Octagon Investment Funds

Global Equities Fund

Monthly Performance Update
as at 31 July 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/.

Return comparison	1 Month	3 Months	1 Year	3 Years*	Since inception*
Net Fund Return^	2.09%	4.95%	17.24%	1.99%	3.97%
Gross Fund Return	2.22%	5.31%	18.89%	3.42%	5.13%
MSCI ACWI Net TR Index (50% hedged to the NZD)	2.74%	7.75%	21.02%	9.98%	9.81%

*Annualised

Major investments

Microsoft Corp.	3.65%
Amazon.com Inc.	3.06%
Nestle SA	2.46%
Alphabet Inc. Class A	2.19%
Visa Inc. Class A	1.73%
Apple Inc.	1.66%
Uber Technologies Inc	1.52%
US Dollar Cash Deposit	1.47%
Alphabet Inc. Class C	1.42%
Abbott Laboratories	1.30%
Major holdings as % of total portfolio	20.45%

Risk indicator for the Global Equities Fund*

LOWER RISK — HIGHER RISK

1 2 3 4 5 **6** 7

POTENTIALLY LOWER RETURNS — POTENTIALLY HIGHER RETURNS

Manager's comments

What happened in the markets that you invest in?

Global shares reported a ~2% gain in July, making it the sixth monthly gain out of seven in 2024. Central banks in many countries have started to cut short-term interest rates or signalled that cuts will be forthcoming, particularly if inflation pressure continues a downward trend. Globally, growth stocks underperformed while value and small capitalization stocks advanced.

US earnings reporting has started for the June quarter. While still early days, earnings are coming in about 3% ahead of forecast but this is well below the level of 'beat and raises' seen over the previous six consecutive quarters.

In Asia, market performance was in-line with the global average. Japanese stocks experienced a rally as their central bank is still raising rates on the back of rising growth, versus most of the rest of the world seeing a growth slow down. Higher Japanese interest rates helped the yen to rise by 8% against the US dollar.

Conversely, European, UK and Chinese stocks underperformed, particularly in local currency terms, due to stalling economic growth rates.

How did your portfolio perform?

The Global Equities Fund delivered a gross return of 2.22% for the month of July, slightly underperforming the fund's market index return of 2.74% by -0.52%.

For the 12 months to the end of July, the Global Equities Fund delivered a gross return of 18.89%, underperforming the fund's market index return of 21.02% by -2.13%.

Octagon

Our low volatility manager outperformed our two growth managers. Minimum volatility tend to have a strong overlap with traditional value factors, particularly when growth stocks have high profit growth expectations are baked in.

Four members of the 'Magnificent 7' are yet to report second quarter earnings but capital expenditure is predicted to increase in these companies, raising concerns about future profit margins. Our positions in Equifax and Shin-Etsu Chemical added to performance as earnings surprised on the upside. Our underweight in Nvidia added value as the stock price declined 13% over the month.

Our currency hedging overlay was neutral for overall returns.

We actively manage the fund's foreign currency exposures. As of 31 July 2024, these exposures represented about 99% of the value of the fund. After allowing for foreign currency hedges in place, around 39% of the value of the fund was unhedged and exposed to foreign currency risk.

What are we thinking about the future?

Markets have become nervous that the gentle slow-down in US economic growth could turn into outright recession as unemployment ticks higher. In Europe, the acceleration in economic growth appears to have stalled, while in China government initiatives have failed to revive the domestic economy.

Central banks are already acting to lower interest rates and provide some relief to borrowers. So far, these cuts have been measured as inflation is only just returning to normal and they do not want to ignite another round of demand driven inflation.

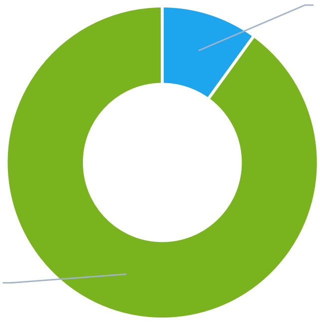
Overall, we think Central Banks will act quickly if true recessions - signalled by rapidly rising unemployment - take hold. Higher inflation being the lesser evil than facing significant economic and financial risks that a recession might expose.

When the consensus view transitions from one view to another – in this case a soft economic landing to a higher chance of recession - markets tend to see higher volatility.

Your portfolio remains well diversified, with a higher-than-average exposure to low volatility stocks, and an underweight position in the highest priced momentum stocks – the best example being our relatively low exposure to ultra large US tech companies.

Christine Smith-Han
Strategy Analyst

Target Asset Allocation



Things to note

- Manager: Forsyth Barr Investment Management Ltd
- Investment manager: Octagon Asset Management Ltd
- Date the fund started: 26 June 2008
- Tax status: Portfolio Investment Fund (PIE)
- Minimum suggested investment time frame: At least five years
- Market Index: MSCI ACWI Net Total Return Index, 50% hedged to the NZD
- 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.

^ 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 31 July 2024. See more information about the risks of investing in the Product Disclosure Statement.