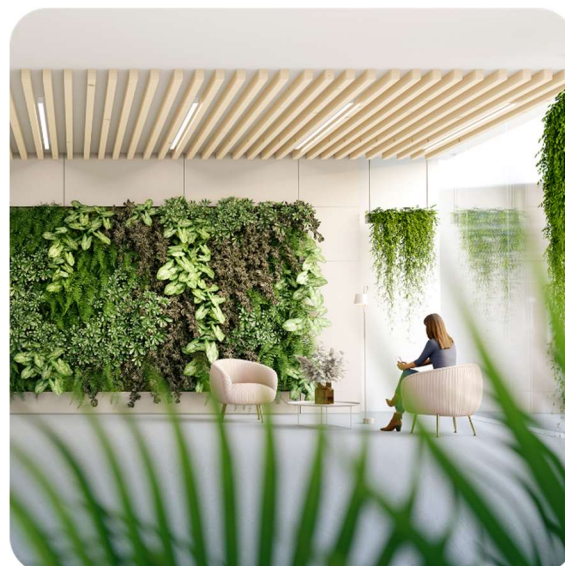


Octagon Investment Funds

Listed Property Fund

Monthly Performance Update as at 29 February 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/listed-property-fund/.



Return comparison

	1 Month	3 Months	1 Year	3 Years*	Since inception*
Net Fund Return [^]	-3.48%	3.49%	-1.45%	-4.16%	5.92%
Gross Fund Return	-3.39%	3.79%	-0.28%	-3.01%	7.19%
S&P/NZX All Real Estate Gross Index	-3.43%	3.31%	-0.75%	-4.64%	7.47%

[^]Annualised

Major investments

Goodman Property Trust	19.0%
Precinct Properties New Zealand Limited	13.7%
Kiwi Property Group Limited	13.6%
Vital Healthcare Property Trust	11.4%
Argosy Property Limited	8.4%
Stride Property Group	7.7%
Property For Industry Limited	6.5%
Investore Property Limited	4.0%
New Zealand Rural Land Company	3.1%
JP Morgan Chase & Co. AUD Cash Deposit	1.8%
Major holdings as % of total portfolio	89.29%

Manager's comments

What happened in the markets that you invest in?

The NZ 10yr government bond rose to ~4.8% in February, up from ~4.6% at the end of January. The NZ REIT index reflected this sentiment over February, ending the period down 3.5% and markedly below the S&P/NZ50G down 1.1% for the month.

The reporting season was largely in line with expectations. Despite continued contract rental growth dividend growth is still challenging as low-cost interest rate hedging rolls off and higher corporate costs impact. Higher yielding properties are sold to stabilise balance sheets and the expected tax depreciation changes bite.

New Zealand Rural Landco, an overweight conviction position in the fund, intends to return to paying dividends next financial year and looks set to deliver on the long-awaited, inflation adjusted funds from operations (AFFO) growth. The big news at the end of the month came with Goodman Property Trust's (GMT) proposal to internalise and launch into a funds management strategy, trying to replicate the strategy of Goodman Group in Australia.

How did your portfolio perform?

The Listed Property Fund delivered a gross return of -3.39% for February, in line with the fund's market index return of -3.43%.

For the 12 months to the end of February, the Listed Property Fund delivered a gross return of -0.28%, modestly outperforming the fund's market index return of -0.75% by 0.47%.

Risk indicator for the Listed Property Fund*

LOWER RISK

HIGHER RISK



POTENTIALLY
LOWER RETURNS

POTENTIALLY
HIGHER RETURNS

For February positive performance came from our overweight positions in Charter Hall Group and Asset Plus, and underweight position in Precinct Properties. Detractors to performance were our underweight position in GMT and Property for Industry.

We actively manage the fund's foreign currency exposures. As of 29 February 2024, these exposures represented 5.27% of the value of the fund. After allowing for foreign currency hedges in place, 3.71% of the value of the fund was unhedged and exposed to foreign currency risk.

What are we thinking about the future?

The late 2023 rally in the Real Estate sector was largely Sector valuations are still split. While sector gross yield spreads (compared to long bonds) have largely settled around +2% over the last few months, there still is a wide range of spreads within the property sector. PFI and GMT are closer to zero (in fact GMT is negative), Vital Healthcare sits around the 2% average, with the remaining five widely-held property stocks are sitting around 4% spread to bonds.

Industrial yields remain low on expectations of continued distribution growth however it is doubtful the level of growth will be sufficient to justify the premiums. The move by several property industry leaders into funds management, if executed well, could provide earnings upside.

There is some valuation support on the basis that the sector still trades at a discount to NTA. Key risks to the downside include weakening economic activity seeing rental growth slow and/or vacancies rise. Interest rate movements in either direction are likely to drive much of the sector's short-term performance.

We continued to selectively add NZ and Australian real estate and retirement village stocks during the month however remain wary about the potential for a final round of capital raises in pure real estate names late in the cycle.

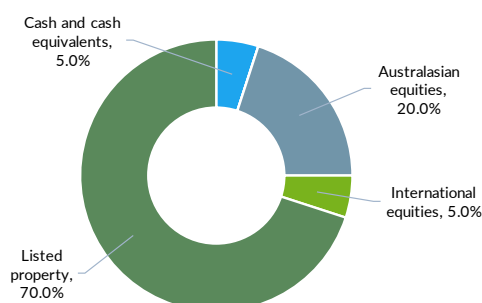


Jason Lindsay, CA
Head of Equities



Tobias Newton
Equity Analyst

Target Asset Allocation



Things to note

- Manager: Forsyth Barr Investment Management Limited
- Investment manager: Octagon Asset Management Limited
- Date the fund started: 26 June 2008
- Tax status: Portfolio Investment Fund (PIE)
- Minimum suggested investment time frame: At least five years
- Benchmark: None
- 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.

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 30 September 2022. 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, by contacting your Investment Adviser, or by calling 0800 628 246.