



Brandywine Global Opportunistic Equity Fund

PIE Fund

Fund Facts

Benchmark

MSCI All Country World Index in New Zealand Dollars

Issuer & Manager

FundRock NZ Limited

Delegated Investment Manager

Brandywine Global Investment Management as appointed by Franklin Templeton Australia Limited

Strategy

The Firm's Global Opportunistic Equity strategy is designed to utilize three of the Firm's areas of expertise: macroeconomic research, currency positioning, and stock selection. These proven capabilities represent a distinct competitive advantage for Global Opportunistic Equity versus other global equity managers, given Brandywine Global's long and successful track record of country and currency analysis dating back to 1995 and its experience conducting fundamental, value-oriented stock analysis since 1986.

The Global Opportunistic Equity strategy uses a differentiated process that combines top-down, macroeconomic country and currency research and rigorous, bottom-up fundamental analysis and stock selection to capture diversified sources of return. We believe taking this opportunistic approach at both the macro and security level gives us multiple ways to win. We have insights on countries' business cycles, which will not only enable us to narrow down the world to countries with tailwinds, but also help us identify attractive sectors within those countries.

The strategy seeks to earn a return (before fees and taxes) in excess of the Benchmark, the MSCI ACWI Index, Hedged to New Zealand Dollars, over rolling five-year periods.

What happened in the market?

Global equity markets delivered modest but steady gains in December. Value-tilted and international markets outperformed, driven by cheap valuations and improving fundamentals which attracted investor interest.

U.S. equities lagged their developed market peers. This was largely driven by weakness in the "Magnificent 7" amid concerns of elevated valuations and the enduring strength of the AI boom.

In the US, the end of the US Government shutdown resulted in the restoration of official US data in December. The US Federal Reserve cut its policy rate by 25bps as expected, however, the 9-3 vote marked the most dissents since 2019 as officials debated the need to support the labour market against concerns about inflation.

Eurozone shares delivered positive performance during December. Markets showing resilience through year-end, finishing the period near multi-year highs, supported by broad-based equity strength across the region.

The Japanese equity market extended its rally during the December. Sanae Takaichi's election as prime minister and the formation of a coalition government between the Liberal Democratic Party (LDP) and the Japan Innovation Party (JIP) were interpreted as signs of greater political stability and more proactive fiscal stimulus.

Emerging market (EM) equities generated positive returns for the month, driven by gains from the technology-oriented markets of Korea and Taiwan. The EM index's returns came against a backdrop of loosening US monetary policy as the Fed lowering interest rates three times between September and December.

What happened in the Fund?

The Fund was up 3.43% (after fees) over the month of December. In comparison the benchmark as measured by the MSCI ACWI (NZD) was up 0.87% over the same period.

All of our outperformance was focused in the United States for the month, which was a change compared to previous months. Stock selection was the primary driver of outperformance. The largest contribution to performance came from a U.S. specialty retailer which outperformed after maintaining guidance on its earnings call

Industrials were our best sector led by our airline, airfreight and aircraft leasing stocks. The market continues to have a shortage of commercial aircraft and valuations within the segment remain compelling with single-digit P/E ratios.

Consumer staples were also strong led by our large holding in a discount store chain up 29% as optimism builds about the success of their turnaround.

An overweight to European banks was a strong contributor as the sector stands to benefit from improving global growth, supported by accommodative monetary policy and easing trade-related headwinds.

The real estate sector was a minor detractor as both a US health care REIT and a Brazilian mall owner saw losses.

What is the outlook?

The valuation gap between the US and the rest of the world remains unusually wide, though a bit narrower than a year ago – but only a bit. With the dollar still soft and non-US markets leading year-to-date, we continue to hold a meaningful underweight in the US and overweights in Europe, the UK, and select EM. These regions combine lower valuations with improving earnings and earlier policy support, which we believe puts them in a stronger position as we move toward 2026.

The impact of April's tariff announcement remains unclear, but early signs are discouraging. Costs appear to be passing through to consumers, creating affordability pressures and prompting the administration to scale back some measures. These dynamics should continue to challenge the premium valuations embedded in a US market that dominates the global benchmark.

Our Technology exposure remains deliberate, and we remain underweight the sector. Several of our largest holdings, such as Baidu, play meaningful roles in AI despite not being classified as "Technology" under traditional sector definitions.

Our favourite number is 65%, which is what the MSCI index holds in the most expensive market in the world, the United States. We have seen what one year, reversing just part of the highest valuation gap since the 1970s, could do for performance. We are staying the course.

Portfolio positioning remains largely unchanged, despite the strong year; the same multiple return drivers from 2025 remain in place through 2026.

Fund performance (%) as at 31 December 2025

	1 mth	3 mths	6 mths	1 yr	3 yrs p.a.
Fund (net)	3.43	5.56	17.55	-	-
Benchmark	0.87	4.30	17.35	-	-

The performance in this fact sheet is net of fees. Investors should also refer to the quarterly Fund Update, which is available on www.fundrock.com/fundrock-new-zealand and www.business.govt.nz/disclose. Past performance is not indicative of future performance.

Key features of the Fund

High conviction

Brandywine Global's conviction levels drive the composition of the Fund, not a benchmark.

Active management

Allows investors to gain overweight exposure to countries that are likely to outperform and underweight exposure to those who are likely to underperform.

Multiple Ways to Win

Marry top-down macroeconomic observations with fundamental assessment of market dynamics and corporate Financials

Superior risk adjusted returns

Designed to capture market upside but aiming to avoid market downside, and to provide long term performance.

Meet the team

The Fund is led by an experience, long-tenured portfolio management team that includes:

James J. Clarke

Portfolio Manager & Director of Fundamental Equity Research, with firm since 1997

Sorin Roibu, CFA

Portfolio Manager & Research Analyst, with firm since 2014

Top Ten Holdings (%)

Baidu Inc.	4.66
Aercap Holdings NV	3.17
BNP Paribas SA	2.99
Dollar General Corporation	2.94
Banco Santander Sa	2.89
Alphabet Inc.	2.68
Delta Airlines Inc.	2.51
Comcast Corp	2.32
Abercrombie & Fitch Co	2.21
Fedex Corporation	2.09

Sector Allocations (%)

Financials	18.00	Information Technology	7.04
Industrials	17.56	Cash	3.28
Consumer Discretionary	13.03	Real Estate	3.05
Communication Services	12.75	Energy	1.60
Consumer Staples	12.04	Materials	0.97
Health Care	10.7	Utilities	0.00

Fund statistics

Fund size (\$m) (NZD)	109.63
Price-to-Earnings	13.9
Price-to-Book	1.7
Price-to-Cash Flow	6.6
Dividend Yield (%)	2.9
Number of Securities	69

Investment manager

Brandywine Global Investment Management, LLC ("Brandywine Global"), has built up significant experience across fixed income, equity and global portfolios that invest in international markets. Founded in 1986 by a group of highly experienced portfolio managers, Brandywine Global pursues one investment approach: value investing. Through practical experience, Brandywine has determined that value-style investing — whether in fixed income markets or equity — can provide excellent risk-adjusted returns over full investment cycles, and it is a particularly important strategy in today's global markets.