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?

Global bond markets weakened in July as sovereign yields moved higher across most developed and emerging markets. Renewed fighting in the Middle East pushed oil prices higher, reinforcing inflation concerns at a time when inflation remains elevated across many economies. Although most major central banks left policy rates unchanged during the month, policymakers generally maintained a hawkish bias, leading markets to reassess the likelihood of additional rate hikes later in the year.

The U.S. dollar weakened during July, with much of the decline occurred late in the month as markets interpreted comments from Federal Reserve Chair Kevin Warsh as relatively dovish and reassessed the outlook for future Fed policy. The Japanese yen was a major driver of dollar weakness. Other developed market currencies also strengthened, including the euro, Australian dollar, and Norwegian krone. Performance across emerging market currencies was mixed, although Latin American currencies generally posted gains while African currencies weakened.

Credit markets remained relatively resilient in July despite renewed geopolitical uncertainty and higher government bond yields. Investment grade and high yield corporates were supported by stable corporate fundamentals and continued investor demand for income, although rising Treasury yields created a more challenging backdrop for spread sectors.

Within securitized markets, elevated mortgage rates and continued rate volatility kept refinancing activity subdued, which generally supported mortgage-backed securities from a prepayment perspective.

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.

Both duration and currency positively contributed to performance.

From a bond perspective, an underweight exposure to US duration was the strongest contributor, reflecting higher oil prices, shifting central bank expectations and ongoing fiscal concerns.

An underweight position in U.S. investment grade corporates contributed positively to performance, as higher Treasury yields created a headwind for the sector despite relatively stable credit spreads.

Within active currency, an overweight position in the South Korean Won was positive as the currency went from being one of Asia's worst performers to the world's best as a softer U.S. dollar and tighter monetary policy helped support the currency. An underweight to the U.S dollar also positively contributed, much of the decline occurred late in the month as markets interpreted comments from Federal Reserve Chair Kevin Warsh as relatively dovish and reassessed the outlook for future Fed policy.

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 but broadly resilient, with the IMF leaving its July global growth outlook largelyunchanged despite rising geopolitical and energy-related risks. Growth is becoming increasingly uneven, as economies tied to global technology supply chains, particularly in Asia, benefit from AI-driven demand and investment, while energy importers face greater inflation and activity pressures. These divergences reinforce the importance of a country-by-country approach, with energy exposure, policy responses, fiscal capacity and supply-chain positioning likely to drive outcomes. For bond markets, renewed energy pressures, resilient activity and cautious central banks may keep inflation risks elevated and limit the scope for a sustained rally, particularly in longer-dated developed-market bonds where fiscal concerns remain significant. In currency markets, the recent pullback in the U.S. dollar supports a constructive but selective view on non-dollar assets, while attractive real yields and shifting capital flows continue to create opportunities across Asia-Pacific, Latin America and select emerging and frontier markets as global trade and investment patterns continue to evolve.

Fund performance (%) as at 31 July 2026

	1 mth	3 mths	6 mths	1 yr	3 yrs p.a.
Fund (net)	0.79	1.90	1.40	4.36	2.14
Benchmark	-1.08	-0.30	-0.82	0.79	3.25

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	43.92
Mexico	12.30
Australia	11.78
United Kingdom	10.35
Colombia	5.77

Sector Allocations (%)

Government Sovereign - DM	25.76	Corporate	8.95
Mortgage Backed Securities	23.80	Cash	4.80
Government Sovereign - EM	19.95	Derivatives	0.35
Government Related	16.40		

Fund statistics

Fund size ($m) (NZD)	328.30
Average Effective Duration (years)	5.09
Weighted Average Maturity	14.50
Average Credit Quality	A+
Current Yield (%)	6.10
Number of issues	99

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.