

Octagon Investment Funds

New Zealand Equities 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/new-zealand-equities-fund/.



Return comparison	1 Month	3 Months	1 Year	3 Years*	Since inception*
Net Fund Return^	-1.19%	1.92%	7.82%	3.40%	10.33%
Gross Fund Return	-1.10%	2.21%	9.08%	4.62%	11.63%
S&P/NZX 50 Gross with Imputation Index	-0.88%	2.90%	10.30%	3.86%	9.82%

*Annualised

Major investments

Fisher & Paykel Healthcare Corporation Limited	13.2%
Auckland International Airport Limited	8.4%
Infratil Limited	7.2%
Contact Energy Limited	6.7%
Spark New Zealand Limited	5.5%
Mainfreight Limited	4.2%
Meridian Energy Limited	4.2%
SKYCITY Entertainment Group Limited	3.7%
Sky Network Television Limited	3.5%
Ebos Group Limited	3.5%
Major holdings as % of total portfolio	60.12%

Manager's comments

How did your portfolio perform?

The New Zealand Equities Fund delivered a gross return of -1.10% during January, modestly underperforming the fund's market index return of -0.88% by -0.22%.

For the 12 months to the end of January, the New Zealand Equities Fund delivered a gross return of 9.08%, underperforming the fund's market index of 10.30% by -1.22%.

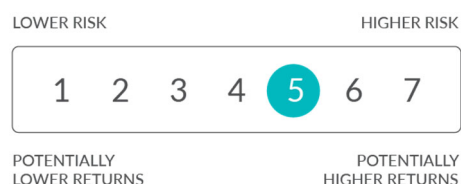
The top contributor to relative performance was Sky TV (SKT), buoyed by takeover valuations for similar businesses in Australia that were superior to SKT's current market valuation. Our underweight position in Infratil (IFT) benefited relative performance as support for renewable energy stocks is under pressure from the new US government. Synlait rallied strongly on upgraded earnings guidance and we have trimmed our position into that strength.

On the negative side, a material earnings downgrade from retailer Michael Hill hurt performance, whilst gentailer Mercury showed an improved December quarter earnings performance, where we are underweight on valuation grounds.

What happened in the markets that you invest in?

January is generally a slow month for news flow in the NZ equity market, with updates from retailers exposed to the key Christmas trading period usually the highlight. This January we also had the inauguration of President Trump in the US with lots of announcements around US policy, some of which have direct implications for NZ stocks. Trading updates from the cyclically exposed retailers and

Risk indicator for the New Zealand Equities Fund*



construction companies were broadly negative with retailers Michael Hill, Kathmandu and Briscoes all providing disappointing updates reflecting the mood of the New Zealand economy. Hallenstein Glassons continues to be the standout retailer from an operating perspective with ongoing expansion into Australia.

The flurry of announcements by the US administration largely increased uncertainty rather than providing clarity. How many apparently competing goals – lower interest rates, stronger growth and improved investment – will be resolved is unclear. Higher interest rates and increased tariffs will have a direct negative impact on the NZ economy and listed companies, if that were the end outcome.

What are we thinking about the future?

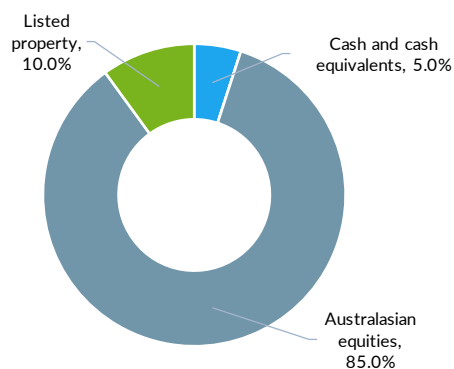
The weak trading environment, as evidenced in the retail sector, will be impacting many other NZ companies from construction firms through to the aged care providers. Higher interest rates globally make it harder for NZ longer term interest rates to fall, affecting mortgage holders and companies looking to invest. The RBNZ will continue to lower short term interest rates, but it is hard to see how NZ long dated interest rates can trade lower than the US given our small and undiversified market.

Whilst the NZ economy was weaker than we expected in the December, the combination of a lower NZ dollar, that supports exporters and tourism related stocks, and lower short-term interest rates, continue to provide offsets. Domestically exposed stocks have been in a weak demand environment for two years. Margins in these businesses have contracted to below long-term norms and management teams have been forced to find cost savings and efficiencies. When the demand environment does improve, profit gains for these companies should be large.



Paul Robertshawe, 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.

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.