FRANKLIN TEMPLETON

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

Inception Date

13/03/2025

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 equities delivered mixed performance in June, as a pullback in mega-cap technology companies offset strength across cyclical and value-oriented areas of the market.

U.S. equities delivered mixed results in June as market leadership broadened beyond the technology sector. The S&P 500 declined modestly, while equal-weight and small-cap benchmarks advanced, reflecting a rotation toward cyclical and value-oriented segments of the market.

Eurozone equities outperformed most major developed markets in June as falling oil prices eased inflation concerns and supported rotation into more economically sensitive sectors.

UK equities underperformed continental Europe during June, reflecting both sector composition and ongoing political uncertainty.

Equity markets across Asia Pacific ex Japan were mixed, with sharp swings in AI-related chipmakers and memory names a defining feature of June.

Emerging market equities declined modestly in June after strong gains over the prior two months. Shares of several large semiconductor and memory companies experienced large swings as investors digested rapid price increases.

What happened in the Fund?

The Fund returned 4.67% (after fees) in June compared to the benchmark which returned 4.40% for the same period.

We very rarely talk about "days", but relative performance was highly volatile day-to-day in June. A fight has finally broken out challenging the momentum frenzy. The end of June closed strong relative to the benchmark.

From a country perspective the US was a standout, a welcomed reversal after a tough couple of months. China was the largest detractor as a result of regulatory uncertainty and company-specific issues.

Health care was our best sector led by a major recovery in Icon, a stock we were adding to when it was our biggest detractor in the first quarter.

Technology was a source of underperformance but notably was about selection not weighting. Our overweight in software and underweight in semiconductors makes this one sector the fulcrum of the momentum factor.

What is the outlook?

While the outcome of the Iran hostilities changes day to day, the oil market is signalling that the worst is well behind us. We believe that bodes well for our world view, which was working well for five quarters until the war broke out, to resume. Convergence of growth, especially Europe which was hit hard by the energy spike.

Momentum, the dominant driver of relative performance over the past two years, has gone global and to we see as a 3-sigma extreme this year. The momentum factor absolutely dominated the second quarter in a way not seen since the tech bubble 26 years ago. Given momentum's strong mean-reverting tendency, we see a high probability of a sharp reversal, though timing it is impossible. There were two momentum reversals in 2025. Each of those 2025 reversals produced 2 month relative outperformance of 700-900 bps for GOE. A reversal would start today from an even higher extreme than those periods last year.

We remain underweight Technology overall but continued to add in June. We now own Microsoft for the first time at the lowest P/E it has traded for in years.

After a productive trip to Asia, we began exiting Indonesia and buying "the other half of South Korea" (half the South Korean market is two memory stocks that are up a stunning amount in the last year). South Korea is our macro team's favourite currency. We started that the last day of June, so the portfolio will not reflect the decisive change in end of quarter numbers.

Fund performance (%) as at 30 June 2026

	1 mth	3 mths	6 mths	1 yr	3 yrs p.a.
Fund (net)	4.67	8.22	3.33	23.32	-
Benchmark	4.40	15.25	13.40	33.07	-

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	3.82
Taiwan Semiconductor Manufacturing Co Ltd.	3.27
Aercap Holdings NV	3.03
Alphabet Inc.	3.03
Kimberly-Clark Corporation	2.76
Global Payments Inc.	2.64
Tencent Holdings Limited	2.57
Constellation Software	2.53
Meta Platforms Inc.	2.28
Icon Plc	2.27

Sector Allocations (%)

Financials	17.83	Consumer Discretionary	10.17
Communication Services	14.02	Cash	4.19
Information Technology	12.70	Real Estate	3.69
Consumer Staples	11.76	Energy	2.15
Industrials	11.50	Materials	0.72
Health Care	11.28	Utilities	0

Fund statistics

Fund size ($m) (NZD)	138.59
Price-to-Earnings	13.6
Price-to-Book	1.9
Price-to-Cash Flow	6.9
Dividend Yield (%)	2.7
Number of Securities	67

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.