

Australian Equities Fund

Monthly Performance Update as at 28 February 2025

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/.



Return comparison	1 Month	3 Months	1 Year	3 Years*	Since inception*
Net Fund Return^	-3.86%	-3.00%	8.79%	8.93%	4.08%
Gross Fund Return	-3.77%	-2.72%	10.05%	10.19%	5.40%
S&P/ASX Accumulation 200 Index (50% Hedged to the NZD)	-3.52%	-2.21%	12.37%	10.38%	6.76%

*Annualised

Major investments

BHP Group Limited	7.46%
CSL Limited	6.64%
Commonwealth Bank of Australia Limited	6.55%
Westpac Banking Corporation	4.58%
National Australia Bank Limited	3.76%
Australia and New Zealand Banking Group Limited	3.39%
Macquarie Group Limited	3.11%
Telstra Group	2.54%
Wesfarmers Limited	2.46%
Rio Tinto Limited	2.39%
Major holdings as % of total portfolio	42.88%

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

Risk indicator**



View the [Product Disclosure Statement](#) for detailed information about this Fund and Octagon Investment Funds Scheme.

Manager's comments

How did your portfolio perform?

The Australian Equities Fund delivered a gross return of -3.77% during February, marginally underperforming the fund's benchmark return of -3.52% by -0.25%.

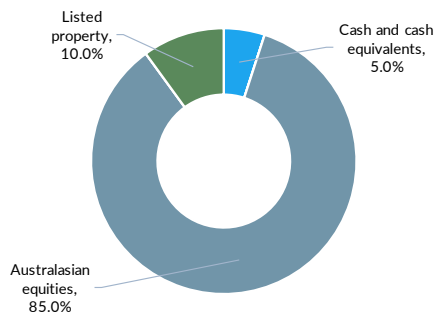
For the 12 months to the end of February, the Octagon Australian Equities Fund delivered a gross return of 10.05%, underperforming the fund's benchmark return of 12.37% by -2.32%.

Key positive contributors to performance to the end of February were our overweight positions in **Light & Wonder**, which produces games for the wagering industry. The shares outperformed in February with continued success in new product and game launches, completion of a US acquisition and continuation of its share buyback programme. **Bluescope Steel** performed well, shares climbing after US domestic steel prices responded positively to tariffs, new steel up 40% and scrap prices up 20%. This has led to rising steel spreads and improved gross margins for Bluescope's US based production.

Key detractors from performance in February included our overweight positions in **Viva Energy**, which fell sharply at its half year result on weaker profits and a soft outlook for the year. The company has struggled with challenging retail trading, weaker fuel margins and the slow pace of OTR store conversions. **Integral Diagnostics** also detracted after it delivered a soft first half result. After a tough couple of years, the company delivered some revenue and earnings growth, but this was below market expectations. Clinical labour costs were again called out as a key driver with few solutions near term.

We actively manage the fund's foreign currency exposures associated with Australian equities. During the month the NZD fell -0.58% against the Australian dollar (AUD).

Target Asset Allocation



Currency Hedging

As at 28 February 2025

Percentage of the fund exposed to FX risk	99.58%
Value of the fund unhedged (after hedging)	54.71%

What happened in the markets that you invest in?

The Australian equity market fell in February, with the sharpest declines in the Technology and Healthcare sectors. Employment data for January showed fairly robust jobs growth with the unemployment rate sitting at 4.1%, below Reserve Bank of Australia (RBA) estimates of full employment. The key message being that the labour market remains tight, however the RBA began its cutting cycle, reducing the cash rate target from 4.35% to 4.1% at the February meeting.

Reporting season was mixed with weaker operating results seen in Healthcare, Banks and Energy companies, offset by stronger profits and guidance across Industrials and Financial stocks. Despite expectations the worst is likely behind us economically, there were few signs that firms expect strong profit growth in the near term.

What are we thinking about the future?

Employment remains strong, with interest rates now expected to move modestly lower over the course of 2025. Household incomes are robust and, with inflation tamed, are expected to grow in real terms. After a recent soft patch, economic growth is expected to pick up over the balance of the year.

This backdrop of modest earnings growth is at odds the premium valuation of the Australian market versus its long run trend. We are proceeding cautiously and focus our attention on pockets of the market where relative value is offered.



Jason Lindsay, CA
Head of Equities

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 28 February 2025. 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.