

# Octagon Investment Funds

## New Zealand Equities 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/new-zealand-equities-fund/](http://www.octagonasset.co.nz/our-funds/new-zealand-equities-fund/).



| Return comparison                      | 1 Month | 3 Months | 1 Year | 3 Years* | Since inception* |
|--|---------|----------|--------|----------|------------------|
| Net Fund Return^                       | 2.61%   | 4.83%    | 13.75% | 2.01%    | 10.49%           |
| Gross Fund Return                      | 2.70%   | 5.14%    | 15.07% | 3.21%    | 11.79%           |
| S&P/NZX 50 Gross with Imputation Index | 3.40%   | 5.24%    | 16.21% | 1.74%    | 9.96%            |

\*Annualised

### Major investments

|  |               |
|--|---------------|
| Fisher & Paykel Healthcare Corporation Limited | 13.0%         |
| Infratil Limited                               | 8.4%          |
| Auckland International Airport Limited         | 7.2%          |
| Contact Energy Limited                         | 7.0%          |
| Spark New Zealand Limited                      | 5.8%          |
| Meridian Energy Limited                        | 4.4%          |
| Mainfreight Limited                            | 4.3%          |
| SKYCITY Entertainment Group Limited            | 3.9%          |
| Fletcher Building Limited                      | 3.5%          |
| The a2 Milk Company Limited                    | 3.4%          |
| <b>Major holdings as % of total portfolio</b>  | <b>60.94%</b> |

### Manager's comments

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

November is the last big news month before activity slows into Christmas. There is a mini reporting season and a swathe of Annual Shareholder Meetings to give us insight into how the various businesses are faring. Stocks exposed to the NZ construction and consumer markets are seeing weak demand – Mainfreight, Steel and Tube, Heartland Group and the Warehouse were in this camp, although Hallenstein Glasson and Briscoes Group are performing well relative to their peers.

Tower, Fisher and Paykel Healthcare, GTK and Sanford reported much more solid results across their diversified industries. A2 Milk announced a dividend policy for the first time, earlier than we expected, whilst the aged care sector continues to struggle with slow turnover and limited house price growth. Channel Infrastructure raised equity to build a new storage facility for a committed customer and we happily invested more of the fund with them.

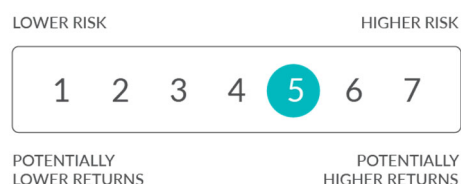
#### How did your portfolio perform?

The New Zealand Equities Fund delivered a gross return of 2.71% during November, underperforming the fund's market index return of 3.40% by -0.69%.

For the 12 months to the end of November, the New Zealand Equities Fund delivered a gross return of 15.07%, underperforming the fund's market index of 16.21% by -1.14%.

This month's underperformance was driven by Sky TV (SKT) and Gentrak (GTK). SKT announced that its exclusive negotiating period with the New Zealand Rugby Union for the next five years' worth of TV rights had expired. We

### Risk indicator for the New Zealand Equities Fund\*



continue to believe they are best placed to retain their rights, but uncertainty has increased. GTK reported an in-line result, confirmed long run earnings guidance, but did not provide near term guidance. We were surprised by the subsequent 40%+ increase in the share price.

These moves overwhelmed small positives from our positions in NZX, Sky City and Freightways.

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

We continue to see NZ businesses dealing with the bottom of the local economic cycle and showing caution around near-term trading. Further rate cuts from the Central Bank, companies being aggressive around their cost base and an eventual return to spending by the government sometime next year are key positives for the market in our mind.

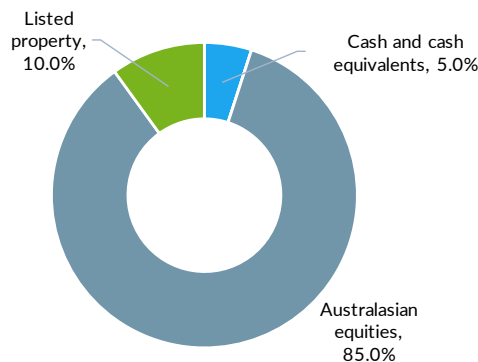
Market earnings growth forecast for next year is around 15% and given the low starting point from 2024 that seems reasonable to us. Infratil, Auckland Airport and now Channel have easily raised new money from investors over

the last few months, a sign than investor sentiment towards the market is positive.



**Paul Robertshaw, CA**  
Director, Chief Investment Officer

## 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: S&P/NZX50 Gross with Imputation 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 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.

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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 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.