

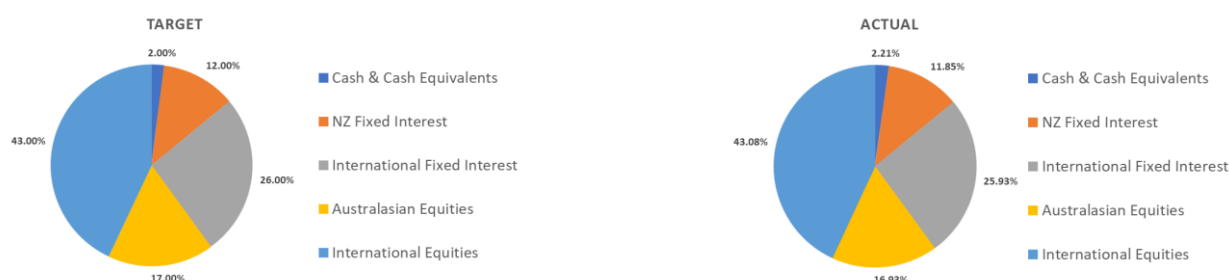
# FOUNDATION SERIES BALANCED FUND



## Fund Fact Sheet at 31 December 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. Incorporates certain responsible investment considerations and is exposed to investment strategies that seek to limit exposure to companies involved in particular business practices.
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' Statement of Investment Policy and Objectives (SIPO) for more details.
Inception	2 September 2020
Fund Type	PIE
Fund Size (NAV)	\$46.0 million
Annual Fund Charges (Estimated, % of NAV)	0.37%
Performance Fee	Nil
Buy/Sell Spreads	0.00%/0.00%
Unit Price	\$1.3873

### Investment Mix



### Commentary

The Foundation Series Balanced Fund underperformed its benchmark in December, returning 0.09% after fees and before tax.

Global markets ended 2025 on a positive note, with most regions delivering steady gains despite intermittent volatility linked to interest-rate expectations and technology-sector valuations. The MSCI All Country World Index rose +4.3% in NZD terms over the December quarter, supported by resilient earnings, moderating inflation, and a weaker New Zealand dollar. Emerging markets outperformed developed peers, returning +5.8%, with India continuing to lead performance. Although AI-valuation concerns briefly unsettled sentiment in late October, markets recovered quickly as investors refocused on improving global conditions.

US equities gained +2.7% (NZD terms), driven by robust earnings, though market leadership remained narrow and concentrated in mega-cap technology and semiconductor companies. European and UK markets advanced between +2% and +7%, helped by easing inflation and greater confidence in 2026 policy support. Japan was a standout performer, rising +12.0% in local-currency terms, while Australia lagged with a -1.0% decline as expectations firmed around further RBA rate hikes.

The New Zealand equity market posted a modest +1.9% gain, supported by improving domestic sentiment. Two OCR cuts in October and November eased financial conditions for households and businesses, while confidence indicators and retail activity showed early signs of stabilisation. Company updates during the November reporting season pointed to tentative improvement across cyclical and mid-cap sectors. A more stable macro environment and more attractive valuations suggest local conditions could be turning more favourable heading into 2026.

Global fixed interest delivered modest positive returns, with the Bloomberg Global Aggregate Index returning +0.4% in NZD-hedged terms as bond yields drifted lower. New Zealand investment-grade corporate bonds delivered a small +0.2% gain, while the broader NZ bond index returned -0.2%, reflecting adjustments in short-dated yields.

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.)	5 Years (p.a.)	Incept (p.a.)
Fund (after fees before tax)	0.09%	1.80%	7.22%	9.08%	12.12%	6.49%	6.60%
Fund (after fees and 28% PIR)	0.49%	2.01%	7.17%	8.05%	11.00%	5.94%	6.02%
Benchmark (no deductions)	0.21%	1.95%	7.69%	9.59%	12.18%	6.57%	6.66%

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

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