity prices diverged as the iron ore price (+4.7%) rose while copper (-1.7%) retreated and precious metals were slightly higher on broad dollar weakness – oil (+2.8%) rose to its highest level in two years on Saudi Arabian geopolitics and OPEC and Russian agreement to extend production cuts
- The rand (+3.0% vs the US dollar) recovered from oversold levels despite the credit rating downgrades and weighed on foreign and rand-hedge asset returns this month – its appreciation a combination of the downgrades being largely expected and general US dollar weakness
- The managers maintain the portfolio bias to securities with foreign earnings complemented by attractive real-yield domestic assets and select domestically-focused businesses – the portfolio remains well balanced and positioned to deliver real returns regardless of the outcomes of South Africa's immediate political and economic turmoil

FEE RATES (CLASS R)

Initial, exit and switching fees	0.0%
Standard annual fee for equalling benchmark	1.0% plus VAT
Performance fee sharing rate	10% (over- and under-performance)
Minimum annual fee	0.5% plus VAT
Maximum annual fee	Uncapped
Foord global funds: – Foord International – Foord Global Equity	1.0% 0.5% plus 15% performance

ANNUALISED COST RATIO (CLASS R)

	12 MONTHS	36 MONTHS
TER — Basic	1.54%	1.57%
— Performance	-0.17%	0.00%
Transaction costs*	0.02%	0.05%
Total cost ratio	1.39%	1.62%

* 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 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 is subject to a minimum fee rate. Fees accrue in the Foord global funds as disclosed.

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 BALANCED FUND (CLASS R)

	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	10.0%	10.0%	10.0%	10.0%
Daily adjustment to 1% annual fee	+0.2%	-0.2%	0.0%	-0.6%
Annual fee rate applied (excl. VAT)	1.2%	0.8%	1.0%	0.5%*

* 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.

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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.

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.

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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 incurred, including trading costs, 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 2017 was 1.37%.

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.

This is a Minimum Disclosure Document. Published on 5 December 2017. Additional detailed analysis is published in the Quarterly Portfolio Report available on www.foord.co.za