ISSUE 5

FOREWORD

1ST QUARTER 2008

CHRIS GREYLING
CHAIRMAN: FOORD UNIT TRUSTS

The new Foord Flexible Fund of Funds will reflect Foord's unconstrained, best investment view.

SIGNIFICANT IN THE SHORT-TERM. IMMATERIAL IN THE LONG-TERM.

The volatility continues! The first quarter of 2008 has continued the trend established in late 2007 with rather astounding levels of share market volatility. The local market shed over 13% of its value in the first three weeks of the year, but has subsequently rebounded, recovering nearly 20% from its January lows, despite intra-week swings. The investment markets aside, there have been other developments at Foord which we highlight in this *Foreword*.

Firstly, I am excited to announce the launch of the Foord Flexible Fund of Funds on 1 April 2008. The fund will reflect Foord's unconstrained, best investment view. Put simply, the fund represents our best effort at investing any capital sum to achieve inflation beating long-term returns. The fund of funds structure allows us to vary the local vs offshore exposure without constraints. We are very excited about this fund and the investment possibilities it provides. More information on the fund characteristics and objectives is provided overleaf.

In my article, *A Well Considered Investment Does Not Have a Sell-by-Date,* I have gone back to basics to examine the building blocks of the compound interest phenomenon. I explain that compound returns require time, reinvestment and diversification of investment risk. But the greatest contribution that any investor can make is to allow the investment time to manifest itself. While these market swings I've spoken about seem significant in the short-term, they become immaterial in the long-term.

Finally, this edition of *Foreword* is rounded off with news of the registration for local investment in the Foord International Trust, the relaxation of exchange controls and some exciting news about initiatives we are undertaking with the LEAP Science and Maths School.

Please look out for our annual report which will be posted to investors during Quarter 2. Best wishes.

Chris Greyling | Chairman: Foord Unit Trusts

IN THIS ISSUE

FURTHER RELAXATION OF EXCHANGE CONTROLS

PAUL CLUER
MD: FOORD UNIT TRUSTS

The Minister announced the introduction of a single R500 000 per year discretionary allowance

In his budget speech on 20 February 2008, Finance Minister Trevor Manual announced further steps in exchange control reform. Aside from measures aimed at reducing administrative procedures, Treasury also announced the relaxation of the limits imposed on institutional investors. Paul Cluer explains.

With immediate effect, the foreign asset limit for retirement funds increased from 15% to 20% of total retail assets. The implementation of this pronouncement is, however, delayed as a result of required changes to the Pension Funds Act, which still legislates the maximum foreign asset allocation at 15%. The industry is awaiting a directive from government in this regard. The foreign asset limit in the Foord Balanced Fund, which is managed to comply with the retirement fund prudential limits, therefore remains at 15% for the time being (although market movements have increased the actual exposure at quarter end to 18.1%).

The limit on the personal foreign investment allowance remains at R2 million per year. However, the Minister announced the introduction of a single R500 000 per year discretionary allowance for the purposes of travel, gifts, donation and maintenance. Investors who have invested the maximum R2 million or those who do not wish to apply to SARS for foreign transfers may continue to access unlimited foreign investment exposure via the Foord International Feeder Fund.

DID YOU KNOW?

Antwerp, which had long been a centre for diamond trading, is widely credited as establishing the world's first securities exchange.

In 1460, during the rule of Philip the Good, the Antwerp Stock Exchange was the first securities exchange to be housed in an official building. Unlike most markets of the time which were commodities based, the Antwerp exchange traded financial securities, primarily bonds at first.

The New York Stock Exchange, the world's largest exchange by market capitalisation, was founded in 1792. Our own share market, the JSE Limited, commenced operations in 1887.

The effect of compounding has been labelled, by some, as the eighth wonder of the world.

A WELL CONSIDERED INVESTMENT DOES NOT HAVE A SELL-BY-DATE

Creating value over the long-term is a delicate process. Chris Greyling takes us through it step-by-step.

The effect of compounding has been labelled by many as the eighth wonder of the world. In the world of investments it manifests when a portfolio generates a return (made up of interest, dividends and capital profit) on which another return is generated, if invested. This ignites the compounding effect resulting in the size of the investment increasing exponentially over time.

Three key elements emerge from this principle, namely time, reinvestment and diversification. Failing to diligently adhere to all three key elements severely hampers the growth prospects of the portfolio in the long-term.

Time. It is of utmost importance to allow an investment time to manifest itself. Assuming a reasonable rate of return, time is probably the single most important variable in creating sustainable long-term value (the compounding effect). This is especially true if the portfolio is expected to beat inflation while still allowing for capital withdrawals.

Reinvestment. In order to build the investment base, returns earned must be reinvested. Retaining all income earned in cash removes two sources of potential reinvestment income (dividends and capital profit). As a result, only interest is earned. This strategy severely hampers any future growth where the returns from other sources are expected to out-perform the returns on cash.

Diversification. It is never prudent to have all one's eggs in one basket. While it is true that any single investment can enjoy a spectacular return, it is also subject to the risk of severe capital loss. If the value of the investment reduces to nil, you hold 100% of nothing. Moreover, investments do not unlock value at the same time. This allows the portfolio manager to reinvest the portfolio's returns in other undervalued shares or asset classes, while simultaneously diversifying the investment risk.

Compounding, reinvestment and diversification may seem very complicated concepts. As a rule of thumb, the specifics of investing should be left to a reputable team of investment professionals, who will take care of the diversification and reinvestment elements. The investor's role is to afford the investment as much time as possible for the investment to benefit from compounded returns. In this way, a self-sufficient portfolio is created which will grow exponentially over time.

It is worthwhile noting that investing in a unit trust portfolio satisfies all three key elements described above – provided you give it time.

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SUPPORTING EDUCATION IN LEAPS AND BOUNDS

Foord has recently joined forces with LEAP Science and Maths School which is based in Pinelands, Cape Town. Darron West reveals Foord's empowering relationship with LEAP, and their ongoing commitment to education.

DARRON WEST
PROJECT MANAGER

LEAP was founded in 2003 after securing sponsorship from the Shuttleworth Foundation. "The school is the only privately funded maths, science and technology (MST) school in South Africa," says LEAP founder and head, John Gilmour. "It aims to address the acute shortage of skills, particularly amongst previously disadvantaged communities." The school partners with Diocesan College (Bishops) to provide learners with otherwise unavailable facilities.

The LEAP School currently relies on private funding and donors. Foord has identified the need for the school to establish an endowment fund to provide for ongoing financial support in the long-term. We have therefore contributed seed capital to an endowment fund that Foord will manage free of charge. We hope that over time through contributions and investment returns the endowment fund will grow to be substantial, allowing a sustainable income source for the school.

We have contributed seed capital to an endowment fund that we will manage free of charge.

To read more about the LEAP School and its initiatives, visit www.leapschool.org.za

FOORD INTERNATIONAL TRUST APPROVED BY THE FSB

SA legislation requires all foreign unit trusts wishing to operate locally to be approved by the Financial Services Board (FSB). The purpose of registration is to ensure that foreign funds at a minimum comply with the stringent criteria set for local funds. Moneen d'Hotman de Villiers reports on the approval of the Foord International Trust.

MONEEN D'HOTMAN DE VILLIERS
GROUP LEGAL & COMPLIANCE OFFICER

The Foord International Trust (FIT), in which both the Foord Balanced Fund and Foord International Feeder Fund invest, has now been approved for local marketing by the FSB. A direct investment into FIT is appropriate for those investors who already hold foreign currency via an amnesty application or through their R2 million foreign allowance, or who have not yet utilised their individual allowance but who wish to do so. Investors who have fully utilised their individual allowances may still obtain full exposure to FIT via the Foord International Feeder Fund (although the purchase and sale of these units may only be in Rands and is executed in South Africa).

Now approved for local marketing by FSB

The FIT is an asset allocation fund priced in US dollars and domiciled in Guernsey. Since its inception in March 1997, the fund has achieved an annualised return of 9.2% in US dollars – marginally below its 10% minimum objective but handsomely ahead of the MSCI World Equities Index, which returned 4.9% per annum over the same period.

Foord Flexible Fund of Funds

Targeting inflation beating returns over the long-term.

31 March 2008

About the fund

The objective of the fund is to provide investors with inflation beating returns over rolling three year periods. It aims to achieve this objective by exploiting the benefits of global diversification in a portfolio that continually reflects the manager's prevailing view on all available asset classes, both in South Africa and around the world.

Asset allocation and timing are the key drivers of long-term investment performance. By removing all constraints on asset class exposures, the fund manager has maximum flexibility to implement his best investment ideas. The result is a flexible fund of funds portfolio representing the most attractively priced South African and global assets.

It is suitable for investors with a moderate risk profile seeking long-term inflation beating returns, but who do not require a high income yield.

Fund characteristics

Benchmark	The annual change in the SA CPIX plus 5%.
Significant restrictions	None – the fund is unconstrained.
Income distributions	End-February and end-August each year.
Income characteristics	Low to medium income yield depending on the asset allocation strategy. Income distributions are reduced by the annual performance related service charge.
Portfolio orientation	Exploiting the benefits of global diversification, the portfolio continually reflects Foord's prevailing best investment view on all available asset classes in South Africa and around the world.
Risk of loss	High in periods shorter than 6 months. Low in periods greater than 1 year.
Return objective	To achieve a 5% real return over rolling three year periods.
Suitable investors	Investors with a moderate risk profile who require long-term inflation beating total returns, but who do not require a high income yield. It is appropriate for investors seeking a balanced exposure to domestic and foreign assets, according to Foord's best investment view.
Fees	No initial fees are levied. The annual service fee is charged on a performance basis, increasing or decreasing with relative performance against the benchmark. The performance fee is calculated and accrued daily based on the relative return for the preceding day.
Fund manager	Dave Foord.

Fees

Initial, exit and switching fees	Standard annual service fee for equalling benchmark	Performance fee sharing rate	Minimum annual service fee	Maximum annual service fee
0.0%	1.0% plus VAT	10% (over- and under-performance)	0.5% plus VAT	Uncapped

Foord Balanced Fund

The foundation for long-term growth

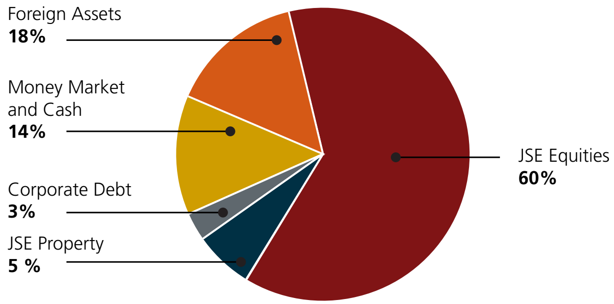
31 March 2008

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 ideally suited to being a substantial component of any retirement savings portfolio. Given the fund's risk return profile, it is a more appropriate investment vehicle for investors whose risk tolerance is below that of a pure equity fund investor.

Asset Allocation



Investment Returns

	Last 6 Months	Last 12 Months	Last 3 Years	Last 5 Years	Since Inception
Foord*	-0.1%	5.0%	27.7%	27.6%	23.4%
Benchmark	1.8%	5.3%	21.9%	24.5%	19.7%

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 (Previously: Prudential Medium Equity unit trust sector).

Top 5 Equity Investments

Investments	% of Fund
BHP Billiton	5.7
Sasol	3.9
RMB Holdings	3.6
Remgro	3.3
Anglo Platinum	3.3

Fund Details

Minimum Lump Sum:	R20 000
Minimum Monthly:	R1 000
Size:	R1.81 billion

Foord Equity Fund

Nurturing superior returns

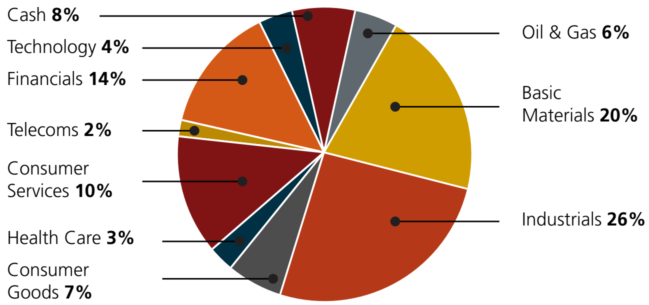
31 March 2008

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*	-5.9%	0.7%	30.6%	32.2%	27.3%
Benchmark	-0.1%	11.1%	34.0%	34.7%	25.8%

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	8.8
Sasol	6.1
Remgro	5.6
RMB Holdings	5.5
Anglo American	4.3

Fund Details

Minimum Lump Sum:	R20 000
Minimum Monthly:	R1 000
Size:	R572.1 million

Foord International Feeder Fund

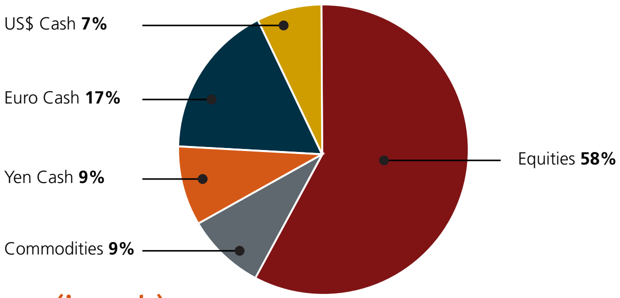
Risk management through global diversification

31 March 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*	20.7%	23.5%	25.5%
Benchmark	3.6%	5.5%	19.2%
ZAR/USD contribution	17.8%	11.1%	13.9%

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

(27% of Equities):

Syngenta
BHP Billiton
LVMH
General Electric
Canon

Fund Details

Minimum Lump Sum:	R50 000
Minimum Monthly:	R10 000
Size:	R160.6 million