FOREWORD

ISSUE 6

2ND QUARTER 2008

CHRIS GREYLING
CHAIRMAN: FOORD UNIT TRUSTS

The Foord Balanced Fund was awarded best fund in the Domestic Asset Allocation Prudential Medium equity sector over three years.

IN THIS ISSUE

Paul goes live on life staging

Bruce and William summarise the market movements for the quarter

Foord Equity Fund gets up close and personal

STRIKING A BALANCE

We are constantly striving to improve the content of our newsletters to bring you a more informative and enjoyable read. In this edition of *Foreword*, we have introduced an economic summary edited by Bruce Ackerman, portfolio manager of the Foord International Trust. We hope this provides useful insight into the financial markets - both at home and abroad - in an understandable manner.

This quarter we also address the Foord Equity Fund's recent under-performance relative to the All Share Index, which is of understandable concern to investors. This is an extract of a longer piece which is available on the website and which explores the performance of the fund and that of the benchmark in more detail.

In the article, *Life Stage Investing - Not The Smartest Investment Thinking*, Paul Cluer explains why life stage portfolios - increasingly popular with retirement fund trustees - should be approached with some caution. To obtain the full text of this piece, please access it online. If you are invested in a life stage portfolio and would like some additional information, please give us a call.

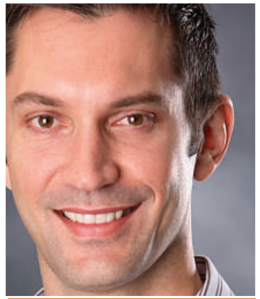
I'm pleased to report that at a function held at the Mount Nelson in May, the Foord Balanced Fund was awarded best fund in the Domestic Asset Allocation Prudential Medium Equity sector over three years by Standard & Poors / Micropal. The Fund Awards are based on returns to end December 2007 and are calculated on a risk adjusted basis. Congratulations are due to the investment team for this achievement.

Finally, I am aware that a note in our abridged annual financial statements reflecting the resignation of Dave Foord from the board of Foord Unit Trusts has caused some consternation! To set the record straight, I would like to report that Dave chose to resign from the board so that he can focus his efforts on investing and fund management. He remains a director of the holding company, Foord Asset Management (Pty) Ltd, and will accordingly be very involved with the strategic management of the unit trust business. He continues to serve as Chief Investment Officer at Foord and as the portfolio manager on the Foord unit trust funds. The board thanks Dave for his contributions as a director, specifically during the formative years of the unit trust business.

Until next quarter,

Chris Greyling

LIFE STAGE INVESTING - NOT THE SMARTEST INVESTMENT THINKING



PAUL CLUER
MD: FOORD UNIT TRUSTS

If you live longer than expected, the time horizon from retirement at age 60 to your death may exceed 20 years.

The use of life stage investment portfolios within retirement funds has unfortunately gained increasing prominence in South Africa. Paul Cluer explains why life stage investing is not necessarily the smartest investment thinking.

Life stage portfolios are predicated on the belief that your risk appetite falls as you near your retirement date. Accordingly, your exposure to risky assets is reduced in the period leading up to retirement so that in your retirement year, you are entirely invested in a low risk cash portfolio. In practice, you are gradually weaned off risky assets from as much as 8 years to as little as 2 years before retirement.

At first glance, this practice seems sound. But there are two major flaws with the life stage model. It requires that you actually retire at your planned retirement date (neither before nor after). It also assumes you will use all or the major part of your retirement benefit to purchase a pension guaranteed for life. Fixed pensions are popular because with-profit or inflation adjusted pensions are expensive and generally avoided by pensioners.

The inherent danger in fixed pensions is the very risk you're seeking to avoid - not having sufficient income in the period after retirement and before death. If you live longer than expected you will continue to receive your guaranteed pension - but it will no longer be sufficient to meet your expense requirements because inflation would have eroded its value.

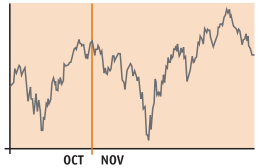
But more specifically, if you live longer than expected (using UK mortality tables you should live to 77), the time horizon from retirement at age 60 to your death (or that of your surviving spouse) may exceed 20 years. With a time horizon that long, you should have been invested in a portfolio that has a significant exposure to equities and which should have provided a significantly better return on your capital than the fixed pension, which pays a yield just a few percentage points above interest rates on long-term bonds.

To avoid the life stage investing trap, investors should commence contributing to a retirement portfolio early in life and plan to remain fully invested through retirement and up to the date of death, harnessing the power of compounding for the duration of your life. The advent of living annuities - particularly those investing in unit trusts - makes the implementation of this advice both cost effective and widely accessible.

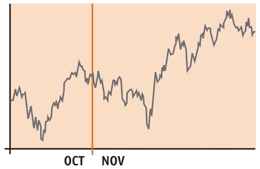
Please feel free to contact us should you wish to discuss this matter further or to review your current arrangement.

ALL GRAPHS FOR THE TIME PERIOD FROM 1 JULY 2007 TO 30 JUNE 2008

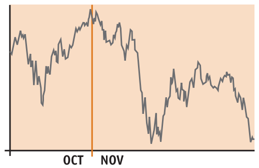
ALL SHARE



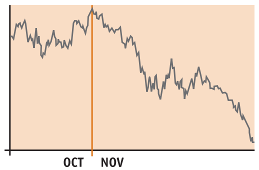
RESOURCES



INDUSTRIALS



FINANCIALS



The Foord investment approach seeks to invest across the market sectors.

FOORD EQUITY FUND. IT'S ABOUT BALANCE AND DIVERSIFICATION.

Despite its recent under-performance relative to the benchmark (refer fact sheet), Paul Cluer explains the strong credentials that drive the Foord Equity Fund and prepare it for the future.

In much of our communication over the past year we have commented on the volatility rocking global financial markets. We have advised against attempts at timing markets or cycles. Rather remain invested in a diversified portfolio of quality investments with a focus on those that are able to grow their earnings sustainably in difficult economic times.

It must always be remembered that the Foord investment approach seeks to invest across market sectors. We don't try to time market cycles, of which the current resources boom is but one. Our portfolio construction process focuses on balance and diversification. Management of the risk of loss is paramount.

There are a number of reasons for the fund's relative under-performance. The fund's strong weighting to resource shares in the past year was still underweight the index over a period when resources were the best performing sector. In addition, we lightened our resource exposure somewhat in Q1 2008 amid extreme market volatility, opting to diversify further into selected banks and industrial shares that were reflecting compelling value. In hindsight, this transition was premature. Resources have continued their strong gains while the rest of the local market continued to decline (refer graphs).

During the past year, the fund benefited from its exposures to Sasol, BHP Billiton and Anglos, which are all in the top 5 holdings of the fund. These shares achieved returns of 79%, 59% and 24% respectively in the year to end June 2008. However, strong weightings in Bidvest (down 30%), Foschini (down 49%) and RMB Holdings (down 33%) detracted from the gains made on the resources shares. In addition, MTN, which accounts for over 5% of the ALSI and which returned 25% for the year, was not held by the fund.

The relative under-performance of the fund was therefore a combination of being underweight the Index in resource shares, the premature down-weighting of resources in Q1 in favour of banks and consumer shares and the fund's better diversified holdings in sectors that have sustained losses during the market turmoil.

We nevertheless feel that the portfolio is appropriately constructed and diversified to benefit from the changing economic conditions forecast for the next three to five years. It is also comforting to note that the income levels in the fund have increased by more than 20% over the comparative period last year.

For those interested in reading more comprehensively on our philosophy and issues related to the composition of the benchmark, please refer to our website or call Arlene on 021 531 8085 to obtain a copy.

IN A NUTSHELL

Edited by
BRUCE ACKERMAN
PORTFOLIO MANAGER
With contribution by
WILLIAM FRASER
PORTFOLIO MANAGER

Bruce Ackerman and William Fraser explain what's been shaking the markets over the quarter.

International

- Equities rallied strongly - but then, Asia aside, retreated on inflation concerns
- Financials continued to under-perform as their balance sheets were undermined by escalating US and UK property price declines - despite substantial amounts of bank equity capital raised
- US unemployment rate rose sharply as consumer spending comes under pressure from higher energy and food prices - but Euro zone and Asian economies not (yet) affected
- Bond yields rose sharply - as effects of commodity inflation feared likely to reverse Anglo Saxon country interest rate cuts
- Commodity prices remained firm despite US economic slowdown - oil gained on supply disruptions despite promised Saudi output increases
- US dollar recovered especially versus yen - the competitive dollar benefiting exports

South Africa

- SA growth reflecting increased consumer strain - but robust infrastructure spend to prevent an overall recession
- Rising food and energy inflation now visible in wage settlements - causing short-term interest rates to rise further
- Rand appreciated marginally on improved interest differentials - but likely to remain volatile with weak long-term prospects owing to current account deficit
- Resources index rose - on higher commodity prices and improved earnings growth forecasts
- Local economy and financial stocks fell further - as higher food, transport, energy and interest costs reduce discretionary consumer spending
- Bond and listed property yields rose significantly - reflecting poor inflation outlook and subdued demand by local and foreign buyers

DID YOU KNOW?

The term "bear market" is thought to have its origin in the 1700's when London bearskin "jobbers" or brokers would sell bearskins before the bears had actually been caught. It was also associated with short selling. Jobbers would sell bearskins they did not own in anticipation of falling prices, enabling them to buy them later for an additional profit.

The bull, already having various associations with the bear in folklore and imagery, became the natural term to be paired with the bear to denote the opposite trend or activity, a period of rising prices.

Foord Flexible Fund of Funds

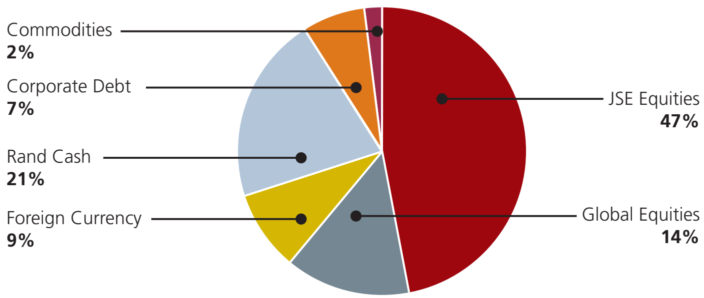
Targeting inflation beating returns over the long-term

30 June 2008

About the Fund

The objective is to provide investors with a net-of-fee return of 5% per annum above the annual change in the South African Consumer Price Index (CPIX), measured over rolling three year periods. The fund aims to achieve this objective by exploiting the benefits of global diversification in a portfolio that continually reflects Foord Asset Management's prevailing view on all available asset classes, both in South Africa and abroad.

Asset Allocation



Investment Returns

Investment returns are stated net of fees and expenses and periods greater than one year are annualised. Investment returns will only be presented after the fund has achieved a six month track record.

Benchmark:

CPIX plus 5% per annum

Regional Equity Exposure

Region	% of Equities
South Africa	77
UK	8
USA	6
Europe	5
Japan	2
Asia excl. Japan	2

Fund Details

Inception Date:	1 April 2008
Minimum Lump Sum:	R20 000
Minimum Monthly:	R1 000
Size:	R34.1 million

Foord Balanced Fund

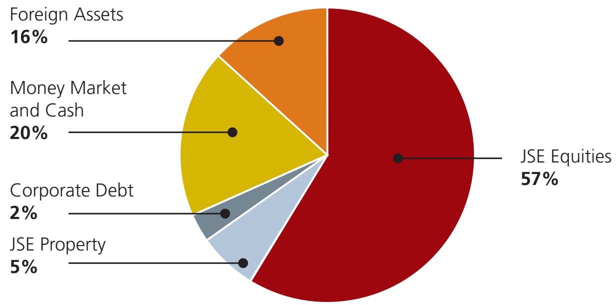
The foundation for long-term growth

30 June 2008

About the Fund

The fund's investment objective is the steady growth of income and capital, as well as the preservation of real capital (being capital adjusted for the effects of inflation). It aims to exceed the average rate of return achieved in the Domestic Asset Allocation - Prudential Variable Equity unit trust sector. The Foord Balanced Fund is managed to comply with the prudential investment limits set for retirement funds in South Africa (Regulation 28 to the Pension Funds Act).

Asset Allocation



Investment Returns

	Last 6 Months	Last 12 Months	Last 3 Years	Last 5 Years	Since Inception
Foord*	-0.2%	-0.4%	22.7%	24.7%	21.7%
Benchmark	-2.6%	-0.3%	18.2%	21.6%	18.2%

Periods greater than 1 year are annualised. *Net of fees and expenses.

Benchmark:

The market value weighted average total return of the Domestic Asset Allocation Prudential Variable Equity unit trust sector, excluding Foord Balanced Fund.

Top 5 Equity Investments

Investments	% of Fund
BHP Billiton	7.1
Sasol	4.8
Anglo American	3.7
Anglo Platinum	3.3
RMB Holdings	3.1

Fund Details

Inception Date:	1 September 2002
Minimum Lump Sum:	R20 000
Minimum Monthly:	R1 000
Size:	R2.04 billion

FUND AWARDS 2008 SOUTH AFRICA WINNER FM Micropal

Foord Equity Fund

Nurturing superior returns

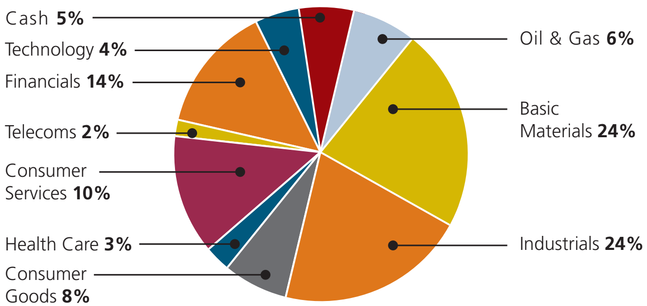
30 June 2008

About the Fund

The fund's investment objective is 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 All Share Index including income, without assuming greater risk.

The Foord Equity Fund is ideally suited to investors who require maximum long-term capital growth and who are able to withstand investment volatility in the short to medium-term.

Sector Allocation



Investment Returns

	Last 6 Months	Last 12 Months	Last 3 Years	Last 5 Years	Since Inception
Foord*	-4.2%	-5.7%	26.1%	29.4%	25.5%
Benchmark	6.4%	10.1%	32.4%	33.1%	25.3%

Periods greater than 1 year are annualised. *Net of fees and expenses.

Benchmark:

Total return of the FTSE/JSE All Share Index

Top 5 Equity Investments

Investments	**% of Fund**
BHP Billiton	11.4
Sasol	6.6
Anglo American	5.2
RMB Holdings	5.2
Remgro	4.5

Fund Details

Inception Date:	1 September 2002
Minimum Lump Sum:	R20 000
Minimum Monthly:	R1 000
Size:	R501.7 million

Foord International Feeder Fund

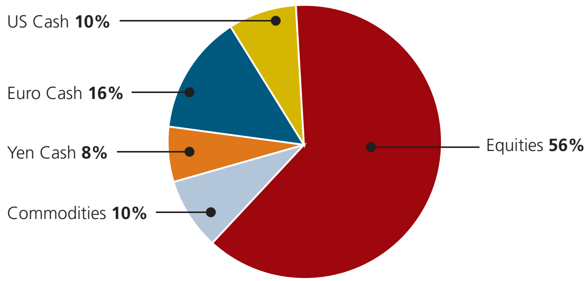
Risk management through global diversification

30 June 2008

About the Fund

The fund's objective is to provide investors with exposure to a portfolio of international equity and fixed interest securities, constructed with the purpose of maximising return with minimum risk. This is achieved through direct investment into the Foord International Trust, which aims to produce an annualised return over time in excess of 10% in US Dollars, thereby expecting to outperform world equity indices. The fund provides South African investors with an opportunity to diversify their portfolios offshore and to hedge against rand depreciation.

Asset Allocation



Investment Returns (in rands)

	Last 6 Months	Last 12 Months	Since Inception
Foord*	15.2%	18.3%	20.2%
Benchmark	1.4%	-2.7%	14.1%
ZAR/USD contribution	14.9%	11.2%	10.8%

Periods greater than 1 year are annualised. *Net of fees and expenses.

Benchmark:

The ZAR equivalent of the MSCI World Equities Index.

Top 5 Equity Investments

(30% of Equities):

Syngenta
BHP Billiton
LVMH
General Electric
Canon

Fund Details

Inception Date:	1 March 2006
Minimum Lump Sum:	R20 000
Minimum Monthly:	R1 000
Size:	R215.6 million