

# Octagon Investment Funds

## Balanced 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/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^	-0.30%	1.15%	9.11%	2.96%	3.40%
Gross Fund Return	-0.20%	1.43%	10.36%	4.15%	4.60%
Composite Index	-0.17%	2.50%	11.24%	3.85%	4.44%

\*Annualised

### Major investments

Hunter Global Fixed interest Fund	18.9%
Intermede Global Equity Fund	9.2%
ANZ transactional bank account	1.8%
Fisher & Paykel Healthcare Corporation Limited	1.7%
New Zealand Government 4.50% 15/05/2030	1.6%
Precinct Properties New Zealand Limited	1.5%
Goodman Property Trust	1.5%
New Zealand Government 1.5% 15/05/2031	1.3%
New Zealand Government 14/04/2033 3.5%	1.1%
Auckland International Airport Limited	1.1%
<b>Major holdings as % of total portfolio</b>	<b>39.72%</b>

### Manager's comments

#### How did your portfolio perform?

The Balanced Fund delivered a gross return of -0.20% for December, in line with the fund's benchmark return of -0.17%.

For the 12 months to the end of December, the Balanced Fund delivered a gross return of 10.36%, slightly underperforming the fund's market index return of 11.24% by -0.87%.

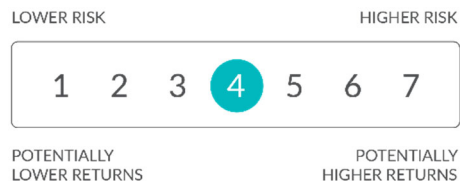
Of the funds utilised within the Balanced Fund, all except the Global Equities Fund outperformed their asset class benchmarks. For more information on portfolio components refer to the relevant single asset class fund commentary.

Foreign currency exposure for global and Australian equities is actively managed, while global bonds are fully hedged. At year-end, foreign currency exposure made up about 35% of the fund. After accounting for hedges, approximately 14% of the fund remained unhedged and subject to foreign currency risk. During December, the New Zealand dollar fell 5.29% against the US dollar and fell 0.35% against the Australian dollar.

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

US equity markets struggled in December while other regions showed mixed performance. New Zealand, Japan, and Europe posted gains, but the Australian market fell (in local currency terms). A weaker New Zealand dollar improved global returns when converted to local currency. 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

### Risk indicator for the Balanced Fund\*



did not flow through to the local market, with NZ interest rates moving lower over the month due to persistent economic weakness here. The Reserve Bank of New Zealand (RBNZ) now has more scope to keep cutting interest rates.

### What are we thinking about the future?

Upcoming political developments in the US, including potential trade tariffs, could affect markets. Political uncertainty is also notable in France, Canada, and South Korea.

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 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 recent move to increase exposure to NZ fixed interest over global bonds.

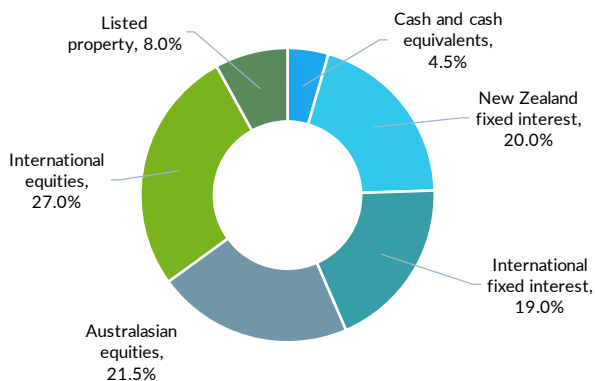


**Paul Robertshawe, CA**  
Director, Chief Investment Officer



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