

Octagon Investment Funds

Australian 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/australian-equities-fund/.



Return comparison	1 Month	3 Months	1 Year	3 Years*	Since inception*
Net Fund Return^	3.70%	4.07%	14.35%	11.54%	4.34%
Gross Fund Return	3.80%	4.37%	15.67%	12.83%	5.67%
S&P/ASX Accumulation 200 Index (50% Hedged to the NZD)	4.48%	5.23%	17.16%	12.50%	7.02%

*Annualised

Major investments

BHP Group Limited	7.4%
CSL Limited	6.8%
Commonwealth Bank of Australia Limited	6.4%
Westpac Banking Corporation	4.6%
National Australia Bank Limited	3.9%
Macquarie Group Limited	3.2%
Australia and New Zealand Banking Group Limited	3.2%
Wesfarmers Limited	2.5%
Telstra Group	2.5%
Rio Tinto Limited	2.4%
Major holdings as % of total portfolio	42.72%

Manager's comments

How did your portfolio perform?

The Australian Equities Fund delivered a gross return of 3.80% during January, slightly underperforming the fund's benchmark return of 4.48% by -0.68%.

For the 12 months to end of January the Australian Equities Fund delivered a gross return of 15.67%, underperforming the fund's benchmark return of 17.16% by -1.49%.

Key positive contributors to performance in January were our overweight positions in Bluescope Steel (BSL) and Karoon Energy (KAR). BSL saw a strong rebound as steel prices recovered from December lows driven by expectations of stronger demand. BSL was also seen as a potential beneficiary of US tariffs, alleviating some concerns around margin compression. KAR benefitted from stronger oil prices following supply disruptions in other key producing regions. The company reported a significant improvement in its quarterly production results, driven by increased output from its Baúna field in Brazil, and an increase to their share buyback programme.

Key detractors from performance were Viva Energy (VEA) and CSL Limited (CSL). VEA underperformed due to softer trading performance from its core fuel and convenience retail businesses. CSL lagged the market in January as market concerns regarding competitive pressures in the biotech space and the timing of key product approvals have weighed on the stock.

Risk indicator for the Australian Equities Fund*

LOWER RISK

HIGHER RISK



POTENTIALLY
LOWER RETURNS

POTENTIALLY
HIGHER RETURNS

We actively manage your fund's foreign currency exposures. As at 31 January 2025, these exposures represented around 98% of the value of the fund. After allowing for foreign currency hedges in place, approximately 57% of the value of the fund was unhedged and exposed to foreign currency risk.

What happened in the markets that you invest in?

The Australian equity market surged in January, led by a rally in Consumer Discretionary and Materials sectors. On the macroeconomic front, December quarter CPI came in at 2.4% YoY, with the core measure coming in a touch below expectations at 0.5% for the quarter. With other economic data painting a murky picture as to the inflation trajectory, and the labour market tight, the outcome was enough for most economists to bring forward their forecast for the Reserve Bank of Australia (RBA) to start the easing cycle from May to February.

What are we thinking about the future?

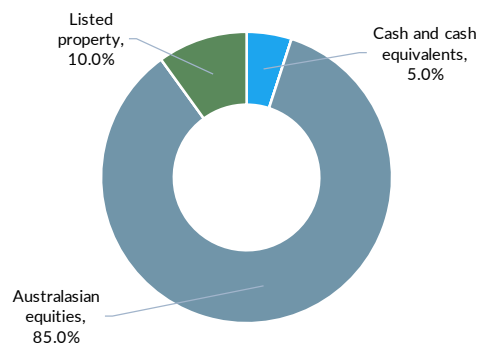
Recent data supports the case for the RBA to begin a modest easing cycle over the course of 2025. With continued momentum in the labour market, income growth from tax cuts and inflation largely under control, Australia is likely to return toward trend GDP growth by the end of the year. This should support increased household spending. Therefore, the fund has lifted exposure to selected names in the consumer discretionary space that are expected to benefit from revenue and earnings growth.

Rapid developments in the AI domain suggest a very large market opportunity for software players who can leverage these models for consumer and enterprise applications. Competition will increase and there will be winners and losers, but technology sector leadership is likely to continue in 2025. We have selectively increased exposure to technology names while trimming our overweight position in the Energy sector, which has performed strongly in recent months.



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, 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/disclosureinformation, by contacting your Investment Adviser, or by calling 0800 628 246.