

Octagon Investment Funds

Global 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/global-equities-fund/.



| Return comparison | 1 Month | 3 Months | 1 Year | 3 Years* | Since inception* |
|---|---------|----------|--------|----------|------------------|
| Net Fund Return^ | 0.01% | 2.61% | 18.44% | 3.74% | 4.12% |
| Gross Fund Return | 0.12% | 2.96% | 20.10% | 5.17% | 5.29% |
| MSCI ACWI Net TR Index (50% hedged to the NZD) | 0.74% | 6.82% | 26.82% | 10.40% | 10.05% |

*Annualised

Major investments

| | |
|---|---------------|
| Microsoft Corp. | 4.07% |
| Alphabet Inc. | 4.02% |
| Amazon.com Inc. | 3.23% |
| Salesforce Inc. | 2.30% |
| Nestle SA | 2.29% |
| Uber Technologies Inc. | 1.93% |
| Apple Inc. | 1.86% |
| Taiwan Semiconductor | 1.51% |
| Meta Platforms Inc. | 1.48% |
| Siemens AG | 1.47% |
| Major holdings as % of total portfolio | 24.17% |

Manager's comments

How did your portfolio perform?

The Global Equities Fund delivered a gross return of 0.12% during December, underperforming the fund's benchmark return of 0.74% by -0.61%.

For the 12 months to the end of December the fund delivered a gross return of 20.10%, underperforming the fund's benchmark return of 26.82% by -6.73%.

The portfolio gained from our managers' aggregate underweight to US equities and overweight to Japanese equities. Against that, the portfolio is underweight the "Magnificent Seven" (Mag-7) US stocks which outperformed the US market.

The Mag-7 stocks continued their dominance of US index returns. These seven stocks, which now make up over 30% of the US total market by value, delivered strong returns, but not enough to keep the US market in positive territory. Not owning Nvidia, Tesla and being underweight Apple hurt performance, despite solid positions in Amazon and Meta (Facebook).

Our New Zealand dollar to Yen hedge added to the overall hedged performance, however these gains were fully offset by our USD hedge position which suffered as the US dollar rallied strongly.

We actively manage the fund's foreign currency exposures. As at 31 December 2024, these exposures represented about 99% of the value of the fund. After allowing for foreign currency hedges in place, around 36% of the value of the fund was unhedged and exposed to foreign currency risk.

Risk indicator for the Global Equities Fund*

LOWER RISK

HIGHER RISK



POTENTIALLY
LOWER RETURNS

POTENTIALLY
HIGHER RETURNS

What happened in the markets that you invest in?

Global equity markets declined in December, led by underperformance in US stocks. After significant gains in November following the Republican Party's election win, US equities fell on the US Federal Reserve ("the Fed") forecasting less monetary easing over the next year. Expectations for interest rate cuts were reduced to just 0.5% by the end of 2025 versus their prior forecast of 1.0%. Rising bond yields on US 10-year Treasury notes strengthened the US dollar to a record high against its major peers.

European equity markets were flat, with better-than-expected economic indicators suggesting that the region was not likely to enter a recession. The Chinese market fell in November on the threat of US tariffs but recovered some of that in December on the back of the government's stimulus plans.

What are we thinking about the future?

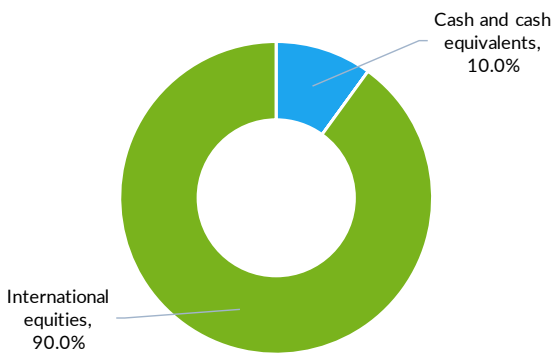
Political developments in the US, including trade tariffs, could impact global markets, alongside uncertainties in France, Canada, and South Korea. While the US economy remains strong, valuations already reflect this strength in our view. A US labour market recovery may lead to higher interest rates, especially if trade policies reignite inflation.

Earnings growth is expected to be positive, led by lower interest rates (outside of the US) and continued strong earnings growth from the Mag-7 within the US.



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.

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.