

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 strong performance despite a sharp sell-off at month-end in January. Emerging markets outperforming developed markets helped by dollar weakness, while the value style outperformed growth.

US stocks' gains remained narrowly concentrated. Volatility spiked at points during the month, including a sharp one-day sell-off prompted by renewed tariff threats from the Trump Administration.

Eurozone shares delivered positive performance in January. Top performing sectors included information technology, energy and utilities. The weakest sectors were consumer discretionary and real estate.

Japanese equities extended gains in January, ongoing optimism about generative-AI demand supported semiconductor equipment and optical-component/fibre companies. Domestically, interest rates rose across the curve, reflecting both firmer growth/inflation and mounting concerns over fiscal discipline. This supported financials.

Asia Pacific ex Japan equities extended their outperformance into early 2026, the region's gains were driven in part by increased investor risk appetite and a continued rotation of assets away from the concentrated U.S. market.

Emerging market (EM) equities generated positive returns for the month, supported by a weaker U.S. dollar, ongoing strength in AI-related technologies and the potential for rising earnings expectations.

What happened in the Fund?

The Fund was down 2.07% (after fees) over the month of January. In comparison the benchmark as measured by the MSCI All Country World Index (NZD) was down 1.29% over the same period.

China led performance from a country perspective with both our holdings, Baidu and Alibaba, generating meaningful gains amid ongoing optimism about the country's AI development.

Our U.S. holdings underperformed with substantial declines in our two software positions following a broader technology/AI driven sell-off.

The Fund's real estate exposure was accretive, with notable gains in our Brazilian holding within the sector.

Strong stock selection in the Financials sector added value, especially our global bank exposures, though these gains were largely offset by underperformance within Industrials.

What is the outlook?

The valuation gap between the U.S. 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-U.S. markets leading year-to-date, we continue to hold a meaningful underweight in the U.S. 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.

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 U.S. 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.

Momentum in the U.S. 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 December.

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 31 January 2026

| | 1 mth | 3 mths | 6 mths | 1 yr | 3 yrs p.a. |
|------------|-------|--------|--------|------|------------|
| Fund (net) | -2.07 | 4.39 | 13.02 | - | - |
| Benchmark | -1.29 | -0.69 | 11.14 | - | - |

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. | 5.30 |
| BNP Paribas SA | 3.64 |
| Aercap Holdings NV | 3.07 |
| Alphabet Inc. | 2.80 |
| Kimberly-Clark Corporation | 2.58 |
| Comcast Corporation | 2.26 |
| Fedex Corporation | 2.26 |
| Global Payments Inc. | 2.11 |
| Bank Rakyat Indonesia Persero Tbk Pt | 2.06 |
| Salesforce Inc | 1.88 |

Sector Allocations (%)

| | | | |
|------------------------|-------|------------------------|------|
| Industrials | 17.18 | Information Technology | 6.78 |
| Financials | 16.82 | Real Estate | 3.49 |
| Communication Services | 14.80 | Cash | 3.45 |
| Consumer Discretionary | 12.89 | Energy | 1.73 |
| Consumer Staples | 11.53 | Materials | 0.95 |
| Health Care | 10.38 | Utilities | 0 |

Fund statistics

| | |
|-----------------------|--------|
| Fund size (\$m) (NZD) | 107.45 |
| Price-to-Earnings | 14.1 |
| Price-to-Book | 1.7 |
| Price-to-Cash Flow | 9.6 |
| Dividend Yield (%) | 2.7 |
| Number of Securities | 68 |

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.

