

# Octagon Investment Funds

## Australian Equities 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/australian-equities-fund/](http://www.octagonasset.co.nz/our-funds/australian-equities-fund/).



Return comparison	1 Month	3 Months	1 Year	3 Years*	Since inception*
Net Fund Return <sup>^</sup>	-2.71%	-1.18%	12.01%	8.46%	4.14%
Gross Fund Return	-2.61%	-0.89%	13.32%	9.71%	5.46%
S&P/ASX Accumulation 200 Index (50% Hedged to the NZD)	-2.99%	-0.11%	13.32%	8.66%	6.78%

<sup>\*</sup>Annualised

### Major investments

BHP Group Limited	7.6%
CSL Limited	7.1%
Commonwealth Bank of Australia Limited	6.4%
Westpac Banking Corporation	4.6%
National Australia Bank Limited	3.8%
Australia and New Zealand Banking Group Limited	3.1%
Macquarie Group Limited	3.1%
Telstra Group	2.6%
Rio Tinto Limited	2.5%
Santos Limited	2.5%
<b>Major holdings as % of total portfolio</b>	<b>43.38%</b>

### Manager's comments

#### How did your portfolio perform?

The Australian Equities Fund delivered a gross return of -2.61% during December, fractionally outperforming the fund's benchmark return of -2.99% by 0.38%.

For the 12 months to the end of December, the Fund delivered a gross return of 13.32%, in-line with the fund's benchmark return of 13.32%.

Key positive contributors to performance in December were our overweight positions in Santos and CSL. Santos benefited from higher oil prices and a long-term supply agreement with Shizuoka Gas.

Our long-standing overweight position in Biotech firm CSL also added to portfolio performance with the share price stable amidst a sharp market sell-off. CSL announced progress with both the US and European regulators on its new treatment, Garadacimab, during the month.

Key detractors from performance were our overweight positions in steel producer, Bluescope and private hospital operator, Ramsay Healthcare. Bluescope underperformed on the back of a contraction in US steel spreads which indicate the margin between steel producers input costs and output prices. These are now at levels suggesting a possible downgrade to earnings guidance.

Ramsay shares declined with a submission from a private hospital industry group suggesting the sector is in a funding crisis. The submission notes one third of private hospitals are making an operating loss under current funding settings and are calling on emergency government

### Risk indicator for the Australian Equities Fund\*

LOWER RISK

HIGHER RISK



POTENTIALLY  
LOWER RETURNS

POTENTIALLY  
HIGHER RETURNS

support. The company's debt levels also remain a concern for the market given current earnings pressures.

We actively manage your fund's foreign currency exposures. As at 31 December 2024, these exposures represented around 99% 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 broader Australian equity market fell in December, led by declines in the Real Estate and Materials sectors. September quarter GDP grew by 0.3%, which was below market expectations. Growth was driven by record-high public sector demand, now representing 28.8% of the Australian economy, while household consumption and business investment remained weak.

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

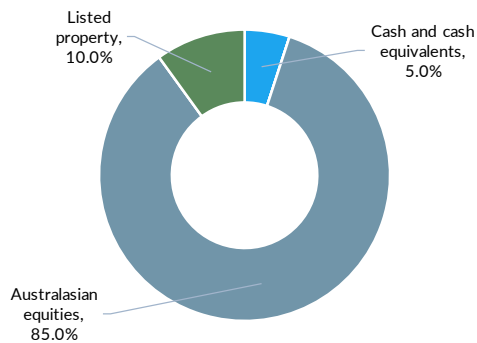
December was a weak month for Australian equities, with most market segments delivering negative returns. Pleasingly, after increasing the fund's exposure to the energy sector last month, these names boosted portfolio performance in December. Despite a correction from the lofty oil prices of mid-2024, our favoured energy stocks remain highly profitable at current oil prices, and we will continue to add to these positions on further share price weakness.

Core inflation is easing toward the Reserve Bank of Australia's target, suggesting potential future rate cuts despite a strong labour market. After its soft finish to the year, we are warming to the real estate sector which will benefit from lower interest rates.



**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.

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