

Balanced Fund

Monthly Performance Update as at 28 February 2025

To review the fund's investment objective and strategy, fees information and risk indicator please see the funds' product disclosure statement and most recent fund update at www.octagonasset.co.nz/our-funds/balanced-fund/.



Return comparison	1 Month	3 Months	1 Year	3 Years*	Since inception*
Net Fund Return^	-0.55%	0.54%	8.53%	4.73%	3.47%
Gross Fund Return	-0.47%	0.82%	9.76%	5.93%	4.67%
Composite Index	-0.50%	0.69%	10.82%	5.67%	4.48%

*Annualised

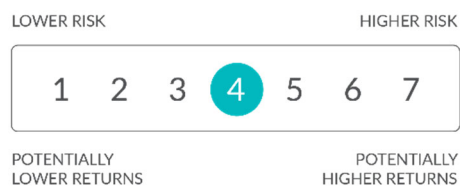
Major investments

Hunter Global Fixed interest Fund	19.00%
Intermede Global Equity Fund	9.18%
Fisher & Paykel Healthcare Corporation Limited	1.66%
Precinct Properties New Zealand Limited	1.53%
New Zealand Government 4.50% 15/05/2030	1.51%
Goodman Property Trust	1.48%
ANZ transactional bank account	1.28%
New Zealand Government 14/04/2033 3.5%	1.21%
Kiwi Property Group Limited	1.17%
Auckland International Airport Limited	1.09%
Major holdings as % of total portfolio	39.12%

Things to note

- Manager: Forsyth Barr Investment Management Ltd
- Investment manager: Octagon Asset Management Ltd
- Date the fund started: 11 December 2020
- Tax status: Portfolio Investment Fund (PIE)
- Minimum suggested investment time frame: At least five years
- Market Index: A composite benchmark relating to the fund's target investment mix
- Currency: New Zealand dollars

Risk indicator**



View the [Product Disclosure Statement](#) for detailed information about this Fund and Octagon Investment Funds Scheme.

Manager's comments

How did your portfolio perform?

The Balanced Fund delivered a gross return of -0.47% for the month of February, in line with the fund's benchmark return of -0.50%.

For the 12 months to the end of February, the Balanced Fund delivered a gross return of 9.76%, underperforming the fund's benchmark return of 10.82% by -1.06%.

Cash and fixed interest delivered in-line returns during considerable geopolitical uncertainty. Equity markets had a busy reporting season but were buffeted by macro events as they tried to digest the potential for trade wars and new military alignments.

We actively manage the fund's foreign currency exposures associated with Global, Australasian and listed property equities and hedge the international fixed interest segment of the fund. The NZ dollar fell -0.88% against the US dollar and fell -0.58% against the Australian dollar during the month.

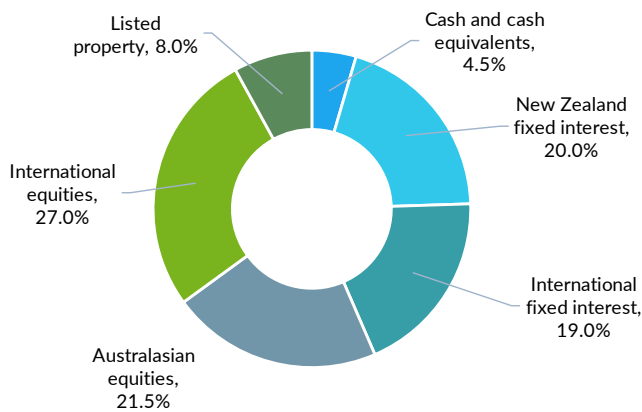
What happened in the markets that you invest in?

The new U.S. government quickly introduced major policy changes, both domestically and internationally. However, its messaging has been unclear, frequently revised, and sometimes contradictory.

Tariffs typically raise costs and slow growth, as confirmed by a 2019 U.S. Federal Reserve study on the 2018 Republican tariffs. Despite strong U.S. earnings, market uncertainty and growth risks led to a decline in equities. In contrast, global and emerging markets performed better, as elections delivered clear cut results and diversification from U.S. assets.

Risks to growth would also lower inflation, and hence US fixed interest rates fell, boosting bondholder returns. The US dollar strengthened despite lower interest rates, as it is often seen as a safe haven in times of uncertainty.

Tactical Asset Allocation



Currency Hedging

As at 28 February 2025

Percentage of the fund exposed to FX risk	35.82%
Value of the fund unhedged (after hedging)	15.11%

In New Zealand and Australia, economic weakness from 2024 was evident in earnings reports. While we anticipated this slowdown, we did not expect the absence of clear recovery signs. The positive effects of lower inflation and interest rate cuts have yet to materialise in company revenues or profit margins. Amid government austerity in NZ and ongoing global uncertainties, investors adopted a cautious, evidence-based approach rather than relying on optimism.

What are we thinking about the future?

Uncertainty tends to drive investors toward lower-risk, lower-priced assets, currently favouring fixed interest and non-US equity markets. A severe US economic growth slowdown could pressure global equities, but we do not see this as the most likely scenario. Instead, we expect market volatility until there is greater clarity on trade tariffs, US military alliances, and a potential ceasefire in Ukraine.

The Octagon Investment Committee met on the 11th of March, making no changes to the current tactical asset allocation positions. Our existing underweight in the global equities class, based on our view of a high valuation on high profit margins was a particular focus. The volatility and recent fall in the US equity market has not yet been enough for us to start buying global equities, but we are actively monitoring the state of the US economy and the improving value on offer in that asset class as share prices fall.

We remain overweight in Australasian assets, though NZ equities and listed property have been slower to recover than expected.



Paul Robertshaw, CA
Director, Chief Investment Officer



Christine Smith-Han
Strategy Analyst

Fees

Annual fund charges are currently 1.15% p.a. of the value of your investment. We pay management and administration charges along with the Supervisor fee out of this. All fees and charges are quoted exclusive of GST.

For more information please visit octagonasset.co.nz, email info@octagonasset.co.nz, or call 0800 628 246

[^] Net Fund Returns are calculated before the deduction of taxes and after deduction of fund charges and trading expenses and including imputation credits where available. Gross Fund Returns are calculated before deduction of taxes and fund charges but after deduction of trading expenses and including imputation credits where applicable. Market index returns do not have any deductions for fund charges, trading expenses or tax.

^{**} The risk indicator is rated from 1 (low) to 7 (high). The rating reflects how much the value of the relevant fund's assets goes up and down (volatility). A higher risk generally means higher potential returns over time, but more ups and downs along the way. The risk indicator is based on the returns data for the five years to 28 February 2025. See more information about the risks of investing in the Product Disclosure Statement.

This publication does not contain financial advice - for financial advice, please speak to your Investment Adviser. We recommend you review your investments and seek specialist advice on any taxation aspects. Past performance is not a reliable guide to future performance. Forsyth Barr Investment Management Limited is the issuer, and Octagon Asset Management Limited the investment manager, of the Octagon Investment Funds. A copy of the Product Disclosure Statement for the Funds is available from www.octagonasset.co.nz/disclosure-information, by contacting your Investment Adviser, or by calling 0800 628 246.