

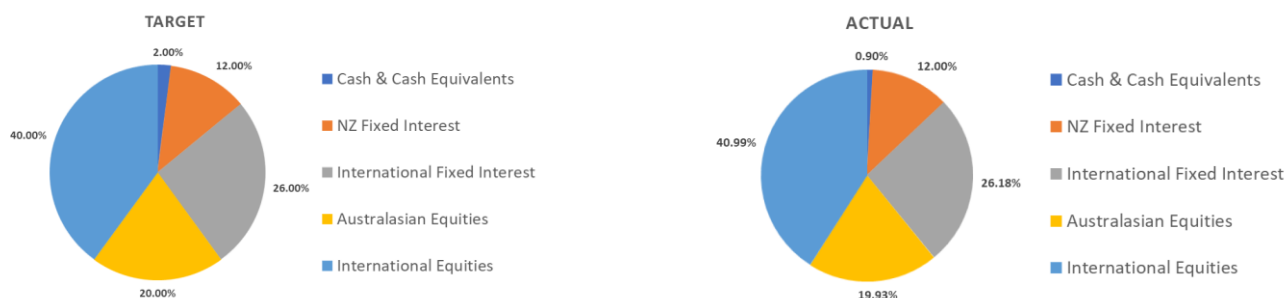
# FOUNDATION SERIES BALANCED FUND



## Fund Fact Sheet at 29 February 2024

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)	\$16.6 million
Annual Fund Charges (Estimated, % of NAV)	0.37%
Performance Fee	Nil
Buy/Sell Spread	0.08%/0.11%
Unit Price	\$1.1447

### Investment Mix



### Commentary

The Foundation Series Balanced Fund performed in-line with its benchmark in February, returning 1.59% after fees and before tax.

Global share markets saw a record-breaking month in February, fuelled by data supporting the notion that global economies will be able to stick the soft landing. US stocks continued rolling in 2024 as the S&P 500 reached the 5,000 index level milestone, returning +5.2% over the month and having risen in 16 of the last 18 months to the end of February – something not seen in over 50 years. The gains were driven by stronger than expected economic growth in the US, inflation slowing down to 3.1% and a robust earnings reporting season.

Wider developed markets in Europe and UK also saw gains, although this was less fruitful compared to their US counterparts. Despite Eurozone inflation easing to 2.6% and a larger than expected rise in business activity, European Central Bank President Lagarde remained cautious around any notions of imminent rate cuts. UK stocks also underperformed and are now down -1.1% over 2024 following news the UK entered a technical recession last year, while UK inflation remained steady at 4%. Meanwhile, Japanese stocks notched a new record high after 34 years, driven by corporate governance reforms and strong profits. Overall, this saw the MSCI World Index (50% Hedged to NZD) finish up +5.0% in February.

New Zealand's share market saw a challenging month, finishing February in the red, with the S&P/NZX 50 Gross Index (with imputation credits) returning -1.1% over the month. The local share market was dragged down by a weaker-than-expected earnings report season, with more profit against expectations misses than beats, alongside more post-result consensus earnings forecast reductions than increases for NZX constituents. This compared unfavourably relative to our Trans-Tasman counterparts, which saw a +2.0% return over February.

Bond markets saw another month in the red as markets adjusted its expectations for interest rate cuts amid US core inflation seeing its largest increase since April 2023 and US 10-year Treasury yields rising 29 bps to 4.24%. UK bonds were also weak, with UK 10-year yields rising 32 bps to 4.12% as wage growth fell less than expected. Over February, the Bloomberg Global Aggregate Index hedged to the NZD fell -0.7%, while local bonds also struggled, with the Bloomberg NZBond Composite 0+ Yr Index down -0.2% as NZ 10-year government bond yields rose 15 bps to 4.7%

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	Incept (p.a.)
Fund (after fees before tax)	1.59%	6.37%	6.35%	12.22%	4.23%
Fund (after fees and 28% PIR)	1.63%	5.98%	5.47%	10.76%	3.87%
Benchmark (no deductions)	1.59%	6.19%	6.27%	11.80%	4.17%

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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