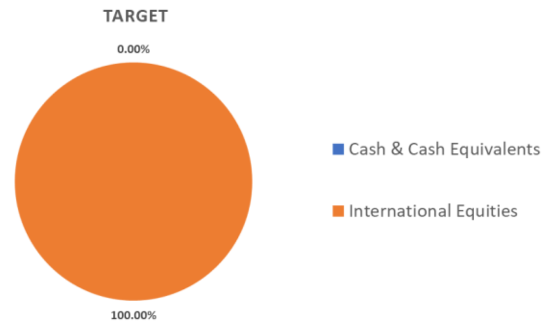
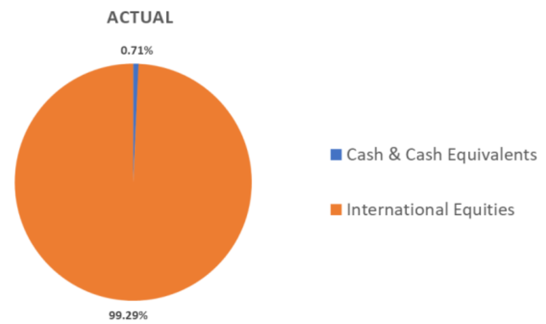
FOUNDATION SERIES US DIVIDEND EQUITY FUND

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 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)	$2.1 million
Annual Fund Charges (Estimated, % of NAV)	0.06%
Performance Fee	Nil
Buy/Sell Spread	Nil
Entry/Exit Fee	0.50%/0.50%
Unit Price	$1.0030

Investment Mix





Commentary

The Foundation Series US Dividend Equity Fund slightly outperformed its benchmark in March, returning 0.30% after fees and before tax.

The first quarter of 2025 saw mixed performance from broad US equities after two years of exceptional gains, amid shifting macroeconomic conditions and technological disruption. While the quarter began optimistically, sentiment deteriorated rapidly as China's DeepSeek unveiled a breakthrough AI model that challenged the dominance of America's tech giants. This development triggered a significant repricing in the technology sector, while consumer discretionary also fell as investors reassessed growth expectations. However, not all sectors suffered – energy and healthcare emerged as relative safe havens, demonstrating more resilience as investors rotated toward defensive positioning.

Trade policy uncertainty and changing economic forecasts added to market pressures throughout the quarter. The Trump administration's aggressive tariff announcements – particularly targeting automotive, steel, and aluminium imports – created waves of volatility, with investors bracing for potential escalation on the administration's self-proclaimed "Liberation Day" in early April. These protectionist measures, combined with planned public sector job cuts through the newly formed Department of Government Efficiency (DOGE), weighed on consumer sentiment, which plummeted to 57.0 in March from 64.7 the prior month. Meanwhile, the Federal Reserve maintained interest rates at 4.25% – 4.50% but struck a cautious tone, lowering its 2025 GDP growth projection to 1.7% while raising inflation expectations to 2.7%. These revisions reinforced concerns about stagflationary risks, further dampening investor confidence.

Beneath the surface, market internals revealed a stark divergence in performance. The energy sector's outperformance was fuelled by resilient commodity prices, while healthcare benefited from its traditional defensive characteristics. Notably, excluding the Magnificent Seven's drag, the broader US equity market would have been slightly positive for the quarter, underscoring how concentrated the weakness had become.

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)	0.30%	–	–	–	0.30%
Fund (after fees and 28% PIR)	0.20%	–	–	–	0.20%
Benchmark (no deductions)	0.28%	–	–	–	0.28%

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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