

FOUNDATION SERIES BALANCED FUND



Fund Fact Sheet at 30 September 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)	\$39.6 million
Annual Fund Charges (Estimated, % of NAV)	0.37%
Performance Fee	Nil
Buy/Sell Spread	0.08%/0.11%
Unit Price	\$1.3620

Investment Mix



Commentary

The Foundation Series Balanced Fund underperformed its benchmark in September, returning 1.89% after fees and before tax.

Global equity markets enjoyed a strong quarter to September 2025, driven by a supportive shift in central bank policy and receding trade tensions. The MSCI World Index advanced +7.3%, which translated to an impressive +12.6% return for New Zealand investors due to a weaker local currency. Key themes underpinning this strength included a pivotal shift in central bank policy, with the US Federal Reserve delivering its first rate cut, and a discernible easing in global trade tensions as the threat of escalating tariffs receded. AI enthusiasm and the technology sector continued to propel major indices, particularly the US, to new record highs, fostering a broad-based rally across most developed markets.

US equities led the charge with a +8.1% return, powered by robust corporate earnings and mega-cap technology stocks. The Fed's rate cut was seen as a pre-emptive move to ward off a sharper slowdown, boosting market sentiment. Other developed markets also participated in the advance; Australia's S&P/ASX 200 posted a +4.7% return, while European markets were lifted by fading trade-war anxieties and hopes for fiscal stimulus, despite ongoing political uncertainties and Germany's particular economic struggles.

The New Zealand market, as measured by the S&P/NZX 50 Index, posted a healthy gain of +5.5% over the quarter. This positive performance occurred against a challenging domestic backdrop, with the economy contracting -0.9% in the June quarter and household spending remaining subdued. However, the local market was supported by the Reserve Bank of New Zealand's (RBNZ) supportive stance, which included a rate cut during the quarter, and building confidence that the worst of the economic weakness may be passing. Areas of strength included agriculture, buoyed by a record Fonterra payout, and a steady recovery in tourism, providing pockets of resilience.

Fixed income markets delivered positive returns as the global monetary policy pivot gained momentum. Falling bond yields, driven by expectations and delivery of rate cuts, pushed prices higher. This was especially beneficial for New Zealand investment-grade corporate bonds, which returned +2.9% for the quarter. The environment marked a welcome return for bonds as a source of both income and diversification, with their positive correlation to equities helping to smooth overall portfolio performance.

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)	1.89%	5.32%	9.20%	11.38%	12.09%	7.00%	6.56%
Fund (after fees and 28% PIR)	1.69%	5.06%	8.32%	10.61%	10.67%	6.35%	5.91%
Benchmark (no deductions)	2.55%	5.63%	9.62%	11.69%	12.16%	6.97%	6.60%

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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