

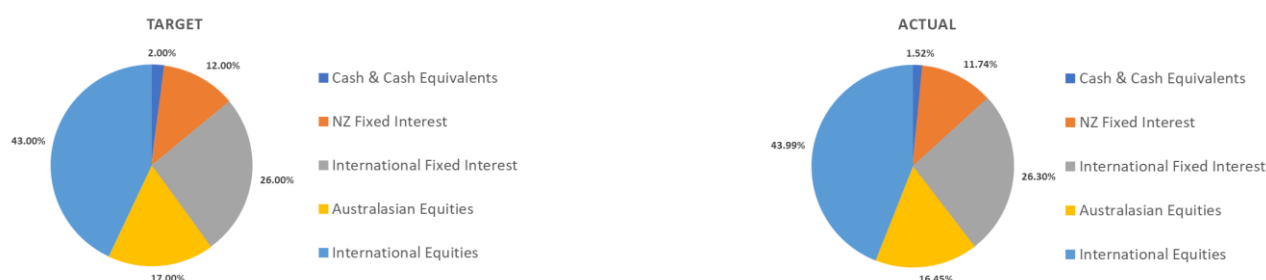
FOUNDATION SERIES BALANCED FUND



Fund Fact Sheet at 31 March 2026

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)	\$45.5 million
Annual Fund Charges (Estimated, % of NAV)	0.37%
Performance Fee	Nil
Buy/Sell Spreads	0.00%/0.00%
Unit Price	\$1.3444

Investment Mix



Commentary

The Foundation Series Balanced Fund outperformed its benchmark in the March quarter, returning -2.92% after fees and before tax.

Global markets faced a volatile start to 2026 as geopolitical tensions and a significant energy shock disrupted early optimism. The defining event was the escalation of conflict in the Middle East, which led to the closure of the Strait of Hormuz and sent oil prices surging over 70.0% in NZD terms to above \$100 USD per barrel. This reignited inflation fears and shifted central bank expectations away from imminent rate cuts. Consequently, the MSCI World Index fell -3.2% in NZD terms. Emerging markets proved more resilient, with the MSCI Emerging Markets Index finishing the quarter flat at 0.0% in unhedged NZD terms as gains in Asian technology sectors helped offset broader geopolitical headwinds.

Developed market performance was mixed, with US equities leading the decline as the S&P 500 fell -3.8% in NZD terms. Sentiment was pressured by a reassessment of AI valuations – particularly in the software sector – and new US trade policies implementing a 10.0% flat tariff on all imports. European markets also struggled due to their heavy reliance on gas imports. In contrast, Japan was a standout performer, gaining +3.6% in Yen terms buoyed by a weak Yen, while Australian equities returned +1.9% gain as the AUD strengthened against the NZD.

The New Zealand equity market followed the global downward trend, with the S&P/NZX 50 Index declining -4.5%. The Reserve Bank of New Zealand held the Official Cash Rate steady at 2.25% in February, though it adopted a more hawkish tone as inflation concerns resurfaced. While the economy showed early signs of recovery, corporate performance was bifurcated. Gains in A2 Milk (+7.0%) and Infratil (+5.0%) provided some support, yet these were overshadowed by significant weakness in the retail and construction sectors.

Global fixed interest markets experienced a volatile quarter as bond yields rose in response to the energy-led inflation shock. The Bloomberg Global Aggregate Bond Index returned -0.6% in NZD hedged terms, while the NZ 10-year Government Bond yield closed the quarter at 4.8%, reflecting a 0.2% increase as markets adjusted to a "higher for longer" interest rate environment.

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)	-3.27%	-2.92%	-1.17%	7.92%	9.43%	5.47%	5.73%
Fund (after fees and 28% PIR)	-3.53%	-3.64%	-1.70%	6.48%	8.22%	4.77%	5.04%
Benchmark (no deductions)	-3.86%	-3.35%	-1.46%	8.01%	9.36%	5.55%	5.71%

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

Mike Heath – 027 285 9178
mike.heath@investnow.co.nz

Jason Choy – 021 0221 7661
jason.choy@investnow.co.nz

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