FRANKLIN TEMPLETON

Brandywine Global Opportunistic Fixed Income Fund PIE Fund

Fund Facts

Benchmark

Bloomberg Global Aggregate Bond Index, Hedged to New Zealand Dollars

Issuer & Manager

FundRock NZ Limited

Delegated Investment Manager

Brandywine Global Investment Management as appointed by Franklin Templeton Australia Limited

Inception Date

27/03/2018

Strategy

The Fund invests in an actively managed portfolio of sovereign bonds, investment grade corporate bonds, mortgage securities, currencies and other similar securities. The Fund can also invest in emerging market debt, high yield debt, and below investment grade non-sovereign and corporate debt.

The Fund searches the globe for attractive real yield opportunities. The Fund is an alpha seeking, high conviction strategy with a 'go anywhere', opportunistic style with strict risk limits in place to avoid over-exposure to any one region or issuer. Combining bond and currency strategies, the Fund aims to deliver a truly global opportunity set for New Zealand fixed income investors.

The strategy seeks to capture interest income and additionally generate principal growth through capital appreciation when market conditions permit. The strategy seeks to earn a return (before fees and taxes) in excess of the Benchmark, the Bloomberg Global Aggregate Bond Index, Hedged to New Zealand Dollars, over rolling five-year periods.

What happened in the market?

After rising in April and May, the global fixed income market experienced a setback in June. The market continued to experience periods of volatility, as uncertainties persisted amid a fragile ceasefire between the U.S. and Iran, falling oil prices, and mixed signals related to future monetary policy. In the U.S., yields declined after moving higher the previous three months.

The U.S. dollar rallied in June, as it was supported by resilient economic activity and expectations that the Fed will raise interest rates this year. The Australian dollar declined as the high beta currency was weighed down by the U.S. dollar's rally.

The overall emerging market debt asset class rose in June and most emerging market currencies fell versus the U.S. dollar.

U.S. investment-grade spreads and high-yield spreads widened during the month but generated positive total returns. Risk-on/risk-off periods impacted the credit markets. U.S. mortgage-backed security (MBS) slightly widened and posted a positive total return in June.

What happened in the Fund?

The Fund was up 0.17% (after fees) over the month of June. In comparison the benchmark as measured by the (Bloomberg Global Aggregate Bond Index (NZD)) was up 0.27% over the same period.

Duration positively contributed to performance while currency exposure detracted. The Fund's duration exposure is opportunistically allocated across both developed and emerging markets. We expect developed-market yields to remain broadly range-bound in 2026 but see selective opportunities in the UK, Australia, the US, and Italy.

From a bond perspective, an overweight to local currency Colombian bonds was the strongest contributor as domestic political volatility eased and the country continued to be viewed as relatively insulated from persistent geopolitical shocks in the oil market.

An overweight to Mexican duration was also positive as high carry more than offset increased fiscal and inflation concerns.

An overweight to Australian regional agency bonds was a standout, where attractive income, elevated starting yields and supportive valuations provided a tailwind.

Within active currency, the Australian dollar contributed to performance, supported by resilient domestic fundamentals. Conversely an overweight to the U.S. Dollar was a detractor amid renewed demand following a preliminary agreement between the United States and Iran.

In emerging markets, we remain bullish on Latin America, specifically LATAM sovereign bonds, which stand out for their high nominal & real yields. As US growth momentum moderates and capital flows rebalance, these markets are well-positioned to benefit.

Within credit, we favour short-dated high yield bonds for their income, low duration, and pull-to-par dynamic, which helps offset spread widening.

What is the outlook?

The global macro backdrop remains volatile as energy prices have attempted to normalize, reducing the most acute downside risk to growth. Near-term inflation and activity data may remain uneven as the effects of the energy-price round trip pass through, but the broader expansion appears resilient, supported by steady consumer demand and the ongoing artificial intelligence investment cycle. Encouragingly, corporate spending is showing early signs of broadening beyond AI, while labor-market conditions are beginning to stabilize, suggesting growth may be becoming more self-sustaining. For bond markets, lower energy prices have helped temper inflation concerns and supported the recent decline in yields, although healthy underlying growth and still-cautious central banks may limit the scope for a much deeper rally. In currency markets, recent U.S. dollar strength has been supported by relative U.S. outperformance, equity inflows and a more hawkish Federal Reserve stance, but further upside may be harder to sustain if lower energy prices provide a larger growth benefit outside the United States and narrow the recent U.S. growth advantage.

Fund performance (%) as at 30 June 2026

	1 mth	3 mths	6 mths	1 yr	3 yrs p.a.
Fund (net)	0.17	2.88	2.01	3.00	2.35
Benchmark	0.27	0.99	0.40	1.68	3.64

The performance in this fact sheet is net of fees. Investors should also refer to the quarterly Fund Update, which is available on www.fundrock.com/fundrock-new-zealand and www.business.govt.nz/disclose. Past performance is not indicative of future performance.

Key features of the Fund

High conviction

Brandywine Global's conviction levels drive the composition of the Fund, not a benchmark.

Active management

Allows investors to gain overweight exposure to countries that are likely to outperform and underweight exposure to those who are likely to underperform.

Top down approach

That can capitalise on shifting geographic and macro trends.

Currency as a source of returns aims to take

Advantage of currency opportunities to enhance returns.

Superior risk adjusted returns

Designed to capture market upside but aiming to avoid market downside, and to provide long term performance.

Access to high real yields

With diversification outside of G3 countries.

Country Allocation (%) - Top 5

United States	39.44
United Kingdom	14.59
Australia	12.43
Mexico	12.39
Italy	6.21

Sector Allocations (%)

Government Sovereign - DM	30.77	Corporate	8.92
Government Sovereign - EM	21.15	Cash	5.00
Mortgage Backed Securities	20.32	Derivatives	(3.54)
Government Related	17.38		

Fund statistics

Fund size ($m) (NZD)	323.41
Average Effective Duration (years)	5.70
Weighted Average Maturity	14.21
Average Credit Quality	A
Current Yield (%)	6.21
Number of issues	86

Meet the team

The Fund is led by an experience, long-tenured portfolio management team that includes:

Anujeet Sareen, CFA

Managing Director & Portfolio Manager, with firm since 2016

Jack P McIntyre, CFA

Portfolio Manager, with firm since 1998

Brian L. Kloss, JD, CPA

Portfolio Manager, with firm since 2009

Tracy Chen, CFA, CAIA

Portfolio Manager, with firm since 2008

Paul Mielczarski

Portfolio Manager, with firm since 2023

Investment manager

Brandywine Global Investment Management, LLC ("Brandywine Global"), has built up significant experience across fixed income, equity and global portfolios that invest in international markets. Founded in 1986 by a group of highly experienced portfolio managers, Brandywine Global pursues one investment approach: value investing. Through practical experience, Brandywine has determined that value-style investing — whether in fixed income markets or equity — can provide excellent risk-adjusted returns over full investment cycles, and it is a particularly important strategy in today's global markets.

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