

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 equities moved higher in May, as resilient earnings and continued strength in technology-related sectors supported investor sentiment.

US equities rose sharply in May. The gain was driven by investors' increased confidence that economic growth would remain resilient and corporate earnings, particularly in technology, would continue to beat expectations.

Eurozone equities posted gains in May. As was the case elsewhere, information technology was the top performing sector amid some strong corporate earnings and optimism over the outlook for AI and related technologies.

UK equities posted a modest gain in May, underperforming other regions. The heavyweight energy and health care sectors both registered declines in the month, capping overall progress for the index.

Japanese equities extended the rally and exceeded historical highs level during the month. The market was supported by growing hopes for a resolution to the middle east conflict, which underpinned investor sentiment.

Emerging market equities delivered strong gains in May. Performance was led by index heavyweights Korea and Taiwan amid strong gains in memory and semiconductor stocks benefitting from continued AI demand.

What happened in the Fund?

The Fund returned 0.93% (after fees) in April compared to the benchmark which returned 3.41% for the same period.

May extended April's performance, driven by the same two themes: Strong momentum and the AI trade and the evolving Iran conflict

Momentum and growth led again, with AI-linked names driving outsized returns. Technology, where we are underweight, was the standout sector, fueled by strong semiconductor earnings and spreading AI optimism into memory and hardware.

Value and defensives lagged: cyclicals (financials) and longer-duration sectors (utilities) reacted to a hotter-than-expected CPI print and pushed-out expectations for monetary easing.

Energy stocks pulled back on oil price volatility despite the unresolved Iran conflict.

What is the outlook?

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.

US momentum, a key driver of performance over the past two years, has gone global this year. Our historical review shows the factor is now the second most stretched reading in the post-WWII era. Given momentum's strong mean-reverting tendency, we see growing risk of a sharp reversal, though the precise inflection point is inherently difficult to time.

We continue to hold a meaningful underweight in the US and overweights in Europe, the UK, and select Emerging Markets. In addition to offering more attractive valuations, these regions are also benefiting from earlier and more decisive central bank policy support.

We remain underweight the Technology sector. We have been increasing our software weighting as this category of technology has been obliterated and currently our Technology sector weighting is at its highest in years.

Geopolitical risk elevated but we are staying the course with modest de-risking. The Iran conflict adds uncertainty, but base case remains a temporary shock; maintaining core themes while incrementally reducing risk.

Fund performance (%) as at 31 May 2026

	1 mth	3 mths	6 mths	1 yr	3 yrs p.a.
Fund (net)	0.93	-1.83	2.20	19.33	-
Benchmark	3.41	7.78	9.56	30.99	-

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	3.58
Baudi Inc.	3.35
Alphabet Inc.	3.14
Aercap Holdings NV	2.94
Taiwan Semiconductor Manufacturing Co Ltd.	2.82
Constellation Software	2.80
Meta Platforms Inc	2.57
Kimberly-Clark Corporation	2.47
Global Payments Inc.	2.27
Salesforce Inc.	2.07

Sector Allocations (%)

Financials	17.69	Consumer Staples	10.86
Communication Services	14.43	Cash	3.94
Information Technology	12.77	Real Estate	3.61
Industrials	12.37	Energy	1.42
Health Care	11.12	Materials	0.71
Consumer Discretionary	11.08	Utilities	0

Fund statistics

Fund size (\$m) (NZD)	128.23
Price-to-Earnings	13.4
Price-to-Book	1.8
Price-to-Cash Flow	6.7
Dividend Yield (%)	2.8
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.

