

FOUNDATION SERIES HEDGED TOTAL WORLD FUND



Fund Fact Sheet at 29 February 2024

Fund Information	
Description	Single-sector fund targeting high long-run returns by investing in an underlying Exchange-Traded Fund ('ETF') that invests in shares of companies listed on international stock markets. The fund aims to have all foreign currency exposure hedged to the New Zealand dollar.
Objective	To perform broadly in line with the return of the Fund's investment benchmark on a before fees and tax basis.
Benchmark	Morningstar Global All Cap Target Market Exposure NR Hedged NZD Index
Inception	5 February 2024
Fund Type	PIE
Fund Size (NAV)	\$1.0 million
Annual Fund Charges (Estimated, % of NAV)	0.07%
Performance Fee	Nil
Buy/Sell Spread	Nil
Entry/Exit Fee	0.50%/0.50%
Unit Price	\$1.0316

Investment Mix



Commentary

The Foundation Series Hedged Total World Fund slightly outperformed its benchmark in February, returning 3.16% after fees and before tax.

Share market indices rose to record levels across the globe, fuelled by data supporting the notion that global economies will be able to stick the soft landing as well as a relatively strong earnings season. Growth stocks continued to lead the way, driven by the usual suspects such as mega-cap tech stocks, while emerging markets outperformed developed markets over the month, primarily thanks to a rebound in key markets.

US stocks continued its sizzling rally in 2024 as the S&P 500 crossed the 5,000 index level milestone, returning +5.2% over the month and having risen in 16 of the last 18 months to the end of February – something not seen in over 50 years. The gains were driven by stronger than expected economic growth in the US (with 353,000 jobs added in January) as well as inflation slowing down to 3.1%, which saw expectations for interest rate cuts pushed out. Strong corporate earnings also bolstered the US share market, with earnings growth hitting nearly 8% in Q4.

Over in other developed markets, European stocks rose +2.8% in February, but underperformed relative to the wider developed market index, despite Eurozone inflation easing to 2.6% and a larger than expected rise in business activity. UK stocks also underperformed and are now down -1.1% over 2024 following news the UK entered a technical recession last year, while UK inflation remained steady at 4%. The best performing share market in 2024 however has been Japan, which saw the Nikkei finally hit a new record high after 34 years. Japan has seen strong demand from global investors, driven by corporate governance reforms, a cheap yen and robust profits on offer.

Wider Asian and Emerging markets also saw a strong month, fuelled by a dramatic rebound in China. While Chinese equity markets had hit five year-lows heading into February, strong tourism activity over the Lunar New Year, alongside the Chinese government's announcement of several supportive interventions saw the Chinese share market gain +8.6% over February. South Korea and Taiwan were also big winners, bolstered by semiconductor and AI-related stocks. Overall, the MSCI All Country World Index (100% Hedged to the New Zealand dollar) rose +4.7% in February

The Fund's strategy is to provide NZ dollar-hedged exposure to a diversified portfolio of international 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	Inception
Fund (after fees before tax)	3.16%	–	–	–	3.16%
Fund (after fees and 28% PIR)	2.90%	–	–	–	2.90%
Benchmark (no deductions)	3.13%	–	–	–	3.13%

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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