

# Octagon Investment Funds

## Balanced 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/balanced-fund/](http://www.octagonasset.co.nz/our-funds/balanced-fund/).



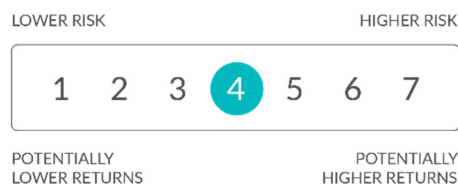
Return comparison	1 Month	3 Months	1 Year	3 Years*	Since inception*
Net Fund Return <sup>^</sup>	1.40%	2.78%	9.61%	4.49%	3.68%
Gross Fund Return	1.50%	3.08%	10.87%	5.70%	4.88%
Composite Index	1.37%	3.53%	12.06%	5.54%	4.69%

<sup>^</sup>Annualised

### Major investments

Hunter Global Fixed interest Fund	18.8%
Intermede Global Equity Fund	9.3%
Fisher & Paykel Healthcare Corporation Limited	1.7%
ANZ transactional bank account	1.6%
Precinct Properties New Zealand Limited	1.6%
Goodman Property Trust	1.6%
New Zealand Government 4.50% 15/05/2030	1.5%
New Zealand Government 15/05/2028 0.25%	1.1%
New Zealand Government 1.5% 15/05/2031	1.1%
Auckland International Airport Limited	1.1%
<b>Major holdings as % of total portfolio</b>	<b>39.34%</b>

### Risk indicator for the Balanced Fund\*



### Manager's comments

#### How did your portfolio perform?

The Balanced Fund delivered a gross return of 1.50% for the month of January, fractionally outperforming the fund's market index return of 1.37% by 0.13%.

For the 12 months to the end of January, the Balanced Fund delivered a gross return of 10.87%, underperforming the fund's market index return of 12.06% by -1.20%.

Of the funds utilised within the Balanced Fund the Global Equities Fund and the Enhanced Cash Fund outperformed their respective benchmarks while the other funds met or underperformed their benchmarks. For more information on portfolio components refer to the relevant single asset class fund commentary.

We actively manage the fund's foreign currency exposures associated with global equities and listed property and hedge foreign currency exposures associated with global bonds. As of 31 January 2024, these exposures represented around 36% of the value of the fund. After allowing for foreign currency hedges in place, approximately 15% 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, and 0.2% against the Australian dollar.

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

The Geopolitical backdrop continues to provide elevated levels of uncertainty with Canada joining France and South Korea in seeing political upheaval, so it was welcome to see a ceasefire in the Israeli-Palestine conflict, no matter how short-lived it may prove. The Chinese economy saw a strong end to the year, perhaps boosted by increased production to beat the introduction of US trade tariffs.

Australian economic data was more positive than we expected, whilst NZ data was modestly worse.

Equity market returns were robust, spurred on by the anticipation of stronger growth from US policy changes and better economic news from Australia and China. The flipside was that global interest rates remain elevated, mostly due to uncertainty around tariff-induced trade wars and ongoing government deficits, especially in the US.

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

The Octagon Investment Committee met in late January and made no changes to our current tactical asset allocation. We are slightly overweight equity markets, specifically New Zealand and Listed Property, where we see attractive valuations. We are underweight Cash as we see further interest rate cuts by the Reserve Bank of New Zealand (RBNZ) lowering returns.

Political uncertainty is high in our view; the US passing and quick suspension of very material tariffs in the space of 48 hours is just one example. Markets are often effective in tempering the most radical policy shifts – either through

high interest rates which hurt government accounts and growth, or dramatic equity market falls – both of which are unpopular with voters. As such, we do not expect the most extreme outcomes, but we do expect above average volatility in many global markets.

As fundamental investors we continue to focus on the medium-term outlook and sustainable drivers of return. Volatility can often create attractive entry points for new investments when short-term over reactions ignore longer term prospects.

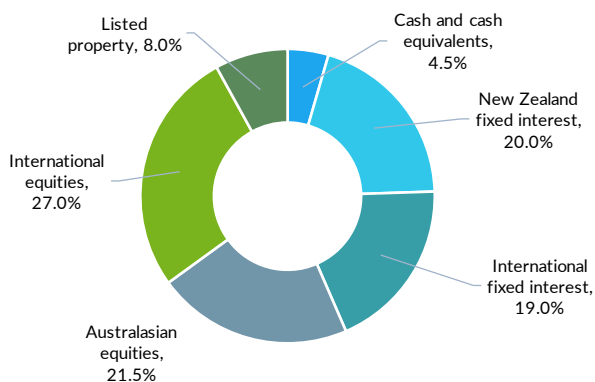


**Paul Robertshawe, CA**  
Director, Chief Investment Officer



**Christine Smith-Han**  
Strategy Analyst

## Tactical Asset Allocation



## Things to note

- Manager: Forsyth Barr Investment Management Ltd
- Investment manager: Octagon Asset Management Ltd
- Date the fund started: 11 December 2020
- Tax status: Portfolio Investment Fund (PIE)
- Minimum suggested investment time frame: At least five years
- Market Index: A composite benchmark relating to the fund's target investment mix
- 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% 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.

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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 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](http://www.octagonasset.co.nz/disclosure-information), by contacting your Investment Adviser, or by calling 0800 628 246.