

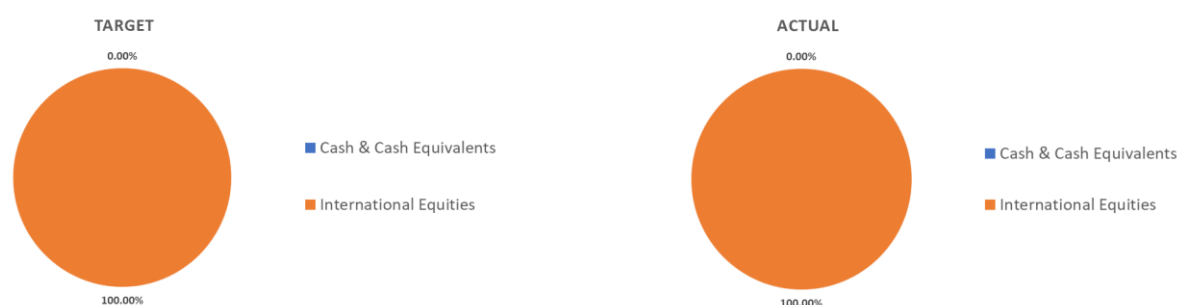
# FOUNDATION SERIES HEDGED US 500 FUND



## 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. 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 US Target Market Exposure TR Hedged NZD Index
Inception	5 February 2024
Fund Type	PIE
Fund Size (NAV)	\$40.7 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	\$1.3808

### Investment Mix



### Commentary

The Foundation Series Hedged US 500 Fund slightly outperformed its benchmark in June, returning 4.97% after fees and before tax.

US equities delivered a positive December quarter, with the S&P 500 returning +2.7% in USD terms. The period was supported by resilient earnings and a steady economic backdrop, although investor attention periodically shifted toward the sustainability of AI-linked valuations and the narrowness of market leadership. Inflation appeared broadly contained, with US CPI reported at +2.7% year-on-year, while monetary policy remained central to market debate, with the Fed Funds rate cited at 3.50%–3.75% at year-end. Into December, rates markets also digested higher bond yields, with the US 10-year Treasury ending the month at 4.17% (from 4.02% in November).

Sector performance again reflected significant dispersion. For the quarter, Health Care was the standout, rising +11.2%, while Communication Services gained +7.1%. Information Technology rose +1.3%, consistent with continued support for large platform, semiconductor and data-infrastructure companies that have been central to the AI theme. At the weaker end, Real Estate fell -3.7% and Utilities declined -2.1%, while Consumer Staples also posted a small negative return (-0.7%). These outcomes aligned with the quarter's shifting rate backdrop and ongoing differentiation between growth-linked sectors and more rate-sensitive defensives.

Index concentration remained prominent. The S&P commentary noted the "Magnificent 7" represented 34.9% of market value and were a major driver of performance, with index returns weaker in December absent their contribution. Market breadth weakened into year-end (December: 242 advancers vs 260 decliners), even as the index reached new highs. Market watchers also highlighted that, while bubble comparisons were increasingly discussed, today's environment differs from past extremes – yet concentration and valuation risk remained key features of the market narrative. Volatility trended lower, with the VIX closing December at 15.0.

The Fund's strategy is to provide NZ dollar-hedged 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)	-0.08%	2.26%	10.26%	15.52%	18.30%
Fund (after fees and 28% PIR)	-0.20%	2.33%	9.94%	14.88%	17.45%
Benchmark (no deductions)	-0.16%	2.09%	10.17%	16.70%	19.22%

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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