

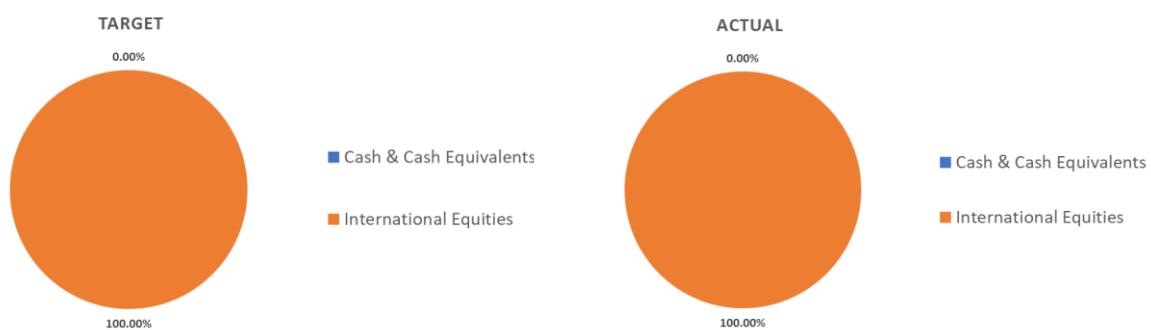
# FOUNDATION SERIES US DIVIDEND EQUITY FUND



## 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 high dividend yielding shares issued by companies in the United States that have a record of consistently paying dividends. |
| Objective                                 | To perform broadly in line with the return of the Fund's investment benchmark on a before fees and tax basis.   |
| Benchmark                                 | Dow Jones U.S. Dividend 100 Index (NZD) TR  |
| Inception                                 | 4 March 2025  |
| Fund Type                                 | PIE   |
| Fund Size (NAV)                           | \$7.2 million   |
| Annual Fund Charges (Estimated, % of NAV) | 0.06%   |
| Performance Fee                           | Nil   |
| Buy/Sell Spreads                          | Nil   |
| Buy/Sell Transaction Fees                 | 0.50%/0.50%   |
| Unit Price                                | \$0.9629  |

### Investment Mix



### Commentary

The Foundation Series US Dividend Equity Fund slightly outperformed its benchmark in December, returning 0.27% after fees and before tax.

US dividend equities delivered a modest but resilient result over the December quarter, with the Dow Jones U.S. Dividend 100 Index returning +2.6% in NZD terms. The macro backdrop was mixed: inflation readings suggested pressures were largely contained (US CPI +2.7% year-on-year), while markets continued to weigh the timing and extent of further policy easing, with rate expectations shifting through the period. Equity markets experienced brief volatility around renewed concerns about AI-related valuations and concentrated market leadership, which tended to favour growth-heavy indices over more value- and income-oriented exposures like US dividend equities.

Importantly for dividend strategies, US companies continued to raise dividends in aggregate, with S&P Dow Jones Indices reporting net indicated dividend increases of \$13.1bn in Q4 2025, reflecting ongoing commitment to shareholder distributions. From a sector and portfolio perspective, the index's composition continued to emphasise higher-quality dividend payers and fundamentals, with the top holdings leaning toward Health Care, Energy, Industrials, and Consumer Staples, which typically provide steadier cashflows and dividend capacity through the cycle. This positioning helped dampen volatility versus growth-heavy US benchmarks during periods of valuation jitters, but also meant the strategy captured less of the upside when investor enthusiasm rotated toward mega-cap technology.

Company-level leadership within the index reflected this defensive, cashflow-oriented bias. The top constituents by weight included Bristol-Myers Squibb, Merck, AbbVie, Chevron, ConocoPhillips, Lockheed Martin, and mature cash-generative names such as Coca-Cola and Altria in Consumer Staples, alongside Verizon and Cisco. With the top 10 holdings comprising 40.6% of the index, returns were influenced by performance in these large, established dividend franchises – companies whose earnings durability and payout discipline remain central.

The Fund's strategy is to provide exposure to a diversified portfolio of high dividend yielding 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 | Inception |
|-------------------------------|-------|--------|--------|--------|-----------|
| Fund (after fees before tax)  | 0.27% | 2.48%  | 11.38% | –      | -0.23%    |
| Fund (after fees and 28% PIR) | 0.14% | 2.12%  | 10.60% | –      | -1.25%    |
| Benchmark (no deductions)     | 0.17% | 2.56%  | 11.52% | –      | -0.06%    |

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

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