

Octagon Investment Funds

Enhanced Cash Fund

Monthly Performance Update as at 31 January 2025

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/.



Return comparison

	1 Month	3 Months	1 Year	3 Years	Since inception*
Net Fund Return [^]	0.37%	1.25%	5.87%	n/a	5.92%
Gross Fund Return	0.40%	1.33%	6.24%	n/a	6.27%
S&P/NZX Bank Bills 90-Day Index	0.38%	1.17%	5.49%	n/a	5.60%

*Annualised

Major investments

Westpac New Zealand 3.696% 16/02/2027	4.4%
Powerco CP 17/02/2025	4.3%
SBS CP 04/04/2025	4.3%
Port of Tauranga CP 24/04/2025	4.3%
Toyota NZ FRN 30/09/2027	4.3%
Wellington International Airport Limited 16/06/2025 5%	4.1%
BNZ FRN 19/11/2027	3.3%
Rabobank FRN 16/06/2025	3.3%
CBA FRN 18/10/2027	3.2%
Fonterra Co-op Group CP 13/02/2025	3.2%
Major holdings as % of total portfolio	38.54%

Manager's comments

How did your portfolio perform?

The Enhanced Cash Fund delivered a gross return of 0.40% for the month of January, in-line with the fund's benchmark return of 0.38%.

For the 12 months to the end of January, the fund delivered a gross return of 6.24%, easily outperforming the fund's benchmark return of 5.49% by 0.75%.

The main positive contributor to performance in January was the fund's yield to maturity, while short-dated bonds held by the fund had a mixture of capital gains and losses for the month.

What happened in the markets that you invest in?

There was no Reserve Bank of New Zealand (RBNZ) meeting in January and expectations (from both the market and economists) for a 0.5% cut to the Official Cash Rate (OCR) at the 19 February meeting remain high.

Rates generally headed higher in New Zealand over the month, with the 2-year and 10-year swap rates up 0.06% and 0.14% respectively. Inflation data printed largely as expected, with the Q4 Consumer Price Index (CPI) coming in at +2.2% year-on-year and crucial non-tradeable inflation of 0.7% quarter-on-quarter the weakest it has been for nearly four years. Other economic data was generally weak, with the Performance of Manufacturing Index, Performance of Services Index, and the Quarterly Survey of Business Opinion all suggesting sluggish growth from a moribund economy.

Risk indicator for the Enhanced Cash Fund*



What are we thinking about the future?

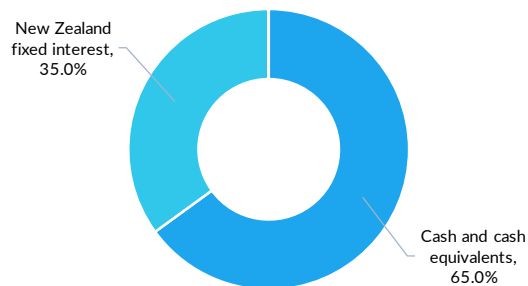
At the end of January, the fund's estimated yield to maturity was 4.47%, which represents a premium over the current OCR of 4.25% and the fund's portfolio modified duration was 0.40 years. With the OCR highly likely to be cut soon, the fund's yield premium will be even more attractive.

We recently extended duration as short-term rates sold-off from recent lows and we will continue to range-trade duration in-line with market movements. 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 (FRNs).



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.

For more information please visit octagonasset.co.nz, email 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 31 January 2025. 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, by contacting your Investment Adviser, or by calling 0800 628 246.