

# Octagon Investment Funds

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



Return comparison	1 Month	3 Months	1 Year	3 Years*	Since inception*
Net Fund Return^	3.15%	4.66%	23.38%	10.89%	4.33%
Gross Fund Return	3.25%	4.96%	24.81%	12.16%	5.66%
S&P/ASX Accumulation 200 Index (50% Hedged to the NZD)	3.82%	6.35%	25.59%	11.07%	7.01%

\*Annualised

### Major investments

BHP Group Limited	7.5%
CSL Limited	6.8%
Commonwealth Bank of Australia Limited	6.4%
Westpac Banking Corporation	4.6%
National Australia Bank Limited	3.8%
Australia and New Zealand Banking Group Limited	3.2%
Macquarie Group Limited	3.1%
Telstra Group	2.5%
Rio Tinto Limited	2.4%
Santos Limited	2.3%
<b>Major holdings as % of total portfolio</b>	<b>42.63%</b>

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



### Manager's comments

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

The Australian equity market rose 3.79% in November, led by the IT and Utilities sectors. Domestic economic data included the October CPI indicator and third-quarter wages data. Both came in a touch below market expectations which suggests underlying inflation pressure is easing, albeit at a very gradual pace. Reserve Bank of Australia (RBA) minutes for their recent meeting suggest they will need to see more than one good quarterly inflation print to justify cutting rates. That, combined with a persistently tight labour market, has seen most economists push out expectations for any rate cuts from February 2025 to May 2025.

November reporting season was balanced in Australia with some softness across consumer staples offset by a resilient set of results in the banking sector. Any negative downstream impacts on Chinese economic activity from an evolving US trade policy pose a risk to Australian commodity exports and prices, particularly iron ore miners which represent some of the largest companies on the ASX.

#### How did your portfolio perform?

The Australian Equities Fund delivered a gross return of 3.25% during November, underperforming the funds benchmark return of 3.82% by -0.58%.

For the 12 months to the end of November, the Australian Equities Fund delivered a gross return of 24.81%, modestly underperforming the fund's market index of 25.59% by -0.78%.

Positive contributors to performance were our overweight positions in industrials Seven Group (SGH) and Emeco Holdings (EHL). SGH has a diverse portfolio of businesses across building materials, equipment hire, energy and the Caterpillar Australia franchise, Westrac. The business has gone from strength to strength with effective capital allocation and operating efficiency seeing multiple years of double-digit earnings growth supporting the share price. EHL performed well as new management exited some of their higher-risk businesses and this flowed through to stronger earnings growth in the latest result.

Detracting from performance were our underweight positions in Commonwealth Bank and Pro Medicus (PME). The 'Trump trade' drove the US banking sector higher on the prospect of deregulation and lower taxes, and despite limited exposure, Australian banks also gained.

PME continued a strong run of performance with the announcement of a significant contract win which is expected to add ~\$20m per annum of earnings for the next decade.

We actively manage the fund's foreign currency exposures. As of 30 November 2024, these exposures represented around 98% of the value of the fund. After allowing for foreign currency hedges in place, approximately 54% of the value of the fund was unhedged and exposed to foreign currency risk.

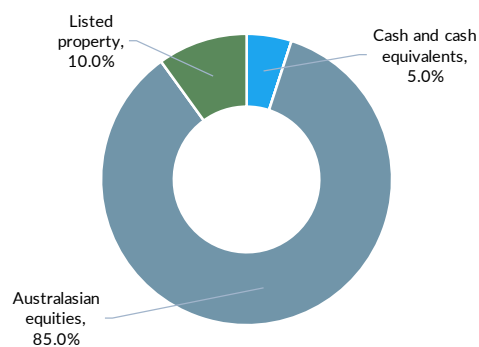
#### What are we thinking about the future?

We remain underweight the Real Estate sector with fewer rate cuts now expected and the timing being pushed out. In terms of overweight positions, we have added to our holdings across the Energy sector on recent weakness and continue to favour a selection of high-quality industrials which we expect can continue to grow earnings ahead of the broader market yet have more reasonable valuations than other strongly growing stocks.



**Jason Lindsay, CA**  
Head of Equities

## 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/ASX 200 Accumulation 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 1.15% 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](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/disclosureinformation](http://www.octagonasset.co.nz/disclosureinformation), by contacting your Investment Adviser, or by calling 0800 628 246.