

Octagon Investment Funds

Income 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/income-fund/.



Return comparison	1 Month	3 Months	1 Year	3 Years*	Since inception*
Net Fund Return^	-0.70%	0.15%	3.26%	0.93%	2.08%
Gross Fund Return	-0.64%	0.33%	3.81%	1.44%	2.63%
Composite Index	-0.85%	0.76%	6.69%	1.28%	1.80%

*Annualised

Major investments

Hunter Global Fixed interest Fund	20.4%
Precinct Properties New Zealand Limited	2.7%
Vital Healthcare Property Trust	2.7%
Goodman Property Trust	2.7%
Spark New Zealand Limited	2.3%
Genesis Energy Limited	2.0%
Kiwi Property Group Limited	1.9%
APA Group Limited	1.9%
New Zealand Government 4.50% 15/05/2030	1.9%
ANZ transactional bank account	1.8%
Major holdings as % of total portfolio	40.18%

Manager's comments

How did your portfolio perform?

The Income Fund delivered a gross return of -0.64% for the month of December, slightly outperforming the fund's benchmark return of -0.85% by 0.21%.

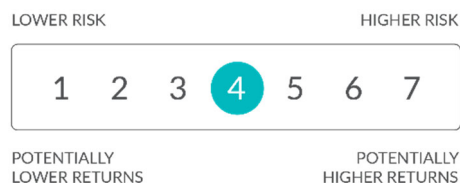
For the 12 months to the end of December, the Income Fund delivered a gross return of 3.81%, underperforming the fund's benchmark return of 6.69% by -2.88%.

All the funds utilised within the Income Fund outperformed their benchmarks. For more information on portfolio components refer to the relevant single asset class fund commentary.

Almost 40% of the fund is invested in directly held Australasian equities. Holdings in Manawa Energy, KMD Brands, and Contact Energy added to performance, whilst holdings in Bluescope Steel, Ramsay Healthcare, and Amcor detracted. The last 12-months was a growth market for equities, particularly in New Zealand. Your fund is under-represented in growth names, which generally trade with low (or no) dividend yields, instead holding more defensive stocks that provide regular dividend income. This has been costly for relative performance. For example, for the 12-months to 31 December, the NZX50 Gross with Imputation Index delivered a 12.24% return with growth stock Fisher & Paykel Healthcare (which your fund does not own) delivering two thirds of this return.

We actively manage the fund's foreign currency exposure associated with Australian equities. The Global Fixed Interest segment of the fund is hedged to the New Zealand dollar (NZD). As of 31 December 2024, these exposures represented around 17% of the value of the fund. After allowing for foreign currency hedges in place,

Risk indicator for the Income Fund*



approximately 9% of the value of the fund was unhedged and exposed to foreign currency risk. The NZD fell 0.35% against the Australian dollar during December.

We calculate the running yield of the securities held within the fund as currently 4.65%.

What happened in the markets that you invest in?

While the Income Fund has no exposure to equity markets outside Australasia, the US equity market usually leads market sentiment. In December, US equity markets struggled, while other regions showed mixed performance. New Zealand, Japan, and Europe posted gains, but the Australian market fell in local currency terms. A weaker NZD improved global returns for NZ investors.

The US Federal Reserve cut short-term interest rates by 0.25% but reduced expectations for future cuts. Although the US economy remains strong, high earnings expectations and rising interest rates could challenge company performance. Higher US long term interest rates did not flow through to the NZ market, instead moving lower over the month due to persistent economic weakness here.

What are we thinking about the future?

Our outlook for the various asset classes remains unchanged. We anticipate decent returns in listed property and New Zealand equities but expect lower-than-average returns from international (including Australian) equities. Slower-than-expected economic growth in NZ has been offset by falling interest rates, which could support an eventual economic recovery here.

While the US economy remains robust, current valuations already reflect this strength, in our view.

The divergence seen in local versus global bond markets supports our increased exposure to NZ fixed interest over global bonds.



Paul Robertshawe, CA
Director, Chief Investment Officer

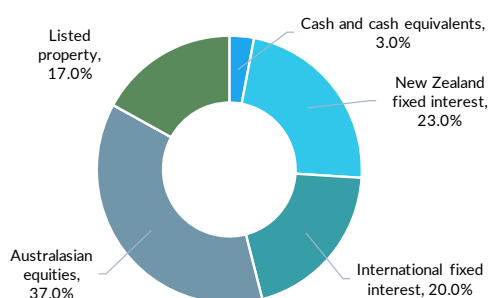


Jason Lindsay, CA
Head of Equities



Craig Alexander,
Head of Fixed Interest and ESG

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 0.75% 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.