

# Octagon Investment Funds

## Enhanced Cash Fund

### Monthly Performance Update as at 30 November 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/enhanced-cash-fund/](http://www.octagonasset.co.nz/our-funds/enhanced-cash-fund/).



#### Return comparison

	1 Month	3 Months	1 Year	3 Years	Since inception*
Net Fund Return <sup>^</sup>	0.39%	1.40%	6.01%	n/a	6.02%
Gross Fund Return	0.42%	1.49%	6.37%	n/a	6.37%
S&P/NZX Bank Bills 90-Day Index	0.40%	1.31%	5.68%	n/a	5.72%

<sup>^</sup>Annualised

#### Major investments

Kiwi Property Group Limited 19/12/2024	5.1%
Powerco CP 0% 17/02/2025	5.1%
SBS CP 0% 04/04/2025	5.1%
Vector Limited 1.575% 06/10/2026	4.9%
Rabobank FRN 16/06/2025	3.9%
CBA FRN% 18/10/2027	3.9%
Westpac Cash Deposit	3.9%
BZLNZ 5.145% 19/11/2027	3.9%
Greater Wellington Regional Council CP 0% 21/01/2025	3.9%
Fonterra Co-op Group CP 13/02/2025	3.8%
<b>Major holdings as % of total portfolio</b>	<b>43.55%</b>

#### Manager's comments

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

The Reserve Bank of New Zealand (RBNZ) lowered the Official Cash Rate (OCR) by -0.5% in November, a move that was widely expected by market participants. In a similar fashion we saw the 90-day bank bills rate (a key short-term interest rate in New Zealand) fall -0.16% over the month, while the New Zealand dollar two year swap rate rose 0.03%.

The rise in the two-year swap rate was driven by changing expectations for the future of the OCR, with market participants now expecting that the RBNZ may not cut by as much over the course of 2025. This was driven by information provided in the Monetary Policy Statement which showed a slightly higher forecast for the OCR over time, and a reduction in the RBNZ's estimate of the New Zealand economy's current and estimated future output gap.

##### How did your portfolio perform?

The Enhanced Cash Fund delivered a gross return of 0.42% for the month of November, in-line with the fund's market index return of 0.40%.

For the 12 months to the end of November, the fund delivered a gross return of 6.37%, significantly outperforming the fund's market index return of 5.68% by 0.69%.

Outperformance over November was delivered through the fund's yield to maturity. With relatively small moves in short-term interest rates over the month, the impact of capital gains and losses on the fund was muted.

#### Risk indicator for the Enhanced Cash Fund\*



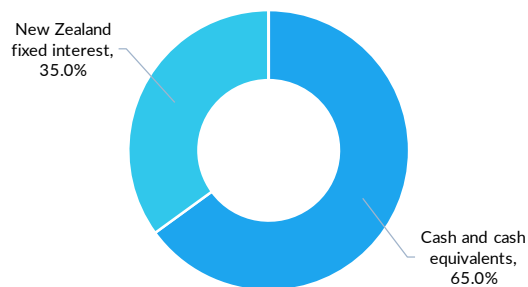
## What are we thinking about the future?

As at the end of November the fund's estimated yield to maturity was 4.79%, which represents a strong premium over the current OCR of 4.25% and the fund's modified duration was 0.40 years. We gradually increased duration during the month as short-term rates rose, and we may look to reduce duration again if short-term rates decrease to a level that we think is unsustainable. We continue with our strategy of buying short-dated fixed rate corporate bonds that provide yields significantly above the OCR, complemented by floating rate notes.



**Craig Alexander**  
Head of Fixed Interest and ESG

## Target Asset Allocation



## Things to note

- Manager: Forsyth Barr Investment Management Ltd
- Investment manager: Octagon Asset Management Ltd
- Date the fund started: 7 June 2023
- Tax status: Portfolio Investment Fund (PIE)
- Minimum suggested investment time frame: Less than 12 months
- Market Index: S&P/NZX Bank Bills 90-Day Index
- 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 0.35% 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

<sup>^</sup> 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 November 2024. 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](http://www.octagonasset.co.nz/disclosure-information), by contacting your Investment Adviser, or by calling 0800 628 246.