

# FOUNDATION SERIES HEDGED TOTAL WORLD FUND



## Fund Fact Sheet at 31 March 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 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)	\$3.5 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	\$1.0655

### Investment Mix



### Commentary

The Foundation Series Hedged Total World Fund slightly underperformed its benchmark in March, returning 3.33% after fees and before tax.

Global share markets continued their sizzling run over March, bolstered by flatlining year-on-year inflation readings and central banks posturing ever closer towards rate cuts. In a pivot from recent months, value stocks were up +6.6% in March and outperformed growth, which finished the month +3.7% higher, as equity performance started to broaden beyond just tech stocks.

US shares saw another strong month, with the S&P 500 notching its best first quarter since 2019. The main drivers included a resilient economy which was reflected in a strong earnings season, falling inflation (despite pockets of persistence), and a Fed that has an eye towards multiple interest rate cuts in 2024, although there is yet to be a firm timeline. The S&P 500 is now on a 5-month winning streak, finishing the month of March +3.1% higher and +10.2% over the quarter – marking only the fifth instance in the last 30 years where first quarter returns exceeded 10%.

In other developed markets, several European share markets hit all-time highs, including France's CAC 40 (+9.4% over the quarter) and Germany's DAX (+10.4% year-to-date), despite Germany being in a recession. Gains were fuelled by signs of improving business activity in the Eurozone and optimism that the European Central Bank is prepped for rate cuts. Meanwhile, Japan continued its rally, bolstered by a strong economy which led to the country's first rate hike in 17 years, and saw the Nikkei 225 finish the quarter over 20% higher to lead all share markets.

Wider Asian and Emerging markets were more subdued over the month. Despite China seeing an equity market rally in February, there has been little in the way of follow through in March. While officials in China have committed to a growth rate of 5% this year – the same as that achieved in 2023 – this won't be easy without further stimulus. Meanwhile, the strength of the US economy has been a mixed blessing for Emerging Market stocks, as while strong activity boosts trade in developing economies, delays in US rate cuts have strengthened the US dollar, providing headwinds for emerging markets. Overall, the MSCI All Country World Index (100% Hedged to the New Zealand dollar) rose +3.4% in March.

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)	3.33%	–	–	–	6.59%
Fund (after fees and 28% PIR)	3.69%	–	–	–	6.69%
Benchmark (no deductions)	3.41%	–	–	–	6.97%

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).

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