

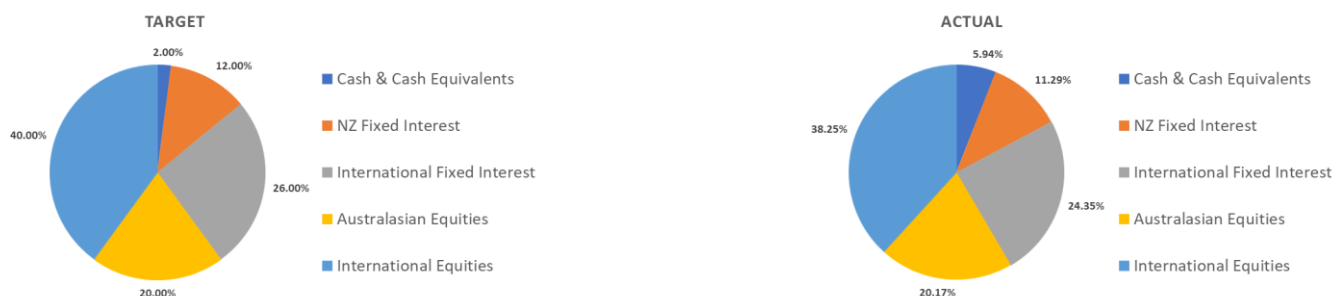
# FOUNDATION SERIES BALANCED FUND



## Fund Fact Sheet at 30 September 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)	\$23.6 million
Annual Fund Charges (Estimated, % of NAV)	0.37%
Performance Fee	Nil
Buy/Sell Spread	0.08%/0.11%
Unit Price	\$1.2257

### Investment Mix



### Commentary

The Foundation Series Balanced Fund slightly outperformed its benchmark in September, returning 0.79% after fees and before tax.

The third quarter of 2024 ended with positive returns across most major asset classes, despite some significant volatility over the period. Markets were hit particularly hard in early August when a combination of weaker US economic data and a surprise interest rate hike from the Bank of Japan ignited panic amongst investors and saw the S&P 500 drop -10%. However, by the following month in September, markets were already rejoicing as 14 months on from its last interest rate hike, the Federal Reserve's long-awaited easing cycle began with a 50 bps cut. This saw the S&P 500 continue its long march higher, finishing the quarter up +5.9%, with a notable broadening out of returns, particularly in US small caps.

Over in wider developed markets, European equities also finished the quarter higher, albeit with more muted gains. Eurozone shares were bolstered by softening inflation, which fell to 1.8% in September, and saw the European Central Bank cut rates by 25 bps over Q3. The UK economy showed signs of life, rising over the quarter as a landslide Labour general election fuelled hopes of a sustained recovery, culminating in the Bank of England also cutting rates by 25 bps in August. Meanwhile Japanese stocks fell -4.9% in Q3 amid volatility with the yen carry trade.

Closer to home, the New Zealand share market would outperform their global counterparts over the third quarter, with the S&P/NZX 50 Gross Index (with imputation credits) returning +6.4% over Q3. Positive sentiment swept the local market in large part due to the Reserve Bank of New Zealand's surprise decision to kick-start its rate easing cycle, cutting rates by 25 bps in August. This saw the financials, healthcare and materials sectors prosper, while communication services and traditionally defensive areas of the market like utilities and consumer staples struggled.

Fixed interest markets also saw gains over the quarter, with global bond yields driven lower due to the plethora of interest rate cuts amongst major central banks. US Treasury yields fell substantially over Q3 with 2-year yields leading the way, reflecting the lower interest rates outlook. The NZ bond market also saw good gains, as NZ 10-Year Government bond yields fell in line with global counterparts, finishing Q3 at 4.24%. This saw the Bloomberg Global Aggregate Index (NZD hedged) return +4.2% and the Bloomberg NZBond Composite 0+ Yr Index close up +3.9% in Q3.

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)	0.79%	3.86%	4.35%	17.27%	5.41%
Fund (after fees and 28% PIR)	0.50%	3.08%	3.23%	14.94%	4.79%
Benchmark (no deductions)	0.72%	4.19%	4.50%	17.24%	5.38%

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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