

Octagon Investment Funds

Enhanced Cash Fund

Monthly Performance Update as at 31 December 2024

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^	0.48%	1.34%	5.97%	n/a	6.00%
Gross Fund Return	0.51%	1.43%	6.34%	n/a	6.35%
S&P/NZX Bank Bills 90-Day Index	0.38%	1.23%	5.58%	n/a	5.66%

*Annualised

Major investments

Powerco CP 17/02/2025	4.3%
SBS CP 04/04/2025	4.3%
Toyota NZ FRN 30/09/2027	4.3%
ANZ transactional bank account	3.5%
CBA FRN 18/10/2027	3.3%
BNZ FRN 19/11/2027	3.3%
Rabobank FRN 16/06/2025	3.3%
Greater Wellington Regional Council CP 21/01/2025	3.3%
Fonterra Co-op Group CP 13/02/2025	3.2%
Mercury NZ Ltd CP 19/02/2025	3.2%
Major holdings as % of total portfolio	36.07%

Manager's comments

How did your portfolio perform?

The Enhanced Cash Fund delivered a gross return of 0.51% for the month of December, comfortably outperforming the fund's benchmark return of 0.38% by 0.13%.

For the 12 months to the end of December, the fund delivered a gross return of 6.34%, considerably outperforming the fund's benchmark return of 5.58% by 0.76%.

Outperformance over December was delivered through both the fund's yield to maturity and capital gains as interest rates fell.

What happened in the markets that you invest in?

There was no Reserve Bank of New Zealand (RBNZ) meeting in December, but that didn't stop market participants from re-evaluating expectations for the future of the Official Cash Rate (OCR). At the beginning of December, the market was anticipating an OCR of between 3.25% and 3.50% by November 2025, by the end of December this had been reduced to between 3.00% and 3.25%. The big news impacting New Zealand financial markets for the month was the third-quarter Gross Domestic Product (GDP) numbers, which at a headline level indicated that the economy contracted -1.0% over the September quarter, significantly worse than expected.

Longer-term New Zealand interest rates were impacted by the New Zealand Government's Half Year Economic and Fiscal Update which indicated a lower-than-expected collection of tax revenue and a need to borrow an extra \$20 billion over the next four years.

Risk indicator for the Enhanced Cash Fund*

LOWER RISK

HIGHER RISK



POTENTIALLY
LOWER RETURNS

POTENTIALLY
HIGHER RETURNS

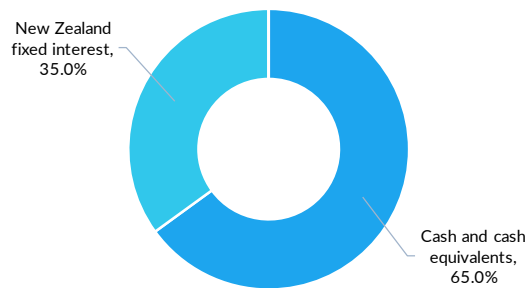
What are we thinking about the future?

At the end of December, the fund's estimated yield to maturity was 4.61%, which represented a strong premium over the current OCR of 4.25% and the fund's modified duration was 0.32 years. We may look to increase duration again if short-term rates move higher from here. 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.



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 December 2024. 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.