

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	-5.3	-2.4	1.0	-3.5	-4.3
Last 1 year	1.6	7.4	3.6	22.0	-4.6
Last 3 years	2.5	1.1	5.7	8.1	-8.7
Last 5 years	3.0	1.5	4.0	7.3	-2.6
Last 10 years	3.3	1.8	2.8	8.3	-1.2
Last 20 years	5.9	2.7	2.6	7.9	1.8
Since inception	6.0	3.5	2.5	6.6	2.9

¹ Based on Class R performance return. The fund was launched on 2 April 2013 by contributions in-kind from the net assets of Foord International Trust ("FIT"), which was incepted on 10 March 1997. Investment returns prior to 2 April 2013 are those of the FIT's track record.

² USD Flexible Allocation Morningstar category average

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

Returns for periods greater than one year are annualised.

FUND VALUE

\$1.3 billion (30/06/2023: \$1.5 billion)

INVESTMENT OUTLOOK

Deteriorating auto loan and credit card delinquencies point to likely economic contraction

2024 core inflation trends to target driven by respite in shelter inflation

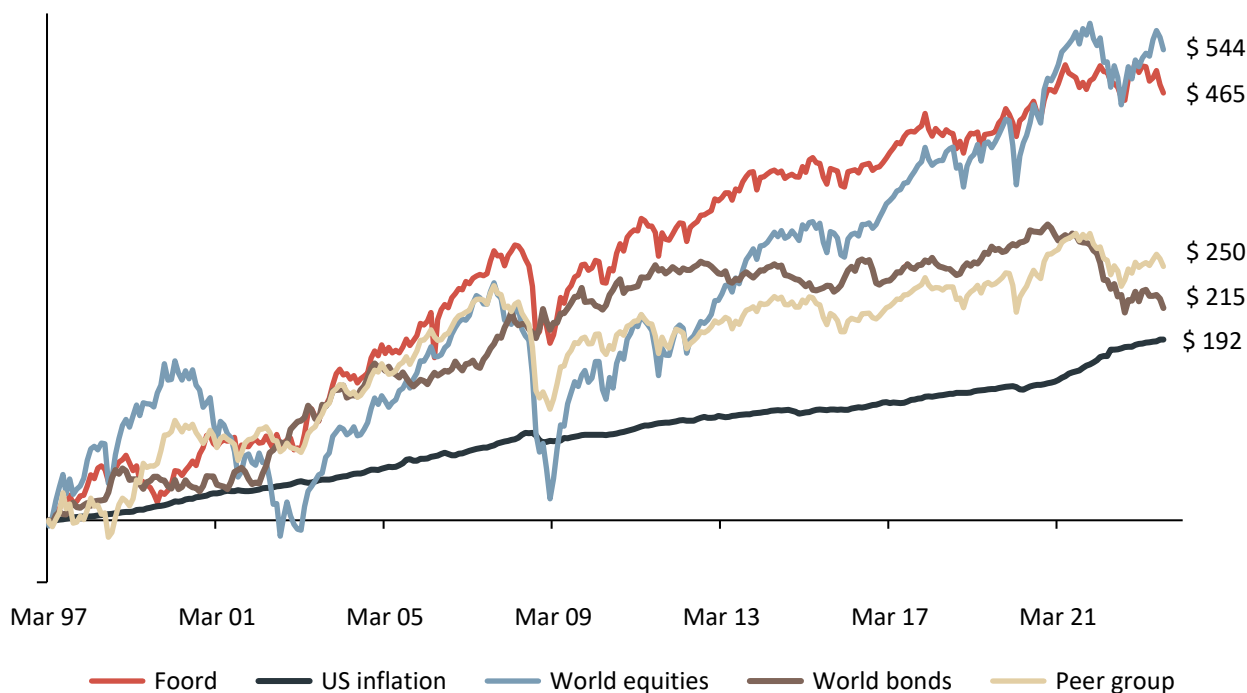
Headline inflation outlook uncertain due to volatile food and energy prices

Interest rates likely near peak, but upward bias remains

Asian markets attractive as China regulatory overhang has abated

Gold maintains safe haven appeal amid heightened political tensions

Prefer defensive, high-quality, dividend-paying equities and high-quality credit

PORTFOLIO PERFORMANCE

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

- Despite strong economic news, developed market economies find themselves in a continued tug of war between growth and inflation — “hawkish hold” by central banks drove yields higher and the price of risk assets lower
- The US 10 Year Treasury yield rose to its highest level in 15 years during the quarter, ending at 4.6% — global equities fell 3.4% while global sovereign bonds declined 4.3%
- The fund declined over the period led by shares of FMC which declined on weak second quarter results — the global leader in agricultural crop protection continues to grapple with Covid-related supply chain and sales channel disruptions which are expected to be worked through in the coming quarters
- The fund’s equity hedges, held primarily through short futures positions, contributed most to fund returns during the quarter — value is added through these positions during periods of volatility and falling markets
- The fund’s holdings in global video game developer Activision contributed to returns — Activision shares rose as investors gained more clarity and comfort that the firm’s acquisition by Microsoft would go ahead
- Other contributions to returns included energy companies Total Energies and CNOOC — energy stocks were driven higher by rising oil prices after OPEC+ members Saudi Arabi and Russia announced production cuts

PORTFOLIO STRUCTURE¹
ASSET ALLOCATION (%)
Quarter-on Quarter (QnQ) change

Equities		46 ▲	(12)
Cash		30 ▼	12
Government bonds		9 ▲	-
Commodities		7 ▼	-
Real estate		4 ▼	(1)
Corporate Bonds		4 ▲	0

TOP 10 INVESTMENTS

SECURITY	ASSET CLASS	LISTING	% OF FUND
Activision Blizzard	Equity	USA	5.9
ETFs Physical Gold	Commodity	GBR	5.6
SSE PLC	Equity	GBR	5.4
Freeport-McMoran Inc	Equity	USA	4.9
Nestle	Equity	CHE	4.1
FMC Corp	Equity	USA	4.0
Sasol convertible bond 5.875%	Corporate bond	USA	3.6
Wheaton Precious Metal	Equity	USA	3.5
Alibaba	Equity	HKG	3.1
Wharf REIC	Real Estate	HKG	3.0

GEOGRAPHIC EXPOSURE ANALYSIS

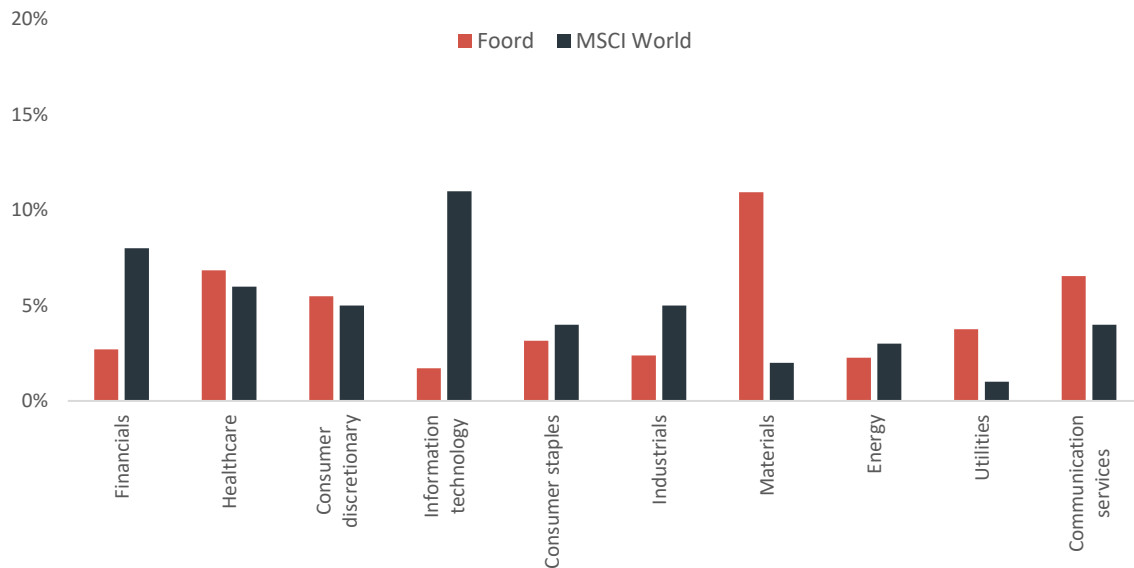
REGION (%)	TOTAL	EQUITY		CASH
		Current Qtr	QoQ change	
North America	48	7 ▼	(13)	31
Europe	26	20 ▼	-	-
Pacific	10	6 ▼	-	-
Emerging Asia	12	12 ▼	-	-
Africa & Middle East	4	-	▼	-
TOTAL	100	45		31

¹ Figures may vary and total may not cast perfectly due to rounding

PORTFOLIO STRUCTURE (CONTINUED)

EQUITY SECTOR ALLOCATION (%)		QoQ change	
Materials	11	▼	(4.8)
Healthcare	7	▼	(1.2)
Communication services	6	▼	(0.6)
Consumer discretionary	5	▼	(0.6)
Utilities	4	▼	(1.2)
Financials	3	▼	(0.7)
Consumer staples	3	▼	(1.5)
Industrials	2	▼	(0.8)
Energy	3	▼	(0.1)
Information technology	2	▼	(0.5)
	46		

EQUITY SECTOR WEIGHTING RELATIVE TO MSCI WORLD INDEX



FUND CONSTRUCTION

- The fund's equity exposure has declined – though the inflation protection provided by equities, particularly those equities with claims to real assets and with real pricing power, remains strong, elevated valuations, geopolitical risk, and a likely forthcoming recession temper our short to medium-term return expectations
- The fund's fixed income exposure has increased – having been mostly absent corporate and sovereign debt for a lengthy period due to excessive valuations, yields at the short end of the curve have now risen to a level where the managers are comfortable modestly increasing credit positions in high quality sovereign and corporate debt while moderately increasing duration
- As real rates approach what is likely to be a near-term peak, gold once again has begun to perform well (the non-interest-bearing metal, faces headwinds in rising real-rate rise and alternative investments offer a reasonable alternative) – the metal's uncorrelated drivers of return serve the portfolio as a hedge during periods of geopolitical and/or market volatility
- Within equities, the materials sector is the fund's largest exposure driven by attractive 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
- Healthcare is also among fund's largest sector allocations given the structural growth tailwinds provided by an ageing global population – healthcare company earnings have also proven to be relatively resilient during periods of economic uncertainty
- Further Chinese stimulus measures coupled with attractive valuation serve as tailwinds for Chinese equities – despite these tailwinds we expect a rebound to take time as US/China geopolitical tensions remain elevated and the country's property sector woes persist
- Cash and cash equivalents (created through the hedging of the fund's equity positions) have increased from 19% in Q2 to nearly 30% in Q3, representing increased conservatism as leading economic indicators signal initial signs of stress in US consumers
- Embedded firmly in our investment philosophy, is our approach to finding value and managing risk - buying quality businesses underpinned by strong fundamental moats and real cash earnings – we continue to employ this approach, investing with conviction in companies that meet our fundamental investment criteria while offering adequate downside protection and good value
- Though our caution has hindered year-to-date performance, at present, it remains prudent to maintain conservatism – our goal has always been two-fold, to protect investor capital steadfastly, and to grow returns meaningfully ahead of inflation over time.

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.

	Total vote	For (%)	Against (%)	Abstain (%)
Adopt financials	2	100	-	-
Auditor/Risk/Social/Ethics related	6	100	-	-
Shares buyback	1	100	-	-
Dividend related	2	100	-	-
Issue shares	2	-	100	-
Political expenditure/Donation	1	100	-	-
Re/Elect director or members of supervisory board	39	100	-	-
Remuneration policy including directors' remuneration	4	25	75	-
Signature of documents/ Ratification	7	43	57	-

B ARCESE / D FOORD
 October 2023

Disclaimer:

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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 charged. No dividend or distributions were declared or made. 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 two (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.

Economic forecasts and predictions are based on Foord’s interpretation of current factual information, and exploration of economic activity based on expectation for future growth under normal economic conditions, not dissimilar to previous cycles. Forecasts and commentaries are provided for information purposes only and are not guaranteed to occur.

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