

Income 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/income-fund/.



Return comparison	1 Month	3 Months	1 Year	3 Years*	Since inception*
Net Fund Return [^]	-0.98%	-0.88%	4.53%	1.71%	1.96%
Gross Fund Return	-0.94%	-0.71%	5.09%	2.23%	2.51%
Composite Index	-1.22%	-1.08%	7.07%	2.71%	1.67%

[^]Annualised

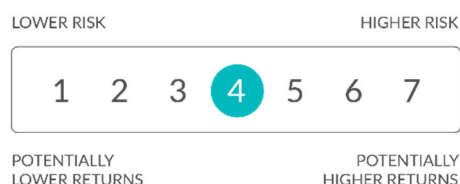
Major investments

Hunter Global Fixed interest Fund	20.28%
ANZ transactional bank account	4.07%
Vital Healthcare Property Trust	2.70%
Precinct Properties New Zealand Limited	2.61%
Goodman Property Trust	2.55%
Kiwi Property Group Limited	2.02%
Genesis Energy Limited	2.00%
Amtcor Limited	1.92%
Spark New Zealand Limited	1.84%
New Zealand Government 4.50% 15/05/2030	1.74%
Major holdings as % of total portfolio	41.72%

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

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 Income Fund delivered a gross return of -0.94% for the month of February, marginally outperforming the fund's benchmark return of -1.22% by 0.28%.

For the 12 months to the end of February, the Income Fund delivered a gross return of 5.09%, underperforming the fund's benchmark return of 7.07% by -1.98%.

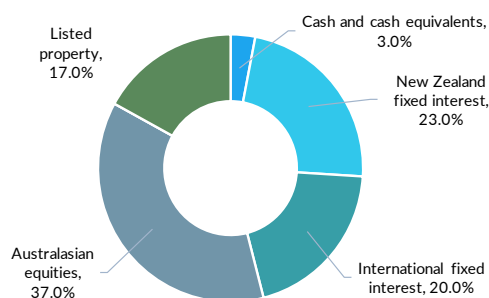
Of the funds utilised within the Income Fund, the Fixed Interest and Cash funds performed in-line to benchmarks whilst the Listed Property Fund slightly underperformed. For details on the Income Fund's single asset class funds, see the relevant fund commentary.

Almost 40% of the fund is invested in directly held Australasian equities. Holdings in Fletcher Building, BlueScope Steel, APA Group, and Telstra added to performance, whilst holdings in Viva Energy, Spark, Heartland Group and Oceania Healthcare detracted.

We actively manage the fund's currency exposures associated with Australasian and listed property equities. We fully hedge the international fixed interest segment of the fund to the New Zealand dollar (NZD). During the month the NZD fell -0.58% against the Australian dollar (AUD).

We calculated the running yield of the securities held within the fund as currently 4.62%.

Tactical Asset Allocation



Currency Hedging

As at 28 February 2025

Percentage of the fund exposed to FX risk	15.45%
Value of the fund unhedged (after hedging)	6.66%

What happened in the markets that you invest in?

While your fund does not invest in equity markets outside Australasia, global equities' sentiment sets the tone for our regional markets. The new U.S. government quickly introduced major policy changes, both domestically and internationally. However, its messaging has been unclear, frequently revised, and sometimes contradictory.

Tariffs typically raise costs and slow growth, as confirmed by a 2019 U.S. Federal Reserve study on the 2018 Republican tariffs. Despite strong U.S. earnings, market uncertainty and growth risks led to a decline in equities. In contrast, global and emerging markets performed better, as elections delivered clear cut results and diversification from U.S. assets.

Risks to growth would also lower inflation, and hence US fixed interest rates fell, boosting bondholder returns. The US dollar strengthened despite lower

interest rates, as it is often seen as a safe haven in times of uncertainty.

In New Zealand and Australia, economic weakness from 2024 was evident in earnings reports. While we anticipated this slowdown, we did not expect the absence of clear recovery signs. The positive effects of lower inflation and interest rate cuts have yet to materialise in company revenues or profit margins. Amid government austerity in NZ and ongoing global uncertainties, investors adopted a cautious, evidence-based approach rather than relying on optimism.

What are we thinking about the future?

Uncertainty tends to drive investors toward lower-risk, lower-priced assets, currently favouring fixed interest and non-US equity markets. Whilst the income fund has no exposure to global equities, a severe US growth slowdown could pressure all equity markets. We do not see this as the most likely scenario today. Instead, we expect above average market volatility until there is greater clarity on trade tariffs, US military alliances, and a potential ceasefire in Ukraine.

We remain overweight in NZ equities and listed property (though acknowledge these markets have been slower to recover than expected), underweight Cash, and square fixed interest markets.



Jason Lindsay, CA
Head of Equities



Craig Alexander
Head of Fixed Interest

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 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/disclosure-information, by contacting your Investment Adviser, or by calling 0800 628 246.