Octagon Investment Funds

Global 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/global-equities-fund/.

Return comparison

Return comparison	1 Month	3 Months	1 Year	3 Years*	Since inception*
Net Fund Return^	3.90%	6.61%	18.72%	5.54%	4.34%
Gross Fund Return	4.02%	6.97%	20.37%	7.00%	5.51%
MSCI ACWI Net TR Index (50% hedged to the NZD)	2.85%	8.01%	27.43%	12.47%	10.18%

*Annualised

Major investments

Microsoft Corp.	3.95%
Alphabet Inc.	3.93%
Amazon.com Inc.	3.36%
Salesforce Inc.	2.27%
Nestle SA	2.27%
Uber Technologies Inc.	2.07%
Apple Inc.	1.71%
Meta Platforms Inc.	1.63%
Abbott Laboratories	1.58%
Siemens AG	1.58%
Major holdings as % of total portfolio	24.35%

Risk indicator for the Global Equities Fund*

LOWER RISK | HIGHER RISK

1 2 3 4 5 **6** 7

POTENTIALLY LOWER RETURNS | POTENTIALLY HIGHER RETURNS

Manager's comments

How did your portfolio perform?

The Global Equities Fund delivered a gross return of 4.02% during January, significantly outperforming the fund's market index return of 2.85% by 1.17%.

For the 12 months to the end of January the Global Equities Fund delivered a gross return of 20.37%, underperforming the fund's market index return of 27.43% by -7.06%.

In January all three of our investment managers outperformed the market index. The fund is underweight the US large cap "Magnificent-7" stocks on valuation grounds. The top relative contributor for the month was our underweight in AI chip maker Nvidia, which declined by -11.4% on fears that Chinese open-source AI company DeepSeek had built a more efficient and cost-effective AI model, thereby reducing long term demand for the company's AI chips.

On the other side, General Motors detracted from performance on share price weakness, partly due to profit-taking after strong quarterly results but also the risks of US tariffs on its supply chain. Global markets faced volatility, especially in Asia, where foreign investments fell due to concerns over US trade policy. This uncertainty led to a sell-off in Hong Kong-based AIA Group.

Our active currency hedging benefited from the NZD's rebound, recovering some of the ground lost in prior months.

We actively manage the fund's foreign currency exposures. As of 31 January 2025, these exposures represented nearly 100% of the value of the fund. After allowing foreign currency hedges in place, approximately 35% of the value of the fund was unhedged and exposed to foreign currency risk. The NZ dollar, relevant for our portfolios with unhedged foreign currency exposures, rose 0.9% against the US dollar.

What happened in the markets that you invest in?

Global equities started the year strong, particularly outside the US. For the first time in two years Europe outperformed the US, and value stocks outpaced growth stocks as technology stocks correlated losses. Bond markets held on to higher yields after last month's inflation-driven sell-off.

In the US the new government's policies continued to weigh on sentiment and the emergence of DeepSeek's low-cost AI model concerned Technology sector investors. Markets are trying to understand the impact on everything from energy and data centre demand to processing technology and new use cases in the AI space.

The MSCI Europe ex-UK index outperformed as global investors shifted their focus on Tech to traditional sectors, with financials and consumer discretionary benefiting from improved Eurozone data. Japanese stocks lagged with a stronger yen weighing on its export-driven market.

What are we thinking about the future?

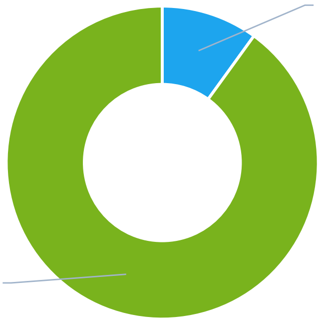
Chances of a US recession remain low, but the equity market starts the year with a high opening valuation and the current reporting season is forecasting modest downgrades to 2025 earnings. Other global markets tend to face the opposite combination of a weaker economy but attractive valuations if growth returns.

Political uncertainty remains a key risk. The US government recently introduced significant tariffs only to suspend them within 48 hours, highlighting unpredictable policy shifts. Markets tend to react to extreme policies through higher interest rates and stock market declines, which governments try to avoid. While we do not expect drastic policy changes, we anticipate above-average market volatility globally.

Whilst US growth remains stronger than its trading partners, their dollar will likely remain well supported. However, using long run metrics the US dollar is very highly valued against the NZ dollar, and we have currency hedges in place to reduce the impact of our returns should the NZ dollar strengthen.

Christine Smith-Han
Strategy Analyst

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: MSCI ACWI Net Total Return 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 1.35% 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.

^ 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.