

SYNOPSIS

PORTFOLIO PERFORMANCE

	Fund ¹	Peer Group ²	US Inflation	MSCI World Equities	World Bonds ³
	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>	<u>%</u>
Last 3 months	-5.5	-9.0	1.6	-16.2	-8.9
Last 12 months	-3.0	-11.8	7.5	-14.3	-16.8
Last 3 years	6.6	1.3	4.2	7.0	-4.3
Last 5 years	4.6	1.9	3.4	7.7	-1.2
Last 10 years	5.4	2.6	2.4	9.5	-0.7
Last 20 years	6.7	2.9	2.4	7.3	3.0
Last 25 years	6.3	3.5	2.4	5.9	3.3
Since inception ⁴	6.4	3.6	2.4	6.4	3.3

¹ Based on Class R performance return. The fund was launched on 2 April 2013 by a contribution in kind of the net assets of Foord International Trust ("FIT").

² USD Flexible Allocation Morningstar category average

³ FTSE World Government Bond Index. Source: Bloomberg L.P.

⁴ Investment returns from 10 March 1997 (inception date) to 1 April 2021 are those of the FIT's track record. Returns for periods greater than one year are annualised.

FUND VALUE

\$1.4 billion (31/03/2022: \$1.6 billion)

INVESTMENT OUTLOOK

Corporate margins and earnings peaking
 Inflationary pressures to persist
 Recession risks increasing
 Financial conditions tighten considerably
 China's PBOC one of few central banks easing monetary policy
 Asian bourses attractive versus global peers
 Geopolitical risks remain elevated

25-YEAR ANNIVERSARY

The fund celebrated its 25th anniversary earlier this year. The managers' early ambition for the Foord International Fund was to deliver meaningful US inflation-beating returns over long periods from a conservatively managed portfolio of global securities. Since inception, the fund has delivered exactly that — with US dollar returns of 6.4% per annum after fees, when US inflation averaged 2.4% per annum.

While not the fund's objective, it is also pleasing to see performance on par with world equity market returns (6.4% per annum with significantly more volatility) and meaningfully exceed the fund's peer group (3.6% per annum). Small return differences compounded over long periods have a dramatic impact on portfolio outcomes: \$100,000 invested at inception would have grown to \$485,260 in the fund, but to just \$243,458 if invested in the peer group.

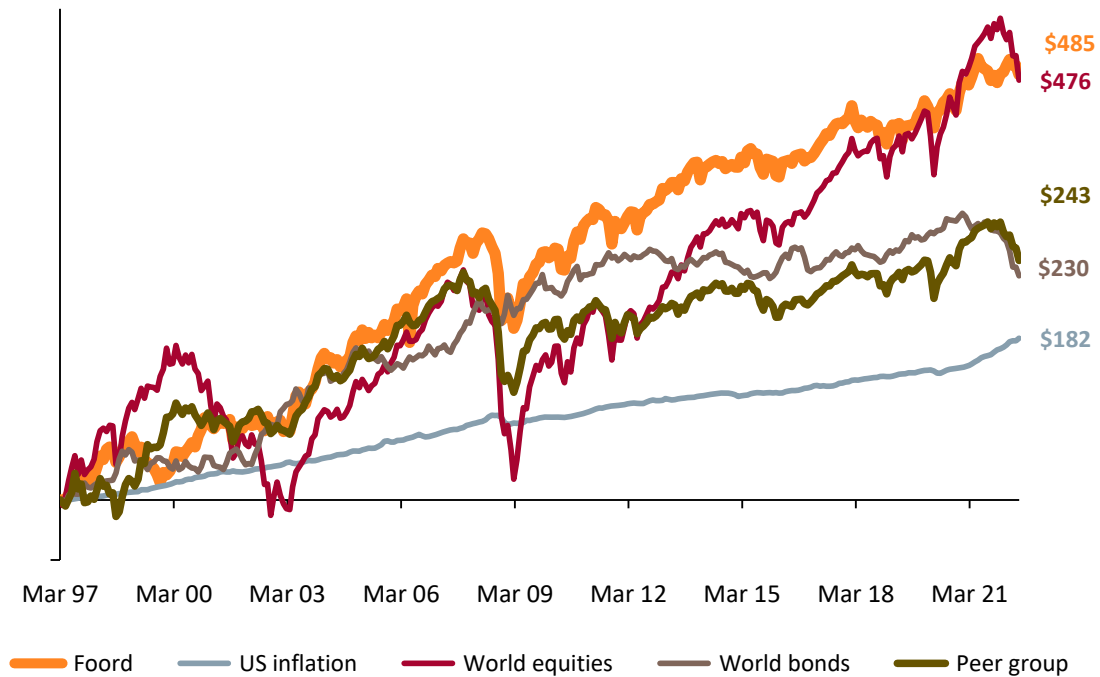
We look forward to investing our clients' capital with the same level of stewardship and success over the next two and a half decades and beyond.



MARKET BACKGROUND AND OUTLOOK

- The global economic outlook continues to be clouded by concerns of elevated inflation and slower growth — global central banks raised rates in the most widespread monetary policy tightening in more than two decades
- Rising inflation and recession fears caused global equities to retreat further, tipping US and European bourses into bear market territory with declines exceeding 20% this year — resulting in the worst first-half market performance for developed market equities since 1970
- Emerging markets (-11.4%) outperformed their developed market peers over the quarter, led by Chinese bourses (+3.4%) — driven by a seemingly more constructive technology regulatory environment coupled with a modest pivot towards loosening certain COVID-19 restrictions
- Government bonds provided little refuge for investors seeking protection from falling equity markets — rising yields caused developed market government bonds to fall in tandem with equities, despite a brief rally towards the quarter end as yields fell on recession fears
- All sectors declined during the quarter as investors shifted focus to rising fears of economic recession — cyclical sectors including consumer discretionary (-23.8%) and information technology (-21.8%) performed worst while defensive sectors including consumer staples (-6.4%) and healthcare (-7.2%) performed better
- The US dollar strengthened against all major currencies including the euro (-6.0%), British pound (-7.8%) and Japanese yen (-10.7%) — widening interest rate differentials coupled with the dollar’s safe-haven status have concurrently served to materially strengthen the greenback this year

PORTFOLIO PERFORMANCE



MANAGER COMMENTARY (PERCENTAGE RETURNS IN US DOLLAR UNLESS OTHERWISE STATED)

The fund (-5.5%) outperformed global markets in another volatile quarter which saw global developed market equities (-16.2%) falling steadily as high and accelerating inflation and declining consumer sentiment continued to weigh. Fears are also mounting about global central banks' ability and willingness to remain hawkish long enough to quell inflation expectations, without the required rate hikes tipping economies squarely into recession.

Supply chain issues are unlikely to be resolved in the near-term given Russia's ongoing war in Ukraine, which continues to crimp global energy and grain supplies, and continued targeted lockdowns in the world's largest exporting country, China. Given this backdrop, central banks may be forced to reduce demand even further to prevent high inflation from becoming entrenched.

The fund has been well positioned to weather what has been the worst first half recorded in global equity markets in over half a century. The fund returned -0.3% during the first half of 2022 while global developed market equities declined by 20.5%.

Both asset allocation and security selection contributed positively to fund performance during the quarter. The fund's short S&P500 futures (-19.1%) hedge protected investor capital as global equity markets declined. Positions in two short-duration bonds, NagaCorp (+7.7%) and a US 2-year sovereign note (+0.5%) also aided performance. NagaCorp, an owner and operator of the market leading integrated casino resort in Phnom Penh, Cambodia, has performed well as Cambodia and key markets from which the firm draws patrons, including Singapore and Malaysia, have fully reopened domestic and international travel.

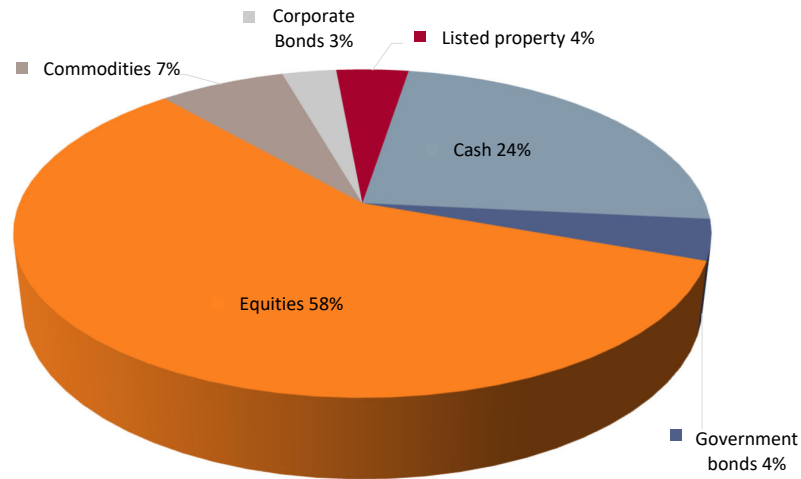
Within the fund's equity allocation, performance was led by Wharf Holdings (+20.4%), a developer and operator of A-class malls in Hong Kong and AIA Group (+4.4%), a market leader in personal and casualty insurance in Hong and Kong and China. Both benefitted as COVID-19 restrictions and quarantine requirements started to ease, firstly on the island and more latterly on the mainland.

Commodity linked equities including Freeport-McMoRan (-41.0%), FMC Corp (-18.3%), and Wheaton Precious Metals (-24.0%) detracted as commodity prices retraced. Shares of Freeport, a leading global copper miner, and FMC, a leader in crop science and crop protection, fell as investors began to fear that higher than expected interest rate increases will crimp demand for these products. Shares of Wheaton, a gold and silver stream, declined as the rising real returns now on offer in select fixed income markets has raised the opportunity cost of holding non-interest-bearing precious metals.

The fund remains conservatively positioned with cash and equivalents nearly one-third of the portfolio. While we expect further volatility ahead, the fund is positioned in a balanced way to weather various market and economic environments.

PORTFOLIO STRUCTURE

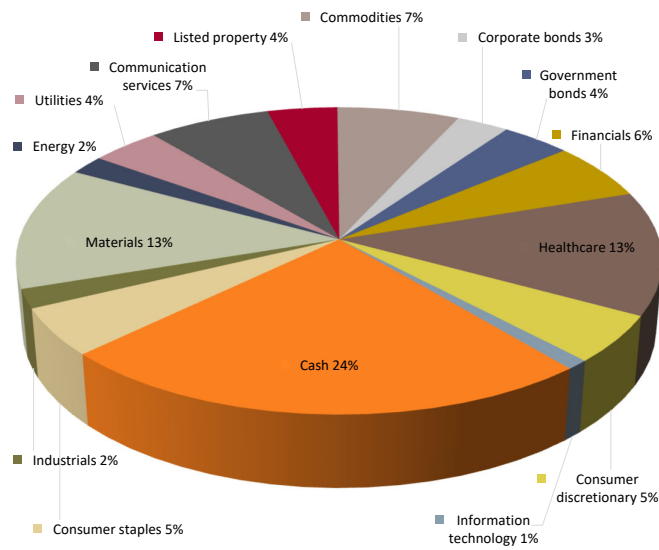
Asset Allocation



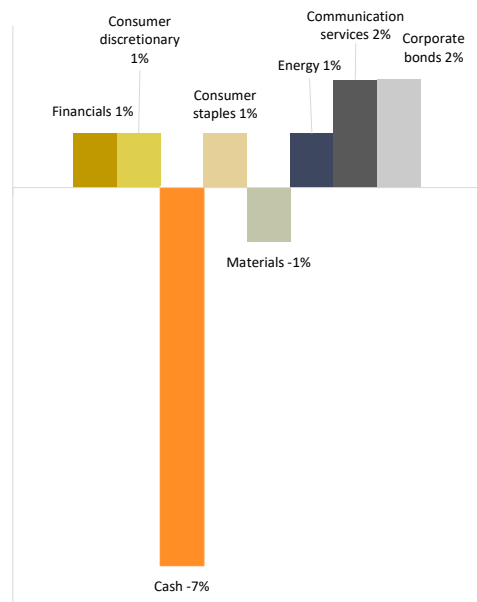
Top 5 Equity Positions

	<u>% of portfolio</u>
FMC Corp	6.3
Nestle	4.9
SSE PLC	4.9
CVS Health Corp	4.5
Freeport-McMoran Inc	3.6

Exposure Analysis

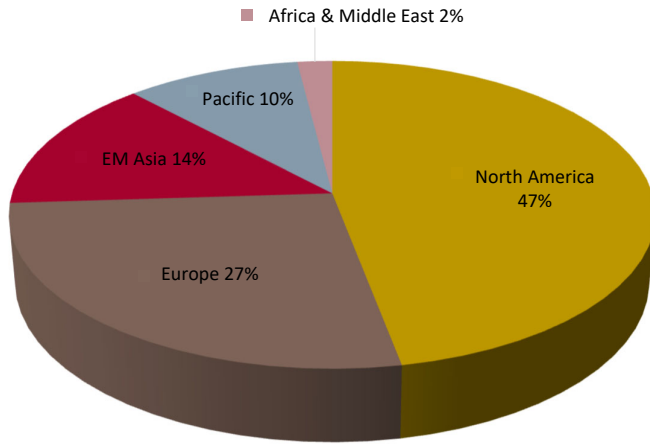


Changes in composition

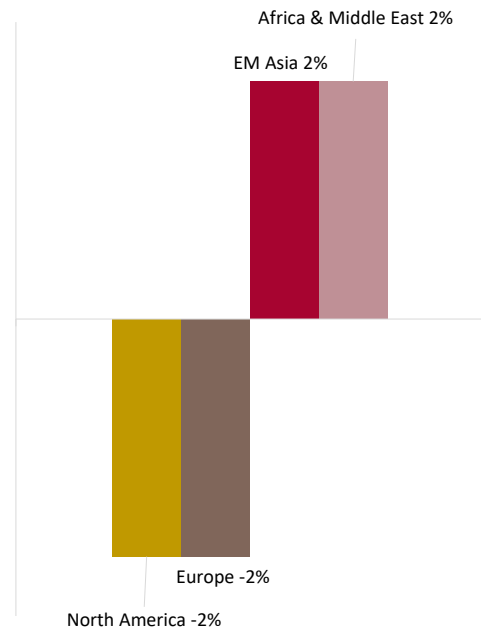


PORTFOLIO STRUCTURE (CONTINUED)

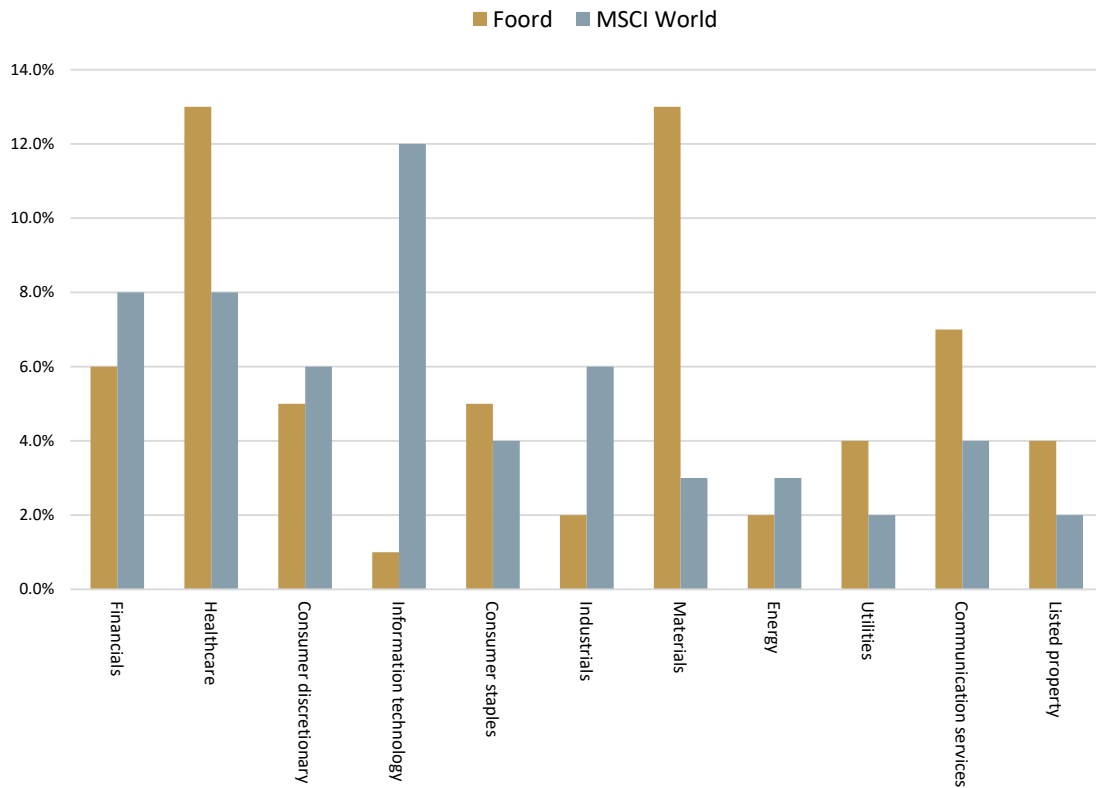
Geographical Region Exposure Analysis



Changes in composition



Equity Sector Weighting



FUND CONSTRUCTION

- Materials is the fund's largest sector exposure driven by bottom-up fundamentals for each portfolio holding — underinvestment in traditional energy resources and global industrial metals as well as supply shortages in core agricultural commodities make these sub-sectors a good inflation hedge
- The managers continue to believe in gold's safe-haven appeal, demonstrated most recently by the year-to-date return despite the headwind of rising real interest rates — the metal's uncorrelated drivers of return serves the portfolio as a hedge during periods of market stress (whether economically or geopolitically driven)
- Having been absent both corporate and sovereign debt for a long period of time due to interest rates far below what the managers require to compensate our investors for the accompanying risk — rates at the short end have now risen to a level whereby the managers are comfortable holding a modest position in low risk, short-duration credit
- Healthcare is also among fund's largest sector exposures as structural growth provided by ageing global populations will continue to provide a tailwind to earnings — these companies also tend to exhibit relative resilience during an economic slowdown
- The fund's Chinese investments are concentrated in the technology, consumer discretionary and financials sectors — the regulatory headwind felt most acutely in the technology sector over the previous eighteen months appears to be abating
- Select equities with pricing power remain the most attractive asset class on a relative basis — though caution is warranted given elevated valuations, geopolitical risk, material supply chain disruptions, and the increasing probability of a recession
- The fund's cash position declined — a mid-quarter spike in interest rates provided the managers with the opportunity to increase positions in select short duration credits

VOTING RESOLUTIONS

We apply our minds to every single resolution put to shareholders. We do not abstain unless it would be for strategic or tactical 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, authorising loans and financial assistance to directors, associate companies or subsidiaries and blanket authority to issue shares. On the rare occasion, we have 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.

VOTING RESOLUTIONS (CONTINUED)

	Total count	For (%)	Against (%)	Abstain (%)
Adopt financials	23	100	-	-
Auditor/Risk/Social/Ethics related	44	77	23	-
Buy back shares	19	68	32	-
Dividend related	15	100	-	-
Issue shares	17	-	100	-
Political expenditure/ donation	3	-	100	-
Re/Elect Director or members of supervisory board	287	98	2	-
Remuneration Policy including directors' remuneration	51	35	65	-
Signature of documents/ ratification	14	79	21	-
Others	20	75	25	-

B ARCESE / D FOORD
 JULY 2022

Disclaimer:

Foord SICAV—Foord International Fund is authorised in Luxembourg and regulated by the Commission de Surveillance du Secteur Financier (CSSF). For regulatory matters, please contact the Management Company, Lemanik Asset Management S.A. on T: +352 26 39 60, F: +352 26 39 60 02 or E: info@lemanik.lu.

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Performance, net of fees, is calculated for the portfolio on a single pricing basis (i.e. NAV to NAV rolling monthly basis). Since inception, no subscription fees or realisation fees were charges, and no dividend or distributions were declared or made by the fund. Individual investor performance may differ as a result of the actual investment date. Past performance of the fund is not indicative of its future performance.

Shares will be issued or realised on a forward pricing basis only on Valuation Day (as defined in the prospectus) and calculated based on the net asset value (“NAV”) represented by one share. Prices are published on www.foord.com within 2 business days after the relevant Valuation Day. All dealing application requests must be received before 16h00 (Central European time) on each Dealing Day. A schedule of fees and charges and maximum commissions is available on request.

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