

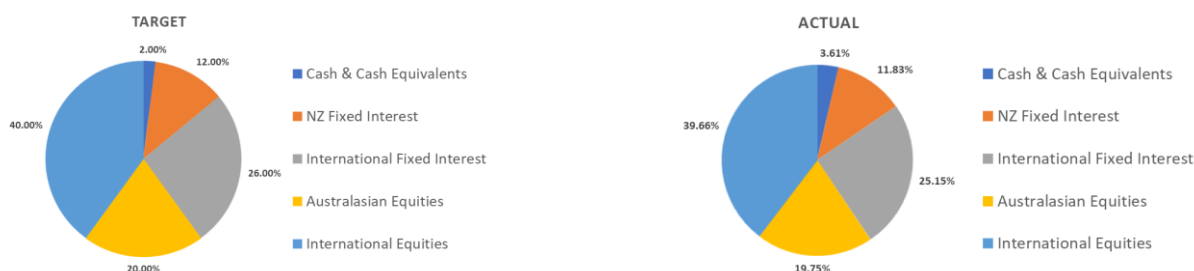
FOUNDATION SERIES BALANCED FUND



Fund Fact Sheet at 30 June 2025

Fund Information	
Description	Diversified fund targeting mid-range long-run returns by investing in a diversified portfolio with a balance of income and growth assets.
Objective	To perform broadly in line with the return of the weighted average return of the asset class benchmark indices on a before fees and tax basis.
Benchmark	Composite blend of indices that represent the Fund's target investment mix. Please refer to the Foundation Series Funds' SIPO for more details.
Inception	2 September 2020
Fund Type	PIE
Fund Size (NAV)	\$33.1 million
Annual Fund Charges (Estimated, % of NAV)	0.37%
Performance Fee	Nil
Buy/Sell Spread	0.08%/0.11%
Unit Price	\$1.2942

Investment Mix



Commentary

The Foundation Series Balanced Fund slightly outperformed its benchmark in June, returning 1.99% after fees and before tax.

Global equity markets delivered strong returns in the June quarter, shrugging off early volatility sparked by US trade policy shifts and Middle East tensions. The MSCI World Index rose +11.5% in USD terms, though a +7.4% NZD rally trimmed local returns to +3.8%. US equities led the charge, buoyed by robust corporate earnings – particularly in tech and optimism around the proposed One Big Beautiful Bill Act, a \$3 trillion tax reform package aimed at extending consumer tax cuts and incentivizing business investment.

While President Trump's sweeping tariffs initially rattled markets in April, a 90-day pause on higher reciprocal duties eased fears, allowing equities to rebound sharply. Geopolitical risks, including Israel-Iran clashes, briefly spiked oil prices but had little lasting impact, underscoring markets' resilience to headline-driven swings. Outside the US, returns were more muted but still positive. Japan outperformed, while Europe gained +3.3%, with Germany (+7.9%) benefiting from fiscal stimulus and corporate tax relief.

The S&P/NZX 50 posted a modest +2.7% return, trailing global peers amid lingering domestic headwinds. High interest rates continued to weigh on consumer demand and corporate earnings, though defensive sectors – like utilities and dividend-paying stocks – provided stability. The RBNZ's OCR cut to 3.25% in May and hints of further easing laid groundwork for recovery, but growth remains sluggish. Across the Tasman, Australia's S&P/ASX 200 surged +9.5%, rebounding from a weak Q1 as the RBA signalled deeper rate cuts and trade tensions eased. The divergence highlights NZ's reliance on a slower-moving domestic cycle, though improving sentiment and falling rates suggest brighter prospects may be ahead for Kiwi investors.

Fixed income markets were a bright spot, with NZ investment-grade corporates gaining +1.3% (up +7.5% annually). Global bonds benefited from shifting central bank policies: the Fed held rates but faces pressure from rising debt concerns (post-Moody's downgrade), while the ECB cut twice, lifting European debt. In NZ, with the OCR likely nearing its floor, yields stabilized, offering investors attractive income. However, the RBNZ's pause-and-hold approach suggests limited upside for bond prices from here.

The Fund's strategy is to provide a well-diversified portfolio targeting mid-range long-run returns by reweighting back to the Fund's benchmark/target investment mix within a cost-effective and tax appropriate investment structure.

Performance	1 Mth	3 Mths	6 Mths	1 Year	3 Years (p.a.)	Incept (p.a.)
Fund (after fees before tax)	1.99%	3.69%	1.74%	9.83%	9.81%	5.77%
Fund (after fees and 28% PIR)	1.75%	3.10%	0.82%	8.52%	8.67%	5.14%
Benchmark (no deductions)	1.87%	3.77%	1.76%	10.16%	9.74%	5.74%

Investors should also refer to the Quarterly Fund Update, which is available at fundrock.com/fundrock-new-zealand and business.govt.nz/disclose.

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