

FOORD



ANNUAL 20  
REPORT 23

*To Unit Trust Investors  
for the year ended 31 March 2023*

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*Note: It is a statutory requirement to make the Abridged Annual Financial Statements available to investors in collective investment scheme portfolios. Please take special note that the information relates to the Scheme's financial year ended 31 March 2023. The delay in distribution is a result of the time needed to complete the audit of the unabridged financial statements.*

*The report therefore does not contain the most recently available performance information and exposures, which are available on [www.foord.co.za](http://www.foord.co.za).*

*The Scheme changed its financial year end during the previous reporting period, from February to March. Comparative figures are presented for the 13 months ended 31 March 2022.*

# Chairman's Report



## MARKET REVIEW

The scheme's financial year commenced with global central banks grappling to contain rising inflation – a theme that would dominate global markets in 2022 and lead to the worst calendar year for global stocks and bonds combined in 150 years. The world's emergence from pandemic isolation is what lit the global inflation fire. Pent-up savings and stimulus cheques chased too few goods and services amid stretched global supply chains. Russia's invasion of Ukraine fuelled the flames by further disrupting global supply chains and causing oil prices to surge.

This final price spike forced the US Federal Reserve to abandon its view that global inflation would be transitory. It kicked off the fastest paced, most aggressive US rate tightening cycle in four decades. The Fed's rate hikes reverberated around the world. Most other central banks rapidly followed suit in an increasingly tricky balancing act of fighting inflation with already slowing growth.

The US dollar strengthened against most currencies, buoyed by the Fed's aggressiveness and its safe-haven status. Global recession risks for 2023 were on the rise and most commodities sold off. The expensive US equity markets fell most amongst developed economies in 2022. Long-duration assets — the hottest themes of 2020 and 2021 — fared worst in the market rout. These include US tech names and cryptocurrency, which fell from bubble levels as the opportunity costs rose with sharply higher interest rates.

Emerging markets were also lower, dragged down by Chinese equities after Chinese economic activity slowed, exacerbated by frustratingly rigid lockdowns for most of 2022. The South African share and bond markets were marginally positive but fell by double-digit percentages when measured in US dollars.

Latterly, markets rallied in the first quarter of 2023 as investors started to anticipate peak inflation and peak interest rates. Chinese markets, which had troughed in 2022 after President Xi consolidated his power base, benefited from a COVID-19 reopening trade.

The financial year ended with fears of a developing banking crisis. With fixed rate bonds and loans losing value and deposits steadily leaving the banking system to capitalise on higher yields available elsewhere, fears of a new banking crisis emerged in the wake of the failure of Silicon Valley Bank in the US and Credit Suisse in Switzerland.

## INVESTMENT STRATEGY

Looking ahead, with commodity and energy prices falling and pandemic factors fading, wage inflation now poses the single biggest threat to rising price pressures around the world. Investors' fates thus remain closely tied to the future path of inflation and central bank responses. Given our expectations for global inflation to run higher than market participants generally believe, we remain particularly cautious on longer-dated bonds and US growth stocks that still haven't fully adjusted to higher discount rates.

Instead, we prefer companies that should cope well in inflationary or recessionary conditions — but we're also keeping some powder dry for the opportunities that the whipsaw of market prices throws up. For the disciplined investor, it's only a matter of time before today's volatility provides the opportunity for tomorrow's best investments. Within the Foord SA funds, where permitted we hold large amounts of foreign assets to diversify

SA-specific risks. Mandate dependent, we hold a good quantity of high-yielding SA government bonds, including inflation-linked bonds, but are avoiding very long dated bonds, given South Africa's deteriorating debt metrics.

## MILESTONES

This year marked the 20th anniversary of the Foord Unit Trust Scheme, with the Foord Equity and Foord Balanced Funds having been launched on 1 September 2002. I am pleased to report that over this period both funds have delivered meaningful real returns after fees and expenses. The Foord Equity Fund has delivered net returns of 13.8% per annum and the Foord Balanced Fund 12.6% per annum for 20 years, when inflation averaged 5.3% per year.

In addition, the Foord Flexible Fund of Funds achieved a 15-year track record at the end of March 2023. This fund was designed with an unconstrained mandate to allow it to invest in all asset classes, both locally and abroad, in accordance with Foord's prevailing best investment view. Over the 15 years, the Foord Flexible Fund produced a net return of 11.3% per annum, outperforming inflation by 6.0% per annum. It also outperformed the Regulation 28-constrained Foord Balanced Fund by 2.1% per annum over this period.

We are extremely proud of these significant milestones and achievements. Kindly refer to our quarterly newsletters available via our website for more reflections on the performance of these funds.

## TEAM DEVELOPMENTS

Nick Balkin was appointed as Foord's Chief Investment Officer (CIO) in South Africa with effect from 1 January 2023, taking over from incumbent Dave Foord. Nick was Dave's natural successor as CIO, given his 18 years tenure with the firm. Nick is a multiple-counsellor portfolio manager on the domestic-only Foord Equity Fund, the multi-asset Foord Balanced and Foord Conservative Funds, and various other strategies run by the firm over the past 12 years. Dave continues in the role of CIO of Foord Asset Management Singapore, which covers the suite of Foord global funds.

My own decision to retire during the year for personal reasons was well communicated. Paul Cluer stood down as the chairperson of Foord Unit Trusts and I have become non-executive chairman. To coincide with my retirement, Foord expanded its investment team with the appointment of two senior portfolio managers in Rashaad Tayob and Farzana Bayat. Both have successful investment careers spanning two decades that cover the gamut of low-risk multi-asset solutions, specifically in the fixed income space. Their appointments were instrumental in Foord's decision to launch a fixed income fund range.

## FOORD FIXED INCOME FUNDS

On 1 October 2022, Foord launched two new fixed income funds that are available to direct investors. The Foord Flex Income Fund is a low-risk fund that seeks to deliver a high income yield for investors who have short-term savings needs. It carries some prospects for capital gain and a very low probability of capital loss over the investment horizon of one to two years. The Foord Bond Fund is a specialist fund that invests in a broad spectrum of South African bond assets. Its yield is expected to be higher than the Foord Flex Income Fund but comes with more risk of loss in the medium term.

Both funds should beat inflation over time, but not by the amounts needed to compound meaningful inflation-beating returns. Investors will therefore need other assets to do even heavier lifting on the inflation front in their retirement portfolios. This is where the Foord Conservative, Foord Balanced and Foord Flexible Funds come into their own.

## INTERNATIONAL FEEDER FUNDS

We remind investors that feeder fund access to the Foord global funds is now available via the Prescient Foord International Feeder Fund and Prescient Foord Global Equity Feeder Fund, starting from R10 000 lumpsum or R1 000 monthly debit order. Investors can still access the underlying US dollar denominated Foord global funds directly by using their annual discretionary and investment foreign exchange allowances. Please visit [www.foord.co.za/foord-global-funds](http://www.foord.co.za/foord-global-funds) for links to the Prescient feeder funds or for direct US dollar access to the Foord global funds.

## CONCLUDING REMARKS

We are cognisant of the risks and stresses that South African investors are facing. We experience them too. Foord has a safety-first investment philosophy and our portfolio managers are actively diversifying the multi-asset funds especially to mitigate the SA-specific risks, while also taking judicious exposures to high-quality South African investments that should deliver meaningful inflation-beating returns over the coming years.

Yours faithfully,

**William Fraser**

Chairman

# Performance Review

True to Foord's risk-cognisant, safety-first approach, the Foord funds demonstrated resilience to deliver positive returns in a turbulent environment. The multi-asset funds (Foord Conservative, Balanced, Flexible and International Feeder Funds) were ranked comfortably within the top 10% of their peer groups, despite having a good amount of risk assets to deal with the looming stagflation threat. The equity strategies (Foord Equity and Global Equity Feeder Funds) were ahead of benchmark for the year in a stock-pickers' environment.

Foreign assets were the largest contributor to investment returns in the multi-asset funds during the period, driven by the sharply weaker rand and aided by hedges against the expensive US markets, which fell most. The allocation to South African equity also contributed meaningfully to returns despite the local bourse eking out a low single-digit return. Investments in media companies Naspers/Prosus, global brewer Anheuser-Busch and luxury group Richemont rose sharply.

The physical gold investment contributed positively, with rand weakness boosting the marginally higher dollar price for bullion. The NewGold ETF (+23.5%) serves a crucial portfolio diversification purpose as both a hedge against inflation and as an alternative store of value to fiat currency.

SA bonds gained over the period as bond prices rallied on expectations that interest rates were at or near peak – but reversed after year end as the SARB continued to raise rates and the rand depreciated further against the US dollar. Selection within this asset class was positive over the period, with medium-term bonds in the preferred 'belly of the curve' outperforming the All Bond Index.

## FOORD FLEXIBLE FUND OF FUNDS

The unconstrained Foord Flexible Fund of Funds produced a benchmark-beating return of 16.1% after fees and expenses. The Fund benefitted from its high average foreign asset weight of 56% during a period of significant rand weakness, notwithstanding softer global financial markets. In the domestic component, material allocations to non-resource rand hedges further augmented fund returns.

## FOORD BALANCED FUND

The Foord Balanced Fund returned 12.1% for the period net of fees and expenses, well ahead of inflation and the market-value-weighted peer group benchmark return of 7.0%. Asset allocation once again added value with allocations to foreign assets, the physical gold ETF and SA equities contributing most. Within SA equities, industrials was the standout sector with Naspers/Prosus, Anheuser-Busch InBev and Richemont contributing in mid to high double-digit returns.

## FOORD CONSERVATIVE FUND

The more constrained Foord Conservative Fund recorded an impressive 13.0% return net of fees and expenses over the period, nearly 2% ahead of its CPI + 4% benchmark. While the fund maintained a similar allocation to foreign assets as its balanced counterpart, it benefitted further from lower weightings to underperforming resources, financial and property counters. Ranking first in its sector over the period, the fund continues to demonstrate its stellar risk management and capital preservation qualities during times of market turmoil.

## FOORD EQUITY FUND

The JSE-only Foord Equity Fund posted a return of 11.1% after fees and expenses, against the FTSE/JSE Capped All Share Index benchmark return of 4.0%. Security selection added positive value driven by the underweight resources position, zero weight to underperforming benchmark heavyweight MTN, and a surging Naspers/Prosus more than offsetting weakness in the financials and consumer services holdings. Holdings in more defensive consumer services companies like Spar, Foschini and Mr Price detracted as deteriorating economic fundamentals, rising interest rates and inflation weighed on domestic consumers.

## FOORD GLOBAL FUNDS

The flagship Foord International Fund, target fund of the Foord International Feeder Fund, was flat over the period in US dollars when the peer group fell by 6.3%. The fund's dynamic asset allocation strategy has meaningfully protected investor capital this year. The Foord Global Equity Fund, target fund of the Foord Global Equity Feeder Fund, returned -2.9% in US dollars after fees and expenses, comfortably outperforming the index (-7.4% in US dollars) and the peer group (-9.0% in US dollars). Both feeder funds recorded double-digit returns on conversion to a much weaker rand.

## FOORD FIXED INCOME FUNDS

Per ASISA standards, performance reporting for the Foord fixed income funds launched on 1 October 2022 will commence on the one-year anniversary of the funds. The Foord Flex Income Fund is structured conservatively, with low duration and credit risk and should deliver returns above money market funds over time. The Foord Bond Fund continues to build its inflation-linked bond exposure while holding a short duration versus the benchmark.

# Fund Returns

Class A units, net of fees

	Year to 31 Mar 2023	13 months to 31 Mar 2022	10 Years to 31 Mar 2023	Inception to 31 Mar 2023
<b>FOORD FLEXIBLE FUND OF FUNDS</b>	16.1%	-0.2%	10.0%	11.3%
Benchmark: CPI + 5% per annum	12.1%	12.2%	10.1%	10.4%
ASISA Worldwide — Multi-Asset — Flexible sector rank	6/126	88/117	10/28	1/17
Inception date: 1 April 2008				
<b>FOORD BALANCED FUND</b>	12.1%	9.0%	8.1%	12.9%
Benchmark: Market value weighted peer group excluding Foord	7.0%	12.4%	7.8%	11.4%
ASISA SA — Multi-Asset — High Equity sector rank	3/206	180/208	25/71	5/17
Inception date: 1 September 2002				
<b>FOORD CONSERVATIVE FUND</b>	13.0%	5.8%		7.6%
Benchmark: CPI + 4% per annum	11.1%	11.1%		9.2%
ASISA SA — Multi-Asset — Medium Equity sector rank	1/96	93/98		7/45
Inception date: 2 January 2014				
<b>FOORD EQUITY FUND</b>	11.1%	18.5%	6.9%	14.0%
Benchmark: FTSE/JSE Capped All Share Index	4.0%	25.0%	10.4%	14.1%
ASISA SA — Equity — General sector rank (JSE-only funds)	3/79	62/83	23/32	3/14
Inception date: 1 September 2002				
<b>FOORD INTERNATIONAL FEEDER FUND</b>	20.3%	5.3%	11.3%	11.3%
Benchmark: US inflation in ZAR	27.8%	5.7%	9.6%	9.0%
ASISA Global — Multi-Asset — Flexible sector rank	4/48	6/44	3/13	1/6
Inception date: 1 March 2006				
<b>FOORD GLOBAL EQUITY FEEDER FUND</b>	14.8%	-8.7%		10.7%
Benchmark: MSCI All Country World Total Return Index in ZAR	12.6%	6.2%		13.5%
ASISA Worldwide — Multi-Asset — Flexible sector rank	23/96	-0.2%		18/28
Inception date: 2 May 2014				

# Market Review

## ASSET CLASS RETURNS

Year to 31 March 2023

(USD total returns unless otherwise stated)	Year to March 2023 %	13 months to March 2022 %
<b>SHARES</b>		
FTSE/JSE Capped All Share Index (in ZAR)	4.9	20.5
FTSE/JSE All Share Index (in USD)	(13.9)	24.8
MSCI World Index (developed markets)	(6.5)	14.3
MSCI Emerging Markets Index	(13.3)	(12.4)
S&P 500 Index (US)	(9.3)	17.9
FTSE 100 Index (UK)	(4.6)	7.7
Euro Stoxx 50 Index (Eurozone)	8.0	(0.5)
MSCI China Index	(6.8)	(36.7)
<b>SA EQUITY SECTORS</b>		
Resources	(13.0)	31.2
Financials	(9.3)	45.4
Industrials	25.9	(0.8)
<b>COMMODITIES</b>		
Gold	1.6	9.1
Copper	(13.6)	12.7
Oil (Brent Crude)	(26.1)	62.5
<b>PROPERTY</b>		
SA Listed Property (in ZAR)	(3.4)	28.6
<b>BONDS</b>		
SA All Bond Index (in ZAR)	5.8	9.5
SA cash (in ZAR)	5.7	4.2
Alexander Forbes Short-term Fixed-interest Call Index	6.3	4.4
FTSE World Government Bond Index	(9.6)	(9.7)
<b>CURRENCIES</b>		
US dollar per rand (R/\$)	(17.9)	3.6
Euro per US dollar (\$/€)	2.1	9.1
<b>INFLATION</b>		
US Consumer Price Index	4.9	8.6
SA Consumer Price Index (in ZAR)	7.1	6.7

Source: Factset Research Systems Inc, Bloomberg Inc and IRESS Ltd

# ESG and Sustainable Investment Report

Resolutions voted on across the Foord Unit Trusts Scheme for the financial year ended 31 March 2023:

Category	Number	For %	Against %	Abstain %
Adopt Financials	20	100	0	0
Auditor/Risk/Social/Ethics related	238	98	2	0
Buy Back Shares	62	94	6	0
Director Remuneration	212	99	1	0
Disapply Pre-emptive Rights	8	0	100	0
Dividend Related	9	100	0	0
Issue Shares	42	14	86	0
Loan/Financial Assistance	54	33	67	0
Other	97	91	9	0
Political Expenditure/Donation	3	0	100	0
Re/Elect Director	302	99	1	0
Remuneration Policy	97	52	48	0
Share Option Scheme	9	44	56	0
Shares under Director Control	23	9	91	0
Signature of Documents	14	100	0	0
	1 190			

Resolutions voted on across the Foord global funds for the financial year ended 31 March 2023:

Adopt Financials	45	100	0	0
Auditor/Risk/Social/Ethics related	111	68	32	0
Buy Back Shares	34	76	24	0
Dividend Related	29	100	0	0
Issue Shares	42	19	81	0
Political Expenditure/Donation	8	25	75	0
Re/Elect Director or members of supervisory board	603	99	1	0
Remuneration Policy including directors' remuneration	125	42	58	0
Signature of Documents/Ratification	39	74	26	0
Others	47	62	38	0
	1 083			



General comments:

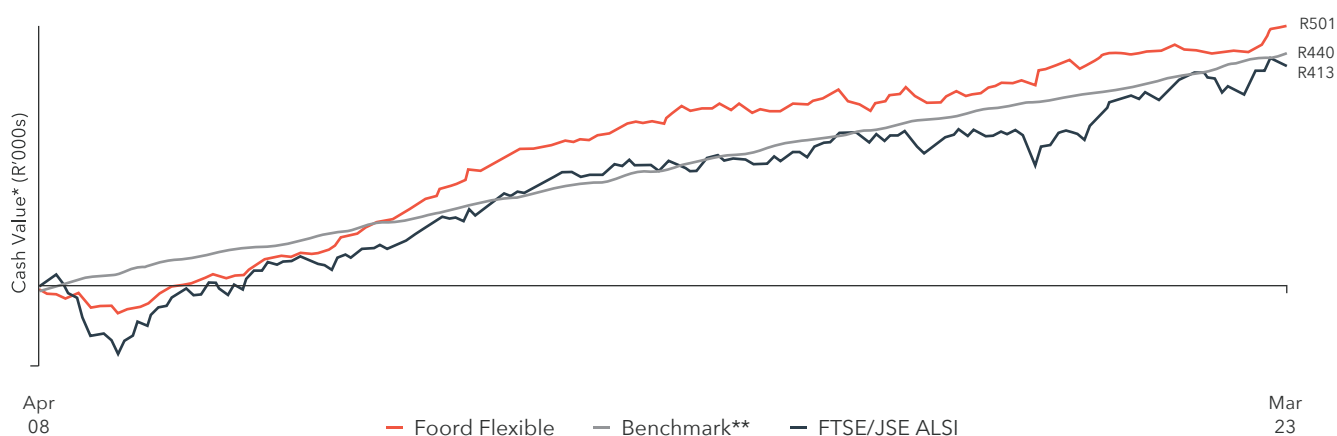
- There are few abstentions. We apply our minds to every resolution put to shareholders. Abstentions are typically intentional or for strategic reasons.
- We typically vote against any resolution that could dilute the interests of existing shareholders. Examples include placing shares under the blanket control of directors, providing loans and financial assistance to associate companies or subsidiaries, and blanket authority to issue shares. On the rare occasion where we voted in favour of such resolutions, we were able to gain the required conviction in the specifics of the strategic rationale for such activities and could gain comfort that such activities are indeed to be used to the reasons stated.
- The firm also has a strong philosophy regarding management remuneration models. We believe in rewarding good managers with appropriate cash remuneration on achievement of relevant performance metrics that enhance long-term shareholder value. We are generally not in favour of share option schemes, given the inherent asymmetry between risk and reward typical of such schemes. In addition, we do not believe that existing shareholders should be diluted by the issuing of new shares to management, as is the case with most option schemes. We are in favour of the alignment created between management and shareholders when management has acquired its stake in the company through open market share trading and paid for out of management's own cash earnings.

# Foord Flexible Fund of Funds

The fund aims to provide investors with long-term real returns exceeding 5% per annum. It exploits the benefits of global diversification in a portfolio that continually reflects Foord's prevailing view on all available asset classes, in South Africa and abroad. The fund is suitable for discretionary investors with a moderate risk profile who require long-term inflation-beating total returns from a dynamically managed multi-asset class portfolio.

The fund is unconstrained in terms of asset class and geographic location. This flexibility allows the fund manager the freedom to invest according to Foord's best investment view. The fund is structured as a fund of funds to allow its exposure to the Foord global funds to each exceed 20% if deemed necessary. No additional charges or layering of fees applies.

## Performance



\* Current value of R100 000 notional lump sum invested in Class A units at inception, distributions reinvested, net of fees and expenses (graphically represented in R'000s above)

\*\* Benchmark: CPI + 5% per annum, which is applied daily using the most recently available inflation data and accordingly will be lagged on average by 5 to 6 weeks

## Asset Allocation (At 31 March 2023)

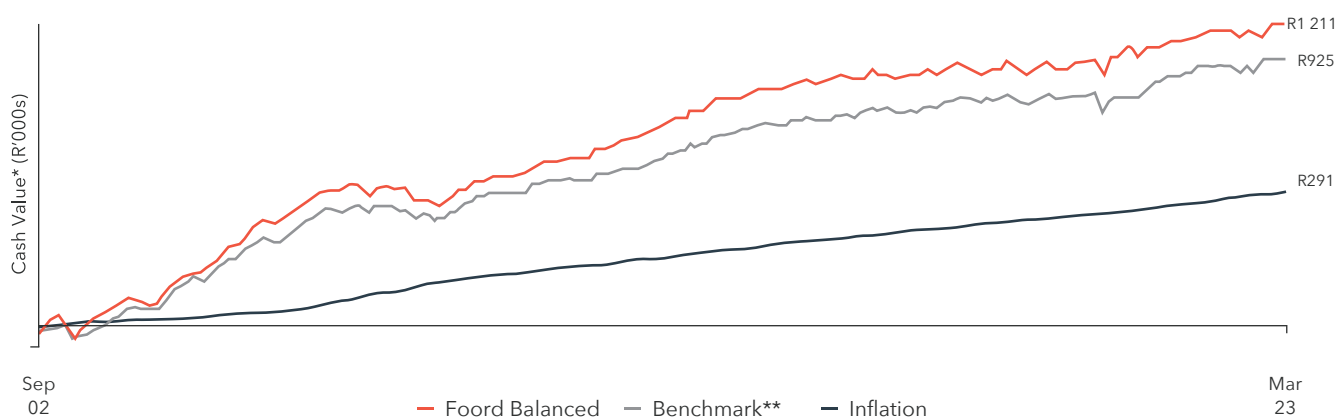
	Domestic %	Foreign %	Total %
Equities	28.7	43.0	71.7
Listed property	1.2	1.2	2.4
Corporate bonds	0.0	3.7	3.7
Government bonds	3.0	1.2	4.2
Commodities	2.0	1.6	3.6
Money market	7.0	7.4	14.4
<b>Total</b>	<b>41.9</b>	<b>58.1</b>	<b>100.0</b>

# Foord Balanced Fund

The fund aims to grow retirement fund savings by meaningful, inflation-beating margins over the long term. The fund is managed to comply with the prudential investment limits set for South African retirement funds (Regulation 28 to the Pension Funds Act). It is therefore suitable for investors saving via retirement funds or other contractual savings products.

The portfolio typically exhibits a medium to high average weighting to JSE shares, but can also include exposure to bonds, money market instruments, listed property, commodity securities and foreign assets. Appropriate asset allocation is a critical component of the investment strategy and plays a key role in the management of investment risk. Regulation 28 limits the fund's maximum net equity exposure to 75% and foreign asset exposure to 45% of the portfolio.

## Performance



\* Current value of R100 000 notional lump sum invested in Class A units at inception, distributions reinvested, net of fees and expenses (graphically represented in R'000s above)

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

## Asset Allocation (At 31 March 2023)

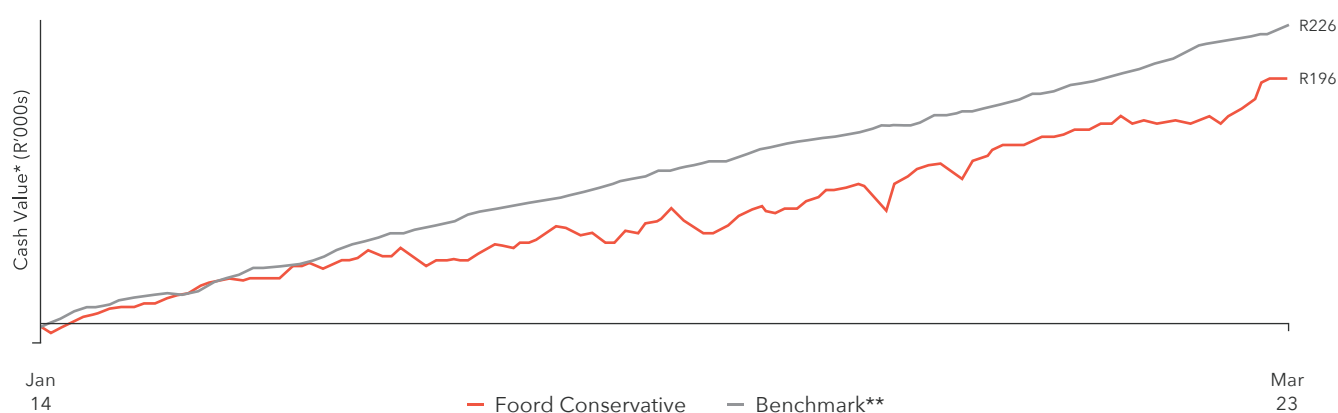
	Domestic %	Foreign %	Total %
Equities	39.2	23.7	62.9
Listed property	2.7	0.8	3.5
Corporate bonds	0.7	3.2	3.9
Government bonds	11.2	0.8	12.0
Commodities	3.3	1.0	4.3
Money market	5.6	7.8	13.4
<b>Total</b>	<b>62.7</b>	<b>37.3</b>	<b>100.0</b>

# Foord Conservative Fund

The fund seeks to provide investors with a net-of-fee return of 4% per annum above the annual change in the SA Consumer Price Index from a conservatively positioned multi-asset portfolio. It is managed to comply with the prudential investment limits set for South African retirement funds (Regulation 28 to the Pension Funds Act). The fund is suitable for conservative investors who are typically in, or close to, retirement with a time horizon of less than three to five years.

The fund restricts exposure to share investments to a maximum 60% of portfolio (down from the 75% maximum limit of typical balanced funds). The remaining assets must be invested in listed property, government and corporate bonds, commodities and cash. Prudential regulations allow 45% of the fund to be invested abroad.

## Performance



\* Current value of R100 000 notional lump sum invested in Class A units at inception, distributions reinvested, net of fees and expenses (graphically represented in R'000s above)

\*\* Benchmark: CPI + 4% per annum, which is applied daily using the most recently available inflation data and accordingly will be lagged on average by 5 to 6 weeks

## Asset Allocation (At 31 March 2023)

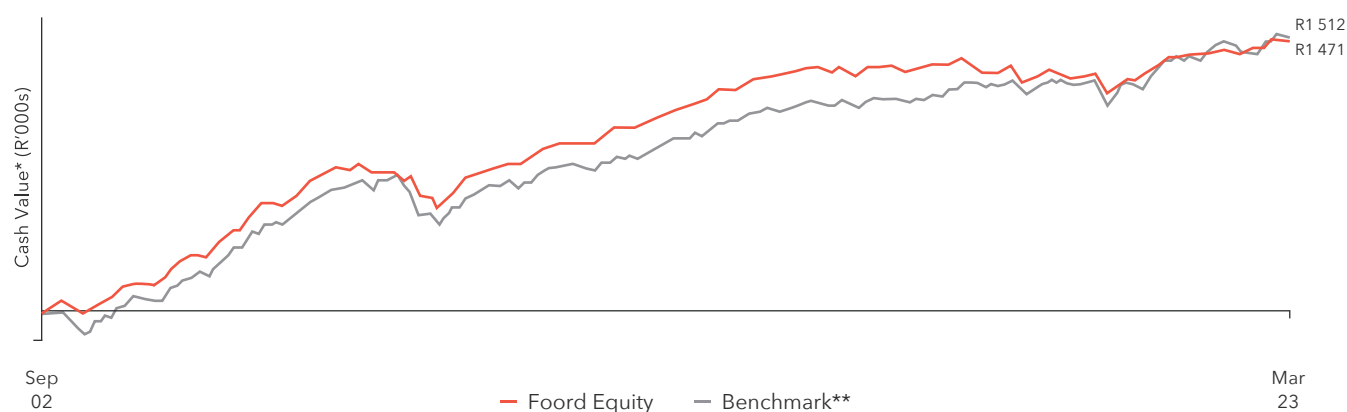
	Domestic %	Foreign %	Total %
Equities	23.9	23.2	47.1
Listed property	1.6	1.0	2.6
Corporate bonds	0.3	2.9	3.2
Government bonds	25.1	1.1	26.2
Commodities	3.9	1.2	5.1
Money market	7.3	8.5	15.8
<b>Total</b>	<b>62.1</b>	<b>37.9</b>	<b>100.0</b>

# Foord Equity Fund

The fund aims to outperform the South African equity market without assuming greater risk. The fund is suitable for investors with time horizons exceeding five years, requiring maximum long-term capital growth and who can withstand investment volatility in the short to medium term.

The Foord Equity Fund is a general equity fund investing in specially selected instruments across the spectrum of the JSE Limited stock exchange. The strategy does not permit the inclusion of foreign assets into the fund.

## Performance



\* Current value of R100 000 notional lump sum invested in Class A units at inception, distributions reinvested, net of fees and expenses (graphically represented in R'000s above)

\*\* Benchmark: Total return of the FTSE/JSE Capped All Share Index

## Asset Allocation

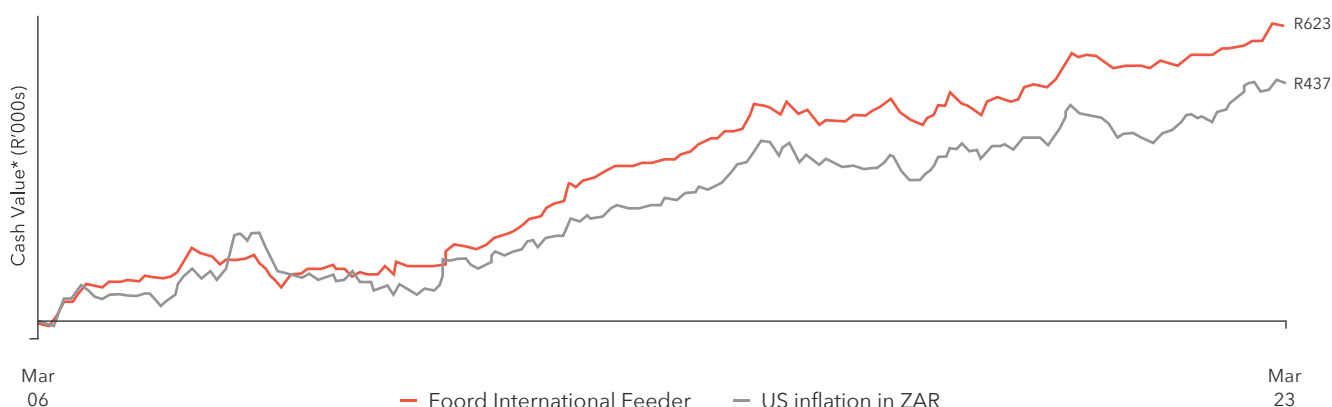
	31 March 2023 %	31 March 2022 %
Equities	86.4	93.5
Listed property	1.9	2.7
Commodities	0.0	0.0
Money market	11.7	3.8
<b>Total</b>	<b>100.0</b>	<b>100.0</b>

# Foord International Feeder Fund

Closed to new investment

The master fund aims to achieve meaningful inflation-beating US dollar returns over rolling five-year periods from a conservatively managed portfolio of global equities, interest-bearing securities and cash, reflecting Foord's prevailing best investment view. The feeder fund invests directly into the Luxembourg-domiciled Foord International Fund and is suitable for South African investors who seek to diversify their portfolios offshore and to hedge against rand depreciation.

## Performance



\* Current value of R100 000 notional lump sum invested in Class A units at inception, distributions reinvested, net of fees and expenses (graphically represented in R'000s above)

## Asset Allocation (At 31 March 2023)

	Developed Markets %	Emerging Markets %	Total %
Equity	34.5	19.0	53.5
Real estate	0.0	4.5	4.5
Government bonds	4.5	0.0	4.5
Corporate bonds	0.0	3.2	3.2
Commodities	6.5	0.0	6.5
Money market	27.8	0.0	27.8
<b>Total</b>	<b>73.3</b>	<b>26.7</b>	<b>100.0</b>

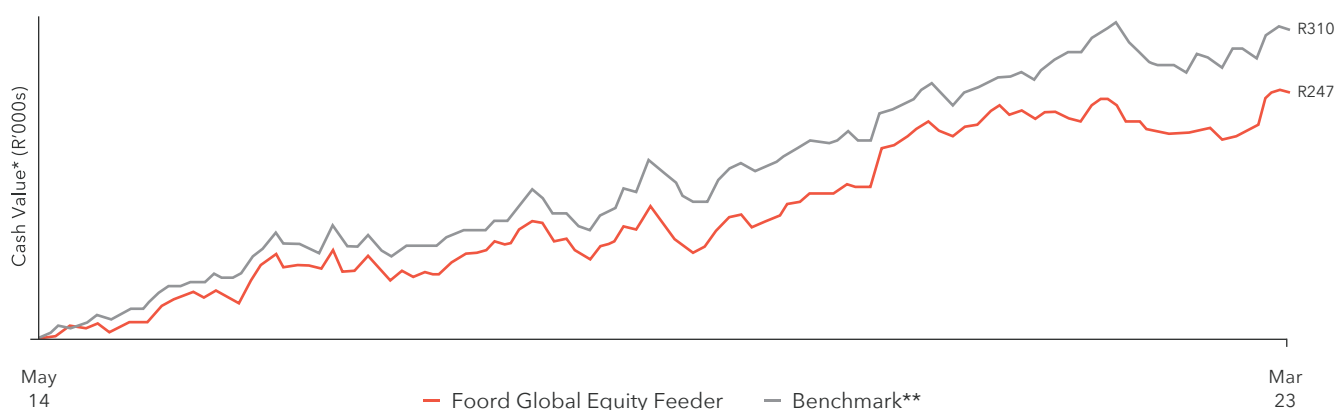
# Foord Global Equity Feeder Fund

Closed to new investment

The master fund aims to outperform the MSCI All Country World Index without assuming greater risk. The fund is suitable for South African investors who can withstand a high level of volatility and who seek to diversify their equity portfolios offshore and to hedge against rand depreciation.

The feeder fund invests directly into the Foord Global Equity Fund, a retail unit trust fund domiciled in Singapore. As its name suggests, the Foord Global Equity Fund is a global fund. The investment team can thus research all geographies for companies that offer prospects for sustainable earnings growth and portfolio diversification.

## Performance



\* Current value of R100 000 notional lump sum invested in Class A units at inception, distributions reinvested, net of fees and expenses (graphically represented in R'000s above)

\*\* Benchmark: The ZAR equivalent of MSCI All Country World Total Return Index

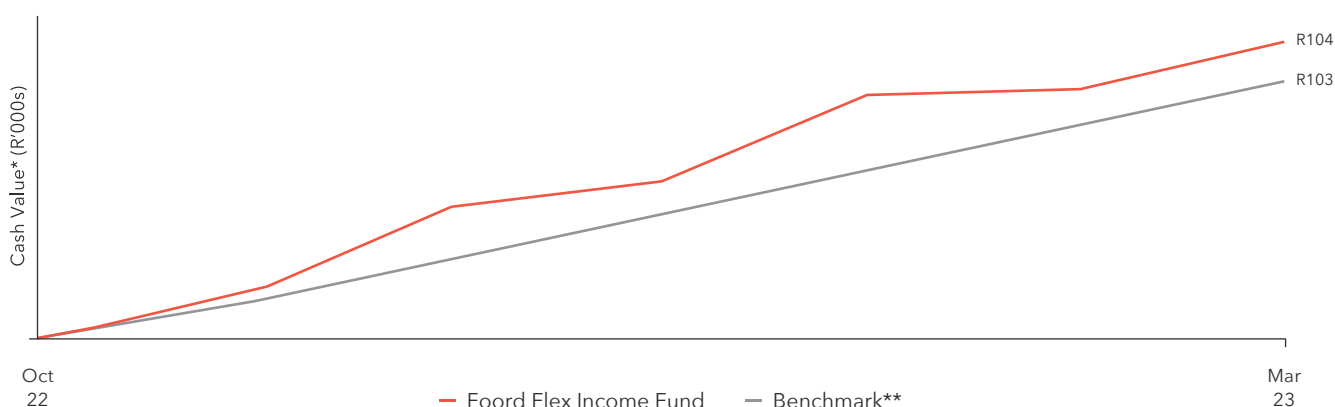
## Asset Allocation (At 31 March 2023)

	Developed Markets %	Emerging Markets %	Total %
Equity	56.0	32.9	88.9
Real estate	0.0	0.0	0.0
Money market	11.1	0.0	11.1
<b>Total</b>	<b>67.1</b>	<b>32.9</b>	<b>100.0</b>

# Foord Flex Income Fund

The Foord Flex Income Fund was launched on 1 October 2022 and accordingly only has a six-month track record at the financial year end. The fund aims to achieve high levels of income with some prospects of capital gain and low probability of capital loss over an investment horizon of 12 months to two years. The portfolio is managed to comply with the statutory investment limits set for retirement funds in South Africa (Regulation 28).

## Performance



\* Current value of R100 000 notional lump sum invested in Class A units at inception, distributions reinvested, net of fees and expenses (graphically represented in R'000s above)

\*\* Benchmark: 110% of Alexander Forbes Short-term Fixed-interest Call Deposit Index (Stefi Call)

## Asset Allocation (At 31 March 2023)

	Domestic %	Foreign %	Total %
Cash and call	5.7	0.0	5.7
Money market	39.1	2.0	41.1
Floating rate notes	16.1	0.0	16.1
Fixed rate negotiable certificates of deposit	13.5	0.0	13.5
Inflation linked bonds	13.9	0.0	13.9
Corporate bonds	0.0	0.6	0.6
Convertible bonds	0.0	4.2	4.2
Treasury Inflation-Protected Securities	0.0	4.9	4.9
<b>Total</b>	<b>88.3</b>	<b>11.7</b>	<b>100.0</b>
Currency hedge	10.6	(10.6)	0.0
<b>Currency exposure</b>	<b>98.9</b>	<b>1.1</b>	<b>100.0</b>

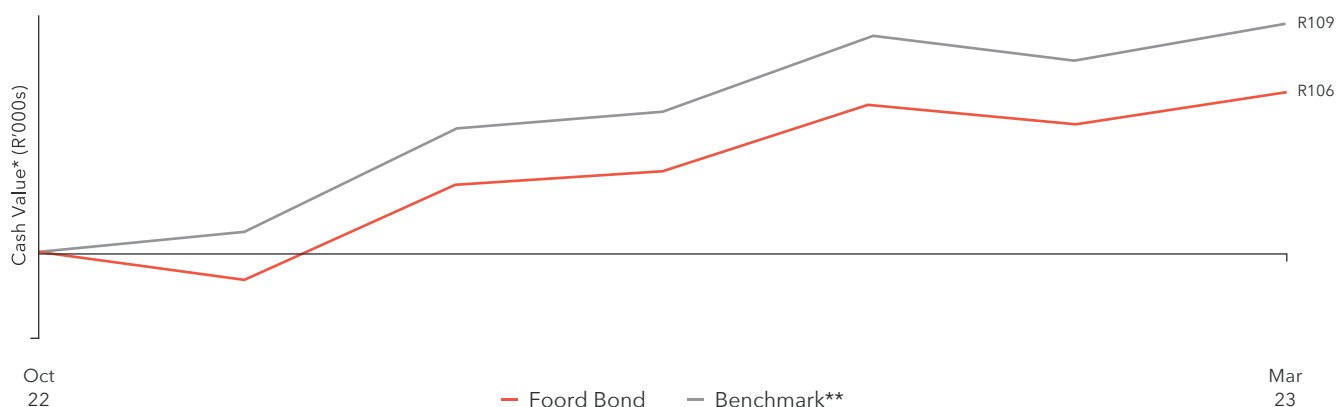


# Foord Bond Fund

The Foord Bond Fund was launched on 1 October 2022 and accordingly only has a six-month track record at the financial year end. The fund aims to outperform the FTSE/JSE All Bond Index over rolling three-year periods, with lower risk of loss. The portfolio is managed to comply with the statutory investment limits set for retirement funds in South Africa (Regulation 28).

The fund invests in a broad spectrum of listed and unlisted fixed interest securities of variable durations, reflecting the managers' assessment of interest rate trends. Weighted average duration will typically be within two years of the FTSE/JSE All Bond Index.

## Performance



\* Current value of R100 000 notional lump sum invested in Class A units at inception, distributions reinvested, net of fees and expenses (graphically represented in R'000s above)

\*\* Benchmark: FTSE/JSE All Bond Index (ALBI)

## Maturity Profile (At 31 March 2023)

	Total %
• 0 - 1 year maturity	5.0
• 1 - 3 year maturity	6.0
• 3 - 7 year maturity	24.0
• 7 - 12 year maturity	24.0
• 12 - 20 year maturity	24.0
• 20+ years	17.0
<b>Total</b>	<b>100.0</b>

# Statements of Financial Position

As at 31 March 2023

	Foord Flexible Fund of Funds		Foord Balanced Fund		Foord Conservative Fund		Foord Equity Fund		Foord International Feeder Fund		Foord Global Equity Feeder Fund		Foord Flex Income Fund*	Foord Bond Fund*
	2023 R'm	2022 R'm	2023 R'm	2022 R'm	2023 R'm	2022 R'm	2023 R'm	2022 R'm	2023 R'm	2022 R'm	2023 R'm	2022 R'm	2023 R'm	2023 R'm
<b>ASSETS</b>														
Investments	9,965	9,574	25,408	25,235	892	888	3,565	3,503	3,734	3,350	56	53	893	618
Accounts receivable	65	88	135	84	2	2	44	36	-	-	-	-	2	135
Total assets	10,030	9,662	25,543	25,319	894	890	3,609	3,539	3,734	3,350	56	53	895	753
<b>LIABILITIES</b>														
Accounts payable	12	3	54	58	1	11	11	7	5	1	-	-	-	141
Distributions payable	51	81	226	323	12	12	32	43	-	-	-	-	16	29
Total liabilities	63	84	280	381	13	23	43	50	5	1	-	-	16	170
Net assets attributable to unitholders	9,967	9,578	25,263	24,938	881	867	3,566	3,489	3,729	3,349	56	53	879	583

\* Fund launched on 1 October 2022

# Statements of Comprehensive Income

For the year ended 31 March 2023 (2022: 13-month period ended 31 March 2022)

	Foord Flexible Fund of Funds		Foord Balanced Fund		Foord Conservative Fund		Foord Equity Fund		Foord International Feeder Fund		Foord Global Equity Feeder Fund		Foord Flex Income Fund*	Foord Bond Fund*
	2023 R'm	2022 R'm	2023 R'm	2022 R'm	2023 R'm	2022 R'm	2023 R'm	2022 R'm	2023 R'm	2022 R'm	2023 R'm	2022 R'm	2023 R'm	2023 R'm
<b>Net Investment Income</b>	151	307	878	953	31	38	139	139	2	5	-	-	31	31
Dividends	114	198	554	592	9	15	127	153	-	-	-	-	-	-
Interest	37	109	345	378	23	23	14	3	-	-	-	-	27	27
Income adjustments	-	-	(21)	(17)	(1)	-	(2)	(17)	2	5	-	-	4	4
<b>Deductions</b>	(15)	(34)	(190)	(83)	(5)	(10)	(29)	(18)	(6)	(7)	-	-	(1)	-
Service charge	(14)	(33)	(186)	(80)	(5)	(10)	(28)	(17)	(6)	(6)	-	-	(1)	-
Other expenses	(1)	(1)	(4)	(3)	-	-	(1)	(1)	-	(1)	-	-	-	-
<b>Net income (deficit)</b>	136	273	688	870	26	28	110	121	(4)	(2)	-	-	30	31
Income distributions	(136)	(273)	(688)	(867)	(26)	(28)	(110)	(121)	-	-	-	-	(30)	(31)
Accumulated deficit at beginning of year	-	-	-	(3)	-	-	-	-	(22)	(20)	(1)	(1)	-	-
<b>Accumulated deficit at year end</b>	-	-	-	-	-	-	-	-	(26)	(22)	(1)	(1)	-	-

\* Fund launched on 1 October 2022

# Directors' Responsibility and Approval of the Abridged Annual Financial Statements

The directors of Foord Unit Trusts (RF) (Pty) Limited are responsible for the preparation of the abridged annual financial statements and related financial information included in this annual report.

The abridged annual financial statements and supplementary information of the Foord Flexible Fund of Funds, Foord Balanced Fund, Foord Conservative Fund, Foord Equity Fund, Foord International Feeder Fund, Foord Global Equity Feeder Fund, Foord Flex Income Fund and Foord Bond Fund for the year ended 31 March 2023 were approved by the Board of Directors of Foord Unit Trusts (RF) (Pty) Limited on 27 June 2023 and are hereby signed on its behalf by:

*W Fraser*

Chairman

*PA Desai*

Chair: Audit and Risk Committee

## Trustee Report on the Foord Unit Trust Scheme

As Trustees to the Foord Unit Trust Scheme (the Scheme), we are required in terms of the Collective Investment Schemes Control Act, 2002 (Act No.45 of 2002) (the Act) to report to participatory interest holders on the administration of the Scheme during each annual accounting period.

We advise that for the period 1 April 2022 to 31 March 2023 we reasonably believe that the Manager has administered the Scheme in accordance with the:

- i) limitations imposed on the investment and borrowing powers of the manager by the Act; and
- ii) provisions of the Act and the relevant deeds.

We confirm that, according to the records available to us, there were no material instances of compliance contraventions and therefore no consequent losses incurred by the Portfolios in the year.

Yours faithfully

*Nelia De Beer*

Head — Trustee Services  
Rand Merchant Bank Limited

30 June 2023

*Marian Rutters*

Manager — Trustee Services  
Rand Merchant Bank Limited

# Total Cost Ratio

The Total Cost Ratio for any portfolio is the sum of its Total Expense Ratio (TER) and Transaction Cost Ratio (TCR).

A 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 service charge, VAT, audit fees, bank charges and costs incurred in any underlying funds. Included in the TER, but separately disclosed, is a performance fee charge (or credit) resulting from over-performance (or under-performance) against the benchmark. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER is not an indication of future TERs.

The TCR comprises expenses such as brokerage, VAT, Securities Transfer Tax, Investor Protection Levies and STRATE contract fees incurred when buying and selling investments, expressed as a percentage of the average daily value of the portfolio. These costs are excluded from the TER measure. The quantum of transaction costs is affected by the quantum of the fund's gross inflows and outflows that are required to be invested or disinvested from the portfolio.

	Year to 31 Mar 2023				Thirteen Months to 31 Mar 2022			
	TER	Performance fees in TER	TCR	Total Cost Ratio*	TER	Performance fees in TER	TCR	Total Cost Ratio*
Foord Flexible Fund of Funds	<b>0.76%</b>	-0.35%	<b>0.01%</b>	<b>0.77%</b>	0.91%	-0.26%	0.03%	0.94%
Foord Balanced Fund	<b>1.48%</b>	0.03%	<b>0.04%</b>	<b>1.52%</b>	0.93%	-0.56%	0.04%	0.97%
Foord Conservative Fund	<b>1.06%</b>	-0.36%	<b>0.06%</b>	<b>1.12%</b>	1.53%	0.04%	0.08%	1.61%
Foord Equity Fund	<b>1.17%</b>	0.00%	<b>0.17%</b>	<b>1.34%</b>	0.83%	-0.33%	0.15%	0.98%
Foord International Feeder Fund	<b>1.43%</b>	N/A	<b>0.00%</b>	<b>1.43%</b>	1.42%	N/A	0.00%	1.42%
Foord Global Equity Feeder Fund	<b>1.58%</b>	N/A	<b>0.00%</b>	<b>1.58%</b>	1.30%	N/A	0.00%	1.30%
Foord Flex Income Fund**	-	-	-	-	-	-	-	-
Foord Bond Fund**	-	-	-	-	-	-	-	-

\* Class A units

\*\* Will be disclosed after 12 months of operation

Note: May not cross-cast due to rounding differences

# Distribution Information

	Cents per Participatory Interest		
	Dividend Component*	Interest Component*	Total
<b>FOORD FLEXIBLE FUND OF FUNDS — Class A</b>			
No. 28: 6 months to 31 March 2023	13.60	6.03	19.63
No. 27: 6 months to 30 September 2022	25.94	6.39	32.33
No. 26: 6 months to 31 March 2022	16.83	10.41	27.24
No. 25: 7 months to 30 September 2021	42.10	22.79	64.88
<b>FOORD BALANCED FUND — Class A</b>			
No. 39: 6 months to 31 March 2023	21.81	27.28	49.09
No. 38: 6 months to 30 September 2022	81.41	33.09	114.50
No. 37: 6 months to 31 March 2022	41.39	32.04	73.43
No. 36: 7 months to 30 September 2021	81.83	45.73	127.56
<b>FOORD CONSERVATIVE FUND — Class A</b>			
No. 19: 6 months to 31 March 2023	4.38	15.31	19.69
No. 18: 6 months to 30 September 2022	7.03	14.82	21.85
No. 17: 6 months to 31 March 2022	6.00	11.07	17.07
No. 16: 7 months to 30 September 2021	8.83	12.49	21.31
<b>FOORD EQUITY FUND — Class A</b>			
No. 39: 6 months to 31 March 2023	53.17	13.43	66.60
No. 38: 6 months to 30 September 2022	173.05	6.84	179.89
No. 37: 6 months to 31 March 2022	87.51	2.31	89.82
No. 36: 7 months to 30 September 2021	165.23	1.87	167.10
<b>FOORD FLEX INCOME FUND — Class A**</b>			
No. 2: 3 months to 31 March 2023	-	17.37	17.37
No. 1: 3 months to 31 December 2022	-	15.52	15.52
<b>FOORD BOND FUND — Class A**</b>			
No. 1: 6 months to 31 March 2023	-	47.12	47.12
<b>FOORD INTERNATIONAL FEEDER FUND — Class A***</b>			
<b>FOORD GLOBAL EQUITY FEEDER FUND — Class A***</b>			

\* Gross of any applicable South African dividends and interest withholding taxes.

\*\* Class inception on 1 October 2022

\*\*\* There were no distributions in the current or previous reporting periods as the Foord global funds do not distribute their income (it is rolled up into the unit price of the funds). As a result, the feeder fund had insufficient income after deducting expenses and the deficits are carried forward to the following period.

# Company Information

Registration number:	2001/029793/07
Address of registered office:	8 Forest Mews, Forest Drive, Pinelands, 7405
Ultimate holding company:	Foord Group Holdings (Pty) Ltd
Directorate:	William Fraser (Non-Executive Chairman from 5 October 2022) Diane Behr (Executive) Don Bowden (Independent) Paul Cluer (Executive; Chairman up to 5 October 2022) Prakash Desai (Independent; Chairman – Audit Committee) Mark Hodges (Non-executive)
Investment manager:	Foord Asset Management (Pty) Ltd (FSP: 578)
Trustee:	Rand Merchant Bank, a division of FirstRand Bank Limited
Auditor:	KPMG Inc.
Administrator:	Silica Administration Services (Pty) Ltd
<b>CONTACT US</b>	
Foord Unit Trusts:	021 532 6969
Email:	unittrusts@foord.co.za
Website:	www.foord.co.za
Physical address:	8 Forest Mews, Forest Drive, Pinelands, 7405
Postal address:	96 Forest Drive, Pinelands, 7405

## DISCLOSURES

Foord Unit Trusts (RF) (Pty) Ltd (Foord Unit Trusts) is an approved Cisca Management Company (#10). 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 portfolios. Individual investor performance may differ due to 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 feeder fund portfolio 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. 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. Foord Unit Trusts is authorised to close the portfolio to new investors 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](http://www.foord.co.za) and in national newspapers. The cut-off time for instruction is 14h00 each business day.

## 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.

## UNABRIDGED AUDITED FINANCIAL STATEMENTS

Copies of the unabridged audited financial statements of Foord Unit Trusts (RF) (Pty) Ltd and the Foord Unit Trust Scheme are available to investors for review at the registered office of the company by prior arrangement.



A MEMBER OF THE ASSOCIATION FOR SAVINGS & INVESTMENT SA



