

FOUNDATION SERIES HEDGED TOTAL WORLD FUND



Fund Fact Sheet at 30 June 2024

Fund Information	
Description	Single-sector fund targeting high long-run returns by investing in an underlying Exchange-Traded Fund ('ETF') that invests in shares of companies listed on international stock markets. The fund aims to have all foreign currency exposure hedged to the New Zealand dollar.
Objective	To perform broadly in line with the Fund's investment benchmark on a before fees and tax basis.
Benchmark	Morningstar Global All Cap Target Market Exposure NR Hedged NZD Index
Inception	5 February 2024
Fund Type	PIE
Fund Size (NAV)	\$10.1 million
Annual Fund Charges (Estimated, % of NAV)	0.07%
Performance Fee	Nil
Buy/Sell Spread	Nil
Entry/Exit Fee	0.50%/0.50%
Unit Price	\$1.0965

Investment Mix



Commentary

The Foundation Series Hedged Total World Fund slightly underperformed its benchmark in June, returning 2.03% after fees and before tax.

Global share markets continued to surge, finishing the month of June higher. In stark contrast to the broader market rally witnessed in the first quarter of 2024, this most recent rally has been much narrower, fuelled by a handful of technology names with connections to the Artificial Intelligence theme. Meanwhile, rate sensitive small cap and real estate stocks suffered from confirmation of the higher-for-longer interest rate environment, which at the halfway mark of 2024 saw markets expect far fewer rate cuts than it did at the beginning of the year.

US stocks led the way for global equity indices, continuing its 20-month bull run with the S&P 500 (+3.6%) and NASDAQ (+6.0%) both notching all-time highs in June. This was driven by strong company earnings growth from a handful of mega-cap technology leaders, including many of the familiar names within the 'Magnificent Seven'. In particular, over the month NVIDIA surpassed US\$3 trillion in market cap (briefly becoming the most valuable company in the world) and has been responsible for nearly a third of the S&P 500's gains over the first half of 2024.

In other developed markets, European shares were mixed over June, with the European Central Bank becoming the latest developed market central bank to kick-start its easing cycle, cutting rates 25 bps to 3.75%. The well-choreographed move from the ECB reflected pockets of economic weakness alongside falling inflation, despite annual inflation ticking up slightly to 2.6%. UK shares finished June higher, with the Bank of England holding rates steady despite bringing UK inflation back to the 2% target, less than two years after topping out at a staggering 11.1%.

Asian and Emerging markets were solid over June, driven by continued momentum in Japan (despite yen weakness) and the cautious return to of investors into the Chinese market, following moves by Beijing to support the real estate sector. Taiwan was the best performing region over Q2 and the first half of 2024, fuelled by optimism for stocks expected to gain from the AI-wave. Meanwhile, the NZ share market continued to struggle amid tight monetary policy. Overall, the MSCI All Country World Index (100% hedged to the New Zealand dollar) returned +2.6% in June.

The Fund's strategy is to provide NZ dollar-hedged exposure to a diversified portfolio of international equities, targeting high-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	Inception
Fund (after fees before tax)	2.03%	2.99%	–	–	9.77%
Fund (after fees and 28% PIR)	1.92%	2.73%	–	–	9.60%
Benchmark (no deductions)	2.23%	3.06%	–	–	10.24%

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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