

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 shares rose in February with non-US markets outperforming their US counterparts. Investors continued to rotate away from large cap technology stocks amid worries over significant AI capital expenditure.

US stocks' saw losses in February. The modest drop during a volatile month reflected a change in market leadership and greater investor caution for AI.

Eurozone shares gained in February, benefitting from signs of an economic pick-up in the region and ongoing rotation away from US shares.

Japanese equities rose strongly in February. Domestically, a landslide victory for the LDP in the House of Representatives election boosted expectations for political stability and pro-growth "high-pressure economy" policies.

Asia Pacific ex Japan equities extended their outperformance into early 2026, performance was driven primarily by North Asian export markets. Korea, Thailand, Taiwan all posted strong gains.

Emerging market (EM) equities generated positive returns for the month, performance was broad based across the market.

What happened in the Fund?

The Fund returned 2.68% (after fees) over the month of February. In comparison the benchmark as measured by the MSCI ACWI (NZD) returned 2.10% over the same period.

Our underweight of the technology sector was the strongest contributor to outperformance for the month as software stocks around the world were decimated by fears of AI disruption.

Our non-US exposures positively contributed as the US once again underperformed the rest of the world.

The Fund's overweight to consumer discretionary was accretive, with a broadline retail holding and an automobile components holding leading performance within the sector

Our Chinese stocks, Baidu and Alibaba retreated and were our largest negatives of the month.

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 by a slim margin.

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 Emerging Markets. 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.

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 favorite 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.

Momentum in the US market has been a big factor in our performance much of the last two years. We saw a reversal in early November that continued through the beginning of the year.

Even coming off a strong year, we see no reason to change the major positioning of the portfolio. We continue to like Europe, commercial jet ownership, select emerging markets, and many other one-off opportunities around the world. We see multiple ways to win into 2026.

Fund performance (%) as at 28 February 2026

	1 mth	3 mths	6 mths	1 yr	3 yrs p.a.
Fund (net)	2.68	4.10	10.77	-	-
Benchmark	2.10	1.65	10.68	-	-

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 (%)

BNP Paribas SA	3.71
Baidu Inc.	3.52
Aercap Holdings NV	3.14
Kimberly-Clark Corporation	2.82
Alphabet Inc.	2.53
Comcast Corporation	2.28
Global Payments Inc.	2.21
Bank Rakyat Indonesia Persero Tbk Pt	2.07
Open House Group Co Ltd.	1.98
Salesforce Inc	1.97

Sector Allocations (%)

Financials	17.49	Information Technology	8.84
Industrials	15.71	Real Estate	3.61
Consumer Discretionary	13.89	Cash	2.86
Communication Services	12.42	Energy	1.91
Consumer Staples	11.43	Materials	0.80
Health Care	10.94	Utilities	0

Fund statistics

Fund size (\$m) (NZD)	115.80
Price-to-Earnings	14.3
Price-to-Book	1.8
Price-to-Cash Flow	7.6
Dividend Yield (%)	2.6
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.

