

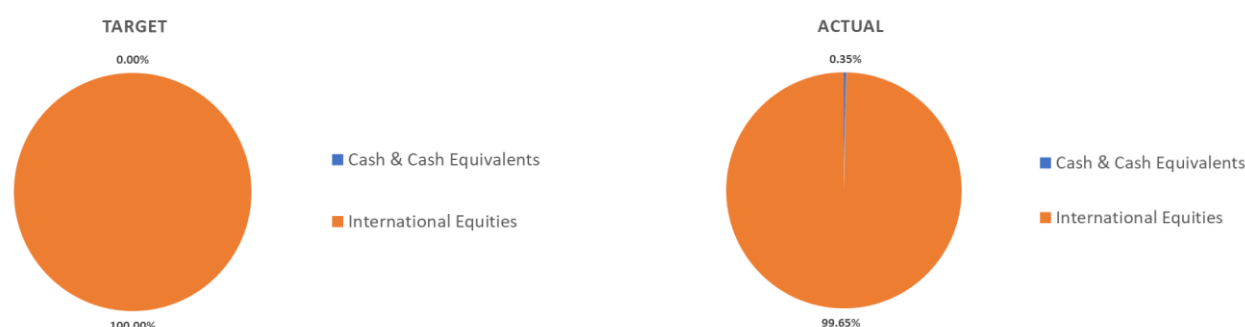
FOUNDATION SERIES US 500 FUND



Fund Fact Sheet at 31 March 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)	\$144.0 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	\$1.5993

Investment Mix



Commentary

The Foundation Series US 500 Fund slightly outperformed its benchmark in March, returning -6.59% after fees and before tax.

The S&P 500 declined -4.3% in Q1 2025, marking a sharp reversal after two years of strong gains. Returns were eroded for NZ investors due to the Kiwi dollar strengthening against the USD over the quarter. Q1 began positively with record highs in February, but momentum faded as China's DeepSeek unveiled a low-cost AI model that challenged U.S. tech leadership, sending the Information Technology sector down -12.6% and dragging the formerly dominant Magnificent Seven stocks down nearly -16%. Broader market sentiment deteriorated amid growing policy uncertainty, including President Trump's new tariffs on key trading partners and concerns about weakening consumer confidence.

Trade tensions and economic uncertainty dominated market dynamics throughout the quarter. The Trump administration's escalating tariffs - particularly the looming "Liberation Day" expansion in April - combined with planned public sector job cuts through the new DOGE agency, created significant headwinds. The Fed maintained rates at 4.25-4.50% but downgraded its 2025 growth forecast to 1.7% while raising inflation expectations, further unsettling investors. Market volatility spiked to levels not seen since 2022, with the S&P 500 experiencing 1.71% average daily swings in March and 12 of the month's 21 trading days seeing moves exceeding 1%, reflecting growing investor nervousness.

Market internals revealed broad-based weakness beneath the surface. Only 154 S&P 500 constituents posted gains in March versus 349 decliners, with 85 stocks falling more than 10%. Trading volumes surged 9% month-over-month as active repositioning intensified. Notably, excluding the Magnificent Seven's drag, the index would have been modestly positive for the quarter, underscoring how concentrated the market's pain points had become. While Energy stocks benefited from commodity strength and defensive sectors held up relatively well, the combination of AI disruption, trade policy uncertainty, and macroeconomic concerns created a challenging environment.

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)	-6.59%	-5.30%	10.14%	14.50%	21.70%
Fund (after fees and 28% PIR)	-6.71%	-5.63%	9.37%	12.91%	19.93%
Benchmark (no deductions)	-6.82%	-5.49%	10.14%	14.21%	21.66%

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

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