

# FOUNDATION SERIES US 500 FUND



## Fund Fact Sheet at 31 January 2024

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 exchanges 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)	\$44.8 million
Annual Fund Charges (Estimated, % of NAV)	0.03%
Performance Fee	Nil
Buy/Sell Spread	Nil
Entry/Exit Fee	0.50%/0.50%
Unit Price	\$1.2520

### Investment Mix



### Commentary

The Foundation Series US 500 Fund slightly underperformed its benchmark in January, returning 4.49% after fees and before tax.

January saw the S&P 500 Index finish +1.6% higher in USD terms and finally closed above its previous all-time high set in the first trading day of 2022. This latest record close was fuelled by a number of data releases that pointed to the ongoing resilience of the US economy, with headline figures including 216,000 jobs being added in December, unemployment remaining steady at 3.7% and the economy notching a blowout annual GDP growth rate of 3.3%. Overall, the S&P 500 would finish the month +1.6% higher in local terms.

A handful of familiar names once again fuelled the rally as strong fourth quarter earnings results from mega cap tech names propelled the S&P 500 to uncharted territory. Meta, Microsoft and Nvidia each marked new highs over the month, underscoring their significant influence on the markets. These three mainstays, along with the rest of their Magnificent Seven counterparts in Apple, Alphabet, Amazon and Tesla have ushered in one of the narrowest markets in history, with only 26% of stocks outperforming the index towards the end of January.

Over the month, only 5 of the 11 sectors gained, compared to the vast majority gaining in December and 8 of 11 across all of 2023. January's gains were led by the Communication Services sector, which finished +4.84% higher over the month (although still down -3.48% since the beginning of the 2022 bear market). On the other side of the ledger, the Real Estate sector performed the worse, down -4.79% for January (and an astonishing -26.24% since the start of 2022).

Overall, returns were much stronger in NZD terms, as the NZD/USD depreciated -3.3% in January – which was a boon for NZ dollar-based investors. This was driven by strong economic data out of the US casting doubt on the likelihood of central banks implementing rate cuts anytime soon. The Fed's hawkish tone in its January meeting also dampened interest rate expectations, while the Reserve Bank of New Zealand's largely unimpressed demeanour towards inflation easing to 2+ year lows saw ANZ economists forecasting another rate hike in the next RBNZ meeting.

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	Incept (p.a.)
Fund (after fees before tax)	4.49%	9.53%	7.48%	26.71%	20.00%
Fund (after fees and 28% PIR)	4.36%	9.25%	6.72%	24.94%	18.18%
Benchmark (no deductions)	4.51%	9.97%	7.83%	27.36%	20.16%

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

**Anthony Edmonds** – 021 499 466

[anthonyedmonds@investnow.co.nz](mailto:anthonyedmonds@investnow.co.nz)

**Jason Choy** – 021 0221 7661

[jasonchoy@investnow.co.nz](mailto:jasonchoy@investnow.co.nz)

This Fact Sheet is provided by InvestNow Saving and Investment Service Limited (InvestNow) in good faith and are based on sources InvestNow believes are reliable and accurate. InvestNow, its directors, officers and employees make no representations or warranties as to the accuracy or completeness of the information contained in this Fact Sheet and disclaim liability for any loss, damage, cost or expense that may arise from any reliance on the information provided. This disclaimer extends to any entity that may distribute this Fact Sheet. The information in this Fact Sheet is not intended to be financial advice and InvestNow did not take into account the investment objectives, and particular needs of any particular person. Professional investment advice from an appropriately qualified adviser should be taken before making any investment. Past performance is not necessarily indicative of future performance, unit prices may go down as well as up and an investor in the Fund may not recover the full amount the capital that they invest. No part of this document may be reproduced without the permission of InvestNow or Implemented Investment Solutions Limited. The manager and issuer of the Fund is FundRock NZ Limited and a Product Disclosure Statement is available at <https://www.fundrock.com/fundrock-new-zealand/frnz-documents-and-reporting/>, and on <https://disclose-register.companiesoffice.govt.nz/>.