

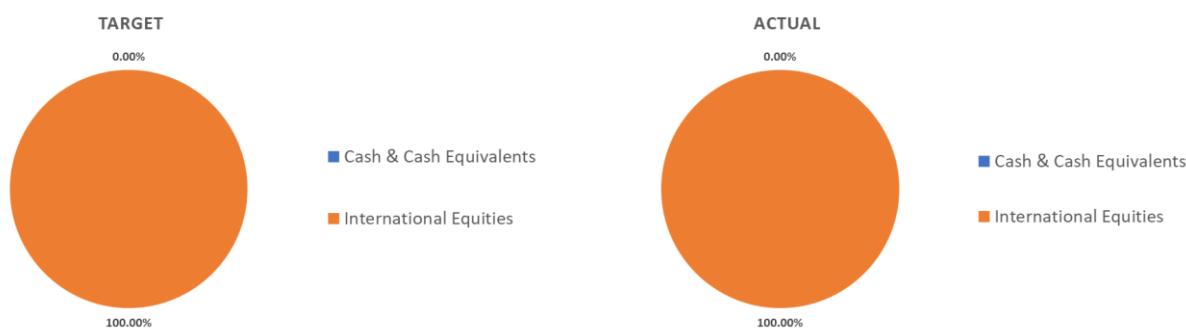
FOUNDATION SERIES US 500 FUND



Fund Fact Sheet at 31 December 2025

Fund Information	
Description	Single-sector fund targeting high-range long-run returns by investing in an underlying Exchange-Traded Fund ('ETF') that invests in shares of the largest companies listed on stock markets in the United States.
Objective	To perform broadly in line with the return of the Fund's investment benchmark on a before fees and tax basis.
Benchmark	Morningstar US Target Market Exposure TR NZD Index
Inception	7 November 2022
Fund Type	PIE
Fund Size (NAV)	\$233.9 million
Annual Fund Charges (Estimated, % of NAV)	0.03%
Performance Fee	Nil
Buy/Sell Spreads	Nil
Buy/Sell Transaction Fees	0.50%/0.50%
Unit Price	\$1.9355

Investment Mix



Commentary

The Foundation Series US 500 Fund slightly outperformed its benchmark in December, returning -0.09% after fees and before tax.

US equities delivered a positive December quarter, with the S&P 500 returning approximately +3.7% in unhedged NZD terms. In USD total-return terms the index rose +2.7%, while a weaker New Zealand dollar enhanced returns for NZ investors. The quarter's tone was supported by a resilient US economy and steady corporate earnings, even as market narratives periodically refocused on AI-related valuation risks and the concentration of index leadership in a small cohort of mega-cap stocks. Inflation data also remained relatively contained, with US CPI reported at +2.7% year-on-year, helping keep attention on the path of policy rates. Bond markets provided a shifting backdrop into year-end, with the US 10-year Treasury yield ending December at 4.17% (up from 4.02% in November).

Sector performance showed meaningful dispersion beneath the index's overall gain. Over the quarter, Health Care led with +11.2%, while Communication Services rose +7.1% and Information Technology gained +1.3%. More rate-sensitive and defensives lagged: Real Estate fell -3.7%, Utilities declined -2.1%, and Consumer Staples slipped -0.7%. This pattern was consistent with the quarter's push-and-pull between growth leadership, interest-rate sensitivity, and periodic valuation jitters around parts of the AI theme.

Market structure remained a defining feature of returns. The S&P commentary highlighted the outsized influence of the "Magnificent 7," noting they accounted for 34.9% of the S&P 500's market value and 42.0% of 2025's total return contribution. Breadth softened into year-end, with December seeing 242 advancers and 260 decliners, reinforcing the sense of narrow leadership despite new highs during the month. Market watchers noted that comparisons to prior bubble periods were becoming more common as markets rose, underscoring the importance of diversification when leadership is concentrated. Volatility eased into year-end, with the VIX closing December at 15.0.

The Fund's strategy is to provide exposure to a diversified portfolio of US equities, targeting high-range long-run returns by reweighting back to the Fund's benchmark/target investment mix within a cost-effective and tax appropriate investment structure.

Performance	1 Mth	3 Mths	6 Mths	1 Year	3 Years (p.a.)	Incept (p.a.)
Fund (after fees before tax)	-0.09%	3.71%	17.22%	14.82%	26.96%	23.46%
Fund (after fees and 28% PIR)	-0.21%	3.34%	16.39%	13.22%	25.19%	21.68%
Benchmark (no deductions)	-0.19%	3.45%	16.92%	14.76%	27.20%	23.48%

Investors should also refer to the Quarterly Fund Update, which is available at [fundrock.com/fundrock-new-zealand](https://www.fundrock.com/fundrock-new-zealand) and business.govt.nz/disclose.

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