

# Octagon Investment Funds

## Global Equities Fund

Monthly Performance Update  
as at 31 March 2024

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/global-equities-fund/](http://www.octagonasset.co.nz/our-funds/global-equities-fund/).



Return comparison	1 Month	3 Months	1 Year	3 Years*	Since inception*
Net Fund Return <sup>^</sup>	4.14%	10.76%	25.35%	2.13%	3.88%
Gross Fund Return	4.25%	11.13%	27.06%	3.58%	5.03%
MSCI ACWI Net TR Index (50% hedged to the NZD)	4.22%	12.05%	27.22%	11.06%	9.69%

\*Annualised

### Major investments

Intermede Global Equity Fund	33.5%
ALPHABET INC-CL A	2.2%
MICROSOFT CORP	2.1%
VISA INC-CLASS A SHARES	1.8%
PROCTER & GAMBLE CO/THE	1.7%
WALT DISNEY CO/THE	1.7%
AMAZON.COM INC	1.7%
APPLE INC	1.5%
NESTLE SA-REG	1.5%
VERIZON COMMUNICATIONS INC	1.3%
<b>Major holdings as % of total portfolio</b>	<b>48.97%</b>

### Manager's comments

#### What happened in the markets that you invest in?

Global equities performed well across both developed and emerging markets during March. In the US the S&P500 rose 3.1% while the Stoxx Europe 50 Price index – Europe's leading Blue-chip index – was up 4.22% and UK FTSE100 gained 4.23%. Asian stocks were mixed, with the Tokyo Stock Price Index (the TOPIX) up 2.81% but the Hong Kong and China markets were both flat.

Just as inflation did not go up in a straight line, it is not coming down in a straight line either, with the March quarter showing some inflation 'stickiness' in key markets. US interest rate markets pushed out the date of the first expected Central Bank cut. US Equities continued to do well on stronger economic growth – forecasts being revised for 2024. Despite stronger economic growth, profit forecasts are not accelerating, and the strength in the market keeps pushing US valuations higher in our view.

The Bank of Japan ended the world's last negative interest rates regime in March as wage growth and their economy supported higher interest rates. The Japanese Yen (JPY) weakened against major currencies. China's economy continues to grow at modest pace with both manufacturing activities and services sectors accelerating but continued lower employment numbers.

#### How did your portfolio perform?

The Global Equities Fund delivered a gross return of 4.25% in March, in line with the fund's market index return of 4.22%.

### Risk indicator for the Global Equities Fund\*

LOWER RISK

HIGHER RISK



POTENTIALLY  
LOWER RETURNS

POTENTIALLY  
HIGHER RETURNS

For the 12 months to the end of March, the Global Equities Fund delivered a gross return of 27.06%, fractionally under the funds' market index return of 27.22%.

Value stocks performed well over the month while growth stocks lagged, and returns were not as concentrated as in previous months with the 'Magnificent 7' no longer dominating returns. This is perhaps best illustrated by the fact that 85% of US stocks are now trading above their 200-day average price. Sector performance was broad-based. Cyclical sectors of the economy outperformed including Energy, Financials, industrials, and materials.

On the currency front, our hedging overlay detracted value as the New Zealand dollar reversed some of its gains against the US dollar.

We actively manage the fund's foreign currency exposures. As at 31 March 2024, these exposures represented 99.14% of the value of the fund. After allowing for foreign currency hedges in place, approximately 41.95% of the value of the fund was unhedged and exposed to foreign currency risk.

#### What are we thinking about the future?

The recent increase in interest rates globally has reflected a stronger economic backdrop than we and the market had expected. Employment has remained well supported in most markets, and companies continue to report solid profit margins, which in turn supports equity market returns.

Our view is still that the US equity market is overvalued. Whilst we had an expectation of economic weakness

leading to weaker profits and job losses, this has yet to occur. Instead, we see share prices that reflect an overly optimistic view of future profitability. Other global markets are more reasonably priced yet have weaker current economic growth.

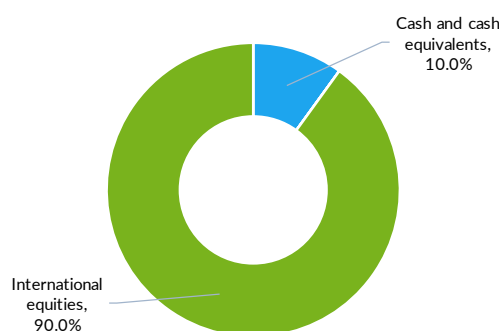
Interest rate cuts on weak demand and falling inflation is still our base case. We now expect the EU and UK to cut rates before the US, but all markets will be supported by a move to less restrictive financing conditions.

Outside of the US and Australia, we continue to expect near term weakness in economic activity, with an increasing risk of higher unemployment feeding into ongoing profit weakness. We continue to see equity markets as being more likely to look forward to the ensuing economic recovery, than get focused on another six months of profit weakness.



Christine Smith-Han  
Strategy Analyst

## Target Asset Allocation



## Things to note

- Manager: Forsyth Barr Investment Management Limited
- Investment manager: Octagon Asset Management Limited
- Date the fund started: 26 June 2008
- Tax status: Portfolio Investment Fund (PIE)
- Minimum suggested investment time frame: At least five years
- Benchmark: None
- Currency: New Zealand dollars

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

## Fees

Annual fund charges are currently 1.35% 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.

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For more information please visit [octagonasset.co.nz](http://octagonasset.co.nz), email [info@octagonasset.co.nz](mailto: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 30 September 2022. 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/disclosureinformation](http://www.octagonasset.co.nz/disclosureinformation), by contacting your Investment Adviser, or by calling 0800 628 246.